



SUPPLEMENTARY ITEMS
ORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 9 December 2020
4pm

at

Guyra Council Chamber

SUPPLEMENTARY ATTACHMENTS

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ARMIDALE
Regional Council

Community Strategic Plan 2017 - 2027

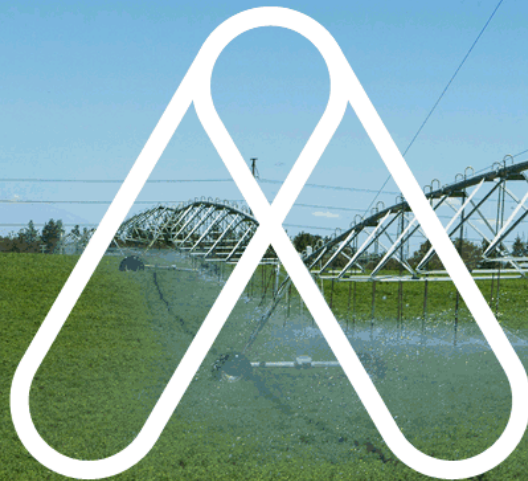
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Armidale Regional Council's new brand

Council and the community working together



Armidale & Dumaresq

Education, research,
culture, digital



Guyra

Grounded, earthy,
belonging, agriculture



Armidale Region

Multi-faceted, best of
both worlds. Connected,
unified, strong, balanced

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Acknowledgements

Council would like to thank the community for their input into the development of the Community Strategic Plan 2027.

Armidale Regional Council also acknowledges the contribution of the community engagement consultancy Straight Talk in the development of the Community Strategic Plan 2027.

1. Acknowledgment of country

We acknowledge the traditional custodians of this land and pay our respects to elders past and present.

The Armidale Regional community pays tribute to their love of land, love of people, and love of culture.

We all share the beauty of this land, the richness of its soil and the uniqueness of its wildlife.

Let us walk together in the footsteps of love and understanding.

While valuing diversity, let us share the same hope for a better future.



Closing the Gap

The Closing the Gap Report is a national report card which sets targets and reports on progress for improving outcomes for Aboriginal and Torres Strait Islander people. The most recent report indicates that while some progress is being made in communities at a local level across the country, at a national level we are still well short of meeting the targets set by the Council of Australian Governments (COAG). The targets focus on health, education and employment and through partnerships and working together there is hope to find effective solutions to achieve better outcomes for Aboriginal and Torres Strait Islander people.

The Closing the Gap targets address the areas of health, education and employment, and provide an important snapshot of where progress is being made and where further efforts are needed. We know we will not make the necessary gains across any of these areas if we don't work in partnership with Aboriginal and Torres Strait Islander people. It is only once we establish effective mechanisms for working together, for supporting decision-making at the community level, that we are likely to see the gains needed to meet the targets.

*Closing the Gap Prime Minister's Report 2017, Executive Summary
Department of the Prime Minister and Cabinet*

Armidale Regional Council is committed to Closing the Gap between Aboriginal and Torres Strait Islander people and the general population. This Community Strategic Plan identifies a range of services and infrastructure which will help the whole community to achieve its long term vision, but Council acknowledges additional programs, resources and services are required to achieve better outcomes for Aboriginal and Torres Strait Islander people.

In particular, these services and programs should focus on:

- Health and wellbeing
- Employment and education opportunities
- Programs, activities and pathways for young people
- Programs to support older members of the community
- Programs to share Aboriginal culture with the wider community and visitors
- Opportunities to work collaboratively with organisations, individuals and communities to identify areas of need and develop effective solutions

2. What our community wants



Our Community Vision

We want a harmonious region which celebrates the diversity and uniqueness of our communities, provides opportunities for all people to reach their potential, encourages engagement with our environment, cultures and lifestyles, while supporting growth, opportunity and innovation.

Our community vision recognises that people want to live and be together in a safe and harmonious setting, while also acknowledging that there are many different ways of thinking and getting things done. The community has a strong sense of local identity, and is fiercely passionate about protecting what makes each part of the region special, while also looking for new ways to improve and plan for future generations.

The vision articulates that people in the area want to be supported to reach their potential, and to help others to reach theirs, and that by working together everyone can enjoy the benefits of the rich cultural and environmental offerings of the region. Finally, the community has a firm view that growth and innovation is the key to a sustainable future for the region, and that considerable effort and resources should go towards achieving the objective of a prosperous and growing community.

The Community Strategic Plan 2027 reflects the input of our community and their aspirations for:

- how we can best continue to grow and prosper
- how we can effectively balance our economic, environmental and social aspirations in a way that improves our overall community wellbeing, fosters creativity and innovation, builds communities and creates opportunities.

3. What our community said

Consultation feedback

As part of the process of preparing this Community Strategic Plan (CSP), Council undertook a wide ranging and comprehensive consultation program. The initial stakeholder and staff engagement commenced in September 2016, with the formal consultation process running from 11 October to 4 November 2016. The consultation process reached a total of 614 people – 340 people visited the online website, 109 people attended a workshop and 165 people attended a pop up interactive display.

The CSP was placed on public exhibition in April 2018 to check in with the community that the Plan's priorities and the strategies still reflect the community's vision for the future.



Key findings from the consultation process identified:

- The aspirations of the community centre on maintaining and enjoying the unique culture and offerings of the Armidale region, such as the openness of the environment, the friendly atmosphere, the climate, access to education, the farming and livestock industry and the local arts
- The community desires the new Council to ensure that strategic planning is done in a way which unifies the region; this is an opportunity to ensure everyone's needs and priorities are considered, and the new CSP should reflect this. The community is very eager for the Council to continue to engage with all areas of the region in an ongoing capacity
- There is strong community sentiment that more needs to be done to attract new businesses and industries, in order to create a sustainable economy and employment opportunities in the region
- Further partnerships with the University of New England (UNE) should be explored including ways to transfer knowledge from UNE to the local community, in addition to UNE students
- Tourism is seen as a key way of boosting the vibrancy, attractiveness and economic sustainability of the Armidale town centre and also the other towns across the region
- The community had several suggestions as to how innovation and growth could be encouraged; ideas such as a rail trail, business incubators, partnerships with UNE, improved internet access, improved airport services, tourism and marketing campaigns and other ideas were all mentioned during the consultation process.

Word cloud based on responses to the question
'What do you love about the region?'





Key topics, themes and issues emerging from the consultation process

Improved support of local industry, businesses, tourism and the economy

Arguably the most talked about issue during the consultation period, ways of improving the local economy and creating more jobs is high on the list of community priorities. There were many varying perspectives and ideas about how the economy could be boosted, but most of these centred on attracting new businesses and supporting the existing businesses and industries through new programs and initiatives to encourage growth and innovation.

Tourism is seen as a key way of growing the local economy, and community feedback indicated that a strong marketing strategy including additional signage promoting local attractions to drivers that would assist in this. In addition, the revitalisation of main shopping strips was seen as a key way of improving not only retail and shopping choices for people, but also the vibrancy and atmosphere of town centres.

Many ideas put forward centred on new initiatives to encourage entrepreneurship and innovation, and examples of these included a business incubator, new programs for local businesses in partnership with the UNE and incentives to encourage big business to relocate to the region.

The importance of the agricultural sector for the region

One of the core foundations of the region is the rural lifestyle, which is heavily supported by the agricultural sector. Feedback from the community, and in particular those from the sector, indicated that there are opportunities for this sector to grow and thrive with the right amount of support. Types of support outlined by the community included promotion, improvements and maintenance of the saleyards in Armidale and Guyra, support of surrounding infrastructure such as roads to allow access to farms and saleyards and new technology to make the agricultural sector more efficient.

Another key sentiment we heard was the importance of social support and networking mechanisms to enable farmers to meet and talk on a regular basis. Social isolation is a confronting issue for the sector, and it is imperative that strategies and programs are in place to improve a sense of connection among farmers and the community. These programs can be as simple as organising casual gatherings or barbeques following livestock sales, but it is essential that opportunities are provided for farmers to talk about issues they are facing and discuss solutions and a way forward.

A need for community facilities, such as libraries, to foster education, culture and a sense of community

Perhaps the most topical issue of the consultation period for this Community Strategic Plan was the future format of the library based in Armidale. The community expressed a strong desire to have a library facility in Armidale which met their needs as a modern facility with up to date resources, places to gather and adequate internet and online accessibility. The exact location of the library was a talking point, and this received greater attention during the consultation period as Council was considering this particular issue at the time.

Some sections of the community felt strongly that Council should invest more finances in building a new library as per a previous proposal, however this was balanced by other sections of the community who agreed that an upgraded library would be an improvement, but felt resources could be better utilised on other priorities.

A need for local representation, unified planning and community engagement

In the context of a post-merger environment, there was very strong community sentiment that local and accessible representation was a must if communities are to have a say in the future decision making across the region. This view was particularly prominent in remote areas outside of the Armidale town centre, where there was a concern the new local government election process may leave some localities without an elected representative living in their region. It was noted that the election legislation is out of the control of Council itself, but communities felt strongly that no matter the results of the first election of the new Council, there must be ways for people to 'have a say' on local issues affecting them, and have someone listen.

Unified planning across the region was a related theme which emerged through the conversation about representation. People from remote areas felt the priorities of smaller localities were placed behind those of larger towns, and requested that these priorities be given equal weight and consideration in future planning and allocation of resources. In some cases, the requests were for an item of infrastructure such as a public toilet, and the community indicated previous non-response to such a request could create a sense of disillusionment in the consultation and delivery processes.

Improved access to transport

The community indicated that they enjoyed the proximity to Sydney and Brisbane through the Armidale airport, but also expressed a desire for improvements to the airport and quantity of flights and routes to further enjoy the benefits of the Armidale airport.

Bus services were raised by many community members, and while the community expressed gratitude for the bus services which operated between Armidale and other localities across the region, they did express some frustration at the limited scope of the timetable and the difficulties this could create in relation to travel if something unexpected came up, like a child being sick at school. There were also anecdotes of people only having very limited time to spend in Armidale to do their weekly tasks and errands due to the limited bus timetable, which some people indicated could lead to social isolation as there wasn't enough time to meet and talk with friends.

The history of the railway and train services is a topic many people feel passionate about, and there is a desire by some to investigate ways of reinstating rail as a key mode of transport between Armidale and Brisbane.

Protection of the environment and reduced pollution

People in the region love the climate, weather and the unique 'seasons' experienced in this part of the world. Fittingly, protecting the environment, reducing pollution and waste were mentioned as priorities for the community throughout the consultation process. Of particular concern to some was wood-smoke pollution, and the impact this is having on the local air quality, which is said to have exceeded National Air Quality Standards on multiple occasions in recent times.

Other ideas for protection of the environment and encouraging climate friendly lifestyles included promoting eco-tourism (such as the introduction of a 'Rail-Trail'), increasing education to the community about environmental sustainability and also encouraging incentives for businesses to function in a more environmentally friendly manner.

Ongoing improvements to infrastructure, especially roads

The importance of having roads which meet an acceptable community level of service was re-iterated by the community through this consultation process. Generally, the community expected a greater level of maintenance of roads across the region, and stated examples of tyre damage, restricted access to parts of the region and occasions where trucks could not leave farms due to the quality of the road. Other issues relating to maintenance of roads include a perception of lack of transparency relating to the prioritisation of road upgrades and maintenance, with the community often stating they did not know when their local roads were due to be serviced.

There were various instances where the community requested ongoing upgrades and maintenance of local buildings, parks and playgrounds and also improved sporting facilities and attention to community gardens.

Activities for children and young people including improved recreational facilities

A common theme, particularly in remote areas, was a need for more organised activities for children and young people. Activities suggested included organised sport and recreation activities, art and drama classes and cultural camps with Aboriginal elders. Associated with this conversation was a need for new and improved facilities to house these activities, with a request for new indoor sporting facilities, swimming pools and bike tracks featuring most commonly.

There is a desire from the community to partner with individuals and organisations that are already providing excellent services in this area to achieve a greater reach of children and young people, and provide input as to how Council can further facilitate and provide activities for children and young people outside of school hours.



4. Setting our strategic direction

The Community Strategic Plan consists of four Strategic Directions which each have Community Outcomes, designed to help Council achieve its overarching Vision. The Strategic Directions and Community Outcomes are supported by strategies which outline how these objectives will be achieved, and an overarching set of performance measures will be used to measure Council's success in achieving the objectives in this Plan. The Vision, Strategic Directions and Community Outcomes have been prepared based on community consultation, existing local and state-wide plans and are in line with current legislative requirements.

Our four strategic directions which will contribute to achieving the community Vision are:

- Environment and Infrastructure
- Growth, Prosperity and Economic Development
- Leadership for the Region
- Our People and Community



Summary Tables of Strategic Directions and Community Outcomes

Environment and Infrastructure	
Community Outcome 1	The unique climate, landscape and environment of the region is protected, preserved and made accessible
Community Outcome 2	The community can participate in initiatives which contribute to a sustainable lifestyle
Community Outcome 3	The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works
Community Outcome 4	The community has access to transport which enables connectivity both locally and outside of the region

Growth, Prosperity and Economic Development	
Community Outcome 1	The community experiences the benefits of an increasing population
Community Outcome 2	The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security
Community Outcome 3	The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities
Community Outcome 4	Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry

Leadership for the Region	
Community Outcome 1	The community is engaged and has access to local representation
Community Outcome 2	Council exceeds community expectations when managing its budget and operations
Community Outcome 3	Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency
Community Outcome 4	Council has the strategic capacity to understand the key issues for the region both now and in the future

Our People and Community	
Community Outcome 1	Community services and facilities meet the needs of the community
Community Outcome 2	Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region
Community Outcome 3	Services are provided to ensure inclusiveness and support the vulnerable members of our community
Community Outcome 4	Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community well-being

Community Strategic Plan Framework





Vidler's Butchery, Guyra

Performance Indicators

These high level, overarching performance indicators have been chosen based on community feedback about what is most important to help achieve the community vision. Some of the performance indicators are not fully within Council's direct control, however Council has a role to advocate for and facilitate improved outcomes in these areas. For example, Council may not have direct control over the population size, but its work in economic development, marketing the region and attracting new industries can make a contribution towards increasing the population. If a community outcome relies on Council resources and initiatives to make progress, then there must be performance indicators in place to track this progress, even if these indicators can be influenced by a variety of factors.

While the performance indicators are designed to track long term progress, you will see that a number of the indicators have a timeframe of 2020. This timeframe has been set to match up with the end of the Council term, when progress against the Community Strategic Plan will be reported back to the community in the End of Term Report. At this time, the CSP will be reviewed, and there is an opportunity to update the Performance Indicator targets as appropriate at that time.

Council's Four-Year Delivery Program and the annual Operational Plan, which link directly to this document, will contain more detailed, operational performance measures which will be reviewed and reported on a six-monthly and annual basis, and which will help progress towards the goal of achieving the community vision.

Strategic Direction	Performance Indicators	Target
Environment and Infrastructure	Capital works projects completed within the financial year	>85%
Environment and Infrastructure	Development applications determined within 40 days	>90%
Environment and Infrastructure	Reduction in Council's operational energy consumption by 2020	>5% decrease from 2016 baseline
Environment and Infrastructure	Reduction in carbon and greenhouse emissions per capita by 2020	>5% decrease from 2016 baseline
Growth, Prosperity and Economic Development	Population increase by 2020	>5% from 2016 Census baseline
Growth, Prosperity and Economic Development	Increase in number of jobs in the region by 2020	>5% from 2016 Census baseline
Growth, Prosperity and Economic Development	Number of visitor nights each year	210,000
Leadership for the Region	Annual community satisfaction with Council's overall performance	>75%
Leadership for the Region	Council demonstrates strong financial performance	The Fit for the Future benchmarks established by TCorp are met
Our People and Community	Level of community satisfaction with communication and engagement	>65%

5. Environment and Infrastructure

The unique landscape and environment across the region is a key part of our lifestyle. It is important that measures and programs are in place to help our community adapt to and mitigate the impacts of climate change to ensure that future generations can enjoy the environment in which we live. Our infrastructure makes daily life possible, and it is essential that our roads, footpaths, bridges, kerb and gutter and other infrastructure are maintained in a way which enables us to function in an effective and efficient manner as a community.



