

NAMBUCCA SHIRE COUNCIL

ANNUAL REPORT

2016 – 2017



Bakers Creek Bridge under Construction

SF134 30173/2017

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FORWARD

It has been a tumultuous year for NSW local government with a number of council amalgamations proceeding whilst others were dropped. The decision has resulted in some significant differences in the scale of councils. For example the forced merger of Canterbury and Bankstown Councils has created a new local government area (LGA) with 360,000 residents whilst Hunters Hill Council will remain independent with 14,000 residents.

On the Mid North Coast there has been the amalgamation of the former Greater Taree, Great Lakes and Gloucester councils to form the new Midcoast Council which is responsible for a population of over 90,000 people, incorporating 190 kms of coastline, 3,590 kms of road and 487 bridges.

As it stands the number of councils in NSW has dropped from 152 to 128. The amalgamation proposals did not affect Nambucca Shire Council but it was anticipated that the reform process would create Joint Organisations to better integrate the operation of councils at a regional scale. These Joint Organisations have not been created so further consideration will need to be given to the options for achieving a regional voice and realising productivity improvements across council boundaries.

In the longer term it is likely that the outcomes of the 2016 round of amalgamations will help inform future Governments about the most appropriate size for local councils in terms of maximizing efficiency but also in being able to effectively engage across their communities and also government. The smaller and more approachable councils which tend to be favoured by communities can be seen by State agencies as parochial and costly impediments to the delivery of more broadly based regional strategies. The future of local government reform is about achieving the right balance in these competing priorities.

Following the Independent Pricing and Regulatory Tribunal (IPART) determination in October 2015 that Nambucca Shire Council was "Fit for the Future", the Council continues to focus on maintaining and improving those attributes which were critical to this assessment. These being a Council that:

- Has the scale and capacity to engage effectively across community, industry and government
- Is sustainable
- Is efficient
- Effectively manages infrastructure and delivers services for communities.

In particular, IPART considered a council's operating performance ratio as providing a key measure of financial sustainability. The operating performance ratio measures a council's capacity to meet ongoing operating expenditure requirements including the estimated consumption of assets (depreciation). It is the critical issue for Nambucca Valley which has an extensive infrastructure network including 700km of roads and 170 bridges to be maintained by a smaller population than is the case in metropolitan areas.

To meet the IPART criteria in 2016/2017 the Council continued to review and refine its organisation structure to improve efficiency. Following a call for expressions of interest in voluntary redundancy as well as reviews of council's water and sewerage sections, plumbing inspection as well as ranger services, the council's full time equivalent staff (FTE) is now 113.0, a reduction of approximately 11 FTE over the past 8 years. This reduction in FTE has been achieved whilst still facilitating some continuing improvements in service levels particularly in sealed and unsealed road maintenance and bridge construction.

Of course staffing levels are not on their own a determinant of efficiency or service levels as councils can and do employ contractors to undertake work which could otherwise be undertaken by council staff. Notwithstanding, given the relative significance of labour costs to Council's operations it is a variable cost which will always require scrutiny and action.

The Council is yet to finalise the asset handover from Roads and Maritime Services (RMS) of the former Pacific Highway. The RMS propose to transfer to Council's responsibility approximately 30 kms of the former highway including 14 major bridge structures. The Council is negotiating a funding package for the handover which the RMS state will be the equivalent of their scheduled maintenance for a 10 year period.

So far the RMS has agreed to retain responsibility for the Macksville bridge and to classify as regional road that section of the old highway between Macksville and the Nambucca Heads including Riverside Drive,

Bowra Street and Mann Street leading back to the highway. This will provide Council with some increased road funding. But despite all of this the transfer of the road will result in a substantial increase in costs for Council and therein a worsening of the Council's operating performance ratio.

Fortunately the indexation freeze on the Commonwealth Government's Financial Assistance Grants was lifted in their 2017/2018 budget but it will still have an on-going effect on the Council's revenue capacity as a consequence of its real devaluation.

In 2016/2017 the Council completed a \$11.5m capital works program, the highlights of which were:

- Five (5) new/replacement bridges being Lovedays, Bakers Creek, Boat Harbour, Degross and Colemans
- Continuation of the rehabilitation of Scotts Head Road and Gumma Road
- Rehabilitation of Rodeo Drive
- Extension of reticulated sewerage south from Nambucca Heads to the Pelican Park caravan park

One aspect of the delivery of the 2016/2017 capital works program requiring improvement was the substantial number of projects that had not been completed by year end and which will require "revotes" to be finished in 2017/2018. Whilst it is expected that there will always be some capital works projects incomplete at year's end for reasons beyond Council's control, in 2015/2016 there were revotes required for nearly half of all of the road construction projects. It will require better planning and project management to avoid this occurring in future.

In response to the "revote" issue and the frequent enquiries which Council receives concerning that status of the capital works program, a report on its progress has now been posted to Council's website. The report will be updated monthly and will allow anyone to check on the scheduled delivery of particular projects including the budgeted costs and expenditure to date. It's a very useful initiative which should improve the planning, delivery and communication of our capital works program.

A more pleasing aspect of Council's performance was the Environmental Levy program. Ratepayers provided \$397,346 in revenue to the Environmental Levy in 2016/2017. The Council was able to use this funding to leverage an additional \$302,810 in grant funding from the State Government. Residents will notice the substantial environmental improvements which have been undertaken at Stuart Island; the coastal erosion protection work in front of the Nambucca Heads Surf Life Saving Club; river bank stabilisation and vegetation planting which has been occurring in our towns.

The 2017/2018 financial year will see the completion of the Pacific Highway upgrade through the Nambucca Valley and a new era of opportunity. We will have an excellent road network to our major regional centres to support commerce and a broader mix of housing options wherein equivalent travel times will open up a much larger housing market.

The Council has been proactive in identifying these opportunities with its successful advocacy for a new hospital on a "greenfields" site at North Macksville adjoining the highway on/off ramps. Equally the opening of the new highway service centre at the Nambucca Heads Pacific Highway interchange is another pleasing initiative to secure highway related jobs which would otherwise have left the area.

As always I take this opportunity to recognise the efforts of all of our elected members and staff.

However, at the heart of a strong Council is an involved community and to the many volunteers, clubs and charities which assist Council I say a special thank you.



MICHAEL COULTER
GENERAL MANAGER

16 August 2017

ELECTED REPRESENTATIVES UP TO SEPTEMBER 2016 ELECTION



Mayor Cr Rhonda Hoban



Deputy Mayor John Ainsworth



Cr Martin Ballangarry OAM



Cr Brian Finlayson



Cr Paula Flack



Cr Kim MacDonald



Cr Bob Morrison



Cr Anne Smyth



Cr Elaine South

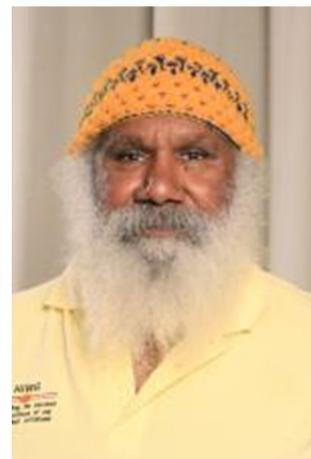
ELECTED REPRESENTATIVES AFTER SEPTEMBER 2016 ELECTION



Mayor Cr Rhonda Hoban



Deputy Mayor John Ainsworth



Cr Martin Ballangarry OAM



Cr Brian Finlayson



Cr Susan Jenvey



Cr David Jones



Cr Janine Reed

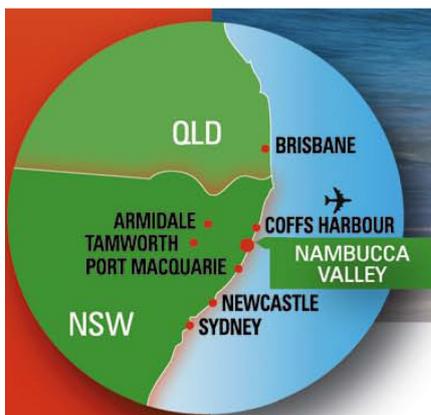
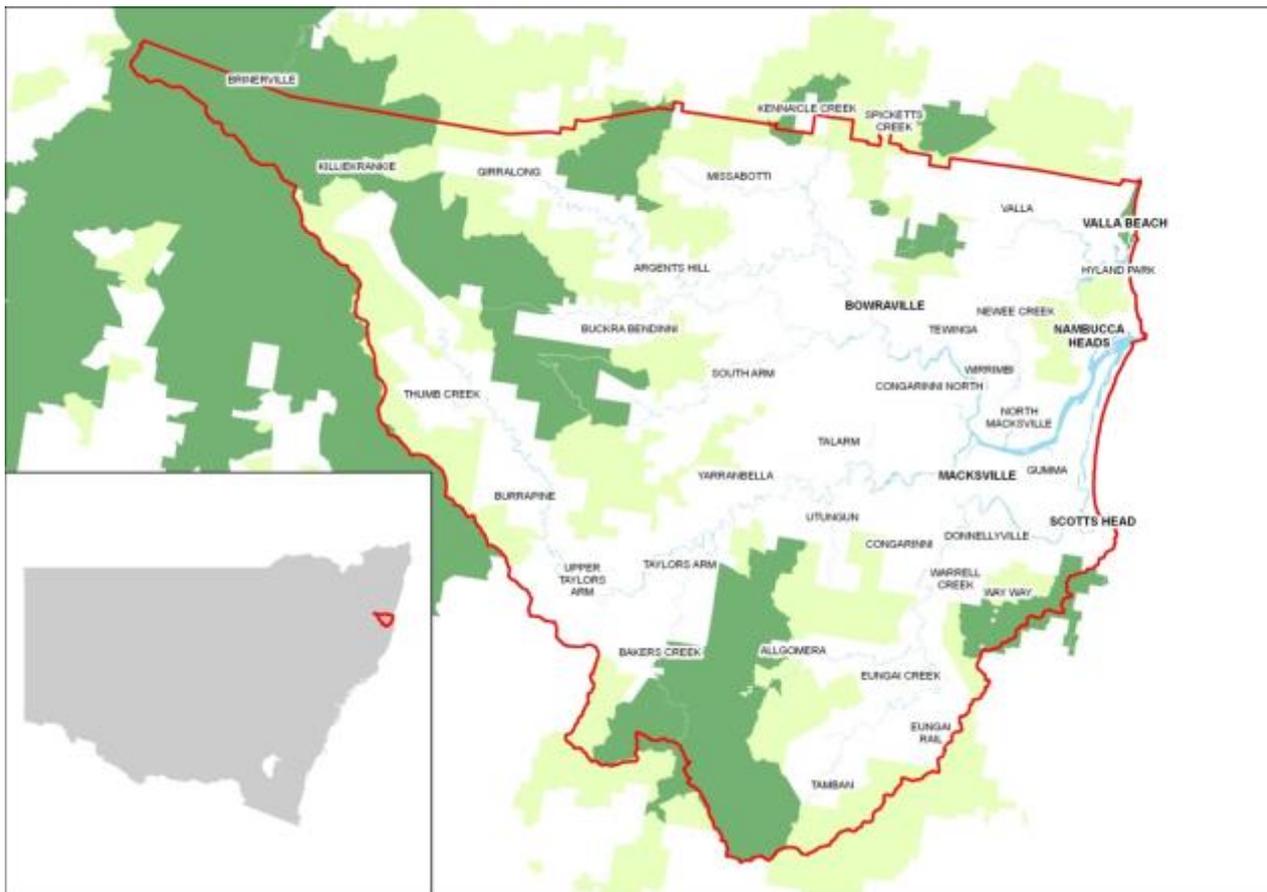


Cr Anne Smyth



Cr John Wilson

MAP OF SHIRE



The Nambucca Shire Local Government Area (LGA) is located between Kempsey and Bellingen Shire Councils on the Mid North Coast of NSW, approximately 500km north of Sydney and 480km south of Brisbane. The Shire is 1492.8 km², the terrain is steep and intersected by small streams nestled between the foothills of the Great Dividing Range and the coastline of the Pacific Ocean. The rugged topography of the eastern edge of the New England plateau in the western part of the Shire is dominated by steep slopes and valleys, while the eastern portion of the Shire is characterised by the gentle slopes of the river floodplains.

The Nambucca River drains the Shire and is 47km long. The Shire has two National Parks, eight local nature reserves and 25km of coastline.

The main localities of the Shire include Nambucca Heads, Macksville, Bowraville, Valla Beach and Scotts Head with many smaller villages and rural settlements. The Shire has a population density of 13 people per km².

Aboriginal and Torres Strait Islander people make up about 7% of the population, nearly treble the national average and their living culture is an integral part of the Valley's society. At the 2011 census of the 60 Australian residents who stated that they speak Gumbaynggir, a local Aboriginal language, over half live within the Nambucca Shire.

The median age of people in the Nambucca Shire is 49 years; some twelve years higher than the national median. This reflects Nambucca's status as a popular retirement destination. This also has an impact on disposable incomes with the median weekly income for residents within the Shire well below the national average.

NAMBUCCA SHIRE POPULATION - SELECTED CHARACTERISTICS (ABS Census Data)

	2011	2017	Change
Total persons	18,644	19,212	+3%
Aged 14 years and under	3,382	3,220	-4.8%
Aged 65 years and over	4,999	5360	+7.2%
Born overseas	2,778	3,554	+28%
Median Age	49	51	+2 Yrs
Unemployment Rate	8.7%	6.7%	-2%
Households with internet access	63.0%	72.5%	+9.5%

NAMBUCCA SHIRE - TOWNS, VILLAGES AND RURAL POPULATION

	1996*	2001*	2006	2011	2016
Bowraville	884	956	954	1,208	1,122
Eungai **	139	583	584	658	781
Hyland Park	284	321	315	441	429
Macksville	2,722	2,661	2,658	2,567	2,598
Nambucca Heads	6,248	6,146	6,121	6,222	6,327
Scotts Head	832	793	794	821	899
Valla Beach	729	814	819	1,200	1,313
Rural/Non-Urban Balance	5,729	5,444	5,415	5,527	5,743
TOTAL SHIRE	17,567	17,718	17,660	18,644	19,212
<i>** Area extended in 2001 to include Eungai Creek, Eungai Rail and Allgomera</i>					
<i>Nambucca Heads from 2006 includes Kingsworth Estate (not previously included in town population)</i>					

Aboriginal and Torres Strait Islander people make up about 7% of the population, nearly treble the national average and their living culture is an integral part of the Valley's society and their living culture is an integral part of the Valley's society. Gumbaynggir, a local Aboriginal language, is still a spoken by a small group of residents with an increasing number of people who are fluent.

The median age of people in the Nambucca Shire is 51 years; some 13 years higher than the national median. This reflects Nambucca's status as a popular retirement destination. This also has an impact on disposable incomes with the median weekly income for residents within the Shire well below the national average.

The Shire is rapidly becoming a desirable destination for lifestyle sea and tree changes and the recent Pacific Highway upgrade has made the Shire an easy commute to the regional centre of Coffs Harbour. Traditional industries of dairying, timber, grazing, and horticulture have been supplemented by aquaculture and tree crops such as macadamias. Service industries, in particular tourism, aged care and health services are important and growing sources of employment.

Being strategically located between Sydney and Brisbane with easy access via the North Coast rail and the

Pacific Highway, the Nambucca Valley is a natural location for logistics hubs and warehousing operations but has also enticed major manufacturers to relocate and expand in the Shire. The major industries are niche manufacturing and vehicle body manufacturing, timber processing and pre cast concrete production.

Nambucca Shire Council has a full range of Local Government operations and is responsible for maintaining a wide range of infrastructure including roads, bridges, parks and gardens, footpaths, an aquatic centre, libraries, drainage, water pump stations and reservoirs, sewer pump stations and treatment plants. The Valley is lush and beautiful with high rainfall, extensive coastline, river frontage and rugged terrain, however these same attributes also make it difficult and expensive to build and maintain infrastructure assets. Given the Shire's limited resources, priorities need to be constantly reassessed and the Council has to be open to new and better ways of doing things.

Audited Financial Reports and Independent Auditor's Report

Council's audited financial reports for the year ended 30 June 2017 can be found at Appendix 3. They are also available to the public at Council's Administration Centre (44 Princess Street, Macksville) and on Council's website www.nambucca.nsw.gov.au.

Rates and Charges Written Off Clause 132 of Local Government (General) Regulations 2005

Ordinary Rates		
Pensioners write off (Section 575)	\$404,074.15	
Other	\$30,110.32	
		\$434,184.47
Water Access and Supply Charges		
Pensioners write off (Section 575)	\$150,937.47	
Other	\$35,570.03	
		\$186,507.50
Sewer Access and Supply Charges		
Pensioners write off (Section 575)	\$136,105.15	
Other	\$22,349.12	
		\$158,454.27
Waste Management Charges		
Pensioners write off (Section 575)	\$194,278.89	
Other	\$968.49	
		\$195,247.38
TOTAL AMOUNTS WRITTEN OFF		\$974,393.62

Comparison of Actual Performance

With all Council activities the budgeted figure shown reflects an estimated breakup of materials and contracts between activities.

The allocation of some indirect overheads is imprecise and does affect the recorded expenditure by activity.

GENERAL PURPOSE INCOME

No major variations to original budget were experienced.

COMPARISON OF BUDGET TO ACTUAL 2016/2017

(\$'000)

	EXPENSES	ORIGINAL BUDGET	INCOME	ORIGINAL BUDGET
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
GOVERNANCE	671	899	0	0
ADMINISTRATION	1,262	2,457	334	117
PUBLIC ORDER & SAFETY	1,294	628	309	555
HEALTH	181	73	191	89
ENVIRONMENT	6,432	5,257	6,205	4,584
COMMUNITY SERVICES & EDUCATION	427	377	319	208
HOUSING & COMMUNITY AMENITIES	1,101	1,098	406	485
WATER SUPPLIES	5,618	5,814	7,465	5,837
SEWERAGE SERVICES	5,359	4,833	8,893	5,158
RECREATION & CULTURE	3,249	2,482	721	236
MINING, MANUFACTURING & CONSTRUCTION	450	111	180	88
TRANSPORT & COMMUNICATION	8,888	9,500	5,609	2,725
ECONOMIC AFFAIRS	541	446	141	17
TOTALS - FUNCTIONS	35,473	33,975	30,773	20,099
GENERAL PURPOSE REVENUES	0	0	16,076	14,803
TOTALS	35,473	33,975	46,849	34,902

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other councils.

Comparison of Actual Performance of Principal Activities

Comparison of the Council's actual performance in its principal activities for 2016/2017 is provided in the twelve month review of Council's Delivery Program and the Operational Plan shown below:

Achievements in Implementing the Community Strategic Plan

TWELVE MONTH REVIEW OF DELIVERY PROGRAM AND OPERATIONAL PLAN

INTRODUCTION

The intention of this report is to document Council's progress and the effectiveness of Council activities as it strives to implement its stated strategies under each of the eleven (11) Key Strategic Directions outlined in its Community Strategic Plan 2022.

The 11 Key Strategic Directions are:

- 1 Civic Leadership and Administration
- 2 Public Order and Safety
- 3 Public Health
- 4 Community Support and Education
- 5 Environmental Planning
- 6 Building Regulation
- 7 Environmental Services and Community Amenities
- 8 Recreation and Culture
- 9 Transport
- 10 Local Economy
- 11 Water Cycle

This report should be read in conjunction with Council's Quarterly Budget Reviews which outline how Council is tracking against allocated budgets. Over time, it is intended to better integrate both the financial measures and strategic outcomes into one snapshot, easily understood document, rather than the two current large standalone documents.

Under Council's Community Strategic Plan the 11 Key Strategic Directions are embellished with 31 Objectives, which are subsequently supported by some 58 Strategies. The 58 Strategies are carried through into the 4 year delivery plan and allocated across the organisation with specific tasks, programs or actions for which their progress is reported on through this 6 monthly review report.

Council's systems are not yet integrated sufficiently, nor does Council have the resources to provide very sophisticated reports with benchmarks or performance percentages which other larger Local Government areas are able to produce. Given time the Nambucca Shire Council Integrated Planning and Reporting processes will be embellished.

The Delivery Program 2012 – 2016 and Operational Plan 2016 – 2017

Strategic Direction: Leadership and Administration

1.1 Objective: Citizen Engagement

The Council and the community support open government where public participation is encouraged in policy development and major decisions, as well as in Council's daily operations.

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Using a variety of tools, engage with the community in ways that are accessible and transparent, and use information from the community in decision making	Continue to liaise with Council Section 355 committees to provide advice on policy areas	General Manager	Minutes of the nine advisory committees are submitted to Council for consideration	Minutes reported. Councillors and Senior Staff attend S355 AGM's. S355 Information Evenings held Increasing difficulty in retaining sufficient volunteers to operate some S355 Committees.
	Use public relations, printed materials, Council's website and personal communications to inform stakeholders and community	General Manager AGMs	Media releases are developed and distributed. Website is kept up to date	Media releases issued. Information Technology Officer periodically checking website. Media release issued on flood damage events, road closure and works and vandalism as required "Away" Council meetings held. New website launched in 2016 which incorporated a review and update of all existing information so that it is current.
	Encourage involvement by a variety of community stakeholders in the activities of Council	General Manager Assistant General Managers	Advertisements for relevant activities as required	Encouraging use of media releases instead of paid advertisements to reduce cost. Paid advertisements used where there is a statutory or other requirement. Fortnightly radio interview by GM on 2HC 639am. Manager Business Development undertook a series of promotions on Radio 2MC FM.

				Mayor & GM provide priority to assisting the media
	undertake Community Satisfaction Surveys	General Manager	Contract survey as required	Community Survey of 400 residents undertaken by Jetty Research in May 2016. Next survey due 2019.
	Issue a newsletter with the rates notice	General Manager	Newsletter is issued with rates notice.	Newsletter mailed out with 2017 Rate Notices

Strategic Direction: Leadership and Administration

1.2 Objective: Delivery of Services

Delivery of services to the community is consistent with their requirements and Council's core values

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Ensure the sustainable delivery of infrastructure and services	Periodic review and ongoing implementation of asset management plans and use in budget and work plan development	Manager Assets	All infrastructure has up to date management plans	Asset Management Working Group comprising of Corporate and Engineering staff was formed to review Asset Management Plans policies, data capture and service delivery Reviewed Policies and Plans reported to Council Three new Asset management plans developed and adopted by Council for: 1) Bridges 2) Urban and rural sealed roads 3) Rural gravel roads First draft new asset management plans developed for footpath, buildings and stormwater
	Implement organisation structure and staffing review outcomes	General Manager AGMs	All adopted review recommendations have been implemented	Organisation review of outdoor operations adopted May 2015 has resulted in a reduction in equivalent full time staff (EFT) to 113. Progressively being implemented.

	Continue performance reviews of staff performance and provide training and attendance at external conferences where identified to ensure Council's goals are being met	General Manager Assistant General Managers	All performance reviews are conducted. Staff receive training and have the capability to meet service delivery requirements	Performance management on-going Training provided to meet statutory and professional development requirements
	Provide opportunities for Councillors, especially new ones, to attend training relevant to their duties	General Manager	Councillors attend training and support sessions	All Councillors attended training following election in September 2016.
	Implement human resource management practices	General Manager Manager Human Resources	Retention rates increase over time	Staff turnover rates: 2011/12: 11.2% 2012/13: 8% 2013/14: 6% 2015/16: 9.5% 2016/17: 8%
	Comply with local government legislation, policies and agreed standards	All staff Manager Development & Environment	Fulfillment all reporting requirements	MANEX maintains a register of known legislative or regulatory noncompliance. Engineering Services' works undertaken in accordance with local government legislation, policies and agreed standards. Coverage achieved Public and private swimming pool inspection regime implemented New reporting requirements for Public Health and NSW Food Authority implemented. Local Government (Keeping of animals) Policy being evolved into Local Orders
	Comply with financial management	All staff	Fulfillment of all financial management requirements	All reporting was within statutory timeframes. No qualifications to Council's external audit.

	requirements			
	Provide information and assistance at front counter for a range of community needs	Business Services Unit Community Development	Provision of information on development applications, complaints handling protocol, Customer service training	Use of MERIT reviewed and improved. Information being applied and distributed. MERITS being taken and processed Improved work practices for incoming calls. Customer requests can now be placed on line via the Council Web Site. Customers are allocated a reference number for each MERIT. Call Centre established using existing phone system to manage incoming calls.
	Ensure Council adheres to Equal Employment Opportunity (EEO) principles	All staff	All recruitment processes incorporate EEO principles.	Compliance being met
Provide and maintain information management systems that meets user needs, including GIS, software and data systems to manage corporate information	Implement Merit customer request system	Manager Information Technology Senior GIS Officer Rates Officer	Systems are efficient, effective and information is easily accessible	Council is in the last stages of upgrading the server and network infrastructure. This will allow for future growth in the convergence of network technologies, such as IP telephones and systems integration. Council has extended the secure remote access of MERIT for outdoor staff to remotely receive and respond to customer requests using smart phones or tablets via NextG communications. Council has extended the secure remote access of MERIT to a third party vendor contracted to provide out of hours emergency telephone answering service and log requests into the MERIT system.
	Continue to improve new Authority software operation	Manager Information Technology	Systems are efficient, effective and information is easily accessible	Council has performed numerous upgrades and patches to the Authority software which will provided product improvements such as work patterns, online timesheets and has resolved software bugs. Council is currently upgrading TRIM to Content Manager (renamed TRIM product) to provide

				<p>more efficient record keeping system and to improve the systems record integration.</p> <p>Council is currently implementing an Electronic Lodgment Portal for development and planning application submissions via the Council's website.</p>
<p>Establish community needs through consultation and involve community in review and future development of Community Strategic Plan, and Delivery and Operational Plans</p>	<p>Conduct community consultation to review Delivery and Operational plans for 2014-2015 and promote awareness of Community Strategic Plan</p>	<p>General Manager</p> <p>Assistant General Managers</p> <p>Managers</p>	<p>Community consultation opportunities are facilitated and feedback is incorporated into plans where appropriate</p>	<p>IPR suite of documents updated and adopted in line with legislative requirements</p> <p>Involvement from staff with the various Sect 355 Committees and volunteer groups with development and implementation of programs</p> <p>S94 Contribution Plans updated and put out to public consultation</p>
	<p>Use Community Satisfaction Survey to inform planning processes and help identify infrastructure needs</p>	<p>General Manager</p> <p>AGMs</p>	<p>Survey outcomes are used in developing plans</p>	<p>Community satisfaction survey completed in 2016.</p> <p>Findings being used as appropriate</p>

Strategic Direction: Leadership and Administration

1.3 Objective: Risk Management

Reduce risks to Council's and community operations through effective, timely and affordable risk management strategies

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measurers	Achievement
Implement the risk management action plan	Review the risk management action plan and update if required	Manager Human Resources Safety and Risk Officer	Documented review of plan	Risk Management Internal Audit underway.
	Implement WHS action plan, conducting WHS audits and reviewing as required	Manager Human Resources Safety and Risk Officer	Action plan activities and audits are completed	Ongoing; policies and procedures reviewed and new procedures introduced.
	Annual review of insurance coverage	Safety and Risk Officer	Up to date certificates of currency	Completed; Statewide Mutual engaged with a significant premium reduction achieved (\$240K)
	Manage instances of safety, regulatory or financial mishaps which cause a financial risk to Council	Safety and Risk Officer General Manager	Reduction of impact on Council resources	Reduction in claims and notifiable incidents from 8 in 2015/2016 to 3 in 2016/2017
	Maintain database of all loss events	Safety and Risk Officer	Accurate information is available for insurance purposes	Database maintained
	Maintain and review risk register	Manager Human Resources Safety and Risk Officer	Accurate risk register kept	Review of risk register commenced as part of Risk Management Internal Audit. Electronic JRS profiler introduced.
	Deliver relevant training	Manager	Induction of staff.	Claims and incidents steadily reducing, leading

	and effective awareness programs to staff on workplace safety	Human Resources Safety and Risk Officer	Number of training awareness programs conducted. Reduction in number of work related claims or reported incidents	to a reduction in workers compensation premiums. 4 new claims opened and 8 claims closed.
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Strategic Direction: Leadership and Administration -

1.4 Objective: Sustainable Energy Use

Provide community leadership in sustainable energy use and strive to meet the State government’s commitment to becoming carbon neutral by 2020

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Implement technologies in Council facilities and infrastructure to reduce Council’s greenhouse gas emissions	Waste Management activities including resident education package which will reduce the need for waste collection and hence greenhouse gas emissions by using less trucks	Manager Business Development Technical Officer - Assets	WASIP grant is fully expended	WASIP funding used to implement solar compactor bins for street litter waste reducing truck movements for collection. Implement Industry workshops to educate Business Industry of new technology to reduce energy and overheads.
Make information available to the community to help them reduce energy use	Provide links on Council’s website to reputable websites that provide information on sustainable energy use and Government objectives to reduce greenhouse gas emissions	General Manager	At least one link to be provided, and updated as required	Link provided to Planet Ark. Council contributes to the sustainability and educational material for a EEC Link to Our Living Coast with information on sustainable living including energy use.

