



BUSINESS PAPER

Ordinary Council Meeting Wednesday, 11 August 2021

Date: Wednesday, 11 August 2021

Time: 10.00am

**Location: Shire Chamber
Coonamble**

Pre-Meeting Session: Kindly note that a Pre-Meeting Session will be held at 9:00am in the Council Chamber to allow for questions from Councillors to be asked regarding items included with the Business paper – in order to ensure clarity and an informed decision-making process. Councillors are also encouraged to make contact with the General manager or the applicable Executive Leader before the Council Meeting to clarify any questions that you may have.

**Hein Basson
General Manager**

Notice is hereby given that an Ordinary Meeting of Council will be held in the Shire Chamber, Coonamble on Wednesday, 11 August 2021 at 10.00am.

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1 OPENING MEETING

- The meeting is being livestreamed and/or recorded for on-demand viewing via Council's website and a person's image and/or voice may be broadcast;
- Attendance at the meeting is to be taken as consent by a person to their image and /or voice being webcast (time will be allowed by the Chairperson for people to leave the meeting before it starts);
- All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent;
- Council accepts no liability for any damage that may result from defamatory comments made by persons attending the meetings – all liability will rest with the individual who made the comments;
- The recording will be available on Council's website for a minimum of 12 months and retained as a Council record;
- Individuals acting in a disorderly manner can be asked by the Chairperson to leave the meeting under the Council's Code of Meeting Practice;
- The meeting must not be recorded by others without the prior written consent of the Council in accordance with the Council's Code of Meeting Practice.

2 ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional custodians of this land on which we meet today, the Wailwan people and the Gamilaroi people and recognise their continuing connection to land, water and culture. We pay our respects to Elders past, present and emerging.

3 COMMUNITY CONSULTATION

4 APOLOGIES/APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS

5 DEPUTATION/DELEGATIONS

6 CONFIRMATION OF MINUTES

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Coonamble Shire Council held on Wednesday, 14 July 2021 be confirmed as a correct record of the proceedings of the meeting.



MINUTES

**Ordinary Council Meeting
Wednesday, 14 July 2021**

**MINUTES OF COONAMBLE SHIRE COUNCIL
ORDINARY AT THE COUNCIL MEETING
HELD AT THE SHIRE CHAMBER, COONAMBLE
ON WEDNESDAY, 14 JULY 2021 AT 10.00AM**

PRESENT: Cr Ahmad Karanouh (Mayor) – via video link because of Covid-19 considerations, Cr Paul Wheelhouse (Deputy Mayor), Cr Karen Churchill, Cr Pat Cullen, Cr Barbara Deans, Cr Bill Fisher, Cr Robert Thomas

IN ATTENDANCE: Hein Basson (General Manager), Bruce Quarmby (Executive Leader - Corporate and Sustainability), Kookie Atkins (Executive Leader - Infrastructure), Noreen Vu (Executive Leader - Environment, Strategic Planning & Community), Pip Goldsmith (Manager of Economic Development & Growth), Marina Colwell (Executive Support Officer)

Note:

The 60 year service of Mrs Jill Moorhouse and the 30 year service of Mrs Kaylene (Kookie) Atkins, in conjunction of both these ladies' announcements of their retirements on respectively 16 July and 2 August 2021, were acknowledged and celebrated by Council and staff – causing the Council Meeting to formally start later than the advertised time of 10.00am.

1 OPENING MEETING

The Mayor opened the meeting at 10.25 am, advising the attendees of the following:

- The meeting is being livestreamed and/or recorded for on-demand viewing via Council's website and a person's image and/or voice may be broadcast;
- Attendance at the meeting is to be taken as consent by a person to their image and /or voice being webcast (time will be allowed by the Chairperson for people to leave the meeting before it starts);
- All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent;
- Council accepts no liability for any damage that may result from defamatory comments made by persons attending the meetings – all liability will rest with the individual who made the comments;
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2 ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional custodians of this land on which we meet today, the Wailwan people and the Gamilaroi people and recognise their continuing connection to land, water and culture. We pay our respects to Elders past, present and emerging.

3 COMMUNITY CONSULTATION

NIL.

4 APOLOGIES/APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS

NIL.

5 DEPUTATION/DELEGATIONS

NIL.

6 CONFIRMATION OF MINUTES**RESOLUTION 2021/148**

Moved: Cr Pat Cullen

Seconded: Cr Robert Thomas

That the minutes of the Ordinary Meeting of the Coonamble Shire Council held on Wednesday, 16 June 2021 be confirmed as a correct record of the proceedings of the meeting.

CARRIED

7 DISCLOSURES OF CONFLICTS OF INTEREST

Cr Deans informed the meeting that she has a non-pecuniary conflict of interest regarding Item 10.4 Economic Development & Growth – Progress Report regarding the Inland Rail Project, a potential farm-stay operation and the Ralston Quarry Development Application. Cr Deans stated that her farming business is involved with grain production, her property is potentially affected by the proposed route of the Inland Rail Project, will potentially be used as a farm-stay offer, and is in close proximity of the proposed quarry development. She indicated that she will remain in the room, contributing to discussions and voting on the items.

8 MAYORAL MINUTE**MAYORAL MINUTE****RESOLUTION 2021/149**

Moved: Cr Ahmad Karanouh

Seconded: Cr Bill Fisher

That Council notes the contents of the Mayoral Minute.

CARRIED

SECTION A - MATTERS FOR CONSIDERATION BY COUNCIL**SECTION B - MATTERS FOR INFORMATION ONLY****9 COMMITTEE REPORTS**

NIL.

10 REPORTS TO COUNCIL

At this juncture, the Mayor requested the Deputy Mayor to take the chair due to the difficulties created by the irregularity of the video link, making it challenging for the Mayor to hear and follow all contributions made by the individual Councillors and staff during discussions.

10.1 LG NSW - PRESIDENT'S MESSAGE**RESOLUTION 2021/150**

Moved: Cr Barbara Deans

Seconded: Cr Bill Fisher

That Council notes the contents of this report.

CARRIED

10.2 WORKPLACE INJURY MANAGEMENT REPORT**RESOLUTION 2021/151**

Moved: Cr Robert Thomas

Seconded: Cr Barbara Deans

That Council notes the contents of the Workplace Injury Management report.

CARRIED

10.3 PUBLIC INTEREST DISCLOSURES INTERNAL REPORTING POLICY FOR ADOPTION**RESOLUTION 2021/152**

Moved: Cr Bill Fisher

Seconded: Cr Barbara Deans

- 1. That Council notes the information contained in this report.**
- 2. That Council formally adopts the revised Public Interest Disclosures Internal Reporting Policy attached to the report.**

CARRIED**10.4 ECONOMIC DEVELOPMENT & GROWTH - PROGRESS REPORT****RESOLUTION 2021/153**

Moved: Cr Barbara Deans

Seconded: Cr Bill Fisher

That Council resolves into Committee of the Whole and Standing Orders be suspended to enable Council to more informally discuss the various projects addressed in this report.

CARRIED

Cr Karen Churchill moved the following **MOTION**:

That Council applies for grant funding through the Regional Tourism Activation Fund to the amount of \$1,000,000 for Stage One of the Artesian Bath Experience Project, and that the \$300,000 budgeted in the current financial year for this project be used as Council's co-contribution.

For lack of a seconder, the motion **LAPSED**.

RESOLUTION 2021/154

Moved: Cr Bill Fisher

Seconded: Cr Barbara Deans

- 1. That Council notes the contents of this report.**
- 2. That Council further notes that staff are busy preparing a grant application for \$5,500,000 through the Regional Tourism Activation Fund for purposes of the detailed design and construction of Stage One of the proposed Coonamble Artesian Bath Experience Project and that it will be a requirement for Council to make a co-contribution towards this project to the amount of \$1,250,000.**
- 3. That Council resolves to make an allocation to the amount of \$1,250,000 in the 2022-23 Operational Plan and Budget, as Council's required contribution towards a \$5,500,000 grant funding application through the**

Regional Tourism Activation Fund – for the detailed design and construction of Stage One of the proposed Coonamble Artesian Bath Experience Project.

4. **That Council requests the General Manager and Manager Economic Development & Growth to, in the meantime, pursue other possible grant funding opportunities through which Council would be able to fund this above-mentioned co-contribution.**

CARRIED

Cr Churchill requested that her name be recorded as voting against the motion.

RESOLUTION 2021/155

Moved: Cr Barbara Deans

Seconded: Cr Bill Fisher

That Council goes out of Committee of the Whole and resumes Standing Orders.

CARRIED

10.5 REVIEW OF RELATED PARTY DISCLOSURE POLICY

RESOLUTION 2021/156

Moved: Cr Barbara Deans

Seconded: Cr Pat Cullen

1. **That Council notes the information contained in this report.**
2. **That Council adopts the amended Related Party Disclosure Policy, with the attachments included as annexures to this report.**

CARRIED

10.6 RETURNS DISCLOSING PECUNIARY INTEREST

RESOLUTION 2021/157

Moved: Cr Barbara Deans

Seconded: Cr Pat Cullen

That all Councillors and designated persons provide duly completed disclosure of interest forms to the General Manager by the end of September 2021, for these returns to be publicly tabled at the October 2021 Council meeting.

CARRIED

10.7 RATES AND CHARGES COLLECTIONS - JUNE 2021

RESOLUTION 2021/158

Moved: Cr Bill Fisher
Seconded: Cr Robert Thomas

That Council notes the information provided in the report.

CARRIED

10.8 STATUS OF INVESTMENTS - JUNE 2021

RESOLUTION 2021/159

Moved: Cr Bill Fisher
Seconded: Cr Barbara Deans

That Council notes the list of investments as at 30 June 2021 and that these investments comply with section 625(2) of the *Local Government Act 1993*, Clause 212 of the *Local Government (General) Regulation 2005* and Council's Investment Policy.

CARRIED

10.9 URBAN SERVICES - WORKS IN PROGRESS

RESOLUTION 2021/160

Moved: Cr Bill Fisher
Seconded: Cr Robert Thomas

That Council notes the information in this report.

CARRIED

10.10 COMMUNITY SERVICE PROGRESS REPORT

RESOLUTION 2021/161

Moved: Cr Barbara Deans
Seconded: Cr Bill Fisher

That Council notes the information contained in this report.

CARRIED

10.11 ENVIRONMENT AND STRATEGIC PLANNING PROGRESS REPORT**RESOLUTION 2021/162**

Moved: Cr Barbara Deans

Seconded: Cr Karen Churchill

That Council notes the contents of this report.

CARRIED

10.12 SALEYARDS REPORT**RESOLUTION 2021/163**

Moved: Cr Bill Fisher

Seconded: Cr Karen Churchill

That Council notes the information provided in this report.

CARRIED

RESOLUTION 2021/164

Moved: Cr Robert Thomas

Seconded: Cr Pat Cullen

That Council requests the Executive Leader of Environment, Strategic Planning and Community to investigate the improvements that are needed to bring the Coonamble Saleyards up to an acceptable safety and legislative standard and to consult with the Saleyards Committee in this regard; in order to obtain this Committee's input for a scope of works and estimate of costs associated with such an upgrade to be developed. Further, that this information obtained be used to inform the development and lodgment of a grant funding application when relevant grant funding opportunities become available for this purpose.

CARRIED

10.13 INFRASTRUCTURE SERVICES - WORKS IN PROGRESS**RESOLUTION 2021/165**

Moved: Cr Bill Fisher

Seconded: Cr Robert Thomas

That Council notes the information in this report.

CARRIED

11 NOTICES OF MOTIONS/QUESTIONS WITH NOTICE/RESCISSION MOTIONS

NIL.

12 CONFIDENTIAL MATTERS

NIL.

13 CONCLUSION OF THE MEETING

The Meeting closed at 12:23pm.

The minutes of this meeting were confirmed at the Council held on 11 August 2021.

.....
CHAIRPERSON

7 DISCLOSURES OF CONFLICTS OF INTEREST

8 MAYORAL MINUTE

MAYORAL MINUTE

File Number: M3

Author: Marina Colwell, Executive Support Officer

Authoriser: Hein Basson, General Manager

Annexures:

1. **Circular to Councils 21-20 - Postponement of the Local Government Elections.**
2. **Postponement of Government Elections - Frequently Asked Questions**

Mayor's Activities Report

I have pleasure in reporting to Council my activities in the role of Mayor since the July 2021 Meeting.

➤ **Postponement of Local Government Elections**

On Saturday 24 July 2021, the Minister for Local Government made an Order postponing the Local Government elections by three (3) months to the new date of Saturday, 4 December 2021. The NSW Government will provide an additional funding package of up to \$57 million for COVID-safe elections to be held at no additional cost to Councils and so Councils only pay for the direct costs of holding their polls. The Government will also maximise voter participation by utilising iVote and expanding the eligibility criteria for pre-poll and postal voting.

As part of the decision-making process, the Government was not prepared to take the chance that there will be no further outbreaks in regional areas between now and 4 September 2021; something that would put Council elections in those areas at risk. Also, conducting Council elections in regional areas will require the movement of personnel and equipment from Greater Sydney to those areas, creating the risk that holding elections in regional areas may cause the virus to be seeded in those areas.

➤ **Natural Disaster Declaration**

In March of this year the Coonamble Local Government Area (LGA) experienced flood damage to both public and private infrastructure. The Natural Disaster Declaration was made jointly by the Minister for Emergency Management, Senator the Hon Bridget McKenzie, and the NSW Minister for Police and Emergency Services, The Hon David Elliott MP. The declaration means primary producers and businesses may be able to access loans, freight subsidies, grants, and other financial assistance to help with their recovery from this event. It allows Council to apply for funding to restore damaged roads and other public infrastructure; which is currently being assessed by the State Government.

➤ **Western NSW Local Health District – Webinar**

Both the General Manager and I joined the Western NSW Local Health District webinar on Thursday 29 July 2021 to discuss the ongoing issues related to the Covid-19 pandemic.

➤ **Office of Local Government (OLG) - Webinar**

On Thursday 29 July, the General Manager and myself also participated in the OLG webinar to discuss the postponement of the local government elections. The NSW Electoral Commission was an active participant as well. The webinar addressed the impacts of the postponement for Councils, candidates, and electors.

➤ **INFRASTRUCTURE CONTRIBUTIONS REFORMS**

Report

I am calling on Councillors to support our local government sector's campaign on infrastructure contributions reforms.

The NSW Government introduced the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021 into Parliament on 22 June.

The Bill was subsequently referred on 24 June 2021 to the Upper House Portfolio Committee No. 7 – Planning and Environment for inquiry and report by 10 August 2021.

Councils support efforts to reduce complexity, cut red tape and improve transparency and equity.

However, implementation of the reforms will have far reaching financial implications for our council and community that are unknown at this stage and there is concern that we may be worse off under the reforms.

These reforms may force our Council to delay or completely remove projects from our expenditure plan with a detrimental impact not only on community wellbeing and participation in civic life, but also crucially on job creation.

Councils need to be in a position to deliver quality infrastructure and open spaces if they are to attract homebuyers, housing and commercial development and business investment and these reforms put this at risk.

Councils also object to the Government's decision to tie reform of the rate peg to cater for population growth to reductions in infrastructure contributions. Reform of the rate peg is required independent of changes to contributions. This presents a concerning cost shift from developers onto local government and ratepayers.

It is premature to push forward with this legislation while so much of the infrastructure reform agenda remains unknown.

Local Government NSW (LGNSW) has been advocating this position on our behalf and has met with the Minister for Planning and Public Spaces the Hon Rob Stokes MP on several occasions to stress that councils and their communities must *not* be worse off under any reforms.

LGNSW has made a [submission](#) to the parliamentary inquiry, opposing the passage of the Bill, and on Friday 16 July LGNSW President Linda Scott spoke at the inquiry hearing alongside other local government representatives to present a united front on this issue.

LGNSW will continue its advocacy efforts on our behalf and is asking councils in NSW to add their voice in calling on the NSW Government to withdraw the Bill from the NSW Parliament.

Motion

1. That Council calls on the NSW Government to withdraw the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021 (the Bill) from the NSW Parliament.
2. That Council calls on the NSW Government to undertake further consultation with the local government sector on any proposed reforms to the infrastructure contributions system.
3. That Council calls on the NSW Government to de-couple the Independent Pricing and Regulatory Tribunal led review of the rate peg to include population growth from the infrastructure contributions reforms.
4. That Council writes to the local State Member for Barwon Mr Roy Butler MP, the Premier the Hon Gladys Berejiklian MP, Treasurer the Hon Dominic Perrottet MP, Minister for Planning and Public Spaces the Hon Rob Stokes MP and Minister for Local Government the Hon Shelley Hancock MP seeking them to withdraw the Bill.
5. That Council writes to the Shadow Treasurer the Hon Daniel Mookhey MLC, Shadow Minister for Planning and Public Spaces Mr Paul Scully MP, Shadow Minister for Local Government Mr Greg Warren MP, The Greens Mr David Shoebridge MLC, Shooters, Fishers and Farmers Party the Hon Robert Borsak MLC, Pauline Hanson's One Nation the Hon Mark Latham MLC, Animal Justice Party the Hon Emma Hurst MLC, Christian Democratic Party (Fred Nile Group) the Hon Fred Nile MLC, Independent Mr Justin Field, Portfolio Committee Chair The Greens Ms Cate Faehmann, Portfolio Committee Deputy Chair Animal Justice Party the Hon Mark Pearson MLC and Committee members Liberal Party the Hon Catherine Cusack MLC and the Hon Shayne Mallard MLC, The Nationals the Hon Ben Franklin MLC and Australian Labor Party the Hon Rose Jackson MLC and the Hon Adam Searle MLC seeking their support in securing the withdrawal of the Bill from the NSW Parliament and outlining council's concerns with the Bill.
6. That Council alerts the local media to the threat of future ratepayer funds being expended rather than developer levies for new infrastructure brought about by increased development under the proposed legislation and shares and promotes these messages via its digital and social media channels and via its networks.
7. That Council affirms its support to LGNSW and requests LGNSW continue advocating on our behalf to protect local government from any amendments to infrastructure contributions which leaves councils and communities exposed to expending ratepayer funds on new infrastructure made necessary by new development, currently the responsibility of developers.

MOTION:

1. That Council notes the contents of the Mayoral Minute.
2. That Council calls on the NSW Government to withdraw the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021 (the Bill) from the NSW Parliament.
3. That Council calls on the NSW Government to undertake further consultation with the local government sector on any proposed reforms to the infrastructure contributions system.
4. That Council calls on the NSW Government to de-couple the Independent Pricing and Regulatory Tribunal led review of the rate peg to include population growth from the infrastructure contributions reforms.
5. That Council writes to the local State Member for Barwon Mr Roy Butler MP, the Premier the Hon [Gladys Berejiklian MP](#), Treasurer the Hon Dominic Perrottet MP, Minister for Planning and Public Spaces the Hon Rob Stokes MP and Minister for Local Government the Hon Shelley Hancock MP seeking them to withdraw the Bill.
6. That Council writes to the Shadow Treasurer the Hon Daniel Mookhey MLC, Shadow Minister for Planning and Public Spaces Mr Paul Scully MP, Shadow Minister for Local Government Mr Greg Warren MP, The Greens Mr David Shoebridge MLC, Shooters, Fishers and Farmers Party the Hon Robert Borsak MLC, Pauline Hanson's One Nation the Hon Mark Latham MLC, Animal Justice Party the Hon Emma Hurst MLC, Christian Democratic Party (Fred Nile Group) the Hon Fred Nile MLC, Independent Mr Justin Field, Portfolio Committee Chair The Greens Ms Cate Faehmann, Portfolio Committee Deputy Chair Animal Justice Party the Hon Mark Pearson MLC and Committee members Liberal Party the Hon Catherine Cusack MLC and the Hon Shayne Mallard MLC, The Nationals the Hon Ben Franklin MLC and Australian Labor Party the Hon Rose Jackson MLC and the Hon Adam Searle MLC seeking their support in securing the withdrawal of the Bill from the NSW Parliament and outlining council's concerns with the Bill.
7. That Council alerts the local media to the threat of future ratepayer funds being expended rather than developer levies for new infrastructure brought about by increased development under the proposed legislation and shares and promotes these messages via its digital and social media channels and via its networks.
8. That Council affirms its support to LGNSW and requests LGNSW continue advocating on our behalf to protect local government from any amendments to infrastructure contributions which leaves councils and communities exposed to expending ratepayer funds on

new infrastructure made necessary by new development, currently the responsibility of developers.



Circular to Councils

Circular Details	21-20/ 25 July 2021
Previous Circular	20-25 <i>The date of the next ordinary local government elections is 4 September 2021</i>
Who should read this	Councillors / General Managers / All council staff
Contact	Council Governance Team/ 02 4428 4100/ olg@olg.nsw.gov.au
Action required	Information

Postponement of the local government elections to 4 December 2021

What's new or changing

- The Minister for Local Government has published an order in the Gazette under section 318C of the *Local Government Act 1993* (the Act) postponing all council elections to **4 December 2021**.
- The decision to postpone all council elections has been made in response to the escalating outbreak of the Delta variant of the COVID-19 virus in Greater Sydney and the potential for further outbreaks in regional areas.
- The decision has been made in consultation with and on the advice of the NSW Electoral Commissioner and NSW Health

What this will mean for your council

- Current councillors and popularly elected mayors will continue to hold their civic offices until council elections are held on 4 December 2021.
- The order made under section 318C continues the suspension of the requirement to hold by-elections to fill vacancies for the period specified in the order.
- Councils will not be required to hold by-elections to fill vacancies or to apply to the Minister to dispense with the requirement to hold a by-election before ordinary council elections are held on 4 December 2021.
- The making of the order will not affect the requirement to hold mayoral elections.
- Mayoral elections must be held for mayors elected in September 2019 when their two year-terms expire in September 2021.
- Mayors elected in September 2020 will continue to hold office until council elections are held on 4 December 2021.
- Chairpersons of county councils now hold office for two years.
- Chairpersons of county councils elected in September 2020 will continue to hold office until council elections are held on 4 December 2021.
- The composition of joint organisation boards may need to change in September 2021 if mayors of member councils elected by councillors are not re-elected.
- The postponement of the next ordinary local government elections will not affect the timing of future council elections, and the subsequent ordinary local government elections will still proceed in September 2024.

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Strengthening local government

Key points

- The local government elections were previously postponed to 4 September 2021 by orders made under section 318B of the Act.
- The order made under section 318C revokes the previous order and appoints 4 December 2021 as the day on which all council elections will be held.

Where to go for further information

- Further information is provided in the FAQ which is available on the Office of Local Government's website [here](#).
- For further information, please contact the Council Governance Team on 02 4428 4100 or by email at olg@olg.nsw.gov.au.

Kiersten Fishburn

Coordinator General, Planning Delivery and Local Government

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Postponement of the 2021 local government elections



Frequently asked questions

Questions about the postponement of council elections

When will council elections be held?

All council elections will be held on **4 December 2021**.

Why are council elections being postponed?

Council elections are being postponed in response to the current outbreak of the Delta variant of the COVID-19 virus. Global experience has demonstrated that previously effective mitigation strategies for the COVID-19 virus are no longer effective in containing the spread of the Delta variant. Only the strictest controls will contain the current outbreak.

It would be untenable for the Government to encourage electors to leave their homes to vote at a time when people are also being advised not to leave their homes unless it is essential to do so, to limit the spread of the virus.

The Government is also concerned that the current outbreak and restrictions may see a low voter turnout at council elections that could jeopardise the legitimacy of election outcomes and public confidence in them.

Has the NSW Electoral Commissioner been consulted?

The decision to postpone council elections has been made in consultation with the NSW Electoral Commissioner and NSW Health. The NSW Electoral Commissioner has advised the Government that it is no longer tenable to hold council elections during the current COVID outbreak. The Commission now faces insurmountable challenges in conducting council elections in areas affected by outbreaks.

The current outbreak and stay at home restrictions do not only affect electors' ability to vote in person but also the ability of election workers to attend polling places and counting venues for the purposes of their work. The Commission is also finding it increasingly difficult to engage and retain election workers because of fear of COVID.

Why have council elections in regional areas been postponed?

The current outbreak has seen stay at home restrictions imposed in the Orange, Blayney and Cabonne local government areas and cases and transmission hotspots identified in other regional areas.

The Government cannot take the chance that there will be no further outbreaks in regional areas between now and 4 September 2021 that would put council elections in those areas at risk.

Conducting council elections in regional areas will also require the movement of personnel and equipment from Greater Sydney to those areas creating the risk that holding elections in regional areas may cause the virus to be seeded in those areas.

Postponement of the 2021 local government elections



Frequently asked questions

Why can't council elections be held on 4 September 2021 by postal voting?

When holding postal voting only elections for the 2021 local government elections was proposed as an option to address the risks of holding council elections during the COVID-19 pandemic, it was strongly opposed by the local government sector. It is now too late to revisit that option.

To allow council elections to be held by postal voting only outside the circumstances current permitted under the *Local Government Act 1993* (the Act) would require an amendment to that Act. The earliest this could occur is in the week starting on the 4 August when Parliament is scheduled to resume, by which time it will already be too late. There is no guarantee any legislation mandating postal voting only elections would be supported by the local government sector or would pass the Parliament.

Even if the necessary amendments could be passed, the NSW Electoral Commission has advised that it will not be logistically possible to distribute, receive and process postal votes for every elector in NSW in the time between now and 4 September.

Why can't council elections be held on 4 September 2021 using on-line voting?

Technology assisted voting is currently only available to a limited class of electors and only at council elections administered by the NSW Electoral Commissioner. The eligibility criteria for technology assisted voting for council elections is largely the same as State elections.

As with postal voting, to allow council elections to be held by online voting only would require an amendment to the Act. The earliest this could occur is in the week starting 4 August. The Parliament has previously indicated opposition to any expansion of technology assisted voting and any legislation allowing an expansion of technology assisted voting would be unlikely to pass.

Even if the necessary amendments could be passed, the NSW Electoral Commission has advised that its online voting systems could not accommodate every elector in NSW.

Questions about the 4 December 2021 elections

How can the Government be sure that it will be safe to hold council elections on 4 December 2021?

The restrictions imposed under the *Public Health (COVID-19 Temporary Movement and Gathering Restrictions) Order 2021* are designed to contain and reduce the spread of the current outbreak. It is hoped that the measures imposed under the Public Health Order will be effective in containing the current outbreak well before December.

The Government also expects that community vaccination rates will have increased to a level by December to allow available mitigation strategies to be more effective in containing the spread and impact of the Delta variant.

Postponement of the 2021 local government elections



Frequently asked questions

What legislative measures have been taken to support council elections in December being COVID-safe?

Amendments have been made to the *Local Government (General) Regulation 2005* (the Regulation) to facilitate delivery of the December 2021 local government elections in a COVID-safe manner.

Among other things, the amendments to the Regulation expand the eligibility criteria for pre-poll and postal voting in response to the COVID-19 pandemic and allow technology assisted voting at elections administered by the NSW Electoral Commission.

The criteria for pre-poll voting for the 2021 elections have been relaxed allowing any elector to vote during the pre-poll voting period. This will mean that voting will not occur on a single day but over a period of 13 days, including election day. This will assist in allowing a range of COVID-safe measures to be implemented at polling places.

Additional eligibility criteria have been introduced for postal voting in response to the COVID-19 pandemic. These allow electors to vote by post if they are self-isolating because of COVID-19 related reasons, or because they reasonably believe that attending a polling place on election day will pose a risk to their health or safety or the health or safety of another person because of COVID-19. Permanent and temporary residents in hospitals, nursing homes, retirement villages and similar facilities are also eligible to vote using postal voting because of their particular vulnerability.

Technology assisted voting, or iVote, will be able to be made available to electors at council elections administered by the NSW Electoral Commission, and will operate in the same way it does for State elections. Eligibility to vote using iVote will be limited to the same criteria that apply at State elections. Electors who are eligible to vote by post and who have applied for but have not received their postal ballot paper 8 days before election day will also be eligible to vote using iVote.

New powers have also been introduced to allow election managers and officials to maintain COVID-safe measures at and around polling places and at venues where votes are scrutinised or counted. The Regulations empower election managers to:

- restrict posters being displayed and canvassing activities within 100 metres of polling places where this is necessary to comply with a public health order or to reduce the risk of infection from COVID-19, (where posters and canvassing are restricted, links to the posters and other election material may instead be published on the election manager's website)
- prohibit or restrict the number of scrutineers present at polling places and places where ballot-papers are scrutinised or votes counted where this is necessary to comply with a public health order or to reduce the risk of infection from COVID-19, subject to there being alternative scrutiny arrangements (eg filming the counting of votes)

Postponement of the 2021 local government elections



Frequently asked questions

- temporarily suspend voting at a polling place for up to 4 hours and to adjourn voting for up to 13 days after election day in response to a health hazard.

What are the key dates for the 4 December local government elections?

Key dates for the December 2021 local government elections are as follows:

Key date	Step
25 October 2021	Close of electoral rolls (6pm) Candidate nominations open Commencement of the “regulated period” for the elections (for example, published electoral material must comply with authorisation rules)
26 October 2021	Postal vote application opens
3 November 2021	Close of candidate nominations (12pm) Registration of electoral material that is for distribution on election day commences
4 November 2021	Ballot paper draw
5 November 2021	Caretaker period commences
22 November 2021	Pre-poll voting opens iVote commences
26 November 2021	Registration of electoral material for distribution on election day closes (5pm)
29 November 2021	Postal vote applications close (5pm)
3 December 2021	Pre-poll voting closes
4 December 2021	iVote applications close (1 pm) iVote voting closes (6pm) Election day (8am-6pm)
17 December 2021	Return of postal votes closes (6pm)
21 – 23 December 2021	Results declared progressively as counts are finalised by Returning Officers

Postponement of the 2021 local government elections



Frequently asked questions

When will council elections be declared?

In response to changing postal delivery services, on the advice of the NSW Electoral Commission, the time for the receipt of postal votes has been extended to 13 days after election day. This change has been made to provide a greater opportunity for valid postal votes to be received and counted. This change will mean it is unlikely council elections will be declared before **21 December 2021**.

When should councils schedule their first meetings after the election?

As noted above, council elections are not likely to be declared before **21 December 2021**. Councils should schedule the timing of their first meetings following the election on this basis.

Councils that elect their mayor are required to hold a mayoral election with 3 weeks after the declaration of the ordinary election and will be required to schedule a meeting for this purpose within 3 weeks of the declaration of the election.

When scheduling the first meeting following the election, councils will need to factor in the Christmas/New Year period.

What needs to happen at the first meeting after the elections?

At the first meeting after the election:

- all councillors and members of county councils must take an oath or make an affirmation of office - councillors are not permitted to participate in meetings until they have done so
- councils must, by resolution, declare that casual vacancies occurring in the office of a councillor within 18 months of the election are to be filled by a countback of votes cast at the election if councils want to fill vacancies by these means – councils that do not resolve to fill vacancies using a countback at their first meeting after the election will be required to fill vacancies using a by-election
- councils that elect their mayors must hold a mayoral election and an election for deputy mayor where they have one
- joint organisations must elect a new chairperson
- county councils must elect a new chairperson.

The Office of Local Government will issue more detailed guidance about these requirements closer to the elections.

Postponement of the 2021 local government elections



Frequently asked questions

Questions about the effect of the postponement of council elections?

What does the postponement of the elections mean for current councillors?

Current councillors will continue to hold their civic offices until council elections are held on 4 December 2021. The civic offices of current councillors will expire on election day on **4 December 2021**.

What does the postponement of the elections mean for popularly elected mayors?

Popularly elected mayors will continue to hold their civic offices until council elections are held on **4 December 2021**.

What does the postponement of the elections mean for mayors elected by councillors?

The making of the order will not affect the requirement to hold mayoral elections. Mayoral elections must be held for mayors elected in September 2019 when their two year-terms expire in September 2021. The Office of Local Government will issue more detailed guidance on this before September.

Mayors elected in September 2020 will continue to hold office until council elections are held on 4 December 2021.

The civic offices of all mayors elected by councillors will expire on election day on **4 December 2021**.

What does the postponement of the elections mean for deputy mayors?

Deputy mayors may be elected for the mayoral term or a shorter term. Deputy mayors hold their office for the term specified by the council's resolution. If a deputy mayor's term expires before election day on 4 December 2021, an election may need to be held for deputy mayor. It should be noted however, that councils are not required under the Act to have a deputy mayor.

What does the postponement of the elections mean for chairpersons of county councils?

Chairpersons of county councils now hold office for two years. Chairpersons of county councils elected in September 2020 will continue to hold office until council elections are held on 4 December 2021.

The civic offices of chairpersons of county councils will expire on the election day for their constituent council on **4 December 2021**.

Postponement of the 2021 local government elections



Frequently asked questions

What does the postponement of elections mean for joint organisations?

The composition of joint organisation boards may need to change in September 2021 if mayors of member councils elected by councillors are not re-elected.

Joint organisations elected chairpersons for a two-year term in 2020. Chairpersons elected in 2020 will continue to hold office until council elections are held on 4 December 2021.

The civic offices of chairpersons of joint organisations will expire on the election day for their member council on **4 December 2021**.

Will councils need to hold by-elections to fill casual vacancies occurring before 4 December 2021?

No. The order postponing the ordinary elections provides that any casual vacancies occurring in a council between now and 4 December are to be filled by the ordinary election for that council to be held on 4 December 2021.

This means that councils are not required to hold a by-election to fill casual vacancies occurring between now and 4 December 2021 or to apply to the Minister for a dispensation from the requirement to hold a by-election.

General managers are still required to notify the Office of Local Government, Local Government NSW, and the NSW Electoral Commissioner of any vacancies within 7 days of their occurring.

What happens if the resignation of councillors between now and 4 December results in a loss of quorum?

It is not possible under the Act for councils to lose quorum because of councillor resignations.

A quorum is defined under section 368 of the Act as *“a majority of the councillors of the council who hold office for the time being and are not suspended from office”*. This means that the quorum is calculated based on the number of councillors who hold office at a particular point in time and does not include civic offices that are currently vacant.

How will the postponement of elections to 4 December 2021 affect the next term of councils?

The postponement of the elections will not affect the timing of future council elections, and the subsequent ordinary local government elections will still proceed in September 2024.

Postponement of the 2021 local government elections



Frequently asked questions

What does the postponement of elections mean for the requirement for councillors to lodge returns of interests?

Under the *Model Code of Conduct for Local Councils in NSW*, councillors (and designated persons) must lodge returns of their interests within three months of 30 June of each year.

All current serving councillors, members of county councils and voting representatives of the boards of joint organisations must lodge a written return of interests with the general manager (or the executive officer in the case of joint organisations) before **30 September 2021** unless they have submitted a return within the previous three months.

Returns of interests must be tabled at the first meeting of the council or board of the joint organisation after they are required to be lodged. They must also be made publicly available free of charge on councils', county councils' and joint organisations' websites, unless there is an overriding public interest against disclosure of the information contained in them or to do so would impose unreasonable additional costs on the council or joint organisation.

When will the caretaker period begin for the next local government elections?

The caretaker period no longer commences on 6 August 2021 and *Circular 21-17 Council decision-making prior to the September 2021 local government elections* may now be disregarded.

The caretaker period for the 4 December 2021 elections will now commence on **5 November 2021** and end on **4 December 2021**.

During the caretaker period, councils, general managers, and other delegates of councils (other than a joint regional planning panel, a local planning panel or the Central Sydney Planning Committee) must not exercise the following functions:

- entering into any contract or undertaking involving an expenditure or receipt by the council of an amount equal to or greater than \$150,000 or 1% of the council's revenue from rates in the preceding financial year (whichever is the larger)
- determining a "controversial development application" (as defined by clause 393B(3) of the Regulation), except where a failure to make such a determination would give rise to a deemed refusal, or such a deemed refusal arose before the commencement of the caretaker period
- appointing or reappointing the council's general manager (except for temporary appointments).

Councils should plan now to avoid the need to make these types of decisions during the caretaker period.

Postponement of the 2021 local government elections



Frequently asked questions

The Office of Local Government will issue more detailed guidance about the caretaker requirements closer to the elections.

When will the “regulated period” begin for the next local government elections?

The “regulated period” is the period commencing 40 days before elections in which rules regulating “electoral material” as defined by the Regulation come into effect.

The regulated period no longer commences on 26 July 2021 and *Circular 21-12 “Electoral matter” and use of council resources prior to local government elections* may now be disregarded.

The “regulated period” for the 4 December 2021 elections will now commence on **25 October 2021** and end on **4 December 2021**.

Councils should plan now to issue publications that may be affected by the rules governing “electoral material” during the regulated period before that period commences.

The Office of Local Government will issue more detailed guidance about “electoral matter” and use of council resources during the regulated period closer to the elections.

How will the postponement of the elections affect councils’ IP&R cycle?

The postponement of the elections will not impact on councils’ IP&R cycles.

The postponement of council elections from 4 September 2021 to 4 December 2021, will not alter the requirement under the Act for councils to review the community strategic plan before 30 June 2022 and establish a new delivery program to cover their principal activities for the 4-year period commencing on 1 July 2022.

However, the postponement of elections will impact of the timing of the end of term report.

Has Central Coast Council’s referendum been postponed?

Central Coast Council will not be proceeding with its referendum on 4 September 2021. It will be a matter for the Council to determine the future timing of the referendum based on the advice of NSW Health and the requirements of the Public Health Order.

How does the postponement of elections affect councils that are currently under administration?

Four councils are currently under administration:

- Balranald Shire Council
- Central Coast Council
- Central Darling Shire Council
- Wingecarribee Shire Council.

Postponement of the 2021 local government elections



Frequently asked questions

Balranald Shire Council, Central Coast Council and Central Darling Council will continue under Administration despite the postponement of the elections.

Wingecarribee Shire Council's suspension expires on **10 September 2021** and councillors who continue to hold their civic offices in that council will resume their offices from that date to **4 December 2021** when their civic offices expire.

Where can I get more information?

Contact your Engagement Manager or the Office of Local Government's Council Governance Team on 4428 4100 or olg@olg.nsw.gov.au.

SECTION A - MATTERS FOR CONSIDERATION BY COUNCIL

SECTION B - MATTERS FOR INFORMATION ONLY

9 COMMITTEE REPORTS

Nil

10 REPORTS TO COUNCIL

10.1 STATUS REPORT REGARDING COUNCILLOR ENQUIRIES

File Number: R6
Author: Marina Colwell, Executive Support Officer
Authoriser: Hein Basson, General Manager
Annexures: Nil

PURPOSE

The purpose of this report is to provide an update on the status of Councillor enquiries.

BACKGROUND

Following the adoption of the *Councillor Access to Staff and Premises Policy* in August 2019, Councillors are best advised to lodge their enquiries with the General Manager on the *Councillors' Enquiry Form*.

(a) Relevance to Integrated Planning and Reporting Framework

P2.1 Encourage an inclusive, active community where people look out for each other.

(b) Financial Considerations

Financial considerations for each enquiry will be taken into consideration during the assessment / investigation process.

COMMENTARY

Shown below is a list of outstanding enquiries received from Councillors since implementation of this procedure up to the end of July 2021:

Date Received	Councillor	Enquiry	Enquiry No Referred to	Comments/Status
21/07/2021	Cr Karanouh	Clean up block – 24 Coonamble Street, Gulargambone	0051/2022 Environmental Services.	A Notice of Intention to Serve has been issued.

Note: Once matters have been reported to Council as being completed, they will be removed from the list.

(a) Governance/Policy Implications

In line with the *Councillor Access to Staff and Premises Policy*, Councillors are required to lodge enquiries on the *Councillors' Enquiry Form* or the *Councillors' Request for Maintenance Form*.

(c) Legal Implications

There are no legal implications arising from this report.

(d) Social Implications

There may be social implications, depending on the nature of individual enquiries.

(e) Environmental Implications

There may be environmental implications, depending on the nature of individual enquiries.

(f) Economic/Asset Management Implications

There may be economic and/or asset management implications, depending on the nature of individual enquiries.

(g) Risk Implications

There may be risk implications, depending on the nature of individual enquiries.

CONCLUSION

The current status of Councillors' enquiries to the end of July 2021 is documented above.

RECOMMENDATION

That Council notes the information in this report.

10.2 WORKPLACE INJURY MANAGEMENT REPORT

File Number: S-17
Author: Graeme Joseph-Training & WHS Coordinator
Authoriser: Amanda Nixon, Manager - People, Risk and Improvement
Annexures: Nil

PURPOSE

The purpose of this report is to keep Council informed of significant Workers Compensation Insurance figures and trends.

BACKGROUND

Information on Workers Compensation has been provided from the financial years 2018 / 2019, 2019 / 2020 and the year-to-date figures for the 2020 / 21 year.

Workers Compensation claims affect the Council’s budget through policy fluctuations caused by premium impacting claims. By actively working to reduce Council lost time injuries and time spent on Workers Compensation, staff are striving to reduce the premium amount and lower the frequency of these claims.

(a) Relevance to Integrated Planning and Reporting Framework

L1.4.7. Ensure, compliance with legislation for WH&S.

(b) Financial Considerations

Improvement in safety practices and compliance should result in a reduced Worker’s Compensation premium through a reduction in injury and claim costs, as well as the risk of legal action and fines for non-compliance with current WHS legislation and regulations. The workers compensation premium has been estimated and included in the budgetary considerations for 2020 / 21.

COMMENTARY

The table below covers Workers Compensation claims provided from the 2018/19 to 2020 / 21 YTD financial years.

This table covers Workers Compensation claim costs over three (3) financial years, 2018 / 19 to 2020 / 21 YTD – June 2021.

Again, there has been a small increase since last month in both time lost and claim costs, due to an on-going open claim from 2019 / 20 and one new claim in the 2020 / 21 reporting period. Overall claim costs have increased since 2018/19, however, the trend for the current financial year is not expected to rise significantly. Lost Time Injury days (LTI Days) have increased since last month with no increase to the Total Cost of All Premium Impacting Claims (paid to date).

Council continues to work closely with the insurer and other providers to achieve a return to work within the shortest possible timeframe; however, the ongoing lost time could negatively influence Council’s premium costs.

Item	2018/2019	2019/2020	2020/2021 YTD – June 2021
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Total Premium	\$246,574.11	\$241,450.13	\$301,392.83 (Estimate)
Premium as a % of Gross Wages (ex GST)	3.2%	3.2%	3.1% (Estimate)
YTD New Claims (Premium Impacting)	5	6	7
YTD New Claims (Non-Premium Impacting)	1	2	8
YTD Total New Claims	6	8	15
YTD Time Lost Due to Injury (LTI Days)	88	411	156
Open Premium Impacting Claims (Current Year)	0	2	6
Open Non-Premium Impacting Claims (Current Year)	0	0	5
Total Open Claims	0	2	11
Closed Claims that are Impacting on Council's Premium (current year)	N/A	N/A	3
Total Cost of All Premium Impacting Claims (paid to date)	\$38,298	\$104,634	\$95,257
Scheme Performance Rebates	\$24,418.71	\$24,872.53	\$0

Minor changes to premium impacting claims data over a monthly basis only reveals minor trends, therefore it would be more beneficial for Council to view this report on a quarterly basis – instead of routinely being confronted with more or less the same information.

(a) Governance/Policy Implications

There are no governance / policy implications arising from this current report, however, it is expected that as a result of continuous improvement processes, Council's WHS Policies and practices may be altered to reflect best practice in the coming years.

(b) Legal Implications

There are no legal implications arising from this report itself. All employers in NSW are subject to operate within the requirements of the Work, Health and Safety Act 2011, Work, Health and Safety Regulation 2017 and Workers Compensation Act 1987.

(c) Social Implications

While there are no social implications arising from this report, it is important to note that Council should strive to act in a socially responsible manner and has a duty of care towards its employees, contractors, volunteers, and members of the public. By aiming to achieve best practice, the Council can provide leadership and support to the wider community.

(d) Environmental Implications

There are no environmental implications arising from this report.

(e) Economic/Asset Management Implications

There are no Asset Management Implications arising from this report. If Workers Compensation Claims are miss managed there may be impacts on Council’s budget through increases to the premium.