Community Outcome 1

The unique climate, landscape and environment of the region is protected, preserved and made accessible

Supporting Strategies

- Partner with local organisations and stakeholders to develop strategies for dealing with climate change impacts on the local agricultural sector
- Tourism strategies and active, eco-tourism partnerships, promote the local landscape and natural attractions while considering potential impacts on the environment and ways to mitigate such impacts
- Maintain and improve local waterways, lagoons and creek lands in partnership with community groups and other agencies
- Partner with stakeholders to develop strategies and provide programs which improve air quality across the region, including the reduction of smoke pollution by using alternative energy sources
- Investigate alternative sources of power generation to reduce the community's carbon footprint

Community Outcome 2	The community can participate in initiatives which contribute to a sustainable lifestyle
Supporting Strategies	<ul style="list-style-type: none"> • Provide educational programs to increase community awareness of climate change risks and enable the community to implement climate change adaptation and mitigation actions in daily life • Provide specific educational programs on waste reduction and recycling, including vegetation recycling, and support these programs through increased recycling services across the region • Prepare disaster management plans to reduce the impact of natural disasters • Develop a Sustainability Strategy which includes objectives for the region as a whole as well as Council operations • Provide incentives for eco-tourism operators to establish programs which promote sustainable living and attract tourists to the region • Advocate for cost-effective access to renewable energy for the local community and businesses

Community Outcome 3	The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works
Supporting Strategies	<ul style="list-style-type: none"> • Regularly review Asset Management Plans to ensure prioritisation of resources is allocated in the most effective and efficient manner • Improve community engagement mechanisms to establish acceptable levels of service for all of Council's asset classes • Partner with all levels of government to support the provision of improved infrastructure for the region • Allocate resources and investigate opportunities to access grants and funding to further improve infrastructure across the region • Regularly review open space-related Asset Management Plans to ensure parks, sportsgrounds, water recreation facilities and other open space meets community needs and is provided to an acceptable level of service and accessibility standards • Develop a strategy to ensure that water and sewer utilities are maintained to an acceptable standard, and to ensure that the community has access to a water supply even in times of drought • Develop a program for the provision of sustainable transport options, including additional cycleways and education programs to encourage sustainable transport • Provide and maintain functional, appropriate, safe and desirable community facilities, through appropriate resourcing. • Apply for a Special Rate Variation to maintain and renew Council-owned facilities to expected service levels.



Community Outcome 4

The community has access to transport which enables connectivity both locally and outside of the region

Supporting Strategies

- Facilitate discussions at regular intervals with local transport providers and commuters to ensure transport services meet the needs of the local community
- Facilitate partnerships with State and Federal Government, other agencies and rail providers to investigate opportunities for increased rail services to and from the region
- Investigate opportunities for increased bus services from remote areas to Armidale town centre to support people to attend work commitments, partake in activities which mitigate social isolation and carry out regular tasks and errands
- Create partnerships and facilitate discussions with relevant stakeholders to ensure further progress towards the implementation of the Armidale Airport Masterplan
- Council's asset management plans ensure that roads and bridges are provided and maintained to an acceptable standard, and are suitable for use by heavy transport
- Promote cycling for transport as a healthy, environmentally friendly option
- Evaluate the role of electric vehicles, including driver-less electric shuttles and autonomous vehicles, in future transport strategies
- Maintain safe and effective road network facilities, through appropriate resourcing, including applying for a Special Rate Variation to maintain and renew roads and bridges to expected service levels.

6. Growth, prosperity and economic development

In order to have a strong, sustainable economy which offers a wide variety and choice of quality goods and services, local businesses and industries must be supported. It is important that existing core businesses and industries are enabled and encouraged to grow and prosper and that businesses are attracted to the region. Further economic development can be achieved by seeking out opportunities to increase tourism and innovation, which will in turn provide more local employment, urban renewal and economic growth. Learning and development will continue to be a focus for the region, and partnerships with local educational and training organisations will be fostered.



Community Outcome 1

The community experiences the benefits of an increasing population

Supporting Strategies

- Develop a strategy to promote the region as a destination for new residents and workers
- Develop an Economic Development Strategy for the region with the objective of supporting existing businesses, attracting new industries and businesses and creating more employment opportunities
- Continue to update and review legislated planning documents to ensure a variety of appropriate dwellings and housing affordability across the region

Community Outcome 2

The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security

Supporting Strategies

- Partner with local livestock industry to ensure the ongoing growth and sustainability of the livestock trade, including a strategy for supporting the ongoing promotion and upkeep of local saleyards
- In partnership with other agencies, develop a program to encourage networking and support mechanisms for farmers, with a focus on social well-being and interaction opportunities for farmers
- Encourage new innovations and technological applications, and work with partners to explore new opportunities and diversification relevant to agriculture, which create a point of difference for the region
- Develop partnerships with local agencies and UNE, to encourage careers for young people in the agricultural sector

Continued page 21



Armidale Regional Airport

6. Growth, prosperity and economic development

Community Outcome 3	The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural offerings and activities
Supporting Strategies	<ul style="list-style-type: none"> • Develop a Tourism Strategy to attract visitors to stay longer and also enhance the economic and cultural offerings and attractions of the region • Develop an Events Strategy and Marketing Plan to support the Tourism Strategy • Develop a marketing program of attractions, combined with effective signage, to encourage people to stop and visit the region's centres as they commute between other destinations • Implement the Armidale Mall Vibrancy Plan • Investigate opportunities for providing a venue which can hold more than 500 people, as a means of attracting larger events which will in turn encourage tourism • Provide Central Business District (CBD) infrastructure in both Armidale and Guyra that supports a more vibrant and varied offering of shopping experiences for tourists • Develop an Arts and Cultural Program with an emphasis on creating vibrant and attractive public spaces, including the installation of public art in city centres

Community Outcome 4	Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry
Supporting Strategies	<ul style="list-style-type: none"> • Provide a program, which includes resources and events, to support small and home based businesses across the region • Provide local businesses with information and access to technology as part of a Digital Economy Strategy, as well as advocating for improved high speed internet access • Partner with other agencies to ensure adequate mobile phone and internet coverage across the region • Support the UNE business incubator program to encourage innovation for start-up businesses which is accessible for all entrepreneurs • Develop a strategy with an objective of actively seeking out and encouraging businesses and organisations to locate their operations in the region • Maintain an ongoing partnership with the UNE and explore ways in which Council and the UNE can work together to provide greater benefits for the whole region. Examples of a successful partnership would mean greater access to education and information across the region, strengthening of ties between theory and practice in the local business, farming and agricultural sectors • Investigate opportunities for new partnerships with other educational institutions across the region to develop programs which support the vocational upskilling of students and workers • Investigate development of a rail trail north of Armidale to attract visitors to the region

7. Leadership for the region

The community will benefit from a strong council which delivers tangible outcomes, advocates and builds successful partnerships, with the leadership, culture, people and capabilities to meet community expectations.



Community Outcome 1

The community is engaged and has access to local representation

Supporting Strategies

- Develop and deliver an engagement strategy to ensure effective engagement with the community and provide opportunities for participation in decision making where appropriate
- Develop a community engagement strategy for a Special Rate Variation application to IPART, to help determine the rate in line with Council resources and viability
- Support elected representatives to engage with their community and provide a forum to share feedback they receive
- Promote a wide variety of engagement methods, with a mixture of traditional and online mediums, to ensure the whole community can easily share their opinion and participate in community engagement activities
- Provide opportunities for localised input and collaboration on local issues, while recognising existing, effective forms of public participation
- Go to people and make engagement accessible when seeking feedback on local issues
- Support Council staff to deliver high quality services to the community through training, sufficient staff resourcing and awareness of Council's strategic objectives
- Utilise appropriate data management systems to support service delivery and effective decision making
- Implement systems and appropriate resources to create a user-friendly, customer-focused approach for processing development applications and housing development applications in an efficient and timely manner
- Implement an online communication strategy to provide the community with user-friendly access to more online content and information about Council and its services

Community Outcome 2	Council exceeds community expectations when managing its budget and operations
Supporting Strategies	<ul style="list-style-type: none"> • Maintain financial sustainability through effective short and long-term financial management, including applying to IPART for a Special Rate Variation. The SRV rate will be determined through community consultation and in line with Council resources and viability, specifically to provide revenue to fund asset maintenance and renewals. • Implement business excellence program across Council's operations • Integrate Council's strategic planning documents in a way that delivers community outcomes while effectively managing budgets, asset management and workforce planning

Community Outcome 3	Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency
Supporting Strategies	<ul style="list-style-type: none"> • Ensure elected officials and people considering a role as an elected official can easily access information and support, with a view to attracting diverse and high-quality representatives • Provide staff with training to carry out their duties effectively and opportunities for professional development • Provide staff with opportunities to give feedback on Council operations and culture at regular intervals and through a variety of mechanisms • Give staff feedback on their performance and offer opportunities to increase their range of vocational abilities if desired and where aligned to business outcomes • Develop and implement a Workforce Management Plan which commits to building a skilled, motivated, inclusive and diverse workforce

Community Outcome 4	Council has the strategic capacity to understand the key issues and present tenable solutions for the region both now and into the future
Supporting Strategies	<ul style="list-style-type: none"> • Regularly review and report on Council's strategic documents and make them available to the community for comment • Initiate and fosters strong partnerships with all levels of government, peak bodies and agencies and the community • When progress towards the long-term community vision falls outside of the scope of Council's charter, Council will advocate to other government bodies and agencies on behalf of the community



8. Our people and community

We have a unique community with a strong desire to have an input into the future of the region. As such, it is important that opportunities are available for people to have a say in decision making, and that access to local representation is made possible. While there are many common features and pastimes which people enjoy, there are also many differing needs and priorities across a variety of demographics and segments of the community. It is essential that all people, wherever they live, have access to services, events and activities which enable them to feel included, to do what they love and to participate in cultural, sporting and social activities. It is through these interactions that we are able to maintain a strong sense of community, and a culture where we help and support one another.



Community Outcome 1

Community programs, services and facilities meet the needs of the community and provide a safe place to live

Supporting Strategies

- Work collaboratively to develop Asset Management Plans for community facilities and public spaces such as buildings, sportsgrounds, swimming pools, playgrounds and open space which reflect community needs
- Provide a network of a modern library and learning centres across the region, including a library service in Armidale town centre which caters for the needs of the community including meeting spaces, accessible internet services and up to date resources
- Partner with local police and other agencies to develop strategies to reduce crime and improve community safety

Community Outcome 2	Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region
Supporting Strategies	<ul style="list-style-type: none"> • Provide resources to enable the ongoing provision of arts and cultural centres across the region • Deliver annual program of events which reflect the social and cultural needs of the community • Develop an Arts and Cultural Plan for the region • Develop a Sport and Recreational Plan for the region • Develop programs and partnerships which support and promote the arts and cultural activities across the region • Develop a marketing and promotional strategy to inform people about the arts and cultural activities and events available across the region

Community Outcome 3	Services are provided to ensure inclusiveness and support the vulnerable members of our community
Supporting Strategies	<ul style="list-style-type: none"> • Develop a Disability Action Plan and a Pedestrian and Mobility Plan to improve access to services and infrastructure for people living with a disability and the aged • Give further consideration to the issue of accessibility to Council's services and infrastructure as part of Asset Management Planning • Partner with other levels of government and agencies to ensure the introduction of the National Disability Insurance Scheme (NDIS) provides adequate access to services for people with a disability • Develop strategies which promote inclusiveness of people from a cultural and linguistically diverse (CALD) background

Community Outcome 4	Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community well-being
Supporting Strategies	<ul style="list-style-type: none"> • Engage with the community to ensure that library services and facilities are provided which meet community needs and expectations • Partner with local organisations to offer programs to young people which offer mentoring, encourage leadership and provide pathways to employment and further education opportunities • Promote partnerships between businesses and the community which offer programs that encourage inclusivity and networking, such as the Men's Shed program in Armidale and Guyra • Partner with organisations and key stakeholders in remote communities to facilitate the delivery of activities for young people outside of school hours • Further develop partnerships with educational institutions across all stages of the learning spectrum to ensure that face to face and online education is available to the community • Lobby and advocate for improved health services across the region, to support an ageing population, and investigate funding opportunities for a new hospital for the region • Facilitate and support the delivery of high quality early childhood and out of school hours services across the region

9. About our region



Background

The newly formed Armidale Regional Council (Council) was created in May 2016 following the merger of Armidale Dumaresq Council and Guyra Shire Council. The merged Council, located in the New England region of New South Wales (NSW), covers 8,630 square kilometres and has an approximate resident population of 29,869 people. The predominant form of land use is agricultural, which includes sheep and cattle grazing, along with a substantial amount of National Park lands, State Forest and nature reserves. The main township is located at Armidale, with smaller townships at Guyra and Tingha, and a series of villages across the Council area.

Prior to the merger, both the Armidale Dumaresq Council and Guyra Shire Council had a similarly sized geographical area (approximately 4,200 square kilometres), however the population of Armidale Dumaresq (25,327) was larger than Guyra Shire (4,619). Armidale also had a larger asset base (\$448.0m) compared to that of Guyra Shire (\$115.9m). Armidale Dumaresq Council had previously experienced a merger in 2000, when it was formed from the amalgamation of Armidale City Council and Dumaresq Shire Council.

Armidale Regional Council is responsible for providing services and infrastructure to the whole region, and must give consideration to the needs and priorities of the entire community, whether they reside in the Armidale town centre or other parts of the region. As outlined in the Vision Statement, Council aspires to unify its community and will use the opportunity of the recent merger as a chance to do this.

Community profile

Who are we?

Armidale Regional Council is predominantly a rural area encompassing a number of small townships. The area has a population of 30,311. When compared to regional NSW there is a higher proportion of people in the younger age groups (0-17) and a lower proportion of people in older age groups (60+).

The area has a strong cultural identity and follows similar trends to other regional NSW regions. Armidale Regional Council has a large proportion of residents with Australian ancestry (42% of residents). Other dominant ancestry groups include English (37.9%), Irish (13.5%), Scottish (12%) and German (5%). Over the last five years the number of residents with an English background has increased while a reduction has occurred in the number of residents with an Australian background.

The Aboriginal and Torres Strait Islander population is 7.4% compared to 5.5% in Regional NSW.

The large majority of residents were born in Australia (79.5%), with most of those born overseas predominantly from English speaking countries with the United Kingdom and New Zealand the two most common places of birth outside of Australia. The largest non-English speaking country of birth is China, making up 0.9% of the population or 277 people. In 2016, only 7.7% of residents spoke a language other than English at home.

Against the trend within regional NSW, Armidale has a larger percentage of overseas arrivals, with 31% of residents born overseas arriving between 2006-2011, compared to 14.3% in regional NSW.

Over 70 per cent of residents nominated a religion, with Anglican (22.8%) and Catholic (20.2%) the two prominent religions residents identified with.

	Armidale Regional Council LGA	Regional NSW	New South Wales (NSW)	Australia
Median age	36	41	38	37
Median weekly household income	\$949	\$949	\$1,233	\$1,230
Couples with children	25%	27%	32%	31%
Older couples without children	9%	12%	9%	9%
Medium and high density housing	16%	16%	31%	25%
Households with a mortgage	26%	30%	32%	32%
Median weekly rent	\$204	\$218	\$307	\$289
Households renting	33%	27%	29%	29%
Non-English speaking backgrounds	6%	5%	19%	16%
University attendance	10%	3%	4%	4%
Bachelor or higher degree	20%	12%	20%	19%
Vocational	17%	22%	18%	18%
Unemployment	7.4%	6.2%	5.9%	5.6%
SEIFA index disadvantage	978	969	996	1002

Statistical comparison between the LGA, regional NSW, NSW, Australia according to 2011 data
For a detailed explanation of this data visit: profile.id.com.au/armidale/households?BMID=40

What do we do?

The Local Government Area (LGA) has an employment rate of 92.3%. More residents work in Education and Training than any other area, with Health Care and Social Assistance, Retail Trade, and Agriculture, Forestry and Fishing key employment industries. These four industries employ 53 per cent of the population of the Council LGA.

Compared to Regional NSW, there is a smaller proportion of people earning a high income (\$1,500 and above per week) and a higher proportion of low income earners (\$400 or less per week).

The LGA has a higher percentage of residents who volunteer when compared to regional NSW, indicating the cohesiveness of the community.

How do we live?

A quarter of households are made up of couples with children and similarly a quarter are couples without children, while lone personal households make up 27 per cent of households in the LGA.

The majority of households (60%) own or are purchasing their homes, while 26% of households rent. 82.5 per cent of dwellings are standalone houses.

Education

The LGA has a well-educated community with a higher proportion of people with formal qualifications and a lower proportion of people with no qualifications when compared to other rural NSW areas. 7,326 residents are tertiary educated and 49.3 per cent of people over the age of 15 hold qualifications.



Blush Tomato Farm, Guyra

10. Purpose of the Community Strategic Plan

As part of the Integrated Planning and Reporting (IP&R) Framework in NSW the newly formed Armidale Regional Council is required to develop a Community Strategic Plan. The purpose of the CSP is to outline the future vision and aspirations of the community to assist with long term planning, prioritisation and decision making. The plan has a timespan of ten years, and as such is titled the Community Strategic Plan 2027.

The predominant form of land use in the region is agricultural, which includes sheep and cattle grazing, along with a substantial amount of National Park lands, State Forest and nature reserves. Historically the region has benefitted from a strong educational influence, with the University of New England being a drawcard for students and providing employment opportunities.

This document is a forward looking aspirational Plan, and while it recognises the rich and significant history of the region, it also explores new approaches to ensuring the community can move towards its aspirational vision through innovation, technology and strategic thinking.

Developing a CSP which reflects the vision of the whole community is a challenging task. As with any community, there are differing opinions and perspectives about where Council should use its limited resources to best meet the needs of the community.

In order to overcome this challenge, Council is committed to gaining as full an understanding as possible about the key issues and opportunities the region is facing in the future.