Strategic Direction: Public Order and Safety

2.1 Objective: Community Safety

To foster a community where people feel safe and secure

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide support for local emergency services and beach safety	Participate in rural fire service management and maintain membership of the Nambucca Bush Fire Management Committee	Engineering Services	Council is represented on Committee. Service level agreement is reviewed quarterly	Four meetings were held each year and the minutes of each meeting have been reported to Council. Rural Fire Service (RFS) presented the draft "BIDs" to Council in January each year and adopted by Council in February RFS budget and KPI'S reviewed quarterly through the Liaison Committee
	Maintain the urban fire trail network to protect public and private infrastructure from bush fires	Engineering Services	Fire trails are mown twice a year, in October and February	Trails were maintained as scheduled with the completed works entered into the RFS BRIMS and payment received from the RFS
	Contribute statutory 13.3% in budget to fire control and other contributions to Volunteer Rescue Authority and Marine Rescue Authority	Engineering Services	Allocations are made in annual budget in line with draft budget prepared by Emergency Services	A budget allocation was provided RFS presented the draft "BID" to Council Emergency Service levy reported to Council each year
	Ensure buildings and facilities at fire control centre and SES/Volunteer Rescue/Marine Rescue are managed to meet standards	Engineering Services	WH&S inspections are conducted. Building Management Committee meets regularly	No complaints received about the facility.
	Provide and replace vehicles in accordance with policy for State Emergency Service	Engineering Services	Vehicles are replaced	This is now administered through NSW RFS. Provision of funding remains a Council issue.

	Provide lifeguard services as per contract, including annual contribution through s.94 plan	Engineering Services	Lifeguards are on duty at required times and activity reports are submitted to Council by 31 March. Equipment is purchased	<p>New five year contract entered into with SLA for the provision of life guard services</p> <p>Life guard services provided over Christmas/New Year holiday period</p> <p>The end of season Life Guard Services reports presented to Council</p> <p>Contributions allocation is included in budget</p>
	Provide and maintain beach safety signage	Engineering Services	Signage is in place and meets current standards	All signage installed at the beach and access locations are compliant with regulatory and non-regulatory warnings
	Provide ranger service to supervise vehicles on beaches	Manager Development & Environment	4WD vehicles on beaches comply with permit conditions	Council Ranger undertook random surveillance of beaches as well as continued passive surveillance from the Volunteer Rangers
Provide leadership in safety initiatives	Advocate for adequate police resources	Mayor General Manager	Increase in number of hours that police officers spend in Nambucca District	Mayor regularly attended Police Community Advisory Meetings. Council lobbied for a new, "fit for purpose" central Police Station at North Macksville.
	Advocate for road safety initiatives, including through active Traffic Advisory Committee considering road safety improvements	Engineering Services	Committee progresses road safety actions	Traffic Committee meetings conducted which addressed a number of safety improvements resulting in a number of speed zones being changed. Minutes reported to Council for formal resolutions and implementation of safety actions.
	Work with District Police to implement specific safety initiatives such as Alcohol Free Zones	Manager Community Development Engineering Services	Number of safety initiatives implemented	<p>Review of Alcohol Free Zone in the CBD Bowraville completed and re-established for 4 years. Signage updated 31 May 2017.</p> <p>Fridge Magnet promoting reporting crime continues to be distributed.</p>

Strategic Direction: Public Order and Safety

2.2 Objective: Companion Animal Welfare

To proactively manage companion animals to ensure the community's safety and to improve animal welfare

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Manage companion animals to ensure the community's safety and improve animal welfare	Undertake patrols and respond to complaints about companion animals	Manager Development & Environment	Number of impounded animals is reduced. Number of euthanaised animals is reduced	Council subsidises de-sexing of animals to increase likelihood of rehoming animals and works with animal rescue groups to minimize euthanasia.
	Support programs to improve the welfare of companion animals, including investigating grant opportunities for owner education	Manager Development & Environment Ranger Grants Officer	A program is run which educates owners on responsibilities	Responsible Pet Ownership Program subsidizes de-sexing, immunisation and micro chipping .
	Ensure signage identifying permissible dog walking areas is in place and up to standard on Council land	Manager Development & Environment Ranger	All areas are checked and signage is adequate	Signs in place and policy updated to reflect recent changes.

Strategic Direction: Public Health

3.1 Objective: Safe Food

Reduce the incidence of illness from unsafe food by monitoring systems for food hygiene and safe food handling

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Reduce the incidence of illness from unsafe food	Conduct regular inspections and follow-up of premises that handle food for public consumption	Manager Development & Environment	Number of inspections. Reduction in the number of warnings or infringements. Reduced number of illnesses	Annual inspections completed.
	Respond to complaints	Manager Development & Environment	Reduced number of complaints	Action complaints when received

3.2 Objective: Clean Water

Improve and maintain healthy waterways through active catchment management including promoting and, where relevant, implementing the protection and restoration of riparian areas and minimizing pollution sources.

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Carry out 100% of inspections including plumbing and new on-site sewage management systems associated with new developments within 48 hours of being booked	Conduct regular inspections in accordance with risk rankings Weekly monitoring of performance from registration statistical data and departmental appointment calendars	Manager Development & Environment	100% of inspections conducted within time Number of warnings or infringements	All class 1 (high risk) inspections undertaken plus annual requirement for low to medium risk Contractors currently undertaking inspection program within zone 5 and 10.
	Respond to complaints	Manager Development & Environment	Reduction in number of complaints	Ongoing with matters resolved with emphasis on impactful systems on health and/or the environment
Implement actions from the Nambucca River Estuary Management Plan	Review plan and identify funding sources through grants and Environmental	Coordinator Strategic Planning and	Implementation of at least one priority action	Ongoing improvement undertaken on Stuart Island.

	Levy to complete highest priority actions	Natural Resources		<p>Funding obtained for bank stabilisation and fish habitat projects on Stuart Island and Congarinni.</p> <p>Gumma wetlands project continuing.</p> <p>Boating Now Projects being undertaken at 6 locations in the Shire.</p>
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Strategic Direction: Public Health

3.3 Objective: Personal Health and Wellbeing

Help improve the overall health and wellbeing of the community of the Nambucca Valley

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Support existing and initiate new public health activities	Deliver the final year of the Healthy Communities Initiative	Project Officer Live Healthy Nambucca	Meeting the range of targets identified in the Program Plan	Project concluded on time and on budget. Audited Statements were submitted by the deadline.
	Lobby State Government for adequate bed allocation for aged care	General Manager	Increase in number of aged care beds	No specific lobbying undertaken in 2016/17.
	Lobby State Government for infrastructure to provide adequate health services	General Manager	Number of letters and meetings about this issue	The NSW Government has agreed to construct a new hospital at North Macksville.
	Provide grant application support to relevant community organisations	Grants Officer	Number of applications assisted	Achieved

Strategic Direction: Community Support and Education

4.1 Objective: Connected Community

Our community is proud of its identity and is mutually self-supporting

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Engage with the community, providing social and community infrastructure and programs to meet the needs of all residents	Continue to support and liaise with Council's Section 355 Committees which represent a range of community members	General Manager	Meetings attended on regular basis	Councillors and Senior Staff on roster for attendance at S355 AGM's. Increasing difficulty in retaining sufficient volunteers to operate some S355 Committees.
	Continue to support the community through the auspice of grant applications and grant writing support	Grants Officer	Number of grant applications made	Over 20 Grants auspiced by Council over 30 community organisations assisted with advise over this term of Council
	Ensure the services of the Visitors Information Centre are of a high standard through training and supporting volunteers	Manager Community Development	Number of familiarisations undertaken	Training for volunteers in EFTPOS; Sales and Administration; Industry familiarization was conducted.
	Provide Funding for Seniors Week	Manager Community Development	Annual event is held	"Age? Who's Counting" event held 9 March 2017. 170 seniors and 55 young people participated. Seven services provided information stalls.
	Continue involvement with Regional Arts Development Board, including financial support and representation on Board of Management	General Manager	Implementation of Regional Arts initiatives relevant to Nambucca Shire	Financial support provided annually and Councilor representation on the Board.
	Manager Community Development role to continue to include aged and disability services	Manager Community Development	Funding Agreement service levels are met, 2015-2016 work plan is adhered to, and all reporting requirements are met	100% achieved. Meeting work plan targets.

Strategic Direction: Community Support and Education

4.2 Objective: Engaged Youth

Foster the social well-being of our youth

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide support for young people through youth-oriented programs including coordination, planning and funding	Manage funding provided by the NSW Department of Family and Community Services to undertake youth development	Manager Community Development	Report against service agreement	Reporting submitted on time. Agreed targets and outcomes achieved.
	Identify, quantify, prioritise and publicise the needs of young people	Manager Community Development	Number of media releases. Number of grants secured	Youthforce Initiative established involving young people from across the valley. Early stages.
	Run Youth Week activities	Manager Community Development	Youth Week activities held; evaluation undertaken	Open Mic at Macksville Show; Pop-Up Movie and Youth Information Stalls at Nambucca Heads (80 young people; Youth Forum (became Youthforce) 70 young people attended – further details later in this report.
	Run Responsible Educated New Tenant (RENT) program	Manager Community Development	Courses held; participation figures and evaluation	No programs conducted by Council in 2016-17 as it is now being delivered by Wesley Accommodation Service.
	Continue to seek funding for the Nambucca Valley Sports Facilitation Program.	Manager Business Development	Level of funding secured.	Achieved
Plan and provide library services in Nambucca Heads and Macksville	Seek external funding to supplement library resources	Manager Community Development	Level of resources secured	No external grant funding received during the reporting period.

Strategic Direction: Community Support and Education

4.3 Objective: Cultural Diversity

Promote an understanding of the Nambucca Valley's Indigenous culture and heritage and develop opportunities and partnerships for people of culturally diverse backgrounds,

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Deliver services appropriate to the needs of Aboriginal and Torres Strait Islander communities and continue to improve awareness and understanding between Council and Aboriginal communities and individuals.	Manage funding provided by the NSW Department of Family and Community Services to undertake community development for Aboriginal people	Manager Community Development	Projects are delivered in accordance with service agreement	Finance and outcomes reporting submitted on time – 100% achieved
	Coordinate and provide funding for NAIDOC week event	Manager Community Development	NAIDOC Week event is held. Number of participants. Level of funding attracted	Council supported and participated in the Nambucca Valley NAIDOC Committee and supported events across the Shire. Council conducted a Family Fun at Macksville Park with 250 people attending.
	Provide activities for learning or social development for young people and their families on school holidays	Manager Community Development	Three activities or workshops will be conducted	School Holiday programs are no longer funded under Community Builders.
	Support Indigenous heritage and other cultural projects when identified	Manager Community Development	Number of projects supported	Negotiated with Local Aboriginal Land Councils regarding infrastructure projects; assisted Department of Aboriginal Affairs and families with construction of James Park in Bowraville.

Strategic Direction: Environmental Planning

5.1. Objective: Well planned communities

A well-planned community which minimises its environmental footprint and social costs, while maximising its economic and social well-being

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Promote sustainable development	Ensure sustainability is a feature of strategic planning	Coordinator Strategic Planning and Natural Resources	Sustainability requirements are embedded in plans	Work underway implementing coastal zone management plan, Gordon Park Master Plan and plans for the revitalisation of Macksville post by pass
	Progressive application of the principles of ESD to Council's LEP and related environmental policies	Coordinator Strategic Planning and Natural Resources	Inclusion in revised and new policies	Flood Risk Management plan completed
			Standard of development approvals improves and conditions applied reflect ESD principles	No significant change
			Compliance with development standards and conditions of consent	Achieved and Ongoing
	Vigorous assessment of developments to ensure minimum impacts are achieved on built and natural environment as a result of the development, with special regard to high impact developments such as antimony mining	Coordinator Strategic Planning and Natural Resources Senior Town Planner Manager Development & Environment	Monitoring of ongoing compliance conditions	Comprehensive assessments completed in relation to higher risk environmental and development compliance issues.
	Develop new urban designs for town centres and villages	Coordinator Strategic Planning and Natural Resources	New urban design for Macksville developed PAMP implemented Streetscape plans for Nambucca and Bowraville implemented	South Valla walkway complete Consultants engaged to prepare DCP for Valla Growth area

			Nambucca River Master Plan implemented	
	Manage and regulate impacts of resource development	Coordinator Strategic Planning and Natural Resources	Council adopted position on CSG, Antimony and other resource developments	Water Quality ongoing
Reflect the community's desires through appropriate planning instruments such as Local Growth Management Plan, and Local Environmental Plan	Consult with community and key stakeholders and government departments prior to preparation of plans/reports and coordinate their input	General Manager Coordinator Strategic Planning and Natural Resources AGMs Managers Manager Development & Environment	Number and type of consultations held	House keeping amendements to LEP underway DCP for Valla Urban Growth area underway
	Local Growth Management Plan: Review and prepare new strategies for rural residential land release areas and rural lands in accordance with the Mid North Coast Regional Plan and incorporation into the Local Growth Management Plan	General Manager Coordinator Strategic Planning and Natural Resources	Number of strategies prepared	Council's additions to its Local Growth Management Plan have been incorporated into the draft Mid North Coast Regional Plan.
	Valla Growth Area Local Environmental Plan (LEP): Review, coordinate and prepare various environmental studies, master plan, local environmental study and development control plan	General Manager Coordinator Strategic Planning and Natural	Level of progress made on LEP development	LEP Completed A DCP has been prepared for the approved highway service centre. Work now underway on preparing a DCP for all of the Valla Growth Area

Report new information relating to land use constraints to Council and include in planning and development activities	required to undertake the LEP amendment to rezone land identified in the Valla Growth Area	Resources		
	Develop strategies to address impacts of Pacific Highway Upgrade	General Manager Coordinator Strategic Planning and Natural Resources Assistant General Managers Managers	Number of strategies prepared	Council has collaborated with Bellingen Shire Council on the negotiation of the Highway handover. The RMS has accepted ongoing responsibility for major bridge structures Highway Services at Nambucca Heads is open
	Finalise Climate Change Adaptation Policy following completion of flood studies	General Manager Coordinator Strategic Planning and Natural Resources	Final policy completed	Flood studies complete Flood risk planning matrix completed

Strategic Direction: Environmental Planning

5.2. Objective: Housing

Housing across the Nambucca Valley provides for choice and is affordable

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide diverse, sustainable, adaptable and affordable housing options through effective land use planning	Ensure supply of vacant land stocks as per Council's adopted land release strategy for residential and rural residential land	Coordinator Strategic Planning and Natural Resources	There is adequate vacant residential land stock	It is estimated that there is 25 years plus of vacant land and at least 30 years of vacant rural residential land stock

Strategic Direction: Building Regulation

6.1 Objective: Safe Buildings and Pools

Reduce the risk of public injury through ensuring safe standards for buildings and pools are maintained

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Ensure private infrastructure - buildings and pools - are of a safe standard	Undertake building and swimming pool certification	Health and Building Surveyor	Certification is timely and accurate	<p>For the financial year 2016/2017 Council issued 159 Construction Certificates (CC's). This equates to 77% of the share of CC's issued across the private/public sector in the Shire. This percentage continues to trend upwards.</p> <p>With respect to Complying Development (CD), Council issued 19 CD's in the 2016/2017 financial year compared with 41 issued by private certifiers.</p> <p>Certificates of Compliance (CoC's) for swimming pool barriers continue to be issued as a function of property sales and Council's swimming pool barrier inspection program. Of the 748 domestic swimming pools registered</p>

				on the Department of Local Government portal, Council has issued CoC's for 327 swimming pool barriers equating to 44%.
	Undertake a risk assessment based compliance program for fire safety and backyard pools	Health and Building Surveyor	Number of complying swimming pools following audits	Fire safety is addressed via DA's for change of use/alterations and additions and CC's for commercial, industrial and multi residential type developments. A register for Fire safety schedules and statements is established within Council. See comments on domestic swimming pools above.
Promote sustainable building practices including energy and water use efficiency	Information on sustainable building practices made available on Council's website and at Council's enquiry counter	Business Services Unit	Information is made available and updated where required	Website link to Our Living Coast established
	Establish a Clean Energy Committee to investigate options for investment growth in renewable energy	General Manager	Committee established	Achieved
	Implement technologies and make decisions to reduce Council's greenhouse gas emissions	General Manager	Clean Energy Committee making recommendations on investments in renewable energy	Waiting on implementation of projections

Strategic Direction: Environmental Services and Community Amenities

7.1 Objective: Waste Management

Protect the natural environment through ensuring a regular, cost effective and environmentally responsible system for managing solid waste

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide operational and environmentally acceptable waste management facility, including collection, weighbridge and landfill cells	Contract for kerbside collection of separated domestic mixed waste, recycling and green waste materials	Waste Management Officer	Annual review of performance	<p>Monthly monitoring undertaken and Council provided with quarterly updates</p> <p>Annual reviews completed in June. and reported to Council</p> <p>Council initiated formation of working group to address future strategic and operational directions</p>
	Provide for management of local Transfer Station at Nambucca Waste Management facility to source separate domestic mixed waste, recycling and green waste	Waste Management Officer	Annual review of performance, and compliance with licences	<p>Review undertaken and completed throughout 2016/17 with transfer station signage being upgraded and colour coded accordingly to enhance waste separation</p> <p>Design and construction of a roof over the transfer station to reduce wind-blown litter and infiltration of rain water into the transfer bins whilst providing customer shelter from the elements</p>
	Prepare engineering design plans for construction of landfill cells and rehabilitation of completed landfill cells	Waste Management Officer	Plans to be compliant with Environmental Protection Licences	<p>Future cell 4 area under construction following design and EPA approval.</p> <p>Investigations are ongoing into obtaining additional Forest land to ensure longevity of the waste site for an additional 30 years</p>
	Undertake ground and surface water monitoring to meet licence conditions	Waste Management Officer	Monthly sampling occurs and annual report meets OEH licence requirements	EPA annual returns completed in for EPL licence 6268 And for EPL licence 11386
	Undertake pollution studies and reduction programs and any necessary infrastructure	Waste Management Officer	Compliance with Environmental Protection Licences and Landfill	Complied with EPA requirements

	works to meet licencing conditions		Environmental Management Plans	
Implement waste minimisation strategies, including reduce, reuse, and recycle	Ensure contractor's delivery of yearly education program	Waste Management Officer	Reduced amount of waste directed to land fill	Mixed waste processing plant modifications were implemented in 2012 and processing ongoing. Education through the school system undertaken when requested
	Minimise illegal dumping of waste	Manager Development & Environment Ranger	Reduced number of complaints	Illegal dumping investigated with follow up action & service of clean up notices Waste clean-up of Forestry trails carried out in conjunction with NSW Forestry

Strategic Direction: Environmental Services and Community Amenities

7.2 Objective: Street Cleaning

Provide a level of street cleaning which minimises the creation of litter and the level of contaminants in storm water runoff

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Maintain clean and attractive streets, footpaths and public places	Regularly service street and park litter bins, daily service of public conveniences, and regularly clean commercial areas	Engineering Services	Inspections in March and September show standard is achieved and maintained. Maintenance system records all inspections	Spot inspections undertaken by Coordinator throughout the year and during peak seasons and remedial action taken when required Cleaning of amenities electronically recorded Street litter bins removed on a rolling program for cleaning at the works depot Conducted review on the street litter bins and levels of service completed. Solar compactor bins installed at high use areas to remove daily collection Committees of management placed on domestic collection to reduce operational costs

				Program implemented to replace and or upgrade dilapidated aging toilet amenities
	Sweep high profile areas with special vehicle twice this year. Pressure clean public conveniences quarterly	Engineering Services	Sweeping completed in December and May. Supervisor inspections of pressure cleaning show standard maintained	Program completed Report adopted by Council as part of the Infrastructures Organisation review on the cleaning of public amenities and levels of service which has reduced the cleaning regime on low use amenities The program to replace and or upgrade dilapidated aging toilet amenities has improved the cleanliness of the amenities
	Respond to complaints	Engineering Services	Reduced number of complaints	All complaints are captured in MERIT inspected and responded to by Asset Officer within agreed time parameters. Works ticket issued to outdoor staff and a time frame for closure. Written complaints responded to by Council staff
	Maintain footpaths within CBD areas to a clean and aesthetically pleasing standard	Engineering Services	Pressure cleaning completed in November	Cleaning programs completed

Strategic Direction: Environmental Services and Community Amenities

7.3 Objective: Environmental Protection

Promote the sustainability of the Shire through identification, preservation, protection, restoration and enhancement of the natural environment

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Protect trees from and respond to deliberate damage of trees on public land	Develop public awareness of importance of trees, reward information resulting in conviction and issue fines	General Manager	Media release issued at least once advising of \$5000 reward	Council staff have been active in responding to complaints about damage to vegetation. Council issued a media release pertaining to vandalism at Valla Beach.
	Implement strategy to counter tree vandalism	General Manager	Tree damage investigated and responded to, including warning letters or fines	Green Space Coordinator active with replanting and signage.
Implement programs as outlined in the annual State of the Environment Report, Nambucca River Estuary Management Plan, Environmental Levy Program and community environmental programs	Highest priority programs implemented as funding allows	General Manager Coordinator Strategic Planning and Natural Resources	Number of recommendations implemented as per approved program and budget allocation	Review of Environmental Levy Program completed annually and sent out for public consultation. Programs ongoing and maximised through grant opportunities. Community have been given opportunity to identify or suggest projects for the future of the Environmental levy
Engage and support the community and organisations in undertaking sustainable natural resource management, including best practice farming and land management	Council staff to assist with Landcare, Dunecare and Wetland care projects where possible, as identified throughout the year	Noxious Weeds Officer Environmental Compliance Officer	Level of in-kind support through advice Level of grant funding received	Works are subject to funding. Ongoing support is provided to Landcare and other similar organisations such as wetland care have been provided when required. Council endorsed funding towards to environmental community funds through the environmental levy Councils Estuary Committee has input into projects.
	Place relevant information on Council's website and ensure it	Business Support Unit	Information on website	Website content updated including IPR and community surveys

	is regularly updated			
Develop management plans for environmentally sensitive areas	Finalise Coastal Zone Management Plan (CZMP) and implement identified high priority actions where funding is available	General Manager Coordinator Strategic Planning and Natural Resources	Council endorses final plan. Resources (grants) secured to implement project	CZMP being revised to meet new OEH requirements. Implementation of the plans recommendations underway at Nambucca Heads, Scotts Head, Deep Creek
Review on-site Sewage Management Plan	Policy Reviewed as required	Manager Development & Environment	Reviewed policy	Policy was reviewed in 2016, with new risk management plan evolved to reflect protection of Aquaculture areas in line with current legislation
Prepare State of Environment Report	Conduct public consultation and review plan in context of any changes	General Manager Coordinator Strategic Planning and Natural Resources	SoE Report placed on Council's website	Commitment to regional SoE report.

Strategic Direction: Environmental Services and Community Amenities

7.4 Objective: Biodiversity

The biodiversity of Nambucca Valley's natural areas, including its waterways and bushland are protected and enhanced

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Deliver projects which assist in the protection of biodiversity and the sustainability of our natural areas	Control noxious and other environmental weeds on private land and Council controlled land	Noxious Weeds Officer Works Crew	Reduction in number of noxious and other environmental weeds in the Shire	Annual programs developed. Grant funding was received to continue with the noxious weed control on the headlands.
	Deliver projects under the Environmental Levy Program which are directly related to biodiversity	General Manager	Number of projects implemented	Most environmental projects include levels of biodiversity management or conservation benefits

7.5 Objective: Cemeteries

Maintain Shire cemeteries

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide well maintained cemeteries	Prepare a Plan of Management for each of Council's cemeteries	Manager Development & Environment	Plans of Management are implemented	50 year plan mid development. Extension works to commence in 2018.
	Respond to complaints	Manager Development & Environment	Reduction in number of complaints	Minimal complaints received.

Strategic Direction: Recreation and Culture

8.1 Objective: Cultural Activities

Active support of cultural services, our local heritage and the arts

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Support the coordination of and networking between arts, social and cultural groups, Council and the community	Support for the Regional Arts Development Board	General Manager	Annual contribution is made. Council is a member of Arts Mid North Coast	100% achieved with the contribution paid.
	Support community efforts to gain funding for cultural and community events	Manager Community Development	Number of grants received	Small grants received for Seniors Week; Sport and Recreation projects and Youth Week
	Support local museums	General Manager	Museums attract new volunteers and visitors, and outside funding	Supported provided as required for the two museums remaining under Council control.