(f) Risk Implications

Risk	Risk Ranking	Proposed Control	Proposed Risk Ranking	Within Existing Resources?
Workers Compensation Claim will impact heavily on Council’s Budget.	Medium	All Workers Compensation claims are actively managed and resolved as quickly as possible.	Low	Yes
Workers Compensation Claim is not reported within the required time frame resulting in Council being responsible for the claims excess.	Medium	All claims are to be lodged within 5 days after injury date.	Low	Yes
An increase in injuries to employees.	Medium	Training and WHS Coordinator to work closely with Managers and Supervisors to highlight potential sources of injury prior to an incident taking place.	Low	Yes

CONCLUSION

This report has been developed to advise Council of Workers Compensation Insurance figures and trends and will be an ongoing quarterly report into the future.

Council continues to work closely with StateCover to manage Workers Compensation claims and is continuously monitoring and reviewing its WHS obligations and recovery at work systems to reduce workplace hazards and improve outcomes for injured workers.

RECOMMENDATION

That Council notes the contents of the Workplace Injury Management Report.

10.3 ECONOMIC DEVELOPMENT & GROWTH - PROGRESS REPORT**File Number: D5****Author: Pip Goldsmith-Manager Economic Development & Growth****Authoriser: Hein Basson, General Manager****Annexures: 1. The New South Wales Land Registry Services - Title Search****PURPOSE**

The purpose of this report is to provide Council with an update on recent activities and the progress of projects which contribute to the economic development and growth of the Local Government Area (LGA).

BACKGROUND

The Economic Development and Growth function is tasked with providing effective and efficient delivery of a broader economic base for the LGA, enhancing business prospects, growth, and development. The function facilitates the development of programs and activities that will stimulate economic development by assisting growth and retention of businesses, as well as aiming to reduce barriers and attract diverse, sustainable, and responsible new industry development and improve the profile of the Coonamble LGA to attract investment, industry, new residents, and tourism.

(a) Relevance to Integrated Planning and Reporting Framework

Economic Development and Growth activities work towards achieving the objectives of the Community Strategic Plan, Delivery Program and Operational Plan, Economic Development Strategy, and the Coonamble Shire Council Masterplan. The Coonamble Shire 2032 Community Strategic Plan identifies 'Our Economy' as one of five (5) key themes.

(b) Financial Considerations

Project budgets for the Visitor Information Centre, Coonamble CBD public amenities, and public art and town entrance signage projects are closely monitored. All projects remain within the budgets allocated.

COMMENTARY**Artesian Bath Experience*****Business Case and Feasibility Study – Concept design***

Work is being undertaken to complete a Business Case and Feasibility Study for an Artesian bathing experience in Coonamble, in preparation for the submission of a funding application for the Regional Tourism Activation Fund; due 11 August 2021.

Compulsory acquisition

Staff are currently working to obtain status details on the land ownership for the site of the proposed Artesian Bathing Experience. Both Council and the Department of Planning, Industry and Environment, Lands and Water are of the understanding that the land is Crown Land. The property is identified as Crown Land on the

Government Property Index and the NSW Planning Portal, as shown in images below of these online searches.

Search

Simple search ^

Address
 Reset

Lot/Section/DP
 Reset

Advanced search ? v

Government Property Index

Please use the search facility on the left to find NSW Government properties matching your search criteria
 To learn more about the Government Property Index and read the terms and conditions of use, please click [here](#)
 Click [here](#) to contact the GPI team

Showing: 1 results Show 50

Address	LGA	Property Area (m ²)	Lot/Section/Plan	Lot Area (m ²)	Land Zoning	Show on Map
CASWELL STREET COONAMBLE 2829	COONAMBLE	902606	212/-/DP754199	902606	RE2: Private Recreation	

ePlanning Spatial Viewer NSW Planning Portal Login User Guide

Caswell Street Coonamble 2829
 Lot/Section/Plan no: 212/-/DP754199
 Council: COONAMBLE SHIRE COUNCIL

Map tools

Search Results (9)

- Crown Reserves**
 - LRegNo - R520089**
 - Manager: Coonamble Racecourse & Recreation Land Manager
 - Purpose: PUBLIC RECREATION, RACECOURSE
- Riparian Lands and Watercourses +
- Terrestrial Biodiversity +
- Government Property Index +
- SEPP Results v

Layers: Administration, Crown Land (checked), Crown Enclosure Permit, Crown Licences, Crown Leases

However, it is now known that the property is recorded as being held in title by seven private individuals as tenants in common in equal shares. The New South Wales Land Registry Services - Title Search is attached to this report as Annexure 1, for Council's Information.

Staff are working with a Senior Infrastructure Property Officer from Public Works Advisory to clarify whether there has been an oversight in updating the title to reflect ownership by the Crown.

Coonamble CBD precinct – Detailed Design Project

Staff have received a letter from the Coonamble Chamber of Commerce requesting more direct involvement in Council's plans for physical improvements in the Castlereagh Street main street precinct.

The letter advises Council that:

"Chamber members have indicated that Council staff and contractors should consult more directly with CBD business owners to capture ideas and identify key priorities, issues, and areas of concern before plans are formalised and put on public display."

At the June 2021 Council meeting, it was resolved (Resolution 2021/1):

"That Council leaves the main street parking at the current reverse angle arrangement for the time being, and that other options be investigated to potentially replace the current wheel stoppers."

Considering the now limited scope of the project, it has been agreed that a site visit by the engaged consultants will be the most effective way for the project to progress. As the consultants are based in Sydney, this project (and site visit as the next step) will progress as soon as Covid restrictions are lifted, and travel is permitted.

This site visit is proposed to include a workshop with Council, to ensure Councillors are understanding of and participative in the process. It is also important that Councillors have an opportunity to provide direction for what the project should work towards, as well as what it should avoid (such as a change in parking configuration).

Considering recent correspondence from the Chamber of Commerce and the opportunity for additional engagement, there is the potential to make a part of this workshop open to the Chamber and other community members who may like to attend and contribute. Staff are conscious that users of this space may not necessarily be members or represented by the Chamber and so it would be reasonable to argue that the invitation should be open to the wider community.

Coonamble CBD Public Amenities

Council staff continue to liaise with several stakeholders to finalise the installation of new public amenities in Skillman's Lane Carpark. Power is connected and the toilet is operational.

The fabrication and installation of the horse screens will complete the design. Completion of the screens remains approximately three (3) weeks away.

Certified plans for installation of screens shown the footings of the screens being concreted in. Staff have requested the appointed local concreter to complete the concreting except small, boxed-out areas where the screens are to be placed. This would allow the toilets to be used and open to the public, without having to wait for the final installation of the screens.

There has been no change to the project budget since the last report to Council.

Coonamble Visitor Information Centre (VIC)*Construction*

Construction is predominantly complete. Staff are working with Westbury Constructions to finalise minor defects and incomplete works. This timing of this work has been impacted by the inability of Westbury Constructions staff to travel, due to Covid restrictions.

Council staff are preparing for construction of the carpark. Concreting is complete and landscaping is currently underway.

Exhibition and Display

The internal fit-out of the VIC is scheduled for late August, following the delay of the delivery of some components – also as a result of Covid travel restrictions.

There has been no change to the project budget since the last report to Council.

An opening event has been tentatively re-scheduled for Tuesday, 5 October. It is expected that the building will be operational before then, which will provide for an opportunity to sort out any teething problems (if any).

Inland Rail

The Legislative Assembly Committee on Investment, Industry and Regional Development is currently undertaking an inquiry into the 'Inland Rail Project and Regional NSW'. The Mayor and Manager Economic Development and Growth are preparing to represent Council via videoconference at a hearing as part of this enquiry, which has been rescheduled from July to Monday, 13 September.

Coonamble Riverside Holiday Park.

Occupancy continues to increase at the Coonamble Riverside Holiday Park. Staff are working with current lessees to expend the Drought Community Program funding. A disabled cabin has been delivered and placed on site. Service connections are underway prior to concreting of the car space and installation of a ramp. It is anticipated that the cabin will be complete and ready for occupancy by September.

A shed which will provide a lockable vehicle space for guests, and storage for managers has been delivered to the site. The contractor engaged to provide the slab and erection of the shed has provided staff with notice of no longer being able to undertake the project. Additional procurement in this regard is underway.

Grants

Overview

Status	This Month	Last Month	Year to Date
Grant-funded projects completed	0	0	0
Grants to be acquitted	11	11	11
Grants in progress	15	15	15
Grant submissions awaiting decision	2	2	2
Successful grant applications	0	0	0

Detailed Status

Grants to be acquitted		Responsibility	Comment
Coonamble Showground lighting and power		C&S	Awaiting finalisation of financials
Coonamble Showground plumbing		C&S	Late additional funding by funding body
Coonamble Pool blanket and change rooms		C&S	All funded under the Stronger Country Communities Round 2 and need to be acquitted together
Coonamble Skate Park		ESM&C	
Gulargambone Lions Park exercise area		ED&G	
LGA-wide shade sails and shelters		ED&G	
LGA-wide public amenities upgrade		ED&G	
Gulargambone Youth Centre Basketball Court		ED&G	
Visitor Information Centre		ED&G	
Visitor Information Centre		ED&G	Drought Stimulus Package funding
Local Roads & Community Infrastructure 20-21		INF	Variation required for Quambone Toilet
Grants in progress		Responsibility	Comment
Coonamble Sports Ground Upgrades		C&S	Levelling & turfing to be done in Spring
Public Art at town entrances		ED&G	Designs finalised; to be erected
Public Toilets in Coonamble CBD		ED&G	Awaiting Essential Energy connection
Restore Trooper Stables at Coonamble Museum		ESM&C	Awaiting Development Application approval
Gulargambone Youth Centre external upgrades		ESM&C	Work underway by contractor
Warrena Weir solar power supply and security		C&S	RFQs called
Quambone Park Toilet (LRCI 20-21)		C&S	Awaiting delivery (14-week lead-time)
Transition of developments to the Planning Portal		ESM&C	Holding workshops
Smith Park Netball Courts		ESM&C	New fencing to be erected early August
Koori Knockout Participation		ESM&C	Taking expressions of interest from teams
Volunteer Bus Driver Training		ESM&C	Taking expressions of interest
Coonamble Transport Initiative		ESM&C	Allocated as required
Coonamble Kids Transport Initiative		ESM&C	Allocated as required
Youth Council re-establishment		ESM&C	Taking nominations
Drought Stimulus Package		ED&G	In progress
Significant Grant Opportunities Ahead			3
Grant	Funding	Closing	Target

Regional Tourism Activation Fund – Stream 1 – to develop new and unique experiences (Dept of Regional NSW)	Up to \$5m	11 August	Furthering the Coonamble Artesian Bath Experience Stage 1 build.
Regional Tourism Activation Fund – Stream 2 – to improve visitor accessibility and inclusion enhancements (Dept of Regional NSW)	Up to \$500,000	11 August	

Communications

Council maintains its communication with the community through:

- 1 x monthly, two-page *Community Connect* newsletter, with 1,883 newsletters delivered to all letterboxes and post boxes throughout the Local Government Area in July – sharing Council’s decisions about key items from the Business Paper each month.
- 4 x weekly half-page advertisements, *Weekly Connect* in *The Coonamble Times*, with unique content in most issues – advertising Requests for Quotations, Tenders and Expressions of Interest, policies and other reports currently on public exhibition and upcoming events for the community.
- Posts in the notices column on the homepage of Council’s website, on various topics as required.
- Posts on Council’s Facebook page, on various topics as required.
- Council’s website – sharing all policies, plans and procedures, fees and charges in the spirit of open and transparent governance.
- Media releases as required – on road conditions, Local Government elections, etc.

Facebook

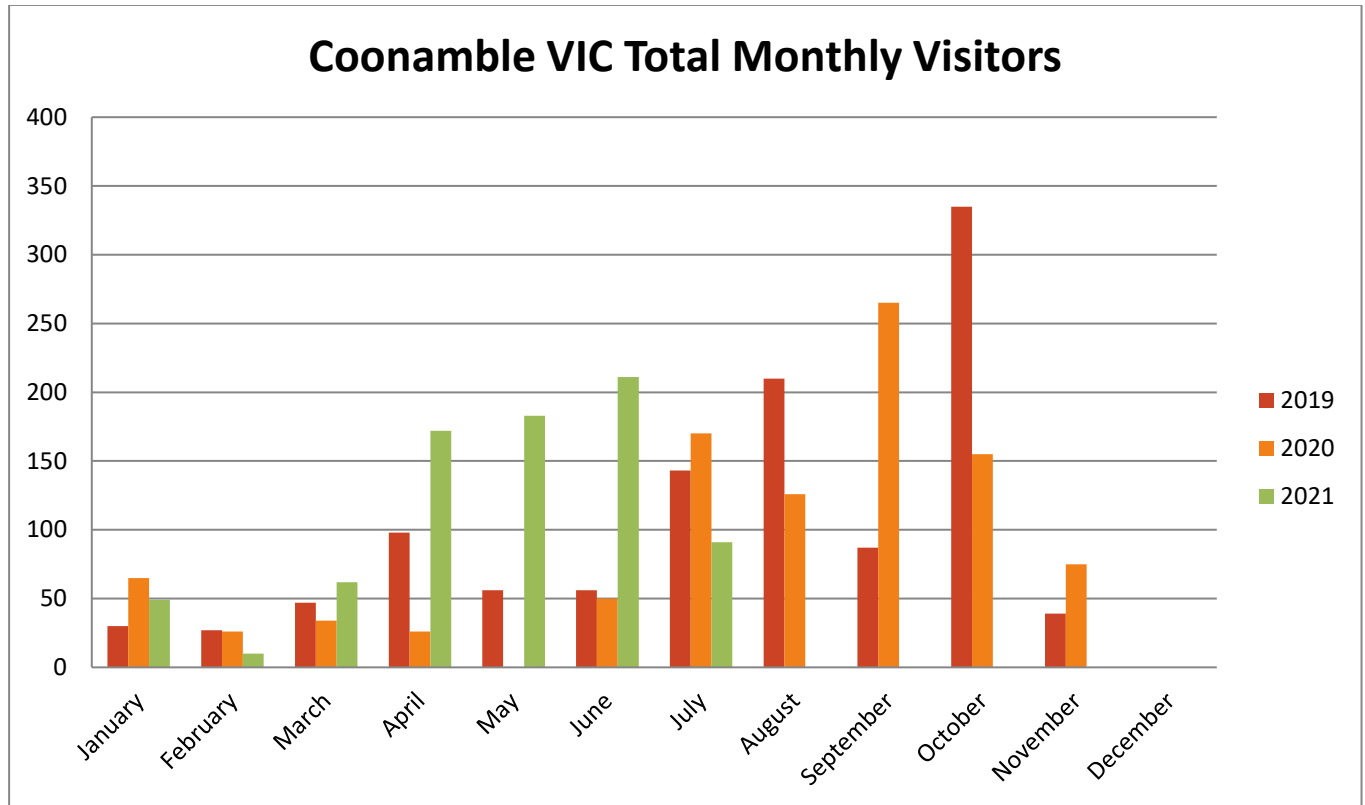
Measure	This Month	Last Month	Year to Date
Number of posts	16	20	36
Increase in number of followers	20	58	+78
Total number of followers	1,882	1,862	
Reach	8,312	4,891	

The post that significantly boosted reach during July was the request by Council for information on the location of mobile phone “black spots”, which also drew 86 survey responses, showing the link between effective communication and mobilisation of the community. This was followed closely by the post announcing the Natural Disaster Declaration and opportunity for funding for primary producers.

It should be noted that Council’s Facebook audience is two-thirds female and one-third male.

Tourism Statistics

During June, there were 91 visitors to the Visitor Information Centre, a significant decrease from previous months and fewer than the same period in previous years. This decrease is most likely a direct result of strict domestic border restrictions and lockdowns as local Covid transmissions have increased.

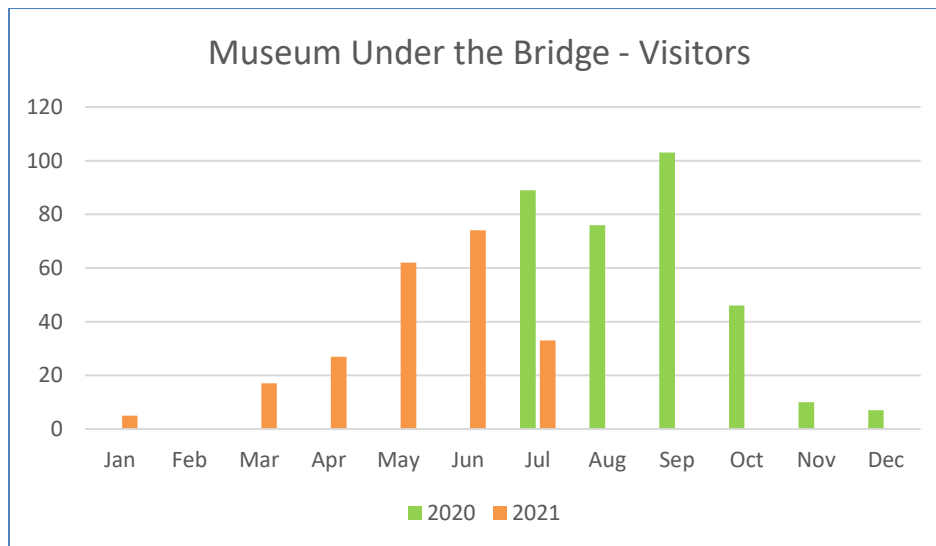


Coonamble Museum Under the Bridge

Staff and volunteers are collaborating to develop an Operational Manual for the Museum. This Museum will include policies and procedures reflecting best-practice of community owned museum assets and will include an electronic catalogue of the collection. The development of this documentation is a major project and will take a number of months.

The value of volunteers at the Museum was particularly evident during July. Volunteers are making a major contribution to the development of the Operational Manual and provide access to the Museum out of regular opening hours. A former Coonamble resident was able to visit the Museum on a Sunday with his extended family, thanks to the generosity of a volunteer host.

During July, there were 33 visitors to the Museum. Similarly, to visitors at the Visitor Information Centre, the impact of Covid has seen a decrease in numbers.



Events

Madame Flute, a concert event, has been rescheduled as a result of Covid related considerations. Originally planned for Saturday 28 August, the concert is now to be held on Saturday 23 October. Event plans are being revised appropriately.

(a) Governance/Policy Implications

Policy documents relevant to activities reported here include the Code of Conduct, Community Consultation Policy, Media Policy, Procurement Policy, Public Art Policy and Social Media Policy.

(b) Legal Implications

There are no legal implications directly associated to this report.

(c) Social Implications

Projects and initiatives described in this report are undertaken with the objective of delivering social benefits to the Coonamble LGA. Such social benefits include:

- Opportunities for recreation at an artesian bath experience;
- Participation in local public art projects and VIC exhibition and display, encouraging a sense of pride and ownership of the outcome, which will promote visitation to the LGA;
- Increased access to amenity such as public toilets and baby change facilities in the CBD precinct of Coonamble.

(d) Environmental Implications

Environmental implications associated with various developments discussed in this report are addressed as part of the Development Application process for individual projects.

(e) Economic/Asset Management Implications

As community owned assets, the ongoing maintenance of the public amenities building, public art and VIC remains Council’s responsibility.

(f) Risk Implications

Regular reporting to Council provides an opportunity to communicate and manage any ongoing or unexpected related risks that may emerge.

CONCLUSION

Economic Development and Growth activities and projects continue to progress according to the Economic Development Strategy 2020.

RECOMMENDATION

That Council notes the contents of this report.



Order number: 62879896
 Your Reference: 212/754199
 25/06/20 14:19



NSW LRS - Title Search

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 212/754199

SEARCH DATE	TIME	EDITION NO	DATE
25/6/2020	2:19 PM	-	-

VOL 1526 FOL 38 IS THE CURRENT CERTIFICATE OF TITLE

LAND

LOT 212 IN DEPOSITED PLAN 754199
 LOCAL GOVERNMENT AREA COONAMBLE
 PARISH OF COONAMBLE COUNTY OF LEICHHARDT
 (FORMERLY KNOWN AS PORTION 212)
 TITLE DIAGRAM CROWN PLAN 68.1834

FIRST SCHEDULE

DANIEL DOMINIC MCMAHON
 WILLIAM MONAHAN KEOGH
 GEORGE CHARLES ARTHUR COBB
 FRANCIS STEWART CASWELL
 GEORGE EASON
 ALFRED HOPE OLIVER
 HERBERT SHELDON
 AS TENANTS IN COMMON IN EQUAL SHARES

SECOND SCHEDULE (1 NOTIFICATION)

1 LAND EXCLUDES MINERALS AND IS SUBJECT TO RESERVATIONS AND
 CONDITIONS IN FAVOUR OF THE CROWN - SEE CROWN GRANT(S)

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

PRINTED ON 25/6/2020

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.

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SAI Global Property Division an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with section 96B(2) of the Real Property Act 1900.

10.4 COUNCILLOR FEES 2021/22 - LOCAL GOVERNMENT RENUMERATION**File Number: Councillors C-13****Author: Bruce Quarmby, Director of Corporate and Urban Services****Authoriser: Bruce Quarmby, Executive Leader - Corporate and Sustainability****Annexures:**

- 1. Council Circular 21-06 2021/22 Determination of the Local Government Remuneration Tribunal**
- 2. Local Government Remuneration Tribunal - Annual Report and Determination 2021/22**

PURPOSE

The purpose of this report is to inform Council of the determination of the Local Government Remuneration Tribunal regarding Councillor and Mayoral fees for 2021/22, in order for Council to adopt the fees for the 2021 / 22 financial year.

BACKGROUND

Under Section 241 of the Local Government Act 1993, the Local Government Remuneration Tribunal is to report to the Minister for Local Government by 1 May each year as to its determination of categories of councils and the maximum and minimum amounts of fees to be paid to mayors, councillors, and chairpersons and members of county councils.

Council has since received advice that Local Government Remuneration Tribunal, has determined an increase of two percent (2%) to the Mayoral and Councillor fees for the 2021/22 financial year, with an effective date of 1 July 2021.

For Council's reference a copy of the determination and the circular advising Council of the determination has been attached as annexures to this report.

(a) Relevance to Integrated Planning and Reporting Framework

L1.4.4 Governance is open and transparent.

(b) Financial Considerations

When preparing the 2021 / 22 Operational Plan, Councillor and Mayoral fees were budgeted to allow for both the two percent (2%) increase and the increase in the number of elected members from seven (7) to nine (9) representatives.

COMMENTARY

The Tribunal has determined that there will be a two percent (2%) increase in the setting of the minimum or maximum Mayoral and Councillor fees for the 2021/22 financial year. The following table outlines the determination from the Tribunal.

Category		Councillor/Member Annual Fee (\$) effective 1 July 2021		Mayor/Chairperson Additional Fee* (\$) effective 1 July 2021	
		Minimum	Maximum	Minimum	Maximum
General Purpose Councils - Metropolitan	Principal CBD	28,190	41,340	172,480	226,960
	Major CBD	18,800	34,820	39,940	112,520
	Metropolitan Large	18,800	31,020	39,940	90,370
	Metropolitan Medium	14,100	26,310	29,950	69,900
	Metropolitan Small	9,370	20,690	19,970	45,110
General Purpose Councils - Non-Metropolitan	Major Regional City	18,800	32,680	39,940	101,800
	Major Strategic Area	18,800	32,680	39,940	101,800
	Regional Strategic Area	18,800	31,020	39,940	90,370
	Regional Centre	14,100	24,810	29,330	61,280
	Regional Rural	9,370	20,690	19,970	45,140
	Rural	9,370	12,400	9,980	27,060
County Councils	Water	1,860	10,340	4,000	16,990
	Other	1,860	6,180	4,000	11,280

*This fee must be paid in addition to the fee paid to the Mayor/Chairperson as a Councillor/Member (s.249(2)).

Council currently pays Councillors an annual fee of \$10,674 and the Mayor an additional annual fee of \$20,256. These fees, as currently adopted, sit within the mid to upper range of fees payable for the Rural Council category, of which Coonamble Shire Council is currently classified. Further, it should be noted, that in accordance with Council resolution 2020/112, these fees have not been increased since the 2019/20 financial year.

A 2.0 % increase in these fees, as budgeted for in the 2021/22 Operational Plan, would increase the fees to the following amounts:

- Councillor annual fee of \$10,888.
- Mayoral annual fee of \$20,661, noting the payment of this fee is additional to the Councillor fee.

The increased fees as outlined above will remain in the approved range of fees for the Rural Council category, in which Coonamble Shire Council is currently classified. Further, given Council's previous decision to not increase the Councillor fees, the proposed increase would serve in part to "maintain" the financial value of the payment of the Councillor fee.

(a) Governance/Policy Implications

Aside from the previous financial year, it has been Council's practise in the past to adopt the increase in fees payable as recommended by the Tribunal. In doing so, it has maintained the payment of fees at a midpoint level within the Rural category.

Comment General Manager: Councillors are expected to adhere to sound governance principles, exercise due diligence and care in their decision-making, digest significant amounts of information in order to make informed decisions, and absorb considerable community pressure at times. It would be reasonable and appropriate for Councillors to take these factors into consideration when considering and adopting its fees for 2021/22.

(b) Legal Implications

A Council cannot fix a fee higher than the maximum amount determined by the Tribunal. If a Council does not fix a fee, the Council must pay the minimum fee determined by the Tribunal.

(c) Social Implications

There are no social implications directly attached to this report.

(d) Environmental Implications

There are no environmental implications directly attached to this report.

(e) Economic/Asset Management Implications

There are no economic or asset management implications directly attached to this report.

(f) Risk Implications

There are no risk implications directly attached to this report.

CONCLUSION

Aside from the previous financial year, it has been Council's practise in the past to adopt the increase in fees payable as recommended by the Tribunal. In doing so, it has maintained the payment of fees at a midpoint level within the Rural Council category. Council is not at liberty to set fees outside the Tribunal's determination.

Councillors are expected to adhere to sound governance principles, exercise due diligence and care in their decision-making, digest significant amounts of information in order to make informed decisions, and absorb considerable community pressure at times. It is suggested that it would be appropriate for Councillors to take these factors into consideration when considering and adopting its fees for 2021/22.

RECOMMENDATION

That Council increases Councillor fees for the 2021/22 financial year by 2.0%, with effect from 1 July 2021, noting that the fees will be as follows:

- **Mayor: \$10,888 plus \$20,661 = \$31,549 per annum.**
- **Councillor: \$10,888 each per annum.**

Circular Details	21-06 / 12 May 2021 / A768995
Previous Circular	20-23 2020/2021 <i>Determination of the Local Government Remuneration Tribunal</i>
Who should read this	Councillors / General Managers
Contact	Council Governance / (02) 4428 4100 / olg@olg.nsw.gov.au
Action required	Councils to Implement

2021/22 Determination of the Local Government Remuneration Tribunal

What's new or changing

- The Local Government Remuneration Tribunal (the Tribunal) has determined an increase of 2% to mayoral and councillor fees for the 2021-22 financial year, with effect from 1 July 2021.
- The Tribunal is required to determine the remuneration categories of councils and mayoral offices at least once every 3 years under section 239 of the *Local Government Act 1993* (the Act). The Tribunal last undertook a significant review of the categories as part of its 2020 review and will next review these categories in 2023.
- The Tribunal found that the allocation of councils into the current categories continued to be appropriate having regard to the 2020 review, the current category model and criteria and the evidence put forward in the submissions received.

What this will mean for your council

- Sections 248 and 249 of the Act require councils to fix and pay an annual fee to councillors and mayors from 1 July 2021 based on the Tribunal's determination for the 2021-22 financial year.

Key points

- The level of fees paid will depend on the category the council is in.
- A council cannot fix a fee higher than the maximum amount determined by the Tribunal.
- If a council does not fix a fee, the council must pay the minimum fee determined by the Tribunal.

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Where to go for further information

- The Tribunal's report and determination is available [here](#).
- For further information please contact the Council Governance Team on 02 4428 4100 or by email at olg@olg.nsw.gov.au.



Luke Walton
A/Deputy Secretary
Local Government, Planning and Policy

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Local Government Remuneration Tribunal

Annual Report and
Determination

*Annual report and determination under sections
239 and 241 of the Local Government Act 1993*

**23 April
2021**

[NSW Remuneration Tribunals website](#)

Local Government Remuneration Tribunal

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Local Government Remuneration Tribunal

Executive Summary

The *Local Government Act 1993* (the LG Act) requires the Local Government Remuneration Tribunal (the Tribunal) to report to the Minister for Local Government by 1 May each year on its determination of categories of councils and the maximum and minimum amounts of fees to be paid to mayors, councillors, and chairpersons and members of county councils.

Categories

The Tribunal found the allocation of councils into the current categories appropriate. Criteria for each category is published in Appendix 1. These categories have not changed further to the extensive review undertaken as part of the 2020 review.

Fees

The Tribunal determined a 2 per cent increase in the minimum and maximum fees applicable to each category.

Local Government Remuneration Tribunal

Section 1 Introduction

1. Section 239 of the LG Act provides that the Tribunal determine the categories of councils and mayoral offices and to place each council and mayoral office into one of those categories.
2. Section 241 of the LG Act provides that the Tribunal determine the maximum and minimum amount of fees to be paid to mayors and councillors of councils, as well as chairpersons and members of county councils for each of the categories determined under section 239.
3. Section 242A (1) of the LG Act, requires the Tribunal to give effect to the same policies on increases in remuneration as those of the Industrial Relations Commission.
4. However, the Tribunal can determine that a council be placed in another existing or a new category with a higher range of fees without breaching the Government’s wage policy as per section 242A (3) of the LG Act.
5. The Tribunal’s determinations take effect from 1 July in each year.

Section 2 2020 Determination

6. Section 239 of the LG Act requires the Tribunal to determine the categories of councils and mayoral offices at least once every 3 years.
7. The Tribunal undertook an extensive review of the categories and allocation of councils into each of those categories as part of the 2020 review.
8. Like the review undertaken in 2017, the Tribunal examined a range of statistical and demographic data and considered the submissions of councils, Local Government NSW (LGNSW) and Regional Cities NSW.
9. The Tribunal determined to retain a categorisation model which differentiates councils primarily based on their geographic location and the other factors including population, the sphere of the council’s economic influence and the degree of regional servicing.
10. The categories of general purpose councils were determined as follows:

Metropolitan	Non-Metropolitan
<ul style="list-style-type: none"> • Principal CBD • Major CBD • Metropolitan Large • Metropolitan Medium • Metropolitan Small 	<ul style="list-style-type: none"> • Major Regional City • Major Strategic Area • Regional Strategic Area • Regional Centre • Regional Rural • Rural

11. Given the impact of the bushfires and the COVID-19 pandemic on the state and federal economies and wellbeing of communities, the Tribunal determined no increase in the minimum and maximum fees applicable to each existing category.
12. The Determination was made on 10 June 2020 in accordance with the Local Government (General) Amendment (COVID-19) Regulation 2020 which extended the

Local Government Remuneration Tribunal

time for making of the determination to no later than 1 July 2020.

13. On 10 August 2020 the Tribunal received a direction from the Minister for Local Government, the Hon Shelley Hancock MP, to review the categorisation of Bayside Council. The Tribunal found that Bayside met the criteria to be classified as Metropolitan Large – having both a resident and non-resident working population (minimum 50,000) exceeding 200,000.
14. The Tribunal's 2020 determination was amended by the special determination on 17 August 2020 for Bayside Council be re-categorised as Metropolitan Large for remuneration purposes with effect from 1 July 2020.

Section 3 2021 Review

2021 Process

15. The Tribunal wrote to all mayors or general managers and LGNSW in February 2021 to advise of the commencement of the 2021 review and invite submissions. This correspondence advised that the Tribunal completed an extensive review of categories in 2020 and as this is only required every three years, consideration would be next be given in 2023. Submissions received requesting to be moved into a different category as part of the 2021 review would only be considered were there was a strong, evidence-based case.
16. Eighteen submissions were received – seventeen from individual councils and a submission from LGNSW. It was not possible from some submissions to ascertain if they had been council endorsed. The Tribunal also met with the President and Chief Executive of LGNSW.
17. The Tribunal discussed the submissions at length with the assessors.
18. The Tribunal acknowledged difficulties imposed by COVID19 and, on some councils the bushfires and floods.
19. Submissions from councils in regional and remote locations that raised the unique challenges experienced by mayors and councillors which included difficulties with connectivity and the travel required in sometimes very difficult circumstances were also acknowledged.
20. A summary of the matters raised in the received submissions and the Tribunal's consideration of those matters is outlined below.

Categorisation

21. Nine council submissions requested recategorisation. Four of these requests sought the creation new categories.
22. The Tribunal found that the current categories and allocation of councils to these categories remained appropriate. The Tribunal's finding had regard to the 2020 review, the current category model and criteria and the evidence put forward in the received submissions.
23. A summary of the individual council submissions that sought recategorisation is below.

Metropolitan Large Councils

24. Blacktown City Council requested the creation of a new category of Metropolitan Large – Growth Area.
25. Penrith City Council requested the creation of a new category Metropolitan Large –

Local Government Remuneration Tribunal

Growth Centre.

26. Liverpool City Council requested recategorisation to Major CBD.
27. The Tribunal noted that an extensive review of the current category model was completed in 2020 and would be next considered in 2023. The Tribunal noted that the criteria required for recategorisation was not yet met and that current council allocations remained appropriate.

Metropolitan Small Councils

28. The City of Canada Bay sought recategorisation to Metropolitan Medium. The Tribunal noted that the criteria required for recategorisation was not yet met.

Major Regional City Councils

29. The City of Newcastle requested review and creation of a new category of "Gateway City" with comparable characteristics to the Major CBD category and a similar fee structure. The Tribunal noted that an extensive review of the current category model was completed in 2020 and would be next considered in 2023.

Regional Centre

30. Tweed Shire Council requested recategorisation to Regional Strategic Area. The Tribunal noted that the criteria required for recategorisation was not yet met.

Rural Councils

31. Federation Council requested recategorisation into a new category of Regional.
32. Narromine Shire Council sought recategorisation but did not specify a category for consideration.
33. Yass Valley Council sought recategorisation to Regional Rural.
34. The Tribunal noted that an extensive review of the current category model was completed in 2020 and would be next considered in 2023. The Tribunal noted that the criteria required for recategorisation was not yet met and that current council allocations remained appropriate.

Fees

35. The Tribunal determined a 2.0 per centage increase in the minimum and maximum fees applicable to each category. A summary of the matters the Tribunal considered when making this determination is outlined below.
36. Submissions that addressed fees sought an increase of 2.5 per cent or greater. These submissions raised similar issues to warrant an increase which included the significant workload, responsibilities, capabilities, duties and expanding nature of mayor and councillor roles. Some submissions also suggested that an increase in remuneration may assist in improving the diversity of potential candidates.
37. The 2021-22 rate peg for NSW Councils was set at 2.0 per cent by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg is the maximum percentage amount by which a council may increase its general income for the year.
38. Employees under the *Local Government (State) Award 2020* will receive a 2.0 per cent increase in rates of pay from the first full pay period to commence on or after 1 July 2021.
39. Section 242A of the LG Act provides that when determining the fees payable in each of the categories, the Tribunal is required to give effect to the same policies on increases in remuneration as the Industrial Relations Commission is required to give effect to under section 146C of the *Industrial Relations Act 1996* (IR Act), when making or

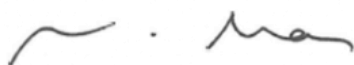
Local Government Remuneration Tribunal

varying awards or orders relating to the conditions of employment of public sector employees.

40. The current government policy on wages pursuant to section 146C(1)(a) of the IR Act is articulated in *the Industrial Relations (Public Sector Conditions of Employment) Regulation 2014* (IR Regulation 2014). The IR Regulation provides that public sector wages cannot increase by more than 2.5 per cent. As such, the Tribunal has discretion to determine an increase of up to 2.5 per cent.
41. On 31 March 2021, Premiers Memorandum M2021-09 issued the *NSW Public Sector Wages Policy 2021* reflecting the Government's decision to provide annual wage increases of up to 1.5 per cent. The IR Regulation has not been amended to reflect this position.

Conclusion

42. The Tribunal's determinations have been made with the assistance of Assessors Ms Kylie Yates and Mr Tim Hurst.
43. It is the expectation of the Tribunal that in the future all submissions have council endorsement.
44. Determination 1 outlines the allocation of councils into each of the categories as per section 239 of the LG Act.
45. Determination 2 outlines the maximum and minimum fees paid to councillors and mayors and members and chairpersons of county councils as per section 241 of the LG Act.



Viv May PSM

Local Government Remuneration Tribunal

Dated: 23 April 2021

Local Government Remuneration Tribunal

Section 4 2021 Determinations

Determination No. 1 - Allocation of councils into each of the categories as per section 239 of the LG Act effective from 1 July 2021

Table 1: General Purpose Councils - Metropolitan

Principal CBD (1)	Major CBD (1)
Sydney	Parramatta
Metropolitan Large (12)	Metropolitan Medium (8)
Bayside	Campbelltown
Blacktown	Camden
Canterbury-Bankstown	Georges River
Cumberland	Hornsby
Fairfield	Ku-ring-gai
Inner West	North Sydney
Liverpool	Randwick
Northern Beaches	Willoughby
Penrith	
Ryde	
Sutherland	
The Hills	
Metropolitan Small (8)	
Burwood	
Canada Bay	
Hunters Hill	
Lane Cove	
Mosman	
Strathfield	
Waverley	
Woollahra	

Local Government Remuneration Tribunal

Table 2: General Purpose Councils - Non-Metropolitan

Major Regional City (2)	Major Strategic Area (1)	Regional Strategic Area (1)
Newcastle	Central Coast	Lake Macquarie
Wollongong		

Regional Centre (24)		Regional Rural (13)
Albury	Mid-Coast	Bega
Armidale	Orange	Broken Hill
Ballina	Port Macquarie-Hastings	Byron
Bathurst	Port Stephens	Eurobodalla
Blue Mountains	Queanbeyan-Palerang	Goulburn Mulwaree
Cessnock	Shellharbour	Griffith
Clarence Valley	Shoalhaven	Kempsey
Coffs Harbour	Tamworth	Kiama
Dubbo	Tweed	Lithgow
Hawkesbury	Wagga Wagga	Mid-Western
Lismore	Wingecarribee	Richmond Valley Council
Maitland	Wollondilly	Singleton
		Snowy Monaro

Rural (57)			
Balranald	Cootamundra-Gundagai	Junee	Oberon
Bellingen	Cowra	Kyogle	Parkes
Berrigan	Dungog	Lachlan	Snowy Valleys
Bland	Edward River	Leeton	Temora
Blayney	Federation	Liverpool Plains	Tenterfield
Bogan	Forbes	Lockhart	Upper Hunter
Bourke	Gilgandra	Moree Plains	Upper Lachlan
Brewarrina	Glen Innes Severn	Murray River	Uralla
Cabonne	Greater Hume	Murrumbidgee	Walcha
Carrathool	Gunnedah	Muswellbrook	Walgett
Central Darling	Gwydir	Nambucca	Warren
Cobar	Hay	Narrabri	Warrumbungle
Coolamon	Hilltops	Narrandera	Weddin
Coonamble	Inverell	Narromine	Wentworth

Local Government Remuneration Tribunal

Rural (57)
Yass

Table 3: County Councils

Water (4)	Other (6)
Central Tablelands	Castlereagh-Macquarie
Goldenfields Water	Central Murray
Riverina Water	Hawkesbury River
Rous	New England Tablelands
	Upper Hunter
	Upper Macquarie



Viv May PSM

Local Government Remuneration Tribunal

Dated: 23 April 2021

Local Government Remuneration Tribunal


Determination No. 2 - Fees for Councillors and Mayors as per section 241 of the LG Act effective from 1 July 2021

The annual fees to be paid in each of the categories to Councillors, Mayors, Members and Chairpersons of County Councils effective on and from 1 July 2021 as per section 241 of the *Local Government Act 1993* are determined as follows:

Table 4: Fees for General Purpose and County Councils

Category		Councillor/Member Annual Fee (\$) effective 1 July 2021		Mayor/Chairperson Additional Fee* (\$) effective 1 July 2021	
		Minimum	Maximum	Minimum	Maximum
General Purpose Councils - Metropolitan	Principal CBD	28,190	41,340	172,480	226,960
	Major CBD	18,800	34,820	39,940	112,520
	Metropolitan Large	18,800	31,020	39,940	90,370
	Metropolitan Medium	14,100	26,310	29,950	69,900
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	Major Strategic Area	18,800	32,680	39,940	101,800
	Regional Strategic Area	18,800	31,020	39,940	90,370
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	Regional Rural	9,370	20,690	19,970	45,140
	Rural	9,370	12,400	9,980	27,060
County Councils	Water	1,860	10,340	4,000	16,990
	Other	1,860	6,180	4,000	11,280

*This fee must be paid in addition to the fee paid to the Mayor/Chairperson as a Councillor/Member (s.249(2)).



Viv May PSM

Local Government Remuneration Tribunal

Dated: 23 April 2021

Local Government Remuneration Tribunal

Appendices

Appendix 1 Criteria that apply to categories

Principal CBD

The Council of the City of Sydney (the City of Sydney) is the principal central business district (CBD) in the Sydney Metropolitan area. The City of Sydney is home to Sydney's primary commercial office district with the largest concentration of businesses and retailers in Sydney. The City of Sydney's sphere of economic influence is the greatest of any local government area in Australia.

The CBD is also host to some of the city's most significant transport infrastructure including Central Station, Circular Quay and International Overseas Passenger Terminal. Sydney is recognised globally with its iconic harbour setting and the City of Sydney is host to the city's historical, cultural and ceremonial precincts. The City of Sydney attracts significant visitor numbers and is home to 60 per cent of metropolitan Sydney's hotels.

The role of Lord Mayor of the City of Sydney has significant prominence reflecting the CBD's importance as home to the country's major business centres and public facilities of state and national importance. The Lord Mayor's responsibilities in developing and maintaining relationships with stakeholders, including other councils, state and federal governments, community and business groups, and the media are considered greater than other mayoral roles in NSW.

Major CBD

The Council of the City of Parramatta (City of Parramatta) is the economic capital of Greater Western Sydney and the geographic and demographic centre of Greater Sydney. Parramatta is the second largest economy in NSW (after Sydney CBD) and the sixth largest in Australia.

As a secondary CBD to metropolitan Sydney the Parramatta local government area is a major provider of business and government services with a significant number of organisations relocating their head offices to Parramatta. Public administration and safety have been a growth sector for Parramatta as the State Government has promoted a policy of moving government agencies westward to support economic development beyond the Sydney CBD.

The City of Parramatta provides a broad range of regional services across the Sydney Metropolitan area with a significant transport hub and hospital and educational facilities. The City of Parramatta is home to the Westmead Health and Medical Research precinct which represents the largest concentration of hospital and health services in Australia, servicing Western Sydney and providing other specialised services for the rest of NSW.

The City of Parramatta is also home to a significant number of cultural and sporting facilities (including Sydney Olympic Park) which draw significant domestic and international visitors to the region.

Local Government Remuneration Tribunal

Metropolitan Large

Councils categorised as Metropolitan Large will typically have a minimum residential population of 200,000.

Councils may also be categorised as Metropolitan Large if their residential population combined with their non-resident working population exceeds 200,000. To satisfy this criteria the non-resident working population must exceed 50,000.

Other features may include:

- total operating revenue exceeding \$200M per annum
- the provision of significant regional services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- significant industrial, commercial and residential centres and development corridors
- high population growth.

Councils categorised as Metropolitan Large will have a sphere of economic influence and provide regional services considered to be greater than those of other metropolitan councils.

Metropolitan Medium

Councils categorised as Metropolitan Medium will typically have a minimum residential population of 100,000.

Councils may also be categorised as Metropolitan Medium if their residential population combined with their non-resident working population exceeds 100,000. To satisfy this criteria the non-resident working population must exceed 50,000

Other features may include:

- total operating revenue exceeding \$100M per annum
- services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- industrial, commercial and residential centres and development corridors
- high population growth.

The sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Large councils.

Local Government Remuneration Tribunal

Metropolitan Small

Councils categorised as Metropolitan Small will typically have a residential population less than 100,000.

Other features which distinguish them from other metropolitan councils include:

- total operating revenue less than \$150M per annum.

While these councils may include some of the facilities and characteristics of both Metropolitan Large and Metropolitan Medium councils the overall sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Medium councils.

Major Regional City

Newcastle City Council and Wollongong City Councils are categorised as Major Regional City. These councils:

- are metropolitan in nature with major residential, commercial and industrial areas
- typically host government departments, major tertiary education and health facilities and incorporate high density commercial and residential development
- provide a full range of higher order services and activities along with arts, culture, recreation, sporting and entertainment facilities to service the wider community and broader region
- have significant transport and freight infrastructure servicing international markets, the capital city and regional areas
- have significant natural and man-made assets to support diverse economic activity, trade and future investment
- typically contain ventures which have a broader State and national focus which impact upon the operations of the council.