This includes drawing on existing strategies and plans, staff knowledge, additional research, and most importantly - feedback received from the community.

Bearing in mind the purpose of the CSP is to outline and deliver on the vision and aspirations for the community, consultation feedback plays an essential role in guiding this objective. It is the input from the community which has shaped this document, and a successful CSP will see the fruition of an ongoing consultation process realising the desires and aspirations of the community into the future.

The CSP is also a reference point for decision making, so at any stage, elected representatives, members of the community and council staff can look to the CSP to help support or review decisions being made on specific issues, and ensure these decisions align with the community vision.

As with any long-term plan, the CSP will be reviewed regularly to ensure that the direction it offers remains congruent with community needs, which may change over time. Ultimately, this is the document which should ensure that the community is listened to and provided for in years to come.

“Balancing competing needs and principles is the most pressing challenge for all local government”



11. Integrated planning and reporting framework

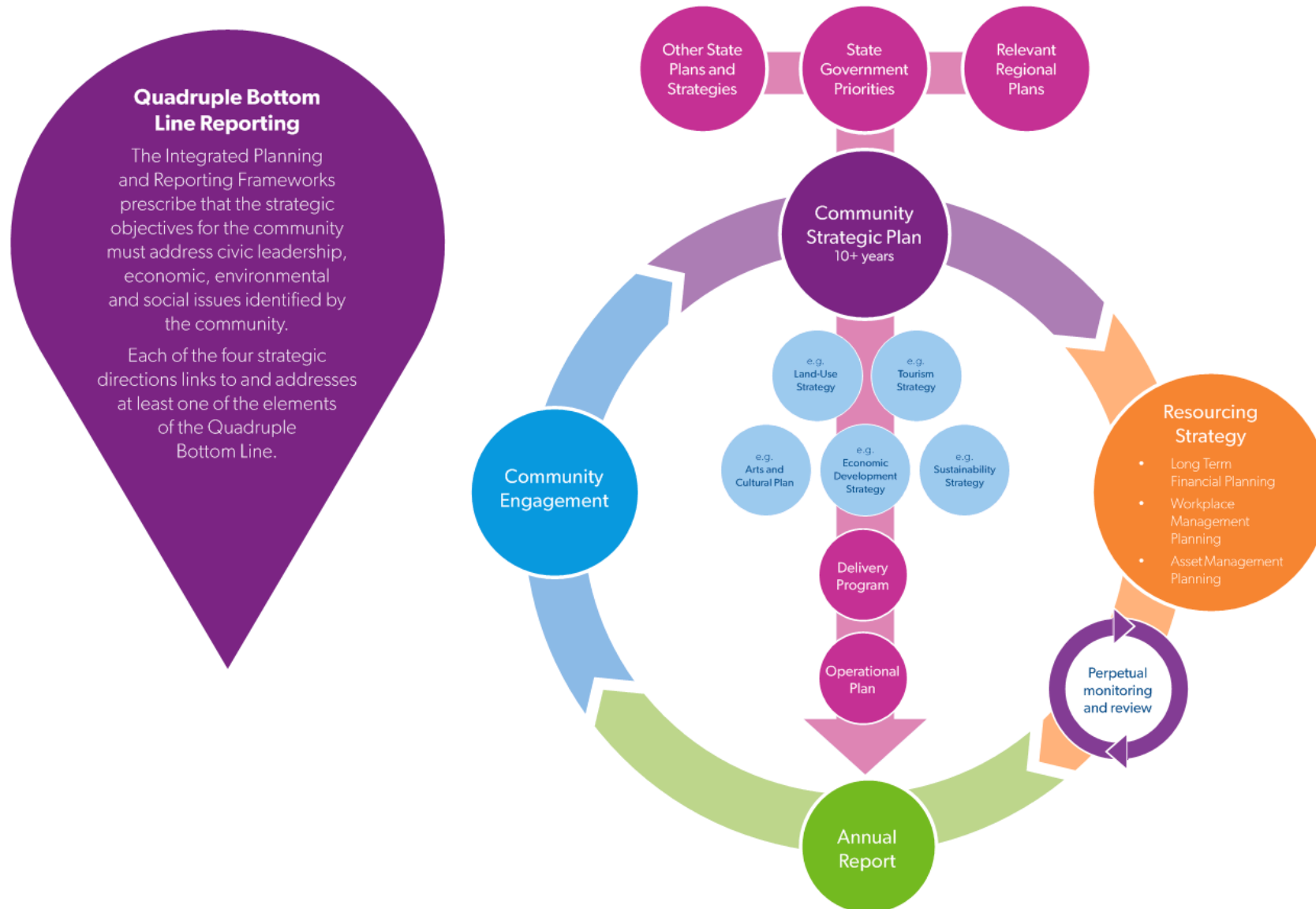


The Integrated Planning and Reporting (IP&R) Framework in NSW requires all councils to adopt a suite of strategic plans. This document, Council's long term Community Strategic Plan, outlines the vision, community outcomes, supporting strategies and performance indicators which will guide Council's long term decision making.

The next level of planning and reporting comes in the form of the Delivery Program. The Delivery Program has a timespan of four years and describes how the vision and community outcomes outlined in the CSP are to be translated into actions through specific programs and activities. The Delivery Program aims to provide the community with a commitment from the Council which outlines what will be delivered during its term of office. The Operational Plan is updated annually and makes up one year of the Delivery Program.

The Delivery Program and Operational Plan align with the CSP to ensure consistency in strategic planning and delivery of services and infrastructure. The Delivery Program also links closely to Council's Resourcing Strategy, which includes a Long Term Financial Plan, Workforce Management Plan and Asset Management Plans.

These long-term plans provide transparency and make it possible for Council to plan in a manner which ensures that community needs and priorities are responded to well into the future.



12. Social justice principles



The Community Strategic Plan has been developed in accordance with the NSW Government's social justice strategy, which is based on the following interrelated principles:

Equity

There should be fairness in decision making, prioritising and allocation of resources, particularly for those in need. Everyone should have a fair opportunity to participate in the future of the community. The planning process should take particular care to involve and protect the interests of people in vulnerable circumstances.

Access

All people should have fair access to services, resources and opportunities to improve their quality of life.

Participation

Everyone should have the maximum opportunity to genuinely participate in decisions which affect their lives.

Rights

Equal rights should be established and promoted, with opportunities provided for people from diverse linguistic, cultural and religious backgrounds to participate in community life.

13. Aligning our plan with other initiatives



While our Community Strategic Plan tells us what our community aspires to, the requirements of Federal and State Governments will also influence what needs to be done.

By aligning our long term planning with the priorities of the State Government and other relevant agencies, we will be able to build stronger partnerships, achieve greater co-ordination of decision making and ensure efficient use of available resources.

The NSW Government is working to achieve thirty (30) priorities to grow the economy, deliver infrastructure, protect the vulnerable, and improve health, education and public services across the State.

The creation of the New England North West Regional Plan is an important and significant strategy to design a road map for strong development and growth over the next 20 years. It outlines the goals and actions that protect and grow the agricultural sector, support agribusiness, develop the mineral and energy sectors and expand opportunities for renewable energy.

To achieve the Vision – A sustainable future that maximises the advantages of the region's diverse climates, landscapes and resources, the NSW Government has set the following regionally focused goals:

- A growing and diversified agricultural sector;
- A diversified economy through the management of mineral and energy resources, including renewable energy generation;
- Communities resilient to change, with housing choice and services that meet shifting needs and lifestyles;
- Prosperous urban centres with job opportunities; and
- Protected water, environment and heritage.

At the core of successful community planning are partnerships. Not all of the things our community wants to change or improve come under the direct delivery responsibility or influence of Armidale Regional Council. Further, many of the services Council provides go beyond the traditional services provided by local government, and these services are provided in line with local community expectations, and where Council has the resources to do so.

Where Council is responsible and resources make it possible, Council is committed to contributing to the aspirations and priorities of the community. Where we do not have a direct responsibility, we will advocate and lobby those that are responsible and will work in partnership with them to make progress towards delivering for the future of our community.



Christmas in the Mall, Armidale

14. Reporting back to the community

As part of its strategic planning requirements, Council must report on its progress delivering to the community at least every six months. Armidale Regional Council also provides quarterly reporting, and the public is able to review and track Council's progress through these mechanisms.

Council prepares an Annual Report which outlines the key activities and achievements for the financial year, as well as providing information required as part of the Local Government Act 1993.

At the end of the Council term, an End of Term Report will be prepared for the community, which will detail how the Council was able to meet the objectives which contribute to the success of this Community Strategic Plan.

In addition to these legislative reporting requirements, Council is committed to furthering conversations with the community and ensuring that a culture of ongoing community engagement is maintained. Council will continue to seek feedback from the community on plans, projects and issues to ensure it has a full understanding of community perspectives before making decisions.







Draft Delivery Program 2018-2022

Unleash the opportunities

www.armidaleregional.nsw.gov.au

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Acknowledgement of Country

We acknowledge the traditional custodians of this land and pay our respects to elders past and present.

The Armidale regional community pays tribute to their love of land, love of people, and love of culture.

We all share the beauty of this land, the richness of its soil and the uniqueness of its wildlife.

Let us walk together in the footsteps of love and understanding.

While valuing diversity, let us share the same hope for a better future.

Forward

The Delivery Program is a statement of commitment to the community from each newly elected Council. In preparing its four-year Delivery Program, the Council identifies and prioritises its Principal Activities to achieve the community's long-term goals as outlined in the Community Strategic Plan.

The progress of the Delivery Plan is monitored through regular reporting back to Council, and the Delivery Plan is updated when required, through a process of public exhibition and consultation.

This updated version of the Delivery Plan 2018-2022 takes into consideration a number of factors including:

- changes to Council's obligations within the Integrated Planning & Reporting Framework timelines, as a result of the postponed Council Elections due to COVID-19
- a review of changes to Council's requirements, resources and strategic direction
- the decision to seek public support and apply for a Special Rate Variation to meet the principals of financial sustainability as set out in Chapter 3 of the *Local Government Act 1993*

Special Rate Variation

Background

On 30 June 2021, a temporary Special Rate Variation (SRV) of 10% (above the rate peg) applied by the former Armidale Dumaresq Council over a seven-year period will expire, reducing Council's overall rates income by \$1.5 million annually. Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage, buildings and other community facilities.

To maintain current levels of service, Council must apply this year to the NSW Independent Pricing & Regulatory Tribunal (IPART) to have the temporary SRV made permanent. Before making a submission, Council will consult the community on three options for an SRV. They include a higher SRV amount to allow for further investment in maintaining

infrastructure, in particular renewal works on roads, footpaths, community buildings and other structures. On 28 October 2020, Council resolved to formally notify IPART that Council intends to submit an application and resolved to begin public engagement on three SRV options:

- A permanent SRV of 18.5% plus 2.0% rate peg (total 20.5%) commencing in 2021-22
- A permanent SRV of 8.5% plus 2.0% rate peg (total 10.5%) commencing in 2021-22
- Discontinuation of the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council and ending on 30 June 2021

Option 1: Continuation of the temporary SRV plus an additional SRV increase	Option 2: Continuation of the temporary SRV – (Does not address future growth)	Option 3: Discontinuation of the temporary SRV (Financially unsustainable)
<p>Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.</p> <p>This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.</p>	<p>Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021.</p> <p>This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.</p>	<p>Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.</p> <p>This option will bring a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council's medium and long-term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates</p>

Special Rate Variation

The rating and service level impacts of SRV scenarios have been communicated to the community through an extensive program of community engagement, including village and stakeholder group meetings, online information and forums, brochures and letters. The consultation with the community will inform the final SRV that will be applied for in early 2021.

Rationale for SRV: Financial sustainability and asset renewal

Financial sustainability for local governments is critical because they are responsible for directly providing the community with a wide range of public services and community infrastructure and facilities.

This requires local governments to hold and maintain a significant base of infrastructure assets. This necessitates not only substantial initial investments but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

There are many definitions of financial sustainability. NSW Treasury Corporation defines financial sustainability as:

A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

Council has recognised that financial sustainability requires the following to comply with Chapter 3 of the *Local Government Act 1993*:

- Council must achieve a fully funded operating position
- Council must maintain sufficient cash reserves
- Council must have an appropriate funded capital program
- Council must maintain its asset base
- Expenditure on assets should be driven by asset management plans

Although the final decision on which SRV scenario will be pursued is yet to be made, this revised Delivery Program 2018-2022 outlines Council's intention to apply for an SRV.

Further information about the SRV can be found in Council's Resourcing Strategy and on Council's website. The revised 2020-21 Resourcing Strategy is an addendum to the revised Delivery Program 2018-22.

As with many local governments, a major challenge for Council is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, bridges, pathways, kerbs, stormwater drains and public buildings present particular challenges because their condition and longevity can be difficult to determine.

The creation of new assets also presents challenges in terms of funding for initial construction and ongoing service costs.

Council also recognises and is responding to some impactful environmental and social challenges over the past few years, including drought, bushfires and COVID-19. These challenges have an enormous bearing on the resources of Council and the delivery of services, both in the short and long-term.

The key purpose of the SRV is to:

- address the shortfall in funding for maintenance and renewal of community infrastructure; in particular renewal works on local roads, footpaths and community buildings
- put Council in a financially sustainable position in general Council evaluated its need for an SRV and developed the SRV scenarios with the assistance of Morrison Low.

Further details on the financial outcomes of each SRV scenario are contained in Council's Resourcing Strategy.

Special Rate Variation

The SRV funding would be used for managing Council's existing infrastructure. This includes renewal and ongoing maintenance of assets such as buildings, roads, drainage, parks and facilities.

Renewal activities extend the life of the asset, such as re-sheeting a section of road.

The importance of asset renewal

Council's main role in the community is to manage the vast range of assets, worth more than \$1 billion, under its care and control. Without assets in a satisfactory condition, service delivery is negatively impacted.

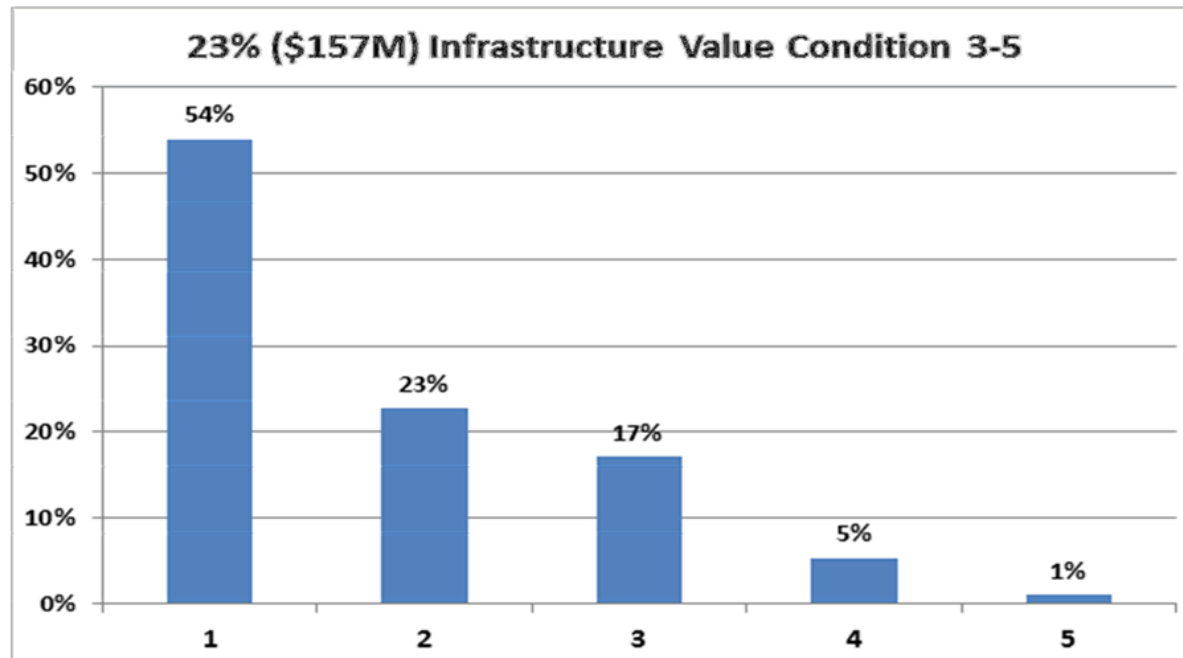
In terms of General Fund infrastructure that would be affected by funding provided by the SRV, Council has the following asset volumes and values:

Asset Sub Class	Volume	Replacement Cost \$'000	Depreciation FY19/20 \$'000
Sealed Roads	779km	\$158,031	\$2,749
Unsealed Roads	1,078km	\$31,133	\$1,253
Bulk Earthworks	2,027km	\$142,101	\$0
Bridges & Culverts	112	\$64,962	\$775
Stormwater Drainage	119km	\$60,393	\$630
Footpaths	132km	\$14,219	\$262
Kerb and Gutter	252km	\$21,844	\$243
Traffic Furniture (Roundabouts, etc)	307	\$10,289	\$147
Buildings	264	\$118,483	\$2,149
Other Structures (Pools, parks infrastructure, playgrounds, etc)	300	\$40,800	\$995
Airport Infrastructure	16	\$9,545	\$370
TOTAL		\$671,800	\$9,573

Special Rate Variation

For these assets, the average condition by asset value is:

Condition	1	2	3	4	5
Replacement cost \$'000	\$361,880	\$152,601	\$114,258	\$35,844	\$7,216



Special Rate Variation

Definition of each level of condition		
Condition Rating	IP&R description	IPWEA Description
1	Excellent/ very good	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

The importance of asset condition

The condition of assets is a key driver to the level of service that can be provided to the community.