Strategic Direction: Recreation and Culture

8.2 Objective: Meeting Places

Meeting places provide a way of fostering an inclusive community

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Maintain public buildings where justified by community use	Work with Section 355 committees responsible for buildings to ensure they are being maintained	Technical Officer - Assets	Buildings are maintained to required standard	Annual maintenance budget provided and liaison with the committees for ongoing maintenance and minor upgrades and work programmed as necessary

Strategic Direction: Recreation and Culture

8.3 Objective: Recreational Activities

The Nambucca Valley has a variety of safe and well-maintained sporting fields, recreation areas and facilities to meet the recreational need of all age groups in the community

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Ensure all public parks and open spaces are accessible, maintained and managed to meet the needs of residents	Works carried out regularly in existing public parks and open spaces	Engineering Services	Parks maintained at high standard	<p>Council reduced the budget allocation for parks and reserves by \$25k in the 2013/14.</p> <p>As part of the restructure in Infrastructure Services, maintenance operations were reviewed across the maintenance program to accommodate the available funding and ongoing improvements investigated..</p> <p>No adverse comments were received on the standard maintained</p> <p>Staff implemented a program to plant out larger areas and steep embankments with native vegetation to reduce mowing and remove WHS issues.</p>
	Maintain playing surfaces to an acceptable standard by mowing aeration and fertilisation	Engineering Services	Record in Maintenance Management System. Review with relevant Committee of Management	Ongoing, works recorded in the Maintenance Management System
	Implement Alcohol Prohibited Zone in Gordon Park and other parks where alcohol consumption has been identified as an issue	Manager Community Development	Number of signs erected	Completed in 2014.
	Playgrounds are maintained in a safe condition and conform to Australian Standards	Engineering Services	<p>Inspections of all playgrounds at least once this year</p> <p>Damaged equipment repaired, closed, removed or replaced</p>	<p>Inspections were undertaken in accordance with the maintenance risk management program and damaged equipment removed or replaced within available funding</p> <p>A detailed asset inventory was completed as part of the revaluation process on each site</p>

				and a review of the relevance of the park undertaken for long term planning.
Maintain the Macksville Memorial Aquatic Centre	Continue to manage the contractor in the provision of quality facilities and address infrastructure issues when they arise	Manager Business Development	Facility is maintained at a high standard Number of customer complaints Repaint of 50mt pool Replace expansion joints Replace heat pump Indoor Pool Replace chlorination cells in 50mt Pool	Pool painted, and gaps sealed.
Pursue partnerships and opportunities to access additional funding to improve recreational facilities	Funding received via partnerships and grants to improve recreational facilities New projects added to Work Schedule of Community Facilities and Public Open Space Contributions Plan	Grants Officer	Level of grant funding received. Contribution Plan work schedule updated regularly	Augmentation Macksville Skate Park and fun and fitness precinct completed.
Develop new open space in line with adopted development control plans	New parks proceeding as planned in DCPs and contribution plans	General Manager S.94 Officer Coordinator Strategic Planning and Natural Resources	Number of new parks	Binalong Park off Upper Warrell Creek Road complete. Community facilities and open public space study completed . Several plans prepared for open space areas

Strategic Direction: Transport

9.1 Objective: Private Transport Accessibility

Nambucca Valley residents can get to where they need to go in a way that is safe, efficient and affordable

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Continue to work with State and Federal governments toward upgrade of Pacific Highway	Support community consultation activities and help keep the community informed	General Manager Engineering Services	Updates provided as required	<p>Construction of Nambucca Heads to Urunga completed 2016. Warrell Creek to Nambucca Heads scheduled to be completed late -2017</p> <p>Through 2016/17 Council has had meetings every two months for the continued negotiation with RMS in relation to handover of existing Pacific Highway.</p> <p>The monetary value of the handover was not completed by June 2017 as Council was not satisfied on the monetary value and issues pertaining to depreciation and condition of the assets, and will continue into the next financial year</p> <p>RMS has agreed to retain responsibility for six bridges because of the disproportionate number as well as the Macksville Bridge and also classify the old pacific Highway as a Regional Road</p> <p>Council were briefed by the consultant and staff on the anticipated cost of assets being handed over to Council</p>
	Provide expertise in the planning and implementation of aspects of the highway development	Engineering Services	Highway development plans reflect local needs	Engineering Services have provided ongoing input to RMS into plans with respect to localised needs and traffic management and have had a series of negotiations with respect to the handover of Pacific Highway assets and monetary

				<p>compensation value to Council once the bypass has been finalized</p> <p>A consultant was engaged to inspect the condition and value the assets to handed over to Council post by-pass and presented a briefing to Council on the cost of the assets</p>
<p>Maintain the condition of rural road bitumen seal, rural road gravel network and urban streets in accordance with Road Hierarchy policy</p>	<p>Pavements inspected to monitor maintenance requirements</p>	<p>Engineering Services</p>	<p>Programmed and emergency maintenance carried out</p>	<p>Ongoing inspections carried out.</p> <p>Normal maintenance of pavements ongoing</p> <p>Emergency maintenance undertaken when necessary</p> <p>MERIT complaints inspected and appropriate action initiated</p> <p>All roads and infrastructure are inspected during and immediately after a storm event to ascertain damage and collect data and anticipated costs for natural disaster declaration</p> <p>Pavement inspected pre and post Rally Australia event to ascertain the extent of damage to the pavement from the rally event</p>
	<p>Pavements inspected to determine current condition rating in setting forward plans and future financial commitments</p>	<p>Engineering Services</p>	<p>Ratings reviewed in December each year, Forward Plans reviewed by February each year for inclusion in budget</p>	<p>Testing is undertaken on the pavements and is used in the design of forward plans and projects which are included within the Draft Budget</p> <p>Priorities have continued with Valla, Gumma , Scotts Head Roads and urban streets</p>
	<p>Record completed maintenance works in</p>	<p>Engineering Services</p>	<p>Rolling program of traffic counts carried out to provide</p>	<p>Ongoing program – traffic counts conducted as required</p>

	Maintenance Management System		data on priorities based on vehicle use	
Construct roads as required	Extension of bitumen road network for sections that have undergone a significant change that warrants expenditure	Engineering Services	Review conducted in February	Council policy is to direct funding towards the rehabilitation of the existing sealed road network Council to consider the request of the bitumen extension when private contributions are offered
Maintain and replace bridges according to Infrastructure Management Plan	Bridge Inspection Program implemented to determine bridge condition and risk rate	Engineering Services	Record in Asset Register	Inspections were undertaken as required through 2016/17 and a new Asset Management Policy and Service Level Statement was adopted. Detailed level two inspections commenced in 2016 to determine a five year maintenance program for bridges Allowance has been made in future budgets to inspect one fifth of the bridge network for Level two inspections.
	Inspect poor condition bridges to ensure adequate maintenance	Engineering Services	Record in Asset Register	Ongoing – inspections carried out through the period on bridges identified as poor condition to monitor whether maintenance required Detailed level two inspections commenced in 2016 to determine a five year maintenance program for bridges
	Inspect bridges with load limits three times this year to ensure safe usage	Engineering Services	Record in Asset Register	Three inspections of the bridges were not completed due to staff resources and work priority on the bridge program, however the Bridges were monitored when the staff were in the area Bridges with a load limit have been programmed for replacement in the bridge replacement program

				Load limited bridges are posted on Councils website.
	Inspect bridges after each flood event	Engineering Services	Number of bridges inspected	As required after storm events All bridges and infrastructure are inspected during and immediately after a storm event to ascertain damage and collect data and anticipated costs for natural disaster declaration
Maintain and enhance footpaths and cycle ways in the Nambucca Valley	Implement next stage of cycle way plan if funding is found	Engineering Services	Length of cycle way constructed	Nil cycleway was constructed this year as there was no external funding received. Council commenced the design for the extension from Kingsworth Estate to Macksville, but placed on hold as this pavement formed part of the strategy with the highway asset handover to reduce the pavement width to facilitate the extension of cycle lanes Cycle way management plan adopted by Council
Make footpaths safe for use by pedestrians	Annual inspection of 100% of footpath network	Engineering Services	Length of footpath network inspected	Inspections completed as part of Councils risk management and recorded to form part of the footpath repair program.
	Develop list of reconstruction priorities	Engineering Services	Reconstruction priorities identified	Reconstruction priorities identified from annual inspections based on the risk rating and a program developed to match available funds
	Implement maintenance program to address damaged section and trips	Engineering Services	Number of damaged sections and trips fixed	Work program generated from "Reflect" and to available funding following the footpath inspections and rating of the risk
	Conduct emergency repairs	Engineering Services	Inspect within 24 hours of complaint	Inspections of hazards are undertaken as soon as the hazard is reported to Council and appropriate action taken to barricade, repair issue.
Provide new footpaths in high use areas	Construct footpaths as identified	Engineering Services	List projects completed quarterly	Adin Street footpath linking the tennis courts to the bowling club Future projects identified through the draft AM plan

Provide car parking spaces	Ensure new developments provide for required number of car spaces as per Council's off-street parking code	Senior Town Planner	Car park space numbers are greater than or equal to Council's off-street parking code	All applicants have met the onsite parking requirements
	Review parking in CBD areas in context of S94 plan review	S.94 Officer	Parking needs in CBD are assessed; S.94 plans reviewed	S94A Plan (flat rate contribution on new development) now in place. S94 Plan for parking is repealed.
Maintain car parks	Provide biennial remarking of lines and regular intermediate inspections	Engineering Services	Length of lines remarked	Nil completed this financial year, as works are scheduled for 2018/19. Only new works completed in the rehabilitation program were marked as part of the project.
	Repair bitumen surface	Engineering Services	Pothole patch at least quarterly	Ongoing throughout the period. Complaints inspected and added into MERIT and REFLECT with a Work Ticket issued to the team for repair.
	Maintain landscape by weeding and replanting as necessary	Engineering Services	Conducted twice a year by September and March	Ongoing throughout the period

Strategic Direction: Transport**9.2 Objective: Public Transport**

Be involved, to the extent possible, in the maintenance and improvement of existing public transport services provided by private bus companies, community transport and the north coast rail line

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Lobby for the provision of public transport options for people who do not have access to private transport	Continue the work of the Shire's Access Committee	Manager Community Development	Number of meetings conducted. Reduction in number of complaints received about public transport	Monthly meetings were conducted during the reporting period Access Committee does not have a role in public transport.
Install bus shelters at all locations where minimum number of commuters is 10	Conduct annual review based on statistics from bus operators	Engineering Services	Minimum of one new shelter provided or upgraded if required	Ongoing maintenance undertaken

Strategic Direction: Dynamic, Resilient Local Economy

10. 1 Objective: Economic Activity

The Nambucca Valley has a strong economy, with a thriving and diverse business community

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Foster local development opportunities and economic self-sufficiency through promotion, lobbying and direct action	Seek out and attend to all new business and investment enquiries	Manager Business Development	Number of enquiries responded to. Deliver a regional FINA accredited swimming facility to attract major swim events to the shire. Deliver a government funded via grants effluent system to the sale yards. Facilitate the expansion of business to build new Pacific Highway	New Highway Service Center at Nambucca Heads interchange has opened. Industrial land in Railway road developed and sold.
	Provide business and marketing information to all new business and investment enquiries	Manager Business Development	Database of economic information and development opportunities on Council website. Production and availability of brochures, kits and promotional materials	New marketing material for investment attraction, skills attraction developed. Small business seminars held. Promotion of Valla growth area continuing.
	Liaise with local business and State and Federal government departments concerned with industrial and regional development	General Manager Manager Business Development	Regular meetings with local businesses. Regular meetings with relevant State and Federal departments	Lobby government for grant funding for Valla Growth area continuing. Regional development conference conducted in April.
	Participate in local and regional marketing events and promotions, including regional tourism promotions and events	Manager Business Development	Attendance/participation at events	Ongoing – Focus on regional – Regional Food Network – RDA Board Attend country and regional expo Sydney. Attend industrial development conference.

			Support the role of Arts and Culture in community development, festivals and creating vibrant places through cultural tourism and creative industries	Festival of Small Halls is being run at Valla Hall
	Facilitate the adequate supply and take-up of land for new business development	Manager Business Development	Supply and take-up of zoned land for development	Land for developing industrial subdivision in the Valla Urban Growth area purchased (Cow Creek) Additional Industrial land, Macksville sold Attracted TAFE earthmoving training. Established new crown land leased for tourism activity businesses. provided all services to the Nambucca Heads industrial land. Sold two lot Nambucca Industrial land. Marketing of industrial land for sale. Negotiation with QLD company industrial land. Prepare Hyland Park Residential Development Prepare for sale old tip site - Gumma
	Apply for and secure grant funding from State and Federal government agencies for project development within the Shire	Grants Officer Manager Business Development	Number of successful grants Amount of funding received	Funding for express coach coaches business expansion
Foster local development opportunities and economic self-sufficiency through promotion, lobbying and direct action (continued)	Skill up community organisations through workshops/seminars to apply for available grant funding from government agencies	Grants Officer	Number of participating organisations in workshops	Assistance provided one-on-one in relation to specific applications Implementation of NBN wireless as per telecommunication strategy Achieved.
	Report to Council on development proposals for Council-owned land	Manager Business Development		Sold Lot 11 & 12 Nambucca Industrial Estate 5 Lots ready for sale Sold Lot 1 and 3 Coronation Park, Short Street Nambucca Heads.

				Sold Lot 11 Nambucca Industrial Estate Sold lot 12 Nambucca Plumbing and negotiations for shed development
	Ensure the services of the Visitor Information Centre are well-utilised through training volunteers and developing promotional materials	Manager Community Development	Updated displays and brochures Bookeasy system is used Famils conducted Guides and marketing material current	Training for volunteers in EFTPOS; Sales and Administration; Famils, visitor guides, new website under development. Reprint of brochures
	Redevelopment of Gumma Reserve	Manager Business Development	Upgrade facilities, amenities	Increased visitation, more to contractor services, increase income and reduced overheads Continue to upgrade and control overheads at Gumma reserve to increase profits

Strategic Direction: Dynamic, Resilient Local Economy

10.2 Objective: Employment

Nambucca Valley residents have increased opportunities for employment

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Foster local employment opportunities, reducing the unemployment rate in the Nambucca Valley	Promote the availability and benefits of providing apprenticeships and traineeships, to industries, businesses and schools	Manager Business Development	Trainee staffing maintained Increase in number of trainees	Industry skills expo with local TAFE and Industry. Technology workshops ETC, Online marketing workshop Coffs Coast Digital Enterprise NBN.
	Maintain links with the State and Federal agencies and non-government agencies with a role in employment and economic development	Manager Business Development	Industry outcomes	Trade and Investment, Industry Mid North Coast, Manufacture Coffs Coast. NSW Business Chamber, Industry Mid North Coast. Jobs for NSW, Board member Regional development Australia.

Strategic Direction: Dynamic, Resilient Local Economy

10.3 Objective: Income and Wealth

Our residents have access to an improved standard of living

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Assist people to improve their standard of living through the support of programs	Provide financial support for Rural Financial Counseling.	Manager Community and Cultural Services	Payment of \$3,800 is made. Annual report to Council on service provided.	Offer of funding for Service was withdrawn following Council’s review of its Donations Policy.
	Conduct regular meetings with existing businesses to disseminate information and build networks	Manager Business Development	Regular meetings are held	Maintained all existing networks Provided new industrial land for shire. Facilitated the establishment of new industrial development, Nambucca Heads. Attracted and facilitated new Industrial shed development, Nambucca Heads

Strategic Direction: Dynamic, Resilient Local Economy

10.4 Objective: Skills Development

Residents of the Nambucca Valley have access to a range of opportunities to improve skills which will enable them to participate in the local economy

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Increase opportunities for and participation in school and post school education and training	Lobby for and support the establishment of education and training facilities and initiatives	General Manager Manager Business Development	Number of letters written and meetings attended	DEEWR, RDA, Industry Mid North Coast, Aged Care, tourism, CSU, SCU, Catholic Church, Uniting Church New business with Housing development in Bowraville New aged care development negotiations with Anglican church
	Promote the availability and benefits of providing apprenticeships and traineeships, to industries, businesses and schools	Manager Business Development	Trainee staffing maintained. Increase in number of trainees	New trade training allowance, local Skills Expo with Industry - ongoing Development of two new TV commercial expression of interest VUGA and promoting vehicle cluster group. Two new Youtube promotions VUGA

Strategic Direction: A Sustainable Water Cycle

11.1 Objective: Water Management

Ensure the water resources of the Nambucca Valley are used sustainably, meeting current and future demand

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide a water supply that meets Government standards, through continued implementation of the integrated water cycle management strategy for water supply	Let tender for construction of proposed Off River Storage project, subject to State funding being received	Manager Water and Sewerage	Successful tender is awarded and project began	Construction of the dam was completed in 2015 and awarded an IPWEA Engineering Excellence Award
	Refurbish existing older concrete reservoirs	Manager Water and Sewerage	Improved water quality and safer working conditions for maintenance workers	Ongoing removal of redundant rusted fixtures and replacement of internal steel ladders with FRP ladders
	Continue replacement of remaining asbestos cement pipework in reticulation system	Manager Water and Sewerage	Amount of asbestos cement pipe removed	Program for ongoing replacement of older mains focused on AC pipe with known record of breakages as funds permit
	Renewal of fluoridation and chlorination plants	Manager Water and Sewerage	Water treatment to required standard	New dosing equipment installed and operating satisfactorily
	Regular maintenance and improvements to the system	Manager Water and Sewerage	Meeting maintenance standards	Pressure reduction valves Installed to reduce leakage and number of breakages
	Timely responses to emergencies	Manager Water and Sewerage	Time taken to respond	Staff respond within two (2) hours

Strategic Direction: A Sustainable Water Cycle

11.2 Objective: Sewerage Services

Ensure the capacity of Nambucca Valley's sewerage services meet population growth and community expectations for improved effluent quality

Four Year Delivery Objective	Operational Plan Actions	Lead responsibility	Annual Success Measures	Achievement
Provide a water and sewerage supply which meets Government standards through implementation of the integrated water cycle management strategy for sewerage collection and treatment	Completion of Nambucca Heads Sewerage Augmentation project	Manager Water and Sewerage	Improved quality of treated sewage at Nambucca Heads	Effluent test results are meeting all license requirements
	Construction of sewerage pump stations at South Macksville urban release area	Manager Water and Sewerage	Improved sewerage infrastructure	Pump stations installed completed and residential land now being released
	Ongoing sewage pump replacements and mains replacement/rehabilitation works	Manager Water and Sewerage	Improved sewerage infrastructure	Ongoing replacement of pumps as required as well as general improvements including new pumps station lids
	CCTV investigation of existing sewerage pipe network	Manager Water and Sewerage	Completion of project enables Council to determine where rehabilitation works are required and to develop works program	CCTV investigations completed and a works program developed for rectification works. Investigations into cross connections of stormwater drainage to sewer.
	Effective treatment and maintenance of the system	Manager Water and Sewerage	100% compliance with EPA requirements and licence conditions	Council carries out monitoring program in accordance with EPA requirement. Target of 100% compliance has not yet been reached.
	Timely response to emergencies	Manager Water and Sewerage	Staff arrive within 2 hours	All surcharge incidents are responded to in a timely manner

Report on Condition of Public Works

PUBLIC ORDER AND SAFETY

Report on Bush Fire Stations

There are 16 brigade stations within the Nambucca Shire Council; some of these stations coexist on land shared with other facilities such as a community hall and other are sited on their own land.

Council, as the landlord, funds maintenance to buildings in addition to the Rural Fire Service maintenance program.

SITE	CONDITION AT END OF JUNE 2017	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/17
Buildings	Satisfactory, allowing for deterioration	\$0	\$29,000	\$29,000
Land	Satisfactory	\$0	\$0	\$0

PUBLIC AMENITIES

Community Amenity - Waste Management

The Waste Management Facility located on Old Coast Road Nambucca Heads consists of the old and new landfill sites. Assets on the old landfill are limited to the gatehouse building, weighbridge, transfer station, large machinery shed, old site shed, covered material recovery and the land. The new landfill is limited to the land only.

The old site ceased landfilling in January 2002 and has since been rehabilitated; however, ongoing groundwater monitoring is required as per the environment protection licence held with the Environment Protection Authority (EPA). The new landfill is immediately to the north with access via the gatehouse and weighbridge on the old landfill. An environment protection licence is also held with EPA for the new landfill with ongoing monitoring and sampling a requirement.

Approval was granted by the EPA in November 2011 to allow the integration of biomass material into the final revegetation layer of cell 2. Conditions placed on Council were that the biomass material be mixed 50/50 with existing phyllite materials excavated onsite with the capping layer having a depth of 0.6m and cove red with a 0.1m of topsoil.

With the modification and the upgrade to the biomass facility now complete and the biomass product fit for market, additional capping materials have been sourced from the future cell 4 area of the Nambucca Waste Facility to complete the revegetation layer of cell 2 in accordance with the EPA approved capping design. Capping works have now been completed with documentation to be forwarded to the EPA for final approval prior to being signed off.

Annual fees include calibration and maintenance of the weighbridge, general site maintenance and the payment of the environmental protection licences.

An integral aspect of Nambucca Shire Council's long-term planning strategy is the provision of future waste management facilities within the shire. The most appropriate site identified to date by Council has been the existing State Forestry land immediately adjoining the western boundary of the existing Nambucca Waste Management Facility.

Council has completed a preliminary assessment on this site to ensure that there are no obvious significant environmental or engineering constraints which would limit or prevent the potential development of the site as

a waste management facility. The assessment indicated that the site is suitable for future waste management activities and Council have commenced negotiating with Forest NSW to obtain the land.

Based on the design methodology and assumptions, the indicative landfill extension could yield 3,200,000m³ of landfill space

SITE	CONDITION AT END OF JUNE -2016	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Gatehouse/Weighbridge	Satisfactory	\$0	\$28,000	\$28,000
Environmental License	Satisfactory	\$0	\$7,000	\$7,000
Land/General Maintenance	Satisfactory	\$0	\$40,000	\$40,000

Public Buildings/Facilities

Public buildings are used for a wide range of activities from administration to recreation.

Buildings and facilities include club-houses, park amenities, playground equipment, tennis courts, shelters, seating, etc. Maintenance of recreation and cultural facilities is shared between Council and the individual Committees of Management.

Work this year has included fire safety compliance works at where necessary and general maintenance activities at buildings managed by Council. Minor upgrade works were completed at a number of public amenities.

All new work on kindergarten/preschool buildings is compliant with current standards but there are no plans progressively upgrade older facilities.

SITE	CONDITION AT END OF JUNE 2017	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Council Offices	Satisfactory	\$125,000	\$22,000	\$22,000
Council Works Depot	Satisfactory	\$20,000	\$8,000	\$8,000
Public Halls/Community Centres	Satisfactory	\$40,000	\$46,000	\$46,000
Museums	Satisfactory	\$70,000	\$5,000	\$5,000
Library	Satisfactory	\$0	\$47,000	\$47,000
Kindergarten/Pre-School	Satisfactory	\$0	\$6,000	\$6,000
Swimming Pool Building	Satisfactory	\$0	\$10,000	\$10,000
Amenities/Toilets	Satisfactory	\$200,000	\$19,000	\$19,000

TRANSPORT AND COMMUNICATIONS

Report on Off-Street Carparks

Council has several off-street carparks located throughout the Shire, principally in the main urban areas of Macksville, Nambucca Heads and Bowraville. A program has been developed to progressively upgrade the off street car parks as funding permits and in 2016/17 the Thompson Street car park Valla Beach was upgraded to a sealed car park.

Carparks such as Fletcher Street, Nambucca Heads, are considered “on-street” and part of the road; hence they are not included in this section.

Generally the carparks are in good condition and expenditure is limited to minor maintenance activities.

SITE	CONDITION AT END OF JUNE 2017	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Various locations within the Shire	Good	\$10,000	\$2,000	\$2,000

Bridges

Council are continuing with the level two bridge inspection program, and at the beginning of the 2016/17 financial year there were 24 bridges listed in Council's Asset Management Plan that were classified in Condition 4 (poor condition requiring close monitoring) and 1 bridge classified in Condition 5 (very poor – failure imminent).

An asset condition inspection program during the year resulted in the bridge replacement program being amended in accordance with the latest condition ratings of the timber bridges. It was found that bridges constructed in the 1980-90's period have a shortened life span to those previous constructed bridges as the use of chemical treatment for the timbers was ceased due the potential harm caused to the environment and staff,

The damage to the bridge classified as condition 5 emanated from the 2014/15 natural disaster event and Council resolved to provide additional funding (which is classified as “betterment” under the natural disaster funding guidelines) to reconstruct the bridge as a concrete structure. The bridge was completed in 2016/17 and at 30 June 2017 there are no bridges listed as condition 5 Council's Asset Management Plan.

There are seven bridge structures within Council bridge assets that have a designated load limit (have been rated within condition 4), and these are progressively programmed for replacement within councils bridge program or disposal via road closure. All other timber bridges structures have a mandatory 40 tonne load limit in accordance with the design standard that they had been constructed to.

In 2015/16 Council began to construct prefabricated concrete bridge structures instead of the traditional timber bridges, and this has continued through the 2016/17 program the most significant being Bakers Creek Bridge constructed by Councils day labour structures team.. The significant advantage of moving towards a concrete structure is the increase of the life of the structure and lessening the depreciation burden.

CONDITION AT END OF JUNE 2016	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Concrete - good Timber - replacement and major repairs required	\$1,041,000	\$300,000	\$246,000

Roads - General

Council continued restoration of damage caused by natural disaster events that occurred in 2015 and 2016. These works predominantly evolved around substantial landslips and replacement of lost pavement surface across local rural roads and were acquitted within the 2016/2017 financial year. Funding was provided for the Bowraville Ballinger Road to be reinstated as a fire trail access and works were commenced but will not be finalised until mid-2018.

Urban

Council is responsible for maintenance of 98km of sealed urban streets.

Council has continued with the funding of a heavy patching program which has resulted in a reduction in maintenance costs across the urban road network. The urban street network is generally in satisfactory condition, and the heavy patching program which has now been in existence for five years has resulted in a significant reduction in the amount of heavy patching required within the urban areas with funding now being directed at larger areas identified for rehabilitation. The urban asphalt sealing program that was introduced some ten years ago is now showing signs of localised crocodile cracking that indicate that the pavement is potentially failing and will require heavy patching or pavement rehabilitation treatment in the future, The roads identified are monitored through the asset inspection program..

Council has continued with the rehabilitation and renewal of a number of higher hierarchy urban roads, in Macksville and Nambucca Heads, The results have improved the amenity of the areas.

Rural - Sealed

Council is responsible for maintenance of 252km of sealed rural roads.

Over the past five year, Council has undertaken a comprehensive reseal program repairing the wearing surface of the sealed road network (the aggregate surface) improving the non-slip qualities and removal of cracks and potholes which allow water to enter into the subgrade resulting in failures.

In 2016/17 funding allocated for resealing was redirected to road rehabilitation works as the reseal program is now consistent with the 12 year pavement reseal cycle management. Council has implemented various treatments for the repair of failures or heavy patching across the sealed road network. These techniques vary according to the location and nature of the failure, however a focus on targeted heavy patching repairs has seen many of the worst isolated failures on Council's major roads removed.

Council's works program for 2016/2017 was divided between sections of Gumma Road, Bellingen Road, Scotts Head Road and Rodeo Drive.

Rural - Unsealed

Council is responsible for maintenance of 316km of unsealed rural roads.

Once again the roads were subject to major flood damage and significant restoration work was required through 2016/2017 which predominantly evolved around landslips on Gumma Road and Riverside Drive and the replacement of lost pavement surface across local rural roads. These works will not be completed in the 2017/18 financial year,

The change to Council's work practices for maintenance grading introducing the use of a water cart and roller has meant that maintenance is no longer restricted by the availability of natural moisture in the pavement as well as finding a suitable gravel blend has reduced the number of complaints received on the rural road network.

A formal gravel resheeting program which is now identified within the capital works was introduced in the 2016/17 financial year, with the work being undertaken on the primary access routes. Further programs have been identified for future budgets and included within the long term financial plan

ROADS	CONDITION AT END OF JUNE 2016	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Sealed Roads	Satisfactory	\$5,017,000	\$290,000	\$286,000
Unsealed Roads	Satisfactory	\$849,000	\$551,000	\$551,000

Note: maintenance costs were reduced and redirected to capital works and the unsealed road value to bring to a satisfactory standard includes the Bowraville Bellingen Road

Drainage (Urban and Rural)

Above ground improvements have been occurring with replacement of older damaged and inefficient lintels and grates through normal maintenance. Underground pipes are mostly within their useful life and in reasonable condition, however Council has identified that the "butt jointed" culverts installed with the 1980 - 90's now require monitoring as the joints are progressively failing.