Major Strategic Area

Councils categorised as Major Strategic Area will have a minimum population of 300,000.

Other features may include:

- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$250M per annum
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Currently, only Central Coast Council meets the criteria to be categorised as a Major Strategic Area. Its population, predicted population growth, and scale of the Council's operations warrant that it be differentiated from other non-metropolitan councils. Central Coast Council is also a

Local Government Remuneration Tribunal

significant contributor to the regional economy associated with proximity to and connections with Sydney and the Hunter Region.

Regional Strategic Area

Councils categorised as Regional Strategic Area are differentiated from councils in the Regional Centre category on the basis of their significant population and will typically have a residential population above 200,000.

Other features may include:

- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$250M per annum
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Currently, only Lake Macquarie Council meets the criteria to be categorised as a Regional Strategic Area. Its population and overall scale of council operations will be greater than Regional Centre councils.

Regional Centre

Councils categorised as Regional Centre will typically have a minimum residential population of 40,000.

Other features may include:

- a large city or town providing a significant proportion of the region's housing and employment
- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$100M per annum
- the highest rates of population growth in regional NSW
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Councils in the category of Regional Centre are often considered the geographic centre of the region providing services to their immediate and wider catchment communities.

Local Government Remuneration Tribunal

Regional Rural

Councils categorised as Regional Rural will typically have a minimum residential population of 20,000.

Other features may include:

- a large urban population existing alongside a traditional farming sector, and are surrounded by smaller towns and villages
- health services, tertiary education services and regional airports which service a regional community
- a broad range of industries including agricultural, educational, health, professional, government and retail services
- large visitor numbers to established tourism ventures and events.

Councils in the category of Regional Rural provide a degree of regional servicing below that of a Regional Centre.

Rural

Councils categorised as Rural will typically have a residential population less than 20,000.

Other features may include:

- one or two significant townships combined with a considerable dispersed population spread over a large area and a long distance from a major regional centre
- a limited range of services, facilities and employment opportunities compared to Regional Rural councils
- local economies based on agricultural/resource industries.

County Councils - Water

County councils that provide water and/or sewerage functions with a joint approach in planning and installing large water reticulation and sewerage systems.

County Councils - Other

County councils that administer, control and eradicate declared noxious weeds as a specified Local Control Authority under the *Biosecurity Act 2015*.

10.5 COONAMBLE SHIRE COUNCIL POSITION STATEMENT ON THE RECOGNITION OF RURAL FIRE SERVICE ASSETS.

File Number: NSW Rural Fire Services - B12

Author: Bruce Quarmby-Executive Leader - Corporate and Sustainability

Authoriser: Hein Basson, General Manager

Annexures:

1. Coonamble Shire Position Statement on the Recognition of Rural Fire Service Assets
2. Audit Office of NSW - Report on Local Government.
3. Leeton Shire Council letter to the Audit Office of NSW
4. Response to Leeton Shire Council from the Audit Office of NSW

PURPOSE

The purpose of this report is to inform Council of the current accounting treatment of assets utilised by the NSW Rural Fire Service and seek affirmation to continue with this approach.

BACKGROUND

The *Rural Fires Act 1997* established the NSW Rural Fire Service (RFS) to co-ordinate bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales.

The NSW Rural Fire Fighting Fund holds all contributions required to meet the costs of the service and is maintained by the NSW Treasury. Annual contributions to the fund are sourced from the following:

- NSW Treasurer 14.6%
- Relevant Councils 11.7%
- Insurance Companies 73.7%

Rural fire districts and Rural Fire brigades are established generally in line with local Council areas. Currently Coonamble Shire Council is a member Council of the Northwest Zone and shares a Rural Fire District Service Agreement with the other member Councils of the Zone being Warren and Walgett Shire Councils. Coonamble Shire provides the administrative support as agreed under the service agreement. Further, under the terms of the agreement, Council is to maintain the RFS buildings within its Local Government boundaries whilst the maintenance of the RFS vehicles and equipment is co-ordinated by the RFS and carried out by third parties.

In determining the most appropriate accounting treatment for the RFS assets within the Coonamble Shire Local Government Area, an accounting position statement has been developed and utilised by Council staff. For Council's information and consideration, the position statement has been attached to this report as Annexure One (1).

(a) Relevance to Integrated Planning and Reporting Framework

L.1.4.4 Governance is open and transparent.

1.4.1 Ensure long term management and protection of our community assets.

(b) Financial Considerations

In accordance with its position statement, Council currently recognises the Land and Buildings being utilised by RFS as Council assets and accounts for these assets as part of its operations.

Regarding the recognition of RFS Plant and Equipment, in accordance with the current position statement, Council does not recognise these assets. Based on the information provided to Council from the Audit Office of NSW, the current value of NSW RFS plant and equipment not being accounted for by Council are as follows.

- Carrying value of RFS Plant and Equipment - \$760,000.
- Annual Depreciation expense - \$169,000.

Should Council change or amend its current adopted position it would be required to recognise the above values as part of its financial accounts.

COMMENTARY

In formulating its current accounting position statement, Council staff have taken an accounting centric approach, taking guidance from the Australian Accounting Standards Board (AASB) 116 Property, Plant and Equipment and the Local Government Code of Accounting Practise and Financial Reporting. In deciding whether to recognise these assets as part of Council's financial records and systems, the following two (2) questions were asked:

- Does Council have control of the assets?
- Does Council receive future economic benefit from the assets?

Addressing first the "Council" Land and Buildings being currently utilised by the RFS, in accordance with the current service agreement, Council retains full legal right to possession and control over these premises. Further, Council is required to maintain the buildings, pay all the utility costs as well as the insurances associated with the buildings. This arrangement is similar to a lease agreement, and as such Council is deemed to retain legal control of the building and is required to recognise the buildings and associated lands as Council assets.

While Council has "legal control" of the buildings and land used by the RFS and is therefore required to recognise these assets as Council assets, it should be acknowledged that this arrangement has quite often been described as a "paper arrangement". The RFS Zone manager makes all the decisions with regards to maintenance and capital improvements to these buildings. Whilst Council can and is consulted on the proposed projects, the final say of what projects are progressed rests with the RFS.

In assessing the correct accounting treatment for the RFS **plant and equipment**, Council staff again focused on determining who has control of these assets and who retains the future economic benefit. It was determined that the RFS has both the control of the assets and indeed retains any future economic benefits from these assets.

This view is taken based on both current operational practises, the zone service level agreement, and *Section 119 of the Rural Fires Act 1997*. Whilst Council's position

paper goes into further detail as why it has been determined that the RFS indeed retain control of the plant and equipment, in Council's opinion the following points clearly support Council's position.

- *Section 119 (3) of the Rural Fires Act 1997 (NSW)* stipulates that Council must not sell or otherwise dispose of any firefighting equipment ... without the consent of the Commissioner.
- *Section 119 (4)* requires any funds received from sale must be credited to the RFS fund.
- The RFS Zone manager determines the plant replacement program.
- The RFS without consultation with Council, can decide to move /redeploy fleet and equipment to other fire districts and Zones as it feels necessary.
- In accordance with the Zone service level agreement the RFS is responsible for the ongoing maintenance of plant and equipment.
- In practise Council has no access to and is not permitted to use the plant and equipment held by the RFS.

As such, in accordance with Council's current position statement, Council does not recognise nor account for the RFS plant and equipment as Council assets. This accounting stance is currently allowable under the current Local Government Code of Accounting Practice and Financial reporting.

Whilst the subject of the RFS assets and who should recognise and account for these assets has been a topic of discussion with the Audit Office of NSW since they assumed the function of Auditor for Local Government in NSW, it would appear that the issue will be brought to the forefront of discussions in the near future. A recent Report on Local Government 2020 was tabled in parliament by the Audit Office of NSW. A copy of this report has been included as annexure to this report for Council's information, with particular reference to the accounting treatment of RFS assets by Councils on page 14 of the report. Council will note that the Audit Office of NSW would appear to have adopted a stance that Local Government should recognise and account for RFS Assets.

The Audit Office of NSW position on the recognition and treatment of RFS assets is based on the advice received from the Department of Planning, Industry and Environment (DPIE) that in their view, that the RFS do not control these assets. The DPIE are of the view that the RFS assets are controlled by Local Government and quote *Section 119 (2) from the Rural Fires Act 1997*, which states:

“All firefighting equipment purchased or constructed wholly or partly from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed.”

In the above section the key phrase that the DPIE are basing their argument on is that the assets are “vested” in the Council and therefore not controlled by the RFS. As such the NSW Rural Fire Service assets have not been recognised or accounted for in the financial reporting of the NSW Government.

In refute of this argument, Council will note that the *Section 119 (2)* talks about “vesting” but not control or ownership. It can indeed be argued that the interpretation and definition of an asset being “vested” is unclear and open to interpretation. Vested certainly has a lot more definitions and connotations than ownership or

control. Further, the lack of a definition of the phrase as part of the *Rural Fire Act 1997* also serves to further cloud the interpretation.

In moving forward with the adoption of the tabled position statement and the non-recognition of RFS plant and fleet, Council will note that from the information contained in the Audit Office Report there are a further 67 Councils who have adopted the same stance as Council's. Of these Councils, Leeton Shire Council, through the independent Chair of their ARIC, Graham Bradley, have raised their concerns regarding the findings from the report and the proposed stance taken by the NSW Audit Office, directly with the Auditor General Margaret Crawford. Since this initial contact, a series of letters have been exchanged between the two (2) parties, with each proponent putting forward the views of their organisation. Copies of this correspondence have been attached as further annexures (three (3) and four (4)) to this report for Council's information.

Given the potential impact that a mandated change to the treatment and recognition of RFS assets may have on Council, let alone the Local Government sector within NSW, the importance for Council to be proactive in its approach in dealing with this matter cannot be understated. With this in mind, Council is in the midst of preparing a submission to the Office of Local Government working group that is currently considering updates for the 2021-22 Local Government Code of Accounting Practise and Financial Reporting. One of the points of this submission will be the advocacy for Council's to retain the ability to self-determine the appropriate recognition and treatment of RFS assets within its local government boundaries.

(a) Governance/Policy Implications

Once adopted by Council, the position statement will provide guidance to Council staff in the appropriate accounting treatment for NSW Rural Fire Service Assets.

(b) Legal Implications

The position statement has been developed with a view to ensure that the final position adopted by Council complies with the various Acts and regulation that govern this function of Council.

(c) Social Implications

There are no social implications directly attached to this report.

(d) Environmental Implications

There are no environmental implications directly attached to this report.

(e) Economic/Asset Management Implications

Council's current approach to the recognition and treatment of assets currently being utilised and controlled by the NSW RFS. Should Council resolve to or be forced to change their approach to the recognition of these assets, this will have a flow on effect on the level of funding available to Council for the maintenance or improve its own network of assets.

(f) Risk Implications

The Local Government Code of Accounting Practise and Financial reporting currently allows for Council's to make their own determination on the most appropriate recognition and treatment of NSW RFS assets. Should future revisions of the Code remove this ability, Council may be forced to recognise and account for all NSW RFS assets "vested" in its Local Government area. This action would have a detrimental effect on Council financial position and operational result.

CONCLUSION

Coonamble Shire Council's position statement on the recognition of RFS assets has been developed considering the criteria of asset recognition included in the AASB Accounting framework and standards. Based on these criteria, Council retains effective control of associated Land and Buildings, but the RFS retains control of Plant and Equipment.

RECOMMENDATION

- 1. That Council notes the information contained in this report.**
- 2. That Council formally adopts the Position Statement on the Recognition of Rural Fire Service Assets as attached to the report.**
- 3. That Council in principle supports Leeton Shire Council's Audit, Risk and Improvement Committee's adopted stance regarding the non-recognition and treatment of NSW Rural Fire Service assets.**



POSITION STATEMENT: RECOGNITION OF RURAL FIRE SERVICE ASSETS
DIRECTORATE: CORPORATE AND SUSTAINABILITY

PURPOSE

The purpose of this document is to explain Coonamble Shire Council's approach to the accounting treatment of assets utilised by the NSW Rural Fire Service.

BACKGROUND

The Rural Fires Act 1997 established the NSW Rural Fire Service (RFS) to co-ordinate bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales.

The NSW Rural Fire Fighting Fund holds all contributions required to meet the costs of the service and is maintained by the NSW Treasury. Annual contributions to the fund are sourced from the from the following:

- NSW Treasurer 14.6%
- Relevant Councils 11.7%
- Insurance Companies 73.7%

Rural fire districts and Rural Fire brigades are established generally in line with local Council areas. Coonamble Shire Council is a member Council of the Northwest Zone and shares a Rural Fire District Service Agreement with the other member Councils of the Zone being, Warren and Walgett Shire Council. Coonamble Shire provides the administrative support as per agreed under the service agreement. Coonamble Shire Council maintains buildings within its Local Government Area boundary; maintenance of RFS vehicles is co-ordinated by the RFS and carried out by third parties.

Council contributions to the Northwest Zone are split between the member Councils of Coonamble (24%), Walgett (51%) and Warren Shire (25%)

Coonamble Shire Council accounts for land and buildings used by the RFS situated within the Coonamble Shire Council boundary, however it does not account for Rural Fire Service plant or other equipment.

Reasons for position:***Asset Recognition Criteria***

The criteria for asset recognition are contained in various sections of the Framework for the Preparation and Presentation of Financial Statements and *AASB116* of the Australian Accounting Standards.

The Framework provides the following relevant information.

An asset is defined as a resource that is controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity forty-nine (49).

Attention needs to be given to its underlying substance and economic reality and not merely its legal form fifty-one (51).

In respect of not-for-profit entities, economic benefit is synonymous with service provision or enabling them to meet their objectives to beneficiaries fifty-four (54).

The right of ownership is not essential to the determination of control fifty-seven (57). AASB 116 requires that an asset can only be recognised if it is probable that future economic benefits associated with the item will flow to the entity.

It is considered therefore that the two main issues are:

- where does effective control lie; and
- where does responsibility for the function lie.

Information in relation to control of assets

The Fire Services Act provides that:

- All firefighting equipment acquired from the fund is to be vested in the council of the area (*S119*).
- However, a council must not dispose of such equipment without the written consent of the Commissioner; and
- Coonamble Shire Council is entitled to a share of 11.7% of the disposal proceeds.

The Rural Fire District Service Agreement between Coonamble Shire Council and the Commissioner includes a basic section on District equipment (section 5):

5.1 The Councils agrees that they will, during the Term, make available to and allow the Commissioner and the RFS to use the District Equipment, which is owned by, vested in or under the control of the Councils.

5.2 The Commissioner agrees that he or she will, during the term of this Agreement, maintain the District Equipment on Behalf of the Council in accordance with the applicable Service Standards.

5.3 The RFS will maintain a register of the Zone Equipment.

This can be compared to a very detailed section on Land and Buildings (section 6) which specifically states that the legal right to possession and control over the premises and land remains vested in Council and the RFS only has right of occupation. In addition:

- Council must maintain the premises in good repair.
- Council must pay all utility costs associated with the premises; and
- Council must pay all insurances associated with the building and public risk.

Accounting Recognition of Assets

SAC 4 "Definition and Recognition of the Elements of Financial Statements" sets the basis on which an "Asset" should be recognised. There are two major factors to determine:

- The Entity must receive future economic benefits; and
- The Entity must have control over those future economic benefits.

Future Economic Benefits

The RFS is funded directly by the State; both operating and capital acquisitions are made directly by RFS Officers. Council has no input into the operations or capital acquisitions of the RFS. The Fire Services Act provides that:

The NSW Rural Fire Service has the function to provide rural fire services for New South Wales [9 (1) (a)].

It is considered therefore that it is the Rural Fire Service and not councils that receive future economic benefit from firefighting equipment assets in terms of both net cash flows and service provision.

Control of Assets

SAC 4 defines "control of an asset" as; *the capacity of the entity to benefit from the asset in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.*

Land & Buildings

The Rural Fire Service Agreement clearly identifies that Council retains full legal right to possession and control over premises occupied by the RFS. Councils are required to maintain buildings, pay all utility costs associated with the building and pay all insurances on the buildings and public risk associated with the use of the building.

This is similar to a lease agreement, and as such Council retains control of the building and is required to hold the land and associated building as an asset.

Equipment

Section 119 (3) of the Rural Fires Act 1997 (NSW) stipulates that Council must not sell or otherwise dispose of any firefighting equipment ... without the consent of the Commissioner. *Section 119 (4)* requires any funds received from sale must be credited to the RFS fund.

The RFS Zone manager makes all decisions about capital improvements and new assets, while Council may be consulted in these decisions it takes no part in the final decision.

The RFS insures all plant and equipment.

In practice the RFS makes all decisions to switch fleet and equipment to other fire districts and Zones as it feels necessary.

Council has no access to and is not permitted to use of any plant and equipment held by the RFS.

Council has taken the view that it has no control over the purchase, use or sale of any RFS equipment. As such the requirements SAC 4 have not been met and RFS equipment should not be included as assets in Councils accounts.

CONCLUSION

It is clear that the AASB Accounting Standards require a standard higher than ownership when accounting for assets. Entities may own an asset, but unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entity's assets schedule.

It is considered that when all criteria of asset recognition included in the AASB Accounting Framework and Standards are taken into account, Coonamble Shire Council retains effective control of associated Land and Buildings, but that the RFS retains control of Plant and Equipment.

In line with this Coonamble Shire Council's practice is to recognise associated Land and Buildings in its asset schedules, but not Plant and Equipment.

It is also considered that in regard to the objectives of financial reporting, Council's obligation and commitment to the rural fire fighting function is fully and accurately reflected in the statutory contribution expense made and the net cost of other relevant facilities provided under the local agreement.

Bruce Quarmby

EXECUTIVE LEADER OR CORPORATE AND SUSTAINABILITY



Report on Local Government 2020

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT



THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

In accordance with section 421D of the *Local Government Act 1993*, I present a report titled '**Report on Local Government 2020**'.

Margaret Crawford

Auditor-General
27 May 2021

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Report on Local Government 2020

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Section one

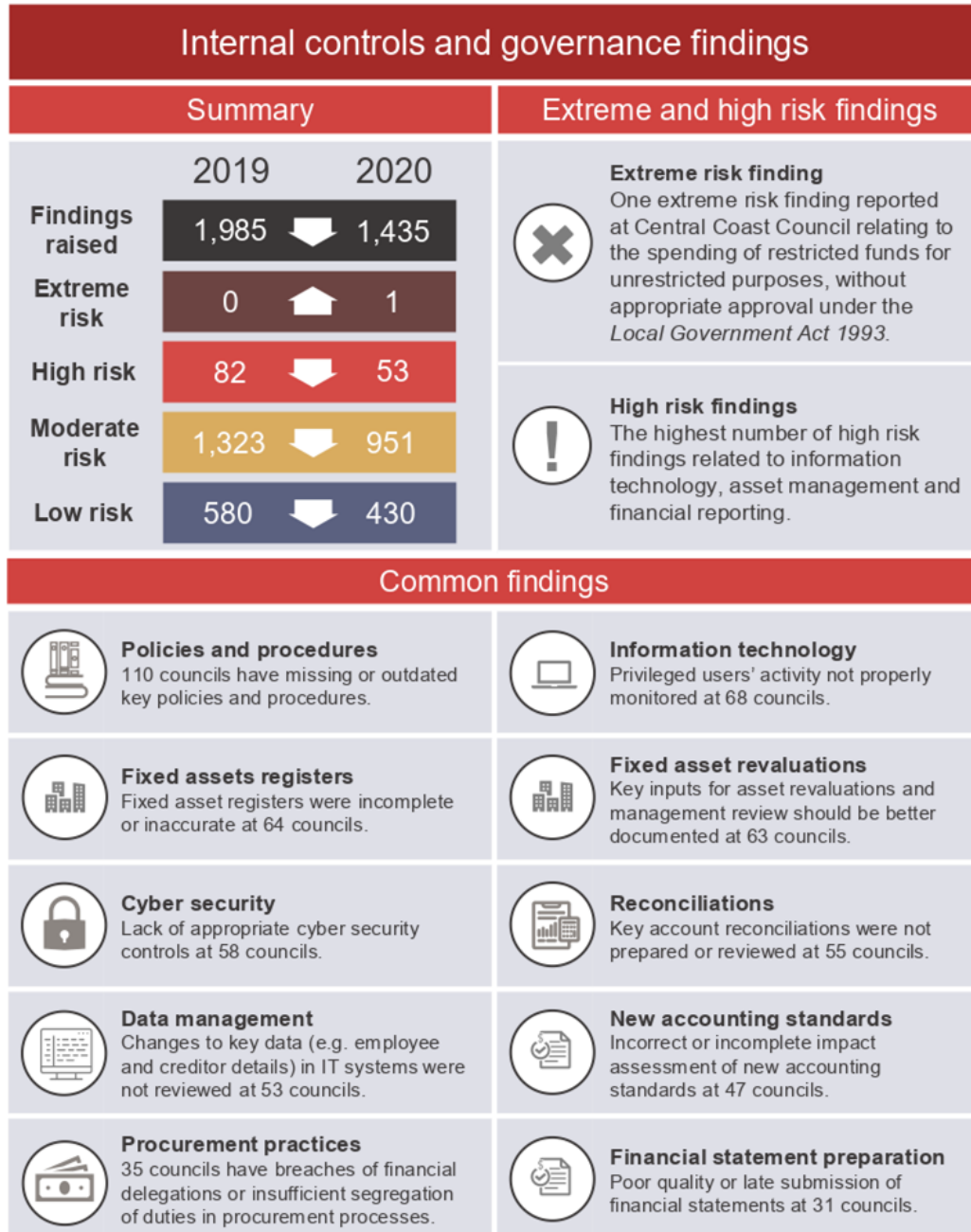
Report on Local Government 2020

This report analyses the results of our audits of local councils for the year ended 30 June 2020.

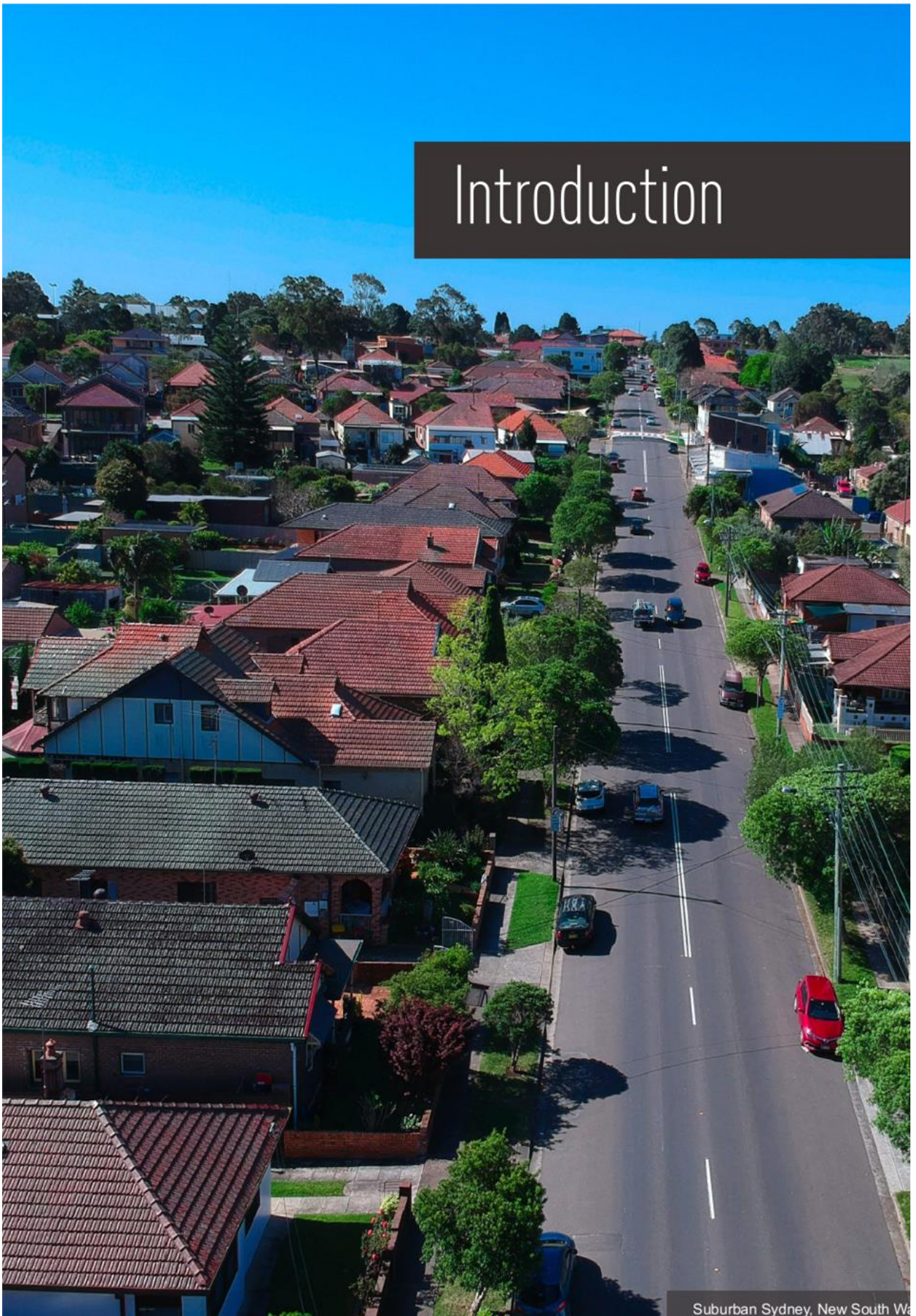
At a glance



At a glance



Introduction



1. Introduction

1.1 The local government sector

Local government is the third tier of government. It is established under state legislation, which defines the powers and geographical areas each council is responsible for.

At 30 June 2020, there were 128 local councils, nine county councils and 13 joint organisations in New South Wales.



Note: From 1 July 2019, the Central Murray County Council was dissolved. Its functions and operations were subsumed by Berrigan Shire Council, Edward River Council and Murray River Council.

Councils provide a range of services and infrastructure for a geographical area. Services include waste collection, planning, child and family day care and recreational services. Councils also build and maintain infrastructure, including roads, footpaths and drains and enforce various laws. While core functions such as waste collection are similar across councils, the range of services each council provides can vary depending on the needs of each community.

County councils are formed for specific purposes, such as to supply water, manage flood plains or to eradicate noxious weeds.

Joint organisations (JOs) are formed by councils in regional New South Wales. Core activities of JOs include regional strategic planning and priority setting, engaging in shared services with member councils and regional advocacy and collaboration with the State and Commonwealth Governments.

This report details the results of the:

- 2019–20 financial audits of 128 councils, nine county councils and 13 joint organisations
- 2018–19 financial audits of Hilltops Council, MidCoast Council and Murrumbidgee Council, which are now completed.

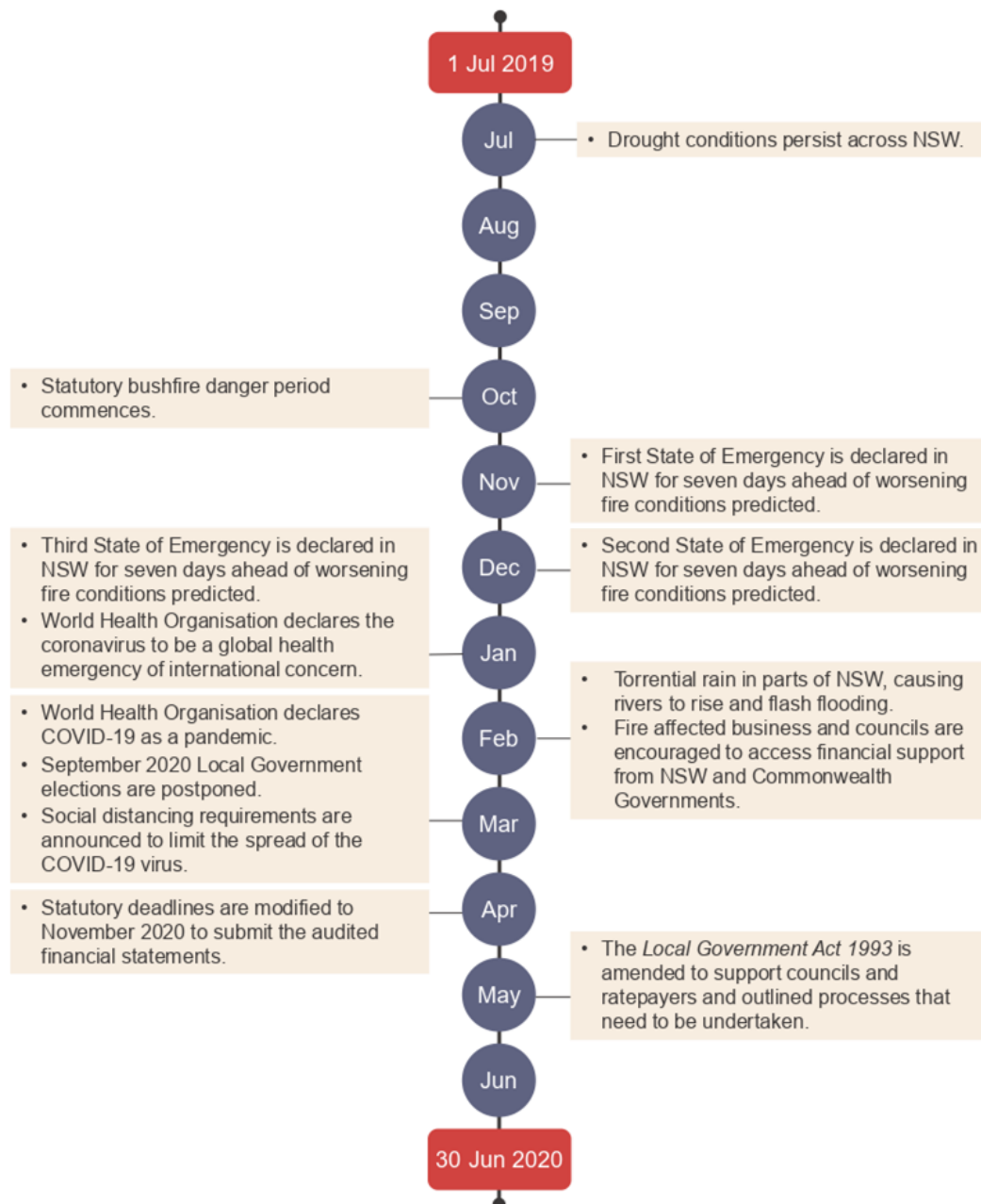
In preparing this report, the comments and analysis are drawn from:

- audited financial statements
- performance audit reports
- data collected from councils
- audit findings reported to councils in audit management letters.

Each local council has unique characteristics such as its size, location and services provided to their communities. To enable comparison, we divided councils into three categories – metropolitan, regional and rural. County councils and joint organisations are separately identified in the report. Details of councils grouped into categories are provided in Appendix four.

1.2 Impact of emergency events during 2019–20

Councils were significantly impacted by emergency events, including drought, bushfires, floods and the COVID-19 pandemic. At 30 June 2019, the NSW Department of Primary Industry reported that 97.6 per cent of New South Wales was drought affected. These dry conditions combined with intense heat over the 2019–20 summer sparked a catastrophic bushfire season, which caused extensive damage across New South Wales. Following on from the bushfires, torrential rain fell on parts of New South Wales in February 2020, resulting in widespread flooding. Then in March 2020, COVID-19 was declared a pandemic by the World Health Organisation, resulting in restrictions to suppress the spread of this virus.



The impacts of these emergency events on councils are explored further in Chapter 3 'In focus: response to recent emergency events'.

1.3 Financial and performance audit key areas of focus

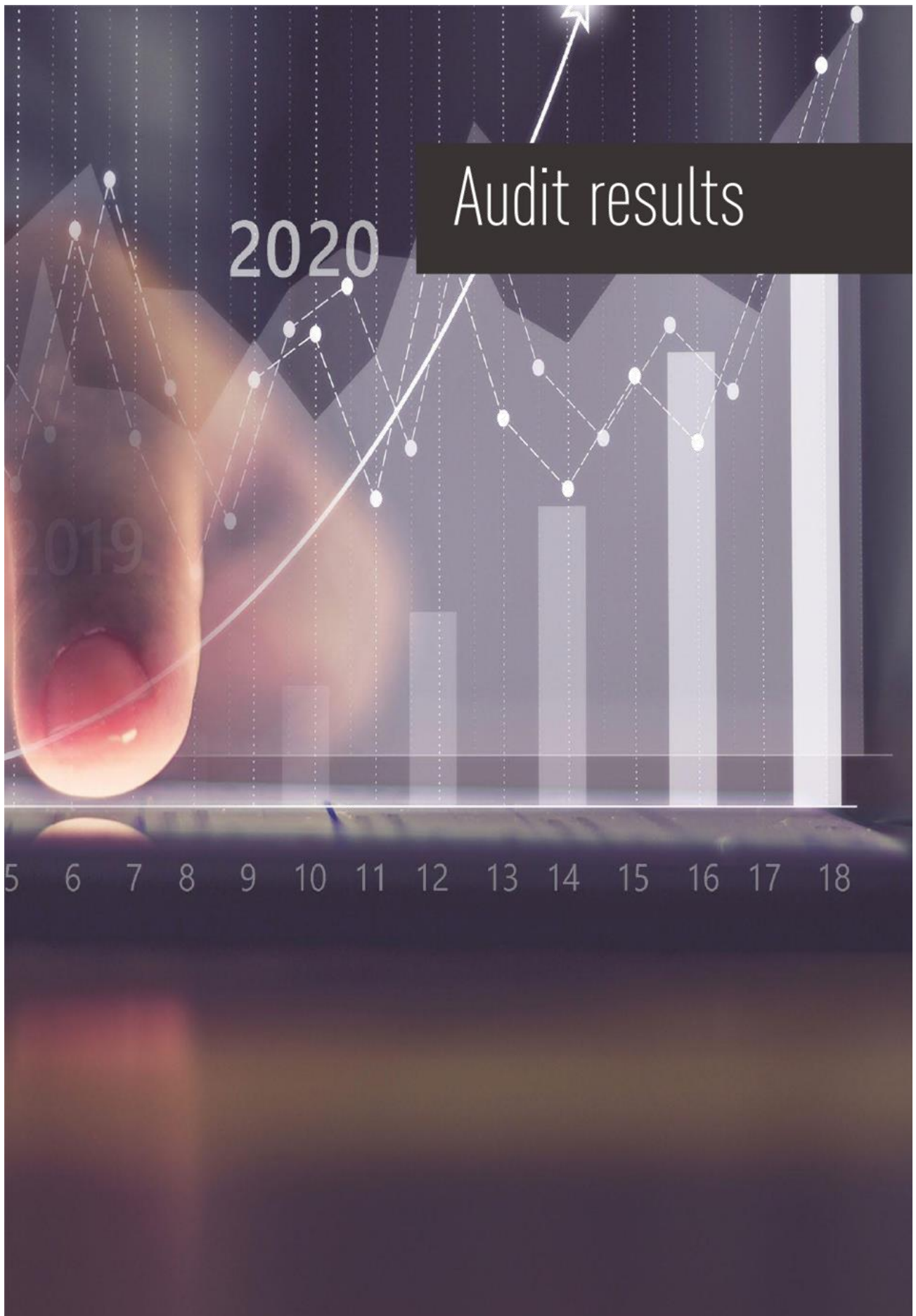
In addition to forming an opinion on the financial statements of councils, the 2019–20 audits also examined a number of specific topics across councils. The topics were selected based on the risks and challenges to councils, and consideration of opportunities to improve public-sector accountability, governance and administration.

The 2019–20 financial audits focused on:

- quality and timeliness of financial reporting (see Chapter 2)
- council response to recent emergency events (see Chapter 3), including:
 - financial implications
 - changes to operating models including processes and controls
 - accessibility to technology and the maturity of systems and controls to prevent unauthorised and fraudulent access to data
 - delivery of new or expanded projects, programs, or services at short notice
- information technology general controls (see Chapter 4)
- infrastructure, property, plant and equipment (see Chapter 4)
- landfill rehabilitation (see Chapter 4).

The 2019–20 performance audits focused on:

- governance and internal controls over local infrastructure contributions
- credit card management in Local Government
- procurement management in Local Government.



2. Audit results

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision making are enhanced when financial reporting is accurate and timely.

This chapter outlines audit observations related to the financial reporting of councils and joint organisations.

Highlights

- The Office of Local Government within the Department of Planning, Industry and Environment (OLG) extended the statutory deadline for councils and joint organisations to lodge their audited financial statements by an additional month to 30 November 2020 due to the COVID-19 pandemic.
- One hundred and thirty-three councils and joint organisations (2019: 117) lodged audited financial statements with the OLG by the revised statutory deadline of 30 November (2019: 30 October). Sixteen (2019: 30) councils received extensions to submit audited financial statements to OLG. Canberra Region Joint Organisation did not submit their audited financial statements by the statutory deadline and did not formally apply for extension before the deadline lapsed.
- Unqualified audit opinions were issued for 127 councils, nine county councils and 13 joint organisation audits in 2019–20. A qualified audit opinion was issued for Central Coast Council.
- Unqualified audit opinions were issued for the 2018–19 financial audits of Hilltops, MidCoast and Murrumbidgee Councils, which were not completed at the time of tabling the 'Local Government 2019' report in Parliament.
- The total number and dollar value of corrected and uncorrected financial statement errors increased compared with the prior year.
- Sixty-eight councils did not record rural fire fighting equipment in their financial statements worth \$119 million. The NSW Government has confirmed these assets are not controlled by the NSW Rural Fire Service and are not recognised in the financial records of the NSW Government.
- The total number of prior period financial statement errors increased from 59 in the prior year to 61, but the total dollar value of the errors decreased from \$1,272 million to \$813 million.
- Councils implemented three new accounting standards in 2019–20 relating to revenue and leases.

2.1 Quality of financial reporting

The Auditor-General is required under the *Local Government Act 1993* to issue an audit opinion on the following reports prepared by councils.



Indicators of quality financial reporting include:

- unqualified audit opinions
- number of errors in the financial statements
- timeliness in preparing financial statements.

Audit opinions

Unqualified audit opinions were issued for all but one council

Except for Central Coast Council, unqualified audit opinions were issued for all council and joint organisation audits in 2019–20. Sufficient audit evidence was obtained to conclude the financial statements were free of material misstatement and were prepared in accordance with accounting standards and the *Local Government Act 1993*.

Three unqualified opinions issued on the 2018–19 audits

Three financial audits from the previous year were not completed at the time of tabling the 'Local Government 2019' report in Parliament. We subsequently issued unqualified opinions for the 2018–19 financial audits of Hilltops, MidCoast and Murrumbidgee councils.

Bayside Council received an unqualified audit opinion for the first time in 2019–20

Council	Audit outcome
Bayside Council	Council was able to resolve the issues that resulted in disclaimed audit opinions in prior years, since the merger of the City of Botany Bay and Rockdale City councils on 9 September 2016. This included addressing significant control deficiencies in Council's financial systems and having sufficient evidence to support the completeness and accuracy of stormwater drainage assets.

Qualified audit opinion issued for Central Coast Council

A qualified audit opinion was issued for the 30 June 2020 financial statements of Central Coast Council. The audit opinion included two qualification matters:

Valuation of roads, bridges and footpath assets

Council recognised \$1.4 billion of roads, \$37.1 million of bridges and \$99.1 million of footpath assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2020. In the Statement by the Interim Administrator and Management, the council certified that they were unable to provide sufficient evidence to support the carrying value of these assets.

This is because the last valuation of these assets was in the year ended 30 June 2015, and the council has not conducted a more recent valuation in accordance with AASB 116 'Property, Plant and Equipment' (AASB 116). As a result, this is a limitation on the scope of the financial statement audit, which meant our audit was unable to obtain sufficient appropriate audit evidence to demonstrate the roads, bridges and footpath assets were measured at fair value in accordance with AASB 116 in the Statement of Financial Position at 30 June 2020, or determine the impact on the Statement of Comprehensive Income for the year ended 30 June 2020.

Correction of errors relating to a previous reporting period

Council disclosed a correction of error in Note 16(b) 'Correction of errors relating to a previous reporting period' of the financial statements. This disclosure resulted from a change in the council's interpretation of the relevant legislation. For the reasons described below, this is a change in accounting policy and not an error.

Accounting for water and sewerage restricted funds (restricted reserves)

The water, sewerage and drainage arrangements for Central Coast Council are unique compared to all councils in New South Wales, as they are regulated under the *Water Management Act 2000* (Water Management Act) when they operate as a water supply authority. For all other councils, these arrangements are regulated by the *Local Government Act 1993* (Local Government Act).

Prior to the 2017 merger, both the Wyong Shire and Gosford City Councils operated water supply authorities to deliver water, sewerage and drainage services. This continued when the councils were amalgamated, and the Central Coast Council was established as a water supply authority.

The former Wyong Shire and Gosford City Councils determined that cash, cash equivalents and investments associated with their Water Supply Authority's operations were 'unrestricted'. The former councils' final financial statements for the period ended 12 May 2016 disclosed these amounts as unrestricted cash, cash equivalents and investments in the relevant note disclosures.

The decision was based on the councils being regulated by the Water Management Act when operating as a water supply authority. The Water Management Act has no explicit restrictions stating how money raised through charges levied under the Water Management Act are to be used. This is in contrast to money raised through charges for water and sewerage levied under the Local Government Act.

On 21 December 2016, Central Coast Council formally adopted the audited 2015–16 financial statements for the former Wyong Shire Council and the former Wyong Shire Council Water Supply Authority. The resolution to adopt the financial statements included the following paragraph:

On review of Council's current restrictions for its water and sewer operations, Council has de-recognised certain cash, receivable and payable restrictions, in line with the current restriction disclosures recorded in the Financial Statements of Wyong Water. This change was corrected in the prior period in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

These financial statements were then submitted to OLG in their capacity as the regulator of local councils.

The interim administrator's 30-day interim report on 2 December 2020 stated that, in his opinion, the Water Fund Externally Restricted Reserves and the Sewer Fund Externally Restricted Reserves were both understated. He appears to have taken this view because he did not believe that the approach taken by the former administrator in 2016 and formally adopted by the merged council was lawful. Because of these two different views, the Audit Office asked the NSW Crown Solicitor to provide an opinion on the following question:

Is the money received under the Water Management Act considered 'externally restricted funds' under s. 409(3) of the Local Government Act?

The NSW Crown Solicitor's preferred view, noting that view is not without doubt, is that 'monies received by the Central Coast Council as a result of charges levied in its capacity as a water supply authority under the Water Management Act should be held in the Council's consolidated fund as 'externally restricted funds'. The NSW Crown Solicitor said:

Whilst not without doubt, I prefer the view that money received under the WM Act is within the scope of s. 409(3) of the LG Act. The Central Coast Council is, as noted above, a WSA under the WM Act and specifically it is a statutory body named in Part 2 of Schedule 3 of that Act as such. Per s.287(2) of the WM Act, it therefore 'becomes a water supply authority but still has its other functions'. That is, it retains its character as a council under the LG Act.

For monies received under the Water Management Act by the Central Coast Council to be considered as 'externally restricted funds', the money must be captured by the provision in either section 409(3)(a) or section 409(3)(b) of the Local Government Act.

In support of her preferred view, the NSW Crown Solicitor notes in respect of s409(3)(a):

Although not without doubt, I prefer the view that s. 409(3)(a) should be read in its full generality and not confined as relating only to special rates or charges levied under the Local Government Act.

On balance, I prefer the view that s. 409(3)(a) could apply to money received pursuant to the Water Management Act.

Further the NSW Crown Solicitor notes in respect of section 409(3)(b):

Section 409(3)(b) of the Local Government Act may apply to monies collected pursuant to the Water Management Act if the conditions in that paragraph are satisfied.

...it is difficult to envisage that there is very much scope for discretion in the spending of monies collected pursuant to the Water Management Act.....the whole legislative scheme as applying to the Central Coast Council in its capacity as a water supply authority acts to restrain and control the ways in which it raises money for its operations.

This means that the NSW Crown Solicitor's preferred view supports the position taken by the current administrator.