For example, a playground that is older and has not been maintained will not be an attractive and usable asset from the community's perspective and is less likely to be highly utilised or valued by the community.

A well maintained playground that is fit for purpose and meets the community needs will be highly utilised and deliver the intended service; the physical recreation and enjoyment of children in the community.

Similarly, a road that is potholed and not maintained will cause a detrimental impact to the community. Road users have to drive slower

and be more careful or, in extreme cases, take alternative routes. A well maintained road will allow users to travel more quickly and safely.

Community members are often not aware of the difference condition of assets can cause unless they experience having to use assets in poor condition and can envisage what a difference condition can make.

The graph on page 9 shows more than 50% of Council's assets are in Condition 1 (excellent/very good) but it also shows \$157m of assets are in 'satisfactory, poor and very poor condition'. The main asset classes in these categories are: buildings, other structures and roads (including sealed and unsealed roads, kerb and gutter, bridges and footpaths).

Special Rate Variation

Ongoing investment in asset renewal helps prevent the deterioration of asset condition and avoids the need to spend significantly more in the future to restore the asset to a satisfactory condition.

Sealed roads are a good example. If investment is made to reseal and patch roads, it avoids more costly rehabilitation work in the longer term. It costs an estimated \$40,000 to \$50,000 per kilometre to reseal a road, compared to around \$700,000 or more to rehabilitate a kilometre of

sealed road. Resealing a road significantly delays the need for rehabilitation, so it makes financial sense to maintain the road with a sealing program rather than letting it deteriorate to the point where it requires rehabilitation.

While this is an economically challenging time to be consulting the community on an SRV, the worsening condition of assets will cause larger financial impacts to the community in the longer term

Asset renewal funding under each SRV scenario

The total rate revenue funding provided under Scenario 1 would fund depreciation and largely meet Council's asset backlog (estimated cost to bring assets to a satisfactory standard) of \$14 million. Satisfactory is currently taken to be Condition 3. Scenario 1 is the only option in the SRV engagement that produces acceptable financial and asset sustainability outcomes.

Scenario 2 results in a significant shortfall in asset renewal funding over 10 years. Detrimental impacts to asset condition would not be immediately visible but it will not take long for asset deterioration to become more evident to the community.

Scenario 3 is unsustainable because it would require significant changes to service levels and would bring reduced levels of funding for asset renewal. It would create significant detrimental impacts for Council's financial position and for asset sustainability. Deterioration of assets would be evident immediately.

Under all scenarios, Council would still need to implement an improvement program to improve the building and infrastructure renewal and asset backlog ratios and seek grants to assist with funding asset renewal requirements.

Special Rate Variation

Impacts on ratepayers

The following tables outline how the three SRV scenarios would impact on each rating category that will be applicable under a harmonised rates structure. All rating impacts shown are based on the average rate for each category. These rating impacts are different to the SRV percentage applicable to each scenario because the temporary SRV is currently included in the rates base.

Rates Harmonisation

The Armidale Regional Council area was formed by the amalgamation of the Armidale Dumaresq and Guyra Shire councils in 2016. Since then, Council has been required to maintain two rating systems for the local government area, with different rates paid in the former local government areas, because of four-year rate freeze imposed by the NSW Government.

The four-year freeze has expired and current legislation requires Council to maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories in the Armidale Regional Local Government Area. This will take effect from 1 July 2021 and will only affect general rates. It will not increase total rates revenue collected by Council but individual ratepayers might experience changes if they are in rating categories that will be affected by rates harmonisation.

The following ratepayer impacts relate to the SRV only. Further information on rates harmonisation is available from Council's website.

Special Rate Variation

Option 1: Continuation of the temporary SRV plus an additional SRV increase

Council will apply for an SRV of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV (\$1.5 million) and increase total rate revenue by an additional \$1.8 million per annum. Total SRV funding would be \$3.3 million per annum.

Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase inclding Rate Peg
Residential - Armidale	8225	\$1,126	\$104.21	\$24.60	\$128.81	\$1,255	11.44%
Residential - Guyra	942	\$529	\$48.93	\$11.55	\$60.48	\$589	11.44%
Residential - Ebor	53	\$425	\$39.33	\$9.28	\$48.61	\$ 473	11.44%
Residential - Hillgrove	96	\$602	\$55.72	\$13.15	\$68.87	\$671	11.44%
Residential - Wollomombi	16	\$576	\$53.34	\$12.59	\$65.93	\$642	11.44%
Residential - Village	104	\$380	\$35.15	\$8.30	\$43.45	\$423	11.44%
Residential Non-Urban	1226	\$1,082	\$100.21	\$23.65	\$123.86	\$1,206	11.44%
Business - Armidale	390	\$4,501	\$416.67	\$98.36	\$515.03	\$5,016	11.44%
Business - Armidale Industrial	157	\$4,863	\$450.21	\$106.27	\$556.49	\$5,420	11.44%
Business - Guyra	99	\$915	\$84.72	\$20.00	\$104.71	\$1,020	11.44%
Business - Non-Urban	44	\$1,141	\$105.58	\$24.92	\$130.50	\$1,271	11.44%
Farmland	1510	\$3,228	\$298.77	\$70.53	\$369.30	\$3,597	11.44%
Farmland - Intensive	2	\$6,285	\$581.82	\$137.34	\$719.16	\$7,004	11.44%
Mining	11	\$5,925	\$548.51	\$129.48	\$677.98	\$6,603	11.44%
Total Assessments / Total Average	12,875	\$1,462	\$135.34	\$31.95	\$167.29	\$1,629	11.44%

Special Rate Variation

Option 2: Continuation of the temporary SRV

Council will apply for an SRV of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the funding currently provided by the temporary SRV of \$1.5 million per annum.

Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase including Rate Peg
Residential - Armidale	8225	\$1,126	\$0.00	\$22.51	\$22.51	\$1,148	2.00%
Residential - Guyra	942	\$529	\$0.00	\$10.57	\$10.57	\$539	2.00%
Residential - Ebor	53	\$425	\$0.00	\$8.50	\$8.50	\$433	2.00%
Residential - Hillgrove	96	\$602	\$0.00	\$12.04	\$12.04	\$614	2.00%
Residential - Wollomombi	16	\$576	\$0.00	\$11.52	\$11.52	\$588	2.00%
Residential - Village	104	\$380	\$0.00	\$7.59	\$7.59	\$387	2.00%
Residential Non-Urban	1226	\$1,082	\$0.00	\$21.65	\$21.65	\$1,104	2.00%
Business - Armidale	390	\$4,501	\$0.00	\$90.02	\$90.02	\$4,591	2.00%
Business - Armidale Industrial	157	\$4,863	\$0.00	\$97.27	\$97.27	\$4,961	2.00%
Business - Guyra	99	\$915	\$0.00	\$18.30	\$18.30	\$933	2.00%
Business - Non-Urban	44	\$1,141	\$0.00	\$ 2.81	\$22.81	\$1,163	2.00%
Farmland	1510	\$3,228	\$0.00	\$64.55	\$64.55	\$3,292	2.00%
Farmland - Intensive	2	\$6,285	\$0.00	\$125.70	\$125.71	\$6,411	2.00%
Mining	11	\$5,925	\$0.00	\$118.51	\$118.51	\$6,044	2.00%
Total Assessments / Total Average	12,875	\$1,462	\$0.00	\$29.24	\$29.24	\$1,491	2.00%

Special Rate Variation

Option 3: Discontinuation of the temporary SRV

Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.

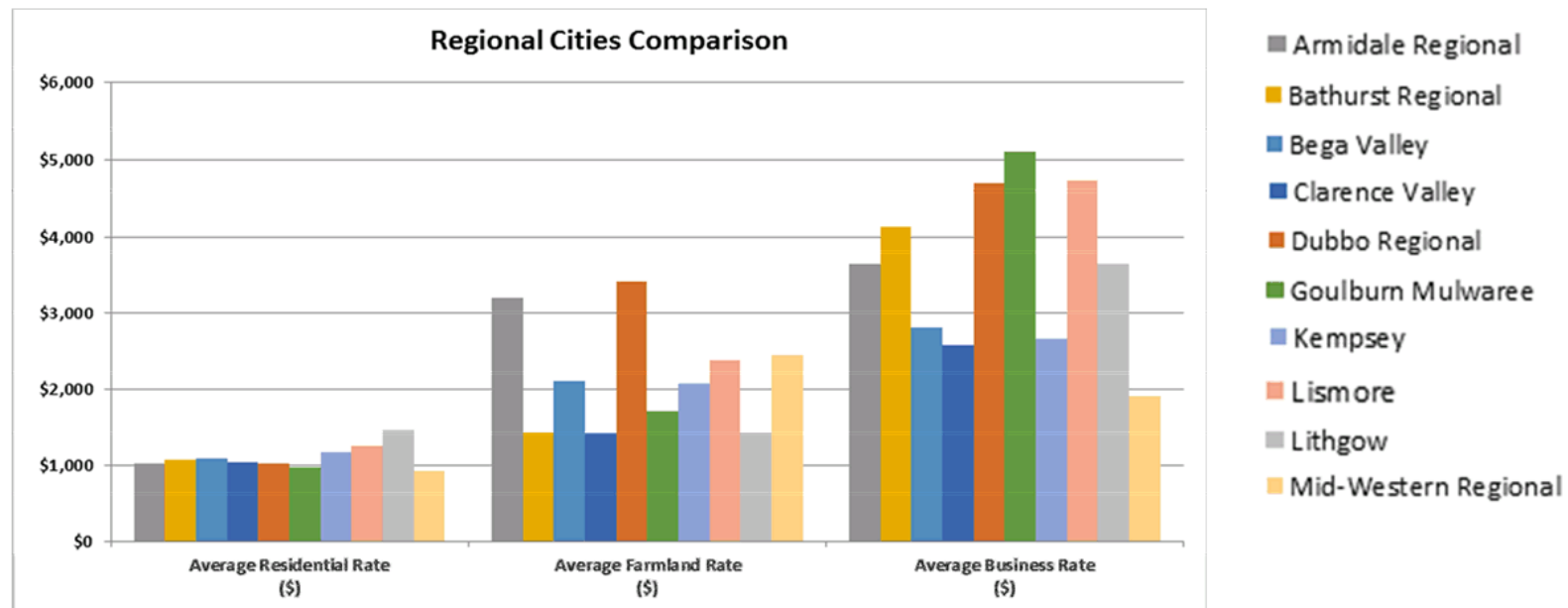
Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase including Rate Peg
Residential - Armidale	8225	\$1,126	-\$87.81	\$20.76	-\$67.05	\$1,059	-5.96%
Residential - Guyra	942	\$529	-\$41.23	\$9.75	-\$31.48	\$497	-5.96%
Residential - Ebor	53	\$425	-\$33.14	\$7.83	-\$25.30	\$400	-5.96%
Residential - Hillgrove	96	\$602	-\$46.95	\$11.10	-\$35.85	\$566	-5.96%
Residential - Wollomombi	16	\$576	-\$44.94	\$10.62	-\$34.32	\$542	-5.96%
Residential - Village	104	380	-\$29.62	\$7.00	-\$22.62	\$357	-5.96%
Residential Non-Urban	1226	\$1,082	-\$84.43	\$19.96	-\$64.47	\$1,018	-5.96%
Business - Armidale	390	\$4,501	-\$351.09	\$83.00	-\$268.08	\$4,233	-5.96%
Business - Armidale Industrial	157	\$4,863	-\$379.35	\$89.68	-\$289.67	\$4,574	-5.96%
Business - Guyra	99	\$915	-\$71.38	\$16.88	-\$54.51	\$861	-5.96%
Business - Non-Urban	44	\$1,141	-\$88.96	\$21.03	-\$67.93	\$1,073	-5.96%
Farmland	1510	\$3,228	-\$251.74	\$59.52	-\$192.23	\$3,035	-5.96%
Farmland - Intensive	2	\$6,285	-\$490.25	\$115.90	-\$374.35	\$5,911	-5.96%
Mining	11	\$5,925	-\$462.17	\$109.26	-\$352.91	\$5,572	-5.96%
Total Assessments / Total Average	12,875	\$1,462	-\$114.04	\$26.96	-\$87.08	\$1,375	-5.96%

Special Rate Variation

Rating comparisons

Comparisons are difficult to make to other councils because of a range of factors, including the area of land in the local government area, population density and the associated number of rateable assessments, the number and types of services provided and types of industry. Comparisons with financially-stressed councils are also problematic because it might seem they are more efficient but, in fact, they have many challenges ahead of them.

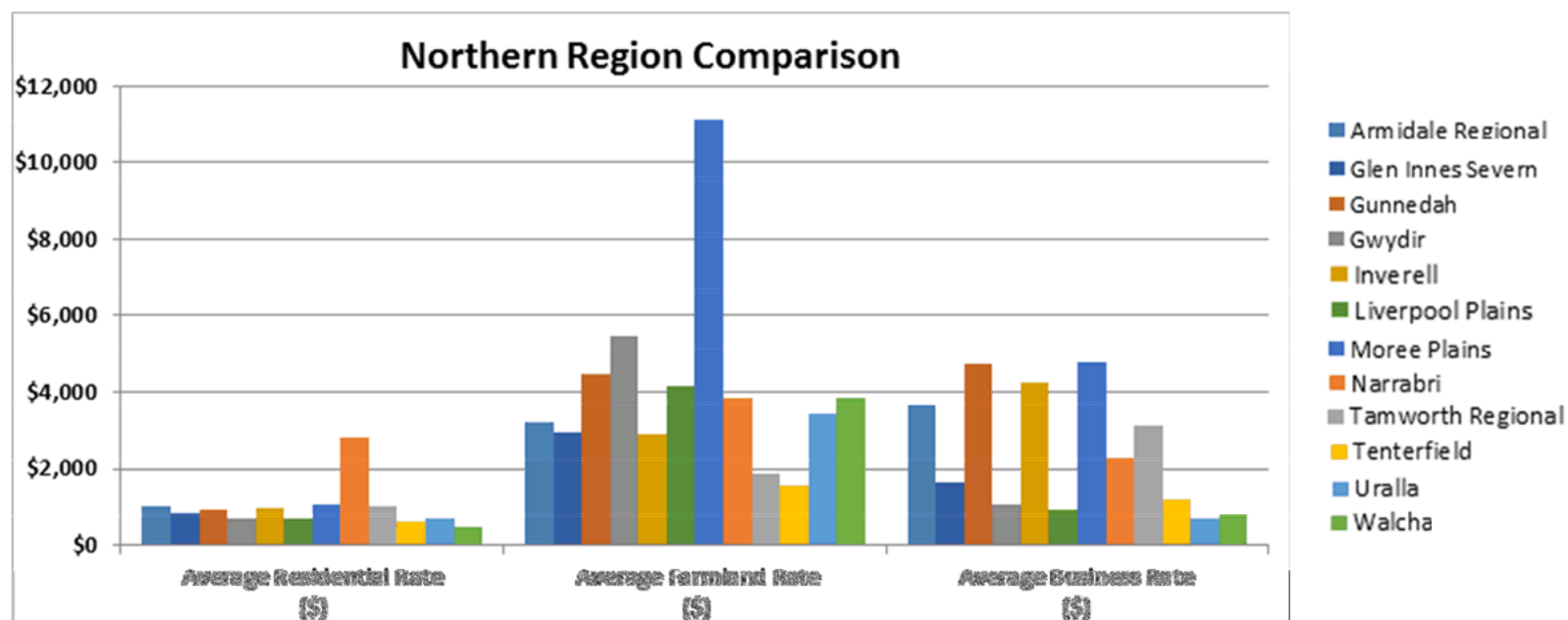
Council has compared its average rates with 10 'Regional Cities' group councils with relatively similar population size. The data is based on 2018/19 comparisons because this is the latest data available from the Office of Local Government's *Comparative Council Information*.



Special Rate Variation

Council's average residential rate is the third lowest in the group, average farmland rate is the second highest and the average business rate is the fifth highest.

It is also worth comparing the Northern Region group of councils because they have large rural areas. In this comparative group, Council has the fourth highest average residential rate, the fifth lowest farmland rate and the fourth highest business rate.



Special Rate Variation

Capacity to pay

Socio-Economic Indexes for Areas (SEIFA), produced by the Australian Bureau of Statistics, are an assessment of the welfare of Australian communities. The index of Advantage / Disadvantage is a composite index in which lower scores indicate more disadvantaged areas and higher scores indicate more advantaged areas.

When compared to same local government areas in the rating comparison graphs above, Council's SEIFA ranking is the highest at 87.