Council purchased a CCTV this financial year which has allowed for the inspection of possible failing structures and will now progressively inspect the culvert network over the next 10 years.

The condition of the system must be continually monitored and Council has recognised that due to the nature of underground assets the refurbishment and replacement costs will be significant. In 2016/17 there were four drainage structures identified and funded for capital replacement

SITE	CONDITION AT END OF JUNE 2016	ESTIMATED COST TO BRING UP TO SATISFACTORY STANDARD	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Stormwater Drainage System	Satisfactory	\$0	\$15,000	\$15,000

Reserves

General maintenance including slashing and repair of infrastructure was undertaken in 2016/2017. There has been a program to reduce the area of mowing by the planting of native grasses and shrubs to reduce the maintenance costs.

Water Supply

Normal maintenance works and some renewal works on assets identified with a history of breakages were undertaken throughout the Shire water reticulation Network. A detailed revaluation of the water supply network was undertaken as part of the end of year financial reporting for 2016/17 which has resulted in a change within the monetary value to bring the asset to a satisfactory condition.

A program of minor upgrade works continued on the reservoirs aimed at improvements to the water quality

SITE	CONDITION AT END JUNE 2015	ESTIMATED COST TO BRING UP TO SATISFACTORY CONDITION	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Shire-wide	Some upgrading and replacement works required - generally satisfactory.	\$2,268,000	\$1,251,000	\$1,211,000

Sewerage Services

Normal maintenance works and minor rehabilitation works were undertaken throughout the Shire Sewerage Network. A detailed revaluation of the sewer reticulation network was undertaken as part of the end of year financial reporting for 2016/17 which has resulted in a change within the monetary value to bring the asset to a satisfactory condition

Concept Designs were completed for the proposed upgrade of the Bowraville Sewage Treatment Plant aimed at improving the quality of the wastewater so that it is suitable for reuse for the irrigation of tomato crops

SITE	CONDITION AT END JUNE 2015	ESTIMATED COST TO BRING UP TO SATISFACTORY CONDITION	ESTIMATED COST TO MAINTAIN STANDARD	MAINTENANCE PROGRAM 2016/2017
Urban Areas	Systems generally satisfactory with some upgrading necessary	\$2,446,000	\$1,860,000	\$1,860,000

Governance Matters

SUMMARY OF LEGAL PROCEEDINGS DURING 2016/2017

Council had no significant legal proceedings during 2016/2017.

OVERSEAS VISITS

There were no overseas visits by any Councilors during 2016/2017.

Councillors' Professional Development

COUNCILLOR	TRAINING	DATES	COST (\$)	LEDGER NO
HOBAN, R	Youth Frontiers – Youth Frontiers Mentoring Program	13/11/2016		1028.172.644
AINSWORTH, J	Nil			
BALLANGARRY OAM, M	4 th National Indigenous Economic Development Forum	28-30/06/2017	4105.55	1030.172.644 1030.172.646
FINLAYSON, B	Nil			
FLACK, P	Nil			
MACDONALD, K	Nil			
MORRISON, B	Nil			
SMYTH, A	Nil			
SOUTH, E	Nil			
FLACK, P	Nil			
MACDONALD, K	Nil			
MORRISON, B	Nil			
SOUTH, E	Nil			

Councillors' Expenses 2016/2017

• Mayoral fee	\$24,630.00
• Councillors fees	\$101,610
• Councillors mileage	\$ 2150.64
• Accommodation	\$ 1,586.85
• Catering	\$ 8,207.72
• Mayor Vehicle	\$16,462.00
• Conferences	\$ 4,861.93
• Internet	\$ 1,472.64

Senior Staff

Total remuneration paid to senior staff during 2016/2017 was:

General Manager	227,653
Assistant General Manager Engineering Services	191,437
Assistant General Manager Corporate Services	177,090

Contracts Awarded during the year in Excess of \$150,000

NAME OF CONTRACTOR	DESCRIPTION OF GOODS	TOTAL PAYABLE
Community Aquatics Pty Ltd	Management and operation of the Macksville Memorial Aquatic & Fitness Centre	\$1,123,595.00 (5 year contract)
Pressure Sewer Services Pty Ltd	Design and Construction of a Pressure Sewerage System at South Nambucca Heads	\$ 536,174.00 (2 year contract)
Concrib Pty Ltd Earthtec Pty Ltd Elite Retaining Systems Pty Ltd T/As Australian Marine & Civil Fred Keizer Constructions Fusion Civil Pty Ltd Kerr Earthworks and Road Construction Nivroscope Pty Ltd Specialised Geo Sporting Services (Const) Pty Ltd T/As Pan Civil	Construction of landslip remediation services - PANEL of preapproved providers	Variable depending on landslips (2 year panel contract)
Wayne Noble General Carrying Greatwood P/L t/as TG Hire Stabilised Pavements Stabilcorp Pty Ltd Rollers Australia Pty Ltd Peter White NorthPipe Constructions Pty Ltd Nambucca Valley Equipment Mitchbrook Management Pty Ltd Mid North Coast Contractors Pty Ltd Kingston Industries T/as Tutt Bryant Hire Kennards Hire Pty Ltd K B McMillan & R L Baker Howle Earthmoving Pty Ltd Fortade Pty Ltd Ezyquip Hire Pty Ltd Misfud Excavations & Earthmoving Drew Walker Coates Hire Bucca Creek Pastoral Company Pty Ltd Blue Dog Earthmoving Pty Ltd BJL Water Deliveries Archie Turner Excavations Pty Ltd Aqua Assets Pty Ltd Advance Sweepers Pty Ltd	Supply of Plant and Truck Hire and Road Maintenance Services - PANEL	Variable according to tendered hire rates (2 year panel contract with provision for 1 year extension)
Beyond Expectations P/L	Construction of Transfer Station Roof at Nambucca Waste Facility	\$212,500.00 ex GST
Bridgestone Australia Pty Ltd Tyres4U Pty Ltd as trustee for TWA Trust trading a Tyres4U Goodyear Dunlop Tyres (Aust) Pty Ltd t/as Beaurepaires	Supply and Delivery of Passenger, Truck and Earthmover Tyres - PANEL	Variable according to works program (2 year contract with provision for 1 year extension)
Coastal Line Marking Pty Ltd ATF The Nicol Family Trust Complete Linemarking Services Pty Ltd Jenalad Pty Ltd t/a Whiteline Road Services Oz Linemarking NSW Pty Ltd	Provision of Line Marking Services - PANEL	Variable according to contract rates and works program (2 year panel contract with provision for 1 year extension)

Matthews Metal Management	Collection, Sorting and Removal of Ferrous and Non-Ferrous Scrap Metals and ULAB	Variable according to works program
Fulton Hogan Industries	Collection, Sorting and Removal of Ferrous and Non-Ferrous Scrap Metals and ULAB	Variable according to works program 2 year contract
Elster Metering	Supply and Delivery of Domestic Water Meter	Variable according to works program 2 year contract
Origin Energy	Supply and Delivery of Electricity to Small Mass Market Sites	\$236,460.00 2 year contract
Boral Resources (NSW) Pty Ltd Quarry Solutions Pty Ltd Sheridans Hard Rock Quarry Pty Ltd	Supply of Road Base Material	Variable according to works program 5 year contract + 2 year extension
Holcim (Australia) Pty Ltd T/as Hume	Supply and Delivery of Concrete Pipe	\$400,000.00 <i>estimated</i> 2 year contract + 1 year extension
B & M Crowe Ltd	Collection and Removal of Used Oil from Council's Waste Management Facilit	30-Sep-18 + 1 year extension
Bretmart Pty Ltd Echo Recycling Ptd Ltd Drumderge Services Pty Ltd	Crushing of Concrete, Brick and Tile Product	30-Sep-18 + 12 month extension
Costa Builder	Construction of Public Amenities at Gordon Park Nambucca Head	\$199,746.00

Bush Fire Hazard Reduction Activities

Council undertakes hazard reduction works in the urban areas twice a year. This involves expenditure up to \$25,000 with most of the work being on Crown Land.

The works are programmed for September/October and again in February/March. Such work is generally slashing of the ground cover to reduce the fuel load. Occasionally it is necessary to remove tree branches to ensure minimum clearances are maintained.

The sites regularly maintained are:

Valla Beach

- Environment Park
- Lions Park
- Ocean View Drive

Hyland Park

- Eastern side of Banyandah Road

Macksville

- Industrial Estate

Eungai Creek

- Hazel Lane

Nambucca Heads

- Industrial Estate
- Glen Sheather
- Palmer Street
- Forest Road
- Merry Park
- Rock Street
- Loftus Street
- Short Street Reserve
- Lee/Short Streets
- Eichman Street
- Small/Lackey Streets
- Nambucca Holiday Park boundary
- Headland
- Pacific Street and drain
- Pilot Street
- Off Newry Street
- Reedy Street Reserve
- Bank Street near Pre-School
- Marshall Way
- Bellwood Road
- Myall Street Reserve

During the year Council works with the Rural Fire Service to review the adequacy of the existing fire buffers for width, re-growth and compliance with standards.

Access and Equity Activity Report

ACCESS AND EQUITY ACTIVITIES AND INITIATIVES ASSIST COUNCIL TO:

- *Promote fairness in the distribution of resources, particularly to those most in need*
- *Recognise and promote people's rights and improve the accountability of decision makers*
- *Ensure that people have fairer access to the economic resources and services essential to meeting their basic needs and improving their quality of life and*
- *Give people better opportunities for genuine participation and consultation about decisions affecting their lives.*

Council's Annual Report contains information at various points regarding Council's achievements and future plans which promote access and equity. The reader is directed to the service delivery achievements with further information being found in sections on Human Resource Activities, Equal Employment Opportunities and Section 355 Committees of Management.

Provide for the Needs of Children/Young People/Women/Older People/People with Disabilities

ACHIEVEMENTS IN CHILDREN'S SERVICES

- Provision of facilities for the operation of the Pre-School at Valla Beach
- Dissemination of information to children's services and local voluntary organisations
- Annual revision and production of the Nambucca Valley Children's Services brochure
- Complete review of children's play equipment; includes recommendations for replacement, removal or redevelopment
- Weekly story-telling program at libraries
- National Simultaneous Story-time at Macksville and Nambucca Heads Libraries May 2017
- Themed activities for children during Children's Book Week at libraries
- Participation in Child and Family network meetings and activities

ACHIEVEMENTS FOR YOUNG PEOPLE

- The establishment of the Nambucca Valley Youth Network follows on from the Nambucca Valley Youth Services Forum which was attended by about 70 participants representing over 30 organisations providing service to young people in the Valley. The service providers identified, amongst the many issues and aspirations, the need for better collaboration between services and the importance of hearing from youth how best they would like to be supported.

In September last year the community development team coordinated a Youth Forum and collaborated with local organisations and the schools to facilitate the event. Over 60 young people from across the Shire participated in the event. Young people came together and talked about their aspirations, issues that affect them and solutions and actions they consider will make this place better and more inclusive for young people. There was also a clear message from the young people that they should have a recognised and a more formal voice in the Valley.

Since then another 2 forums have been held, in April during Youth Week and June, reaching about 130 young people to date. The recent forums focussed on foundation work including aims and objectives, structure, communication and promotion with the purpose of establishing the Nambucca Valley youth network, which the young people have unanimously named the *Nambucca Valley Youth Force*.

Whilst the age range for youth is generally between 12-24 years, at this point the young people have decided to formalise the Youth Force by calling for representatives from the 4 high schools in the Valley to form their committee. They will consolidate their ideas and work to date and move forward by (i) establishing a communication platform through social media to maintain connection, engagement and positive impact, and a way of reaching all youth in the Valley; (ii) running a logo competition for youth to brand the Nambucca Valley Youth Force; (iii) coordinating an inaugural youth event in the Valley. In addition to this they will be developing a short and long term plan to address issues and concerns they have raised. Furthermore, they will work towards organising more activities and events that are conducted by youth for youth, and foster positive roles for youth in the community.

The young people are also keen to address Council down the track. Whilst it is unclear at this point how the new Youth Force will be formalised, it is anticipated that they will continue to be supported by Council's Community Development Officers, the schools, the Nambucca Youthie and other local groups until the group consolidates, gathers momentum and more clearly and independently identifies its direction.

- The Resilient Young People Program (RYPP) is an 8 week program delivered to Year 9 students in the 3 high schools in the Shire. RYPP covers a range of subjects, adds value to the curriculum and offers the schools and students another connection to community based services. Topics include Safety Self and Others, Drugs & Alcohol Harm Minimisation, Violence Prevention, Mental Health and Well-being and are presented by experts such as police, health workers and counsellors.
- Bowraville Homework Centre has been running for over a year now, and is a progression from the Bowraville Afterschool Activities program. On average 16 students participate in this weekly program that encourages learning outside of school hours.

ACHIEVEMENTS IN SERVICES FOR OLDER PEOPLE

- "Age? Who's Counting" event held 9 March 2017. 170 seniors and 55 young people participated. Seven services provided information stalls.
- Provision of a kerb-side waste pickup service for older people and people with disabilities
- Significant expansion to large print and audio book collections in libraries.

SERVICES FOR PEOPLE WITH DISABILITIES

- Support for Access Committee – administration, venue, financial
- Access Committee provides recommendations to Council on the needs of people with disabilities.
- Participation in forums to plan for and meet the future needs of people with disabilities
- Provision of information regarding services for people with disabilities; including services available to visitors and tourists
- Missed Business promotion – Good access is good for business
- Disability Inclusion Action Plan completed.

Cultural Services

ACHIEVEMENTS IN ABORIGINAL SERVICES

- Coordination and collaboration with community groups has enabled Aboriginal community members and non-Aboriginal community members to access the Cultural Tours at Scotts Head. Whilst community members have expressed interest in taking the tours, access and cost may be prohibitive to some. Partnerships with local organisations have enabled groups of young people to access the tour and learn about culture in the school holidays, also during Reconciliation Week the tours were open and accessible to all community members.
- Coordination of the Aboriginal Bike Skills day was delivered in partnership with Just Ride Cycles to Aboriginal children aged between 5 – 12 years. Bike skills, bike checks, bike repairs, and access to helmets comprised the day. Two days were held in the Shire with almost 60 participants.
- Council maintains its support for the Bowraville Solution Brokerage Initiative. Council has supported and participated in a number of consultations, activities and projects related to this initiative and continues to be an active member of the Community Reference Group. Subsequently Council has also received support through the Initiative for the Bowraville Connections projects including the skate park upgrade and bike space.
- Employment of Community Development staff who work with the Aboriginal community.

Aboriginal and Torres Strait Islander Peoples

Year	Male	Female	Total	Proportion of Total Population %
1991	278	289	567	3.4
1996	394	390	784	4.5
2001	463	491	954	5.4
2006	489	536	1,025	5.7
2011	661	698	1,359	7.3
2016	702	761	1,463	7.6

Services/Access to Services for People with Diverse Cultural and Linguistic Backgrounds

ACHIEVEMENTS IN MULTICULTURAL SERVICES

Nambucca Shire has a very small and diverse population of people with a non-English speaking background. This makes specific programs difficult to deliver so a more generalist approach is used.

- Provision of statistics regarding local ethnic groups to assist in provision of programs and in securing grants
- Donations to festivals and cultural groups
- Facilitation of loans of material from State Library Multicultural Services.

Private Works

Council sets hourly rates for the private hire of plant and equipment. This is done in conjunction with the adoption of the Management Plan. These rates are in the 2016/17 Fees and Charges booklet and are used for all private works. No subsidised works have been undertaken.

Grants Under Section 356

Council made the following **donations** during 2016/2017.

ORGANISATION	\$ DONATION 2016/17
Nambucca Valley Phoenix	\$50.00
Marine Rescue Nambucca	\$2,000.00
Nambucca District Band	\$625.00
Unkya Reserve Committee of Management	\$500.00
Bowraville Folk Museum Inc	\$700.00
Nambucca Heads Pre-School	\$1,000.00
Lions Club of Bowraville	\$500.00
Frank Partridge VC Military Museum	\$500.00
Scotts Head Sports Fields Committee of Management	\$500.00
Shire Schools 14 @ \$50 (no application req.)	\$700.00
Nambucca Valley Garden Club Inc	\$500.00
Macksville Lions Club Inc	\$500.00
Lions Club of Nambucca Heads	\$1,050.00
Gordon Park Tennis Centre Committee of Management	\$500.00
North Coast Academy of Sport	\$575.00
Trickivic's Thursday Country	\$500.00
Nambucca Community Arts Centre	\$500.00
Bowraville Goannas Rugby Union Club	\$500.00
Frank Partridge VC Public School	\$500.00
Bowraville & District Chamber of Commerce	\$250.00
Cheyenne Baker – Shot Putt representative	\$200.00
Tigers U12 Football Team	\$200.00
Bowraville Memorial Cup – towards T-Shirts	\$375.00
Macksville Gift	\$1,000.00
Legacy	\$200.00
Donation to VRA – on rates account	\$499.00
TOTAL	\$14924.00

Council made the following **one-off donations** during 2016/2017 for NBN Connections to local museums, from allocated funds for internet connections for our museums

ORGANISATION	\$ DONATION 2016/17
Frank Partridge VC Military Museum	\$360.00
Nambucca District Historical Society	\$360.00
Bowraville Folk Museum	\$360.00
TOTAL	\$1,080.00

Equal Employment Opportunity

Council is committed to providing, modeling and encouraging a workplace free from all forms of discrimination, harassment, bullying and victimisation.

During 2016-17, in support of this philosophy and in alignment with the relevant legislation, we:

- provided Code of Conduct and Bullying and Harassment training for all employees
- updated our Bullying and Harassment Policy
- hosted work experience placements for students from schools and universities
- hosted work trials for injured workers to assist them to return to work
- assisted employees returning to work from illness or injury by engaging the services of qualified rehabilitation providers
- continued to provide flexible work practices including part-time work, flexible hours and nine-day fortnight, which enhance our ability to support employees with carer and family responsibilities and
- ensured our recruitment processes include representation on decision-making panels to reflect the diversity of our region, including our Aboriginal community.

Section 355 Committee of Management

BODY	FUNCTION
Argents Hill Hall Committee of Management	Care, control and management of Argents Hill Hall
Bowraville Sports Ground Committee of Management	Care, control and management of Bowraville Sportsground
Burratine Public Hall Committee of Management	Care, control and management of Burratine Public Hall
Coronation Park Committee of Management	Care, control and management of Coronation Park
Crosswinds Wetland Reserve Committee of Management	Care, control and management of Wetland Reserve until end of March 2017
Donnelly-Welsh Playing Fields Committee of Management	Care, control and management of Donnelly-Welsh Playing Fields
E J Biffin Playing Fields Committee of Management	Care, control and management of E J Biffin Playing Fields
Eungai District Community Council Committee of Management (Memorial Hall)	Care, control and management of Eungai District Soldiers' Memorial Hall
Gordon Park Tennis Courts Committee of Management	Care, control and management of Gordon Park Tennis Courts
Gordon Park Rainforest Committee of Management	Care, control and management of Gordon Park Rainforest
Grants Hall Committee of Management	Care, control and management of Grants Hall, Bowraville
Mary Bolton Pioneer Cottage & Museum Committee of Management	Care control and management of Pioneer Cottage Macksville.
Macksville Gift Parade Committee of Management	Organising and presenting the Macksville Gift Parade
Macksville Park and Sports Committee of Management	Care, control and management of Macksville Park and Sports grounds
Macksville Tennis Courts Committee of Management	Care, control and management of Macksville Tennis Courts
Missabotti Community Centre Committee of Management	Care, control and management of Missabotti Community Centre
Nambucca Community and Arts Centre Committee of Management	Care, control and management of Nambucca Community and Arts Centre
Nambucca District Band Committee of Management	Acquisition of instruments for the Nambucca District Band
Nambucca District Historical Society Committee of Management	Care, control and management of the Headland Museum
North Macksville Playing Fields Committee of Management	Care, control and management of North Macksville Playing Fields

Scotts Head Events Committee of Management	
Scotts Head Sports Fields Committee of Management	Care, control and management of Scotts Head Sports Fields
Scotts Head Tennis Court Committee of Management	Care, control and management of Scotts Head Tennis Court
South Arm Community Hall Committee of Management	Care, control and management of South Arm Hall
Talarm Hall AND Welsh Pioneer Park Committee of Management	Care, control and management of Talarm Hall
Taylors Arm Hall Committee of Management	Care, control and management of Taylors Arm Hall
Taylors Arm Sports Reserve Committee of Management	Care, control and management of Taylors Arm Sports Reserve
Tewinga Community Centre Committee of Management	Care, control and management of Tewinga Community Centre
Unkya Reserve Committee of Management	Care, control and management of Unkya Reserve
Utungun Community Centre Committee of Management	Care, control and management of Utungun Community Centre
Valla Beach Community Association	Care, control and management of Valla Beach Urban and Hall Centre
Valla Beach Tennis Club Committee of Management	Care, control and management of Valla Beach Tennis Court
Valla Public Hall Committee of Management	Care, control and management of Valla Public Hall
Warrell Creek Public Hall Committee of Management	Care, control and management of Warrell Creek Public Hall

Companies in Which Council Held a Controlling Interest

Council did not hold any controlling interests in any companies during 2016/2017.

Partnerships, Co-Operatives or other Joint Ventures to Which Council was a Party

Council is involved with the following organisations:

NAME	PURPOSE
Statewide (Local Government) Mutual Liability Scheme	Provides insurance coverage to Council as required by the Local Government Act. Most councils in NSW are members.
Statecover Mutual Limited	Provides Workers Compensation Insurance to Council. Most councils in NSW are Members.
Coffs Coast Waste Service	Waste Processing and Resource Recovery Facility for Coffs Harbour City, Bellingen and Nambucca Councils.

Category 1 Business Activities

	WATER		SEWERAGE	
	\$' 000	\$' 000	\$' 000	\$' 000
	ESTIMATE	ACTUAL '2017'	ESTIMATE	ACTUAL '2017'
OPERATING REVENUE				
Annual Charges	986	980	3,507	3,525
User Charges	4,169	3,840	891	835
Interest	447	604	161	287
Grants & Contributions	-	-	-	-
Pensioner Rebates	84	86	76	74
Other Revenue	387	1,108	287	3,358
TOTAL OPERATING REVENUE	6,073	6,618	4,922	8,079
OPERATING EXPENSES				
Management Services	939	882	784	759
Mains Maintenance	424	444	259	228
Reservoir Maintenance	241	184	-	-
Treatment Works Costs	157	126	1,005	952
Pumping Station Costs	248	221	536	497
Other Operating Costs	617	528	598	705
Interest Costs	1,513	1,512	209	459
Depreciation	1,701	1,703	1,604	1,737
Taxation Equivalent	21	18	20	22
Revaluation Decrements				
TOTAL OPERATING EXPENSES	5,861	5,618	5,015	5,359
CAPITAL REVENUE				
Grants & Contributions	517	847	747	814
Transfer from Reserves	230	182	2,525	2,406
Depreciation - Contra	1,701	1,703	1,604	1,737

Sale of Assets	-	-	-	-
Loan Funds	-	-	-	-
Sundry Revenue	-	-	-	-
TOTAL CAPITAL REVENUE	2,448	2,732	4,876	4,957
CAPITAL EXPENSES				
Purchase of Assets	487	416	2,001	1,523
Repaid Loan Principal	353	353	1,574	1,574
Transfer to Reserves	1,680	2,129	1,282	1,402
TOTAL CAPITAL EXPENSES	2,520	2,898	4,857	4,499
2016/2017 RESULT	140	834	(74)	3,178

Variations to 2016/2017 Financial Results of Business Undertakings

WATER SUPPLIES

Taken from the June quarter budget review, the water supplies operations resulted in a surplus variation of around \$300,000 between the original estimates and 30th June result.

OPERATING REVENUE

In this review consumption revenue was overestimated by \$310,000 or around 7% due to wetter than average start to the Dec-May period. Offsetting this slightly was an increase in interest on investments with better than estimated returns of around \$180,000.

OPERATING EXPENSES

Operating expenses were down on the original budget due to energy costs being lower than estimate by around \$100,000, operating costs at the new Bowra Dam \$40,000 below estimate, and expenses budgeted for consultancy for revaluations not required as they were undertaken in house.

CAPITAL REVENUE

Increased developer contributions for the new highway Service Centre attributed to an increase in Capital revenue to the original budget.

CAPITAL EXPENSES

Additional and carry over works associated with the off-stream water storage facility accounted for an increase in capital expenditure to the original budget.

SEWER SERVICES

Taken from the June quarter budget review, the Sewer services operations resulted in a surplus variation of around \$570,000 between the original estimates and 30th June result.

OPERATING REVENUE

Favourable variations came from increases in annual charges revenue and interest on investments.

OPERATING EXPENSES

Similar to Water Supplies energy costs variations of around \$140,000 were also experienced. Sewer Mains maintenance expenditure was under estimate by \$30,000. Also, as with Water Supplies, \$25,000 for infrastructure revaluations was not required.

CAPITAL REVENUE

There were no major variations in Capital revenue except for an additional \$30,000 in developer contributions.

CAPITAL EXPENSES

The Bowraville STP Upgrade of Recycled Water System came in \$90,000 under the original budget.

Privacy and Personal Information Protection Act 1998

The Privacy and Personal Information Protection Act 1998 (PPIPA) provides for the protection of personal information and for the protection of the privacy of individuals generally.

Council's Privacy Management Plan and Policy was adopted 24 April 2013. The policy is available on Council's website.

Council complies with the requirements of the PPIPA and access to private or personal information held by Council has only been given in accordance with PPIPA, the provisions of the Local Government Act and from 1 July 2010, the Government Information (Public Access) Act 2009, which replaced the Freedom of Information Act.

The main provisions of the PPIPA are:

The Act applies to Councillors, Council employees, consultants and contractors of Council, Council owned businesses and Council committees including Committees of Management.

Personal information is defined to mean information or an opinion about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion.

Personal information does not include information about an individual that is contained in a publicly available publication.

The Act refers to personal information held by Council in public registers, which are rate records, records of approvals and consents, licences, building certificates etc. Council must not disclose personal information from a public register unless satisfied it relates to the purpose for which the record is kept and is an appropriate and legitimate use.

Council must be aware of those accessing records within the definition of public registers and for what purpose.

For the period to 30 June 2017 there have been no reviews conducted by Council under Part 5 (Review of certain conduct of an agency) of the PPIPA.

Environmental Levy

The Minister for Local Government approved the introduction of an environmental levy as part of a special general purpose rate variation in 2003/2005.

The Minister approved an extension of the levy for a further five years from 1 July 2005 to 30 June 2010. Then a further two years from 1 July 2010 to 30 June 2012. In the year 2012/2013 approval was given for the levy to continue on an ongoing basis.