However, the NSW Crown Solicitor's advice reflects the complexity of this issue and notes that the 'preferred view' is not without doubt. In doing so, the NSW Crown Solicitor also noted that there is an alternative view.

The NSW Crown Solicitor says in respect of section 409(3)(a):

However, the contrary view that s. 409(3)(a) is confined to special rates and charges levied under the LG Act, is not without merit. In particular, I have considered that the concept of a 'special rate' is a creature of the LG Act and a term with a clear meaning in the context of that Act specifically. Whilst this is not also true of the concept of a 'charge', for which many provisions in other Acts provide, I am not sure that a charge in any other Act would necessarily be associated with use for a specific purpose, in the way that paragraph (a) assumes and which I consider applies in the context of the LG Act.

The NSW Crown Solicitor goes on to say in respect of section 409(3)(b):

I have not located any express provisions in the Water Management Act which restrict the way that money collected under the Water Management Act can be spent, in a way which is comparable to the effect of s. 409(3) of the Local Government Act.

As outlined by the NSW Crown Solicitor, there is merit to the argument that money received under the Water Management Act is not externally restricted for the purposes of the Local Government Act.

The NSW Crown Solicitor has confirmed that the 2016 position adopted by Council was not without merit and that there was an arguable position that the water and sewer funds were not restricted.

The Audit Office met with staff from OLG to confirm if there were any other legal instruments or directions that could influence the facts as presented in the NSW Crown Solicitor's advice. OLG has confirmed that there are no other legal instruments or directions that would alter the Crown Solicitor's advice.

The current administrator has advised that they have received a legal opinion from a private sector firm. The private sector firm's opinion has not been made available to the Audit Office.

The full opinion of the NSW Crown Solicitor can be found at Appendix two.

Accounting implications for the financial statements for the periods ended 12 May 2016 and 30 June 2017, and years ended 30 June 2018 and 2019

It is the responsibility of management, with the oversight of those charged with governance, to prepare financial statements in accordance with the relevant requirements. A misstatement in the financial statements can occur when there is a clear non-compliance with a prevailing law or regulation that impacts the reported amounts or disclosures.

In the final Wyong Shire Council and Gosford City Council financial statements for the period ended 12 May 2016, the councils reasonably argued that water, sewerage, and drainage funds collected by Wyong Shire Council and Gosford City Council as water supply authorities were not restricted. The then auditors accepted this position. This interpretation of the relevant Acts was also applied in the Central Coast Council financial statements for the period ended 30 June 2017 and years ended 30 June 2018 and 30 June 2019.

As there are reasonably arguable interpretations of the relevant legislation, as described by the NSW Crown Solicitor in the preferred and alternative views, there was, in our view, no 'non-compliance' with the prevailing laws and regulations when Wyong Shire Council and Gosford City Council determined to treat certain funds as not 'restricted'. Therefore, the treatment in prior years was not an 'error' as defined by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', and the externally restricted funds disclosed in the financial statements of the Central Coast Council for the period ended 30 June 2017 and years ended 30 June 2018 and 30 June 2019 were not materially misstated.

The uncertainty created by more than one reasonably arguable legal interpretation is acknowledged. However, oversight of compliance with legislative requirements highlights a continuing governance risk for the Central Coast Council. Our recent performance audit '[Governance and internal controls over local infrastructure](#)' highlighted that Central Coast Council also breached the *Environmental Planning and Assessment Act 1979* between 2001 and 2019 when it used developer contributions for administration costs.

The ambiguity that exists by having two reasonably arguable interpretations of the relevant legislation should be clarified

Recommendation

The OLG should clarify the legal framework relating to restrictions of water, sewerage and drainage funds (restricted reserves) by either seeking an amendment to the relevant legislation or by issuing a policy instrument to remove ambiguity from the current framework.


Errors identified through audits

Increase in the number and dollar value of errors identified

Our audits identified more errors, both in number and value, compared to the prior year. It is important that councils have robust review processes to minimise the number of errors identified in financial statements. There were 20 councils (2018–19: 23 councils) where no errors were identified in their financial statements.

Corrected errors

A corrected error is an error identified by the auditor or council, which is subsequently corrected by council in the financial statements.

 Year ended 30 June	Corrected errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Less than \$250,000	75	60	5	3	38	8	6
\$250,000 to \$500,000	20	25	7	2	15	--	1
\$500,000 to \$1 million	20	41	5	11	24	--	1
\$1 million to \$5 million	48	69	16	20	31	2	--
\$5 million to \$15 million	12	27	11	9	7	--	--
\$15 million to \$30 million	6	8	3	4	1	--	--
\$30 million to \$50 million	3	5	3	1	1	--	--
\$50 million and greater	1	3	--	1	2	--	--
Total number of errors	185	238	50	51	119	10	8
Total value of errors (\$ million)	547	1,070	345	392	327	4	2

Source: Engagement Closing Reports issued by the Audit Office.

Of the 238 corrected errors identified in the 30 June 2020 financial statements, eight were greater than \$30.0 million:

Council	Description of corrected error
Armidale Regional Council	Council incorrectly accounted for a \$40.4 million asset disposal as part of a boundary adjustment. It was recorded in retained earnings through other comprehensive income, rather than in the income statement.
Central Coast Council	Council did not update its crown and community land to reflect the most recent New South Wales Valuer-General's valuations as at 1 July 2019, resulting in an understatement of \$39.4 million.
City of Canada Bay Council	Council did not accurately assess the revenue recognition of a project in accordance with the Australian Accounting Standard, AASB 15 'Revenue from Contracts with Customers', resulting in an understatement of deferred revenue of \$41.5 million.
City of Parramatta Council	Council's revaluation of operational land was overstated by \$37.9 million as the incorrect methodology was used to value the land.
Gilgandra Shire Council	Council's revaluation of roads, bridges and footpaths was overstated by \$50.0 million due to the incorrect recording of revaluation journal entries into the financial system.
Narrandera Shire Council	Council's income statement was understated by \$30.2 million as the asset revaluation decrement for roads and footpaths was initially processed through the income statement rather than the asset revaluation reserve.
Upper Hunter Shire Council	Council's revaluation of bulk earthworks was overstated by \$72.6 million due to calculation errors identified in the asset revaluation workpapers.
Wingecaribee Shire Council	Council's revaluation of roads, bridges and footpaths was understated by \$117.0 million due to errors in recording asset information into the system.

The common areas where corrected errors were identified are outlined below.

Common corrected errors	Number of councils
Asset revaluation errors, such as:	49
<ul style="list-style-type: none"> • incorrect data provided to the valuer • valuation assumptions not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets) • incorrectly recording of revaluation adjustments. 	
Incorrect application of the revenue accounting standards	42
Quality of asset records, such as:	32
<ul style="list-style-type: none"> • unrecorded assets controlled by council • asset recorded that are no longer controlled by council • duplicated assets • assets incorrectly classified. 	

Uncorrected errors

An uncorrected error is an error identified by the auditor or council in the financial statements, which has not been corrected by council. There are various reasons why errors are not corrected, the most common being it is not material to the financial statements taken as a whole.

! Year ended 30 June	Uncorrected errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Less than \$250,000	99	94	1	20	64	8	1
\$250,000 to \$500,000	31	43	3	14	25	1	--
\$500,000 to \$1 million	27	33	5	15	13	--	--
\$1 million to \$5 million	57	78	21	30	27	--	--
\$5 million to \$15 million	8	3	1	--	2	--	--
\$15 million to \$30 million	--	1	1	--	--	--	--
Total number of errors	222	252	32	79	131	9	1
Total value of errors (\$ million)	211	254	76	86	90	1	1

Source: Engagement Closing Reports issued by the Audit Office.

Twenty-seven per cent of uncorrected errors were due to unrecorded rural fire fighting equipment

In 2017, we recommended that OLG should address the different practices across the Local Government sector in accounting for rural fire fighting equipment.

In 2019–20, 68 councils did not record rural fire fighting equipment in their financial statements worth \$119 million.

The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets. NSW Treasury and the NSW Rural Fire Service have stated that rural fire fighting equipment is not controlled by the State.

The non-recording of rural fire fighting equipment in financial management systems increases the risk that these assets are not properly maintained and managed.

Recommendation

OLG should communicate the State's view that rural fire fighting equipment is controlled by Councils in the Local Government sector, and therefore this equipment should be properly recorded in their financial statements.

The Department of Planning, Industry and Environment, which includes OLG, has confirmed that the NSW Rural Fire Service does not control rural fire fighting equipment. It is now the responsibility of the OLG to determine what action will be taken to ensure that \$119 million of assets held by 68 councils are properly recorded and accounted for.

Number of prior year (prior period) financial statement errors increased, but the total dollar value has decreased compared to prior year

A prior period financial statement error is an error identified in the current year that relates to the previous year's audited financial statements.

Year ended 30 June	Prior period errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Less than \$250,000	2	2	--	2	--	--	--
\$250,000 to \$500,000	2	4	1	2	1	--	--
\$500,000 to \$1 million	9	1	--	1	--	--	--
\$1 million to \$5 million	13	18	4	9	5	--	--
\$5 million to \$15 million	16	21	8	6	7	--	--
\$15 million to \$30 million	7	9	3	5	1	--	--
\$30 million to \$50 million	3	1	--	1	--	--	--
\$50 million and greater	7	5	4	1	--	--	--
Total number of errors	59	61	20	27	14	--	--
Total value of errors (\$ million)	1,272	813	424	286	103	--	--

Source: Engagement Closing Reports issued by the Audit Office.

In addition to the monetary prior period errors, a disclosure prior period error was reported in Central Coast Council's financial statements.

Of the 61 prior period errors, six were greater than \$30.0 million. All these errors were asset related.

Council	Description of prior period error
Blacktown City Council	Council's revaluation of stormwater drainage, roads, footpaths and other road assets was understated by \$98.3 million as council owned assets were identified but not previously recognised in the financial statements, impacting the prior period.
Byron Shire Council	Council's revaluation of roads, bridges, footpaths, earthworks and stormwater drainage was understated by \$36.1 million as council owned assets were identified but not previously recognised in the financial statements, impacting the prior period. Council overstated operational land by \$9.1 million, as the land parcel was incorrectly split between operational and community land from the 2016 valuation, impacting the prior period.
Canterbury-Bankstown Council	The following errors impacting the prior period were identified from council's revaluation of land: <ul style="list-style-type: none"> council owned assets were identified but not previously recorded in the financial statements assets were incorrectly classified assets were duplicated in the financial system. <p>This resulted in a net decrease to land assets of \$60.4 million.</p>

Council	Description of prior period error
City of Parramatta Council	<p>The following errors impacting the prior period were identified from council's revaluation of stormwater drainage assets:</p> <ul style="list-style-type: none"> council owned assets were identified which had not been previously recorded in the financial statements assets were incorrectly classified assets were duplicated in the financial system. <p>This resulted in a net increase in stormwater drainage assets of \$86.8 million. The error dated back to the council amalgamation.</p> <p>Council's comprehensive revaluation of operational land was overstated by \$15.4 million as land assets were recorded but not owned by council.</p>
Dubbo Regional Council	<p>Council's revaluation of stormwater drainage assets was overstated by \$75.1 million due to incorrect rates applied upon amalgamation of the former councils, inconsistent depreciation methodology and inconsistent condition assessments, impacting the prior period.</p> <p>Council's revaluation of airport runways was understated by \$16.8 million due to the identification of bulk earthworks that should have been recognised previously, impacting the prior period.</p>
Wollondilly Shire Council	<p>Council's revaluation of roads, bridges, footpaths, earthworks, carparks and stormwater drainage performed in 2015 was understated by \$56.0 million due to:</p> <ul style="list-style-type: none"> council owned assets identified which had not been previously recorded in the financial statements assets were measured with incorrect units of measurement and consumption patterns assets were duplicated in the financial system.

There were no prior period errors identified at county councils and joint organisations.

The common areas where prior period errors were identified are outlined below. Ninety per cent of the total prior period errors were asset related.

Common prior period errors	Number of councils
Quality of asset records, such as:	38
<ul style="list-style-type: none"> unrecorded assets controlled by council assets recorded that are no longer controlled by council duplicated assets assets incorrectly classified. 	
Asset revaluation errors, such as:	14
<ul style="list-style-type: none"> incorrect data provided to the valuer valuation assumptions not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets) incorrectly recording of revaluation adjustments. 	

2.2 Timeliness of financial reporting

The *Local Government Act 1993* requires councils to submit their audited financial reports to OLG by the statutory deadline of 31 October or apply for an extension. Natural disasters, COVID-19 pandemic and other factors impacted the 2019–20 reporting timetable. OLG extended the statutory deadline for councils and joint organisations to lodge their audited financial statements by an additional month to 30 November 2020.

Eighty-nine per cent of councils lodged their audited financial statements by the amended statutory deadline

One hundred and thirty-three councils and joint organisations lodged their audited financial statements by the amended statutory deadline. Canberra Region Joint Organisation did not submit their audited financial statements by the statutory deadline and did not apply for extension before the deadline lapsed. This matter was reported to the Minister for Local Government.

Sixteen councils and joint organisations (2019: 30) applied for an extension to lodge their financial statements which were met by them. The reasons why councils required extensions are summarised below.

Council or joint organisation	Reason for seeking extension
Armidale Regional Council	Additional time was required to: <ul style="list-style-type: none"> support the interim administrator and general manager following council's suspension prepare a special rate variation application for year 2021–22.
Barranald Shire Council	In January 2020, the Minister for Local Government suspended the council following a public inquiry due to: <ul style="list-style-type: none"> loss of confidence by the community failure to apply sound and consistent financial principles absence of transparency in decision making failure to act as a responsible employer failure to comply with obligations under the <i>Crown Land Management Act 2016</i>. <p>Council's finance team were unable to find a suitable replacement for the Finance Manager role vacated in March 2020.</p>
Berrigan Shire Council	Council indicated that key staff were severely impacted by the COVID-19 border restrictions.
Central Coast Council	In October 2020, the Minister for Local Government suspended the council due to: <ul style="list-style-type: none"> lack of oversight and control over council's budget and expenditure loss of community trust in the effective functioning of council.
Central Darling Shire Council	Council's IT servers experienced a three-week outage.
Cootamundra-Gundagai Regional Council	Additional time was required to: <ul style="list-style-type: none"> undertake work relating to harmonisation of rating structures respond to Local Government Boundaries Commission inquiry revalue transport assets.

Council or joint organisation	Reason for seeking extension
Dungog Shire Council	Key finance staff went on unplanned leave.
Hilltops Council	Council continues to face on going issues and complexities associated with the 2016 merger. This includes implementation of a single IT system from three former council systems into one. The delay in preparation of council's 2018–19 financial statements meant the audit opinion was provided on 1 May 2020.
Illawarra Shoalhaven Joint Organisation	Delay in financial services transition from a member council. New finance team did not have the capacity to complete the financial statements on time.
Lithgow City Council	Delays in resolving financial statement disclosures.
Orana Joint Organisation	Timing of council meeting delayed due to mayor's unavailability.
Parkes Shire Council	Resolving accounting issues and providing evidence to support the financial statements.
The Council of the Municipality of Kiama	Additional time was required due to: <ul style="list-style-type: none"> • new software implementation that delayed financial reporting • delays in the asset revaluation • change in council's finance team.
Walcha Council	Departure of key finance staff member and finance staff member going on extended leave.
Wollondilly Shire Council	Councils' review of asset valuations performed in 2015 identified material errors in the valuations.
Yass Valley Council	Delays in resolving financial data inconsistencies produced from a newly implemented IT system.

Source: Council extension letters submitted to OLG.

More councils performed early financial reporting procedures

Early close procedures allow financial reporting issues and risks to be addressed by management and audit early in the financial statement close process. This helps to improve the quality and timeliness of financial reporting.

This year, 76 per cent (2018–19: 62 per cent) of councils performed early financial reporting procedures, including:

- completing infrastructure, property, plant and equipment valuations before 30 June
- performing fair value assessment of infrastructure, property, plant and equipment
- preparing proforma financial statements and associated disclosures
- assessing the impact of material, complex and one-off significant transactions
- explaining all unresolved prior year audit issues, with a proposed action plan to resolve them
- assessing the impact of new accounting standards.

2.3 Implementation of new accounting standards

Councils and joint organisations implemented three new accounting standards for the first time in their 2019–20 financial statements. These impacted the financial position and operating results of councils.

AASB 16 'Leases' changed how councils and joint organisations treat operating leases in 2019–20

AASB 16 became effective for all councils and joint organisations from 1 July 2019.

Collectively, the implementation of AASB 16 increased councils' and joint organisations' assets by \$187.2 million and liabilities by \$189.4 million. This is because leases relating to operating activities were recognised in the financial statements for the first time. Common examples include building leases, waste management agreements, maintenance agreements, motor vehicles and photocopiers. Councils also recognised a liability for the current value of all lease payments.

AASB 16 'Leases' changed how lessees treat operating leases for financial reporting. Under AASB 16, operating leases are now recorded, with a few exceptions, in an entity's Statement of Financial Position through the recognition of a right-of-use asset and a corresponding lease liability. It also changes the timing and pattern of expenses recorded in the Statement of Comprehensive Income by recognising depreciation on the asset and the financing cost of the lease.

AASB 16 requires different and more extensive disclosures about an entity's leasing activities. The objective of the disclosures is to provide users of financial statements with a basis to assess the effect of leasing activities on an entity's financial position, performance and cash flows.

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' changed how councils and joint organisations report income in 2019–20

AASB 15 and AASB 1058 became effective for councils and joint organisations from 1 July 2019.

Councils and joint organisations recorded the impact from the initial adoption of the new revenue standards, which in total amounted to a \$388.1 million adjustment to the opening retained earnings.

AASB 15 and AASB 1058 required councils and joint organisations to reassess the way they accounted for revenue, depending on whether it arises from contracts for sales of goods and services, grants and other contributions. Revenue from contracts for services is now recognised only when performance obligations have been satisfied.

The adoption of the new standards meant that councils and joint organisations reviewed their revenue contracts and adjusted how they had previously been accounted for. Councils and joint organisations were not required to restate their prior period figures. The cumulative effect of applying the standards on prior periods is presented as an adjustment to opening retained earnings at 1 July 2019.



3. In focus: response to recent emergency events

Recent emergency events, including drought, bushfires, floods and the COVID-19 pandemic have impacted councils.

This chapter will provide insights into how these events have impacted councils, including:

- financial implications of the emergency events
- changes to councils' operating models, processes and controls
- accessibility to technology and the maturity of councils' systems and controls to prevent unauthorised and fraudulent access to data
- receipt and delivery of stimulus packages or programs at short notice.

Highlights

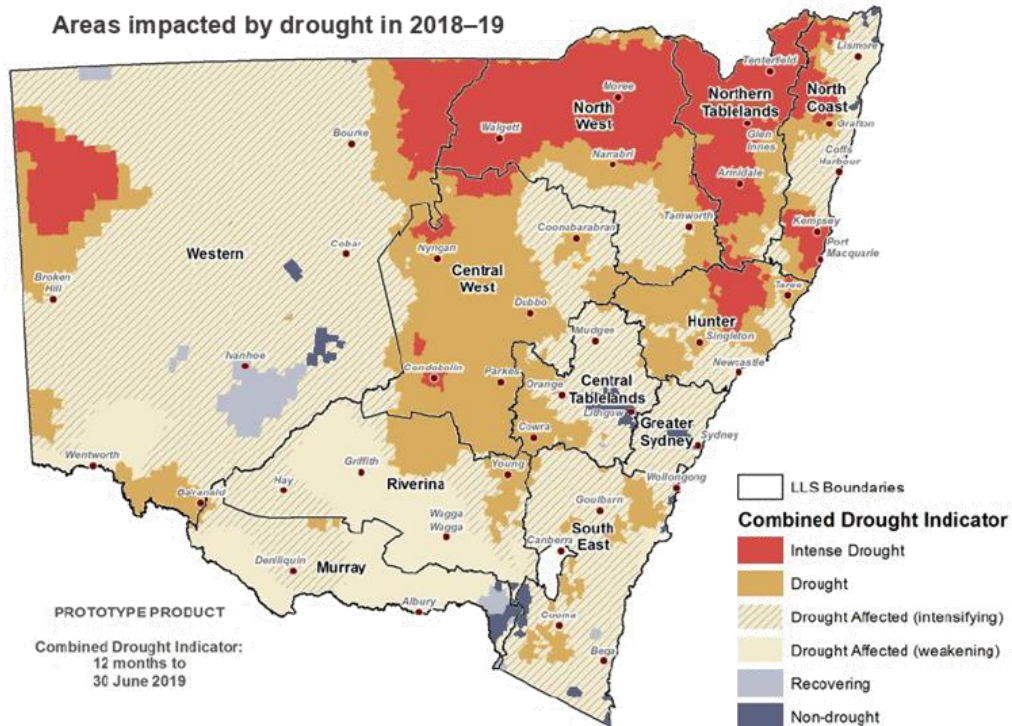
- All councils were impacted by the recent emergency events.
- Councils changed governance, policies, systems and processes to respond to the recent emergency events.
- Challenges were experienced adapting Information Technology (IT) infrastructure and controls to enable staff to work from home.
- Sixty-five per cent of councils updated business continuity plans and 42 per cent updated disaster recovery plans as a response to recent emergency events.
- Councils received various forms of assistance from government relating to the recent emergencies, which was used to provide support to local communities.

Recent emergency events significantly impacted councils

Recent emergencies, including drought, bushfires, floods and the COVID-19 pandemic have brought particular challenges for councils and their communities.



At the end of June 2019, the NSW Department of Primary Industries' Combined Drought Indicator showed that 97.6 per cent of New South Wales was in one of the three drought categories, 'intense drought', 'drought' and 'drought affected intensifying or weakening'. Intense drought conditions persisted in parts of western, south-east and northern New South Wales.



Source: The NSW Department of Primary Industries website (unaudited).

The dry vegetation and soil, combined with intense heat during the summer resulted in one of the worst bushfire seasons that New South Wales has ever experienced, with 55,230 square kilometres of land burnt, 11,566 structures damaged or destroyed, and 26 lives lost. This was followed by storms and torrential rain falling in parts of New South Wales, causing widespread flooding.

Local councils were included in 171 natural disaster declarations in 2019–20 (94 in 2018–19). Natural disasters are declared for events such as bushfires, floods or storms that cause significant damage or loss of life, where eligible state expenditure exceeds \$240,000.

Local Government areas impacted by bushfire, floods and storm declarations

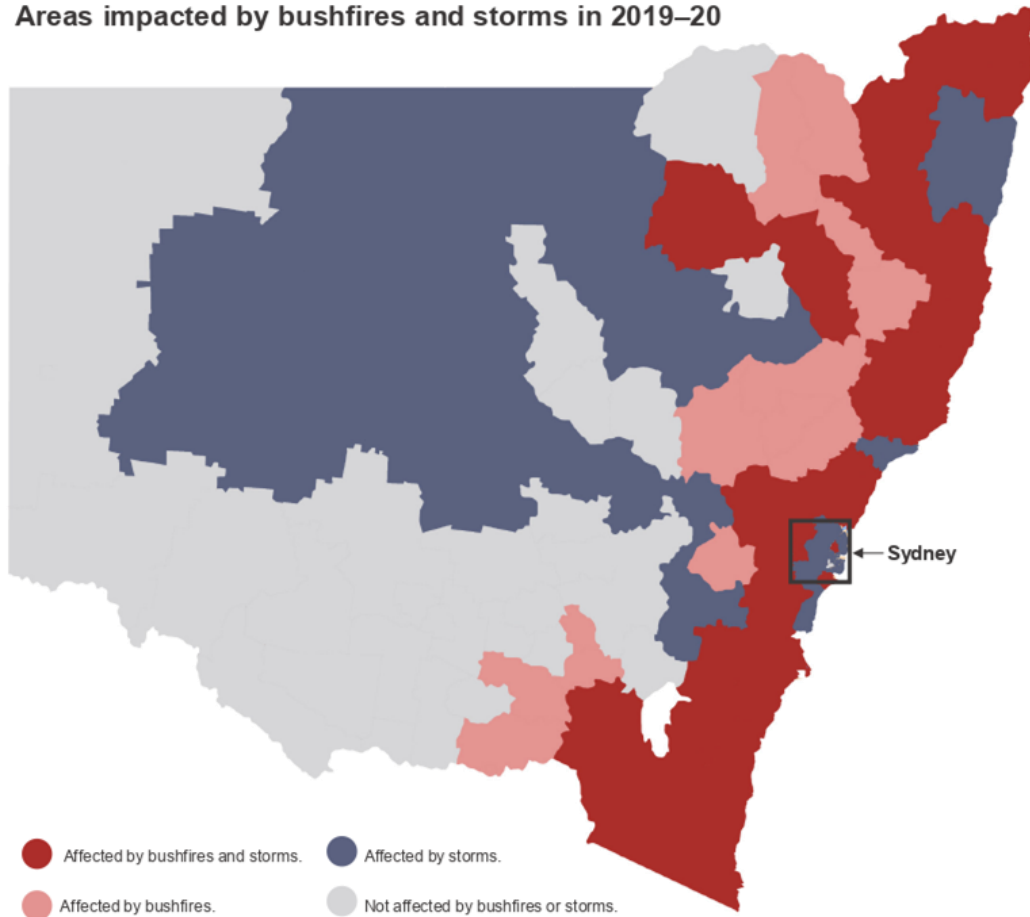
Year ended 30 June	2018	2019	2020
LGA included in bushfire declarations	36	29	57
LGA included in flood and storm declarations	18	65	114
Total LGA included in natural disaster declarations	54	94	171

Source: Provided by Resilience NSW (unaudited).

Declaration of bushfires, floods and storms enable councils to apply to recover costs associated with these disasters from Resilience NSW (the NSW Department of Communities and Justice prior to 1 May 2020), via administering agencies including Public Works Advisory and Transport for NSW. Resilience NSW now administers the NSW Disaster Assistance Arrangements.

The map below shows that 96 councils were impacted by bushfires and storms in 2019–20. Thirty-five councils were impacted by both bushfires and storms, with many of these councils in the North Coast and South East regions. Metropolitan councils were more impacted by floods and storms, while regional and rural councils were more impacted by bushfires.

Areas impacted by bushfires and storms in 2019–20



Source: Resilience NSW website (unaudited).

Following the natural disasters, the COVID-19 pandemic brought unprecedented challenges, impacting all councils. Infection control measures required by State Government Orders in response to COVID-19 disrupted the traditional means that councils use to deliver services to the community. Councils had to adapt to the new environment and make changes to how they operate as services were disrupted and facilities were closed.

3.1 Financial implications

The financial implications arising from the emergency events varied greatly across councils. We reviewed the impact on council operating results compared to original operating budgets¹, with consideration of both the revenue and expenditure impacts.

Metropolitan councils

The operating result for 56 per cent of metropolitan councils exceeded the original budget

Despite the recent emergency events, 56 per cent of metropolitan councils reported an operating result that was favourable compared with their operating budget set in May 2019.

For revenue, 91 per cent of metropolitan councils reported decreases in user charges and fees. This was due to councils cancelling public events, programs and closing revenue generating facilities and services during the lockdowns, including community halls, swimming pools, sports grounds, theatres, galleries, museums and other service centres.

This was offset by an increase in grants and contributions compared with budget for 68 per cent of councils, mainly due to:

- state and federal government stimulus packages and funding opportunities provided to councils in response to the emergency events
- some councils received more developer contributions than anticipated due to a higher volume of development activity occurring. The NSW Government offered incentives to encourage more homes to be built or to be substantially renovated to protect the construction sector during the pandemic.

For expenditure, 62 per cent of councils reported a decrease in employee costs and 74 per cent of councils reported a decrease in other expenses compared with budget. This was due to:

- a reduction in casual workers and contractors as services were suspended or delivered at a much-reduced capacity due to the restrictions
- a freeze on recruitment at some councils; vacant positions were put on hold and staff were redeployed to different areas of council
- reduction in costs for maintaining parks and other recreational facilities
- reduction in travel expenses for employees
- supply chain disruption as materials and products were more difficult to source.

This was offset by additional expenditure required for cleaning, upgrading facilities to be COVID-safe and IT equipment to enable staff to work from home.

¹ The original operating budget information is unaudited, and therefore no assurance is provided over the accuracy of this information.

Examples of the more significant impacts of the recent emergency events on individual metropolitan councils follow:

Council	Impact of emergency events
Council of the City of Sydney	Council provided rental relief to a large number of tenants in commercial properties who had suffered financial hardship due to the impacts of COVID-19 and applied for relief under the Federal Government Code of Conduct for commercial tenancies. This was largely responsible for a reduction in rental income of \$10.8 million or 14 per cent compared to the budget of \$66.9 million.
Blue Mountains City Council	User fees and charges were \$6.7 million less than the budget of \$21.0 million due to closure of council facilities.
Waverley Council	Council provided COVID-19 relief packages, including waiving various charges, rent reductions and a 'buy local' publicity campaign to encourage people to support local businesses during the downturn. This contributed to a \$4.7 million or 13 per cent reduction in income from user fees and charges. This impact was offset by the receipt of additional capital grants and contributions which were \$8.4 million or 66 per cent higher than budget.
Inner West Council	Due to the impact of COVID-19, council closed its aquatic centre and received less revenue from childcare. It also received less section 94 fees, parking fines and other fees. User fees and charges were \$32.7 million compared to the budget of \$46.0 million. However, this was partially offset by grants for childcare from the government. Council's operating grants and contributions were \$17.0 million compared to a budget of \$10.6 million.
Northern Beaches Council	Council was impacted by COVID-19 and storms. The damage from the storms were estimated by council to cost \$3.8 million and consisted of damage to seawalls, retaining walls and buildings including the Civic Centre. Council received \$74.5 million in user charges and fees income compared to a budget of \$84.0 million mainly due to the impact of COVID-19. Childcare revenue was significantly lower during the fee free period. However, council received additional grants to offset the fee free period from the government.

Regional councils

Fifty-four per cent of regional councils had an operating result that fell short of their original budget

Fifty-four per cent of regional councils reported an operating result that fell short of their original budget set in May 2019.

Regional councils were more impacted by bushfires than metropolitan councils. Regional councils also reported that certain revenue and expenditure items were directly impacted by the COVID-19 pandemic. Sixty-two per cent of regional councils reported a reduction in user fees and charges. While the services and facilities impacted were largely similar to metropolitan councils, regional councils with airports reported losses due to the disruption in airport operations, including a reduction in passengers and limited flight routes operating. Other decreases include a reduction in tourism related income, such as caravan parks, holiday parks and information centres.

This was offset by increases in grants and contributions as the Federal and State Governments provided a range of relief and funding opportunities. Seventy per cent of regional councils reported higher grants and contributions compared with budget.

Fifty-nine per cent of regional councils reported a reduction in other expenses as councils saved money on utility costs, such as electricity and water, due to operations being scaled back. Councils also saved money on costs due to projects being delayed as a result of the pandemic and supply chain issues.

Examples of the more significant impacts of the emergency events on individual regional councils follow:

Council	Impact of emergency events
Bega Valley Shire Council	<p>Council was impacted by numerous bushfire and flood natural disaster declarations.</p> <p>Council used an external expert to estimate the costs of restoring the damage done by these emergency events to be \$20.5 million for the damage caused by the bushfires and \$8.0 million for the flooding events in February, July and August 2020.</p> <p>Council received:</p> <ul style="list-style-type: none"> • \$1.3 million from the Disaster Recovery Funding Arrangement with the Federal and State Governments • \$250,000 from the Bushfire Community Resilience and Economic Recovery Fund • \$6.5 million was received by council from Department of Regional NSW to clean up waste from the bushfires • \$1.2 million from Resilience NSW for the Bega Valley Recovery Support Service which operated until April 2021.
Clarence Valley Council	<p>Council was impacted by the bushfires and floods, with a total estimated cost of \$19.0 million.</p> <p>Council had higher than budgeted operating grants and contributions of \$33.0 million compared to a budget of \$25.0 million. This was due to additional flood and storm damage grants of \$7.0 million and bushfire related grants of \$5.2 million.</p> <p>Council's material and contractor expenses was \$11.0 million higher than the budget of \$31.0 million, which is attributed to the response to the natural disasters.</p>
Eurobodalla Shire Council	<p>Council was impacted by the bushfires, with 79 per cent of the Local Government area directly impacted by the fires. Council lost 14 bridges, estimated to cost \$10.0 million to replace. Council reported it had already received \$6.8 million in additional funding and has made insurance claims.</p>
Coffs Harbour City Council	<p>The emergency events impacted airport operations, contributing to a decrease in income of \$1.9 million. Council also runs holiday parks which were impacted by the emergency events. This contributed to income decreasing by \$3.9 million. Council had to subsidise the airport and the holiday parks.</p>
Albury City Council	<p>Council was impacted by COVID-19 as it is on the border with Victoria where NSW Police implemented tight state border controls for various periods during the pandemic. The airport, run by the council, reported a loss of \$1.0 million, which had to be subsidised by council.</p>

Rural councils

Fifty-four per cent of rural councils had an operating result that fell short of their original budget

Fifty-four per cent of rural councils reported an operating result that fell short of their original budget set in May 2019.

Ninety-eight per cent of rural councils were impacted by one or more natural disasters. The higher costs of responding to bushfires, droughts and storms were offset by increases to grants and contributions for operating purposes. The Federal and State Governments offered assistance to councils impacted by the recent emergencies, along with a range of funding opportunities, which contributed to grants and contributions.

Rural councils' ability to collect user charges was impacted to a lesser degree compared with the metropolitan and regional councils. User charges and fees was less than budgeted for 40 per cent of councils. Seventy per cent of councils reported an increase in other expenses compared with budget to respond to natural disaster events.

Examples of the more significant impacts of emergency events on individual rural councils follow:

Council	Impact of emergency events
Glen Innes Severn Council	Council was impacted by bushfires and floods, with an estimated cost of damage of \$2.8 million. A bridge was destroyed in the fires, roads were damaged and a council building damaged. Council received \$1.3 million from the federal government through the Bushfire Community Resilience and Economic Recovery Fund. Council used the grant to fund initiatives to assist the community and businesses to recover from the bushfires.
Kyogle Council	Council was impacted by bushfires and floods. Council estimated the cost of damage to be \$3.5 million, due to a bridge and a culvert being damaged.
Tenterfield Shire Council	Council recognised \$1.4 million in impairment to infrastructure assets due to natural disasters that occurred during the year. Council received operating grants of \$14.3 million compared to a budget of \$8.7 million mainly due to grants for bushfires and storm damage repairs.
Narrabri Shire Council	Council experienced drought and flooding, with the town's water supply being contaminated by floodwaters. Council estimated the cost of the flood event to be \$0.9 million. Income from council's theatre was down approximately \$0.3 million due to the impact of COVID-19. This impact was offset by an additional \$0.78 million in grant funding for drought relief and economic stimulus.
Dungog Shire Council	Council experienced heavy storms in January 2020 and estimated the damaged caused by the storm to be \$1.2 million.

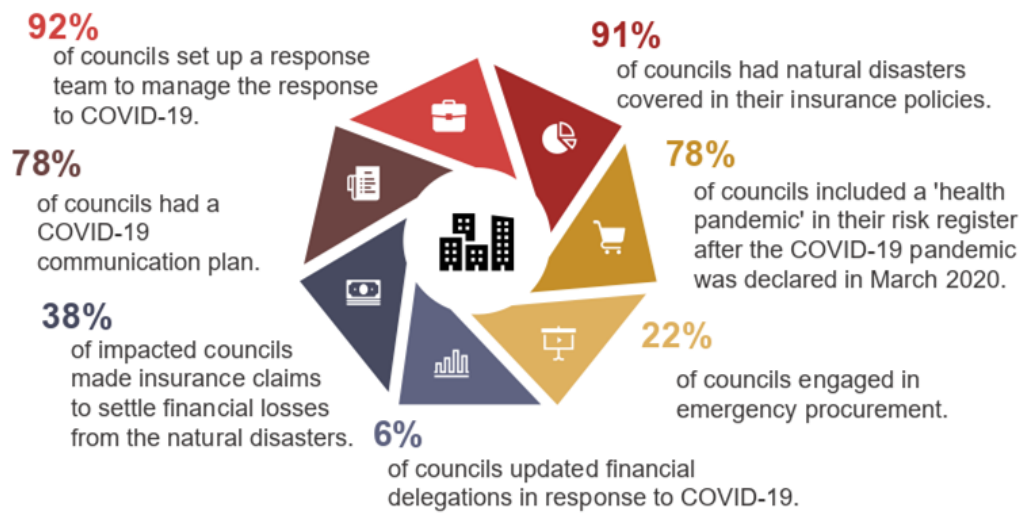
3.2 Controls and governance

Councils adapted their systems, policies and procedures to accommodate remote working environments. We considered how this affected the existing control environment and the mitigating controls established by councils to respond to these events.

Councils changed governance, policies, systems and processes to respond to the recent emergency events

Councils developed or changed their governance, policies, systems and processes to respond to the recent emergency events. Some of the actions taken by councils are summarised below.

Actions taken by councils



3.3 Technology

Councils experienced challenges adapting IT infrastructure and controls to enable staff to work from home

Many councils applied working from home arrangements during the COVID-19 lockdowns. Having a number of remotely connected employees for an extended period may strain council's IT infrastructure and control environment. It is important to ensure network connections and controls are secure to mitigate the data protection risk associated with communicating through mobile applications.

This new way of working resulted in some challenges during implementation and the impacts are described below.

<p>Insufficient IT equipment Fifty-two per cent of councils purchased additional laptops, 61 per cent of councils allowed their staff to use their personal computer/laptop and 46 per cent of councils allowed staff to take the council desktop computer home.</p>	<p>Cyber threats Of the councils that allowed the use of personal devices for work, 19 per cent did not assess the security of these devices, which increases the risk of a cyber attack. Twenty-nine per cent of councils did not provide cyber security training or increase awareness of cyber risks during COVID-19.</p>
<p>Remote connections challenges Thirty-two per cent of councils did not have sufficient remote connection licenses and 26 per cent of councils experienced slower system performance as a result of the remote connection.</p>	<p>Additional IT staff required Fifteen per cent of councils recruited additional IT staff due to heavier workloads associated with supporting staff working from home.</p>
<p>Unscheduled IT expenses To resolve working from home challenges, councils advised that approximately \$7.0 million of unscheduled IT expenses were incurred. Additional purchases included laptops, remote connection licenses, video conferencing software and tools, and additional internet quota.</p>	<p>Delayed services from vendors The timeliness of service delivery from third party IT vendors, including internet service providers and IT hardware providers, were impacted by COVID-19.</p>

3.4 Fraud and corruption risks

Past experience suggests that during economic downturns, the level of misconduct and corrupt conduct can increase. Recent emergency events have increased fraud and corruption risk as:

- there is less supervision and monitoring of staff in a working from home arrangement
- the effectiveness of controls may be compromised due to remote working
- the theft of assets is easier due to physical absence of employees in the workplace
- stimulus funding is delivered in a compressed timeframe
- it may be easier for employees to rationalise dishonest behaviour.

Twenty-two per cent of councils engaged in emergency procurement during the recent emergencies

In times of emergencies, there may be a need to engage in emergency procurement, using direct negotiations and other exemptions from the competitive procurement process to pay suppliers quickly, agree to contract variations and rely on staff to purchase items using purchasing cards. There is a risk that emergency procurement may not be processed appropriately.

Twenty-two per cent of councils engaged in emergency procurement during the recent emergencies. Of this, 15 per cent reported that the procurement could be better documented but was considered a lower risk as the goods or services being procured were not significant.

3.5 Business continuity and disaster recovery planning

Business continuity and disaster recovery planning assists organisations to prepare for and ensure they can respond to an incident or crisis. This includes natural disasters and pandemic events like COVID-19. Ideally, business continuity plans would ensure organisations are prepared to respond effectively to the impact of incidents or crises on a wide range of areas including service delivery, safety and availability of staff, availability of IT and other systems, financial management and governance.

Business continuity and disaster recovery plans need to be updated for recent emergency events

The recent emergency situations have highlighted the need for councils to have an updated business continuity and disaster recovery plans to capture lessons learned. Sixty-five per cent of councils updated their business continuity plan (BCP) and 42 per cent of councils updated their disaster recovery plan (DRP) to document how they would respond to a pandemic event. If these plans are not updated, councils may not adequately capture the lessons learned, and will not continuously improve the suitability, adequacy and effectiveness of business continuity and disaster recovery arrangements. While not all councils have updated their BCP and DRP, 80 per cent of councils have reviewed their system backup policy and practices.

The Audit Office is planning to undertake a performance audit over business continuity planning in 2021. This audit will examine the effectiveness of business continuity planning processes at a selection of local councils in preparing for emergency events.

3.6 Stimulus funding, programs and support for the community

Councils received funding from various sources for natural disasters

The government offered various forms of assistance to councils impacted by natural disasters. This included disaster relief funding and opportunities to apply for grants ranging from small projects to large infrastructure opportunities.

Resilience NSW administers the NSW Natural Disaster Assistance Arrangements through administering agencies including Public Works Advisory and Transport for NSW. Councils can apply for assistance to restore essential public assets damaged as a result of a natural disaster. In 2019–20, administering agencies reported total eligible expenditure of approximately \$81.7 million to Resilience NSW, for the restoration of Local Government essential public assets under the NSW Natural Disaster Assistance Arrangements. This amount represents the expenditure incurred and reported by councils to the administering agencies, and not total payments to the councils by the NSW Government.

The Commonwealth Government committed \$123 million under the Drought Communities Program to support 123 drought affected councils to invest in local community infrastructure, boosting local employment, addressing social and community needs and other projects such as emergency water supply.

There was also a NSW Drought Relief Heavy Vehicle Access Program where \$15.0 million of funds were allocated to improve local roads and communities through difficult drought conditions.

The Department of Regional NSW administered the Bushfire Community Resilience and Economic Recovery Fund (Phase 1) where \$7.6 million was provided to 49 bushfire affected local councils for immediate, locally led community and economic recovery activities. Phase 2 was administered by Resilience NSW, and the program was renamed to the Bushfire Community Recovery and Resilience Fund. Twenty-seven councils received \$250,000 grants and five councils received \$100,000 grants, with the total funding provided being \$7.3 million. These funds were used by councils to manage projects that support community recovery and help build resilience.

The NSW Rural Fire Service also provided funding to councils under the bushfire risk mitigation and resilience program. This funding was available to assist councils to perform bushfire mitigation works, provide access for firefighting and to deliver projects that increase the resilience of New South Wales communities to bushfires. In 2019–20, two councils received funding through this program to the value of \$388,000.

The State Government provided floodplain management grants to support Local Government to manage flood risk. The funding comes from two programs:

- NSW floodplain management program (funded by the NSW Department of Planning, Industry and Environment (DPIE))
- Floodplain grants scheme (funded by Resilience NSW).

In 2019–20, total funding of \$7.3 million was provided to 43 councils under the NSW floodplain management program and \$1.9 million was provided to four councils under the floodplain grants scheme.

Over half a billion dollars of stimulus funding was committed to councils to manage the impacts of COVID-19

To respond to the COVID-19 pandemic, the State Government announced a \$395 million Local Government economic stimulus package to safeguard jobs, services and infrastructure delivery.

The economic stimulus package included \$112.5 million job retention allowance, aimed at safeguarding jobs in the Local Government sector. Council employees were not eligible for the Commonwealth Government's Job Keeper payment. Eligible councils received \$1,500 per fortnight per employee for up to three months. Five councils received \$250,000 relating to the 2019–20 period. The program is still active and payments will continue to be made to eligible councils in the future.

The government also provided \$32.8 million to fully fund the increase in the emergency services levy in 2020–21 for all councils.

There was a further \$250 million increase to the NSW Treasury Corporation (TCorp) Local Government lending facility to make it easier for councils to access low interest loans to fund infrastructure. Three councils took out NSW Government TCorp loans worth \$25.5 million from this scheme. Councils were also able to obtain a NSW Government guarantee for commercial borrowings, subject to certain criteria being met.