Council engaged Morrison Low to conduct Capacity to Pay review in 2019. It found the Armidale Regional Council area has lower disadvantage and greater advantage than regional NSW but is below the state wide averages. The review also noted there are greater levels of wealth inequality within the Armidale Region local government area compared to regional NSW.

Key findings from the review:

Areas of Advantage	
Non - Urban and Rural Regions	There was a wealth and advantage bias towards the rural communities in council's LGA
Former Armidale Dumaresq Shire	There was a wealth and advantage bias towards areas from the former Armidale and Dumaresq Shire in the same category
Areas of Advantage	<ul style="list-style-type: none"> • Rural Armidale • NEGS • Rural East • North Hill
Areas of Disadvantage	
Common Characteristics	Regions of significant disadvantage had very low household incomes, high unemployment, a younger demographic profile, high levels of housing stress and a significant proportion of lone individual households
Areas of Disadvantage	<ul style="list-style-type: none"> • Central Armidale • South Hill • University • Guyra • Rural North West

Special Rate Variation

The average taxable income (excluding government pensions and allowances) in the Armidale Regional Council area in 2017 was \$50,884. The NSW average for the same period was \$65,196 and the New England and North West group was \$52,194.

Outstanding rates and charges		
2019-20	2018-19	2017-18
5.74%	5.46%	6.86%

The recommended benchmark for rural councils is less than 10%. This ratio demonstrates that Council is generally able to recover its rates and annual charges within the year they are rated. Armidale Regional Council's level of outstanding rates and charges indicates ratepayers have historically been able to consistently pay rates and annual charges.

Category of property	Number of pensioners	% of rateable assessments
Residential	1,585	14.9%
Farmland	53	3.5%

Council has a hardship policy that aims to provide options for ratepayers deemed to be in genuine financial hardship and to provide equitable access to relief measures for all ratepayers.

Council has 1638 ratepayers eligible for the pension rebate. The highest proportion is in the residential rating categories. Pensioners comprise 22.6% of residential ratepayers in Guyra and 14.6% in Armidale.

In addition to pension rebate concessions provided by the NSW Government, Council also grants a pension rebate of up to \$25 on ordinary rates, \$25 on annual water charges and \$25 on annual sewerage charges to eligible pensioners.

Special Rate Variation

Productivity Improvements

Both the former councils and Armidale Regional Council have introduced productivity and efficiency measures over time to reduce costs and avoid requiring additional staff. These initiatives are well document in prior SRV applications and associated Integrated Planning & Reporting documents.

Armidale Regional Council has made over \$2 million in ongoing savings and realised \$3 million in one-off gains from initiatives such as:

Category	Description	Estimated Once Off Benefit	Estimated Ongoing Benefit	Notes
Revenue Increase	<u>Parking Revenue</u> 1. Investment in parking technology to enable a higher incidence of parking infringements to be issued, given available Council resources and resulting in additional possible income 2. Implementation of paid parking at Armidale Regional Airport		\$200,000 \$134,000	Negatively impacted by COVID-19; currently not able to reach revenue targets
Asset Sales	<u>Land Divestment Strategy</u> Progression of land divestment strategy and disposal of surplus land – land sale proceeds	\$3,123,430		Also reduced maintenance and holding costs and will increase rates and charges revenue
Cost Reduction	<u>Outsourced Aged Care</u> Outsourced Kolora aged care operations, resulting in reduced operational costs (net of revenue)		\$402,802	
Restructure	Permanent reduction in employee costs		\$206,267	
Cost Reduction	1. <u>Reduction in number of councillors from 16 to 11</u> 2. <u>Vacancy Savings:</u> Holding recruitment and not replacing vacancies		\$112,000 \$1,000,000	Achieved vacancy factor target past two financial years

Special Rate Variation

Procurement Gains	<ul style="list-style-type: none"> Contract consolidation Implementation of Flexipurchase credit card system Consolidation of insurance policies 	<ul style="list-style-type: none"> Electricity account consolidation Environmental monitoring contract savings PPE contract arrangements 		\$185,881	Combination of staff time savings and direct savings
TOTAL			\$3,123,430	\$2,240,950	

In addition, considerable work has occurred to improve Council's underlying financial position since the merger:

- a focus on minimising non-essential spend and improving the operating result
- a thorough annual review of fees and charges to identify opportunities to increase user pays provisions, resulting in increases in fees and charges across a range of areas
- a complete review and recast of the capital works program to align it with available resources and organisational capacity
- seeking grant funding opportunities for capital projects already in the capital works pipeline rather than identifying new projects
- implementation of a Transformation Program incorporating a service review, review of business options and organisation restructure

Council recognises productivity and efficiency need to remain a focus and be an ongoing process. Further improvements being implemented include:

- peer reviews of planned large capital projects, such as a proposed hydrotherapy pool, to determine their impact on Council's future financial sustainability
- a further restructure of Council on 1 July 2020 to reduce the number of Director-level positions

- a number of internal reviews including governance and risk, land management practices and Council's finances, including cash position. Further reviews are underway including information technology and grants and contributions
- leveraging all grant opportunities to gain the best advantage for the region, with a focus on asset renewal grant opportunities
- Council's quarter one budget review for 2020/21 identified \$1 million in net savings
- continued focus on budget reviews with the aim of identifying savings and opportunities

Further improvement opportunities include:

- review all fees and charges, with an emphasis on improving cost recovery of services
- non-essential asset disposal program aiming to reduce operating and asset management costs (depreciation and maintenance)
- service planning to confirm service levels, resources, needs and opportunities
- evaluating cost-effective funding sources, including debt
- assess procurement policy, practices and contracts to enhance value for money
- assess project management approach and procedures to improve project delivery efficiency and outcomes

Special Rate Variation

Alternatives to a Special Rate Variation

Before considering the SRV, Council explored a number of options in an attempt to avoid or minimise any rate rise.

Options investigated included:

- **Funding the required increase from general revenue**
Council has already realised \$2 million in ongoing savings in its long-term financial plan and must continue to achieve efficiency targets to maintain this position. Attempting to fund further expenditure would not be possible without substantial cuts or even elimination of services in other areas.
- **Implementing new and increasing existing user charges and fees**
This was not considered feasible and would be impracticable to implement. For example, Council does not have authority to implement road tolls, nor would it be practical to implement entry fees for public parks.
- **Take out new borrowings**
Council already has \$24 million in loans, with \$19 million in General Fund. Further borrowings are not considered feasible because the need is for recurrent expenditure on an annual and

ongoing basis. Large, one-off borrowings would further exacerbate asset backlog ratios and Council's financial sustainability challenge. Loans would need to be repaid, further impacting annual programs.

- **Use cash reserves**
Council's unrestricted cash ratio of 2.64 is only just above the recommended benchmark of 1.5. This ratio includes internal restrictions. As a result, there are no available funds in cash reserves to redirect to annual operating expenditure.
- **Seek Grant funds**
Council could seek to rely on grant funds. However, there are no grant programs that deliver ongoing funding to the level required to address these issues.

If an SRV is not approved there will need to be significant service level adjustments. Service level adjustments will be reviewed under asset maintenance programs.

Council recognises, however, that these are already under significant stress and this would require further consultation with the community before any adjustments are made.

Integrated Planning & Reporting Framework

All NSW councils are required to develop and report on a set of plans and strategies which assist in identifying and responding to community aspirations and needs.

This Integrated Planning & Reporting Framework aims to:

- integrate and streamline statutory planning and reporting
- strengthen strategic focus
- align with national sustainability frameworks
- ensure accountability and responsiveness to local communities

Armidale Regional Council's Integrated Planning & Reporting Framework comprises:

Community Strategic Plan 2017-2027

A 10-year plan outlining the community's goals and aspirations, captured through extensive community engagement

Delivery Program 2018 – 2022

A four-year program for the term of the elected Council, to achieve the goals of the Community Strategic Plan.

Operational Plan

An annual plan of actions that support the Delivery Program strategies.

Resourcing Strategy (including Asset Management Strategy, Workforce Management Plan, Long-Term Financial Plan)

A set of plans and strategies that ensure Council has the necessary resources and assets.

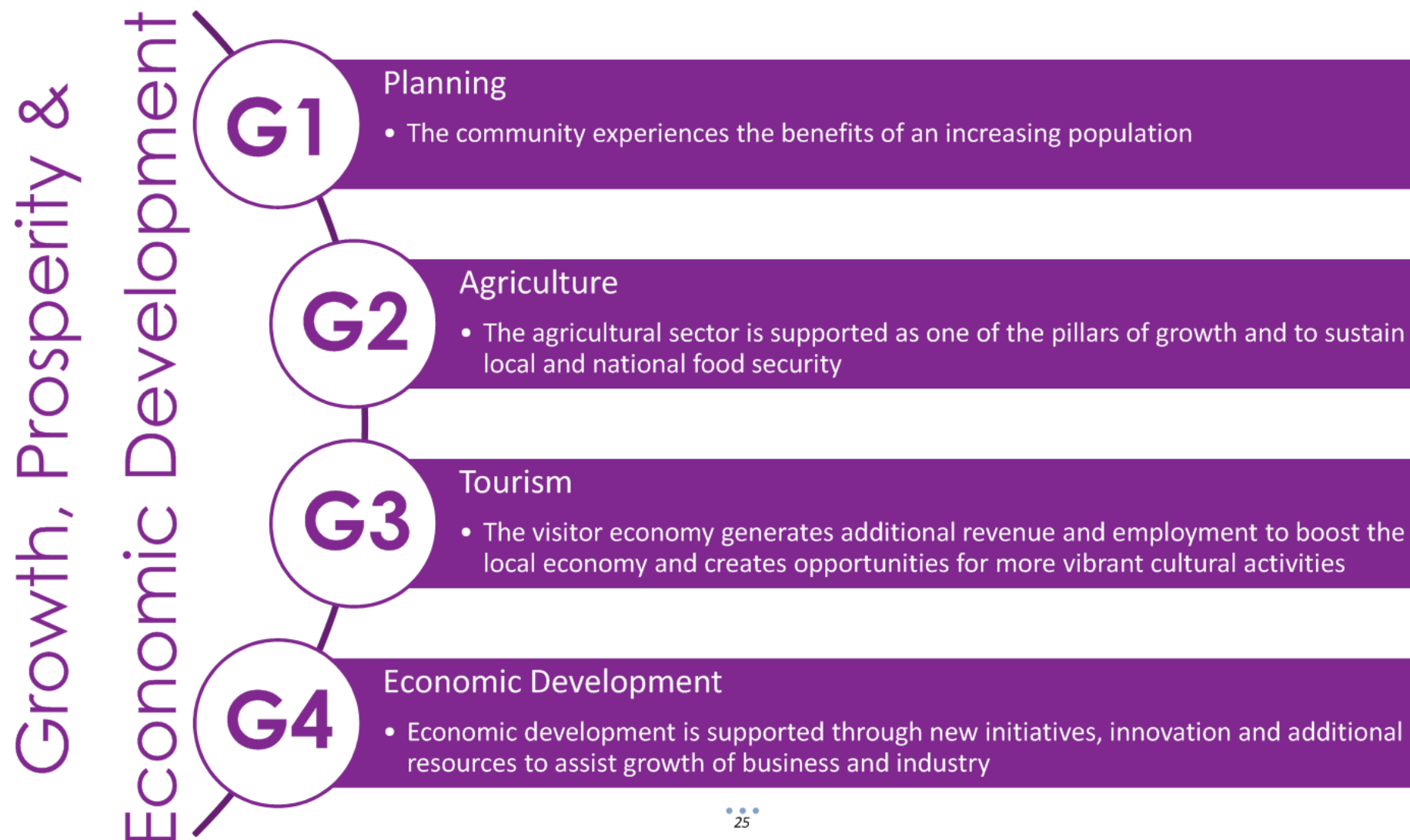


Our Goals

The Community Strategic Plan 2017-2027 sets out the goals and aspirations of the regional community, established through extensive community engagement. This critical plan provides the foundation for Council to develop the strategies and actions which it will undertake to

create the physical, economic and social environment the community seeks. The Delivery Program 2018-2022 is a series of Principal Activities that are organised under, and linked to, the four overarching Goals and 16 Strategic Directions of the Community Strategic Plan.

Growth, Prosperity & Economic Development	Planning The community experiences the benefits of an increasing population	Agriculture The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security	Tourism The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities	Economic Development Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry
Our People, Our Community	Wellbeing Community programs, services and facilities meet the needs of the community and provide a safe place to live	Culture Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region	Diversity Services are provided to ensure inclusiveness and support the vulnerable members of our community	Education Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community well-being
Leadership for the Region	Community Engagement The community is engaged and has access to local representation	Fiscal Responsibility Council exceeds community expectations when managing its budget and operations	Organisational Health Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency	Strategic Capacity Council has the strategic capacity to understand the key issues for the region both now and in the future
Environment & Infrastructure	Environment The unique climate, landscape and environment of the region is protected, preserved and made accessible	Sustainability The community can participate in initiatives which contribute to a sustainable lifestyle	Infrastructure The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works	Transport The community has access to transport which enables connectivity both locally and outside of the region



Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - The community experiences the benefits of an increasing population					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G1.1	Strategic Planning	Plan for the needs of the region	Provider	Sustainability and Development	90% of Development Applications processed within 40 days The region experiences population growth of at least 1% per annum
G1.2	Local Environmental Plan	Promote a Local Environment Plan that supports the needs of the region to grow and develop	Provider	Sustainability and Development	
G1.3	Population	Support sustainable population growth and develop infrastructure to meet the needs of this regional growth	Provider Facilitator Advocate	Sustainability and Development	
G1.4	Housing	Continue to update and review legislated planning documents to ensure a variety of appropriate dwellings and housing affordability across the region	Facilitator	Sustainability and Development	

Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G2.1	Livestock	Partner with local livestock industries: <ul style="list-style-type: none"> to ensure the ongoing growth and sustainability of the sectors provide safe and effective livestock selling infrastructure that adds to the local economy and improve environmental sustainability 	Facilitator	Economic Development and Marketing	
G2.2	Ag Tech	Encourage new innovations and technological applications, and work with partners to explore new opportunities and diversification relevant to primary industries, which create a point of difference for the region	Facilitator Advocate	Economic Development and Marketing	
G2.3	Ag Jobs	Develop partnerships with operators in the agricultural sector including local agencies and UNE, to encourage careers in agriculture	Advocate	Economic Development and Marketing	
G2.4	Horticulture	Strive to grow the horticultural industry with new investment attraction strategies throughout the region to reduce the impact of climatic conditions on the produce industry	Facilitator Advocate	Economic Development and Marketing	

Growth, Prosperity & Economic Development

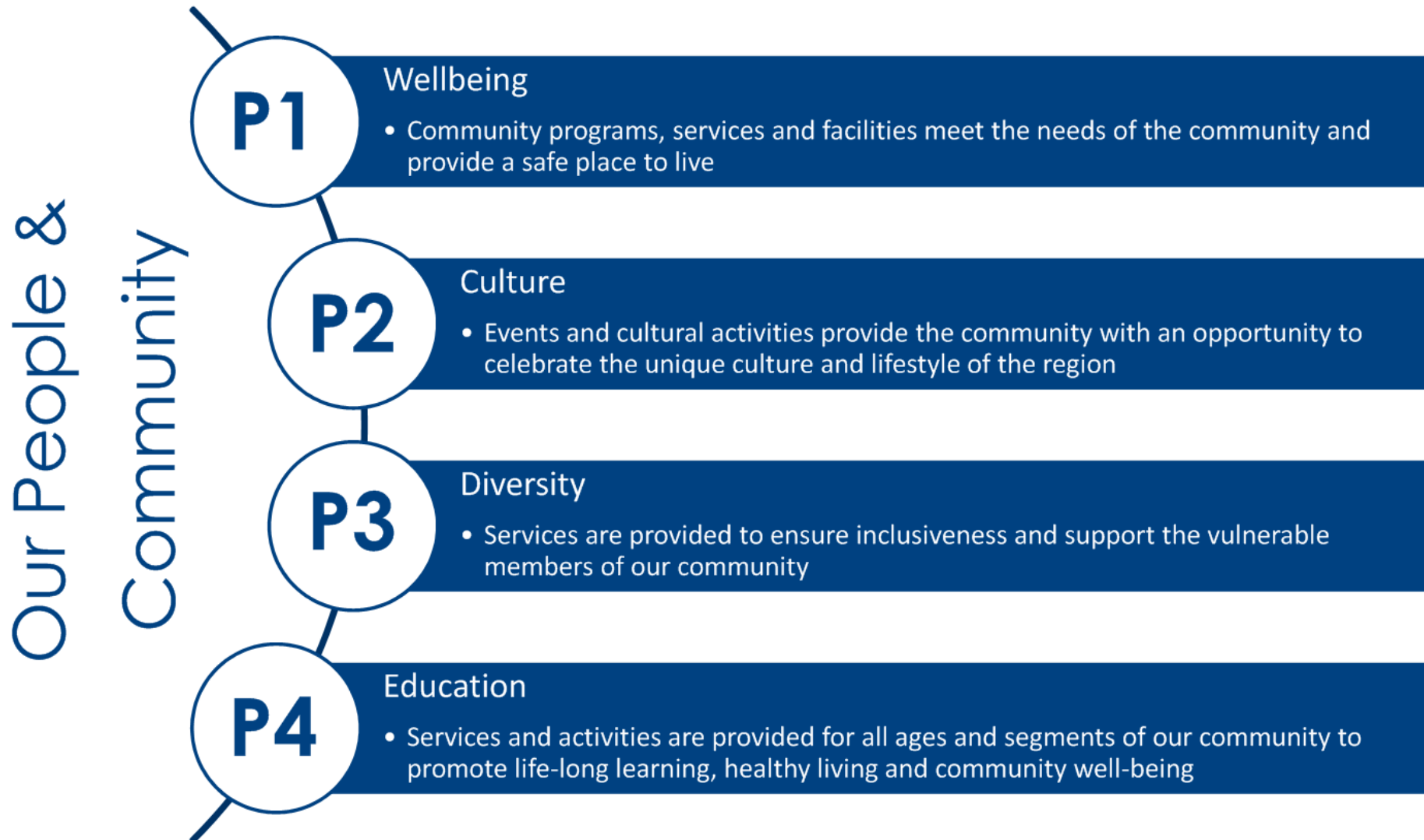
COMMUNITY OUTCOME - The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G3.1	Tourism	Develop a Tourism Strategy and branding to: <ul style="list-style-type: none"> attract visitors to stay in the Armidale Region longer enhance the economic , cultural and recreational offerings and attractions of the region encourage people to stop and visit the region's centres as they commute between other destinations 	Provider Facilitator	Economic Development and Marketing	Increased visitation to the Armidale Region
G3.3	Marketing	Develop a marketing program of attractions, combined with effective signage, to encourage people to stop and visit the region's centres as they commute between other destinations	Provider Advocate	Economic Development and Marketing	
G3.4	CBD	Provide Central Business District (CBD) infrastructure that supports a more vibrant and varied offering of shopping experiences for tourists	Provider Facilitator Advocate	Economic Development and Marketing	

Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G4.1	Digital Economy	Provide local businesses with information and access to technology as part of a Digital Economy Strategy, as well as advocating for improved region-wide, high speed internet access	Facilitator Advocate	Economic Development and Marketing	Increased number of small business in the region % community satisfaction with Council's Economic Development programs
G4.2	Education	Investigate opportunities for new partnerships with educational institutions across the region to develop programs which support the vocational upskilling of students and workers	Facilitator Advocate	Economic Development and Marketing	
G4.3	Business	Encourage new business investment in the Armidale region.	Facilitator Advocate	Economic Development and Marketing	
G4.4	Small Business	Support businesses across the region with resources and events	Facilitator Advocate	Economic Development and Marketing	



OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Community programs, services and facilities meet the needs of the community and provide a safe place to live

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P1.1	Accessibility	Review and update the Disability Action Plan and Pedestrian & Mobility Plan to improve access to services and infrastructure for people living with a disability and the aged	Provider Facilitator Advocate	Community and Customer Services	Number of library loans per capita Number of visits to each library annually % community satisfaction with community safety and security
P1.2	Libraries	Develop a regional 'Library Service for the Future' that incorporates arts and cultural spaces, community gathering spaces, loan resource services, technology and education services	Provider Facilitator	Community and Customer Services	
P1.3	Crime Prevention	Partner with local police and other community and government agencies to develop strategies to reduce crime, improve community safety and promote regulatory compliance	Facilitator Advocate	Community and Customer Services	
P1.4	Health and Wellbeing	Support aged care services and disability services which support an ageing population	Advocate	Community and Customer Services	

OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P2.1	Social Events	Deliver and support local programs and events which meet the social and cultural needs of the community.	Provider Facilitator Advocate	Economic Development and Marketing	Increased participation numbers in Council-organised events
P2.2	Sporting Programs and Events	Support increased community participation in sports and recreation throughout the region	Provider Facilitator Advocate	Roads and Parks	
P2.3	Arts and Culture	Deliver an Arts and Cultural Program throughout the region with an emphasis on enriching the lives of our community.	Provider Facilitator Advocate	Community and Customer Services	
P2.4	Community Initiatives	Support and empower the community to deliver community initiatives that improve the lives of residents and visitors to the region	Provider Facilitator Advocate	Community and Customer Services	

OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Services are provided to ensure inclusiveness and support the vulnerable members of our community

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P3.1	Aged	Provide services and access to support home-based elderly residents and operate an aged care facility in Guyra for residents who can no longer remain in their own home	Provider Facilitator Advocate	Community and Customer Services	Number of clients accessing services provided by Home Support Services
P3.2	People with Disability	Partner with other levels of government and agencies to ensure the introduction of the National Disability Insurance Scheme provides adequate access to services for people with a disability	Provider Facilitator Advocate	Community and Customer Services	
P3.3	Inclusivity	Promote partnerships between businesses and the community which offer programs that encourage inclusivity and networking, such as the Men's Shed program in Armidale and Guyra	Facilitator Advocate	Community and Customer Services	
P3.4	Multicultural	Develop strategies which promote inclusiveness of people from a cultural and linguistically diverse (CALD) background	Facilitator Advocate	Community and Customer Services	

OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community wellbeing

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P4.1	Children	Support the delivery of high quality early childhood and out-of-school-hours services in the Guyra region	Provider Facilitator Advocate	Community and Customer Services	Guyra Preschool and Long Day Care Centre operating at full capacity Number of participants in Council-organised youth activities
P4.2	Young People	Support youth through education, encourage leadership, promote good mental health practices and facilitate opportunities for youth to contribute to the strategic direction of the community	Provider Facilitator Advocate	Community and Customer Services	
P4.3	Aboriginal Services	Provide Aboriginal services and programs	Provider Facilitator Advocate	Community and Customer Services	
P4.4	Education	Further develop partnerships with educational institutions across all stages of the learning spectrum to ensure that face to face and online education is available to the community	Advocate	Community and Customer Services	Reduced unemployment levels across the region



Leadership for the Region

COMMUNITY OUTCOME - The community is engaged and has access to local representation					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L1.1	Engagement Strategy	<p>Develop and deliver an engagement strategy to ensure effective engagement with the community and provide opportunities for participation in decision making where appropriate</p> <p>Develop an engagement strategy specifically for a Special Rate Variation application to IPART, including community consultation on three scenarios and in line with Council resources and viability</p>	Provider	Marketing and Communications	<p>% community satisfaction with Council's communication and engagement</p> <p>% of Councillor satisfaction with the quality of responses provided and within the agreed service standard</p>

Leadership for the Region

L1.2	Engagement Activities	Promote a wide variety of engagement methods, with a mixture of traditional and online mediums, to ensure the whole community can easily share their opinion and participate in community engagement activities	Provider	Marketing and Communications	
L1.3	Elected Officials	Support elected representatives to engage with their community and provide a process to share feedback they receive.	Provider	Governance, Risk, and Corporate Planning	
L1.4	Communicate	Deliver an effective communications strategy to inform the community of Council activities	Provider	Marketing and Communications	

Leadership for the Region

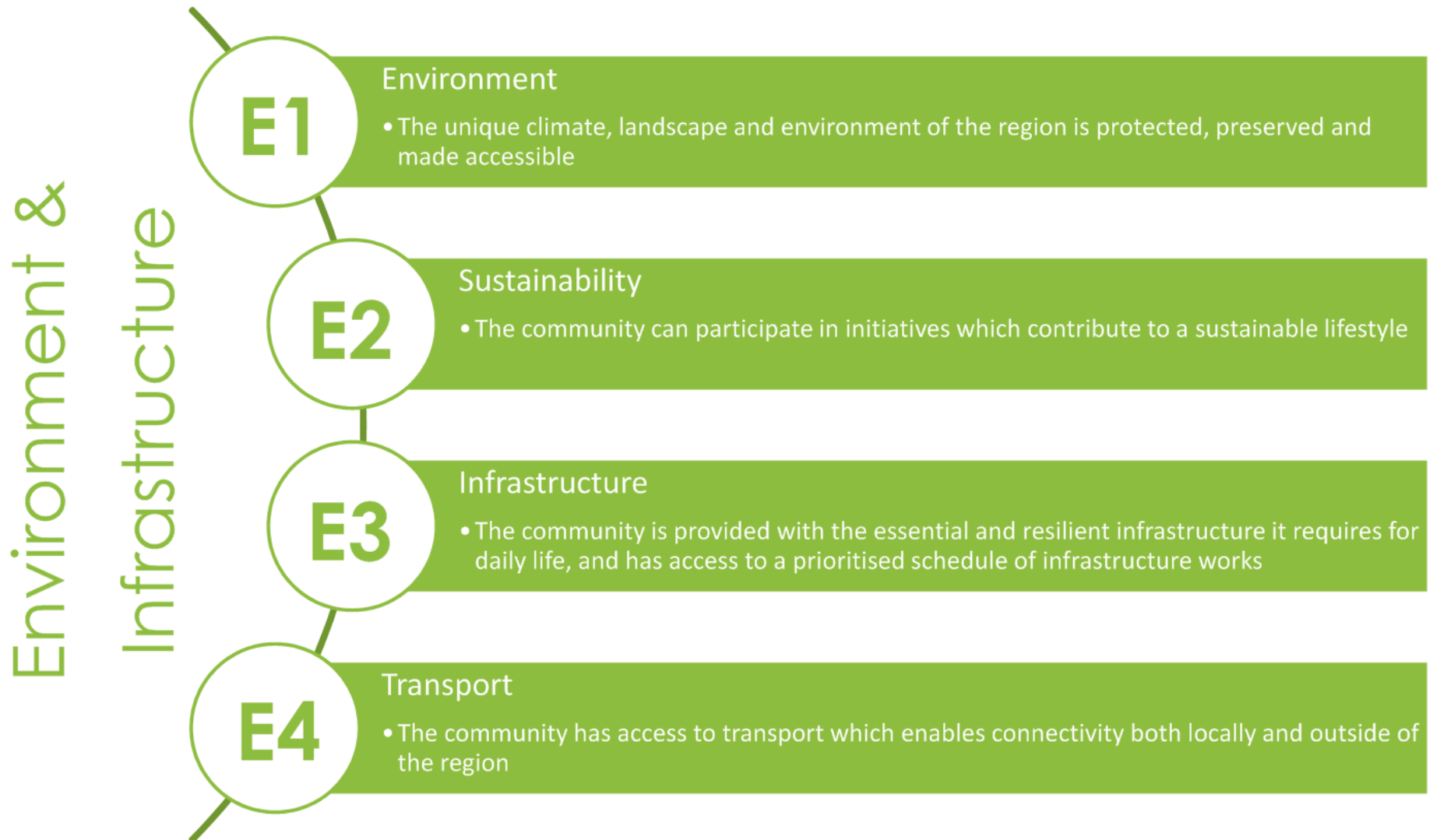
COMMUNITY OUTCOME - Council exceeds community expectations when managing its budget and operations					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L2.1	Financial Sustainability	Maintain financial sustainability through effective short, medium, and long-term financial management That includes an application to IPART for a Special Rate Variation at a rate determined through community consultation – and in line with Council resources and viability - for the specific purpose of creating revenue to fund asset maintenance and renewals	Provider	Finance	Balanced budget at end of 2019/20 financial year % of enquiries to customer service are resolved at the first point of contact
L2.2	Business Excellence	Implement a business excellence program across Council's operations	Provider	Finance All areas of Council	
L2.3	Customer Focus	Support Council staff to deliver high quality services to the community through training, sufficient staff resourcing and systems to create a user friendly, customer focused approach	Provider	People and Community Services Customer Relations	
L2.4	Manage Operations	Manage operations to ensure delivery of value for money services for our community and customers	Provider	Finance All areas of Council	

Leadership for the Region

COMMUNITY OUTCOME - Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L3.1	Staff Training	Provide Council Staff with the training to carry out their duties effectively and opportunities for professional development	Provider	Human Resources	Improved results in Staff Culture survey
L3.2	Workforce	Develop and implement workforce plans and strategies which commit to building a skilled, motivated, inclusive and diverse workforce	Provider	Human Resources	
L3.3	Systems	Utilise appropriate data management systems to support service delivery and effective decision making	Provider	Information Technology	
L3.4	Good Governance	Ensure the organisation is well led and managed through implementation of the Good Governance framework	Provider	Governance, Risk, and Corporate Planning	

Leadership for the Region

COMMUNITY OUTCOME - Council has the strategic capacity to understand the key issues for the region both now and in the future					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L4.1	Government Partnerships	Initiate and foster strong partnerships with all levels of government, peak bodies and agencies and the community	Provider	Governance, Risk, and Corporate Planning	Compliance with relevant legislation Number of known breaches of statutory / council policy requirements
L4.2	Integrated Planning and Reporting	Integrate Council's strategic planning documents in a way which delivers community outcomes while effectively managing budgets, asset management and workforce planning	Provider	Governance, Risk, and Corporate Planning	
L4.3	Decision Making	Ensure elected officials can easily access information and support to allow them to make decisions in the interest of the community	Provider Facilitator Advocate	Governance, Risk, and Corporate Planning	
L4.4	Risk	Develop and implement a robust enterprise risk management framework, encompassing risk and safety, across all of Council's operations	Provider	Governance, Risk, and Corporate Planning	



ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The unique climate, landscape and environment of the region is protected, preserved and made accessible

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E1.1	Waterways	Maintain and improve local waterways, lagoons and creek lands in partnership with community groups and other agencies	Facilitator Advocate	Roads and Parks	Reduce carbon and greenhouse emissions per capita by 2020 Achieve National Air pollution targets by 2020 Aim for a 90% reduction in wood smoke pollution throughout the entire city by 2025
E1.2	Air	Partner with stakeholders to develop strategies and provide programs which improve air quality across the region, including the reduction of smoke pollution by using alternative energy sources	Provider Facilitator Advocate	Sustainability and Development	
E1.3	Natural Disaster	Work with local emergency management agencies and committees to plan for the management of natural disasters	Provider Facilitator	Asset Management and Design	
E1.4	Biodiversity	Protect and enhance the natural environment to promote and support biodiversity	Facilitator Advocate	Economic Development and Marketing	

ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The community can participate in initiatives which contribute to a sustainable lifestyle					
	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E2.1	Climate Change	Promote or provide educational programs to increase community awareness of climate change risks and enable the community to implement climate change adaptation and mitigation actions in daily life	Facilitator Advocate	Sustainability and Development	Reduced energy consumption for all of Council facilities % tonnes of recycling from all domestic waste services
E2.2	Waste and Recycling	Provide waste and recycling services, and environmentally responsible waste disposal facilities together with education programs to reduce waste and increase recycling	Provider Facilitator Advocate	Business Units	
E2.3	Renewable Energy	Facilitate access to renewable energy for the local community and businesses	Advocate	Sustainability and Development	
E2.4	Greenprint	Develop a Sustainability Strategy which includes objectives for the region as a whole as well as Council operations	Provider	Sustainability and Development	