Projects funded by the Environmental Levy in the financial year 2016/2017 are listed below:

Environmental Levy Projects	2016/17
Water quality river health monitoring	\$ 5,000
Project Officer - supervisory Vehicle	\$ 2,000
Bowraville Flying Fox – Vegetation Management	\$ 2,500
Myna bird eradication	\$ 2,500
Gross Pollutant Trap Maintenance	\$10,000
Control of Noxious Weeds	\$66,200
Servicing Doggy Bags	\$ 5,000
Ongoing Our living Coast Websites	\$ 2,000
Prepare/review/implement concept plans for CBD streetscape improvements	\$10,000
Riverbank Erosion Program - rehabilitation	\$60,000
State of the Environment Reporting	\$ 2,500
Heritage Grants	\$ 7,500
Dawkins Park Reserve (water quality and environmental improvement investigation	\$15,000
Environmental Management Fund	\$ 5,000
Glycine clandestina Scotts Head	\$ -
Restoration and Rehabilitation Fund	\$20,000
Continuation of CZMP Actions (Scotts Head Surfclub precinct OEH NCHP)	\$ -
Continuation of Estuary Management plan actions (Bank Stabilisation OEH; RMS)	\$ -
Continuation of Estuary Management plan actions (Ecohealth Monitoring Program LLS)	\$15,200
Valla Crown Reserve Endangered Ecological Community Restoration	\$ -
Fish Habitat Grant (DPI) no 2 15/16	\$ -
Boating Now Gordon Park	\$15,000
Macksville Streetscape Revitalisation	\$40,000
Environmental Levy Operations Overheads	\$30,000
Natural Resources & Environmental Planning Officer	\$30,000
Investigate/ Implement environmental improvements at Bowraville	\$25,000
Climate Change Adaptation Projects	\$25,200
TOTALS	\$395,600
unallocated (held in reserve for grant applications)	\$ -
16/17 Budget	\$395,600

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Council complies with the requirements of the PPIPA and access to private or personal information held by Council has only been given in accordance with PPIPA, the provisions of the Local Government Act and from 1 July 2010, the Government Information (Public Access) Act 2009, which replaced the Freedom of Information Act.

The main provisions of the PPIPA are:

The Act applies to Councillors, Council employees, consultants and contractors of Council, Council owned businesses and Council committees including Committees of Management.

Personal information is defined to mean information or an opinion about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion.

Personal information does not include information about an individual that is contained in a publicly available publication.

The Act refers to personal information held by Council in public registers, which are rate records, records of approvals and consents, licences, building certificates etc. Council must not disclose personal information from a public register unless satisfied it relates to the purpose for which the record is kept and is an appropriate and legitimate use.

Council must be aware of those accessing records within the definition of public registers and for what purpose.

For the period to 30 June 2017 there have been no reviews conducted by Council under Part 5 (Review of certain conduct of an agency) of the PPIPA.

Government Information (Public Access) Act 2009

Obligations under the GIPA Act – Reporting year 2016/2017 – Nambucca Shire Council

1 REVIEW OF PROACTIVE RELEASE PROGRAM - CLAUSE 7(A)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

The program was reviewed during the reporting period by Nambucca Shire Council's Management Executive Committee (MANEX) which meets at least twice monthly. As a result, decisions were made to proactively release a range of information considered to be of interest to the local and wider community.

Council continued with its successful program of holding a number of scheduled Council meetings during the year at community venues across the Shire, enabling greater public participation, engagement and access to information for local residents.

Council's website continued to be reviewed and updated with new content and information deemed to be of interest to the public.

The following information was proactively released through various means which included public meetings, forums and presentations, local media, targeted interest/stakeholder groups, local events and workshops, mail outs and Council's website:

- Exhibition of Council commissioned Flood Risk Management Study and Plan
- Exhibition of Macksville Town Centre Revitalisation Plan
- Public meetings with residents and stakeholders regarding Gordon Park Redevelopment Project
- Public meetings and workshops with residents and stakeholders regarding Flying Fox Management at Gordon Park Tennis Club and Rainforest areas
- Council letter to local business owners advising of their entitlements under State Government Best Practice Guidelines for Sewer Usage and Liquid Trade Waste Charges
- Education and information sessions on Coastal Habitat Management and Endangered Population at Scotts Head
- Community engagement and consultation with stakeholders regarding Scotts Head Coastal Protection Project

- Consultation with community group on Town Green Landscape Plan at Scotts Head
- Council commissioned Concept Plan for Bowraville Connections Project
- James Park Upgrade Plan
- Our Living Coast Program – educational sustainability workshops for the community
- Media releases and advertisements published covering wide ranging matters of interest to the public including proposed meetings, funding opportunities, weeds management, companion animal management programs and advising on progress of specific works and projects.

2 NUMBER OF ACCESS APPLICATIONS RECEIVED - CLAUSE 7(B)

During the reporting period, Council received a total of six (6) formal access applications (including withdrawn applications but not invalid applications).

3 NUMBER OF REFUSED APPLICATIONS FOR SCHEDULE 1 INFORMATION - CLAUSE 7(C)

During the reporting period, Council refused a total of nil (0) formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, nil (0) were refused in full, and nil (0) were refused in part.

2016/17 Statistical Information about Access Applications – Clause 7(d) and Schedule 2

TABLE A: NUMBER OF APPLICATIONS BY TYPE OF APPLICANT AND OUTCOME										
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	1	0	1	0	0	0	0	2	33%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (by legal representative)	0	1	0	0	0	0	0	0	1	17%
Members of the public (other)	3	0	0	0	0	0	0	0	3	50%
TOTAL	3	2	0	1	0	0	0	0	6	
% OF TOTAL	50%	33%	0%	17%	0%	0%	0%	0%		

TABLE B: NUMBER OF APPLICATIONS BY TYPE OF APPLICANT AND OUTCOME										
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	2	2	0	1	0	0	0	0	5	83%
Access applications that are partly personal information & partly other	1	0	0	0	0	0	0	0	1	17%
TOTAL	3	2	0	1	0	0	0	0	6	
% OF TOTAL	50%	33%	0%	17%	0%	0%	0%	0%		

TABLE C: INVALID APPLICATIONS		
Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

TABLE D: CONCLUSIVE PRESUMPTION OF OVERRIDING PUBLIC INTEREST AGAINST DISCLOSURE: MATTERS LISTED IN SCHEDULE 1 TO ACT		
	Number of times consideration used	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%

Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
TOTAL	0	

TABLE E: OTHER PUBLIC INTEREST CONSIDERATIONS AGAINST DISCLOSURE: MATTERS LISTED IN TABLE TO SECTION 14 OF ACT

	Number of occasions when application not successful	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial process and natural justice	2	100%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
TOTAL	2	

TABLE F: TIMELINES

	Number of applications	% of Total
Decided within the statutory timeframe (20 days plus any extension)	6	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
TOTAL	6	

TABLE G: NUMBER OF APPLICATIONS REVIEWED UNDER PART 5 OF THE ACT (BY TYPE OF REVIEW AND OUTCOME)

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner	0	0	0	0%
Internal review following recommendations under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
TOTAL	0	0	0	

TABLE H: APPLICATIONS FOR REVIEW UNDER PART 5 OF THE ACT (BY TYPE OF APPLICANT)

	Number of applications for review	% of Total
Applications by access applicants	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
TOTAL	0	

TABLE I: APPLICATIONS TRANSFERRED TO OTHER AGENCIES

	Number of applications for review	% of Total
Agency initiated Transfers	0	0%
Applicant initiated Transfers	0	0%
TOTAL	0	

Details of Compliance with National Competition Policy Principles

Council at its meeting on 23 March 1998 classified the Business Activities of Water Supply and Sewerage Services as Category 1 Business Activities.

Council does not have any other activities that are of a nature as to be classified as Category 2 Businesses.

Council's audited financial reports include Special Purpose Financial Reports for the two Category 1 business activities.

These special purpose financial reports have been prepared in accordance with the principles of the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and the Department of Local Government's July 1997 guidelines "Pricing and Costing for Council Businesses: a Guide to Competitive Neutrality".

Council operates the Water Supply and Sewerage Services as separate activities for financial and organisational purposes. These activities have separate internal accounting systems and full costs are allocated to each activity, directly and also as corporate overheads.

A summary of these Special Purpose Financial Reports for the year ended 30 June 2017 is below:

FINANCIAL POSITION	WATER SUPPLIES \$,000's	SEWERAGE SERVICES \$,000's
Total Current Assets	11,739	6,129
Total Current Liabilities	492	1,626
Total Non-Current Assets	99,389	81,639
Total Non-Current Liabilities	22,922	4,882
Total Equity	87,714	81,260

WATER AND SEWERAGE SERVICES

Council manages its Water Supply and Sewerage Services in compliance with the Guidelines for Best Practice Management of Water Supply and Sewerage issued by the NSW Office of Water.

Council is currently in the process of updating its Integrated Water Cycle Management Plan. This Plan will document the most cost effective means of continuing to provide water and sewerage services into the future and details a capital works program for the next 30 years along with a financial model to determine the fees and charges required to fund it.

Both Water Supplies and Sewerage Services assets were re-valued as at 30 June 2017.

Water Supply and Sewerage Asset Management Plans have also been documented to assist Council in the programming of ongoing maintenance and renewal of the water supply and sewerage infrastructure so that appropriate service levels can be maintained in future years.

Bridge and Road Renewal Program Funded from Special Rate Variations

Nambucca Shire received approval for a series of three special rate variations commencing 2014-2015.

Year	Approved increase to rate income
2014-15	3.8%
2015-16	5.0%
2016-17	5.5%

This year saw the end of special rate increases and the extra \$660,000 so far has helped fund \$4.1M worth of bridge replacements. 21 bridge replacements have been achieved over the last 3 years.

The additional funds are to be used to service borrowings for the renewals of bridges and roads. The borrowings raised in 2014-15 are being subsidised by the Local Infrastructure Renewal Scheme (LIRS). In 2015-16 Nambucca Shire was the first Local Authority to take advantage of the new TCorp Borrowing Facility established under the Fit for the Future reforms. This meant that Council can effectively borrow funds at rates previously only available to the NSW Government. The facility was utilised again in 2016-17.

The bridges replaced so far are:

Bakers Creek	Coulters	McHughs Creek No. 2
Boat Harbour	Degrass	Menzies
Jack Ryall	Factory	Sinclair No. 1
Purcells	Garretts No. 2	Swans
Browns Bridge	Jack Gorley	Top Bridge
Browns Crossing No. 2	Little Broughly	Touts
Colemans	Lovedays	Top Bridge

The program is still on track with further replacements scheduled over the next seven years. Concrete bridges will be replacing the old wooden ones.

Lovedays Bridge



Nambucca Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

“Nambucca Valley ~ Living at its best”



Nambucca Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Nambucca Shire Council.

(ii) Nambucca Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian currency.

(iv) These financial statements were authorised for issue by the Council on 27 October 2017. Council has the power to amend and reissue these financial statements.

Nambucca Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

Who uses the financial statements?

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

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

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

Nambucca Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2017.



Rhonda Hoban
Mayor



John Ainsworth
Councillor



Michael Coulter
General Manager



Craig Doolan
Responsible Accounting Officer

Nambucca Shire Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
<i>Revenue:</i>				
19,206	Rates and annual charges	3a	19,157	18,373
6,407	User charges and fees	3b	6,774	6,700
1,062	Interest and investment revenue	3c	1,546	1,353
675	Other revenues	3d	4,620	647
5,963	Grants and contributions provided for operating purposes	3e,f	10,500	9,440
1,589	Grants and contributions provided for capital purposes	3e,f	4,252	2,231
34,902	Total income from continuing operations		46,849	38,744
Expenses from continuing operations				
10,123	Employee benefits and on-costs	4a	9,329	9,163
2,721	Borrowing costs	4b	2,874	2,857
9,260	Materials and contracts	4c	9,902	10,958
9,416	Depreciation and amortisation	4d	9,543	8,818
–	Impairment	4d	(223)	226
2,425	Other expenses	4e	3,167	3,388
30	Net losses from the disposal of assets	5	881	2,701
33,975	Total expenses from continuing operations		35,473	38,111
927	Operating result from continuing operations		11,376	633
927	Net operating result for the year		11,376	633
927	Net operating result attributable to Council		11,376	633
(662)	Net operating result for the year before grants and contributions provided for capital purposes		7,124	(1,598)

¹ Original budget as approved by Council – refer Note 16

Nambucca Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		11,376	633
Other comprehensive income:			
<i>Amounts which will not be reclassified subsequently to the operating result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	633	5,465
Other movements in reserves – asset disposals	20b (ii)	(55)	(2,097)
Total items which will not be reclassified subsequently to the operating result		578	3,368
<i>Amounts which will be reclassified subsequently to the operating result when specific conditions are met</i>			
Nil			
Total other comprehensive income for the year		578	3,368
Total comprehensive income for the year		11,954	4,001
Total comprehensive income attributable to Council		11,954	4,001

Nambucca Shire Council

Statement of Financial Position
as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	11,064	6,804
Investments	6b	16,483	15,796
Receivables	7	4,959	4,290
Inventories	8	2,822	2,826
Other	8	83	78
Total current assets		35,411	29,794
Non-current assets			
Investments	6b	10,497	10,634
Receivables	7	63	–
Inventories	8	15	21
Infrastructure, property, plant and equipment	9	435,371	430,043
Intangible assets	25	279	278
Total non-current assets		446,225	440,976
TOTAL ASSETS		481,636	470,770
LIABILITIES			
Current liabilities			
Payables	10	2,644	2,303
Income received in advance	10	363	310
Borrowings	10	3,122	2,954
Provisions	10	3,699	3,852
Total current liabilities		9,828	9,419
Non-current liabilities			
Payables	10	356	364
Borrowings	10	41,874	43,246
Provisions	10	397	569
Total non-current liabilities		42,627	44,179
TOTAL LIABILITIES		52,455	53,598
Net assets		429,181	417,172
EQUITY			
Retained earnings	20	311,227	299,796
Revaluation reserves	20	117,954	117,376
Total equity		429,181	417,172

Nambucca Shire Council

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	2017					2016						
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
Opening balance (as per last year's audited accounts)		299,796	117,376	–	417,172	–	417,172	292,150	114,009	–	406,159	–	406,159
a. Correction of prior period errors	20 (c)	–	–	–	–	–	–	4,915	–	–	4,915	–	4,915
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–	–	–
Revised opening balance		299,796	117,376	–	417,172	–	417,172	297,065	114,009	–	411,074	–	411,074
c. Net operating result for the year		11,376	–	–	11,376	–	11,376	633	–	–	633	–	633
d. Other comprehensive income													
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	633	–	633	–	633	–	5,465	–	5,465	–	5,465
Other comprehensive income		–	633	–	633	–	633	–	5,465	–	5,465	–	5,465
Total comprehensive income (c&d)		11,376	633	–	12,009	–	12,009	633	5,465	–	6,098	–	6,098
e. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–
f. Transfers between equity		55	(55)	–	–	–	–	2,098	(2,098)	–	–	–	–
Closing balance		311,227	117,954	–	429,181	–	429,181	299,796	117,376	–	417,172	–	417,172

Nambucca Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
19,206	Rates and annual charges		19,217	18,311
6,407	User charges and fees		7,085	6,496
1,062	Investment revenue and interest received		1,093	1,326
7,552	Grants and contributions		9,885	15,108
–	Bonds, deposits and retention amounts received		90	128
675	Other		5,691	3,698
Payments:				
(9,796)	Employee benefits and on-costs		(9,487)	(8,964)
(9,260)	Materials and contracts		(9,677)	(12,704)
(2,721)	Borrowing costs		(2,606)	(2,534)
–	Bonds, deposits and retention amounts refunded		(137)	(256)
(2,425)	Other		(5,582)	(6,062)
10,700	Net cash provided from (or used in) operating activities	11b	15,572	14,547
Cash flows from investing activities				
Receipts:				
102	Sale of investment securities		–	–
–	Sale of real estate assets		291	–
271	Sale of infrastructure, property, plant and equipment		299	334
Payments:				
–	Purchase of investment securities		(13)	(1,109)
(9,716)	Purchase of infrastructure, property, plant and equipment		(10,371)	(12,699)
–	Purchase of real estate assets		(64)	(1,564)
(9,343)	Net cash provided from (or used in) investing activities		(9,858)	(15,038)
Cash flows from financing activities				
Receipts:				
1,500	Proceeds from Borrowings and advances		1,500	1,500
Payments:				
(3,071)	Repayment of Borrowings and advances		(2,954)	(2,865)
(1,571)	Net cash flow provided from (used in) financing activities		(1,454)	(1,365)
(214)	Net increase/(decrease) in cash and cash equivalents		4,260	(1,856)
33,922	Cash and cash equivalents – beginning of year	11a	6,804	8,660
33,708	Cash and cash equivalents – end of the year	11a	11,064	6,804
Additional Information:				
	plus: Investments on hand – end of year	6b	26,980	26,430
	Total cash, cash equivalents and investments		38,044	33,234

Please refer to Note 11 for additional cash flow information.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

(a) Basis of preparation

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

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, refer Note 28 has been added.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

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

(iv) Significant accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that

are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Estimated fair values of infrastructure, property, plant and equipment,
- (ii) Estimated remediation provisions.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of Receivables

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules. A detailed note relating to developer contributions can be found at Note 17.

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

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

(iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

(iv) Interest

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

(v) Rent

Rental income is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

(vi) Dividend income

Revenue is recognised when the Council's right to receive the payment is established.

(vii) Other income

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

(c) Principles of consolidation

(i) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

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

- Section 355 Committees of Management

The **(i)** total income and expenditure from continuing operations and **(ii)** net assets held by these excluded committees and operations is as follows:

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Total income	
from continuing operations (no GST)	\$330,253
Total expenditure	
from continuing operations (no GST)	\$311,605
Total net assets held (ie equity)	\$190,586

Note:

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

(ii) 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 statements.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these statements.

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

(iii) County Councils

Council is not a member of any county councils

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

(d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

Finance leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

(f) Cash and cash equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes:

- cash on hand
- deposits held at call with financial institutions
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value

(g) Inventories

(i) 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.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

(ii) Inventory held for distribution

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

(iii) Land held for resale/capitalisation of borrowing costs

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

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

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**
- **loans and receivables**
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose or intention for which the investment was acquired and at the time it was acquired.

Management determines each investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Recognition and de-recognition:

(i) Initial recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

'fair value through profit or loss', directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date – the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as '**fair value through profit or loss**' category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as '**available-for-sale**' are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as '**available-for-sale**' are sold or impaired the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

(i) Assets carried at amortised cost

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Investment Policy

Council has an approved investment policy complying with Section 625 of the *Local Government Act* 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities) the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, Property, Plant and Equipment (I, PP&E)

Acquisition of assets

Council's non-current assets are continually revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At reporting date, the following classes of I,PP&E were stated at their fair value:

- Operational Land (external valuation)
- Buildings – Specialised/non specialised (external valuation)
- Water and Sewerage networks (internal valuation)
- Plant and Equipment (as approximated by depreciated historical cost)
- Roads assets: roads, bridges and footpaths (internal valuation)
- Drainage (internal valuation)
- Bulk earthworks (internal valuation)
- Community Land (internal valuation)
- Land Improvements (internal valuation)
- Other Structures (internal valuation)
- Other Assets (as approximated by depreciated historical cost)

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water's – *Rates Reference Manual*.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a five year cycle.

Subsequent costs

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.

Asset revaluations (including indexation)

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

Depreciation

Land is not depreciated.

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight-line method in order to allocate an asset's

cost (net of residual values) over its estimated useful life.

Estimated useful lives for Council's I, PP&E include:

Plant & Equipment

- Office Equipment	3 to 15 years
- Office furniture	5 to 20 years
- Computer Equipment	4 years
- Vehicles	3 to 5 years
- Heavy Plant/Road Making equip.	6 to 12 years
- Other plant and equipment	2 to 30 years

Other Equipment

- Bush Fire Equipment	5 years
- Playground Equipment	10 to 27 years
- Benches, seats, etc.	10 to 20 years
- Other Structures	5 to 100 years

Buildings

- Buildings: Special/Non Specialised	15 to 80 years
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Water Supply and Sewer Supply

- Bores	60 to 70 years
- Reticulation pipes-PVC	70 years
- Reticulation pipes – other	100 years
- Pump Stations and Telemetry	20 to 25 years
- Dams and Reservoirs	100 years

Stormwater Assets

- Drains	70 to 106 years
- Culverts	80 years
- Flood Control Structures	70 years

Transportation Assets

- Sealed Roads - surface	18 to 40 years
- Sealed Roads – structure	60 to 90 years
- Unsealed roads	20 to 25 years
- Bridges - concrete	80 to 95 years
- Bridge – Other	50 to 80 years
- Kerb, Gutter and Footpaths	60 to 85 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	60 to 80 years
- Other Open Space/ Recreational Assets	10 to 80 years
- Other Infrastructure	15 to 100 years

All asset residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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

(l) Investment Property

Council does not have any investment property.

(m) 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.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(o) Borrowing costs

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

(p) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) 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

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, 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.

Defined Contribution Plans

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

(r) Land under Roads

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

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(s) Self-insurance

Council does not self-insure.

(t) Intangible Assets

Land Easements – Water Storage Dam

These costs are recognised at cost. The assets are periodically reviewed and are considered to have an indefinite life.

(u) 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

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

(v) Rural Fire Service Assets

Under section 119 of the *Rural Fires Act 1997*, 'all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed'.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(w) Goods and Services Tax (GST)

Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does, however, have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are

recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

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

The following are the standards that may be applicable for Council:

- AASB 9 Financial instruments – the full impact of this standard has not been quantified
- AASB 15 Revenue from contracts with customers – the full impact of this standard has not been quantified
- AASB 1058 Income of not-for-profit entities - the full impact of this standard has not been quantified
- AASB 16 Leases – the full impact of this standard has not been quantified.

(y) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(z) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(aa) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Functions or Activities

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	–	–	–	899	671	560	(899)	(671)	(560)	–	–	2,001	–
Administration	117	334	252	2,457	1,262	2,149	(2,340)	(928)	(1,897)	21	32	16,767	16,280
Public order and safety	555	309	379	628	1,294	1,280	(73)	(985)	(901)	229	211	2,845	3,039
Health	89	191	121	73	181	238	16	10	(117)	–	–	40	50
Environment	4,584	6,205	6,711	5,257	6,432	6,274	(673)	(227)	437	453	967	27,525	26,715
Community services and education	208	319	320	377	427	475	(169)	(108)	(155)	319	320	804	827
Housing and community amenities	485	406	260	1,098	1,101	1,205	(613)	(695)	(945)	–	–	2,645	2,556
Water supplies	5,837	7,465	5,847	5,814	5,618	5,262	23	1,847	585	–	32	108,890	108,681
Sewerage services	5,158	8,893	5,115	4,833	5,359	4,586	325	3,534	529	217	68	83,913	81,293
Recreation and culture	236	721	568	2,482	3,249	3,356	(2,246)	(2,528)	(2,788)	257	163	38,360	38,485
Mining, manufacturing and construction	88	180	158	111	450	416	(23)	(270)	(258)	–	–	–	–
Transport and communication	2,725	5,609	5,004	9,500	8,888	11,815	(6,775)	(3,279)	(6,811)	1,375	1,691	195,892	190,691
Economic affairs	17	141	212	446	541	495	(429)	(400)	(283)	30	–	1,954	2,153
Total functions and activities	20,099	30,773	24,947	33,975	35,473	38,111	(13,876)	(4,700)	(13,164)	2,901	3,484	481,636	470,770
General purpose income ¹	14,803	16,076	13,797	–	–	–	14,803	16,076	13,797	5,925	4,084	–	–
Operating result for the year ²	34,902	46,849	38,744	33,975	35,473	38,111	927	11,376	633	8,826	7,568	481,636	470,770

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

2. Are reported on the Income Statement

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(b). Components of functions or activities

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

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's' services, and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, bus shelters and services, and water transport.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; private works and other business undertakings.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		7,559	7,153
Farmland		931	877
Business		1,118	1,060
Total ordinary rates		9,608	9,090
Special rates			
Environmental		395	376
Total special rates		395	376
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		3,704	3,541
Water supply services		953	850
Sewerage services		3,481	3,511
Drainage		143	142
Waste management services (non-domestic)		873	863
Total annual charges		9,154	8,907
TOTAL RATES AND ANNUAL CHARGES		19,157	18,373

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		3,823	3,901
Sewerage services		835	844
Waste management services (non-domestic)		1,063	1,079
Library		5	5
Other		52	9
Total user charges		5,778	5,838
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation		176	155
Planning and building regulation		203	158
Private works – section 67		86	40
Regulatory/ statutory fees		200	226
Section 149 certificates (EPA Act)		51	49
Section 603 certificates		48	42
Town planning-environmental compliance fees		22	29
Septic tank income		107	73
Total fees and charges – statutory/regulatory		893	772
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		103	90
Total fees and charges – other		103	90
TOTAL USER CHARGES AND FEES		6,774	6,700

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		170	178
– Interest earned on investments (interest and coupon payment income)		839	1,116
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		537	59
TOTAL INTEREST AND INVESTMENT REVENUE		1,546	1,353
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		170	178
General Council cash and investments		736	608
Restricted investments/funds – external:			
Development contributions			
– Section 94		44	39
– Section 64		207	164
Water fund operations		430	309
Sewerage fund operations		254	195
Domestic waste management operations		68	23
Restricted investments/funds – internal:			
Internally restricted assets		(363)	(163)
Total interest and investment revenue recognised		1,546	1,353
(d) Other revenues			
Fines – parking		64	86
Fines – other		15	18
Legal fees recovery – rates and charges (extra charges)		–	1
Administration		17	7
Bank merchant service fees		17	16
Environmental services		46	16
Diesel rebate		49	59
Insurance – premium rebates		80	63
Lease rentals		303	320
Libraries		10	8
Road closure/compulsory acquisition		26	23
Sales – general		11	25
Special meter reading fees		5	5
Other – Found Assets		3,971	–
Other		6	–
TOTAL OTHER REVENUE		4,620	647

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component ^{##}	3,726	2,469	–	–
Financial assistance – local roads component	1,714	1,132	–	–
Pensioners' rates subsidies – general component	485	483	–	–
Total general purpose	5,925	4,084	–	–
Specific purpose (tied)				
Water supplies	–	–	–	32
Sewerage services	–	–	217	–
Bushfire and emergency services	229	180	–	–
Community care	207	211	–	–
Community centres	–	5	–	–
Economic development	30	–	–	–
Employment and training programs	127	133	–	–
Environmental protection	203	627	–	–
Library	63	63	–	–
LIRS subsidy	116	130	–	–
Museums	–	9	–	–
Noxious weeds	166	256	–	–
Public halls	17	17	–	–
Recreation and culture	14	69	163	67
Street lighting	19	19	–	–
Transport (roads to recovery)	1,240	1,535	–	–
Transport (other roads and bridges funding)	–	7	–	–
Other – better waste and recycling	84	85	–	–
Other – responsible pet ownership	–	30	–	–
Other – reimbursement – insurance	–	3	–	–
Other	6	6	–	–
Total specific purpose	2,521	3,385	380	99
Total grants	8,446	7,469	380	99
Comprising:				
– Commonwealth funding	6,801	5,210	–	32
– State funding	1,525	2,127	163	67
– Other funding	120	132	217	–
	8,446	7,469	380	99