On top of the \$395 million economic stimulus package, councils were provided with further relief and a range of funding opportunities. Some examples include:

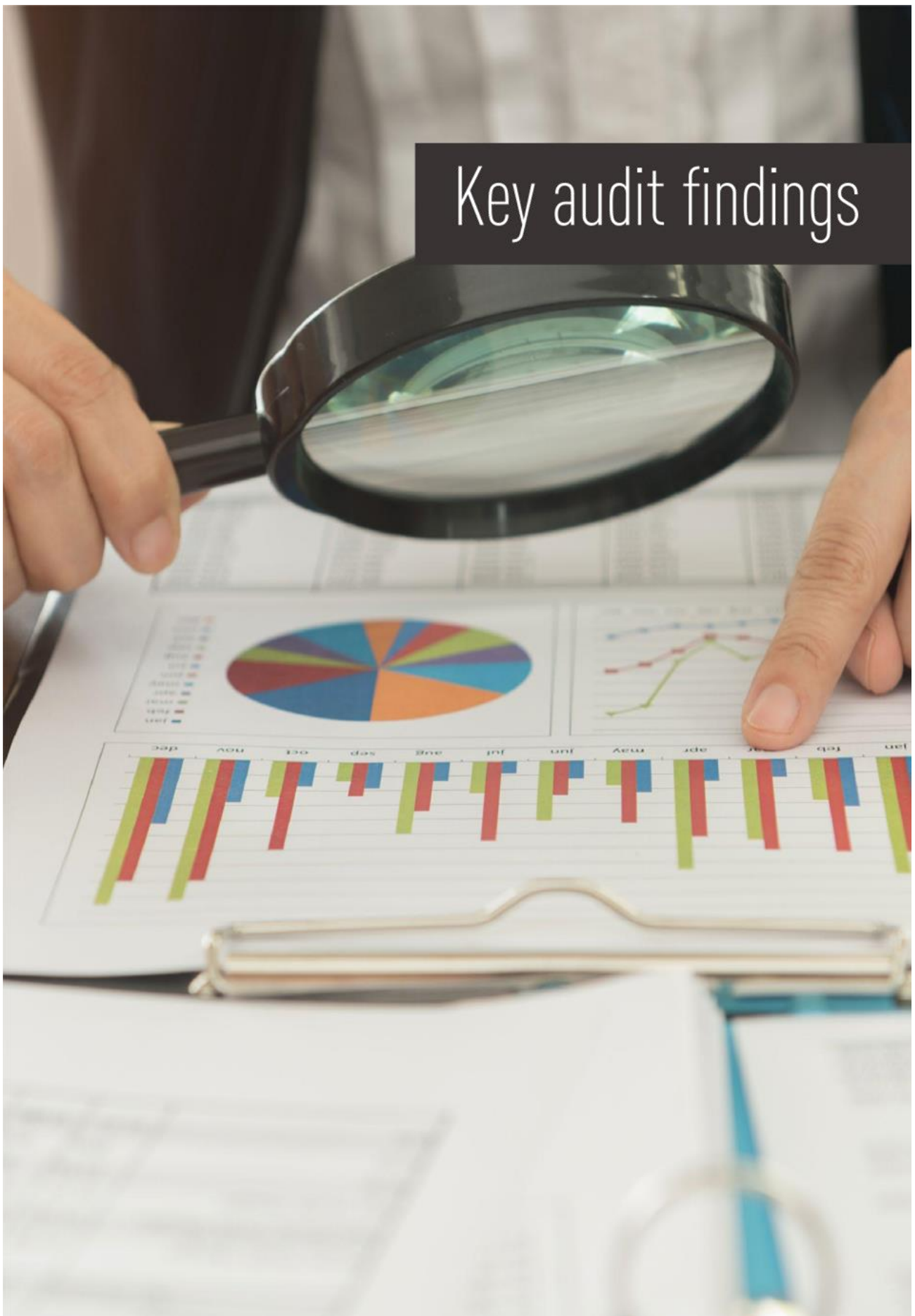
- \$82.0 million to keep council operated childcare and family day care services running during the pandemic
- \$36.0 million to rebuild and refurbish infrastructure for up to 171 local showgrounds
- \$15.0 million to fund projects to benefit communities during COVID-19 by providing more space for the public to safely walk, cycle and exercise
- \$15.0 million to boost high street economic recovery, increase footfall and improve safety
- \$10.0 million to enhance ePlanning for councils, so that the community can lodge their development applications online
- COVID-19 Aged Care Workforce Retention Bonus Payment for residential and home care workers.

In 2020–21 Budget, the Commonwealth Government announced a new \$500 million Local Roads and Community Infrastructure Program to support councils to deliver priority local road and community infrastructure projects across Australia, supporting jobs and the resilience of local economies to help communities bounce back from the COVID-19 pandemic.

Councils supported their communities through the recent emergencies

The recent emergency events challenged local communities. Councils responded by providing support in different ways. Some examples include:

- helping local businesses, community groups and residents take simple steps to prepare for natural disasters through the 'Get Ready Local Councils' communications package
- providing emergency funding and grants to local communities to recover from the recent emergencies
- providing rental relief on commercial premises to support local businesses affected by the COVID-19 restrictions
- allowing ratepayers experiencing financial hardship to defer rate payments
- waiving or reducing fees for outdoor dining permit fees and food premise inspections and footpath usage for COVID-19 impacted businesses
- working with local businesses to be COVID-safe.



Key audit findings

4. Key audit findings

A strong system of internal controls enables councils to operate effectively and efficiently, produce reliable financial reports, comply with laws and regulations and support ethical government.

This chapter outlines the overall trends in governance and internal control findings across councils, county councils and joint organisations in 2019–20. It also includes the findings reported in the 2018–19 audits of Hilltops, MidCoast and Murrumbidgee councils as these audits were finalised after the [Report on Local Government 2019](#) was published.

Financial audits focus on key governance matters and internal controls supporting the preparation of councils' financial statements. Audit findings are reported to management and those charged with governance through audit management letters.

Highlights

- Total number of findings reported in audit management letters decreased from 1,985 in 2018–19 to 1,435 in 2019–20.
- One extreme risk finding was identified in 2019–20 (2018–19: nil).
- Total number of high-risk findings decreased from 82 in 2018–19 to 53 in 2019–20. Thirty per cent of the high-risk findings identified in 2018–19 were reported as high-risk findings in 2019–20.
- Forty-nine per cent of findings reported in audit management letters were repeat or partial repeat findings.
- Governance, asset management and information technology (IT) comprise over 61 per cent of findings and continue to be key areas requiring improvement.
- Fifty-six councils could strengthen their policies, processes and controls around fraud prevention and legislative compliance.
- Sixty-eight councils had deficiencies in their processes to revalue infrastructure assets.
- Fifty-eight councils have yet to implement basic governance and internal controls to manage cybersecurity.
- Sixty-four councils should formalise and periodically review their IT policies and procedures.

Total number of findings reported in audit management letters decreased

In 2019–20, 1,435 findings were reported in audit management letters (2018–19: 1,985 findings). An extreme risk finding was also identified this year related to Central Coast Council's use of restricted funds. The total number of high-risk findings decreased to 53 (2018–19: 82 high-risk findings).

Findings are classified as new, repeat or ongoing findings, based on:

- new findings were first reported in 2019–20 audits
- repeat findings were first reported in prior year audits, but remain unresolved in 2019–20
- ongoing findings were first reported in prior year audits, but the action due dates to address the findings are after 2019–20.

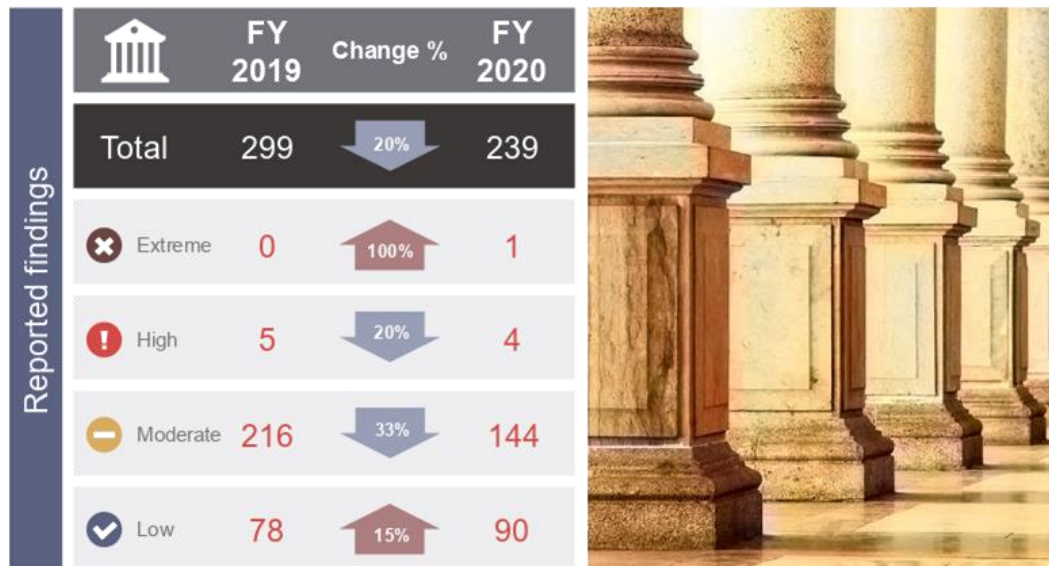
Findings are categorised as governance, financial reporting, financial accounting, asset management, purchases and payables, payroll, cash and banking, revenue and receivables, or information technology. The high-risk and common findings across these areas are explored further in this chapter.

4.1 Governance

Governance is the framework of rules, processes and systems that enables organisations to achieve goals and comply with legal requirements. Good governance promotes public confidence and satisfaction in councils' operations. Key governance areas include appropriate accountability mechanisms, operational and financial risk management and fraud prevention.

Governance findings decreased from 299 to 239

Audit management letters reported 239 findings relating to governance (2018–19: 299 findings). Fifty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

Extreme risk finding

One extreme risk finding was reported at Central Coast Council. Further analysis on this finding is detailed in Chapter 2.1 'Quality of financial reporting'.

Council	Description
2019–20 finding	
Central Coast Council (partial repeat finding)	Council spent restricted funds for unrestricted purposes during 2019–20, without the appropriate approvals under the <i>Local Government Act 1993</i> . This indicated the council's oversight of its current and forecast cash flow situation was not always effective. Council used a monthly 'Investment Report' to understand its historical cash and investment position compared to restricted funds. However, these reports did not include forecasts of expected cash and investment positions compared to restricted funds, impacting effectiveness of cash flow management.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Three of the 2018–19 high-risk findings were not resolved, including one finding elevated to extreme risk.

Council	Description
2019–20 findings	
Bellingen Shire Council (repeat finding)	Council did not comply with the Environment Protection Authority's requirements for quarry operations, and workplace health and safety legislation.
Central Coast Council (new finding)	Council did not have a policy document or framework setting out legislative and operational requirements for each category of externally restricted funds. Council was unable to provide the basis for some externally restricted funds.
Liverpool City Council (new finding)	Council decided to proceed with the Liverpool Civic Place development, with an estimated cost of \$195 million. Recommendations were made for council to perform a comprehensive assessment over the contract to ensure accounting implications are appropriately considered, and to update the projected cashflows for major events that impact cashflow assumptions.
Mid-Western Regional Council (repeat finding)	Council did not fully comply with its obligations under the <i>Unclaimed Money Act 1995</i> . \$178,000 held by council for more than six years should be assessed for remittance to Revenue NSW.
2018–19 finding[^]	
Murrumbidgee Council (repeat finding)	Council did not periodically review suppliers where the cumulative annual expenditure exceeded \$150,000. Council should consider whether these goods and services would be more efficiently procured under a contract. Council's contract register was not complete and accurate. Key information was not in the register, including council's contract manager and supplier contact details.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common governance findings reported in audit management letters related to deficiencies in fraud controls, legislative compliance and corporate governance policies.

Deficiencies in fraud control processes at 41 councils

The following fraud control deficiencies were reported in audit management letters.

Fraud control deficiencies	Number of councils
Council did not have a fraud and corruption prevention policy, or it was outdated	30
Council did not perform a fraud risk assessment	22
Council did not require staff to provide annual attestations to the Code of Conduct	20
Council did not provide fraud awareness training to staff	15

Effective fraud controls and ethical frameworks help protect councils from events that risk serious reputational damage and financial loss.

Lack of legislative compliance policies or register at 38 councils

Thirty-eight councils did not have a sufficient legislative compliance policy or register. Legislative compliance frameworks assist councils to monitor compliance with key laws and regulations. This is important as councils provide a broad range of services to the community and are subject to many legal requirements. A legislative breach can attract penalties, impact service delivery and cause significant reputational damage.

Other key corporate governance policies were not in place or regularly updated at 61 councils

The common areas where councils were missing governance policies are summarised below.

Area of corporate governance with absent or outdated policies	Number of councils
Risk management	31
Contract management	33
Public interest disclosures	12
Gifts and benefits	6

Corporate governance policies are essential for ensuring councils operate in accordance with external and internal requirements. It is important that the rules, standards and expectations are clearly outlined, and staff are provided adequate guidance to inform their actions.

Governance and internal controls over local infrastructure contributions could be improved

The Audit Office's recent performance audit '[Governance and internal controls over local infrastructure](#)' assessed the effectiveness of governance and internal controls over local infrastructure contributions (developer contributions) collected by four councils during the 2017–18 and 2018–19 financial years.

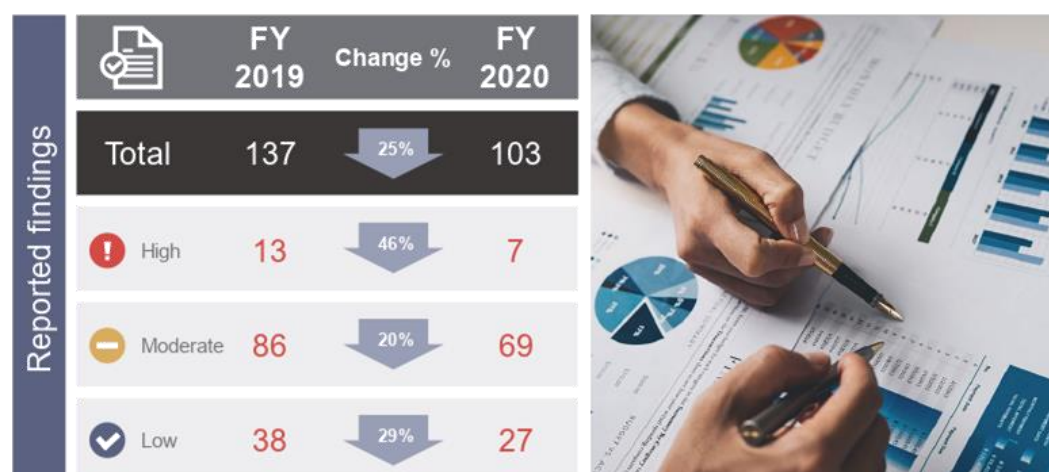
The audit identified that Blacktown City Council and City of Sydney Council provided effective governance over their developer contributions whereas Central Coast and Liverpool City councils' governance arrangements required improvement. Central Coast Council also breached the *Environmental Planning and Assessment Act 1979* between 2001 and 2019 when it used developer contributions for administration costs. These funds were repaid in late 2019.

4.2 Financial reporting

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision making is enhanced when financial reporting is accurate and timely.

Financial reporting findings decreased from 137 to 103

Audit management letters reported 103 findings relating to financial reporting (2018–19: 137 findings). Thirty-nine per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Four of the 2018–19 high-risk findings were not resolved, and four findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Berrigan Shire Council (repeat finding)	Due to the impact of border restrictions on key finance staff, the financial statements submitted for audit were incomplete. A number of errors and disclosure deficiencies were identified and corrected. Key documents to support infrastructure, property, plant and equipment balance were provided late.
Bland Shire Council (new finding)	Due to resourcing issues in the finance team, the financial statements submitted for audit were incomplete. A number of errors and disclosure deficiencies were identified and corrected. Some key documents including accounting position papers and reconciliations for key account balances were provided late.
Central Coast Council (repeat finding)	Council submitted the financial statements for the audit on 13 November 2020, one month after the initially agreed date. The financial statements included significant presentation issues, material misstatements and disclosure deficiencies. There was no documented evidence of timely quality review of the financial statements and associated supporting workpapers.
The Council of the Municipality of Kiama (new finding)	Council was significantly delayed in providing documentation for the interim audit due to resourcing issues, migration of financial information to the new accounting system and the impact of COVID-19 on council operations.
Mid-Western Regional Council (new finding)	Council submitted the accounting position paper for the impact assessment of the new accounting standards AASB 15 and AASB 1058 late. The failure to provide the assessment in a timely manner increases the risk that critical deadlines may not be met.
Murray River Council (repeat finding)	Council continues to experience issues in the financial statement preparation process and audit readiness. This has resulted in: <ul style="list-style-type: none"> multiple draft versions of the financial statements submitted for audit, requiring review, feedback and subsequent adjustments delayed submission of key accounting position papers to the audit team delays to the audit process and additional audit costs.
Murrumbidgee Council (repeat finding)	Council submitted draft financial statements for audit on 22 October 2020, one week after the scheduled due date. Council engaged an external contractor to assist with the preparation of the financial statements, but the financial statements required further updates after submission. Key documents including the accounting position paper on new accounting standards were not ready by agreed audit dates.

Council	Description
2018–19 findings[^]	
Hilltops Council (repeat finding)	<p>Council submitted draft financial statements for audit on 4 February 2020, three months after the statutory reporting deadline of 31 October 2019.</p> <p>The financial statements submitted for audit were based on draft financial information, were incomplete, and contained numerous errors and disclosure deficiencies. This included insufficient disclosures for new accounting standards and interpretations issued but not yet effective.</p>
MidCoast Council (new finding)	<p>Council submitted draft financial statements for audit on 16 October 2019, one month after the scheduled audit start date. Council advised the delay was due to:</p> <ul style="list-style-type: none"> the implementation of the new accounting system council resources redirected away from the financial statement preparation process due to the bushfires. <p>The financial statements contained numerous errors and disclosure deficiencies. Extensive consultation and direction were necessary to ensure that the financial statements were compliant with the Australian Accounting Standards and relevant directions prescribed by the OLG.</p>
Murrumbidgee Council (repeat finding)	<p>Council submitted draft financial statements for audit late. The audit was scheduled to start on 30 September 2019, but it was rescheduled several times as council was not prepared. Council advised the delay was due to inadequate resourcing in the finance team and migration of financial information to the new accounting system. This is a repeat finding first raised in the 2016–17 audit.</p>
Murrumbidgee Council (new finding)	<p>One staff member was responsible for the financial statement close process and audit preparation. This resulted in significant delays to the audit, and there is a key-person risk.</p>

[^] These audits were finalised after the 'Report on Local Government 2019' was published.

Common findings

Common findings across councils include:

- 47 councils did not appropriately apply or adequately assess the impact of the new accounting standards
- lack of preparation for the audit, such as having a financial reporting plan, impacted the timeliness of financial reporting at 22 councils
- financial statements submitted for audit for 21 councils contained numerous errors and disclosure deficiencies
- 14 councils did not have sufficient processes to ensure related party transactions were appropriately disclosed in the financial statements in line with AASB 124 'Related Party Disclosures'. A related party transaction involves the council and another party with a pre-existing relationship with the council.

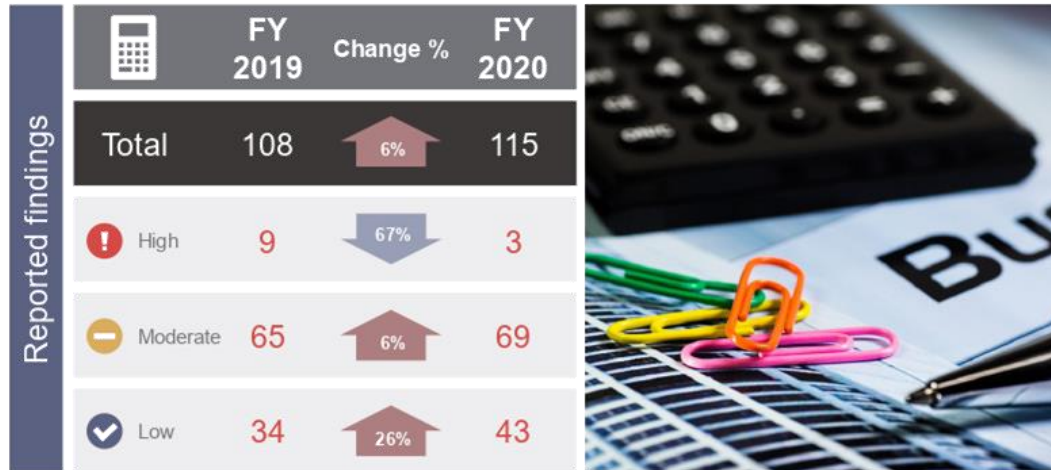
Further analysis and insights on financial reporting findings are detailed in Chapter 2 'Audit results'.

4.3 Financial accounting

Financial accounting is the processes adopted by management to record and review financial information across the business. Councils use a combination of manual and automated processes and digital information systems to process financial information. Effective processes support the accuracy and completeness of information presented in the financial statements.

Financial accounting findings increased from 108 to 115

Audit management letters reported 115 findings relating to financial accounting (2018–19: 108 findings). Fifty-three per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Two of the 2018–19 high-risk findings were not resolved, and three findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Central Coast Council (new finding)	<p>Some monthly account reconciliations were not prepared and reviewed on a timely basis. Supporting documentation was not consistently attached to explain reconciling items, and some reconciling items were not explained.</p> <p>Council maintains several information systems for processing revenue transactions. Each day, the sub-ledger systems interface with the general ledger to transfer and update revenue data. Findings identified:</p> <ul style="list-style-type: none"> reconciliations were not performed between the general ledger and sub-ledger systems to ensure all transactions were reflected correctly in the general ledger the interface transfer often required manual intervention to ensure the transfer occurred. There is no audit trail, or evidence of review of changes made to these transfers.

Council	Description
Central Darling Shire Council (two repeat findings)	Two high-risk findings were reported: <ul style="list-style-type: none"> lack of segregation of duties as key finance officers have broad access to make changes in the finance system and have access to the bank account. There were limited independent reviews of finance officer functions to mitigate this risk manual journals were processed to adjust financial information without adequate supporting documentation. Furthermore, manual adjustments were not consistently signed off by the preparer and independent reviewer.
2018–19 finding[^]	
MidCoast Council (new finding)	Council's records management practices relating to information to support balances and disclosures in the 2019 financial statements were not sufficiently embedded to enable the timely preparation of the financial statements.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common financial accounting findings reported in audit management letters related to deficiencies in key account reconciliations and processing of manual journal adjustments.

Key account reconciliations were not prepared in a timely manner or independently reviewed at 55 councils

Regular reconciliation of financial information ensures timely identification of errors, and also facilitates a more efficient audit process. It was reported in audit management letters that:

- 36 councils did not reconcile all key balances in the financial statements in a timely manner
- there was no evidence of independent review of key account reconciliations at 33 councils.

Lack of segregation of duties with manual journal adjustments at 28 councils

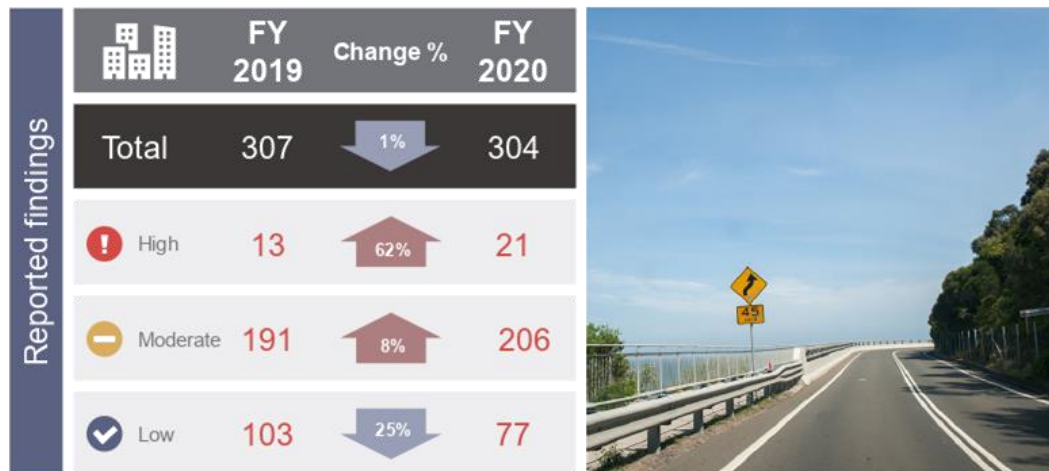
There was a lack of segregation of duties over the posting of manual journal adjustments to financial information at 28 councils. An independent review of manual journal adjustments is important to reduce the risk of fraud or error in the financial statements.

4.4 Asset management

Councils own and manage large infrastructure asset portfolios to support the delivery of community services. Asset management involves operational aspects such as maintenance and physical security, as well as accounting procedures such as valuing assets in accordance with accounting standards.

Asset management findings decreased from 307 to 304

Audit management letters reported 304 findings relating to asset management (2018–19: 307 findings). Forty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat and ongoing findings, were reported at the following councils. Five of the 2018–19 high-risk findings were not resolved, and four findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks. There was an increase in the number of high-risk findings reported this year in asset management.

Council	Description
2019–20 findings	
Bellingen Shire Council (new finding)	<p>Council identified road and bulk earthwork assets not previously recorded in the financial statements, resulting in prior period errors in:</p> <ul style="list-style-type: none"> roads assets of \$2.0 million associated bulk earthworks of \$4.4 million. <p>Council's fixed assets register (FAR) is not sufficiently secured from unauthorised changes as it is maintained in excel spreadsheet. The FAR did not include key information fields such as acquisition date.</p>

Council	Description
Berrigan Shire Council (repeat finding)	<ul style="list-style-type: none"> • Council engaged an external valuer to perform a revaluation of other open space, other structure assets, water and sewerage, operational land, community land, and buildings. The revaluation excluded 41 other assets due to the timing of information provided to the external valuer. • Work papers supporting the fair value of assets contained errors. • \$1.9 million of road assets and capital work-in-progress (WIP) were incorrectly recorded as material and contract expenses. • Disclosure deficiencies were reported in the financial statements, including transfers from capital WIP to completed assets not netting off.
Byron Shire Council (new finding)	<ul style="list-style-type: none"> • The asset revaluation process for transport and stormwater infrastructure identified assets not previously recorded in council's asset registers. This resulted in a \$36.1 million prior period error. • Duplicated land assets were recorded in the asset management system. This resulted in a \$9.1 million prior period error. • There was limited quality control and documentation of management's review of the asset revaluation. Significant movements in the asset revaluations were not analysed.
Central Coast Council (two new findings)	<p>Two high-risk findings were reported:</p> <ul style="list-style-type: none"> • Council certified that they were unable to provide sufficient evidence to support the carrying value of roads, bridges and footpath assets. This is because the last valuation of these assets was in the year ended 30 June 2015, and council has not conducted a more recent valuation in accordance with AASB 116 'Property, Plant and Equipment' (AASB 116). This qualification could have been avoided if council had performed a timely full revaluation of these asset classes. • Council did not have a formal process to regularly review the carrying values of Community and Crown Land assets against valuations from the Valuer-General of New South Wales (VG). As a result, the carrying values of these assets did not reflect the most recent VG valuation as at 1 July 2019. Council processed an increment of \$39.4 million to correct the carrying values of these assets.
Dubbo Regional Council (partial repeat finding)	<p>The asset revaluation process identified prior period errors due to:</p> <ul style="list-style-type: none"> • incorrect unit rates adopted for valuing stormwater assets in previous years, amounting to \$75.1 million • non-depreciable bulk earthworks assets not previously recognised in council's asset register, amounting to \$16.8 million.
Gilgandra Shire Council (new finding)	<p>Council's revaluation process over roads, bridges and footpaths identified errors due to differences in the recorded length of the road network, amounting to \$11.8 million.</p> <p>Asset valuation reports were not available until late during the final audit.</p>
Inner West Council (ongoing finding)	<p>In 2018–19, council did not sufficiently complete a quality review of the asset revaluation process.</p> <p>In 2019–20, council was not required to perform a comprehensive revaluation for any asset classes, so council could not address the finding during 2019–20. The finding will remain ongoing until the next revaluation is performed.</p>

Council	Description
Kempsey Shire Council (new finding)	Council identified transport assets with a written down value of \$11.6 million not previously recorded in the financial statements, resulting in a prior period error.
Lane Cove Municipal Council (new finding)	Council did not have a robust process to review restrictions associated with land holdings in the prior year land revaluation process, resulting in a \$9.8 million prior period error.
Liverpool City Council (new finding)	Council controlled 61 parcels of community land valued at \$104 million that were contaminated but did not account for any impairment in the comprehensive revaluation. The subsequent impairment assessment resulted in an \$11.0 million reduction to the fair value of the land.
Lockhart Shire Council (new finding)	Council's valuation methodology for roads, bridges, footpaths and bulk earthworks: <ul style="list-style-type: none"> was not documented until after the valuation was completed comprised desktop procedures that are insufficient for comprehensive revaluations, and did not include condition assessments or update of all unit rates used to value infrastructure assets did not include all relevant classes of assets.
Murray River Council (new and repeat finding)	<ul style="list-style-type: none"> Asset reconciliation was not completed appropriately or independently reviewed. On-costs were inappropriately capitalised, resulting in a corrected error of \$2.4 million. The dates that assets were first in use were not recorded, resulting in incomplete records and errors in the depreciation expense. Fair value assessment of transportation assets was not robust.
North Sydney Council (new finding)	Council prepared a position paper for the major redevelopment of North Sydney Olympic Pool assets. From the review of the position paper, it was recommended the council apply accelerated depreciation charges to account for the reduction in useful life of the assets, as required by AASB 116 'Property, Plant and Equipment'. Council subsequently applied appropriate depreciation rates for 30 June 2020.
Orange City Council (repeat finding)	Council's revaluation process over roads, bridges, footpaths and stormwater assets identified errors with a net impact of \$14.8 million, subsequently corrected by council. The errors were due to: <ul style="list-style-type: none"> applying incorrect unit rates and useful lives duplicated assets recorded in the asset register including roads not controlled by council in the revaluation. <p>There was a lack of robust quality review of the asset revaluation to confirm the reasonableness of revaluation movements.</p>
Queanbeyan-Palerang Regional Council (new finding)	Council identified a number of developer contributed assets not previously recorded in the financial statements, resulting in a prior period error of \$18.2 million.
Strathfield Municipal Council (new finding)	A high-risk finding was reported relating to council's comprehensive revaluation of road infrastructure assets, including: <ul style="list-style-type: none"> work papers submitted late to the auditor inadequate documentation to support key assumptions including the condition assessments and unit rates applied to assets no documented review of the fixed asset reconciliation and other calculations no documented quality review of the revaluation process.

Council	Description
Willoughby City Council (new finding)	<p>Council reported a \$5.4 million prior period error due to the overstatement of assets. This arose from:</p> <ul style="list-style-type: none"> inability to verify the existence of open space and recreational assets in the fixed asset register buildings that were not previously included in the fixed asset register.
Wingecarribee Shire Council (new finding)	<p>Council corrected a material misstatement of \$117 million arising from the comprehensive revaluation of roads, bridges and footpaths. The error arose primarily due to system limitations in council's asset management system in processing a revaluation of this size and nature.</p>
Wollondilly Shire Council (new finding)	<p>Council's revaluation process over roads, bridges, footpaths, drainage infrastructure, carparks and other infrastructure assets identified errors due to:</p> <ul style="list-style-type: none"> applying incorrect unit rates and measurements since 2014–15 assets recorded in the asset register but not the general ledger duplicated assets volume errors application of inaccurate consumption pattern of the assets.
2018–19 finding[^]	
MidCoast Council (new finding)	<ul style="list-style-type: none"> Council lacked documentary evidence to support unit rates applied for assets revalued under the replacement cost method. There was insufficient documentation to support council's rationale, method and approach in conducting the revaluation. There was a lack of quality review performed over the valuation, resulting in an additional \$47.7 million error. Accounting implications for revaluation increments and decrements did not reflect the not-for-profit requirements of AASB 116 Property, Plant and Equipment. There were multiple versions of financial statements and supporting schedules provided to the audit team, as management adjusted information originally supplied.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common asset management findings reported in audit management letters related to deficiencies in asset revaluation processes, maintenance of information in asset management systems and landfill rehabilitation accounting practices.

Deficiencies in infrastructure asset revaluation processes at 68 councils

Deficiencies were identified in infrastructure asset valuations at 68 councils, including:

- inadequate documentation to support key assumptions and judgements applied including:
 - useful lives and condition assessments
 - unit rates used to value infrastructure assets
- incorrect classification of assets
- incorrect exclusion of some assets from valuations
- management not documenting their quality review over the asset valuation.

Weak processes over maintenance and security of fixed asset registers at 68 councils

Maintaining accurate and up to date asset data helps councils to make appropriate decisions around asset management. The common issues reported in audit management letters relating to fixed asset registers are summarised below.

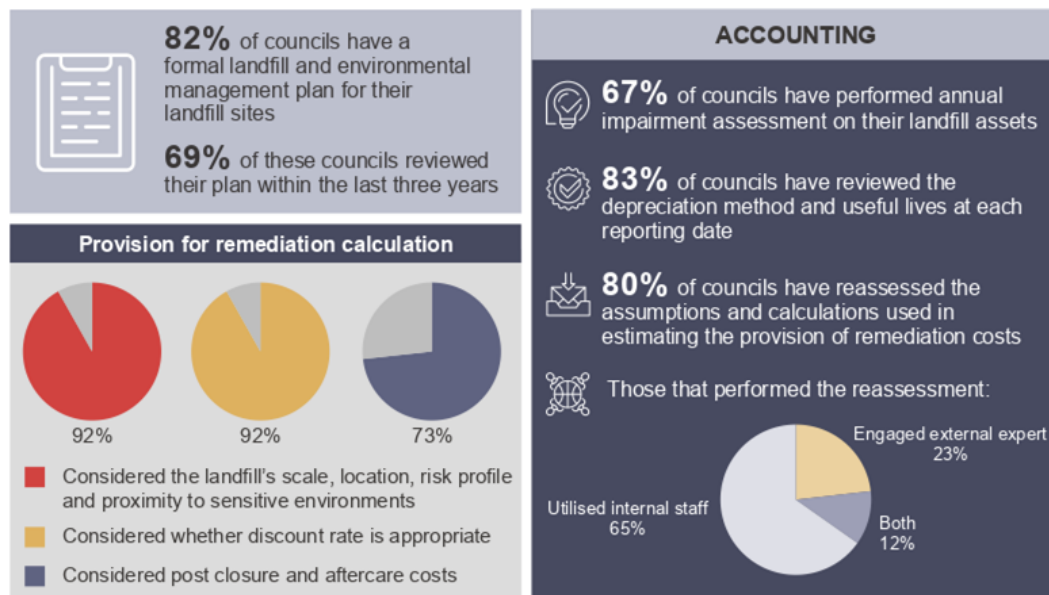
Fixed asset register issues reported in audit management letters	Number of councils
Council did not maintain an accurate and complete fixed register. This included: <ul style="list-style-type: none"> • issues with duplicated or missing assets • incorrect categorisation of assets • incorrect componentisation of assets. 	49
Council did not regularly update their fixed asset register for additions and disposals.	41
Asset registers were not maintained in a secure format (e.g. use of unlocked spreadsheets or multiple systems).	13

Improvements to council landfill rehabilitation accounting practices required at 44 councils

Common findings identified in council landfill rehabilitation accounting practices include:

- 12 councils did not formally assess the obligations required to rehabilitate landfill sites
- 11 councils could improve formal documentation of provision calculations to support inputs, assumptions and key data for accounting of the provisions
- 23 councils did not include costs associated with post-closure, aftercare and monitoring of landfill sites in their provisions.

Australian Accounting Standards require a provision for landfill remediation when the obligation to operate landfill sites would result in cash outflows for the council, and it can be reliably measured. Such provisions should be annually reassessed for changes in assumptions, legal requirements and emergence of new landfill remediation techniques.

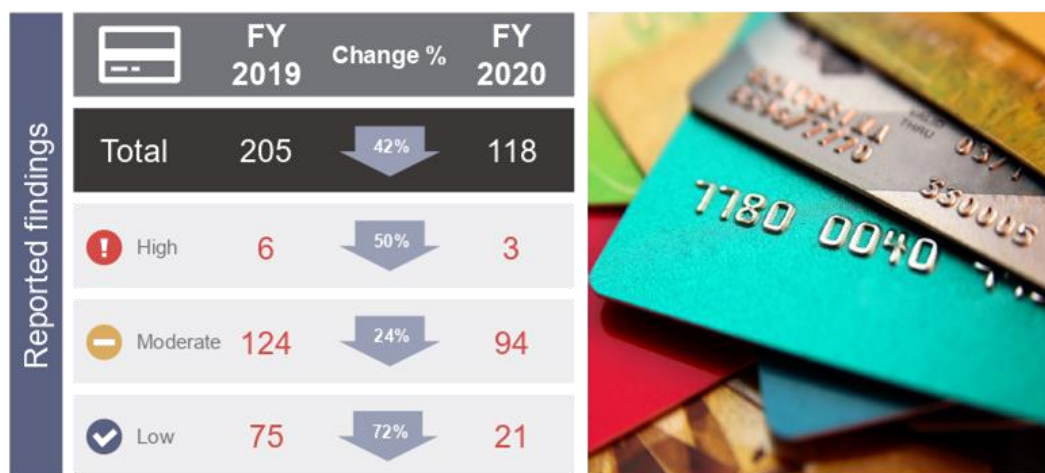


4.5 Purchases and payables

Councils spend substantial funds each year to procure goods and services. It is important there is appropriate probity, accountability and transparency in procurement to reduce the risk of unauthorised purchases, corrupt and fraudulent behaviour and value for money not being achieved.

Purchases and payables findings decreased from 205 to 118

Audit management letters reported 118 findings relating to purchases and payables (2018–19: 205 findings). Forty-five per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings were reported at the following councils. Three of the 2018–19 high-risk findings were resolved, and three findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Gilgandra Shire Council (new finding)	A senior officer had superuser access to the finance system and was also an authorised signatory for the bank account. The lack of segregation of duties increases the risk of inappropriate transactions.
Lismore City Council (new finding)	The system-based workflows for approving purchase orders did not match the approved limits in the delegations manual. Some officers had the ability to revise purchase orders to amounts above their delegation without requiring further approval.
Mid-Western Regional Council (new finding)	Non-compliance with the <i>Local Government Act 1993</i> and the <i>Local Government (General) Regulation 2005</i> for one contract over \$250,000 in value for landfill management services. The contract was not subject to a competitive tender in accordance with procurement rules.

Common findings

The common purchases and payables findings reported in audit management letters related to controls around purchase orders, review of creditor information and deficiencies in credit card management practices.

Controls around purchase orders were not enforced or absent at 32 councils

At 11 councils, it was identified that employees could approve their own purchase orders. It is important there is segregation of duties in procurement to reduce the risk of fraud and misuse of public money.

Purchase orders were approved after the receipt of goods or services at 25 councils. Purchase orders should be issued before requesting goods or services to reduce the risk of unauthorised transactions.

Insufficient review of changes to creditor information at 32 councils

Thirty councils did not perform sufficient review of changes to creditor information, including bank account details. This increases the risk of transactions paid to incorrect accounts, resulting in financial losses for councils. Councils should review each change or perform regular collective review of changes.

Deficiencies in credit card management practices

The Audit Office's recent performance audit '[Credit card management in Local Government](#)' identified gaps in credit card management practices for all six audited councils, including:

- lack of explicit alignment between credit card limits and financial delegations
- no requirement to check purchases were for valid purposes in the process for reconciling credit card transactions
- card holders sharing credit cards with other employees
- incomplete or inaccurate record keeping.

Procurement processes do not fully support transparent use of public money

In December 2020, the '[Procurement management in Local Government](#)' performance audit assessed the effectiveness of procurement practices in six councils and identified:

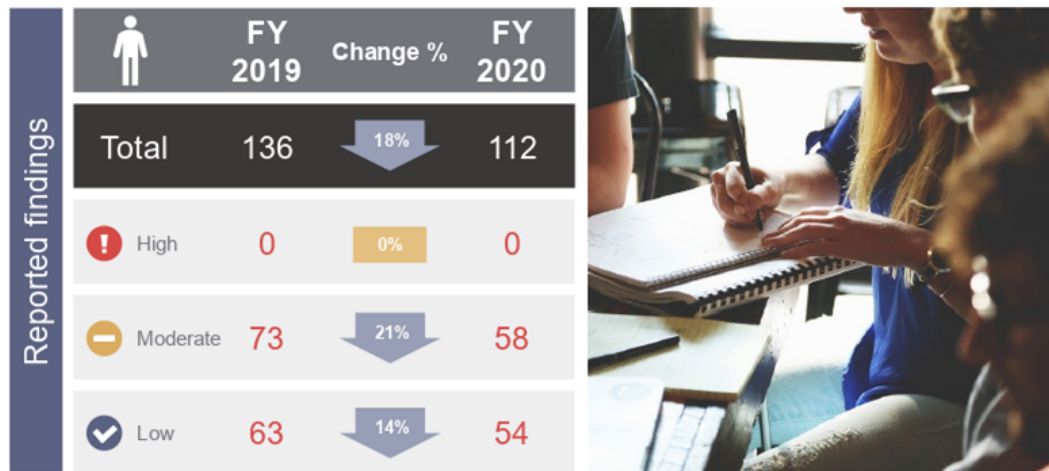
- procurement needs were not consistently documented at the planning stage
- staff training on procurement was not adequate
- procurement outcomes were not required to be evaluated
- discrepancies in contract values between contract registers and annual reports.

4.6 Payroll

Effective payroll processes ensure councils manage their workforce in compliance with legislation, employment agreements and the Local Government Award. Payroll processes and information systems should protect the integrity of employee records and timesheet data, to ensure accurate payments to employees and leave entitlement calculations.

Payroll findings decreased from 136 to 112

Audit management letters reported 112 findings relating to payroll processes (2018–19: 136 findings). Thirty-nine per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

There were no high-risk findings related to payroll processes in 2019–20 (2018–19: Nil).

Common findings

The common payroll findings reported in audit management letters related to deficiencies in the review of employee payroll data and excessive annual leave balances.

Changes to employee payroll data are not reviewed at 35 councils

Thirty-five councils did not have adequate processes in place to review changes to employee payroll data. This includes instances where changes are reviewed, but not by an independent person. This increases the risk of unauthorised changes or errors remaining undetected, resulting in financial loss to councils.

Excessive annual leave balances were reported at 46 councils

Managing excess annual leave was a challenge for councils given the recent emergency events. Councils continued to deliver essential services in uncertain times and in a disrupted work environment. Many council employees, particularly in frontline roles, deferred leave plans and have taken little or no annual leave. To support council employees during the COVID-19 pandemic, legislative amendments were made to allow councils and their employees to agree to:

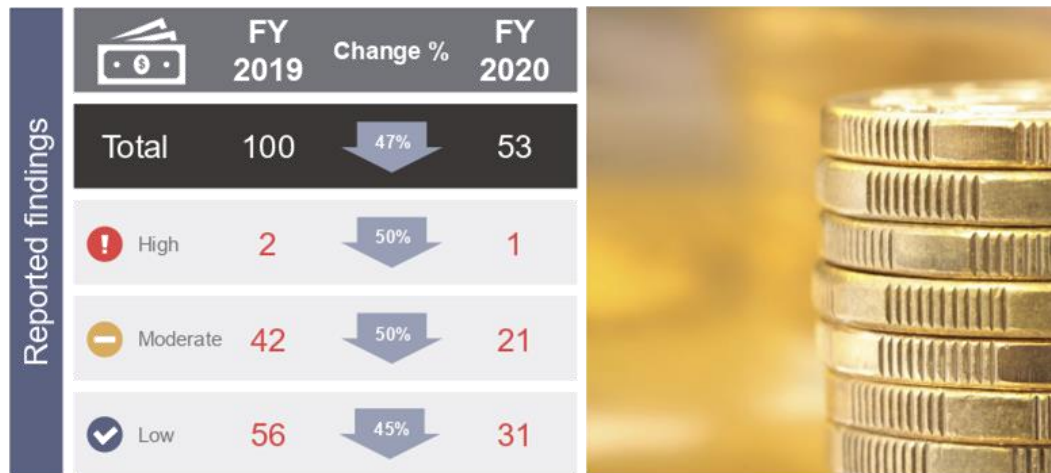
- council making a payment to an employee in lieu of annual leave, provided the employee will still have a balance of at least four weeks of leave remaining
- an employee taking annual leave at double or half pay.