ENVIRONMENT & INFRASTRUCTURE

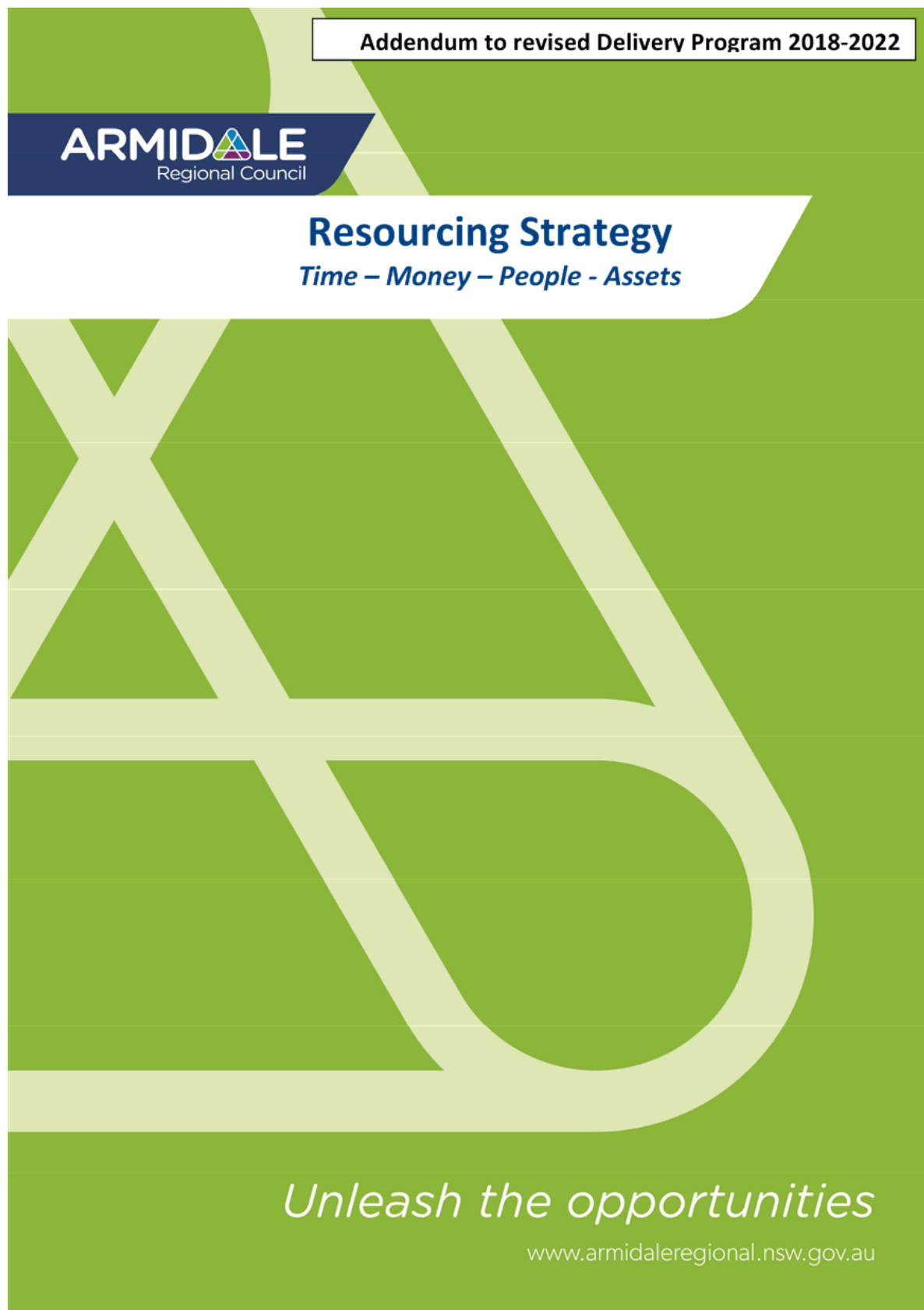
COMMUNITY OUTCOME - The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E3.1	Operational Infrastructure	Partner with all levels of government to support the provision of essential infrastructure and improvements to Council assets for the benefit of the region	Provider Facilitator Advocate	Roads and Parks	% community satisfaction with Council infrastructure Increased usage of Council facilities Reduced complaints regarding Council facilities Increased participation numbers in organised sports
E3.2	Utilities	Supply water and waste water services to meet the community needs in Armidale and Guyra, as well as environmentally appropriate impoundment, distribution and disposal infrastructure	Provider	Business Units	
E3.3	Parks and Open Space	Regularly review open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meets community needs and are provided to an acceptable level of service and accessibility standards	Provider	Roads and Parks	
E3.4	Buildings and Facilities	Regularly review open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meet community needs, are provided to an acceptable level of service and accessibility standards, and are utilised to their full potential	Provider	Roads and Parks	

ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The community has access to transport which enables connectivity both locally and outside of the region

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E4.1	Roads and Bridges	Maintain safe and effective traffic facilities on the road network, through appropriate resourcing, including applying for a Special Rate Variation to maintain and renew roads and bridges to expected service levels.	Provider Facilitator Advocate	Roads and Parks	Reduced number of complaints regarding roads
E4.2	Airport	Create partnerships, apply for funding and undertake critical planning towards the implementation of the Armidale Airport Masterplan	Provider Facilitator Advocate	Business Units	% of road network that is rated condition level 3 or higher
E4.3	Bus and Rail Services	Investigate opportunities for improved bus and rail services in the Armidale region to support people to attend work commitments, partake in activities which mitigate social isolation and carry out regular tasks and errands	Advocate	Economic Development and Marketing	Increased number of passengers utilising the Armidale Regional Airport for residents and visitors
E4.4	Footpaths and Cycleways	Develop a network of footpaths, cycleways and cycle routes to encourage sustainable and active transport options	Provider Facilitator Advocate	Roads and Parks	Increased number of intraregional bus services



Strategy Background

Section 403 of the *Local Government Act 1993* (the Act) requires Council to have a long-term strategy called a Resourcing Strategy. The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.

The Resourcing Strategy is part of a set of plans and strategies established under section 406 of the Act known as Integrated Planning and Reporting (IP&R) guidelines.

The IP&R framework is built on a quadruple bottom line, that is, the pillars of sustainability of economy, social, environmental and civic leadership. The plans reinforce the imperative of the integration of sustainability into Council's core business.

The framework is summarised in the following diagram:



While the Community Strategic Plan 2017-2027 provides a vehicle for expressing long-term community aspirations, these goals and objectives can not be achieved without sufficient resources (time, money, people and assets) to carry them out. Some strategies identified in the Community Strategic Plan are the responsibility of Council, while others are the responsibility of other levels of government and others rely on input from community groups or individuals. The Resourcing Strategy addresses the strategies that are the responsibility of Council.

Armidale Regional Council Profile

The Armidale Regional Council (ARC) area is located in the New England region of New South Wales, about halfway between Sydney and Brisbane.

Some of the key economic indicators available for the region are:

Population	30,779 persons
Average Annual Population Growth Rate	Approx. 0.6%
Land Area	8,630km ²
Population Density	0.04 persons per hectare
Gross Regional Produce	\$1.54 billion
Largest Industries	Education and Training Agriculture, Forestry and Fishing Health Care and Social Assistance

ARC was formed by the amalgamation of Armidale Dumaresq Council and Guyra Shire Council on 12 May 2016. The former councils were found to be financially unsustainable under the “fit for the future” framework established by the NSW Government. The resulting council was left with the responsibility of a large rural road network and the same level of services spread over a ratepayer base of around 13,340 rateable assessments.

Merging two entities identified as financially unsustainable does not immediately improve the long term financial outlook for the new entity. As the new entity, ARC must develop the required strategies to achieve a financially sustainable outlook.

ARC’s relatively low population density means that it has a lower rate base than city-based regions from which to raise revenues to maintain infrastructure and provide services. Underpinning this challenge is the NSW local government environment of rate capping, which limits the amount of taxation-based revenue that can be raised as well as the restrictions placed on types of charges that can be raised and setting of amounts for statutory fees and charges.

Strategy Overview

The Resourcing Strategy provides Council with an agreed roadmap for managing its financial resources and is aligned with the objectives and priorities of the 2020-21 Operational Plan.

Council's Resourcing Strategy consists of three sections:

1. Long term financial plan incorporating the 2020-21 budget;
2. Workforce management plan; and
3. Asset management planning.

Long Term Financial Plan

This Plan reflects Council's desire and capacity to deliver the strategies, initiatives, works and programs identified in the Community Strategic Plan, Delivery Program and Operational Plan. The Plan is underpinned by the Financial Policy and Strategy 2017-2021. The Plan includes:

- The 2020-21 budget;
- Projected financial position over a ten year timeframe (2020-21 to 2029-2030);
- Key assumptions used to develop forecasts;
- Sensitivity analysis and financial modelling of different forecast scenarios; and
- Key performance indicator results.

Workforce Management Plan 2018-2022

Council's workforce planning addresses the people resourcing requirements of the Delivery Program and Operational Plan. It ensures Council has the people best able to achieve its strategic direction and deliver appropriate services and programs effectively and efficiently. The plan includes:

- Analysis of current workforce and identification of gaps;
- Forecasts of workforce requirements;
- Strategies to address gaps; and
- Methods of periodic monitoring and evaluation.

Asset Management Planning

Council has a significant portfolio of community infrastructure assets under its care and control. The Asset Management Strategy accounts for and plans for all of the existing assets, and any new asset solutions proposed in the Community Strategic Plan and Delivery Program.

The Asset Management Strategy is underpinned by an Asset Management Policy and sub-plans that identify all built assets under Council's ownership and outlines the risk management strategies for them.

Financial Sustainability

Financial sustainability for local governments is critical as they are responsible for directly providing the community with a wide range of public services and community infrastructure and facilities. This requires local governments to hold and maintain a significant base of infrastructure assets, which necessitates not only substantial initial investments but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

There are many definitions of financial sustainability with the definition developed by NSW Treasury Corporation being:

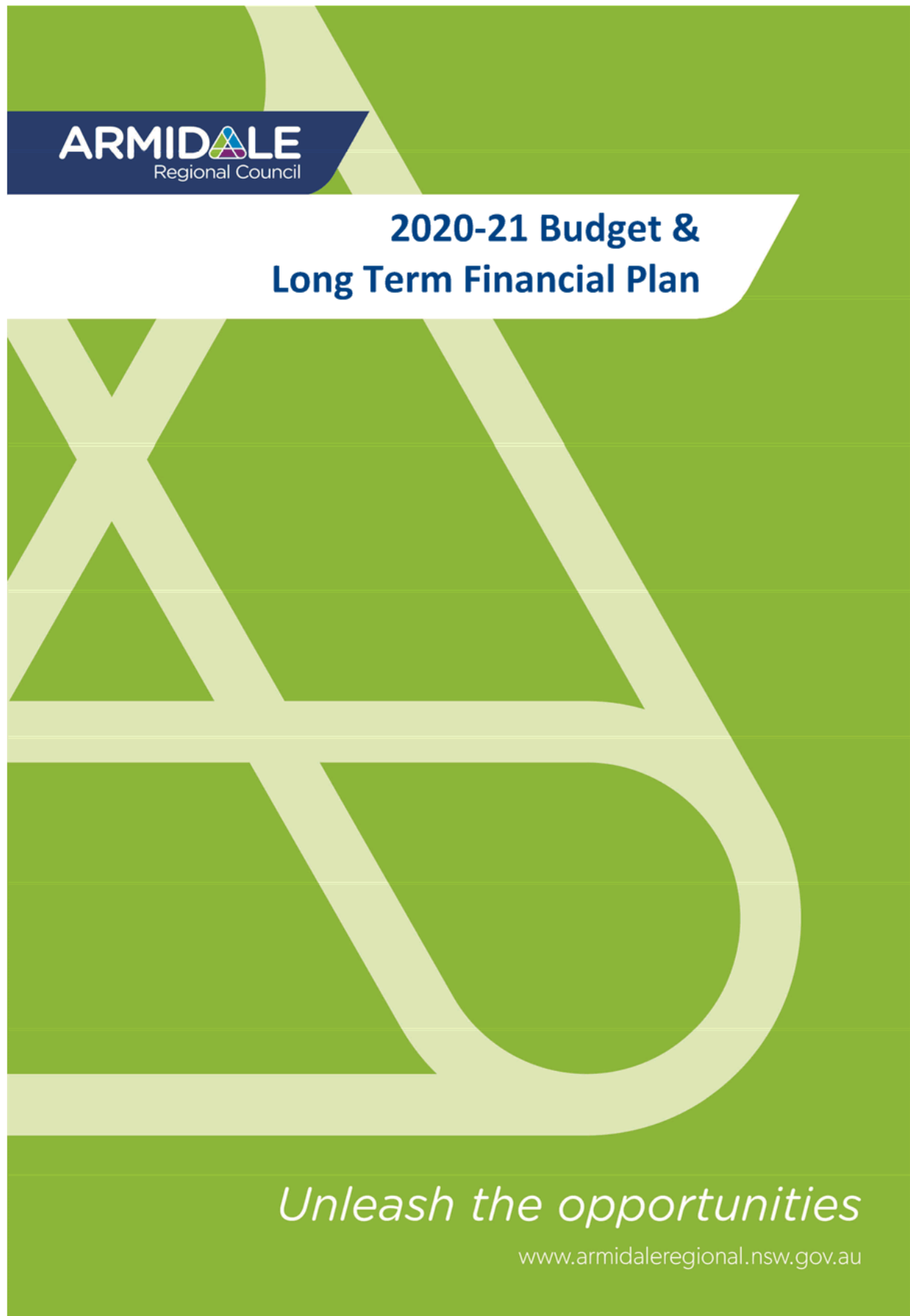
A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

Council has recognised that financial sustainability requires the following:

- Council must achieve a fully funded operating position;
- Council must maintain sufficient cash reserves;
- Council must have an appropriate funded capital program;
- Council must maintain its asset base; and
- And expenditure on assets should be driven by asset management plans.

As with many local governments, a major challenge for Council is the management of ageing assets in need of renewal and replacement. Infrastructure assets such as roads, bridges, pathways, kerbs, stormwater drains and public buildings present particular challenges as their condition and longevity can be difficult to determine. The creation of new assets also presents challenges in terms of funding for initial construction and ongoing service costs.

Council also recognises and is responding to some impactful environmental and social challenges over the past few years including drought, bushfires and COVID-19. These challenges have an enormous bearing on the resources of Council and the delivery of services, both in the short and long-term.



2020-21 Budget

Introduction

Council's 2020/21 budget has been developed in accordance with the Financial Policy and Strategy 2017-2021, which advocates for a financially sustainable position. Financial sustainability is measured through Council's financial results including the performance against key benchmarks developed by the NSW Office of Local Government.

Over the last 2 financial years Council has improved on previous reported results in key areas of financial sustainability including operating performance results and cash results.

This was necessitated by budget forecasts for significant operating deficits and very low levels of cash reserves. The 2018/19 financial year saw actual reported results increase positively across all key performance indicators and the 2019/20 financial year was on a similar trajectory if not for the impacts outlined below.

The 2019/20 financial year is noted as being highly unusual with the combined impacts of drought, fire, flood and pandemic in one financial period.

From a budgetary perspective, the 2019/20 financial year has been significantly impacted by two key events:

1. Ongoing severe drought conditions have negatively impacted Council's Water Fund by around \$6.3 million. This includes around \$3.3 million in net costs associated with drought response, communications, rebate programs and bore drilling and around a \$3 million reduction in revenue from water usage charges resulting from decreased water usage.
2. The impact of COVID-19 shutdowns has had a negative impact on the local economy and also Council's General Fund budget outlook. The impact on the 2019/20 budget is estimated to result in a loss of revenue in the order of \$700,000 predominantly relating to airport user charges and decreased rent and lease income. The impact on the 2020/21 budget is forecast to be a loss of revenue of \$925,000 although could be much higher due to the flow on impacts to the local economy that may take some time to realise.

The region also experienced bushfires and flooding leading to additional negative budgetary and cash impacts.

For the 2020/21 financial year, an extensive process has been undertaken in order to deliver a budget that attempts to mitigate these impacts as far as possible without cuts to services. While holding or reducing expenditure has occurred where possible, there has also been provision made around economic recovery including providing funding and support for business stimulus. A key initiative will be the development of a Business Ecosystem as a centralised coordinator of investment promotion and a one-stop service centre for investors and business operators. Council also plans to deliver a \$40 million capital program to assist with local investment and employment including finalisation of Stage 1 of the Airport Business Park.

Due to the above factors, a key focus of the development of the 2020/21 budget has been to minimise operating deficits across all funds and, where possible, redirect funding to economic recovery initiatives to assist with the response to COVID-19 impacts. The budget position will be supported with strategies to ensure that costs are tightly controlled and that financial management across the business is a key priority during a challenging economic period.

There will be a detrimental impact to Council's operating result and key performance indicators as a result of the current conditions and associated impacts on Council's budget with the operating performance ratio and the asset renewals ratio being most impacted.

The 2020/21 budget includes a consolidated operating deficit of \$2.3 million with the following fund operating deficit results:

General Fund	(\$1,456,477)
Water Fund	(\$621,045)
Sewer Fund	(\$205,177)
Consolidated	(\$2,282,699)

Council is forecasting an unrestricted cash position of around \$3 million by 30 June 2021. The unrestricted cash position is important as it is Council's main buffer for unexpected events, such as natural disasters. The level of unrestricted cash forecast in the 2020/21 budget would only cover Council's operational costs for around 3-4 weeks if a situation occurred where Council was unable to receive payments.

While it would be desirable to further improve the cash position beyond this from a financial risk perspective, Council recognises that it will be necessary to divert funding to the economic recovery associated with COVID-19 and, as a result, has increased funding to areas where economic recovery is a key focus as well as continuing to support a large capital program.

Unbudgeted Supporting Documents and Initiatives

Council has a large number of supporting documents that may be in the form of a plan, strategy, study, or similar, that have potential actions but have not yet been funded through the Delivery Program or Operational Plan process. The Operational Plan and budget are the tools used to allocate the limited resources available to Council to the highest level needs and priorities.

The large volume of supporting documents provide clear, longer term intent and direction for Council in terms of what it would like to do and what it will endeavour to do with the resources that may be available. These supporting documents are important in planning future services and are used to identify and respond to opportunities for future external funding and/or an increase or redirection of existing funding.

There are a large number of other potential initiatives or programs that have not been included in the financial estimates at this stage, due to the lack of certainty around the timing, funding and/or probability of completion. These initiatives or projects may be introduced through the budget review process when they reach a point of clarity and funding is available that enables their inclusion.

Budget Process

Council prepares an annual budget and long term financial plan in line with the requirements of the *Local Government Act 1993*. However, it is important to recognise that a budget is an estimate prepared at a point in time and is therefore subject to change. Thus, to recognise amendments to the budget quarterly budget reviews are performed throughout the financial year. As Council's funding sources are relatively fixed, it is important that any reviews to the budget do not significantly detrimentally impact the forecast operating and cash results.

Operating Budget

The operating budget contains revenue and expenditure that is classified in accordance with the Australian Accounting Standards as operating and not capital. The budget is also presented in the format required by the Australian Accounting Standards being a set of financial statements including:

- Income Statement;
- Balance Sheet;
- Cashflow Statement; and
- Equity Statement.