^{##} Partial prepayment of the Financial Assistance Grant for 2017-18 is recognised as income in the 2016-17 statements and placed in an internal reserve (see Note 6c). The prepayment is included in the financial performance ratios at Note 13 & has a material impact.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
S 94 – contributions towards amenities/services	–	–	82	116
S 94A – fixed development consent levies	–	–	95	267
S 64 – water supply contributions	–	–	759	236
S 64 – sewerage service contributions	–	–	528	238
Total developer contributions	–	–	1,464	857
Other contributions:				
Business development	5	–	–	–
Kerb and gutter	–	9	–	10
Other – Developer Contributed Assets	–	–	826	–
Paving	–	–	135	–
Recreation and culture	6	4	–	–
Roads and bridges	181	–	–	–
RMS contributions (regional roads, block grant)	1,562	1,210	1,244	934
Sewerage (excl. section 64 contributions)	–	–	40	6
Subdivider dedications	–	–	–	267
Water supplies (excl. section 64 contributions)	–	–	25	58
Other – landslip restoration	211	748	–	–
Other – Aquatic Centre	25	–	–	–
Other – Loan-Sporting Bodies & Community Gifts	–	–	138	–
Other – Reimbursement expenses – FESL	62	–	–	–
Other	2	–	–	–
Total other contributions	2,054	1,971	2,408	1,275
Total contributions	2,054	1,971	3,872	2,132
TOTAL GRANTS AND CONTRIBUTIONS	10,500	9,440	4,252	2,231

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	6,761	8,914
Add: grants and contributions recognised in the current period but not yet spent:	2,373	1,274
Add: grants and contributions received for the provision of goods and services in a future period	1,851	–
Less: grants and contributions recognised in a previous reporting period now spent:	(1,262)	(3,427)
Net increase (decrease) in restricted assets during the period	2,962	(2,153)
Unexpended and held as restricted assets	9,723	6,761
Comprising:		
– Specific purpose unexpended grants	2,739	515
– Developer contributions	6,984	6,246
	9,723	6,761

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		6,840	6,842
Employee termination costs (where material – other than vested leave paid)		37	48
Travel expenses		458	456
Employee leave entitlements (ELE)		1,047	1,226
Superannuation		943	895
Workers' compensation insurance		312	217
Fringe benefit tax (FBT)		71	69
Training costs (other than salaries and wages)		134	130
Other		47	46
Total employee costs		9,889	9,929
Less: capitalised costs		(560)	(766)
TOTAL EMPLOYEE COSTS EXPENSED		9,329	9,163
Number of 'full-time equivalent' employees (FTE) at year end		111	113
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)		115	116
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		2,615	2,538
Total interest bearing liability costs expensed		2,615	2,538
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	9	11
Interest applicable on interest free (and favourable) loans to Council		250	308
Total other borrowing costs		259	319
TOTAL BORROWING COSTS EXPENSED		2,874	2,857

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		846	924
Contractor and consultancy costs		3,765	4,386
– Beach inspections		67	65
– Cleaning of Council buildings		127	117
– Community consultation		39	15
– Computer system – Civica – Authority		119	176
– Environmental		27	187
– Equipment hire		1,159	1,097
– Financial		26	25
– Labour hire		342	717
– Sewer		–	56
– Town planning		2	4
– Water		43	75
– Waste collection contract		3,108	2,888
– Contractor and consultancy costs (Internal Audit)		53	–
Auditors remuneration ⁽¹⁾		47	45
Legal expenses:			
– Legal expenses: planning and development		–	16
– Legal expenses: other		132	165
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>9,902</u>	<u>10,958</u>

1. Auditor remuneration

a. During the year, the following fees were incurred for services provided by the Auditor-General:

(i) Audit and other assurance services

– Audit and review of financial statements: Auditor-General

Remuneration for audit and other assurance services**Total Auditor-General remuneration**

39	–
39	–
39	–

b. During the year, the following fees were incurred for services provided by the other Council's Auditors (and the Auditors of other consolidated entities):

(i) Audit and other assurance services

– Audit and review of financial statements: Council's Auditor

Remuneration for audit and other assurance services**Total remuneration of other Council's Auditors****Total Auditor remuneration**

8	45
8	45
8	45
47	45

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Plant and equipment		686	747
Office equipment		110	138
Furniture and fittings		10	12
Land improvements (depreciable)		3	15
Infrastructure:			
– Buildings – non-specialised		453	455
– Buildings – specialised		345	344
– Other structures		517	105
– Roads		2,527	2,500
– Bridges		633	627
– Footpaths		101	97
– Stormwater drainage		441	433
– Water supply network		1,600	1,555
– Sewerage network		1,640	1,514
– Swimming pools		37	53
– Other open space/recreational assets		152	111
– Other infrastructure		285	106
Other assets			
– Heritage collections		1	1
– Library books		78	57
– Other		–	1
Asset reinstatement costs	9 & 26	1	42
Total gross depreciation and amortisation costs		9,620	8,913
Less: capitalised costs		(77)	(95)
Total depreciation and amortisation costs		9,543	8,818
Impairment			
Infrastructure:			
– Roads		(223)	226
Total impairment costs		(223)	226
<u>TOTAL DEPRECIATION AND IMPAIRMENT</u>		<u>9,320</u>	<u>9,044</u>

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		107	100
Bad and doubtful debts		33	12
Bank charges		55	54
Contributions/levies to other levels of government		62	54
– Bushfire fighting fund		264	267
– Waste levy		313	475
– Other contributions/levies		48	44
Councillor expenses – mayoral fee		25	24
Councillor expenses – councillors' fees		104	102
Councillors' expenses (incl. mayor) – other (excluding fees above)		36	28
Donations, contributions and assistance to other organisations (Section 356)		76	181
– SES vehicle expenses		36	35
Election expenses		123	–
Electricity and heating		497	568
Fair value decrements – I,PP&E	9(a)	–	140
Insurance		679	645
Insurance excess (PI/PL)		16	10
Office expenses (including computer expenses)		89	118
Postage		45	45
Printing and stationery		67	71
Street lighting		230	221
Subscriptions and publications		84	62
Telephone and communications		81	72
Valuation fees		62	60
Other (Land Development Revaluation Loss)		35	–
<u>TOTAL OTHER EXPENSES</u>		<u>3,167</u>	<u>3,388</u>

Note 5. Gains or losses from the disposal of assets

Plant and equipment			
Proceeds from disposal – plant and equipment		299	244
Less: carrying amount of plant and equipment assets sold/written off		(254)	(117)
Net gain/(loss) on disposal		45	127
Infrastructure			
Proceeds from disposal – infrastructure		–	90
Less: carrying amount of infrastructure assets sold/written off		(1,035)	(2,918)
Net gain/(loss) on disposal		(1,035)	(2,828)
Real estate assets held for sale			
Proceeds from disposal – real estate assets		291	–
Less: carrying amount of real estate assets sold/written off		(182)	–
Net gain/(loss) on disposal		109	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(881)</u>	<u>(2,701)</u>

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017	2017	2016	2016
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,851	–	1,464	–
Cash-equivalent assets ¹					
– Deposits at call		3,586	–	1,928	–
– Short-term deposits		3,627	–	3,412	–
Total cash and cash equivalents		11,064	–	6,804	–
Investments (Note 6b)					
– Managed funds		4,633	–	4,373	–
– Long term deposits		10,199	6,497	9,943	7,634
– NCD's, FRN's (with maturities > 3 months)		–	4,000	–	3,000
– Tcorp		1,651	–	1,480	–
Total investments		16,483	10,497	15,796	10,634
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		27,547	10,497	22,600	10,634

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'

	11,064	–	6,804	–
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Investments

a. 'At fair value through the profit and loss'

– 'Designated at fair value on initial recognition'

	6,284	–	5,853	–
--	-------	---	-------	---

b. 'Held to maturity' – at cost

	10,199	10,497	9,943	10,634
--	--------	--------	-------	--------

Investments

	16,483	10,497	15,796	10,634
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Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	27,547	10,497	22,600	10,634
attributable to:				
External restrictions (refer below)	19,965	10,497	15,813	10,634
Internal restrictions (refer below)	3,530	–	3,772	–
Unrestricted	4,052	–	3,015	–
	27,547	10,497	22,600	10,634

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general (A)	929	1,500	(1,876)	553
Security deposits	561	201	(248)	514
External restrictions – included in liabilities	1,490	1,701	(2,124)	1,067

External restrictions – other

Developer contributions – general (D)	1,051	221	(200)	1,072
Developer contributions – water fund (D)	4,043	933	–	4,976
Developer contributions – sewer fund (D)	1,152	561	(777)	936
Specific purpose unexpended grants (F)	515	2,509	(285)	2,739
Water supplies (G)	11,202	1,803	(461)	12,543
Sewerage services (G)	6,259	1,654	(1,629)	6,284
Domestic waste management (G)	735	110	–	845
External restrictions – other	24,957	7,791	(3,352)	29,395
Total external restrictions	26,447	9,492	(5,476)	30,462

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Nambucca Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	293	–	(12)	281
Employees leave entitlement	1,752	330	(253)	1,829
Council building reserve	214	30	–	244
Election	117	34	(117)	34
Environment rate unallocated	496	440	(593)	343
Land development	(549)	–	(79)	(628)
Lawn cemetery	8	–	–	8
Office equipment	127	32	(32)	127
Other contributions	147	44	–	191
Public road/reserve sales	45	–	–	45
Stormwater management	155	31	–	186
Swimming pool	92	35	–	127
Waste management	875	284	(416)	743
Total internal restrictions	3,772	1,260	(1,502)	3,530
TOTAL RESTRICTIONS	30,219	10,752	(6,978)	33,992

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		941	–	970	–
Interest and extra charges		161	–	169	–
User charges and fees		1,697	–	1,955	–
Accrued revenues					
– Interest on investments		280	–	356	–
Flood damage (RMS)		459	–	41	–
General		1,004	–	214	–
Government grants and subsidies		–	–	67	–
Loans to sporting clubs		7	63	–	–
Net GST receivable		365	–	411	–
On site sewer m'ment		6	–	14	–
Other debtors – waste		96	–	119	–
Total		5,016	63	4,316	–
Less: provision for impairment					
Rates and annual charges		(57)	–	(26)	–
Total provision for impairment – receivables		(57)	–	(26)	–
TOTAL NET RECEIVABLES		4,959	63	4,290	–
Externally restricted receivables					
Water supply					
– Rates and availability charges		1,202	–	1,429	–
Sewerage services					
– Rates and availability charges		423	–	481	–
– Other		372	–	401	–
Domestic waste management		29	–	314	–
Total external restrictions		2,026	–	2,625	–
Internally restricted receivables					
Nil					
Unrestricted receivables		2,933	63	1,665	–
TOTAL NET RECEIVABLES		4,959	63	4,290	–

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		1,416	12	1,927	21
Stores and materials		1,007	–	899	–
Total inventories at cost		2,423	12	2,826	21
(ii) Inventories at net realisable value (NRV)					
Real estate for resale (refer below)		399	3	–	–
Total inventories at net realisable value (NRV)		399	3	–	–
TOTAL INVENTORIES		2,822	15	2,826	21
(b) Other assets					
Prepayments		83	–	78	–
TOTAL OTHER ASSETS		83	–	78	–
Externally restricted assets					
Water					
Stores and materials		36	–	37	–
Total water		36	–	37	–
Sewerage					
Nil					
Domestic waste management					
Nil					
Other					
Nil					
Total externally restricted assets		36	–	37	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		2,869	15	2,867	21
TOTAL INVENTORIES AND OTHER ASSETS		2,905	15	2,904	21

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets (continued)

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
Other disclosures				
(a) Details for real estate development				
Residential	76	15	76	21
Industrial/commercial	1,739	–	1,851	–
Total real estate for resale	1,815	15	1,927	21
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	1,715	15	1,703	21
Development costs	100	–	224	–
Total costs	1,815	15	1,927	21
Total real estate for resale	1,815	15	1,927	21
Movements:				
Real estate assets at beginning of the year	1,927	21	363	21
– Purchases and other costs	100	–	1,564	–
– WDV of sales (expense) 5	(182)	–	–	–
– Other	(30)	(6)	–	–
Total real estate for resale	1,815	15	1,927	21

(b) Inventory write downs

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Nambucca Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period									as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation and Impairment	Impairment reversal (via P/L)	Transfers	Adjustments through CY P & L	Revaluation increments/decrements	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	1,632	–	1,632	2,033	396	–	–	–	–	(1,507)	–	–	2,554	–	2,554
Plant and equipment	12,245	8,108	4,137	1,083	332	–	(254)	(686)	–	(318)	–	–	12,405	8,111	4,294
Office equipment	1,776	1,323	453	43	–	–	–	(110)	–	–	–	–	1,805	1,419	386
Furniture and fittings	432	385	47	–	–	–	–	(10)	–	–	–	–	433	395	38
Land:															
– Operational land	6,544	–	6,544	–	1	–	–	–	–	7	–	–	6,552	–	6,552
– Community land	17,634	–	17,634	–	–	–	–	–	–	–	–	–	17,635	–	17,635
– Land under roads (post 30/6/08)	2,784	–	2,784	–	262	–	–	–	–	–	–	–	3,046	–	3,046
Land improvements – depreciable	238	22	216	10	–	–	–	(3)	–	–	–	–	249	26	223
Infrastructure:															
– Buildings – non-specialised	22,123	11,801	10,322	21	–	–	(1)	(453)	–	–	–	–	22,136	12,247	9,889
– Buildings – specialised	15,849	7,187	8,662	252	10	–	(51)	(345)	–	38	21	–	15,960	7,373	8,587
– Other structures	11,869	6,358	5,511	–	400	–	–	(517)	–	–	436	–	12,889	7,059	5,830
– Roads	133,397	49,745	83,652	2,237	329	3	(317)	(2,527)	223	716	841	–	135,848	50,691	85,157
– Bridges	40,423	13,352	27,071	1,051	64	–	(27)	(633)	–	672	–	–	41,275	13,077	28,198
– Footpaths	8,556	2,216	6,340	–	45	–	–	(101)	–	13	–	–	8,614	2,317	6,297
– Bulk earthworks (non-depreciable)	44,162	–	44,162	451	68	–	–	–	–	–	83	–	44,764	–	44,764
– Stormwater drainage	42,092	12,423	29,669	62	261	–	(11)	(441)	–	207	132	–	42,767	12,888	29,879
– Water supply network	122,012	34,299	87,713	310	75	–	(196)	(1,600)	–	61	658	(679)	124,193	37,851	86,342
– Sewerage network	109,024	36,161	72,863	730	–	–	(421)	(1,640)	–	74	1,317	1,199	109,067	34,945	74,122
– Swimming pools	2,257	1,137	1,120	–	–	–	–	(37)	–	–	–	–	2,257	1,175	1,082
– Other open space/recreational assets	5,425	1,892	3,533	1	33	–	(3)	(152)	–	–	–	–	5,454	2,042	3,412
– Other infrastructure	17,735	2,189	15,546	207	661	–	(8)	(285)	–	37	446	–	19,103	2,499	16,604
Other assets:															
– Heritage collections	120	35	85	–	–	–	–	(1)	–	–	–	–	120	37	83
– Library books	364	105	259	–	91	–	–	(78)	–	–	–	–	455	183	272
– Other	7	1	6	–	–	–	–	–	–	–	–	–	7	1	6
Reinstatement, rehabilitation and restoration assets (refer Note 26):															
– Tip assets	434	352	82	–	–	–	–	(1)	–	–	(75)	113	259	140	119
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	619,134	189,091	430,043	8,491	3,028	3	(1,289)	(9,620)	223	–	3,859	633	629,847	194,476	435,371

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9b. Restricted infrastructure, property, plant and equipment

\$ '000	Actual			Actual		
	2017			2016		
Class of asset	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	4	–	4	–	–	–
Plant and equipment	587	187	400	815	210	605
Office equipment	10	10	–	10	10	–
Furniture and fittings	2	2	–	2	2	–
Land						
– Operational land	1,506	–	1,506	1,506	–	1,506
– Community land	27	–	27	27	–	27
Buildings	1,049	196	853	1,028	170	858
Other structures	244	36	208	98	7	91
Infrastructure	124,193	37,851	86,342	122,012	34,301	87,711
Other assets	2,869	117	2,752	2,577	52	2,525
Total water supply	130,491	38,399	92,092	128,075	34,752	93,323
Sewerage services						
WIP	863	–	863	105	–	105
Plant and equipment	586	361	225	617	366	251
Office equipment	7	7	–	7	7	–
Furniture and fittings	7	7	–	7	7	–
Land						
– Operational land	1,294	–	1,294	1,285	–	1,285
– Community land	669	–	669	669	–	669
Buildings	1,173	316	857	1,165	291	874
Other structures	503	182	321	24	1	23
Infrastructure	109,068	34,945	74,123	109,024	36,162	72,862
Other assets	1,586	185	1,401	–	–	–
Total sewerage services	115,756	36,003	79,753	112,903	36,834	76,069
Domestic waste management						
WIP	168	–	168	–	–	–
Plant and equipment	903	617	286	615	609	6
Land						
– Operational land	625	–	625	625	–	625
Buildings	201	95	106	201	92	109
Other structures	5,934	4,336	1,598	5,549	4,098	1,451
Total DWM	7,831	5,048	2,783	6,990	4,799	2,191
TOTAL RESTRICTED I,PP&E	254,078	79,450	174,628	247,968	76,385	171,583

Nambucca Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017Note 9c. Infrastructure, property, plant and equipment – current year
impairments

\$ '000	Notes	Actual 2017	Actual 2016
(i) Impairment losses recognised in the Income Statement:			
– Flood Damage – June 2016 Various Roads		–	(226)
Total impairment losses		–	(226)
(ii) Reversal of impairment losses previously recognised in the Income Statement:			
– Correction of June 2016 Impairment of Flood Damage		223	–
Total impairment reversals		223	–
<u>IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L</u>	4(d)	<u>223</u>	<u>(226)</u>

Refer to Note 9(a) for Impairment Restoration Works totalling \$3K undertaken this year relating to current year or prior year Impairments.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		1,985	–	1,652	–
Accrued expenses:					
– Borrowings		285	–	276	–
– Salaries and wages		150	–	148	–
– Other expenditure accruals		25	–	20	–
Security bonds, deposits and retentions		158	356	197	364
Other - Builders LSL		31	–	–	–
Other		10	–	10	–
Total payables		2,644	356	2,303	364
Income received in advance					
Payments received in advance		363	–	310	–
Total income received in advance		363	–	310	–
Borrowings					
Loans – secured ¹		3,122	41,874	2,954	43,246
Total borrowings		3,122	41,874	2,954	43,246
Provisions					
Employee benefits:					
Annual leave		772	–	726	–
Sick leave		926	–	938	–
Long service leave		1,837	50	2,032	57
Other leave		164	–	156	–
Asset remediation/restoration (future works)	26	–	347	–	512
Total provisions		3,699	397	3,852	569
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		9,828	42,627	9,419	44,179
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Water		492	22,922	470	23,297
Sewer		1,626	4,882	1,620	6,215
Total liabilities relating to restricted assets		2,118	27,804	2,090	29,512
Total liabilities relating to unrestricted assets		7,710	14,823	7,329	14,667
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		9,828	42,627	9,419	44,179

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 15.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
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(ii) Current liabilities not expected to be settled within the next twelve months

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

Provisions – employees benefits	2,379	2,568
	2,379	2,568

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	726	600	(554)	–	–	772
Sick leave	938	290	(302)	–	–	926
Long service leave	2,089	175	(377)	–	–	1,887
Other leave	156	8	–	–	–	164
Asset remediation	512	–	(174)	9	–	347
TOTAL	4,421	1,073	(1,407)	9	–	4,096

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows - additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	11,064	6,804
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		11,064	6,804
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		11,376	633
Adjust for non-cash items:			
Depreciation and amortisation		9,543	8,818
Net losses/(gains) on disposal of assets		881	2,701
Non-cash capital grants and contributions		(4,934)	(267)
Impairment losses recognition – I,PP&E		(223)	226
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(537)	(59)
– Write offs relating to the fair valuation of I,PP&E		–	140
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		250	308
Unwinding of discount rates on reinstatement provisions		9	11
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(763)	3,687
Increase/(decrease) in provision for doubtful debts		31	1
Decrease/(increase) in inventories		(108)	203
Decrease/(increase) in other assets		(5)	(44)
Increase/(decrease) in payables		333	(1,949)
Increase/(decrease) in accrued interest payable		9	4
Increase/(decrease) in other accrued expenses payable		7	150
Increase/(decrease) in other liabilities		37	(67)
Increase/(decrease) in employee leave entitlements		(160)	51
Increase/(decrease) in other provisions		(174)	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		15,572	14,547

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Subdivisions		893	267
Other – Loan – Gordon Park Tennis Club		70	–
Other non-cash items – Found Assets – Water & Sewer		3,934	–
Other non-cash items – Found Assets – Inventory		37	–
Total non-cash investing and financing activities		4,934	267

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

Credit cards/purchase cards		43	47
Total financing arrangements		43	47

Amounts utilised as at balance date:

– Credit cards/purchase cards		–	7
Total financing arrangements utilised		–	7

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

(e) Bank guarantees/Loan guarantees

Nil

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Structures		700	2,005
Roads		4,387	3,227
Bridges		2,885	1,106
Total commitments		7,972	6,338
These expenditures are payable as follows:			
Within the next year		7,972	6,338
Total payable		7,972	6,338

Details of capital commitments

- * Road Construction
- * Bridge Construction

* Upgrade Of Recycled Water System

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Repairs and maintenance: investment property

Nil

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a. Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>7,468</u>	17.76%	3.25%	3.36%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>42,060</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>31,560</u>	68.15%	69.83%	54.18%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>46,312</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>13,384</u>	2.51x	2.38x	1.97x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>5,331</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>19,662</u>	3.37x	2.29x	2.47x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>5,828</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>1,045</u>	5.11%	5.68%	5.68%	< 5% Metro
Rates, annual and extra charges collectible	<u>20,440</u>				<10% Rural
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>27,760</u>	10.94 mths	8.8 mths	11.6 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>2,537</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	13.61%	2.63%	15.45%	5.28%	33.66%	4.18%	>0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>							
Total continuing operating revenue ⁽¹⁾	56.83%	60.47%	87.50%	93.05%	90.01%	93.49%	>60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	2.20x	1.98x	2.44x	3.04x	0.28x	0.32x	>1.5x

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund) (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation							
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5.68x	4.73x	2.09x	1.57x	2.37x	0.98x	>2x
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	4.98%	5.58%	5.69%	6.14%	5.55%	5.97%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
Payments from cash flow of operating and financing activities	11.82 months	4.82 months	12.36 months	27.41 months	5.74 months	13.79 months	> 3 months

Notes

(1) Refer to Notes at Note 13a(i) above.

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council does not have any 'investment properties'.

Note 15. Financial risk management

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	11,064	6,804	11,064	6,804
Investments				
– 'Designated at fair value on initial recognition'	6,284	5,853	6,284	5,853
– 'Held to maturity'	20,696	20,577	20,696	20,577
Receivables	5,022	4,290	5,023	4,290
Total financial assets	43,066	37,524	43,067	37,524
Financial liabilities				
Payables	3,000	2,667	3,000	2,667
Borrowings	44,996	46,200	44,996	46,200
Total financial liabilities	47,996	48,867	47,996	48,867

Fair value is determined as follows:

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

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 10% movement in market values	628	628	(628)	(628)
Possible impact of a 1% movement in interest rates	343	343	(343)	(343)
2016				
Possible impact of a 10% movement in market values	585	585	(585)	(585)
Possible impact of a 1% movement in interest rates	318	318	(318)	(318)

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	93%	96%	93%	96%
Overdue	7%	4%	7%	4%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges	Other receivables		Rates and annual charges	Other receivables
Current	Current	878	905	3,227
< 1 year overdue	0 – 30 days overdue	–	65	95
1 – 2 years overdue	31 – 60 days overdue	63	–	3
2 – 5 years overdue	61 – 90 days overdue	–	–	9
> 5 years overdue	> 91 days overdue	–	–	12
		941	970	3,346
(iii) Movement in provision for impairment of receivables				
			2017	2016
Balance at the beginning of the year			26	25
+ new provisions recognised during the year			31	1
Balance at the end of the year			57	26

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other Payables	514	1,985	501	–	–	–	–	3,000	3,000
Borrowings	–	3,122	3,046	2,918	1,744	1,853	32,314	44,997	44,996
Total financial liabilities	514	5,107	3,547	2,918	1,744	1,853	32,314	47,997	47,996
2016									
Trade/other Payables	561	1,652	454	–	–	–	–	2,667	2,667
Borrowings	–	2,954	3,046	2,967	2,836	1,659	32,738	46,200	46,200
Total financial liabilities	561	4,606	3,500	2,967	2,836	1,659	32,738	48,867	48,867

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

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Bank overdraft	–	7.12%	–	7.22%
Borrowings – fixed interest rate	44,996	5.72%	46,200	5.65%
	<u>47,996</u>		<u>48,867</u>	

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

Council's original budget was adopted by Council on 16 June 2016. 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, the weather, and by decisions made by council. Material variations of more than 10% are explained below.

Revenues

1. Interest and investment revenue

With a low domestic interest environment and a volatile global economy Council remained conservative with forecasting Interest & Investment Revenue. The original budget was based on a rate of return of 2.99%. Once again the diversity of Council's investment portfolio and coupled with greater than expected cash on hand though out the year was able to achieve a worthy average return of 4.81% achieving \$482,000 above expected revenue for the year.

2. Operating grants and contributions

With regard to Operating Grants & Contributions, Council received an advance 2017/18 payment of its Financial Assistance Grant equating to \$1,851,000. This along with Natural Disaster contributions of \$1,249,000, additional Roads to Recovery Grant funding of \$703,000 and Regional Roads funding of \$195,000 were the major variation factors to the original budget. There were also additional Community Services Grants of \$112,000 and a contribution raised to the value of \$156,000 for repair to Council roads from the World Rally held in 2016.

3. Capital grants and contributions

For Capital Grants & Contributions the significant variation came from a number of sources. Half of the variation came from the revaluating of Water & Sewerage infrastructure assets, where \$3,934,000 of "found" assets were uncovered previously not brought to account. Natural Disaster funding also accounted for \$1,145,000 of the variation. Developer contributions both Sect. 64 of \$847,000 and Non Cash contributed assets of \$826,000 were other variations to the original budget.

Expenses

1. Impairment

An impairment credit \$223,000 is shown in expenses and relates to the reversal of an incorrect calculation of impairment the previous year.

2. Other expenses

The primary reasons for the \$741,000 variation in Other Expenses was that a number of items were shown in Materials & Contracts with the Original Budget particularly an amounts totaling \$360,000 relating to levies & licenses.

3. Net losses from the disposal of assets

The loss on write off of Infrastructure Assets \$1,035,000 outweighed the gains associated with the sale of Plant \$46,000 and Real Estate \$109,000. The Original Budget forecast a loss of \$31,000 on Plant.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	568	73	–	21	(167)	–	495	–
Surf club equipment	13	4	–	1	–	–	18	–
Section 94 planner	(81)	4	–	–	–	–	(77)	–
S94 contributions – under a plan	500	81	–	22	(167)	–	436	–
S94A levies – under a plan	551	95	–	22	(33)	–	635	–
Total S94 revenue under plans	1,051	176	–	44	(200)	–	1,071	–
S64 contributions	5,195	1,288	–	207	(777)	–	5,913	–
Total contributions	6,246	1,464	–	251	(977)	–	6,984	–

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN – Public Recreation

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	568	73	–	21	(167)	–	495	–
Total	568	73	–	21	(167)	–	495	–

CONTRIBUTION PLAN – Surf Club Equipment

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Surf club equipment	13	4	–	1	–	–	18	–
Total	13	4	–	1	–	–	18	–

CONTRIBUTION PLAN NUMBER Section 94

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Section 94 planner	(81)	4	–	–	–	–	(77)	–
Total	(81)	4	–	–	–	–	(77)	–

S94A LEVIES – UNDER A PLAN

CONTRIBUTION PLAN - STREETSCAPE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Streetscape	551	95	–	22	(33)	–	635	–
Total	551	95	–	22	(33)	–	635	–

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies

\$ '000

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.