4.7 Cash and banking

Councils process a high volume of transactions each year. Effective controls over cash collection, disbursements and reconciliations reduce the risk of fraud and error.

Cash and banking findings decreased from 100 to 53

Audit management letters reported 53 findings relating to cash and banking (2018–19: 100 findings). Twenty-six per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings related to cash and banking were reported at the following councils. All 2018–19 high-risk findings were resolved.

Council	Description
2019–20 finding	
Wingecarribee Shire Council (new finding)	Under section 355 of the <i>Local Government Act 1993</i> , council delegated the management of a number of its halls and sporting fields to volunteer committees. Committees' cash balances were reported to the council as at 31 May 2020, rather than 30 June 2020 and bank confirmations were not provided for committee bank accounts as at 30 June 2020 for the audit. Furthermore, council did not comply with their internal policy for at least one employee to be a signatory on committee bank accounts.
2018–19 finding[^]	
MidCoast Council (new finding)	Council did not reconcile external confirmations from financial institutions to their investment register. Furthermore, confirmations: <ul style="list-style-type: none"> were incomplete and did not cover all investments in council's register included balances that were not recorded in council's register. From review of council's external confirmations, council did not record balances totalling \$110,000 as they were unaware of its existence. The bank account was for loan repayments made by a former constituent council (pre-amalgamation).

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common cash and banking findings reported in audit management letters related to the lack of security of payment files and the lack of segregation of duties in the cash handling process.

Lack of security of payment files for pay runs at 12 councils

Twelve councils did not encrypt Electronic Funds Transfer (EFT) payment files from editing or sufficiently restrict access to payment files on the network before they were uploaded to online banking portals. This increases the risk of unauthorised or fraudulent transactions.

Lack of segregation of duties in the cash handling processes at 16 councils

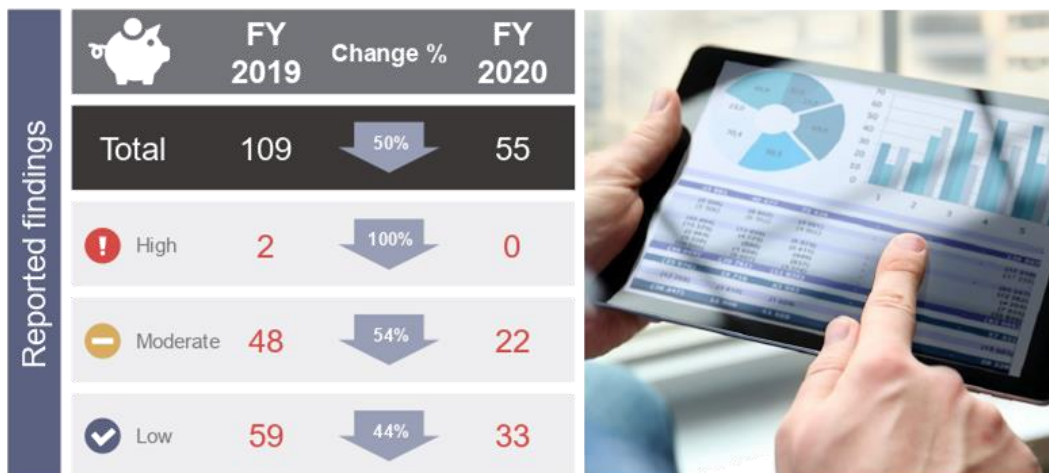
There was a lack of segregation of duties in the cash handling process at 16 councils, including daily cashier balancing and recording mail remittances. There was no independent recount of balances or review of mailed cheque receipts. This increases the risk of undetected balancing errors and misappropriation of cash or cheques.

4.8 Revenue and receivables

Councils receive revenue from a range of different sources, including rates and annual charges, user charges and fees, operating and capital grants and contributions, and other revenue (such as interest, investments and asset disposals). It is important that councils have appropriate internal controls to accurately record revenue and receivables in compliance with accounting standards and legal requirements.

Revenue and receivable findings decreased from 109 to 55

Audit management letters reported 55 findings relating to revenue and receivables (2018–19: 109 findings). Forty-seven per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

There were no high-risk findings related to revenue and receivables processes in 2019–20. One of the high-risk findings reported in 2018–19 was resolved, and the other was reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Common findings

The common revenue and receivables findings reported in audit management letters related to deficiencies in the review of changes to fee tables and property data in council rates systems and inappropriate revenue recognition practices.

Lack of review of changes to fee tables and property data in the rating system at 18 councils

Council systems contain fee tables and property information, which is used to determine rates and annual charges levied on different properties. Eighteen councils do not adequately review changes for accuracy and appropriateness. This increases the risk of errors in recording rates and annual charges in the financial statements.

Inappropriate revenue recognition at 11 councils

Eleven councils had findings raised relating to their revenue recognition practices, including:

- recognising revenue in the financial statements for construction projects on receipt, rather than on progress
- use of cash accounting basis to recognise some revenue transactions, rather than accruals.

Deficiencies in revenue recognition practices resulted in 66 errors identified in council financial statements, totalling \$103.2 million.

4.9 Information technology (IT)

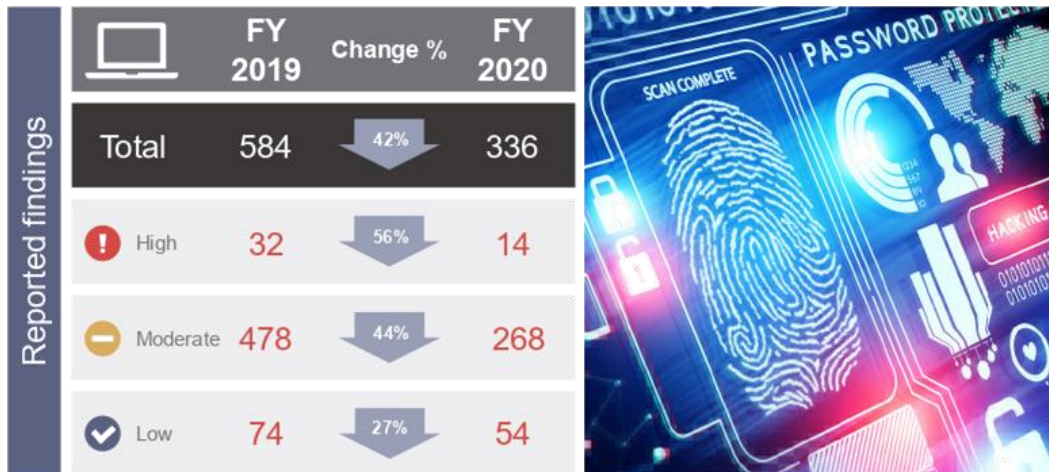
Councils rely on IT to deliver services and manage information. While IT delivers considerable benefits, it also presents risks that councils need to address. IT general controls relate to the procedures and activities designed to ensure confidentiality and integrity of systems and data. These controls underpin the integrity of financial reporting.

Financial audits involve the review of IT general controls relating to key financial systems supporting the preparation of council financial statements, addressing:

- policies and procedures
- IT risk management
- user access management
- privileged user access restriction and monitoring
- system software acquisition, change and maintenance
- disaster recovery planning.

IT findings decreased from 584 to 336

Audit management letters reported 336 findings relating to IT (2018–19: 584 findings). Sixty-eight per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat and ongoing findings, were reported at the following councils. Ten of the 2018–19 high-risk findings were not resolved, and six findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Bellingen Shire Council (three repeat findings)	Three high-risk findings were reported relating to: <ul style="list-style-type: none"> • lack of cyber risk framework and policy • no policies and procedures for IT security or change management • enterprise wide business continuity and disaster recovery plan has not been reviewed and updated since 2016.
Central Coast Council (two new findings)	Two high-risk findings were reported relating to: <ul style="list-style-type: none"> • privileged user access review was not performed for one of the key financial system • privileged user accounts' activity logs were not reviewed.
Coolamon Shire Council (new finding)	There is no formal process to grant and remove access to financial systems. Privileged accounts' activity logs were not maintained and monitored.
Greater Hume Shire Council (repeat finding)	Privileged accounts' activity logs were not maintained and reviewed.
Hilltops Council (ongoing finding)	Council did not have an implemented IT strategic plan and IT policies and procedures over security, change management, backup, storage and retrieval, business continuity and disaster recovery plan.

Council	Description
Maitland City Council (one new finding and two repeat findings)	Three high-risk findings were reported relating to: <ul style="list-style-type: none"> • lack of formal approval and implementation of IT policies and procedures over multiple areas, no cybersecurity awareness program, gaps in IT risk register and lack of Service Level Agreement (SLA) between IT and the business, communication of IT risks to the Audit Committee and resolution of the IT issues to be addressed during the planned restructure (repeat finding) • independent review of changes to employee master data and invoice data entry were not consistently performed during 2019–20 (repeat finding) • gaps in the cybersecurity controls (new finding).
Murrumbidgee Council (ongoing finding)	High-risk finding relating to the migration to a new financial system. See 2018–19 findings section below for more information.
Newcastle City Council (ongoing finding)	One ongoing (resolution date not due) high-risk finding reported relating to: <ul style="list-style-type: none"> • no formal IT policies and procedures in place over multiple areas such as access management, incident management, cybersecurity, etc • no cybersecurity awareness program which will include periodic training of users on cybersecurity • IT risk register shows uncompleted and past due actions for certain risk items • no documented SLA between IT and the business.
Woollahra Municipal Council (repeat finding)	Privileged user accounts' activity logs were not reviewed.
2018–19 findings[^]	
MidCoast Council (new finding)	Management could only provide limited evidence to demonstrate how it performs its oversight function for IT general controls over the key systems relevant to financial reporting. There were deficiencies in IT policies, IT risk management, user access management, segregation of duties, backup and monitoring and disaster recovery.
Murrumbidgee Council (one new finding and two repeat findings)	One new high-risk finding was reported, relating to the migration to a new financial system (Civica Authority). There was a lack of planning, project management and inadequate resourcing for the project. The internal audit review highlighted exceptions and scope limitations where they were unable to conclude on the accuracy and completeness of 31 October 2018 balances transferred from Jerilderie and Darlington Point standalone systems to Civica Authority. Council did not appropriately document the system conversion process, including the opening balances transfer. <p>Two repeat high-risk findings were reported, relating to:</p> <ul style="list-style-type: none"> • lack of an IT risk assessment and IT risk register • lack of formal policies and procedures across most IT processes.

[^] These audits were finalised after the 'Report on Local Government 2019' was published.

Common findings

The common IT findings reported in audit management letters related to deficiencies in IT policies and procedures, lack of a cybersecurity framework and controls and gaps in user access management processes.

IT policies and procedures were outdated or not in place at 64 councils

Sixty-four councils did not formalise and/or regularly reviewed their key IT policies and procedures. It is important for key IT policies to be formalised and regularly reviewed to ensure emerging risks are considered and policies are reflective of changes to the IT environment. Lack of formal IT policies and procedures may result in inconsistent and inappropriate practices and an increased likelihood of inappropriate access to key systems.

Cybersecurity frameworks and related controls were not in place at 58 councils

At a State Government level, the NSW Cybersecurity Policy states that 'strong cybersecurity is an important component of the NSW Digital Government Strategy. The term cybersecurity covers all measures used to protect systems and information processed, stored or communicated on these systems from compromise of confidentiality, integrity and availability'. While there is currently no requirement for councils to comply with the State Government's Cybersecurity Policy, councils may find it useful to refer to the policy for further guidance.

The Report on Local Government 2019 recommended for the Office of Local Government (OLG) within the Department of Planning, Industry and Environment to develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils. OLG have indicated that they are working with Cybersecurity NSW to develop a draft cybersecurity policy to share with councils by 30 June 2021. Refer to Appendix three.

Fifty-eight councils did not have the basic governance and internal controls to manage cybersecurity such as a cybersecurity framework, policy and procedure, register or cyber incidents, penetrations testing and training.

Poor management of cybersecurity can expose councils to a broad range of risks, including financial loss, reputational damage and data breaches. The potential impacts include:

- theft of corporate and financial information and intellectual property
- theft of money
- denial of service
- destruction of data
- costs of repairing affected systems, networks and devices
- legal fees and/or legal action from losses arising from denial-of-service attacks causing system downtime in critical systems
- third-party losses when personal information stored on government systems is used for criminal purposes.

Gaps in user access management process, including inadequate periodic review of user access at 43 councils and insufficient monitoring of privileged account activities at 68 councils

The following common access management findings were identified:

- 43 councils did not perform a periodic user access review to ensure users' access to key IT systems are appropriate and commensurate with their roles and responsibilities
- 68 councils did not monitor privileged accounts' activity logs.

Where robust access management processes are not in place, inappropriate access may exist, increasing the risk of unauthorised transaction or modification of sensitive data and transactions. The common findings above were rated high risk when there was mitigating controls to prevent or detect any unauthorised access.

Looking forward



Rural outback, New South Wa

5. Looking forward

Audit Office's work plan for 2020–21 onwards

Focus on local council's response and recovery from recent emergencies

Local councils and their communities will continue to experience the effects of recent emergency events, including the bushfires, floods and the COVID-19 pandemic for some time. The full extent of some of these events remain unclear and will continue to have an impact into the future. The recovery is likely to take many years.

The Office of Local Government (OLG) within the Department of Planning, Industry and Environment is working with other state agencies to assist local councils and their communities to recover from these unprecedented events.

These events have created additional risks and challenges, and changed the way that councils deliver their services.

We will take a phased approach to ensure our financial and performance audits address the following elements of the emergencies and the Local Government's responses:



- local councils' preparedness for emergencies
- its initial responses to support people and communities impacted by the 2019–20 bushfires and floods, and COVID-19
- the governance and oversight risks that arise from the need for quick decision making and responsiveness to emergencies
- the effectiveness and robustness of processes to direct resources toward recovery efforts and ensure good governance and transparency in doing so
- the mid to long-term impact of government responses to the natural disasters and COVID-19
- whether government investment has achieved desired outcomes.

Planned financial audit focus areas in Local Government

During 2020–21, the financial audits will focus on the following key areas:

- cybersecurity, including:
 - cybersecurity framework, policies and procedures
 - assessing the controls management has to address the risk of cybersecurity incidents
 - whether cybersecurity risks represent a risk of material misstatement to council's financial statements
- budget management
- financial sustainability
- quality and timeliness of financial reporting
- infrastructure, property, plant and equipment
- information technology general controls.

Audit, risk and improvement committees

All councils are required to have an audit, risk and improvement committee by March 2022

The requirement for all councils to establish an audit, risk and improvement committee was deferred by 12 months to March 2022 due to the COVID-19 pandemic.

Audit, risk and improvement committees are an important contributor to good governance. They help councils to understand strategic risks and how they can mitigate them. An effective committee helps councils to build community confidence, meet legislative and other requirements and meet standards of probity, accountability and transparency.

Local Government elections

Local Government elections were postponed for one year due to the COVID-19 pandemic

The Local Government elections were deferred for one year due to the COVID-19 pandemic and will now be held on 4 September 2021. As the statutory deadline for the 2020–21 financial statements is 30 October 2021, some of the newly elected councillors will be required to endorse them.

Implementation of AASB 1059

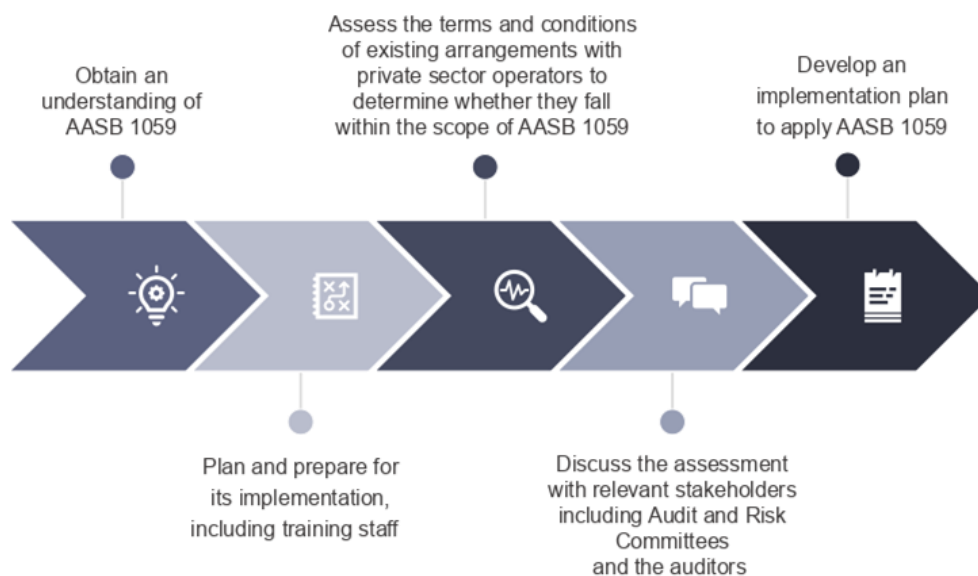
Accounting standards implementation continue next year

AASB 1059 is effective for councils for the 2020–21 financial year.

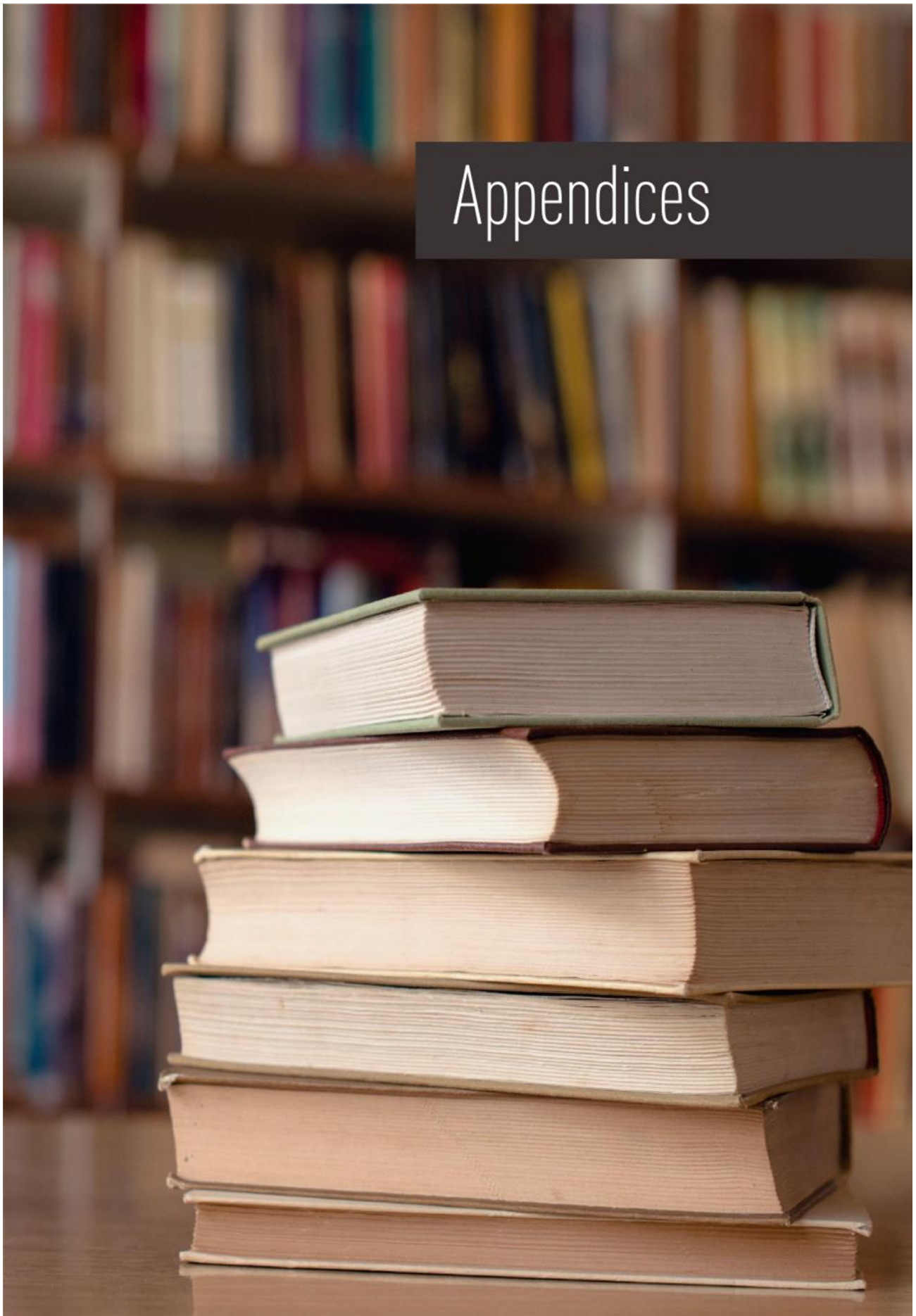
A service concession arrangement typically involves a private sector operator that is involved with designing, constructing or upgrading assets used to provide public services. They then operate and maintain those assets for a specified period of time and is compensated by the public sector entity in return. Examples of potential service concession arrangements impacting councils include roads, community housing, childcare services and nursing homes.

AASB 1059 may result in councils recognising more service concession assets and liabilities in their financial statements.

To effectively implement AASB 1059 councils will need to:



These tasks should be completed well before the balance date so that they do not impact on the timely preparation of the financial statements at year end.



Appendix one – Response from the Department of Planning, Industry and Environment



Ms Margaret Crawford
Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

26 May 2021

Dear Ms Crawford

Thank you for your letter of 14 April 2021 and for the opportunity to respond to your *Report on Local Government 2020*. I would like to recognise the contribution of the Audit Office towards strengthening governance, financial management and reporting in the local government sector.

The Department notes the report's recommendation, that the Department 'should communicate the State's view that rural fire-fighting equipment is controlled by Councils in the local government sector, and therefore this equipment should be properly recorded in their financial statements'.

The Department will communicate to the local government sector the State position that the Rural Fire Service (RFS) should not recognise these assets notwithstanding that councils generally enter into agreements with the RFS for the management of this council owned fire fighting equipment.

I also note the recommendation that the Department should provide certainty regarding the legal framework relating to restrictions of water, sewerage and drainage funds (restricted reserves). It is also noted that the preferred view of the Crown Solicitor is that monies received under the *Water Management Act 2000* reside within the scope of s.409(3) of the *Local Government Act 1993*. The Department proposes to issue guidance consistent with the preferred view above, to support Councils in preparing their financial statements.

Throughout the past year the Department has worked towards addressing the recommendations from your *Report on Local Government 2019*, with particular regard to cyber security. The Department is continuing to work with Cyber Security NSW and the local government sector to identify the best way to address this issue.

I am encouraged by the constructive feedback provided by the Audit Office and look forward to continuing this important work to ensure that both local and state government work together to best serve local communities in NSW.

Yours sincerely

Jim Betts
Secretary

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Appendix two – NSW Crown Solicitor’s advice

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ADVICE



LOCAL GOVERNMENT RATES AND CHARGES

Executive summary

Question 1 Special rates and charges

1. The reference in s. 409(3)(a) of the *Local Government Act 1993* (“the *LG Act*”) to a “special rate or charge” is a reference to a special rate or a ‘charge’ and not to a special rate or a ‘special charge’.
2. I have identified, in the body of this advice, sections of the *LG Act* which provide for the making of charges and special rates.

Question 2 Central Coast Council

3. Money received pursuant to provisions of the *Water Management Act 2000* (“the *WM Act*”) is received by the Central Coast Council in its capacity as a water supply authority (“WSA”) under that Act.
4. Section 409(3)(b) of the *LG Act* may apply to monies collected pursuant to the *WM Act*, if the conditions in that paragraph are satisfied. Although not without doubt, I prefer a view that s. 409(3)(a) of the *LG Act* could also apply to such monies.
5. As a general proposition, monies received by the Central Coast Council as a result of charges levied in its capacity as a water supply authority under the *WM Act* should be held in the council’s consolidated fund as “externally restricted funds” to be used only for purposes associated with the exercise of the council’s functions as a water supply authority under the *WM Act* or purposes authorised under the *LG Act* (such as the payment of dividends under s.409(5) of the *LG Act*).
6. I have not located any provisions in the *WM Act* which expressly restrict the way that money collected under that Act may be spent.

Background

7. You seek my advice as to interpretation of provisions of the *LG Act* and the *WM Act*. I understand these to be questions of general application, although Question 2 relates to Central Coast Council specifically and has arisen in the broader context of that Council being under administration (though I am instructed no further as to any specific facts or circumstances).

Prepared for: AUD018 Auditor General of NSW
 Client ref: Liz Basey D2030574
 Author: Sally Johnston/Karen Smith

Date: 13 February 2021

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Analysis

Question 1 Special rates and charges

1.1 Do the provisions in s. 409(3) of the LG Act extend to 'any charges' levied by the council or only to 'special charges' levied by a council?

8. Chapter 13 of the *LG Act* is titled "How are councils made accountable for their actions?" and Part 3 of that Chapter "Financial management". Division 1 ("Funds"), provides at s. 408 that a council must have two separate funds: a consolidated fund and a trust fund (as to which, see s. 411). Section 409 provides for the consolidated fund as follows:

"409 The consolidated fund

(1) All money and property received by a council must be held in the council's consolidated fund unless it is required to be held in the council's trust fund.

(2) Money and property held in the council's consolidated fund may be applied towards any purpose allowed by this or any other Act.

(3) However—

(a) money that has been received as a result of the levying of a special rate or charge may not be used otherwise than for the purpose for which the rate or charge was levied, and

(b) money that is subject to the provisions of this or any other Act (being provisions that state that the money may be used only for a specific purpose) may be used only for that purpose, and

(c) money that has been received from the Government or from a public authority by way of a specific purpose advance or grant may not, except with the consent of the Government or public authority, be used otherwise than for that specific purpose.

(d) (Repealed)

(4) Pending its expenditure for the purpose for which it is held, money of the kind referred to in subsection (3)(a), (b) or (c) may not be held otherwise than in an account with a bank, building society or credit union or in an investment in which such money is, by or under this or any other Act, authorised to be invested.

(5) Despite subsections (3) and (4), a council may—

(a) deduct, from the money required by subsection (3) to be used only for the specific purpose of water supply or sewerage services, an amount in the nature of a return on capital invested payment (dividend), and

(b) apply that amount towards any purpose allowed for the expenditure of money by councils by this Act or any other Act.

(6) The Minister for Water, Property and Housing, with the concurrence of the Minister administering this Act—

(a) is to cause guidelines to be prepared and published in the Gazette relating to the management of the provision of water supply and sewerage services by councils, and

(b) may, if of the opinion that a council has not substantially complied with the guidelines, direct the council to comply with any particular aspect of the guidelines before making any further deduction under subsection (5).

(7) Before making a deduction under subsection (5), a council must—

(a) comply with the guidelines published under subsection (6) and any direction given under that subsection, and

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- (b) indicate in an open meeting of the council that the guidelines and any such direction have been complied with in relation to the making of the deduction.
- (8) Subsections (5)–(7) extend to a council that is a water supply authority within the meaning of the *Water Management Act 2000*.
- (9) This section does not affect the requirements of the *Fire and Emergency Services Levy Act 2017* with respect to the payment of collection instalments to the Treasurer.
9. You instruct me that the provisions in subsection (3), which are the focus of your question for advice, are known colloquially as “externally restricted funds”. The question for my advice is whether the reference in s. 409(3)(a) to a “special rate or charge” should be interpreted as ‘a special rate or (any) charge’ or as a ‘special rate or special charge’.
 10. The task of statutory construction is to determine the meaning of the text of the statute whilst, at the same time, having regard to its context and purpose: see generally *SZTAL v Minister for Immigration and Border Protection* [2017] HCA 34 at [14] and the *Interpretation Act 1987*s. 33. Section 409(3) addresses the use, or ‘spending’, of monies that are associated with a “specific purpose”. The provisions of subparagraphs (a)–(c) are all concerned with the spending of monies for the purpose, also referred to as the specific purpose, for which they are received or kept.
 11. In the context of that purpose, of restricting expenditure of monies to the purpose for which that money was received, the meaning of the reference to a “special rate” is clear, because of the nature of such a rate. A special rate is a rate for or towards the cost of any works, services, facilities or activities of the council, other than domestic waste management services: see s. 495. That work, service, facility or activity would constitute the purpose of the special rate for purposes of s. 409(3).
 12. It is also clear, when considering the statutory scheme, that a “special rate” is a standalone concept in the *LG Act*. There are, throughout the *LG Act*, other references to “special rates”: see especially s. 492, which provides that councils can make ordinary or special rates, and s. 495 (“making and levying of special rates”). Broadly speaking, ordinary rates are levied annually on rateable land by reference to the categorisation of that land (see generally ss. 493, 494 and Part 3 of Chapter 15); whilst (as noted) special rates go “for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken... other than domestic waste management services” (at s. 495).
 13. By contrast, there is no reference to or concept of a ‘special charge’ elsewhere in the *LG Act*. Many provisions of the Act refer to ‘charges’. These all relate to the provision of a service. For example, a charge may be made pursuant to s. 501 for services specified therein, which are to be provided by the council. The making and levying of annual charges for domestic waste management services, for stormwater management services and for coastal protection services are provided at ss. 496, 496A and 496B. Other provisions addressing charges are found generally in Chapter 15, especially in Part 3A (Charges), in Part 4 (Making of rates and charges) and in Part 5 (Levying of rates and charges). In particular, s. 539 is instructive in that it sets out the criteria relevant to determining the amount of a charge. Each of the criteria (albeit non exhaustive) referred to in s. 539(1) to which the council may have regard in setting the amount of the charge are referable to

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the "service" to which the charge relates: for example, the cost of providing the service, the area of land to which the service is provided, the frequency of the service etc. In that way, the section underscores that the charge must be linked directly to the provision of a service.

14. One instance of a 'charge' under the *LG Act* that less obviously evidences this link between provision of a service and a charge is s. 611. Section 611 provides for the making of a charge in relation to the possession, occupation or enjoyment of a rail, pipe, wire, pole, cable, tunnel or structure which pertains to a public place. In that instance, it is harder to identify a service and therefore the purpose for which that money is received, to employ the language of s. 409(3)(a). It seems to me arguable that the charge is for the purpose of the person's enjoyment of the benefit of possession, occupation or enjoyment of the rail etc. and therefore concerned with the maintenance or similar of that enjoyment. Alternatively, it may be an exceptional charge. Section 611(2) provides that the annual charge may be made, levied and recorded in accordance with the *LG Act* "as if it were a rate" but is not to be regarded as such for the purposes of calculating the council's general income. There are also specific and bespoke provisions about avenues of appeal for an aggrieved person to challenge the amount of the charge. To the extent that it might be necessary, I think that in the context of a large scheme such as the *LG Act*, the sui generis features of this section can set aside in settling a preferable construction of the terms of s. 409(3)(a).
15. I also note that at s. 543, there is a requirement that each form of rate and each charge have its own name. This section is organised in three subsections: for an "ordinary rate", a "special rate" and for "a charge". Again, that tells against the suggestion that there is a fourth category or a concept of a 'special charge' in the *LG Act*.
16. Considered against this background, it seems clear that a charge must relate to a service, and indeed be named and its amount determined by reference to that service. So too a special rate is for a work, service, facility or activity (see s. 495). By contrast, an ordinary rate is paid by reference to a parcel of rateable land. When so understood, s. 409(3)(a) is sensible when it is read on its plain terms as "a special rate" or a "charge". It makes sense to speak of both those types of council income by reference to their specific purpose. A charge under the *LG Act* is not a means of revenue raising for general purposes and appropriations. Rather, a charge under that Act is by its nature associated with a purpose. For this reason, it would be unnecessary to refer to a 'special charge', in the way that it is necessary to refer to a "special rate" which is associated with a purpose as distinct from an ordinary rate which is not associated with such a purpose.
17. I find further support for this construction in s. 503, which addresses the relationship between rates and charges. It provides that:
 - "503 What is the relationship between rates and charges?
 - (1) A charge may be made:
 - (a) in addition to an ordinary rate, and
 - (b) in addition to *or instead of* a special rate.
 (emphasis added)

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18. In this section, the Act provides that a charge can be made "instead of" a special rate. Again, this suggests to me that the concept of a 'special charge' has no work to do in the legislative scheme of the *LG Act*, rather there are ordinary rates, special rates and charges, and it would be appropriate to speak of a "special rate" and a "charge" interchangeably, as occurs in s. 409(3)(a) and the phrase "special rate or charge".
19. Another consideration is that a construction of the words "special rate or charge" which promotes a harmonious interpretation of the same words and phrases throughout the legislation should be preferred: that is, words are assumed to be used consistently in the legislation (although this is readily rebutted, and, it should be noted, more frequently rebutted in large and extensively amended legislation such as the *LG Act*). This principle can extend to interpretation of a phrase or expression: see, for example, the discussion as to interpretation of the phrase "property offence" in *McMillan v Pryce* (1997) 115 NTR 19 at 23. I have therefore considered the use of the expression "special rate or charge" as it appears in other provisions of the *LG Act*.
20. For example, s. 410 also applies to money that has been received by a council as a result of the levying of a "special rate or charge". Section 410 provides that where a special rate or charge has been discontinued and the purpose achieved, or no longer required to be achieved, any remaining money may be used by the council for other purposes providing that certain conditions specified in subsection (2) are met. It also provides that money which is not yet required for the purpose for which it was received may be lent (by way of internal loan) for use by the council for another purpose, if that purpose is approved by the Minister: see subsections (3) and (4).
21. Indeed, in s. 410(1) the reference is to "a special rate or a charge" (emphasis added), though subsection (2) refers to the "special rate or charge". Whilst this is far from determinative, it does indicate that the phrase "special rate or charge" is used interchangeably with "special rate or a charge" in at least one other provision of the Act, and so is supportive of my preferred construction.
22. The other places in the *LG Act* where the expression "special rate or charge" appears are in Division 2 ("Special rates and charges relating to water supply, sewerage and drainage") of Part 5 ("Levying of rates and charges") of Chapter 15 ("How are councils financed?"): see especially ss. 551, 552, 553, 553A. The phrase also appears in s. 565 ("capital contributions instead of payment of special rates or charges"). I find nothing in these sections which suggests that my preferred construction should be displaced, and that it was intended that the reference was to some concept of a 'special charge'.
23. Finally, I note an additional question about the interpretation of s. 409(3)(a), whether the reference to "special rate or charge" should be construed as a reference to a special rate or charge raised pursuant to the *LG Act*, or pursuant to the *LG Act* or any other Act. I will return to this question at [2.2] below.

¹ See generally Pearce, D., *Statutory Interpretation in Australia* (9th ed, 2019), Reed International Books Australia at [4.9].

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1.2 If s. 409(3) is read as 'special charge', which sections of the LG Act provide for the making of special, as distinct from general, charges?

24. In light of my answer to question 1.1., this question does not arise.

1.3 If s. 409(3) is read as 'any charge', which sections of the LG Act provide for the making of such charges?

25. The making of rates and charges is addressed in Chapter 15 ("How are councils financed?"). Part 1 of that Chapter sets out general provisions about the making of rates and charges. In particular, s. 501 provides for the making of charges as follows:

"501 For what services can a council impose an annual charge?

(1) A council may make an annual charge for any of the following services provided, or proposed to be provided, on an annual basis by the council—

- water supply services
- sewerage services
- drainage services
- waste management services (other than domestic waste management services)
- any services prescribed by the regulations.

(2) A council may make a single charge for two or more such services.

(3) An annual charge may be levied on each parcel of rateable land for which the service is provided or proposed to be provided."

26. For the purposes of s. 501(1), the regulations currently prescribe emergency services within the area of the Blue Mountains City Council: see cl. 125 *Local Government (General) Regulation 2005*.

27. Other provisions which provide for the levying of charges are:

- (a) Sections 496, 496A and 496B which provide for the making of charges for domestic waste management services, stormwater management services and coastal protection services respectively,
- (b) Section 552 which provides for the making of charges relating to water supply, sewerage and drainage,
- (c) Section 553B(2) which provides for the making of a charge in relation to coastal protection services, and
- (d) Section 611 which provides for the making of a charge in relation to the possession, occupation or enjoyment of a rail, pipe, wire, pole, cable, tunnel or structure which pertains to a public place.

28. Other provisions relevant to the making of charges are in Part 3A (charges), Part 4 (making of rates and charges) and Part 5 (levying of rates and charges) of Chapter 15, which address matters such as the form of a charge, naming charges, and the priority of charges on land over other encumbrances on the land. Other parts of Chapter 15 address matters such as liability to pay charges and concessions for pensioners.

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1.4 Which sections of the LG Act provide for the making of 'special rates'?

29. As noted above, it is generally relevant to consider Chapter 15 as to the making of rates and charges. The making of special rates is provided for in s. 495, as follows:

“495 Making and levying of special rates

(1) A council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.

(2) The special rate is to be levied on such rateable land in the council's area as, in the council's opinion—

- (a) benefits or will benefit from the works, services, facilities or activities, or
- (b) contributes or will contribute to the need for the works, services, facilities or activities, or
- (c) has or will have access to the works, services, facilities or activities.

Note—

Under section 495, a council could, for example make and levy—

- different special rates for different kinds of works, services, facilities or activities
- different special rates for the same kind of work, service, facility or activity in different parts of its area
- different special rates for the same work in different parts of its area.

The amount of special rate will be determined according to the council's assessment of the relationship between the cost or estimated cost of the work, service, facility or activity and the degree of benefit afforded to the ratepayer by providing or undertaking the work, service, facility or activity.”

30. Division 2 of Part 5 also provides for the making of special rates or charges relating to water supply, sewerage and drainage (see s. 552 for the making of the special rate).

Question 2 Central Coast Council

2.1 With regards to Central Coast Council established as a water supply authority under the WMA, who receives money collected under the WMA? It is the Central Coast Council (the Council) in its capacity as a water supply authority, or is it some other separate entity such as the Central Coast Council Water Supply Authority (CCCWSA)?

31. The *WM Act* provides for water supply authorities in s. 285 and Schedule 3. Gosford City Council and Wyong Council are each named as a water supply authority (“WSA”): see Part 2 of Schedule 3.

32. As you are aware, but for sake of completeness, I note that in 2016, pursuant to s. 4 and Schedule 3 of the *Local Government (Council Amalgamations) Proclamation 2016*, Gosford City Council and Wyong Council were amalgamated and renamed Central Coast Council. Section 6 of the Proclamation provides:

“6 References to former areas and councils

A reference in any Act or instrument to:

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- (a) a former council whose former area is incorporated in one new area by this Proclamation, or to a predecessor of the former council, is taken to be a reference to the new council, or
- (b) a former area that is incorporated in one new area by this Proclamation, or to a predecessor of the former area, is taken to be a reference to that part of the new area that consists of the former area or the predecessor area incorporated in the new area."
33. Section 53(1) of the *Interpretation Act* also applies where the name of a body or office is altered by statute. It provides:
- "(1) If an Act or statutory rule alters the name of a body or office:
- (a) the body or office continues in existence under its new name so that its identity is not affected, and
- (b) a reference in any Act or instrument, or in any other document, to the body or office under its former name shall, except in relation to matters that occurred before the alteration took place, be read as a reference to the body or office under its new name."
34. Accordingly, the reference to the former Gosford City and Wyong Councils in the *WM Act* is to be read as a reference to Central Coast Council, which retains its status as a WSA. See also the *Water Management (General) Regulation 2018* ("the *WM Regulation*"), at cl. 117(2), by which Central Coast Council has and may exercise all the functions of a WSA.
35. As such, the Central Coast Council is both a council and a WSA. The Central Coast Council is constituted under the *LG Act* (s. 219) and is given the status of a WSA under the *WM Act*. There is not a separate legal entity such as the 'Central Coast Council Water Supply Authority'. The *LG Act* regulates the operations of the Council as a council, whilst the *WM Act* regulates the operations of the Council as a WSA.
36. In relation to any specific function, operation or activity of the Central Coast Council it will be important to identify in what capacity it acts. For example, in levying a charge or rate, it will be a question of statutory construction whether it is a council or a WSA which has the relevant power to levy that charge or rate, and that in turn will determine whether the Central Coast Council may act in its capacity as a council or as a WSA in so doing. In some cases, such as in relation to drainage services or the construction of water management works, both the *LG Act* and *WM Act* may make provision. It will be necessary to construe those Acts to determine which provisions apply.
37. I have not located any provisions of the *WM Act* which provide a statutory basis for a council (in its capacity as a council) to raise monies. However, the *WM Act* does contain financing provisions for WSAs in Division 6, Part 2 ("Water supply authorities") of Chapter 5. A WSA may levy service charges within its area of operations for the services listed in s. 310(1) and impose other fees and charges in accordance with the regulations. There are extensive provisions about such service charges and other charges in Division 7 of Part 9 of the *WM Regulation*. None of these arise specifically for my advice. Rather, the premise of the question for my advice is merely that money is collected pursuant to the *WM Act*.

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38. It seems reasonable therefore to assume that money received pursuant to provisions of the *WM Act* will almost certainly be received by the Central Coast Council in its capacity as a water supply authority under that Act.

2.2 Following on from the answer to question 2.1 above, is the money received under the WMA considered 'externally restricted funds' under s. 409(3) of the LG Act?

39. Whilst not without doubt, I prefer the view that money received under the *WM Act* is within the scope of s. 409(3) of the *LG Act*. The Central Coast Council is, as noted above, a WSA under the *WM Act* and specifically it is a statutory body named in Part 2 of Schedule 3 of that Act as such. Per s. 287(2) of the *WM Act*, it therefore "becomes a water supply authority but still has its other functions". That is, it retains its character as a council under the *LG Act*.
40. In my view, monies received by the Central Coast Council pursuant to the *WM Act* are within scope of s. 409(1) and (2) of the *LG Act*, being "money and property received by a council", which is required to be held in the council's consolidated fund. I am supported in this view in relation to the Central Coast Council because the *WM Act* and *WM Regulation* do not make provision for what is to be done with charges levied, as in s. 409(1) *LG Act*. The question then arises whether subsection (3) also applies to such money. Subsection (3) is comprised of three paragraphs, as extracted above. Despite the use of the conjunctive 'and' between each paragraph, it is plain on their terms in my view that each of these paragraphs operates independently in the sense that each contains a condition and then a requirement which follows if that condition is met.
41. It does not appear that paragraph (c), being for "money that has been received from the Government or from a public authority by way of a specific purpose advance or grant..." arises on the terms of the question, and so I will set that aside, although I would be happy to consider it in more detail on your further instructions.
42. I also think it is clear that paragraph (b) could apply, being for money "that is subject to the provisions of this or any other Act...". "Any other Act" would encompass the *WM Act*, so that if provisions of the *WM Act* state that the money may be used only for a specific purpose, then s. 409(3)(b) would apply to provide that it may only be used for that purpose.
43. It is less clear whether paragraph (a) applies in relation to monies received pursuant to the *WM Act*. The question is whether "money that has been received as a result of the levying of a special rate or charge" means money levied under the *LG Act*, or money levied under that or any other Act. Although not without doubt, I prefer the view that s. 409(3)(a) should be read in its full generality and not confined as relating only to special rates or charges levied under the *LG Act*.
44. Although express reference is made in s. 409(2) to a purpose allowed "by this or any other Act" and similarly s. 409(3)(b) refers to money subject to provisions of "this or any other Act" (as noted above), I do not think that the omission of such express reference in s. 409(3)(a) should be taken to confine the operation of that provision only to the *LG Act*. In my view, s. 409(3)(a) is intended to apply to monies held in the consolidated fund by virtue of subsection (1), with both sections applying to monies "received" by the council. As noted above, in my view s. 409(1) applies to all

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money received by a council under the *LG Act* or any other Act, and s. 409(3)(a) should have a corresponding scope. Thus, both sections refer, in my view, to the same concept of money received under 'this or any other Act'.

45. I note that this interpretation should also, in my view, be applied to s. 410(1), which provides for alternative use of money raised by special rates or charges and refers, in almost identical language to s. 409(3)(a), to "money that has been received by a council as a result of the levying of a special rate or a charge". In my view, there would similarly be no reason to imply a restriction or to read down the full generality of this section to confine it to money levied under the *LG Act*. Indeed, I think s. 410(1) is intended to address the situation where monies received by a council in its consolidated account are no longer required for the purpose for which they were levied, and the purpose of that section in ensuring that monies are not left in the council's consolidated account unable to be used suggests that the section should be read in its full generality.
46. However, the contrary view that s. 409(3)(a) is confined to special rates and charges levied under the *LG Act*, is not without merit. In particular, I have considered that the concept of a "special rate" is a creature of the *LG Act* and a term with a clear meaning in the context of that Act specifically. Whilst this is not also true of the concept of a "charge", for which many provisions in other Acts provide, I am not sure that a charge in any other Act would necessarily be associated with use for a specific purpose, in the way that paragraph (a) assumes and which I consider applies in the context of the *LG Act*. For example, it may be difficult in some cases to ascertain the purpose for which a charge is levied under the *WM Act*. In my view, although again this is not without doubt, the purpose for which a charge was levied might be found in the provisions as to the basis for levying charges, the assessment of those charges and the functions of the WSA which the charge supports (see, for example, s. 310(2) of the *WM Act*). I have also considered whether other provisions of the *LG Act* relating to special rates or charges apply to charges levied under other Acts, and found these of little assistance, although some provisions expressly refer to charges levied under "this Act" or "this Act and the regulations": see e.g. s. 496B, which suggests that such a restriction should not be read into a provision such as s. 409(3)(a) which is silent on that point. Equally, but contrary, the lack of express reference to "any other Act" in s. 409(3)(a) can be instead seen as a deliberate omission, in light of the use of those words elsewhere in the section (see subsections (2), (3)(b), (4) and (5)(b)). Such equivocal and contrary indicators incline me not to restrict the full generality of s. 409(3)(a) on its own terms.
47. I have also considered the effect of cl. 223 of the *WM Regulation*, which provides:
 - "223 Central Coast Council
 - (1) The provisions of the *Local Government Act 1993* (and the regulations under that Act) that apply to the reduction and postponement of rates and charges under that Act apply to the reduction and postponement of service charges and other charges levied or imposed by Central Coast Council under the *Water Management Act 2000*.
 - (2) Subclause (1) does not extend to the requirement, under section 581 of the *Local Government Act 1993*, for councils to be reimbursed for a proportion of amounts written off under that Act."

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48. This provision has the effect of applying certain provisions of the *LG Act* to charges which are levied under the *WM Act*. For their part, the provisions of the *LG Act* referred to (Part 8 of Chapter 15) do not contain any express reference to their application under the *LG Act* or any other Act. In that way, it might be said to suggest that those provisions of the *LG Act* would not otherwise apply to charges levied under the *WM Act*, but for the operation of cl. 223 of the *WM Regulation*. However, in my view this provision is neither directly applicable nor persuasive enough indication to read the words of s. 409(3)(a) without their full generality.
49. Finally, I note that I have also considered the effect of s. 409(8), which was introduced in 2003, and provides:
- “(8) Subsections (5)–(7) extend to a council that is a water supply authority within the meaning of the *Water Management Act 2000*.”
50. In my view, subsection (8) proceeds from the position that s. 409(3) applies to money which has been received by a council in its capacity as a water supply authority, that is, received pursuant to provisions of the *WM Act*. Otherwise, in applying the exception in subsections (5)–(7), subsection (8) would have no work to do. Subsection (8) was introduced by the *Local Government Amendment (National Competition Policy Review) Bill 2003*, and in his second reading speech for that Bill Mr Tripodi (Parliamentary Secretary) said² –
- “There are conflicting interpretations of the scope of section 409, and legislative amendment is proposed to clarify the situation... [s. 409(3)(d) to be omitted]. The bill also proposes the insertion of subsections (5) to (7) into section 409 of the Act to define the proper relationship between restricted funds held under section 409 and a council’s general funds, including the circumstances in which dividends may be paid by a council business activity.
- Under the amendments contained in the bill, a council may choose to deduct from the money which is restricted in its use for the purpose of water supply or sewerage services, an amount in the nature of a dividend, and to apply that money to any purpose under the Act or any other Act. That is, the dividend payment becomes available for use at council’s discretion...
- A further amendment relates to the ability of councils which are water supply authorities under the *Water Management Act 2000* to also pay a dividend. The *Water Management Act* does not specifically constrain councils which are water supply authorities from paying a dividend. Nevertheless this ability needs to be put beyond doubt. The bill will specifically provide that the ability to pay a dividend as per the amendments to section 409(5) and the constraints on such a payment under section 409(6) and (7) also apply to local councils which are water supply authorities under the *Water Management Act*.”
51. The effect of this subsection therefore supports me in a view that s. 409(3) does apply to money received pursuant to the *WM Act*. However, it is not persuasive of whether s. 409(3) paragraphs (a) and (b) both apply. Given that in my view it is clear that (b) applies, I have not found subsection (8) particularly helpful in construing the proper scope of s. 409(3)(a).
52. On balance, I prefer the view that s. 409(3)(a) could apply to money received pursuant to the *WM Act*, as that section should be read in its full generality and with a corresponding scope to s. 409(1). Section 409(3)(b) would also apply if the conditions in that paragraph were satisfied.

² Hansard, Legislative Assembly, 28 May 2003.

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2.3 Are there any provisions in the WMA that restrict how the money collected under the WMA can be spent?

- 53. I have not located any express provisions in the *WM Act* which restrict the way that money collected under the *WM Act* can be spent, in a way which is comparable to the effect of s. 409(3) of the *LG Act*, for example.
- 54. I would observe, however, that the provisions by which money is collected under the *WM Act* are in themselves restrictive of the way such money can be used. For example, many of the services for which charges can be levied under s. 310(1) of the *WM Act* are services which have been declared to be "government monopoly services" under s. 4 of the *Independent Pricing and Regulatory Tribunal Act 1992* ("the *IPART Act*"): see the *Independent Pricing and Regulatory Tribunal (Water; Sewerage and Drainage Services) Order 1997*. Under s. 11 of the *IPART Act*, IPART has a standing reference to make determinations of the pricing for government monopoly services supplied by government agencies specified in Schedule 1, and Schedule 1 lists "water supply authorities" for that purpose.
- 55. Therefore, charges which relate to those government monopoly services will be subject to IPART determinations, by which a maximum price or a methodology for fixing the maximum price will be set. I understand these to be based generally on a cost-recovery model. In such a system, it is difficult to envisage that there is very much scope for discretion in the spending of monies collected pursuant to the *WM Act*, as any surplus in one year would presumably be offset against the price determination in the following year. In the absence of a specific question arising for consideration, I will merely observe that in that way, the whole legislative scheme as applying to the Central Coast Council in its capacity as a WSA acts to restrain and control the ways in which it raises money for its operations. I would be happy to provide advice on any further question if you so wish.

Karen Smith

Karen Smith
Crown Solicitor



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Appendix three – Status of 2019 recommendations







Recommendation	Current status
Information technology	
The Office of Local Government within the Department of Planning, Industry and Environment (OLG) should develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils.	OLG are working with Cybersecurity NSW to develop a draft cybersecurity policy to share with councils by 30 June 2021. ⊖
Key ✔ Fully addressed ⊖ Partially addressed ! Not addressed	

Appendix four – Status of audits

Below is a summary of the status of the 2019–20 financial statement audits, including the type of audit opinion and the date it was issued.

2019–20 audits

Key

Type of audit opinion	Date of audit opinion
Unmodified opinion	 Financial statements were lodged by the statutory deadline of 30 November 2020 
Unmodified opinion with emphasis of matter	 Extensions to the statutory deadline (and met) 
Modified opinion: qualified opinion, an adverse opinion, or a disclaimer of opinion	 Financial statements were not lodged by the statutory deadline of 30 November 2020. No extension from OLG. 



















Council classifications

We adopted the following methodology when classifying councils in our report.

OLG classification	Audit Office grouping
Metropolitan	Metropolitan
Regional town/City	Regional
Metropolitan fringe	Metropolitan
Rural	Rural
Large rural	Rural

Source: OLG classifications and Audit Office.

Metropolitan councils

Council	Type of opinion	Date of audit opinion
Bayside Council	Unmodified	 16 October 2020 
Blacktown City Council	Unmodified	 30 October 2020 
Blue Mountains City Council	Unmodified	 28 October 2020 
Burwood Council	Unmodified	 29 October 2020 
Camden Council	Unmodified	 27 November 2020 
Campbelltown City Council	Unmodified	 28 September 2020 
City of Canada Bay Council	Unmodified	 20 November 2020 
Canterbury-Bankstown Council	Unmodified	 27 November 2020 
Central Coast Council	Modified	 10 May 2021 

Council	Type of opinion		Date of audit opinion	
Cumberland Council	Unmodified	✓	30 October 2020	✓
Fairfield City Council	Unmodified	✓	28 October 2020	✓
Georges River Council	Unmodified	✓	6 November 2020	✓
Hawkesbury City Council	Unmodified	✓	11 November 2020	✓
Hornsby, The Council of the Shire of	Unmodified	✓	10 November 2020	✓
Hunters Hill, The Council of the Municipality of	Unmodified	✓	19 November 2020	✓
Inner West Council	Unmodified	✓	30 October 2020	✓
Ku-ring-gai Council	Unmodified	✓	23 September 2020	✓
Lane Cove Municipal Council	Unmodified	✓	23 October 2020	✓
Liverpool City Council	Unmodified	✓	25 November 2020	✓
Mosman Municipal Council	Unmodified	✓	13 November 2020	✓
North Sydney Council	Unmodified	✓	27 October 2020	✓
Northern Beaches Council	Unmodified	✓	30 September 2020	✓
Parramatta Council, City of	Unmodified	✓	5 November 2020	✓
Penrith City Council	Unmodified	✓	30 September 2020	✓
Randwick City Council	Unmodified	✓	14 September 2020	✓
Ryde Council, City of	Unmodified	✓	29 October 2020	✓
Strathfield Municipal Council	Unmodified	✓	19 November 2020	✓
Sutherland Shire Council	Unmodified	✓	21 October 2020	✓
Sydney, Council of the City of	Unmodified	✓	29 October 2020	✓
The Hills Shire Council	Unmodified	✓	7 September 2020	✓
Waverley Council	Unmodified	✓	21 October 2020	✓
Willoughby City Council	Unmodified	✓	11 November 2020	✓
Wollondilly Shire Council	Unmodified	✓	17 March 2021	✓
Woollahra Municipal Council	Unmodified	✓	14 October 2020	✓

Regional councils

Council	Type of opinion		Date of audit opinion	
Albury City Council	Unmodified	✓	23 November 2020	✓
Armidale Regional Council	Unmodified	✓	23 December 2020	⚠
Ballina Shire Council	Unmodified	✓	22 October 2020	✓
Bathurst Regional Council	Unmodified	✓	6 November 2020	✓
Bega Valley Shire Council	Unmodified	✓	30 November 2020	✓
Broken Hill City Council	Unmodified	✓	16 November 2020	✓
Byron Shire Council	Unmodified	✓	30 November 2020	✓
Cessnock City Council	Unmodified	✓	6 November 2020	✓
Clarence Valley Council	Unmodified	✓	26 November 2020	✓
Coffs Harbour City Council	Unmodified	✓	27 October 2020	✓
Dubbo Regional Council	Unmodified	✓	26 November 2020	✓
Eurobodalla Shire Council	Unmodified	✓	30 November 2020	✓
Goulburn Mulwaree Council	Unmodified	✓	26 October 2020	✓
Griffith City Council	Unmodified	✓	26 November 2020	✓
Kempsey Shire Council	Unmodified	✓	24 November 2020	✓
Kiama, The Council of the Municipality of	Unmodified	✓	5 February 2021	⚠
Lake Macquarie City Council	Unmodified	✓	28 October 2020	✓
Lismore City Council	Unmodified	✓	27 November 2020	✓
Lithgow City Council	Unmodified	✓	18 December 2020	⚠
Maitland City Council	Unmodified	✓	11 November 2020	✓
Mid-Coast Council	Unmodified	✓	26 November 2020	✓
Mid-Western Regional Council	Unmodified	✓	6 November 2020	✓
Newcastle City Council	Unmodified	✓	20 October 2020	✓
Orange City Council	Unmodified	✓	30 November 2020	✓
Port Macquarie-Hastings Council	Unmodified	✓	29 October 2020	✓
Port Stephens Council	Unmodified	✓	22 October 2020	✓
Queanbeyan-Palerang Regional Council	Unmodified	✓	29 October 2020	✓
Richmond Valley Council	Unmodified	✓	23 October 2020	✓
Shellharbour City Council	Unmodified	✓	9 November 2020	✓
Shoalhaven City Council	Unmodified	✓	27 November 2020	✓
Singleton Council	Unmodified	✓	30 October 2020	✓
Snowy Monaro Regional Council	Unmodified	✓	23 November 2020	✓

Council	Type of opinion		Date of audit opinion	
Tamworth Regional Council	Unmodified	✓	6 November 2020	✓
Tweed Shire Council	Unmodified	✓	27 November 2020	✓
Wagga Wagga City Council	Unmodified	✓	26 October 2020	✓
Wingecarribee Shire Council	Unmodified	✓	29 October 2020	✓
Wollongong City Council	Unmodified	✓	5 November 2020	✓

Rural councils

Council	Type of opinion		Date of audit opinion	
Balranald Shire Council	Unmodified	✓	11 February 2021	✗
Bellingen Shire Council	Unmodified	✓	27 November 2020	✓
Berrigan Shire Council	Unmodified	✓	17 December 2020	✗
Bland Shire Council	Unmodified	✓	17 November 2020	✓
Blayney Shire Council	Unmodified	✓	17 November 2020	✓
Bogan Shire Council	Unmodified	✓	8 October 2020	✓
Bourke Shire Council	Unmodified	✓	30 September 2020	✓
Brewarrina Shire Council	Unmodified	✓	21 September 2020	✓
Cabonne Council	Unmodified	✓	11 November 2020	✓
Carrathool Shire Council	Unmodified	✓	29 October 2020	✓
Central Darling Shire Council	Unmodified	✓	17 February 2021	✗
Cobar Shire Council	Unmodified	✓	21 October 2020	✓
Coolamon Shire Council	Unmodified	✓	10 October 2020	✓
Coonamble Shire Council	Unmodified	✓	23 November 2020	✓
Cootamundra-Gundagai Regional Council	Unmodified	✓	18 December 2020	✗
Cowra Shire Council	Unmodified	✓	3 November 2020	✓
Dungog Shire Council	Unmodified	✓	29 January 2021	✗
Edward River Council	Unmodified	✓	19 November 2020	✓
Federation Council	Unmodified	✓	16 November 2020	✓
Forbes Shire Council	Unmodified	✓	30 November 2020	✓
Gilgandra Shire Council	Unmodified	✓	24 November 2020	✓
Glen Innes Severn Council	Unmodified	✓	30 November 2020	✓
Greater Hume Shire Council	Unmodified	✓	7 October 2020	✓
Gunnedah Shire Council	Unmodified	✓	28 November 2020	✓
Gwydir Shire Council	Unmodified	✓	2 November 2020	✓
Hay Shire Council	Unmodified	✓	9 October 2020	✓

Council	Type of opinion		Date of audit opinion	
Hilltops Council	Unmodified	✓	31 March 2021	✓
Inverell Shire Council	Unmodified	✓	26 November 2020	✓
Junee Shire Council	Unmodified	✓	9 November 2020	✓
Kyogle Council	Unmodified	✓	25 November 2020	✓
Lachlan Shire Council	Unmodified	✓	9 November 2020	✓
Leeton Shire Council	Unmodified	✓	29 October 2020	✓
Liverpool Plains Shire Council	Unmodified	✓	30 November 2020	✓
Lockhart Shire Council	Unmodified	✓	6 November 2020	✓
Moree Plains Shire Council	Unmodified	✓	26 November 2020	✓
Murray River Council	Unmodified	✓	27 November 2020	✓
Murrumbidgee Council	Unmodified	✓	26 November 2020	✓
Muswellbrook Shire Council	Unmodified	✓	27 November 2020	✓
Nambucca Shire Council	Unmodified	✓	26 November 2020	✓
Narrabri Shire Council	Unmodified	✓	30 November 2020	✓
Narrandera Shire Council	Unmodified	✓	4 September 2020	✓
Narromine Shire Council	Unmodified	✓	29 October 2020	✓
Oberon Council	Unmodified	✓	24 November 2020	✓
Parkes Shire Council	Unmodified	✓	3 December 2020	✓
Snowy Valleys Council	Unmodified	✓	19 November 2020	✓
Temora Shire Council	Unmodified	✓	10 November 2020	✓
Tenterfield Shire Council	Unmodified	✓	30 October 2020	✓
Upper Hunter Shire Council	Unmodified	✓	30 November 2020	✓
Upper Lachlan Shire Council	Unmodified	✓	17 November 2020	✓
Uralla Shire Council	Unmodified	✓	12 November 2020	✓
Walcha Council	Unmodified	✓	21 December 2020	✓
Walgett Shire Council	Unmodified	✓	27 November 2020	✓
Warren Shire Council	Unmodified	✓	4 November 2020	✓
Warrumbungle Shire Council	Unmodified	✓	23 November 2020	✓
Weddin Shire Council	Unmodified	✓	4 November 2020	✓
Wentworth Shire Council	Unmodified	✓	20 November 2020	✓
Yass Valley Council	Unmodified	✓	29 January 2021	✓

County councils

County council	Type of opinion		Date of audit opinion	
Castlereagh Macquarie County Council	Unmodified	✓	27 November 2020	✓
Central Tablelands County Council	Unmodified	✓	24 November 2020	✓
Goldenfields Water County Council	Unmodified	✓	1 October 2020	✓
Hawkesbury River County Council	Unmodified	✓	10 November 2020	✓
New England Weeds Authority	Unmodified	✓	27 August 2020	✓
Riverina Water County Council	Unmodified	✓	30 September 2020	✓
Rous County Council	Unmodified	✓	22 October 2020	✓
Upper Hunter County Council	Unmodified	✓	27 November 2020	✓
Upper Macquarie County Council	Unmodified	✓	11 August 2020	✓

Joint organisations

Joint organisation	Type of opinion		Date of audit opinion	
Canberra Region Joint Organisation	Unmodified	✓	12 January 2021	!
Central NSW Joint Organisation	Unmodified	✓	29 November 2020	✓
Far North West Joint Organisation	Unmodified	✓	30 October 2020	✓
Far South West Joint Organisation	Unmodified	✓	30 November 2020	✓
Hunter Joint Organisation	Unmodified	✓	30 November 2020	✓
Illawarra Shoalhaven Joint Organisation	Unmodified	✓	1 February 2021	✓
Mid North Coast Joint Organisation	Unmodified	✓	14 October 2020	✓
Namoi Joint Organisation	Unmodified	✓	23 October 2020	✓
New England Joint Organisation	Unmodified	✓	10 November 2020	✓
Northern Rivers Joint Organisation	Unmodified	✓	26 November 2020	✓
Orana Joint Organisation	Unmodified	✓	3 December 2020	✓
Riverina and Murray Joint Organisation	Unmodified	✓	30 November 2020	✓
Riverina Joint Organisation	Unmodified	✓	27 October 2020	✓

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EF21/429

22 June 2021

Margaret Crawford
Auditor General
The Audit Office
GPO Box 12
SYDNEY, NSW 2001



Dear Ms Crawford

I write to express my concern and disappointment with your 2020 Report on Local Government to Parliament which was delivered on the 27th May, 2021.

In my opinion your report was in part factually incorrect, evasive, lacked independence and carefully avoided stating the AO opinion regarding the control of Rural Fire Service assets.

Further, your report lacked (what I would call) balance as you did not refer to the extensive work performed and position determined by local government generally (and Councils individually) as enunciated in their position papers that have surely been presented to your staff during their Council audit duties.

The abovementioned factors may arguably have mislead the NSW Parliament.

Your report triggers many questions that demand answers from the NSW Audit Office (AO). I detail them below.

Question 1

Does the NSW AO accept the fact that Local Government financial statements are prepared solely in accordance with:

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

and that the provisions of the Rural Fire Act 1997 have no standing nor relevance in the preparation of LG Financial Statements ?

2

Question 2

Should the NSW AO have answered NO to Question 1, it appears then as though the NSW AO has relied almost solely on the Rural Fire Service Act stating that rural fire fighting equipment “vests” with Councils.

If so please advise:

- Where is “vesting” defined in the Act ?
- Did the NSW AO in conducting the audits of the RFS merely accept the literal word “vested” in the RFS Act and not conduct further investigation into circumstances surrounding control and who actually controls the RFS assets ?
- What audit work was undertaken to determine control in accordance with Australian Accounting Standards SAC 4 and AASB 116 ?

Question 3

Why has the NSW AO ignored to report in their 2020 Report on Local Government to Parliament the various work performed by local government to determine control and their stated accounting policy positions that Councils do not control RFS assets ?

Question 4

As auditors, the NSW AO must have formed an opinion on who owns/controls the RFS assets based on the information and evidence at hand to them and gathered by them.

The NSW AO 2020 Report on Local Government to Parliament appears to be very carefully worded and for all intents and purposes seems to have avoided stating the NSW AO’s actual opinion on control in relation to the RFS assets.

In particular the report stated:

*“NSW Treasury and the NSW Rural Fire Service **have stated** that rural fire service fighting equipment is not controlled by the State.”*

*“The **Department of Planning, Industry and Environment, which includes OLG has confirmed** that the NSW Rural Fire Service does not control rural fire fighting equipment.”*

*“The Office of Local Government should communicate the **State’s view** that rural fire fighting equipment is controlled by councils in the local government sector, and therefore this equipment should be properly recorded in their financial statements.”*

3

Question 4.1

Is there any reason that the NSW AO 2020 Report on Local Government to Parliament failed to provide the NSW AO's actual own opinion on who controls the RFS assets ?

Instead the NSW AO 2020 Report on Local Government to Parliament seems to be based purely on advice from NSW Treasury, Dept. of Planning, Industry and Environment and the NSW Rural Fire Service all of whom would appear to have a vested interest in keeping RFS assets in the financial statements of Local Government.

Question 4.2

What is the NSW AO's actual own opinion in relation to RFS assets (based on the evidence they obtained in conducting their local government audits and based on the requirements of the Australian Accounting Standards) ?

Does the NSW AO opinion conclude that the RFS assets are controlled by the RFS or by Councils?

Question 4.3

Has the OLG ever advised the NSW AO (or provided any 3rd party independent report to the NSW AO) with a conclusion that rural fire service assets were **NOT** controlled by local government Councils ?

If YES then why was this advice ignored/over turned by the Dept. of Planning, Industry and Environment ?

If YES then why was this advice not conveyed by the NSW AO in their 2020 Report on Local Government to Parliament ?

Question 5

Has the NSW AO ever held discussions (or direct correspondence) with the OLG regarding the control of RFS assets? If so what was the OLG's position and has it changed over the years ?

Question 6

The RFS accounting policy P4.1.6 "Financial Accounting for NSW RFS Assets" (which is available on their web site) specifically excludes from that policy any assets that are vested in a Local Government Authority (Clause 1.4).

As the NSW AO would appreciate, a simple statement to exclude RFS assets vested in a Local Government Authority from their IPP&E accounting policy is not what could be called sufficient and appropriate audit evidence justifying the RFS position of not accounting for assets vested in a Local Government Authority.

4

We presume then that the RFS must have another specific accounting policy that deals directly with assets vested in a Local Government Authority and which details their evidence and professional judgements that lead them to conclude that they do not control and therefore do not have to account for RFS assets vested in a Local Government Authority.

We request that the NSW AO provide the RFS's specific accounting policy in relation to "assets vested in local government authorities" which should include their evidence and professional thought process that has made them conclude that they do not control the assets and are therefore not required to account for them in their balance sheet and which the NSW AO must have relied upon in conducting their audits of the Rural Fire Service over numerous years.

Question 7

Is it possible that the current NSW AO RFS asset stance (as conveyed in its 2020 Report on Local Government to Parliament) is directly influenced by its past audit work relating to the RFS where plant and equipment assets "vested" in Local Government Authorities have not been brought to account in the RFS's financial statements ?

Having to now correct this prior period error would have a massive impact on the Rural Fire Service accounts and make for a very embarrassing conversation with the NSW Government and Parliament.

Your immediate response to my concerns would be appreciated.

Yours faithfully,



Graham Bradley FCA
Independent Chair
Leeton Shire Council ARIC



Mr Graham Bradley
 Chair, Audit Risk and Improvement Committee
 Leeton Shire Council

Contact: Aaron Green
 Phone no: 02 9275 7209
 Our ref: D2114881

By email only

28 July 2021

Dear Mr Bradley

Report to Parliament on Local Government 2020

Thank you for your letter of 22 June 2021 regarding my Report to Parliament on Local Government 2020.

I have considered the matters raised in your letter and my office has worked closely with key stakeholders including NSW Treasury, the Rural Fire Service, the Office of Local Government and considered representations from the local government sector.

In addition to the framework identified in your letter for preparing local councils' financial statements, local government sector entities have obligations to comply with relevant laws and regulations which are in turn reflected in the financial statements.

One such relevant law is the *Rural Fires Act 1997*. Section 119(2) of the *Rural Fires Act 1997* vests assets to local councils. Under section 63 of that Act, the council has the duty to prevent the occurrence of bush fires on any land, highway, road, street that is vested in or is under the control of the council. The implication of these requirements must be considered by management when preparing financial statements.

In considering this issue, my office received accounting position papers from various councils as well as NSW Treasury and the RFS. We consider the position put forward by the state sector entities is more compelling. The indicators that councils control these assets include:

- the *Rural Fires Act 1997* vests rural fire-fighting equipment to councils
- services agreements govern the way the RFS can use these assets for fire mitigation and safety works in a council area
- as land owners, councils have responsibility for fire mitigation and safety works under the *Rural Fires Act 1997*, and therefore obtain economic benefit from the use of these assets.

I am unable to share the position papers prepared by other entities as that would breach my secrecy obligations in the *Local Government Act 1993* and *Government Sector Audit Act 1983*. This restriction extends to communication and correspondence between the Audit Office and the entities we audit.

The purpose of my reporting to Parliament on this matter was to recognise the views of relevant entities. The response to this matter from the Secretary of the Department of Planning, Industry and Environment clarified the Department's position and stated:

'The Department will communicate to the local government sector the State position that the Rural Fire Service (RFS) should not recognise these assets notwithstanding that councils generally enter into agreements with RFS for the management of this council owned fire fighting equipment.'

Source: Appendix one to [Report on Local Government 2020](#)

As you know, the accounting framework provides for the correction of prior period errors in financial statements. To promote transparency and accountability, I also include reporting on auditee corrections of prior period errors in my reports to Parliament.

I understand you have already spoken to Aaron Green, Assistant Auditor-General for Financial Audit on the topic of accounting for rural fire-fighting equipment. Please feel free to reach out to Aaron on 02 9275 7209 if you have further questions.

Yours sincerely

Margaret Crawford
 Auditor-General for New South Wales

10.6 RATES AND CHARGES COLLECTIONS - JULY 2021**File Number: Rates - General - R4****Author: Melissa Curtis, Revenue and Finance Officer****Authoriser: Bruce Quarmby, Executive Leader - Corporate and Sustainability****Annexures: Nil****PURPOSE**

The purpose of this report is for Council to be updated with the most recent information pertaining to its rates and charges collections – as applicable to the month of July 2021.

BACKGROUND**(a) Relevance to Integrated Planning and Reporting Framework**

The annual rate charges are set out within Council's 2021 / 22 Operational Plan.

(b) Financial Considerations

The annual rate charges are set out within Council's 2021 / 22 Operational Plan.

	31 July 2021	31 July 2020
Rates and Charges	\$7,226,653.00	\$7,253,204.99
Water Consumption	\$338,762.09	\$344,565.21
Total	\$7,565,415.09	\$7,597,770.20

COMMENTARY**Rates and Charges**

	31 July 2021	31 July 2020
Rates and charges in arrears as at 30 June 2021	\$909,674.57	\$904,997.89
Rates/charges levied & adjustments for 2021/2022	\$7,129,562.24	\$6,962,628.59
Pension Concession	(\$103,826.11)	(\$104,272.58)
Amounts collected as at 31 July 2021	(\$708,757.70)	(\$510,148.91)
Total Rates and Charges to be Collected	\$7,226,653.00	\$7,253,204.99

The amount levied for rates and charges for 2021 / 22 includes the current year's annual rates and charges and any interest added since the date the rates notices were issued. The amount received as of 31 July 2021 includes receipts for both arrears and the current year's amounts outstanding.

It should be noted that the rates and charges 2021 / 22 levied amount is reduced by the pensioner concession of \$103,826.11; reducing the amount of income derived from these rates and charges. Of this concession, Council's contribution is 45%, which represents an amount of \$46,721.75.

The rates and charges as of 31 July 2021 represent 89.89% of the total annual rates and charges levied and outstanding (compared with 92.19% on 31 July 2020).

Water Consumption Charges

	31 July 2021	31 July 2020
Water Consumption Charges and arrears as at 30 June 2020	\$397,325.23	\$399,024.06
Water Consumption charges & adjustments 2021/22 year to date	\$241.32	\$0.00
Amounts collected as at 31 July 2021	(\$58,804.46)	(\$54,458.85)
Total Water Consumption Charges to be Collected	\$338,762.09	\$344,565.21

The water consumption charges as at 31 July 2021 represents 85.21% of the total water consumption charges outstanding (compared to 86.35% on 31 July 2020).

Debt Recovery Agency

Council has not issued any new referrals to the Debt Recovery Agency that acts on behalf of Council. Council's debt recovery agency has been instructed to reinstate contact with any debtors, who has previously been referred and legal action commenced. This action is in line with the provisions within the *Local Government Act 1993* and Council adopted Debt recovery policy.

(a) Governance/Policy Implications

Council staff comply with the directions provided by Council's suite of policies that govern this function of Council.

(b) Legal Implications

The collection of rates and water charges does impact on the community. For this reason, Council is always willing to negotiate payment terms with outstanding debtors. Debtors are afforded several opportunities to contact Council regarding these matters.

(c) Social Implications

The collection of rates and water charges does impact on the community. For this reason, Council is always willing to negotiate payment terms with outstanding debtors. Debtors are afforded several opportunities to contact Council regarding these matters.

(d) Environmental Implications

There are no direct environmental implications arising from this report. However, it needs to be acknowledged that Covid-19 could have an impact on Council's ability to collect its rates and charges.

(e) Economic/Asset Management Implications

If Council's rates and charges collection fall behind, it will have an impact on Council's ongoing ability to meet its operational costs and making adequate funding available for necessary asset maintenance and renewal projects.

(f) Risk Implications

As was stated above, Covid-19, more particularly the legislative changes introduced by the NSW State Government, has impacted on Council's ability to collect its rates and charges as demonstrated by the increase in Council rates, annual charges, interest, and extra charges outstanding percentage. Strategies have been put in place to mitigate the risk of the further deterioration of this ratio.

CONCLUSION

The rates and charges as at 31 July 2021 represent 89.89% of the total annual rates and charges levied and outstanding from previous years by Council (compared with 92.19% on 31 July 2020). The water consumption charges as of 31 July 2021 represent 85.21% of the total water consumption charges outstanding from previous years (compared to 86.35% on 31 July 2020).

RECOMMENDATION

That Council notes the information provided in the report.

10.7 STATUS OF INVESTMENTS - JULY 2021**File Number: Investments General - I5****Author: Saiful Islam, Finance Assistant****Authoriser: Bruce Quarmby, Executive Leader - Corporate and Sustainability****Annexures: Nil****PURPOSE**

The purpose of the report is for Councillors to note the status of its investment portfolio.

BACKGROUND**(a) Relevance to Integrated Planning and Reporting Framework**

L1.4.10 Maintain long term financial viability.

(b) Financial Considerations

Investment levels and interest rates are currently on par with the revised estimated calculations.

Commentary

Financial Institution	Invest Rating S&Ps	Investment Type/Maturity Date	Current Rate	Term	Amount (\$)
Commonwealth Bank	A1+	Term Deposit - 15/09/2021	0.33%	90 Days	4,000,000
Commonwealth Bank	A1+	Term Deposit - 20/09/2021	0.35%	181 Days	1,000,000
Commonwealth Bank	A1+	Term Deposit - 11/10/2021	0.28%	91 Days	2,000,000
Commonwealth Bank	A1+	Term Deposit - 25/10/2021	0.32%	122 Days	1,000,000
Commonwealth Bank	A1+	Term Deposit - 15/11/2021	0.33%	181 Days	1,000,000
Commonwealth Bank	A1+	Term Deposit - 11/10/2021	0.32%	151 Days	500,000
Commonwealth Bank	A1+	Term Deposit - 24/11/2021	0.33%	180 Days	1,000,000
Commonwealth Bank	A1+	@ Call Account	0.10%		1,500,000
IMB - VRD	A2	Term Deposit - 18/10/2021	0.74%	91 Days	1,000,000
IMB - VRD	A2	Term Deposit - 04/08/2021	0.64%	92 Days	1,000,000
National Australia Bank	A1+	Term Deposit - 19/10/2021	0.30%	180 Days	2,000,000
National Australia Bank	A1+	Term Deposit - 09/08/2021	0.30%	91 Days	1,000,000
National Australia Bank	A1+	Term Deposit - 25/11/2021	0.28%	120 Days	2,000,000
National Australia Bank	A1+	Term Deposit - 11/10/2021	0.27%	91 Days	1,500,000
National Australia Bank	A1+	Term Deposit - 23/11/2021	0.27%	120 Days	2,000,000
National Australia Bank	A1+	Term Deposit - 11/08/2021	0.30%	90 Days	500,000
National Australia Bank	A1+	Term Deposit - 30/08/2021	0.30%	122 Days	1,500,000
Reliance C/U	Unrated	Term Deposit - 17/11/2021	0.40%	184 Days	250,000
TOTAL					24,750,000

Financial Institution	Invest Rating S&Ps	% of Investment	Max per Investment Policy	Amount (\$)
Commonwealth Bank	A1+	48%	50%	12,000,000
National Australia Bank	A1+	42%	50%	10,500,000
IMB	A2	8%	35%	2,000,000
Reliance C/U	Unrated	1%	10%	250,000
				\$ 24,750,000

Rating	% of Investment	Policy	Amount
A1+	91%	100%	22,500,000
A1	0%	80%	-
A2	42%	60%	2,000,000
Unrated	1%	30%	250,000
			\$ 24,750,000
General Fund Investments			15,004,751.27
Sewerage Investment Fund			2,552,875.47
Water Investment Fund			4,192,373.26
			\$ 21,750,000

Interest earned on Investments for 2021-2022 as at 31 July 2021

\$ 6,514

(a) Governance/Policy Implications

Monthly financial reporting ensures transparency of financial reporting to enable Councillors to make financially sustainable and accountable decisions.

(b) Legal Implications

All investments continue to be made in accordance with the requirements of the *Local Government Act 1993* and Council’s Investment Policy.

(c) Social Implications

Council funds are used to provide services and infrastructure to the community and, as a result, well managed funds maximise the level of financial resources available to support the community.

(d) Environmental Implications

There are no environmental implications arising from this report.

(e) Economic/Asset Management Implications

Sound economic management includes maximising Council’s return on investment, and this is achieved by closely monitoring investments in line with Council’s Investment Policy.

(f) Risk Implications

Sound economic management includes maximising Council’s return on investment, and this is achieved by closely monitoring all investments in line with Council’s Investment Policy.

CONCLUSION

Funds have been appropriately restricted to ensure all areas of Council can continue to operate in accordance with both the annual Operational Plan and the Long-Term Financial Plan. Further, all investments are continued to be made in accordance with the requirements of the *Local Government Act 1993* and Council's Investment Policy.

RECOMMENDATION

That Council notes the list of investments as at 31 July 2021 and that these investments comply with section 625(2) of the *Local Government Act 1993*, Clause 212 of the *Local Government (General) Regulation 2005* and Council's Investment Policy.

10.8 URBAN SERVICES - WORKS IN PROGRESS

File Number: Reports - R6

Author: Bruce Quarmby-Executive Leader - Corporate and Sustainability

Authoriser: Bruce Quarmby, Executive Leader - Corporate and Sustainability

Annexures: Nil

PURPOSE

The purpose of this report is to provide information on works in progress within Council's Urban Services section for the month of July 2021, along with planned future works.

BACKGROUND

Council's Urban Services section's goal is to maintain and enhance the recreational and open space areas including parks, gardens, ovals, showground, cemeteries, public pools, and streetscapes – as well as providing support for technically sound construction and maintenance of public infrastructure within the community.

(a) Relevance to Integrated Planning and Reporting Framework

I2.1.2 – Support development of facilities within Council budget and priorities.

I2.1.5 – Maintain / Improve parks to acceptable standards.

(b) Financial Considerations

Provision is made within the 2021 / 22 Operational Plan and Budget to fund the associated works and programs listed within this report.

COMMENTARY

Urban Services:

- The works program continues to focus on the presentation of the open spaces in Coonamble, Gulargambone, and Quambone.
- Due to operational requirements, over the past month Urban Service staff from Coonamble have provided coverage for Quambone.
- In preparation for the summer planting of the Coonamble CBD Garden beds, an order has been placed for the supply of seasonal flowers from Council's supplier.
- Council staff continue to liaise with the project manager working with Council on the upgrades to the Coonamble Sportsground. It is anticipated that the works on the replacement of the cricket pitch and other associated playing field works will commence following the completion of the winter sports. Council will continue to remain in contact with the sporting user groups to try and minimise disruption to these user groups.

Vandalism:

- Vandalism costs incurred by Council for the 2021 / 22 financial year to date amount to \$23.87.
- The internal walls of the shower at the Coonamble Saleyard have been damaged by persons unknown. Council staff are in the process of arranging the minor repairs to be carried out.

Pools:

- Council's Public Pools have been winterised for closure.
- Council staff will continue to carry out minor maintenance on these facilities over the "off season" in preparation for the 2021 / 22 swimming season.

Buildings:

- Following enquiries by Council staff, advice has been received that the delivery of the prefabricated toilet facility due to be installed at the Quambone Park is anticipated to occur mid to late August.
- Ongoing minor maintenance continues as planned.

(a) Governance/Policy Implications

Maintenance of Council's infrastructure assets is carried out in accordance with Council's adopted management plans.

(b) Legal Implications

There are no legal implications directly attached to this report.

(c) Social Implications

Maintenance works are programmed, where practical, to minimise social impacts.

(d) Environmental Implications

Maintenance and capital works are planned and programmed, where practical, to reduce Council's negative impact on the environment.

(e) Economic/Asset Management Implications

Works are scheduled in accordance with Council's adopted 2021/22 Operational Plan and Budget to ensure Council's assets are maintained to an appropriate standard.

(f) Risk Implications

Regular maintenance works are scheduled and carried out to reduce Council's overall risk exposure.

CONCLUSION

The report provides updated information on the projects and planned works within the Urban Services sections for Council's information.

RECOMMENDATION

That Council notes the information in this report.

10.9 ENVIRONMENT AND STRATEGIC PLANNING PROGRESS REPORT**File Number: E5****Author: Noreen Vu, Executive Leader - Environment, Strategic Planning and Community****Authoriser: Hein Basson, General Manager****Annexures:**

- 1. Central West and Orana Regional Plan Workshop Outcomes Report 6 May 2021 (under separate cover)**
- 2. Netwaste Education Strategy Workshop**

PURPOSE

The purpose of this report is to provide information on the activities within Council's Environmental Services section and Strategic Land Use Planning information for the month. This progress report considers town planning and strategic land use planning, compliance and regulation, environmental management, public health, and waste management matters as they arise.

BACKGROUND

The Environment Services section focuses on all town and environmental planning requirements including regulation and compliance, and public health requirements, waste management, and environmental management considerations. Strategic Land Use Planning and information that result in updates to Council's planning system are also included.

The following topics will be included into the Council Report where there is relevant information to report on:

- Compliance and Regulation;
- Development Applications Approved Under Delegated Authority;
- Public Health;
- Ranger's Monthly Report;
- Development Applications Information;
- Strategic Land Use Planning;
- Sustainability and Environmental Management;
- Waste Management.

(a) Relevance to Integrated Planning and Reporting Framework

P3.1.2. Inspection of Food Premises.

I3.3.1. Implementation Waste Management recommendations.

EN1.1.1. Enforcement of environmental regulations.

EN.1.1.2. Continue to review Local Environmental Plan.

EN.1.1.3. Ensure compliance with NSW Building Certification.

EN.1.1.4 Provide quality over counter, telephone, and email advice to customers.

EN.1.1.5 Approvals completed within timeframe required.

P2.2.4 Controlling straying animals.

(b) Financial Considerations

There are no direct financial considerations with this report.

COMMENTARY

Mandatory Use of NSW Planning Portal

- Development applications and complying development certificates are now logged through the NSW Planning Portal. The NSW Government mandated this decision requiring applicants, Councils and other Government agencies across NSW to work through this planning portal from 1 July 2021.
- Council staff wrote to local industry to provide an overview of how the planning portal works and the points of contact if applicants run into issues and who can assist them from DPIE and Service NSW and to welcome to the Council's Planning Portal workshops.
- Council organised three (3) workshops which have now all occurred.
- It is envisaged that forums and workshops like this will be conducted by the Executive Leader Environment, Strategic Planning and Community (ESPC), twice a year to engage with local industry on building and development.
- Notices in the Coonamble Times to advise on the planning portal implementation and industry and community engagement conducted by Council officers for the preparedness in this significant change are being published.
- The responsibility to lodge a Development Application that is compliant to the EP&A Act is the applicant's responsibility.
- To date, Council has received four (4) applications through the portal. One (1) was returned to the customer as it was incorrectly lodged as a new development application when they had intended to modify an existing approval. The other applications have been accepted by Council and currently undergoing assessment.

Development Application Under Delegated Authority

- The number of development applications approved under delegated authority are listed below. Development applications are now tracking within the legislated timeframes of 40 days.
- Three (3) development applications were approved and four (4) construction certificates were issued.

Application Number	Description of Works	Address of Proposed Works	Approved Date
CC014/2021	Coonamble Clay Target Club House	Lot 1 DP1254635 243 Quambone Rd Coonamble NSW 2829	6/07/2021
DA008/2021 CC008/2021	Garage at Caravan Park	Lot 7024 DP1060499, 138	13/07/2021

Application Number	Description of Works	Address of Proposed Works	Approved Date
		Castlereagh St Coonamble	
DA022/2021 CC022/2021	Open Carport	Lot 30 DP3591 23- 25 Edwards St Coonamble	26/07/2021
CC040/2017	Underground Fuel Tanks & Concreting	Lot 101 DP 609976 121 Castlereagh St Coonamble	27/07/2021
DA010/2020	SES Building	Lot 244 DP44910 93 Aberford St Coonamble	27/07/2021

Ranger's Report July 2021

The Ranger's report provides information on ranger services for the month of July 2021. The Year to Date has refreshed due to the new financial year.

<u>Correspondence</u>	<u>July 2021</u>	<u>Year to Date 2021/2022 Total</u>
Official Correspondence	62	62
Infringements (Animals)	5	5
Infringements (Other)	0	0
Change of Details	20	20
Microchipped dogs	35	35
Registrations	7	7
Nuisance dog declaration	0	0
Dangerous dog declaration	1	1
Menace dog declaration	0	0

- **Impounded Animals**

The Ranger's report had a total of 27 animals impounded.

July 2021	Dogs	Cats
Returned to owners	0	0
Rehomed	16	4
Euthanised	1	6
Impounded*	17	10

Six (6) dogs impounded from Gulargambone and zero animals from Quambone.

- **Dog attacks**

There were no dog attacks this month. The infringements issued related to incidents that occurred in late June 2021.

Strategic Planning – Central West and Orana Regional Plan

- As reported at the March 2021 Council meeting, the Executive Leader Environment, Strategic Planning and Community (ESPC) sits on the Steering Committee of the Central West and Orana Regional Plan Review. The review is important in ensuring that the Plan continues to reflect the priorities, vision and directions of the region. The review is being led by DPIE.
- Attached for Council's reference is the first workshop write up carried out in Wellington on 6 May 2021, which was recently provided to Council. The workshop was attended by almost all 19 Councils. The document outlines the session and its outcomes.
- A further Council workshop on 15 July 2021 with other Councils and DPIE was attended by the Executive Leader ESPC and Manager Economic Growth and workshopped through the intention of the new revision.
- The Plan covers a region of over 300,000 people and covers a region of 19 Councils.

Waste Management

- Waste management may include information on the existing waste resource management facilities, opportunities to minimise hard waste production and avenues to look at sustainable waste management.