CONTINGENT LIABILITIES:

1. Guarantees

(i) Defined benefit superannuation contribution plans

"The Local Government Superannuation Scheme-Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employers contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2017 was \$322,887. The last valuation of the Scheme was performed by Mr. Richard Boyfield, FIAA on 2 December 2016. However the position is monitored annually and the Actuary has estimated that as at 30 June 2017 a deficit still exists. Effective from the 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$462,000 (until 30 June 2020). Council's expected contributions to the plan for the next annual reporting period is \$303,478.

The share of this deficit that is broadly attributed to Council is estimated to be in the order \$7,310 as at 30 June 2017.

(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.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies (continued)

\$ '000

2. Other liabilities

(i) Third Party Claims

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

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

(ii) S94 and S94A Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

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

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

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

CONTINGENT ASSETS:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		299,796	292,150
a. Correction of prior period errors	20 (c)	–	4,915
b. Net operating result for the year		11,376	633
c. Transfers between equity		55	2,098
Balance at end of the reporting period		<u>311,227</u>	<u>299,796</u>
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		117,954	117,376
Total		<u>117,954</u>	<u>117,376</u>
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		117,376	114,009
– Revaluations for the year	9(a)	633	5,465
– Transfer to retained earnings for asset disposals		(55)	(2,098)
– Balance at end of year		<u>117,954</u>	<u>117,376</u>
TOTAL VALUE OF RESERVES		<u>117,954</u>	<u>117,376</u>
(iii) Nature and purpose of reserves			
Infrastructure, property, plant and equipment revaluation reserve			
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.			
(c) Correction of error/s relating to a previous reporting period			
Correction of errors as disclosed in last year's financial statements:			
– Not previously recognised:			
Community Land		–	2,788
Other Structures		–	1,350
Open Space/Recreational Assets		–	381
Other Infrastructure		–	1,637

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Correction of error/s relating to a previous reporting period			
(continued)			
Correction of errors as disclosed in last year's financial statements: (cont'd)			
As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:			
– Other Structures Asset Class			
– Other Open Space/Recreation Asset Class			
– Other Infrastructure Asset Class			
– Land Improvement Asset Class			
– Other Asset Class			
– Swimming Pools Asset Class			
This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's financial reports had previously indicated.			
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/15 (the closing date for the comparative figures in last year's report).			
As a result, Council adjusted the accumulated depreciation for the asset classes below as at 30/6/15 to reflect the correct value of accumulated depreciation;			
Other Structures Class (increase)/decrease to accumulated depreciation		–	(2,237)
Other Open Space/Recreation Asset Class (increase)/decrease to accumulated depreciation		–	292
Other Infrastructure Asset Class (increase)/decrease to accumulated depreciation		–	(443)
Land Improvement Asset Class (increase)/decrease to accumulated depreciation		–	68
Other Asset Class (increase)/decrease to accumulated depreciation		–	5
Swimming Pools Asset Class (increase)/decrease to accumulated depreciation		–	1,074
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to opening equity – 1/7/15 (relating to adjustments for the 30/6/16 year end)		–	4,915
Total prior period adjustments – prior period errors		–	4,915

(d) Changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Result by fund

Income Statement by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	978	3,569	14,610
User charges and fees	3,842	791	2,141
Interest and investment revenue	604	287	655
Other revenues	1,108	3,358	154
Grants and contributions provided for operating purposes	86	74	10,340
Grants and contributions provided for capital purposes	846	814	2,592
Total income from continuing operations	7,464	8,893	30,492
Expenses from continuing operations			
Employee benefits and on-costs	1,269	1,414	6,646
Borrowing costs	1,512	209	1,153
Materials and contracts	942	1,548	7,412
Depreciation and amortisation	1,702	1,737	6,104
Impairment	–	–	(223)
Other expenses	–	–	3,167
Net losses from the disposal of assets	173	430	278
Total expenses from continuing operations	5,598	5,338	24,537
Operating result from continuing operations	1,866	3,555	5,955
Net operating result for the year	1,866	3,555	5,955
Net operating result attributable to each council fund	1,866	3,555	5,955
Net operating result for the year before grants and contributions provided for capital purposes	1,020	2,741	3,363

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

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

Nambucca Shire Council

Notes to the Financial Statements

as at 30 June 2017

Note 21. Result by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	4,218	2,279	4,567
Investments	6,284	3,395	6,804
Receivables	1,202	455	3,302
Inventories	36	–	2,786
Other	–	–	83
Total current assets	11,740	6,129	17,542
Non-current assets			
Investments	7,017	1,546	1,934
Receivables	–	340	63
Inventories	–	–	15
Infrastructure, property, plant and equipment	92,092	79,753	263,526
Intangible assets	279	–	–
Total non-current assets	99,388	81,639	265,538
TOTAL ASSETS	111,128	87,768	283,080
LIABILITIES			
Current liabilities			
Payables	117	48	2,819
Income received in advance	–	–	363
Borrowings	375	1,578	1,169
Provisions	–	–	3,699
Total current liabilities	492	1,626	8,050
Non-current liabilities			
Payables	–	–	356
Borrowings	22,922	4,882	14,070
Provisions	–	–	397
Total non-current liabilities	22,922	4,882	14,823
TOTAL LIABILITIES	23,414	6,508	22,873
Net assets	87,714	81,260	260,207
EQUITY			
Retained earnings	62,138	56,748	192,341
Revaluation reserves	25,576	24,512	67,866
Total equity	87,714	81,260	260,207

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

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Non-current assets classified as held for sale

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 27/10/17.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

Council is aware of the following 'non-adjusting events' that merit disclosure:

1. Hand-over of existing Pacific Highway

Council is negotiating with the RMS the assets on 30km of existing Pacific Highway to be handed to Council as a regional road. The asset hand-over will include a financial package equivalent to 10 years maintenance.

2. Condition of new local road assets to be handed to Council - Pacific Highway construction

The Council is negotiating with the RMS the condition of local road assets to be handed to Council as part of the construction of the new Pacific Highway. Council is keen to ensure the assets are fit for purpose.

3. Draft potable water treatment standards promulgated by NSW Health

NSW Department of Health has proposed drinking water treatment standards which would require Council to install a water treatment plant at a potential cost of millions of dollars.

4. Joint Organisations

The NSW Government announced the Council would have to be part of a Joint Organisation. The Council would have to contribute to the operating expenses of the Organisation. However the Government has not proceeded with the enabling legislation nor advised its intentions in relation to their future.

5. Regional Growth Fund and Stronger Country Communities Fund

The NSW Government has announced the availability of substantial new grant funding opportunities under these funds. The funding is competitive but potentially can provide an additional \$1m or more to bring existing infrastructure up to a satisfactory condition.

6. Flow Rules for Bowra Dam

The Council is making representations to reduce the pumping costs for the Bowra Dam by changing flow rules.

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 24. Discontinued operations

\$ '000	Actual 2017	Actual 2016
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Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are as follows:

Opening values:

Gross book value (1/7)	278	208
Net book value – opening balance	278	208

Movements for the year

– Purchases	1	70
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Closing values:

Gross book value (30/6)	279	278
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<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u> ¹	<u>279</u>	<u>278</u>
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¹ The net book value of intangible assets represent:

– Land easements – water storage dam	279	278
	279	278

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Asset Remediation

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset	Estimated year of restoration	NPV of provision	
		2017	2016
Old Coast Road – Nambucca Heads	2023	347	512
Balance at end of the reporting period	10(a)	<u>347</u>	<u>512</u>

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for year:

Balance at beginning of year	512	501
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	(174)	–
Amortisation of discount (expensed to borrowing costs)	9	11
Total – reinstatement, rehabilitation and restoration provision	<u>347</u>	<u>512</u>

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

\$ '000

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

Restoration

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

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

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

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.

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.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement

The Council measures the following assets and liabilities at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets

Fair value hierarchy

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	Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by the Council.

2017	Note	Level 3 Significant unobservable inputs \$'000
Recurring fair value measurements		
Infrastructure, Property, Plant and Equipment		
Plant & Equipment, Office Equipment & Furniture & Fittings	9	4,718
Operational Land	9	6,552
Community Land	9	17,635
Land under Roads	9	3,046
Land Improvements-Depreciable	9	223
Buildings-Non Specialised & Specialised	9	18,476
Other Structures	9	5,830
Roads	9	85,157
Bridges	9	28,198
Footpaths	9	6,297
Bulk Earthworks-non depreciable	9	44,764
Stormwater Drainage	9	29,879
Water Supply Network	9	86,342
Sewer Supply Network	9	74,122
Swimming Pools	9	1,082
Other Open Space/Recreational Assets	9	3,412
Other Infrastructure	9	16,604
Heritage Collections	9	83
Other	9	278
Tip Remediation	9	119
Total		432,817

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

2016	Note	Level 3 Significant unobservable inputs \$'000
Recurring fair value measurements		
Infrastructure, Property, Plant and Equipment		
Plant & Equipment, Office Equipment & Furniture & Fittings	9	4,637
Operational Land	9	6,544
Community Land	9	17,634
Land under Roads	9	2,784
Land Improvements-Depreciable	9	216
Buildings-Non Specialised & Specialised	9	18,984
Other Structures	9	5,511
Roads	9	83,652
Bridges	9	27,071
Footpaths	9	6,340
Bulk Earthworks-non depreciable	9	44,162
Stormwater Drainage	9	29,669
Water Supply Network	9	87,713
Sewer Supply Network	9	72,863
Swimming Pools	9	1,120
Other Open Space/Recreational Assets	9	3,533
Other Infrastructure	9	15,546
Heritage Collections	9	85
Other	9	265
Tip Remediation	9	82
Total		428,411

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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 3 inputs are as follows:

Infrastructure, property, plant and equipment

Plant & Equipment, Office and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at depreciated cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment Computers, photocopiers.
- Furniture & Fittings Chairs, desks and display boards.

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. Operational land was valued by Asset Val (registered valuer) in 2013.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Community Land is based on either the Land Value provided by the Valuer-General's unimproved capital value or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. There has been no change to the valuation process during the reporting period. Community Land was valued in 2016.

Buildings – Non specialised and specialised

Non-Specialised & Specialised Buildings were valued externally by Aust Val in 2013. The buildings were inspected and construction method, materials used and condition were noted and considered when providing a value on a depreciated cost basis, useful life and residual value.

No market based evidence (Level 2) could be established; as such these assets were classified as having been valued as Level 3 valuation inputs. Specialised buildings are typically of a unique value to Council and are therefore intrinsically valued at the highest and best purpose.

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

Roads (including Bulk Earth Works), Bridges, Drainage and Footpaths

Valuations for this asset class were undertaken in-house by Council's Engineering Department as at 30 June 2015.

The assets included in this valuation include road carriageway which has been separated to its component parts being pavement and where appropriate seal, car parks, footpaths, guardrails, kerb and gutter, retaining walls, culverts, bridges and drainage structures.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The cost approach was utilised with inputs such as estimated pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally and due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Bulk earthworks are considered to have an indefinite useful life and not depreciated.

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1st July 2008 in accordance with AASB 1051. The class was valued in 2014 using an average unit rate based on the land value provided by the Valuer-General for similar properties. As these rates were not considered to be observable market evidence they have been classified a Level 3 inputs.

Water Supply Network

Assets in this class comprise reservoirs, pumping stations, water treatment works, water bores, rising mains and the reticulation network.

These were valued internally in 2017 using the written down replacement cost for each asset by component.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, condition, maintenance and break history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water except the years the class is the subject of a full revaluation.

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

Sewer Supply Network

Assets within this class comprise treatment works, pumping stations and sewerage mains.

These were valued internally in 2017 using the written down replacement cost for each asset by component.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, and maintenance and blockage history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water except the years when the class is the subject of a full revaluation.

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

Open Space/Recreational Assets/Other Structures/Other Infrastructure

Assets within this class comprise soft fall surfaces, lighting, playground and sporting equipment plus auxiliary structures. All assets in this class were valued in-house by experienced engineering staff in 2016.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Assets in these classes are subject to regular inspection and maintenance and as such the age of asset typically reflects the condition of the asset and written down replacement cost based on age is not material different to fair value.

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

Swimming Pool

Assets in this class comprise the Council's Aquatic Centre located at Macksville. The swimming pool was valued in house by experienced staff using the depreciated replacement cost approach in 2016. The approach estimated the replacement cost for each component. Other unobserved inputs (level 3 inputs) that were considered include pattern of consumption, residual value, asset condition and expected useful life. These inputs relied substantially on professional opinion.

These assets require regular extensive maintenance and the swimming pools are resurfaced periodically. These are highly visible assets and it is considered important to keep them in good repair. They have particular risks that can be partially mitigated through good maintenance. The maintenance program increases the probability of the asset achieving its designed life, but does not extend it. For this reason written down replacement cost based on age is not material different to fair value.

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

Heritage Collections

Assets in this class were valued in house, based on historic values and limited indirect observable inputs. Council holds these assets for their cultural value within the community. These assets do have a market among collectors and market evidence (Level 2 input) is available, however this information is often limited to similar items and often relate to assets that are not directly comparable. This asset class has therefore been categorised as level 3 unobserved input.

Landfill Remediation

This asset class represents the value of works to remediate the Nambucca Landfill under the terms of the facility's licence. The future service potential of the asset is to enable Nambucca Shire to comply with the life-cycle responsibilities of the land fill operation. There is no market for the asset and it is therefore classed as having a level 3 fair value with unobserved inputs, principally cost, legislative requirements, estimated timing of expense, CPI and discount rules. The best and highest use for the asset is unique to Nambucca Shire Council as the Licence holder.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	Note	2017 \$'000	2016 \$'000
Balance at 1 July		428,411	415,247
Total gains or losses for the year			
Recognised in profit or loss – realised	5	299	334
Recognised in profit or loss - unrealised	3 & 4	3,934	(140)
Recognised in other comprehensive income- Revaluation Surplus		633	5,465
Other movements			
Purchases	9a	9,089	8,202
Purchases – Work in Progress Transfer	9a	1,508	6,899
Sales	9a	(1,588)	(3,370)
Depreciation	9a	(9,620)	(8,913)
Impairment	9a	226	(226)
Other Movements	9a	(75)	4,913
Balance as at 30 June		432,817	428,411

Unobservable Inputs and sensitivities

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
P & E, Office Equipment & F & F	4,718	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Remaining useful life	From 1 year to 20 years	
		Residual value	From 0% to 40%	
Operational Land	6,552	Price per square metre, Local property prices, alternative use	From \$0.28 to \$355 per square metre	Significant changes in the price per square metre would result in significant changes to fair value measurement.

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Community Land	17,635	Unimproved Capital Value (price per square metre)	From \$0.10 to \$411.40 per square metre	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land under Roads	3,046	Unimproved Capital Value (price per square metre)	From \$3.60 to \$217.59 per square metre	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land Improvements - depreciable	223	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 25 years to 100 years	
		Residual value	From 0% to 100%	
Buildings	18,476	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 20 to 60 years	
		Residual value	From 5% to 21%	
Other Structures	5,830	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 3 years to 80 years	
		Residual value	From 0% to 15%	
Roads	85,157	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 2 years to 34 years	
		Residual value	0%	

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Bridges	28,198	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 2 to 80 years	
		Residual value	0%	
Footpaths	6,297	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 40 to 9 years	
		Residual value	0%	
Bulk Earthworks – non depreciable	44,764	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life/ residual value	Held in perpetuity	
Stormwater Drainage	29,879	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 14 years to 30 years	
		Residual value	0%	
Water Supply Network	86,342	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Mean component remaining useful lives	From 1 years to 157 years	
		Residual value	0%	

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Sewer Supply Network	74,122	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		mean component remaining useful lives	From 1 years to 196 years	
		Residual value	0%	
Swimming Pools	1,082	Gross Replacement Cost	\$4,038,370	Significant changes in the gross replacement value, asset condition, catastrophic failure effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	13	
		Residual value	Nil	
Other Open Space/Recreational Assets	3,412	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	Year to 46 years	
		Residual value	0% to 66%	
Other Infrastructure	16,604	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 8 years to 100 years	
		Residual value	From 5% to 10%	
Heritage Collections	83	Gross Replacement Cost	Total Current replacement value \$520,000	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life - Residual value	Held in perpetuity	

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Asset/Liability Category	Carrying amount (at Fair Value) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Other	278	Gross Replacement Cost	Varies significantly from asset to asset	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
		Asset Condition	Very poor to excellent	
		Remaining useful life	From 8 years to 100 years	
		Residual value	From 5% to 10%	
Tip Remediation	119	Discount Rate, Regulation change, unit cost assumptions, CPI	2.3%	Significant changes in the discount rate or cost escalation rate would result in significant changes to fair value measurement. Also timing of work and regulation change.

Transfers between levels of the hierarchy

There have been no movements between hierarchies in the 2016/2017 financial year.

Highest and best use

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

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$

a. Key management personnel

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

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

Compensation:	Actual 2017
Short-term benefits	656,228
Post-employment benefits	60,882
Total	<u>717,110</u>

Nambucca Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures (continued)

\$

b. Other transactions with KMP and their related parties

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

Nature of the transaction	Note	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
		\$	\$		\$	\$
Employee expenses relating to close family members of KMP.	1	105,730	Payroll Accrual final working week of the year	Council Staff Award	—	—

- 1 A close family member of Council's KMP is employed by Council under the relevant pay award on an arms length basis. There is one close family member of a KMP currently employed by Council.

c. Other related party transactions

Council has no other related party transactions.

Nambucca Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 29. Council information and contact details

Principal place of business:

44 Princess Street
MACKSVILLE NSW 2447

Contact details

Mailing address:

PO Box 177
MACKSVILLE NSW 2447

Opening hours:

Monday to Friday - 8.30am to 4.00pm

Telephone: 02 6568 2555

Facsimile: 02 6568 2201

Internet: www.nambucca.nsw.gov.au

Email: council@nambucca.nsw.gov.au

Officers

GENERAL MANAGER

Michael Coulter

RESPONSIBLE ACCOUNTING OFFICER

Craig Doolan

PUBLIC OFFICER

Michael Coulter

AUDITORS

Forsyths Business Services Pty Ltd
P O Box 114
ARMIDALE NSW 2350

Elected members

MAYOR

Rhonda Hoban

COUNCILLORS

John Ainsworth
Martin Ballangarry, OAM
Brian Finlayson
Susan Jenvey
David Jones
Janine Reed
Anne Smyth
John Wilson

Other information

ABN: 71 323 535 981



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Nambucca Shire Council

To the Councillors of the Nambucca Shire Council

Opinion

I have audited the accompanying financial statements of Nambucca Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 October 2016.

The Councillors' Responsibility 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

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

James Sugumar
Director, Financial Audit Services

27 October 2017
SYDNEY

Mayor Rhonda Hoban
Nambucca Shire Council
PO Box 177
MACKSVILLE NSW 2447

Contact: James Sugumar
Phone no: 02 9275 7100
Our ref: D1727384/1766

27 October 2017

Dear Mayor Hoban

Report on the Conduct of the Audit
Audit for the year ended 30 June 2017
Nambucca Shire Council

I have audited the general purpose financial statements of Nambucca Shire Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2017 \$m	2016 \$m	Variation %
Rates and annual charges revenue	19.2	18.4	4.3 ↑
Grants and contributions revenue	14.8	11.7	26.5 ↑
Total expenses	35.5	38.1	(6.8) ↓
Operating result for the year	11.4	0.6	1,800.0 ↑

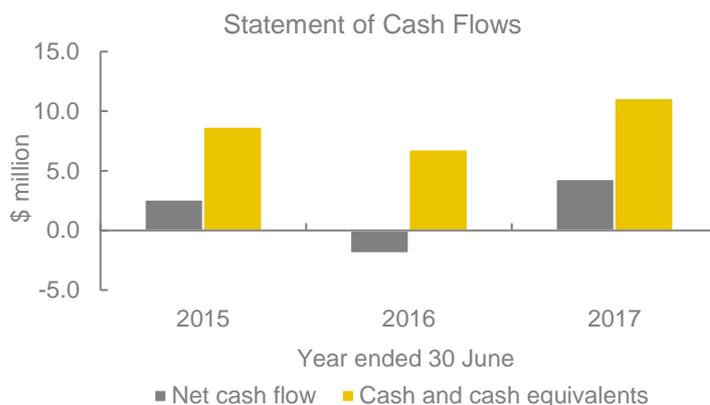
The increase in Rates and Annual Charges is mainly due to the Independent Pricing and Regulatory Tribunal approved 5.5 per cent special rate variation for the year ended 30 June 2017.

Early receipt of the 2017-18 Financial Assistance Grant largely contributed to the rise in Grants and Contributions revenue. There was also an increase in developer contributions and Roads and Maritime Services contributions.

The \$10.8 million increase in the operating result for the year was mainly attributable to the increased grants and contributions, \$3.9 million revenue from assets recognised for the first time and reduced losses from disposed assets.

STATEMENT OF CASH FLOWS

Net cash flows increased by \$6.1 million from the previous year in line with the increased operating result.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	30.5	26.4	• Cash and investments increased by \$4.8 million in line with the improved operating result.
Internal restrictions	3.5	3.8	• The ratios of restricted to unrestricted cash and investments has remained consistent year on year.
Unrestricted	4.0	3.0	
Total cash and investments	38.0	33.2	• Externally restricted funds include: <ul style="list-style-type: none"> - water and sewer fund \$18.8 million - developer contributions fund \$7.0 million. • Internally restricted funds include: <ul style="list-style-type: none"> - employee leave entitlements fund \$1.8 million - waste management fund \$0.7 million.

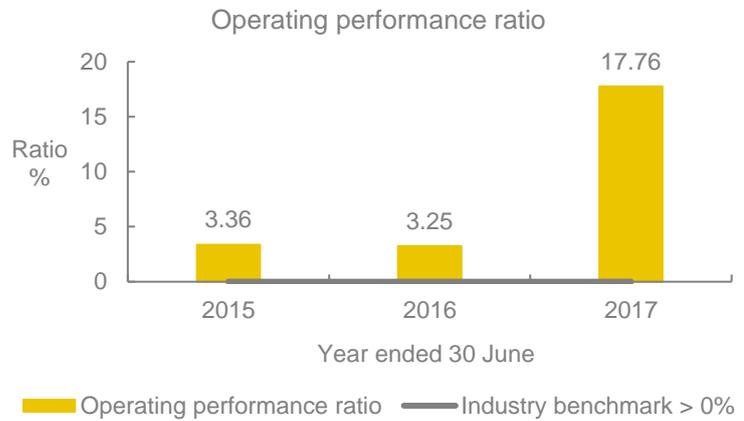
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

Operating performance ratio

- Council exceeded the benchmark of greater than zero per cent by a big margin.
- This ratio increased by 14.51 per cent due to early receipt of the 2017-18 Financial Assistance Grant and revenue from assets recognised for the first time.

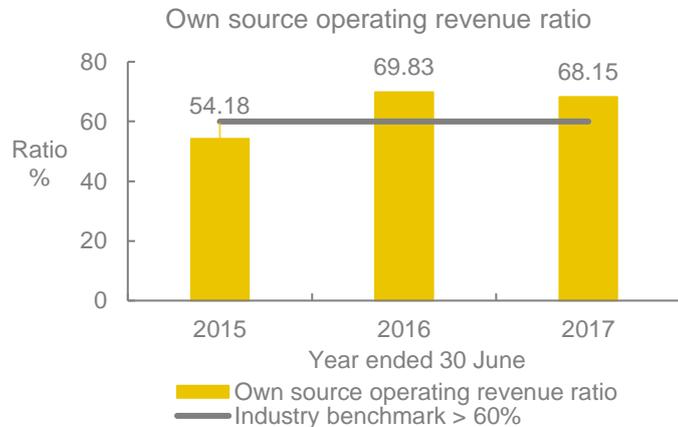
The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- Council exceeded the benchmark of greater than 60 per cent.

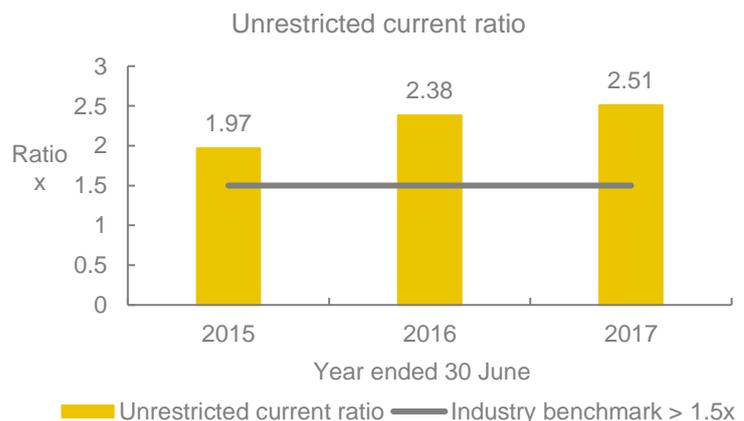
The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- Council exceeded the benchmark of 1.5 times.
- Council has sufficient liquid assets to meet its liabilities as and when they fall due.

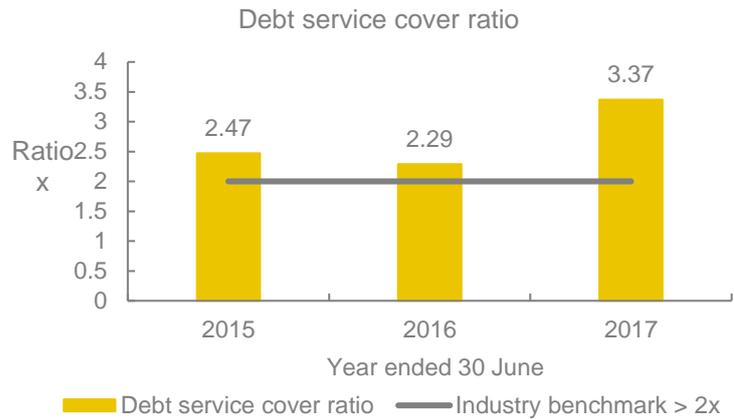
The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- Council exceeded the benchmark of greater than two times.
- The increase of the ratio from previous year was due to early cash receipt of the 2017-18 Financial Assistance Grant.

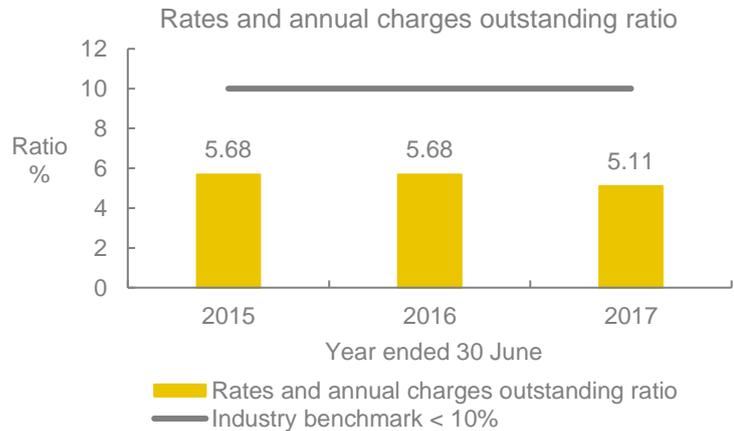
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council continues to achieve the benchmark for outstanding rates and annual charges. The ratio remains steady over the past three years.