Netwaste

- Information on Council's involvement with the Waste to Art, organised by Netwaste and locally coordinated by Outback Arts is provided in the Community Services Report.
- Netwaste is a voluntary regional waste group formed in 1995 to provide collaborative approaches to waste and resource management. IT is an organisation primarily funded through the NSW Environment Protection Authority. Covering almost 40% of the State, benefits are delivered to 26 member Councils in regional NSW including Coonamble Shire Council.
- Netwaste is currently developing a new education strategy and wants to hear from the community about waste, waste education, attitudes to waste, barriers to change, improving waste practices and being part of a region that makes a difference.
- A focus session will be run by Red Earth Advisory Group on 5 August 2021 at Outback Arts. The session was advertised on social media and a flyer is attached for information.

Quambone Waste Landfill Fencing

Specifically relating to an outstanding waste management issue, Pettiford Fencing has commenced work at Quambone. At the time of reporting, due to wet weather, the project is reported at 100% completion with a staff inspection to occur to confirm the status.

The Environment and Strategic Planning Progress Report provides a summary of the information since the last meeting for July 2021.

(a) Governance/Policy Implications

The report provides Council opportunities to understand governance and policy implications in the environment and strategic land use planning. There may be risk implications depending on the nature of the enquiry.

(b) Legal Implications

There may be risk implications depending on the nature of the enquiry.

(c) Social Implications

Providing information that is open and transparent to the community will provide positive social implications for the community to understand the work that Council does.

(d) Environmental Implications

The progress report allows for environmental management to be an area of focus for Council and subsequently providing positive environmental benefits. This specifically relates to the area of public health, environmental sustainability, and waste management. The proposed changes to flood planning is a good opportunity for Council to review and refine its planning documentation and guidelines.

(e) Economic/Asset Management Implications

There may be risk implications depending on the nature of the enquiry.

(f) Risk Implications

There may be risk implications depending on the nature of the enquiry.

CONCLUSION

The Environment and Strategic Planning Progress Report has considered town planning and strategic land use planning, waste management, compliance and regulation and environmental management and health since the last meeting.

RECOMMENDATION

That Council notes the contents of this report.



NETWASTE COMMUNITY CONSULTATION

A joint initiative in developing a new education strategy



A NEW WASTE EDUCATION STRATEGY

By Kate Baxter, Red Earth Advisory

NetWaste is now developing a new education strategy and want to hear from the community about waste, waste education, attitudes to waste, barriers to change, improving waste practices, and being a part of a region that makes a difference. Focus session run by Kate Baxter from Red Earth Advisory.

Session: Thursday 5 August 2021

Time: 9:30am to 10:30am

**Venue: Outback Arts - Creative Arts Centre
26 Castlereagh Street, Coonamble**

OUTBACK ARTS

NETWASTE EDUCATION STRATEGY

By Kate Baxter, Red Earth Advisory

Waste reduction and waste management are big issues for communities across NSW. Would you like to share your thoughts and ideas about how to educate the community about reducing waste and better managing waste in Coonamble and the whole western region of NSW? NetWaste want to hear your thoughts and ideas so their education strategy is effective in your community. Come along for 1 hour on Thursday 5th August, 930am at the Outback Arts Centre 26 Castlereagh Street, Coonamble.

Anyone can attend – young and old and they are keen to hear the ideas that local Aboriginal peoples might have.

Session: Thursday 5 August 2021

Time: 9:30am to 10:30am

**Venue: Outback Arts - Creative Arts Centre
26 Castlereagh Street, Coonamble**



While you're there visit the Regional Waste 2 Art at Outback Arts

Did you know that Coonamble Shire Council is part of the 26 member councils in regional NSW part of the NetWaste regional waste group.?

Covering almost 40% of the state, benefits are delivered to 26 member councils in regional NSW including: Bathurst, Blayney, Blue Mountains, Bogan, Bourke, Brewarrina, Broken Hill, Cabonne, Central Darling, Cobar, Coonamble, Cowra, Dubbo, Forbes, Gilgandra, Lachlan, Lithgow, Midwestern, Narromine, Oberon, Orange, Parkes, Walgett, Warren, Warrumbungle, Weddin.



COONAMBLE
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10.10 COMMUNITY SERVICE PROGRESS REPORT**File Number: C8****Author: Noreen Vu, Executive Leader - Environment, Strategic Planning and Community****Authoriser: Hein Basson, General Manager****Annexures: 1. 2020-21 Delivery Program Review (as at 30 June 2021) (under separate cover)****PURPOSE**

The purpose of this report is to provide information on the activities within Council's Community Services section for the month of July 2021.

BACKGROUND

The Community Services section focuses on our community and our people and the support that Council offers in the delivery of positive outcomes. The Community Services section is responsible for the following key areas:

- Community Services;
- Library Services;
- Children and Youth Services; and
- Integrated Planning.

(a) Relevance to Integrated Planning and Reporting Framework

The information contained in this report demonstrates the work carried out by staff in achieving the strategic objectives and delivery actions as outline in Council's Community Strategic Plan 2032, Delivery Plan 2017-2020, and Operational Plan 2020 / 21.

(b) Financial Considerations

There are no financial considerations arising from this report.

COMMENTARY

In line with Council's 2020 / 2021 Operational Plan, this report presents a summary of community service progress and activities for the period July 2021.

Library

- The Librarian is working with the Coonamble Preschool to present a story time celebrating Early Learning Matters Week.
- The July book exchange with Gulargambone is complete.
- Cyberhance, the Library public technology upgrade, has been confirmed and local business Murtech will be liaising with the Librarian to supply, fit and maintain the new tech. This includes new computers and charging station.

- **Library Statistics** (01 July – 28 July 2021)

Service	Loans	New M/ships	Wi-Fi	Internet (hr)	Children's Computers (children)	Junior Visits	Adult Visits
Coonamble	356	5	40	104.43	39	65	255
Gulargambone	40	0					

- **Manual Statistics** - Coonamble (numbers refer to people attending)

Library Visits	Reference Enquiries	Technology Enquiries	Local History	VIC Enquiries
320	3	35	2	6

- **Activity Statistics** - Coonamble (numbers refer to people attending)

Senior Craft	Pre-School Visits	Housebound	Meetings	Seniors Movies	Other
postponed	18	3	23	postponed	2

Tech Savvy Seniors and Seniors Movies

- First Tuesday Seniors Movies and Tech Savvy Sessions were cancelled in July due to the recent restrictions. The August session will occur with restricted numbers.

Children and Youth Services

- **After School Activities**

- A successful After School Activities program for Term Two was delivered in Quambone and Gulargambone after a 12-month cancellation.
- Both villages offered Tuesday and Wednesday services from 3:30pm to 5:30pm. After School Activities are fully supervised by Council's Youth Workers and provide an afternoon of fun activities with afternoon tea.
- A wrap up of Term Two attendances include:

Weeks	1	2	3	4	5	6	7	8	9	10
Gulargambone	44	21	32	28	31	44	44	25	19	13
Quambone	5	6	5	6	5	10	9	12	13	11

* Week two (2) and four (4) had one (1) day only in Gulargambone. Due to school holidays, some stats could not be provided for this report.

- A recent footy clinic set up on Tuesdays will see Gulargambone services be offered on Mondays and Wednesdays in Term 3 and Quambone will be offered on Tuesdays and Wednesdays.

• **June/July School Holiday Program**

- The June/July School Holiday programs saw recent COVID-19 restrictions impacted on some activities but did not deter the enthusiasm of participants. The Beanies Live Show and the NAIDOC Community Day were postponed but other activities were well attended.
- Second week attendances were slightly lower as the mandatory mask wearing, and cancellations of other services kicked in.
- Council delivered five activities over this period.
- Total number of attendances are provided below.

Activity	Numbers
Craft	18
Movies at the Coonamble Bowling Club: Raya and the Last Dragon	26
Bush Tucker with Blackfit Fitness pre NAIDOC week activity	18
Screen Printing	6
Origami Club	6
Total	74

- A comparison with previous years is provided below, noting that prior data collation for activities are scarce, averaged or estimated.

Year	Number of Activities	Total number of participants	Average number per activity
2021	5	74	15
2020	0	0 (Covid 19 restrictions)	0
2019	12 Coonamble 8 Gulargambone	199 in Coonamble 160 in Gulargambone	17 20
2018	15 10	524 in Coonamble 250 in Gulargambone	35 25



Photos: Participants enjoying Bush Tucker with Josh Toole from Blackfit Fitness cooking emu quiche and pippies stir fry on 1 July 2021.

- **Gulargambone Youth Centre grant upgrade**
 - Progress on the Gulargambone Youth Centre external maintenance works is going well with the project at 80% completion.
 - Council was successful in receiving a \$79,000 grant from the Stronger Country Communities Fund for the renovation work at the Gulargambone Youth Centre.
 - Kevin Hunt Carpentry has been engaged to undertake the following improvements:
 - A removal of uneven pavers to a new concreted patio area and footpath
 - External painting of building including pink doors
 - New fencing at the front boundary
 - New turf
 - Stormwater improvements and make safe maintenance repairs.
 - A variation to include internal maintenance works will see removal of carpet in the storage and office space with new industrial vinyl flooring and sealing of holes around the building. Internal works will also include improvements to the indoor basketball court for those rainy days.
 - The Gulargambone Youth Centre is utilised by Council's after school activities and by the Mackillop Family and the Royal Flying Doctors Service.
 - After School activities were postponed for the first two (2) weeks to allow the contractor to undertake the works due to the recent wet weather.
 - After works are complete, staff are intending in doing an official welcome and reopening of the centre. Details will be circulated shortly.



Before and After of colours: Gulargambone Youth Centre

Regional Waste2Art Net Waste

- Coonamble will be hosting the Waste to Art Regional Exhibition was opened 19 July through to 3 September 2021 and hosted by Outback Arts.
- The free community workshops were cancelled due to the COVID-19 restrictions; however, Council would like to congratulate all the winners and entries into the exhibition.

Delivery Program and Operational Plan Review

- At the beginning of each financial year, Council prepares an Operational Plan which outlines the actions Council will undertake to work towards achieving the outcomes in the four-year Delivery Program. With commencement of the 2020 Financial year, Council underwent a restructure. Council endorsed the new Operational Plan for the 2021-22 period at its June Council meeting.
- The actions contained within in the 2021-22 Operational plan are linked with goals that have been identified within a framework of being strategic, measurable, achievable, realistic, and timely. Measures have been provided to assist in reporting progress which has not been done in the past. This initiative should be seen as “work in progress”.
- Under s. 404 of the *Local Government Act 1993*, the General Manager must ensure that regular progress reports are provided to the Council reporting as to its progress with respect to the principal activities detailed in its delivery program. Progress reports must be provided at least every six (6) months.
- What is presented to Council in this report is a review of the Delivery Program 2017-2021 and commentary on actions and activities completed as part of the Operational Plan to 30 June 2021.

The Community Services Report provides an overview of events that have occurred and are upcoming.

(a) Governance/Policy Implications

The delivery of community development and integrated planning functions and activities are carried out in accordance with Council's Operational Plan and Integrated Planning and Reporting Framework. Community Service staff have implemented amended models of service delivery in response to COVID-19 restrictions and guidelines.

(b) Legal Implications

There are no legal implications arising from this report.

(c) Social Implications

Council's community services section delivers a broad range of support services, activities, and opportunities to all age groups. These services assist in building social capital within the Shire. As the restrictions ease for COVID-19, Council continues to implement strategies to support the community during these unprecedented times.

(d) Environmental Implications

There are no environmental implications arising from this report.

(e) Economic/Asset Management Implications

The economic implications of community services are positive, in that these services provide employment opportunities, delivering a service to the community and support the local business sector.

(f) Risk Implications

There are no risk implications arising from this report.

CONCLUSION

The updates provided in this report deliver information to Council on the key activities undertaken in Council's Community Services section for the month of July 2021.

RECOMMENDATION

That Council notes the information contained in this report.

10.11 SALEYARDS REPORT**File Number: S1****Author: Saiful Islam, Finance Assistant****Authoriser: Noreen Vu, Executive Leader - Environment, Strategic Planning and Community****Annexures: Nil****PURPOSE**

The purpose of this report is to keep Council informed of monthly income and expenditure associated with the saleyards.

BACKGROUND

The following information details income and expenditure associated with the Coonamble saleyards for the month of July 2021.

(a) Relevance to Integrated Planning and Reporting Framework

14.1 Ensure long term management and protection of our community assets.

(b) Financial Considerations

The Saleyards / Truck wash unit was originally set up as a business unit for Council. Whilst the truck wash continues to return a profit on its operations, the saleyard operations continue to run at a deficit – as has been the case for a number of previous financial years. Please see the attached annexure one for a more comprehensive financial report.

Saleyards Activities

The fat sale for the year was held on 29 July 2021 with a throughput of 695 quality cattle. A very strong market prevailed. Minor maintenance at the saleyards is addressed as issues arise.

Several maintenance activities occurred this month to address the sediment and mud issue at the saleyards. Further works will be undertaken this month as the works were stopped short due to the sale.

Council received correspondence from Aus Meat for the National Saleyards Quality Assurance that they are intending to conduct an audit during a sale. The Saleyard Agents have been reminded to ensure to quality assurance with their practices.

A draft Memorandum of Understanding and draft Joint Operating Protocol circulated to the committee on the 21 May 2021. The documents are yet to be signed off.

Truck Wash

Several mechanical issues have occurred at the Truck Wash this month including a broken pump and faulty sensor lights which have now been rectified. Staff will be working on clearing the drain area.

SALES

CATTLE:

Date	Type	Scale	Amount (\$)	VA	Amount (\$)	Total Cattle/ Sheep	Total Amount (\$)
29/07/2021	Fat Sale	695	5,509.28			695	5,509.28

SALEYARDS ACCOUNT 01/07/2020 - 31/07/2021

Saleyard Operations:

Income	5,509.28
Expenditure	8,942.64
Deficit	- 3,433.36

Truck wash:

Income	4,734.38
Expenditure	170.52
Surplus	4,563.86

Summary:

Income	10,243.66
Expenditure	9,113.16
Surplus	1,130.50

Account	↑	Annual Amended Budget	Jul MTH Actuals	Aug MTH Actuals	Sep MTH Actuals	Oct MTH Actuals	Nov MTH Actuals	Dec MTH Actuals	Jan MTH Actuals	Feb MTH Actuals	Mar MTH Actuals	Apr MTH Actuals	May MTH Actuals	Jun MTH Actuals	YTD Actuals
5700-0002 - SALEYARDS															
05 - Revenue															
5700-1150 - Saleyards Fees & Charges - Casual		(4,000)	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
5700-1152 - Saleyards Fees & Charges - Sale		(55,000)	-5,509.28	0	0	0	0	0	0	0	0	0	0	0	(5,509.28)
5700-1496 - Grants - Saleyards Safety Upgrade		0	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
05 - Revenue Total		(59,000)	-5,509.00	0	0	0	0	0	0	0	0	0	0	0	(5,509.00)
06 - Expenditure															
5700-2245 - Saleyards Insurances		8,940	3,322.50	0	0	0	0	0	0	0	0	0	0	0	3,322.50
5700-2255 - Saleyards Electricity Charges		8,800	-21.88	0	0	0	0	0	0	0	0	0	0	0	(21.88)
5700-2260 - Saleyards Telephone Expenses		1,000	50.00	0	0	0	0	0	0	0	0	0	0	0	50.00
5700-2270 - Saleyards Rates & Charges		11,000	5,049.40	0	0	0	0	0	0	0	0	0	0	0	5,049.40
5700-2330 - Saleyards Operating Expenses		10,000	309.11	0	0	0	0	0	0	0	0	0	0	0	309.11
5700-2335 - Saleyards Operating Expenses No GST		5,000	-7.04	0	0	0	0	0	0	0	0	0	0	0	(7.04)
5700-2340 - Saleyards Maintenance Expenses		60,000	240.55	0	0	0	0	0	0	0	0	0	0	0	240.55
5700-2925 - Saleyards Buildings Depreciation		22,737	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
5700-2930 - Saleyards Facilities Depreciation		11,740	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
06 - Expenditure Total		139,217	8,942.00	0	0	0	0	0	0	0	0	0	0	0	8,942.00
5700-0002 - SALEYARDS Total		80,217	3,433.00	0	0	0	0	0	0	0	0	0	0	0	3,433.00
5750-0002 - TRUCKWASH															
05 - Revenue															
5750-1150 - Truck Wash User Fees		(30,500)	-4,734.38	0	0	0	0	0	0	0	0	0	0	0	(4,734.38)
05 - Revenue Total		(30,500)	-4,734.00	0	0	0	0	0	0	0	0	0	0	0	(4,734.00)
06 - Expenditure															
5750-2245 - Truckwash Insurance		120	60.67	0	0	0	0	0	0	0	0	0	0	0	60.67
5750-2255 - Truck Wash Electricity Charges		4,200	-7.55	0	0	0	0	0	0	0	0	0	0	0	(7.55)
5750-2260 - Truck Wash Telephone Expenses		0	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
5750-2270 - Truckwash Rates & User Charges		15,960	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
5750-2340 - Truck Wash Mtnc & Repairs		10,000	117.40	0	0	0	0	0	0	0	0	0	0	0	117.40
5750-2930 - Depn - Other Structures		4,639	0.00	0	0	0	0	0	0	0	0	0	0	0	0.00
06 - Expenditure Total		34,919	170.00	0	0	0	0	0	0	0	0	0	0	0	170.00
5750-0002 - TRUCKWASH Total		4,419	-4,564.00	0	0	0	0	0	0	0	0	0	0	0	(4,564.00)

(c) Governance/Policy Implications

Maintenance of Council's infrastructure assets is carried out in accordance with Council's adopted management plans.

(d) Legal Implications

There are no legal implications arising from this report.

(e) Social Implications

There are no social implications arising from this report.

(f) Environmental Implications

There are no environmental implications arising from this report.

(g) Economic/Asset Management Implications

Works are generally scheduled in accordance with Council's adopted Operational Plan and Budget to ensure Council's assets are maintained to an appropriate standard within budget limitations. This asset needs some major maintenance works but has been running at a financial deficit for years. More favourable seasonal conditions means that this asset is currently being used on a more frequent basis, but there are risks for Council involved with knowingly using an asset that does not comply with all legislative and other industry standards. Although a difficult situation to address, Council will have to objectively consider all facts surrounding the saleyards, and the most appropriate way forward with responsibly managing this facility into the future.

(h) Risk Implications

Maintenance works are scheduled and carried out within budgetary constraints to reduce Council's overall risk exposure.

CONCLUSION

The saleyard operations are being closely monitored to ensure a more effective and sustainable strategy for the long term.

RECOMMENDATION

That Council notes the information provided in this report.

10.12 LIBRARY SERVICES POLICY**File Number:** L4**Author:** Noreen Vu, Executive Leader - Environment, Strategic Planning and Community**Authoriser:** Hein Basson, General Manager**Annexures:** 1. Library Services Policy 2021**PURPOSE**

The purpose of this report is to provide Council with the revised Library Services proposed for consideration and adoption.

BACKGROUND

The Library Services Policy purpose is to state Council's position in the provision of library services to the community. This policy will provide a framework for the delivery of high quality and equitable community services through the provision of effective access to library services. The policy was established in 2013 and has not been reviewed.

The Library Services Policy has been reviewed and attached for Council's consideration.

(a) Relevance to Integrated Planning and Reporting Framework

L1.4.3. Provide high quality customer service to the community.

L1.4.4. Governance is open and transparent.

L1.4.5. Review Council policies.

L2.2.1. Provide high quality, multi-purpose library services that are responsive to community need.

EC4.1.1. Support partnerships that support and develop life-long learning opportunities.

P3.1.1. Advocate, support and raise awareness of programs that promote the physical, mental health and well-being of the community.

(b) Financial Considerations

There are no financial considerations attached to this report.

COMMENTARY

In reviewing the Library Services Policy, the following areas were identified by management as requiring changes:

- Introduction of a Background section to explain the circumstances which led to the creation and adoption of the policy.
- The policy objective also includes slight changes to reflect the current trends and community needs in library services.
- Introduction of an Application/Scope section to provide context of its application to the three (3) libraries in Coonamble, Gulargambone and

Quambone and the external services that the library provides. It also links to the Council's Community Strategic Plan and Council's Delivery Program.

- Policy edits to strengthen the library services function and to reflect current trends and be adaptive to community needs.

The reviewed Library Services Policy has retained the previously adopted principles from the *Local Government Act 1993*, which provides several guiding principles for Councils to exercise its function.

As the policy has undergone minor changes, it is recommended that Council adopts the policy.

(a) Governance/Policy Implications

Once adopted by Council, the revised Library Services Policy will become a policy of Council.

(b) Legal Implications

There are no legal implications arising from this report.

(c) Social Implications

Council's community services section delivers a broad range of support services, activities, and opportunities to all age groups. These services assist in building the social capital within the Shire. Once adopted by Council, the revised Library Services Policy will continue to provide positive social implications for the community through the library service function.

(d) Environmental Implications

There are no environmental implications arising from this report.

(e) Economic/Asset Management Implications

The economic implications of community services are positive, in that these services provide employment opportunities, delivering a service to the community and supporting the local business sector. Once adopted by Council, the revised Library Services Policy will continue to provide positive economic implications.

(f) Risk Implications

There are no risks arising from this report.

CONCLUSION

Council's Library Services Policy has been reviewed and amended to detail the Council's commitment to community service planning, facilitation, and service provision to the quality of life and well-being of the Coonamble Shire residents.

RECOMMENDATION

- 1. That Council notes the contents of this report.**
- 2. That Council adopts the revised Library Services Policy.**

1. BACKGROUND

Library Services is fundamental service that Coonamble Shire Council manages as part of the Community Services function. In 2013 Council adopted the Library Services Policy.

2. PURPOSE

The purpose of this policy is to state Council's position in the provision of library services to the community. This policy will provide a framework for the delivery of high quality and equitable community services through the provision of effective access to library services.

3. POLICY OBJECTIVE

The Library Services Policy objective includes:

- i. Library services are inclusive, offering services to all members of the community, including customers with special needs and those from culturally and linguistically diverse backgrounds.
- ii. Access to information is a fundamental right of individuals and the community.
- iii. Staff, services and resources of the Coonamble Shire libraries are managed efficiently, safely and effectively.
- iv. Library facilities, services, programs and partnerships are planned, maintained and initiated according to changing needs in the community.
- v. Library services is open to change and transitions with technological advancement and changing needs of the community.
- vi. We do not censor ideas in the provision of access to information within a public library context but we support and promote a respectful and safe environment (within the bounds of legislation and issues reasonably perceived as offensive in the community).

4. LEGISLATION

Local Government Act 1993

Local Government (General) Regulation 2005

Library Act (1939)

Library Amendment Act 1992

Library Regulation 2005

Crimes Act 1900

Classification (Publications, Films and Computer Games) Enforcement Act 1995

Copyright Act 1968 (Commonwealth)

5. APPLICATION/SCOPE

The Library Services Policy applies to the library services we provide in the Coonamble Shire local government area including the Coonamble, Gulargambone and Quambone libraries. It also includes our service deliveries outside of the libraries. The Library Services Policy will be implemented through the Council's Community Strategic Plan and Council's Delivery Program.

6. POLICY

1. Coonamble Shire Council will strive to provide an efficient, equitable and accessible library service that promotes the social, educational and recreational development of the whole community, including children and young people.
2. Coonamble Shire Council is a member of North Western Library Service (NWLS). The library collection is determined by NWLS, with input from Coonamble Shire's library staff, and is responsive to community interests and trends including changes to technological and the way we deliver our service
3. High quality customer service is our baseline and we strive to continuously improve to achieve the best service delivery.
4. Council recognises that it serves a diverse community with a variety of opinions, beliefs, ideas, values, age, ability and financial circumstances. The libraries strive to provide a welcoming safe environment, resources and programs to meet the needs of target groups. Council's libraries promote Child-safe and Child-friendly environments.
5. Parents and legal guardians shall be responsible for their children's use of library materials and services, including access to the Internet and DVDs. This includes any costs incurred due to damage or loss of materials.
6. Fees and charges applicable to the Library Services will be in accordance with NWLS Schedule of Fees and adopted by Council annually.

7. DEFINITION

North Western Library Service (NWLS) - North Western Library is based in the central west region of New South Wales and incorporates the local government areas of Bogan, Gilgandra, Coonamble and Warren. All branches offer a wide range of material including Books, DVD's, CD's, magazines, local history, and talking books in a range of different formats which have been developed for your reading and listening pleasure. Use our online catalogue to browse our collections or to find a specific item you may be looking for.

Library Services Policy		
Department: Environment, Strategic Planning and Community		
Version	Date	Author/Comments
0.1	14/11/2012	Director Community Services
0.1	21/11/2012 to 14/12/2012	*Public Exhibition
1.0	12/2/2013	Adopted by Council
1.1	1/8/2021	Reviewed by Executive Leader Environment, Strategic Planning and Community
<p>Review Date: This policy may be amended or revoked at any time and must be reviewed at least three (3) years since its adoption (or latest amendment). The Executive Leader of Environment, Strategic Planning and Community will be responsible for the review of this Policy. Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines. 11 August 2024</p>		
<p>Amendments in the release: Amendments include new Council template and to strengthen the library services function</p>		
Section Title	Section Number	Amendment History
Background	1	Introduction of a Background section to explain the circumstances which led to the creation and adoption of the policy.
Policy Objective	3	Slight changes to reflect the current trends and community needs in library services
Application /Scope	5	Introduction of a Scope section to provide context of its application which includes the libraries and its external services. Linking to Council's Community Strategic Plan and Delivery Program.
Policy	6	Policy edits to reflect the current trends and community needs.
Definitions	7	As per new template
Annexure Attached: Nil		
<p>Hein Basson General Manager</p>		

10.13 INFRASTRUCTURE SERVICES - WORKS IN PROGRESS**File Number: R6****Author: Kookie Atkins, Director of Engineering Services****Authoriser: Hein Basson, General Manager****Annexures: Nil****PURPOSE**

The purpose of this report is to provide Councillors with information on the works in progress within Council's Infrastructure Department.

BACKGROUND**(a) Relevance to Integrated Planning and Reporting Framework**

11.1 Maintain local road maintenance and construction.

13.1 Deliver safe drinking water and sewerage services.

4.1 Ensure long term management and protection of our community assets.

(b) Financial Considerations

Provision is made within the 2020 / 2021 Operational Plan and Budget to fund the associated works and programs listed in this report.

COMMENTARY**(a) Plant / Fleet:**

- Routine inspections and servicing were completed as planned.

(b) Airport:

- Routine inspection and maintenance works are ongoing.
- The Remote Airstrip Upgrade Program Round 7 work has been completed and final report lodged for the acquittal of the grants.
- A Civil Aviation Safety Authority (CASA) audit has been undertaken, surveillance report received with three (3) minor non-conformances listed, these have all been address to the satisfaction of CASA.
- A new aerodrome manual has been submitted, and we are awaiting feedback.

(c) Water & Sewer:

- General maintenance has been completed on an 'as-needs' basis.
- The Integrated Water Cycle Management Strategy project has commenced. This project will result in a 30-year business plan / strategy, to ensure that the Water and Sewer Assets are maintained to provide an adequate level of performance.

- A Request for Quotation has been created regarding the sealing of the Pasveer Channel at the Gulargambone Sewage Treatment Plant. This is the first of two projects planned for this year to ensure Environment Protection Agency (EPA) compliance for the plant.
- Planning is underway for the replacement of a water main on Gidgerah Street, Quambone. This replacement is in accordance with Council's Water Asset Management Plan.

(d) Quarry:

- Quarry operations have returned to normal following the cone rebuild, and routine maintenance is performed as needed.

(e) Landfill sites:

- Council has been issued with a clean-up notice by the EPA for the old landfill site at the end of Wingadee Street.
- An assessment has been carried out and is now with the EPA for review. Some preliminary works have been carried out to ensure the availability of water on site for the capping project and to aid the revegetation of the site after the works have been carried out.
- The reviewed assessment will be presented to Council once received back from the EPA, with an action plan to address the issue.

(f) Levee Upgrade:

- Stage 4 has been completed, and the funding obligations met.
- A work plan for Stage 5 has been approved.

(g) Saleyards:

- Discussions between staff and the EPA regarding the future of the saleyard licence are continuing. This is a matter that will be taken over in due course by the Executive Leader Environment, Strategic Planning and Community.

(h) State Highway:

- All heavy patching works on the Highway for the 2020 / 21 financial year has been completed.
- Reseal works are complete.
- Line marking of heavy patching and reseal areas complete.
- The replacement of 14 culverts north of Coonamble with extensions commenced in February. This work has been delayed due to wet weather and work cannot recommence until the work sites dry out.

Routine Activities

- Routine activities, including pothole and edge break repairs, sign maintenance, rest area maintenance, litter collection, removal of debris, vegetation control and routine inspections have been completed on the Castlereagh Highway.

(j) Urban, Local and Regional Roads:**Routine Activities**

- Routine activities, including pothole and edge break repairs on sealed roads, sign maintenance, litter collection and removal of debris and routine inspections are ongoing.

Bertram Street

- The revised engineering investigations are now completed. An additional drainage outlet has been designed to drain the large ponding problem adjacent to the causeway. Quotations for the work will now be requested.

Maule Lane

- The K&G contractor has commenced works but has been delayed by plant breakdowns and some wet weather. The new K&G has been installed and some minor backfilling is required. Council's roadworks will commence this month to complete the roadway rehabilitation.

Tooraweenah Road

- TfNSW – the final report has been accepted and progressed. The preliminary investigations are complete. The design and review of environmental factors are currently on public exhibition, seeking feedback from the public in accordance with the funding requirements. The review of environmental factors highlighted land matter issues and Crown Land access licences have been applied for. The geotechnical report requires review of the traffic data to finalise the required pavement depths. The next step will be the preparation of a "Road Project Proposal Report" (RPPR).

Commentary General Manager: The pavement depths referred to above, could have a significant financial impact on the project, and needs review to ensure that the available funding is utilised in such a manner as to ensure "maximum bang for buck", but not at the expense of adequate design and construction methodologies – which will result in premature failure of the road.

It goes without saying that Council is being confronted with challenging soil conditions that are not conducive to road building because of the reactive nature thereof.

In addition, the section of this road close to the eastern local government area boundary and the Warrumbungles, is subjected to significant water flows during rain events. This challenge is potentially further exacerbated by the Inland Rail construction, which will in all probability change existing water flows during and after rain events – concentrating water into areas where culverts are going to be installed

along the to-be-constructed railway line. These mentioned changes might have a supplementary effect on the Tooraweenah Road as well.

Warren Road (Intersection with Hwy)

- Advice has been received from the Department of Infrastructure, Transport, Regional Development and Communications that the proposed upgrade of the intersection of the Warren Road and Castlereagh Highway, (to the estimated value of \$820,000) was successful to the amount of \$410,000 under the National Heavy Vehicle Safety Productivity Program – which accounts for a 50% contribution to the project. Council has adopted a resolution to fund the other 50% from its Regional Roads Grant Funding allocation. Crown Land access licences have been applied for.

Warren Road

- The Funding Deed for the Fixing Country Roads Round 2 – Warren Road Upgrade (various sections) has been submitted. Kindly note that this project is separate to the upgrade of the Warren Road intersection. Staff have completed the relevant documents, which were submitted in early November (i.e., policy documents, various project plans etc.). Issues have arisen associated with the administration of this project between the State and Federal Governments. Staff are working with both levels of government to ensure administrative requirements can be met for all parties. There was a discrepancy in the amount being funded by the Federal Government when compared to announcements made from the office of The Hon Mark Coulton MP. Council has now been advised that the Federal Government will be contributing the full \$1,930,000 as promised. Discussions are currently being held to finalise the scope of works in Walgett Shire.

Natural Disaster Relief and Recovery Arrangements (Flood Damage)

- In addition to the list of “immediate reconstruction works” reported to Council at the September 2020 meeting, the Walla Walla Road, Willow Downs Road and Talegar Road have also been included.
- A consultant has been engaged to aid with the preparation and progress of claims due to staff restrictions. An application for Natural Disaster assistance has been submitted for the March 2021 storm / flooding event and the State and Federal Ministers have jointly announced that Coonamble Shire is now eligible for disaster relief under the Disaster Recovery Funding Arrangements (DRFA). Work has commenced on preparing potential claims for funding.

Works in Progress

Item	Task	Comments
1	MR202 Merri Merri – Maintenance Grading	In progress
2	SR86 Carinda Road – Rehabilitation – FLR Phase 1	In progress
3	SR4 Emby Road – Reform / Resheeting	Delayed
4	SR16 Mungery Road – Reform / Resheeting	In Progress
5	SR7 Wingadee Road – Reforming/resheeting/causeways	Delayed
6	SR12 Back Gular Road – Reform / Resheeting	In Progress
7	SR 87 Box Ridge Road – Shoulder Flood Damage Repair	In Progress
8	Maule Lane – Rehabilitation	In Progress
9	SR93 Walla Walla Road – Maintenance Grade	Scheduled
10	SR119 Nortongong Road – Maintenance Grade	Scheduled
11	SR52 Talegar Rd – Maintenance Grade	In Progress
12	SR41 Nelgowrie Rd – Maintenance Grade	In Progress
13	SR13 Sandy Camp Rd – Maintenance Grade	Complete
14	SR2 Tooraweenah Road – Maintenance Grading	Complete
15	SR19 Gulargambone Road – Maintenance Grading	In Progress
16	SR86 Carinda Road – Unsealed – Maintenance Grading	Complete
17	Various Gular – Unsealed Streets – Maintenance Grading	Scheduled
18	SR97 Hollywood Lane – Maintenance Grade	Complete
19	SR92 Fairmile Rd – Maintenance Grade	In Progress
20	SR54 Floddenfield – Maintenance Grade	In Progress

Local Roads and Community Infrastructure Funding

- Phase two (2) of the Local Roads and Community Infrastructure funding has been confirmed with Coonamble being allocated \$723,922.

Council has resolved (Resolution 2021/76) for this amount to be allocated as follows:

1. Selected flood damage sites \$400,000.00
(including the VIC driveway / carpark)
2. Box Ridge Rd – Reconstruction \$263,922.00
3. Beanbah Rd – Bridge abutments \$ 60,000.00

- Phase three (3) of the Local Roads and Community Infrastructure funding has just been announced with Coonamble being allocated \$1,859,636. The period for works to be undertaken under Round Three is between 1 January 2022 and 30 June 2023.

Fixing Local Roads

- Funding approval of Fixing Local Roads – Round Two has been received for patching and sealing works on SR86 Carinda Road:

Location 1: Ch: 40.830 – 41.930km; and

Location 2: Ch: 45.360 – 45.960km.

Council has been allocated \$569,943 to complete these works, and the funding deeds for this project now have executed funding deeds.

- Round 3 has opened and Council's application for heavy patching and culvert repairs on SR86 Carinda Rd Ch: 55.656 – 61.950km has been lodged – in line with Council's resolution adopted in this regard at its June 2021 Meeting.

(a) Governance/Policy Implications

Maintenance of Council's infrastructure assets is carried out in accordance with Council's adopted management plans.

(b) Legal Implications

There are no legal implications arising from this report.

(c) Social Implications

Maintenance works are programmed where practical, to minimise social impacts.

(d) Environmental Implications

There are no environmental implications arising from this report.

(e) Economic/Asset Management Implications

Works are scheduled in accordance with Council's adopted 2021 / 22 Operational Plan and Budget.

(f) Risk Implications

Maintenance works are programmed to minimise the risk to Council and the public.

CONCLUSION

This report provides updated information on the projects and planned works within the Infrastructure Department for Council's information.

RECOMMENDATION

That Council notes the information in this report.

11 NOTICES OF MOTIONS/QUESTIONS WITH NOTICE/RESCISSION MOTIONS

11.1 NOTICE OF MOTION - EXTINGUISH PETROLEUM EXPLORATION LICENSES

File Number: E-5

Annexures: 1. Coonamble Times Article - Future of Gas statement

BACKGROUND

Cr Barbara Deans has given notice of her intention to move a motion regarding the Petroleum Exploration Licences (PELs) in the Narrabri, Liverpool Plains and Coonamble Shires' local government areas.

The NSW Government – Department of Mining, Exploration and Geoscience – provides the following information on their website:

What is exploration?

An exploration licence gives the licence holder exclusive rights to explore for petroleum or specific minerals within a designated area, but it does not permit mining, nor does it guarantee a mining or production lease will be granted.

The purpose of exploration is to locate areas where mineral and petroleum resources may be present, to establish the quality and quantity of those resources, and to investigate the viability of extracting the resource.

Zombie PELs are petroleum licences that have expired but have not been formally extinguished by the NSW Government. There are 12 of these licences that stretch across 56,000km² between the Queensland border, Dubbo, Moree, the Warrumbungles, and the Upper Hunter.

Regulation of approved exploration activities

Exploration licences are granted subject to standard and/or special conditions, including strict environmental management conditions to protect native vegetation, fauna, land, water resources, heritage and community values.

The conditions regulate the type of exploration that can be carried out and where these activities may occur. Under the current category system, exploration activities identified as having minimal environmental impact can be carried out without further approval from NSW Department of Planning, Industry and Environment. Routine exploration activities in non-sensitive areas generally have a low impact and any impacts are of a temporary nature.

Higher intensity activities, activities in sensitive areas or activities that have the potential to affect threatened species or ecological communities require further approval. There are stringent assessment processes in place for approval of these types of activities. Proponents are required to prepare and submit a Review of Environmental Factors (REF) that addresses all potential impacts of the proposal, including potential impacts on the environment and the community. For projects

falling under Part 5 of the [Environmental Planning and Assessment Act 1979 \(EP&A Act\)](#), the Division must examine and take into account all matters that will or are likely to affect the environment. Any exploration that is likely to have an unacceptable impact on the environment will not be approved.

Licence holders are also subject to a statutory prohibition on carrying out activities within 200 metres of a residence without the consent of the land holder and resident.

Licence holders are also required to rehabilitate areas disturbed by exploration activities and must provide security sufficient to cover the likely rehabilitation costs in the event that they default on this obligation.

Published article in the “Northern Daily Leader” dated 25 November 2020 - The Deputy Premier has signalled that some - but not all - of the dozen 'zombie' licences to mine gas in a vast area in north-western NSW will be extinguished by the State Government.

'Zombie PELs' could rise from the dead when new gas policy announced: Deputy Premier - Expired petroleum export licences (PELs) cover an area of 56,000 kilometres, stretching from the Upper Hunter to the Queensland border. Some have lay dormant for a decade without mining works. Farmers and green groups have demanded government slay the 'zombie PELs' after the approval of the \$3.6bn Narrabri Gas Project in the Pilliga.

John Barilaro, both Deputy Premier and Minister for Industry, said he would address the issue in a "future of gas statement" issued mid-way through 2021, but implied only some would be extinguished.

Published article in the “Coonamble Times” dated 28 July 2021 - In short, the article states that the Deputy Premier John Barilaro has made a statement that the Petroleum Exploration Licences (PELs) will be lifted in parts of the State, including those covering the Coonamble Shire Council.

“When we came to office in 2011, petroleum exploration titles or applications covered 45 percent of NSW – under our Future of Gas Statement, that figure has been reduced to just 1.5 percent of the state.”

ISSUES

The Notice of Motion submitted by Cr Deans reads as follows:

“That Council supports the extinguishing of the ‘zombie PELs’ that cover NSW, particularly the Petroleum Exploration Licences in the local government areas of the Narrabri, Liverpool Plains and Coonamble Shire Councils”.

Reasoning:

These communities do not want the ‘zombie PELs’ hanging over their region. Independent MP Justin Field has also introduced legislation to extinguish the zombie PELs. The members of the community that I have spoken to were in favour of this legislation and it has been very clear for years that the Coonamble community does not support coal seam gas mining as our community is concerned that such mining activity might jeopardise our water from the Great Artesian Basin.

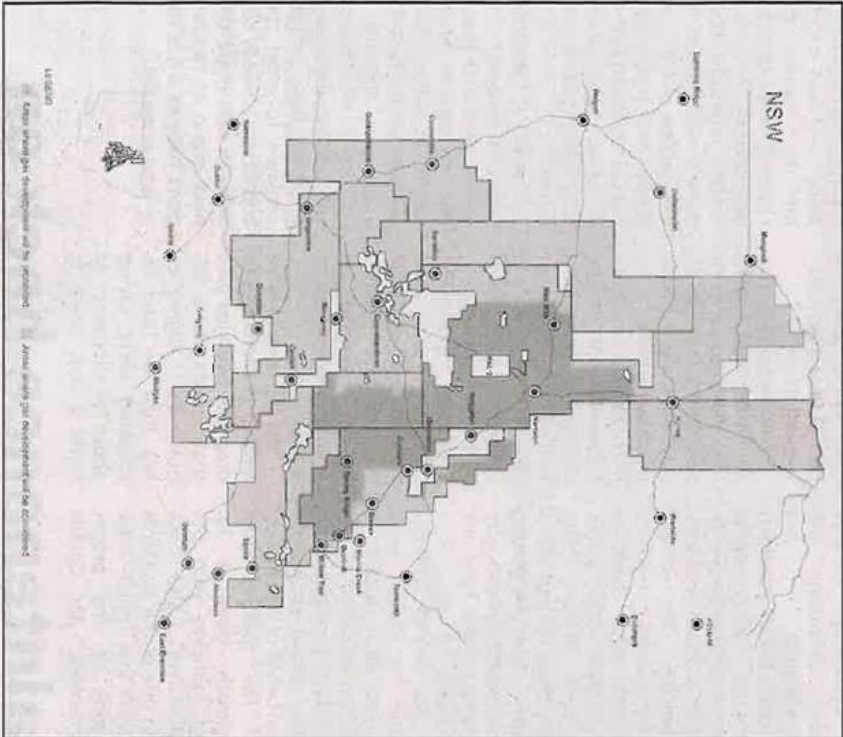
LEGAL/POLICY IMPLICATIONS

EN1.1 Promote ecologically and environmentally sustainable land use and development

MOTION

That Council supports the extinguishing of the ‘zombie PELs’ that cover NSW, particularly the Petroleum Exploration Licences in the local government areas of the Narrabri, Liverpool Plains and Coonamble Shire Councils.

Coonamble Times
**Coonamble spared in government's
 Future of Gas statement**



• ABOVE: A map outlining areas where gas development in NSW will and will not be considered. Source: NSW Government.

By OLIVER BROWN

LAST week, the state government released its long-promised 'Future of Gas Statement', which will finally extinguish the majority of expired Petroleum Exploration Licenses (PELs) across

those covering the north and east of the Coonamble Shire, including a large portion of the Liverpool Plains, which are still at risk of potential gas exploration. Under the statement, released on Wednesday 21 July, Premier

of 12 expired PELs across the state will be permanently off limits to mining companies like Santos.

Mr Barilaro, who is also Minister for Resources and Regional NSW, said supporting gas production in and around the Narrabri region and investment in gas-related infrastructure would shore up the state's gas supply and help strengthen local economies looking to recover from the COVID-19 pandemic.

"We have heard the concerns and questions from our regional communities around PELs and I can confirm today we are reducing the area of land available for gas exploration by 77 per cent," he said.

"When we came to office in 2011, petroleum exploration titles or applications covered 45 per cent of NSW - under our Future of Gas Statement, that figure has been reduced to just 1.5 per cent of the state."

According to Mr Barilaro, the NSW Government will amend the Mining State Environmental Planning Policy to reflect these changes to provide landholders with

new round of funding the Resources Regions program ensure adequate compensation for Local Government. Areas where gas exploration may still occur.

Despite Coonamble no longer being at risk of direct gas exploration, local landholder Dan Chadwick said he has problems with the statement, particularly its implications about the Narrabri Gas Project and proposed pipelines.

"While I think our district has been terminated, I find unfathomable to the National Party still half-bent on gas with it being such unsustainable industry," Mr Chadwick said.

"As far as we should be comfortable, we not as long as Sant Narrabri Gas Project jeopardises our way from the Great Artesian Basin which lies under 22 per cent of Australia."

"If they try digging in the Liverpool Plains good luck - I don't think the people there will stop fighting - just people from different regions came to the time of need, I'm sure everyone here will

12 CONFIDENTIAL MATTERS

RECOMMENDATION

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 10A(2) of the Local Government Act 1993:

12.1 Annual Performance Review - General Manager

This matter is considered to be confidential under Section 10A(2) - a of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with personnel matters concerning particular individuals (other than councillors).

13 CONCLUSION OF THE MEETING