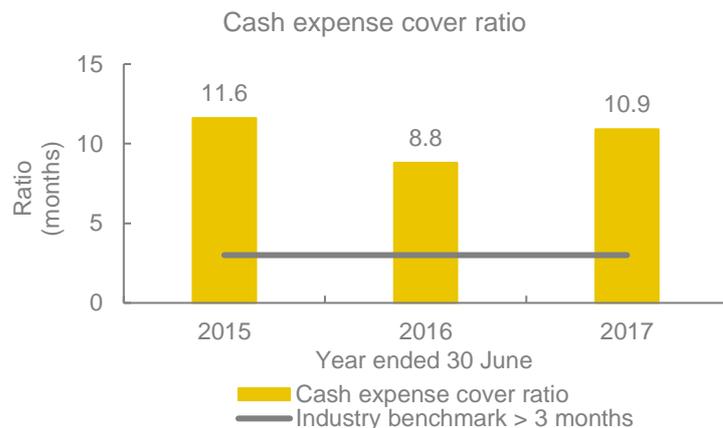
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for rural councils.



Cash expense cover ratio

- Council exceeded the benchmark of greater than three months.
- This has remained stable over the past three years.

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.

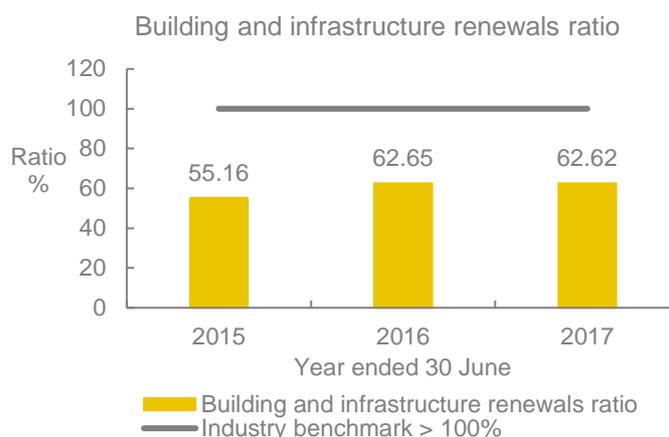


Building and infrastructure renewals ratio

- Council's building and infrastructure renewals ratio was below the benchmark.
- This ratio has improved from 2014-15.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

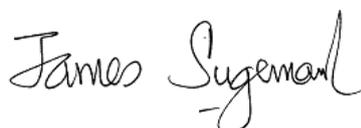
AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, and outstanding balances.

Legislative compliance

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

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



James Sugumar
Director, Financial Audit Services

cc: Mr Michael Coulter, General Manager
Mr Scott Norman, Assistant General Manager Corporate Services
Mr Peter Lawry, Chair of Audit, Risk and Improvement Committee
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

Nambucca Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

“Nambucca Valley ~ Living at its best”



Nambucca Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents	Page
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Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	n/a
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
Statement of Financial Position – Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	8
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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).
-

Nambucca Shire Council

Special Purpose Financial Statements for the year ended 30 June 2017

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

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

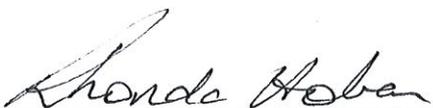
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2017.



Rhonda Hoban
Mayor



John Ainsworth
Councillor



Michael Coulter
General manager



Craig Doolan
Responsible accounting officer

Nambucca Shire Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	978	872
User charges	3,842	3,921
Interest	604	430
Grants and contributions provided for non-capital purposes	86	83
Other income	1,108	257
Total income from continuing operations	6,618	5,563
Expenses from continuing operations		
Employee benefits and on-costs	1,269	1,218
Borrowing costs	1,512	1,530
Materials and contracts	942	863
Depreciation, amortisation and impairment	1,702	1,675
Water purchase charges	–	–
Loss on sale of assets	173	18
Calculated taxation equivalents	18	20
Debt guarantee fee (if applicable)	349	568
Total expenses from continuing operations	5,965	5,892
Surplus (deficit) from continuing operations before capital amounts	653	(329)
Grants and contributions provided for capital purposes	846	326
Surplus (deficit) from continuing operations after capital amounts	1,499	(3)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	1,499	(3)
Less: corporate taxation equivalent (30%) [based on result before capital]	(196)	–
SURPLUS (DEFICIT) AFTER TAX	1,303	(3)
Plus opening retained profits	60,290	59,951
Plus/less: prior period adjustments	–	–
Plus/less: other adjustments – T'fer to Ret.Earnings-Asset Disposals/Sales	–	(46)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	18	20
– Debt guarantee fees	349	568
– Corporate taxation equivalent	196	–
Less:		
– Tax equivalent dividend paid	(18)	(20)
– Surplus dividend paid	–	(180)
Closing retained profits	62,138	60,290
Return on capital %	2.4%	1.3%
Subsidy from Council	27	656
Calculation of dividend payable:		
Surplus (deficit) after tax	1,303	(3)
Less: capital grants and contributions (excluding developer contributions)	(87)	(90)
Surplus for dividend calculation purposes	1,216	–
Potential dividend calculated from surplus	608	–

Nambucca Shire Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	3,569	3,600
User charges	767	773
Liquid trade waste charges	24	23
Interest	287	238
Grants and contributions provided for non-capital purposes	74	74
Other income	3,358	189
Total income from continuing operations	8,079	4,897
Expenses from continuing operations		
Employee benefits and on-costs	1,414	1,351
Borrowing costs	209	236
Materials and contracts	1,548	1,460
Depreciation, amortisation and impairment	1,737	1,582
Loss on sale of assets	430	46
Calculated taxation equivalents	22	23
Debt guarantee fee (if applicable)	102	202
Other expenses	-	-
Total expenses from continuing operations	5,462	4,900
Surplus (deficit) from continuing operations before capital amounts	2,617	(3)
Grants and contributions provided for capital purposes	814	262
Surplus (deficit) from continuing operations after capital amounts	3,431	259
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	3,431	259
Less: corporate taxation equivalent (30%) [based on result before capital]	(785)	-
SURPLUS (DEFICIT) AFTER TAX	2,646	259
Plus opening retained profits	53,215	52,719
Plus/less: prior period adjustments	-	-
Plus/less: other adjustments – T'fer to Ret.Earnings-Asset Disposals/Sales	-	35
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	22	23
– Debt guarantee fees	102	202
– Corporate taxation equivalent	785	-
Less:		
– Tax equivalent dividend paid	(22)	(23)
– Surplus dividend paid	-	-
Closing retained profits	56,748	53,215
Return on capital %	3.5%	0.3%
Subsidy from Council	-	1,281
Calculation of dividend payable:		
Surplus (deficit) after tax	2,646	259
Less: capital grants and contributions (excluding developer contributions)	(286)	(24)
Surplus for dividend calculation purposes	2,360	235
Potential dividend calculated from surplus	1,180	118

Nambucca Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	4,218	9,058
Investments	6,284	–
Receivables	1,202	1,429
Inventories	36	37
Total current assets	11,740	10,524
Non-current assets		
Investments	7,017	6,187
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	92,092	93,323
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	279	278
Other	–	–
Total non-current assets	99,388	99,788
TOTAL ASSETS	111,128	110,312
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	117	117
Income received in advance	–	–
Borrowings	375	353
Provisions	–	–
Total current liabilities	492	470
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	22,922	23,297
Provisions	–	–
Total non-current liabilities	22,922	23,297
TOTAL LIABILITIES	23,414	23,767
NET ASSETS	87,714	86,545
EQUITY		
Retained earnings	62,138	60,290
Revaluation reserves	25,576	26,255
Other reserves	–	–
Council equity interest	87,714	86,545
Non-controlling equity interest	–	–
TOTAL EQUITY	87,714	86,545

Nambucca Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	2,279	5,389
Investments	3,395	–
Receivables	455	511
Inventories	–	–
Total current Assets	6,129	5,900
Non-current assets		
Investments	1,546	2,022
Receivables	340	371
Inventories	–	–
Infrastructure, property, plant and equipment	79,753	76,069
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	81,639	78,462
TOTAL ASSETS	87,768	84,362
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	48	50
Income received in advance	–	–
Borrowings	1,578	1,570
Provisions	–	–
Total current liabilities	1,626	1,620
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	4,882	6,215
Provisions	–	–
Total non-current liabilities	4,882	6,215
TOTAL LIABILITIES	6,508	7,835
NET ASSETS	81,260	76,527
EQUITY		
Retained earnings	56,748	53,215
Revaluation reserves	24,512	23,312
Other reserves	–	–
Council equity interest	81,260	76,527
Non-controlling equity interest	–	–
TOTAL EQUITY	81,260	76,527

Nambucca Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	11
3	Sewerage Business Best-Practice Management disclosure requirements	13

Nambucca Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies

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

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

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

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

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

National Competition Policy

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

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

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

Declared business activities

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

Category 1

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

a Water Supplies

Comprising the whole of the operations and assets of the water supply function.

b Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment service.

Category 2

(where gross operating turnover is less than \$2 million)

NIL

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

Nambucca Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – **30%**

Land tax– the first **\$549,000** of combined land values attracts **0%**. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of **2.0%** applies.

In accordance with the Department of Primary Industries Water (DPIW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/loss) from ordinary activities before capital amounts, as would be applied by a

private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

Nambucca Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

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

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30/6/17.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) The number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements

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

2017

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	367,000
(ii)	Number of assessments multiplied by \$3/assessment	20,361
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	20,361
(iv)	Amounts actually paid for tax equivalents	18,008

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	608,050
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	183,249
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	1,497,820

2017 Surplus	1,216,100	2016 Surplus	(93,000)	2015 Surplus	554,900
		2016 Dividend	180,000	2015 Dividend	180

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	183,249
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

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

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

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements (continued)

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

2017

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	6,867
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	75.13%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	92,092
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	2,212
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	478
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	3.19%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

Nambucca Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 3. Sewerage business best-practice management disclosure requirements

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

2017

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	124,000
(ii)	Number of assessments multiplied by \$3/assessment	19,530
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	19,530
(iv)	Amounts actually paid for tax equivalents	21,609

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	1,179,950
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	175,770
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	2,693,900

2017 Surplus	2,359,900	2016 Surplus	235,000	2015 Surplus	99,000
		2016 Dividend	–	2015 Dividend	–

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	175,770
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	–
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

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

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

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	8,389
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	79,753
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	2,711
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	1,591
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	4.93%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	217

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	14,653
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.09%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	2,069
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	4.00%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Nambucca Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

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

2017

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

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	2.97%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		6.35
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	5,124
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	160

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Nambucca Shire Council

To the Councillors of the Nambucca Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Nambucca Shire Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

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

James Sugumar
Director, Financial Audit Services

27 October 2017
SYDNEY

Nambucca Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

“Nambucca Valley ~ Living at its best”



Nambucca Shire Council

Special Schedules

for the year ended 30 June 2017

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Nambucca Shire Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	671	–	–	(671)
Administration	1,262	329	5	(928)
Public order and safety				
Fire service levy, fire protection, emergency services	971	229	–	(742)
Beach control	160	27	4	(129)
Enforcement of local government regulations	–	–	–	–
Animal control	163	49	–	(114)
Other	–	–	–	–
Total public order and safety	1,294	305	4	(985)
Health	181	191	–	10
Environment				
Noxious plants and insect/vermin control	487	167	–	(320)
Other environmental protection	863	260	–	(603)
Solid waste management	4,749	5,635	–	886
Street cleaning	333	–	–	(333)
Drainage	–	143	–	143
Stormwater management	–	–	–	–
Total environment	6,432	6,205	–	(227)
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	291	188	–	(103)
Aged persons and disabled	4	19	–	15
Children's services	132	112	–	(20)
Total community services and education	427	319	–	(108)
Housing and community amenities				
Public cemeteries	130	103	–	(27)
Public conveniences	267	–	4	(263)
Street lighting	–	19	–	19
Town planning	704	280	–	(424)
Other community amenities	–	–	–	–
Total housing and community amenities	1,101	402	4	(695)
Water supplies	5,618	6,619	846	1,847
Sewerage services	5,359	8,040	853	3,534

Nambucca Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	707	78	–	(629)
Museums	46	1	–	(45)
Art galleries	–	–	–	–
Community centres and halls	352	31	–	(321)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	130	–	–	(130)
Sporting grounds and venues	–	–	–	–
Swimming pools	520	27	–	(493)
Parks and gardens (lakes)	1,268	209	11	(1,048)
Other sport and recreation	226	3	361	138
Total recreation and culture	3,249	349	372	(2,528)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	450	180	–	(270)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	450	180	–	(270)
Transport and communication				
Urban roads (UR) – local	1,545	–	–	(1,545)
Urban roads – regional	384	523	99	238
Sealed rural roads (SRR) – local	2,230	1,443	1,130	343
Sealed rural roads (SRR) – regional	449	1,240	673	1,464
Unsealed rural roads (URR) – local	817	–	–	(817)
Unsealed rural roads (URR) – regional	1,056	–	–	(1,056)
Bridges on UR – local	1,425	–	–	(1,425)
Bridges on SRR – local	–	141	80	221
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	92	64	–	(28)
Footpaths	146	–	138	(8)
Aerodromes	–	–	–	–
Other transport and communication	744	30	48	(666)
Total transport and communication	8,888	3,441	2,168	(3,279)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	541	141	–	(400)
Total economic affairs	541	141	–	(400)
Totals – functions	35,473	26,521	4,252	(4,700)
General purpose revenues ⁽¹⁾		16,076		16,076
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	35,473	42,597	4,252	11,376

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Nambucca Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	–	–	–							–	–
NSW Treasury Corporation	–	–	–							–	–
Other State Government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	1,620	38,585	40,205	–	1,620	–	–	2,545	1,714	36,871	38,585
Other	1,334	5,276	6,610	1,500	1,334	–	–	70	1,408	5,368	6,776
Total loans	2,954	43,861	46,815	1,500	2,954	–	–	2,615	3,122	42,239	45,361
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	2,954	43,861	46,815	1,500	2,954	–	–	2,615	3,122	42,239	45,361

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Nambucca Shire Council

Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act* 1993]
for the year ended 30 June 2017

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (principal and interest)	Principal outstanding at end of year
General			
Water			
Sewer			
Domestic waste management			
Gas			
Other			
Bridges	615	56	372
Totals	615	56	372

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised	Total repaid during year (princ. and int.)	Principal outstanding at end of year
Bridges	Sewer	30/06/06	30/06/06	20	30/06/26	6.50%	615	56	372
Totals							615	56	372

Nambucca Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	484	434
b. Engineering and supervision	398	349
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	444	398
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	184	212
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	154	231
i. Maintenance expenses	67	31
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	–	–
l. Maintenance expenses	126	114
– Other		
m. Operation expenses	307	268
n. Maintenance expenses	48	46
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	1,660	1,623
b. Plant and equipment	43	50
4. Miscellaneous expenses		
a. Interest expenses	1,512	1,530
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	18	20
5. Total expenses	5,445	5,306

Nambucca Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	870	776
b. Usage charges	2,628	2,823
7. Non-residential charges		
a. Access (including rates)	110	96
b. Usage charges	1,212	1,098
8. Extra charges	6	7
9. Interest income	598	423
10. Other income	1,108	257
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	32
b. Grants for pensioner rebates	86	83
c. Other grants	–	–
12. Contributions		
a. Developer charges	759	236
b. Developer provided assets	63	–
c. Other contributions	25	58
13. Total income	7,465	5,889
14. Gain (or loss) on disposal of assets	(173)	(18)
15. Operating result	1,847	565
15a. Operating result (less grants for acquisition of assets)	1,847	533

Nambucca Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	108	170,921
c. Renewals	370	489,130
d. Plant and equipment	–	–
17. Repayment of debt	353	332
18. Totals	831	660,382
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	5,677	5,550
b. Residential (unoccupied, ie. vacant lot)	480	668
c. Non-residential (occupied)	502	482
d. Non-residential (unoccupied, ie. vacant lot)	128	58
23. Number of ETs for which developer charges were received	63 ET	31 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 150,937	\$ 149,315

Nambucca Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	4,976	–	4,976
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	5,525	7,018	12,543
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	1,202	–	1,202
c. User charges	–	–	–
d. Other	–	–	–
27. Inventories	36	–	36
28. Property, plant and equipment			
a. System assets	–	91,709	91,709
b. Plant and equipment	–	383	383
29. Other assets	–	279	279
30. Total assets	11,739	99,389	111,128
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	117	–	117
33. Borrowings	375	22,922	23,297
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	492	22,922	23,414
36. NET ASSETS COMMITTED	11,247	76,467	87,714
EQUITY			
37. Accumulated surplus			62,138
38. Asset revaluation reserve			25,576
39. Other reserves			–
40. TOTAL EQUITY			87,714
Note to system assets:			
41. Current replacement cost of system assets			130,491
42. Accumulated current cost depreciation of system assets			(38,399)
43. Written down current cost of system assets			92,092

Nambucca Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	724	640
b. Engineering and supervision	35	36
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	228	154
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	137	123
e. Maintenance expenses	360	307
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	–	–
h. Energy costs	119	120
i. Effluent management	3	4
j. Biosolids management	53	63
k. Maintenance expenses	777	820
– Other		
l. Operation expenses	275	236
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	1,715	1,551
b. Plant and equipment	22	31
4. Miscellaneous expenses		
a. Interest expenses	459	544
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	22	23
5. Total expenses	4,929	4,652

Nambucca Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	3,151	3,156
7. Non-residential charges		
a. Access (including rates)	350	373
b. Usage charges	767	773
8. Trade waste charges		
a. Annual fees	24	23
b. Usage charges	68	71
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	287	238
11. Other income	3,358	189
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	217	–
b. Grants for pensioner rebates	74	74
c. Other grants	–	–
13. Contributions		
a. Developer charges	528	238
b. Developer provided assets	68	18
c. Other contributions	1	6
14. Total income	8,893	5,159
15. Gain (or loss) on disposal of assets	(430)	(46)
16. Operating result	3,534	461
16a. Operating result (less grants for acquisition of assets)	3,317	461

Nambucca Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	186	171
c. Renewals	1,405	489
d. Plant and equipment	–	–
18. Repayment of debt	1,574	1,619
19. Totals	3,165	2,279
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	5,537	5,157
b. Residential (unoccupied, ie. vacant lot)	333	350
c. Non-residential (occupied)	579	452
d. Non-residential (unoccupied, ie. vacant lot)	61	31
24. Number of ETs for which developer charges were received	71 ET	32 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 136,105	\$ 134,982

Nambucca Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	936	–	936
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	4,738	1,546	6,284
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	423	–	423
c. User charges	–	–	–
d. Other	32	340	372
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	79,616	79,616
b. Plant and equipment	–	137	137
30. Other assets	–	–	–
31. Total assets	6,129	81,639	87,768
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	48	–	48
34. Borrowings	1,578	4,882	6,460
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	1,626	4,882	6,508
37. NET ASSETS COMMITTED	4,503	76,757	81,260
EQUITY			
38. Accumulated surplus			56,748
39. Asset revaluation reserve			24,512
40. Other reserves			–
41. TOTAL EQUITY			81,260
Note to system assets:			
42. Current replacement cost of system assets			115,756
43. Accumulated current cost depreciation of system assets			(36,003)
44. Written down current cost of system assets			79,753

Nambucca Shire Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2017

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Nambucca Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Office/Admin Centre	125	–	22	22	1,392	3,093		90%		10%	0%
	Council Works Depot	20	–	8	8	664	1,594		25%	74%	1%	0%
	Council Public Halls	40	–	46	46	4,015	10,184			95%	5%	0%
	Libraries	–	–	47	47	1,008	1,669		100%			0%
	Museum	70	–	5	5	334	698		20%	70%	10%	0%
	Other – Buildings	10	–	47	47	3,203	4,900		60%	40%		0%
	Other – Bush Fire/SES Bldgs	–	–	29	29	1,786	3,310		40%	60%		0%
	Other – Swimming Pool Bldgs	–	–	2	2	1,979	3,076		60%	40%		0%
	Other – Child Care Centres	–	–	6	6	534	841		60%	40%		0%
	Amenities/Toilets	200	–	19	19	3,561	8,728	25%	15%	55%	5%	0%
	Sub-total	465	–	231	231	18,476	38,093	5.7%	33.9%	56.9%	3.5%	0.0%
Other structures	Other structures	627	–	20	20	5,830	12,889	12%	29%	53%	6%	0%
	Sub-total	627	–	20	20	5,830	12,889	12.0%	29.0%	53.0%	6.0%	0.0%
Roads	Roads – Sealed	623	–	260	258	8,277	13,363	11%	28%	56%	5%	0%
	Unsealed roads	849	–	551	551	3,709	7,578	24%	42%	34%		0%
	Roads – Pavement	4,394	–	30	28	61,253	95,393	6%	38%	52%	4%	0%
	Kerb & Gutter	–	–	12	2	10,637	17,799	7%	24%	69%		0%
	Footpaths	–	–	27	27	6,297	8,614	10%	68%	22%		0%
	Carparks	10	–	2	2	1,279	1,710	10%	85%	4%	1%	0%
	Bulk earthworks	–	–	–	–	44,764	44,764	100%				0%
	Bridges – Concrete	–	–	–	–	12,952	18,399	20%	77%	3%		0%
	Bridges – Timber	991	–	250	200	2,438	6,509		56%	27%	17%	0%
	Bridges – Composite	50	–	50	46	12,808	16,367	20%	72%	7%	1%	0%
	Other – unsealed carparks	–	–	–	–	2	5		100%			0%
	Sub-total	6,917	–	1,182	1,114	164,416	230,501	27.3%	36.6%	33.6%	2.5%	0.0%

Nambucca Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Reticulation	178	–	381	381	17,196	31,299	3%	33%	57%	7%	0%
	Trunk Mains	1,946	–	149	149	16,906	33,090	13%	19%	59%	7%	2%
	Mains/Meters	–	–	48	48	103	138			100%		0%
	Reservoirs	124	–	76	76	8,253	12,656	6%	50%	43%	1%	0%
	Water Treatment Plant	8	–	151	151	1,271	1,795	34%	23%	37%	6%	0%
	Bores	8	–	162	122	1,818	2,532	48%	20%	12%	20%	0%
	Dams	–	–	161	161	38,868	39,726	99%	1%			0%
	Pump Stations	4	–	123	123	1,927	2,956	29%	35%	25%	10%	1%
	Sub-total	2,268	–	1,251	1,211	86,342	124,192	38.7%	20.4%	36.0%	4.5%	0.6%
Sewerage network	Sewerage rising (Pipelines)	91	–	6	6	6,240	9,165	11%	64%	17%	8%	0%
	Gravity/Rising Mains	1,185	–	231	231	29,215	45,090	8%	65%	10%	17%	0%
	Pump Stations	651	–	564	564	12,752	17,255	38%	35%	21%	6%	0%
	Treatment Works	213	–	1,046	1,046	19,726	26,021	42%	32%	25%	1%	0%
	Other – Manholes	306	–	13	13	6,189	11,537	2%	35%	42%	21%	0%
	Sub-total	2,446	–	1,860	1,860	74,122	109,068	20.5%	49.1%	19.3%	11.1%	0.0%

Nambucca Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater Conduits	–	–	15	15	17,787	25,279	3%	97%			0%
	Inlets & Junction Pits	–	–	–	–	4,033	5,673		50%	50%		0%
	Culverts	–	–	113	113	7,962	11,718	7%	38%	55%		0%
	Other – Detention Basin	–	–	–	–	97	97	100%				0%
	Sub-total	–	–	128	128	29,879	42,767	3.9%	74.4%	21.7%	0.0%	0.0%
Open space/recreational assets	Swimming pools	–	–	10	10	1,082	2,257	27%	55%	18%		0%
	Other Open Space	314	–	441	441	3,412	5,454	26%	23%	46%	5%	0%
	Sub-total	314	–	451	451	4,494	7,711	26.3%	32.4%	37.8%	3.5%	0.0%
Other infrastructure assets	Retaining Walls	681	–	–	–	7,805	8,376	44%	29%	19%	8%	0%
	Boat Ramps / Jetties, Boardwalks	322	–	41	41	2,363	3,508		57%	32%	11%	0%
	Landslips	–	–	–	–	4,539	4,679	100%				0%
	Other	–	–	–	–	1,897	2,539	1%	52%	43%	4%	0%
	Sub-total	1,003	–	41	41	16,604	19,102	43.9%	30.1%	19.9%	6.1%	0.0%
	TOTAL – ALL ASSETS	14,040	–	5,164	5,056	400,163	584,323	25.5%	37.6%	32.1%	4.6%	0.1%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Nambucca Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>5,328</u>	62.62%	>= 100%	62.65%	55.16%
Depreciation, amortisation and impairment	<u>8,508</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>14,040</u>	3.95%	< 2%	2.89%	3.44%
Net carrying amount of infrastructure assets	<u>355,622</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>5,056</u>	0.98	> 1.00	1.81	1.46
Required asset maintenance	<u>5,164</u>				

Notes

* All asset performance indicators are calculated using the asset 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.

Nambucca Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Benchmark	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund				
1. Infrastructure renewals ratio				
Asset renewals ⁽²⁾		23.13%	85.67%	67.44%
Depreciation, amortisation and impairment	>= 100%			
	prior period:	10.48%	32.30%	87.78%
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard		2.63%	3.30%	4.78%
Net carrying amount of infrastructure assets	< 2%			
	prior period:	0.09%	0.01%	5.27%
3. Asset maintenance ratio				
Actual asset maintenance		0.97	1.00	0.97
Required asset maintenance	> 1.00			
	prior period:	5.57	10.20	1.02

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Nambucca Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	9,905	10,441
Plus or minus adjustments ⁽²⁾	b	23	28
Notional general income	c = (a + b)	9,928	10,469
Permissible income calculation			
Special variation percentage ⁽³⁾	d	5.50%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	546	–
Or plus rate peg amount	i = c x e	–	157
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	10,474	10,626
Plus (or minus) last year's carry forward total	l	12	31
Less valuation objections claimed in the previous year	m	(6)	(1)
Sub-total	n = (l + m)	6	30
Total permissible income	o = k + n	10,480	10,656
Less notional general income yield	p	10,441	10,621
Catch-up or (excess) result	q = o – p	39	35
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	1	2
Less unused catch-up ⁽⁵⁾	s	(9)	–
Carry forward to next year	t = q + r – s	31	37

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in 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 *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Nambucca Shire Council

To the Councillors of Nambucca Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Nambucca Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Nambucca Shire Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibility for the Audit of Special Schedule No. 8' section of my report.

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No. 8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 31 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No. 8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

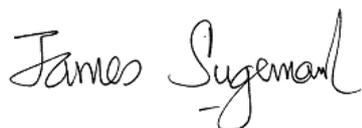
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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 Special Schedule No. 8.

A description of my responsibilities for the audit of Special Schedule No. 8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No. 8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No. 8.



James Sugumar
Director, Financial Audit Services

27 October 2017
SYDNEY