Council is required by the *Local Government Act 1993* to account for and show the budget separately for:

- Water Fund;
- Sewer Fund; and
- General Fund (everything else).

The main categories of revenue and expenditure shown in the operating budget are outlined below.

Rates and Annual Charges

Information on the amounts set for rates and annual charges are contained in the Revenue Policy 2020-2021, which is a separate document also adopted as part of the budget.

Council levies a range of ordinary rates for different categories of land as well as annual charges for water, sewer, waste and drainage.

Increases in rate income are subject to annual determination by the Independent Pricing and Regulatory Tribunal (IPART). For the 2020-21 financial year, IPART has set a rate peg of 2.6%. The rate peg determines the maximum percentage amount by which a council may increase its general income for the year. The rate peg applies to general income in total, and not to individual ratepayers' rates. This cap only applies to income contained in the general income calculation and therefore does not apply to annual charges.

Rates Harmonisation

Since amalgamation of Armidale Dumaresq and Guyra Shire Council in 2016 Council has been required to maintain two rating systems for the local government area. This was due to a four year rate freeze imposed by the NSW Government. This meant that Council could not adjust rates beyond the rate peg in the first four years after amalgamation which saw different rates being paid in the former local government areas.

Under current legislation Council must maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories within the Armidale Regional Local Government Area. This will take effect from 1 July 2021 and will only affect general rates. There will be no increase in total rates collected by Council due to harmonisation, but the structure and distribution between rating sub-categories will change as a result.

Council has performed modelling on the current rating structure and determined that the most impacted categories and sub-categories from harmonisation will be:

- Residential Non-Urban
- Business Non-Urban
- Farmland

This is based on a harmonisation model that seeks to minimise individual impacts on ratepayers.

The challenge in harmonising rates is recognised by the NSW Government. The Minister for Local Government has committed to taking a bill to the Parliament early next year which would provide options for Council to implement rates harmonisation more gradually. There is no guarantee that the bill will be passed by Parliament so we must continue under the current law and current date of July 1 2021.

Equalisation of Services and Charges

Harmonisation of services and charges is continuing in order to establish equity and consistency across the Armidale Regional Council region. A key area of focus for harmonisation in the 2020-21 financial year is the harmonisation of water, sewerage and waste charges. Changes included in the 2020-21 budget and revenue policy in order to achieve this outcome are:

- Water consumption charges will be harmonised with the overall yield achieved similar to previous years;
- Sewerage charges will be harmonised with the overall yield achieved similar to previous years;
- Progression towards harmonisation of rural waste management charges; and
- The Waterfall Way Landfill Levy will be levied on all properties.

In addition, a new charge to cover the additional operational costs of the Waterfall Way Landfill has been introduced at \$65 per property and will apply to all properties in the region.

Further information on Council's rates and annual charges are contained in the 2020-2021 Revenue Policy.

Special Rate Variation (SRV)

What is a Special Rate Variation?

An SRV is a way of lifting ordinary rate revenue above the rate peg. They are often necessary due to:

- The historical level of rates is unsustainable;
- Cost drivers rise faster than inflation;
- Population growth creates costs that outstrip the revenue back to local government; and
- New costs are created without a source of funding e.g. cost shifting, economic growth, community expectation, natural disasters, climate change.

SRVs used to be applied for sparingly but this has increased in recent years due to a focus on financial sustainability and growing awareness of significant local government asset management challenges.

History of Special Rate Variations

In comparison with other NSW councils, Armidale-Dumaresq and Guyra Shire Councils used the SRV process minimally over the past decades. Compared with other NSW councils, ratepayers in this region have experienced modest rates increases over 20 years+.

The table below indicates temporary SRVs that were used to increase rates revenue for a temporary period of five to ten years. The percentage increases include the SRV and the annual rate peg. The table starts in 2005/06, and before that year the Councils had not applied for or been granted any SRV since 1997/98.

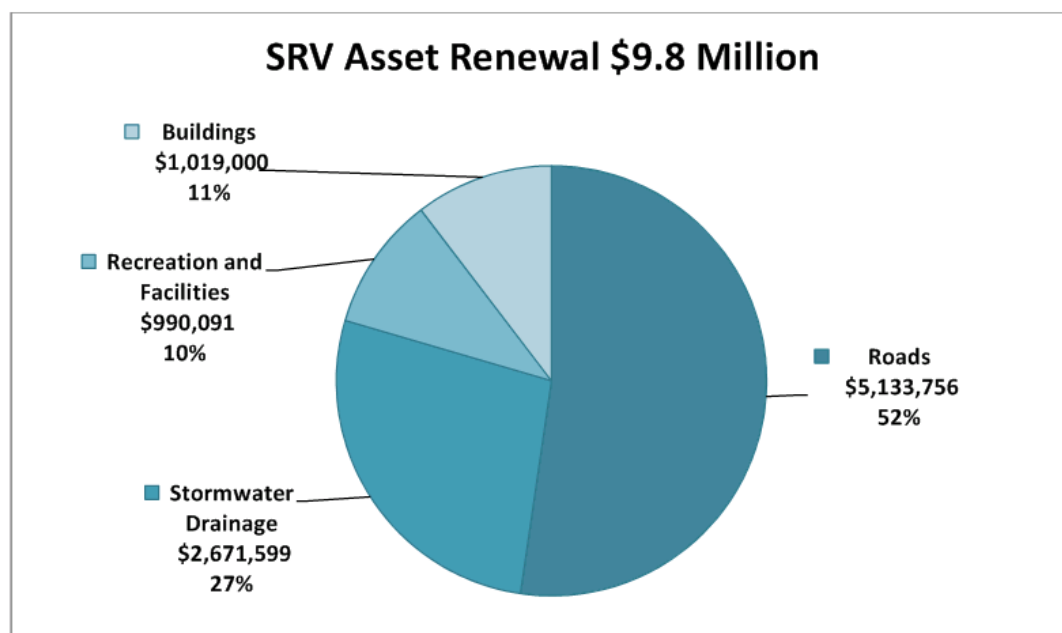
Council	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Rate Peg	3.50%	3.60%	3.40%	3.20%	3.50%	2.60%	2.80%	3.60%	3.40%	2.30%
Armidale Dumaresq	5.78% (expired 2013/14)									12.30% (expires 2020/21)
Guyra Shire					8.43% (expired 2013/14)					8.00% permanent

It can be seen from the above table that temporary SRVs have been used as an additional source of funding by both the former Armidale Dumaresq and Guyra Shire Councils for the last 15 years.

Background

On 3 June 2014, the NSW Independent Pricing and Regulatory Tribunal (IPART) approved Special Rate Variations for the former Guyra Shire Council and Armidale Dumaresq Council. It was determined that Guyra Shire Council may increase its general rate income by 8.0%, including the rate peg of 2.3%. The increase above the rate peg can be retained in the Councils general income base permanently. It was determined that Armidale Dumaresq Council may increase its general rate income by 12.3%, including the rate peg of 2.3%. The increase above the rate peg can be retained in the Councils general income base for 7 years, being 2014-15 to 2020-21.

As at 30 June 2021, the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council over a seven year period will expire, reducing Council's overall rates income by \$1.5 million annually. Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage, buildings and other community facilities in accordance with the following graph.



Proposed 2021/22 SRV Application

To maintain current levels of service Council must apply this year to the NSW Independent Pricing & Regulatory Tribunal (IPART) to have the temporary SRV made permanent. Before making a submission, Council will consult the community on three options for an SRV including a higher SRV amount to allow for further investment in maintaining infrastructure, in particular renewal works on roads, footpaths, community buildings and other structures. On 28 October 2020, Council resolved to begin public engagement on three SRV options, to formally notify IPART that Council intends to submit an application, and to include rates harmonisation in the community engagement.

The following SRV options have been proposed:

1. A permanent SRV of 18.5% plus 2.0% rate peg (total 20.5%) commencing in 2021-22;
2. A permanent SRV of 8.5% plus 2.0% rate peg (total 10.5%) commencing in 2021-22; and
3. Discontinuation of the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council and ending on 30 June 2021.

The SRV options have been described to the community as:

SRV Scenario	Description
1. Improve Services	<p>Continuation of the temporary SRV plus an additional SRV increase</p> <p>Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.</p> <p>This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.</p>
2. Maintain Services	<p>Continuation of the temporary SRV - Does not address future growth</p> <p>Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021.</p> <p>This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.</p>
3. Decrease Services	<p>Discontinuation of the temporary SRV - Financially unsustainable</p> <p>Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.</p> <p>This option will see a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council's medium and long term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates.</p>

Key Purpose of the SRV

As indicated in the description of the SRV options, the focus of the proposed 2021/22 SRV is financial sustainability and asset renewal funding.

The SRV funding will be used for managing Council's existing infrastructure. This includes renewal and ongoing maintenance of assets such as buildings, roads, drainage, parks and facilities. Renewal activities extend the life of the asset such as re-sheeting a section of road. Maintenance includes repairs, painting, replacement of broken fixtures, etc. The SRV will be used for managing existing infrastructure to ensure assets are kept at current service standards and replaced at the planned replacement time rather than allowing assets to deteriorate to a point where major rehabilitation would be required.

Further details on the financial outcomes of each SRV scenario are shown under the Long Term Financial Plan section in this document.

User Charges and Fees

Information on the amounts set for user charges and fees are contained in the Fees and Charges 2020-2021, which is a separate document also adopted as part of the budget.

Fees for services have been established having due consideration of the following factors:

- The importance of the service to the community;
- The cost of providing the service;
- The level of subsidy, if any, appropriate from other funding sources;
- Where applicable, the price set by a relevant industry body;
- Any factors specific in the *Local Government Act 1993*; and
- Market rates or pricing for similar services.

With many services provided by local government being of the nature of a public good, it can be difficult to fully recover the cost of many services. The pricing for many regulatory services is also constrained by amounts set by the NSW Government for these services. Council has a strong focus on recovering costs by way of user charges and fees; however, is cognisant of the reality that full cost recovery is only possible in some situations.

Interest and Investment Revenue

Interest revenue represents the returns paid by financial institutions on funds invested plus the interest penalty levied on overdue rates and charges.

Other Revenues

"Other revenues" is a category that essentially captures revenues that are not assigned to another category. For Council, this category includes items such as rent and lease income and fines.

Operating Grants and Contributions

Council receives a significant level of funding in the form of operating grants and contributions. The biggest funding sources in this category are:

- Financial Assistance Grants;
- Roads to Recovery; and
- Regional Roads Funding.

Any change to government policy that negatively impacts on these funding levels would have significant consequences for Council.

Capital Grants and Contributions

Council usually receives capital grants and contributions for once off projects and in 2020-21 Council is forecast to receive the following grants:

- Kempsey Road Natural Disaster Restoration \$5 million;
- Airport industrial land development \$3.8 million;
- Kempsey Road Big Hill Project \$2.8 million;
- Puddledock Dam Pipeline Upgrade \$1.4 million; and
- Dumaresq Dam Stability Upgrade \$1.2 million.

These funding sources are allocated to specific capital projects and cannot be used to fund day to day operations. For this reason, while this revenue is shown in the Income Statement, it is excluded from the operating result when considering financial performance.

Capital grants and contributions are an important funding source as they are the main way that Council can access the funding required to construct new or improved community assets. However, consideration of new community assets requires careful consideration. While this is looked on favourable by the community, new assets generally create additional operational costs and add to Council's infrastructure renewal funding requirements and infrastructure backlog.

Employee Costs

Employee costs represent the full cost of employing staff including wages, superannuation, annual leave, sick leave, long service leave, workers compensation and training and development.

For the 2020-21 budget, the award increase has been assumed to be similar to historical levels.

The superannuation guarantee rate is currently 9.5%. At this time, the superannuation guarantee rate is scheduled to increase to 10% from 1 July 2021 and then to progressively increase by 0.5% per annum to 12% by 1 July 2025.

Borrowing Costs

Borrowing costs represent the interest on loans payable in accordance with Council's loan schedule.

Materials and Contracts

The category of materials and contracts includes the cost of running Council's fleet and provisions for purchases such as gravel, stores and consumables. It also contains payments for contracted maintenance services.

Depreciation

Depreciation represents the consumption of an asset over its useful life and is the only non cash item in the Income Statement.

Depreciation expense rises annually by indexation representing the estimated increased cost of the replacement of assets. Depreciation is also increased by the construction of new assets. Depreciation is an important estimate as it is used to measure Council's performance in renewing assets.

Other Expenses

"Other expenses" includes the cost of items such as electricity, insurance, communications and software licensing. This category also contains Council's contributions to third parties. There is a range of support provided to external contributions both in the form of direct financial support and non-financial or in-kind support.

Council provides around \$750,000 per annum in direct financial support to community groups and for community wellbeing initiatives. In addition to this a range of in kind support services are provided.

Net Operating Result

The net operating result is calculated as:

- Total income from continuing operations
- Less: Total expenses from continuing operations

The net operating result includes capital income and is an indicator of the extent to which revenue raised covers operational expenses only or is available for capital funding purposes or other purposes.

Net Operating Result before Capital Grants and Contributions

This is commonly referred to as just the Operating Result and similarly indicates the extent to which revenue raised covers operational expenses only or is available for capital funding purposes or other purposes. However, it excludes capital income and is a better indicator on which to measure Council's financial performance because Council should at least be covering depreciation expense with operating revenues.

Proceeds from Sale of Assets

This is capital funding which is generated from the sale or disposal of assets. In the 2020/21 financial year Council is forecast to dispose of \$1.3 million in fleet trade in or auction sales.

Unrestricted Cash

Unrestricted cash is the balancing item between cash funding and cash expenditure. In the following graphs this is either shown as a source of funding or a source of expenditure. Where unrestricted cash is shown as a source of funding, this represents utilisation of cash held in reserve in the current financial year that has been built up over previous financial years. Where unrestricted cash is shown as a source of expenditure, this represents the planned build up of unrestricted cash to either be held as a buffer against unexpected events or to be used in a future financial year.

Cash Reserves

Cash reserves are established either through legislative provisions or by way of Council resolving to establish reserves. Reserves that are statutory are referred to as externally restricted reserves whereas reserves that are established by way of Council's own funding determinations are referred to as internally restricted reserves.

In the General Fund, Council will transfer \$7.1 million from cash reserves to assist with funding the 2020/21 budget. These reserve transfers include:

- Unspent grants \$4.8 million
- Unspent loan funding for landfill construction \$339,000
- Airport capital works \$903,000
- PreSchool upgrade \$480,000
- S7.12 Contribution Plan \$90,000
- 2019/20 Carry Forward Works \$45,000
- Other internal reserves \$365,000

Transfers to reserve total \$1.3 million and include:

- Domestic Waste Management \$300,000
- Kolora repairs and maintenance \$205,000
- Other internal reserves \$585,000
- S7.12 Contribution Plan \$250,000

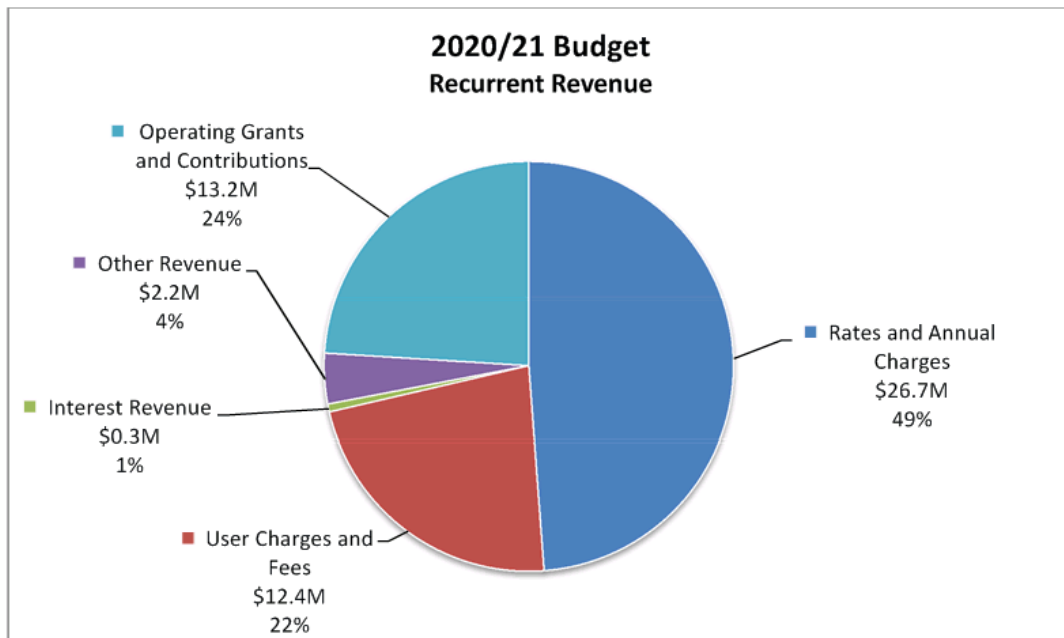
Financial Results

The financial results for the 2020-21 original budget are outlined on the following pages by fund.

General Fund

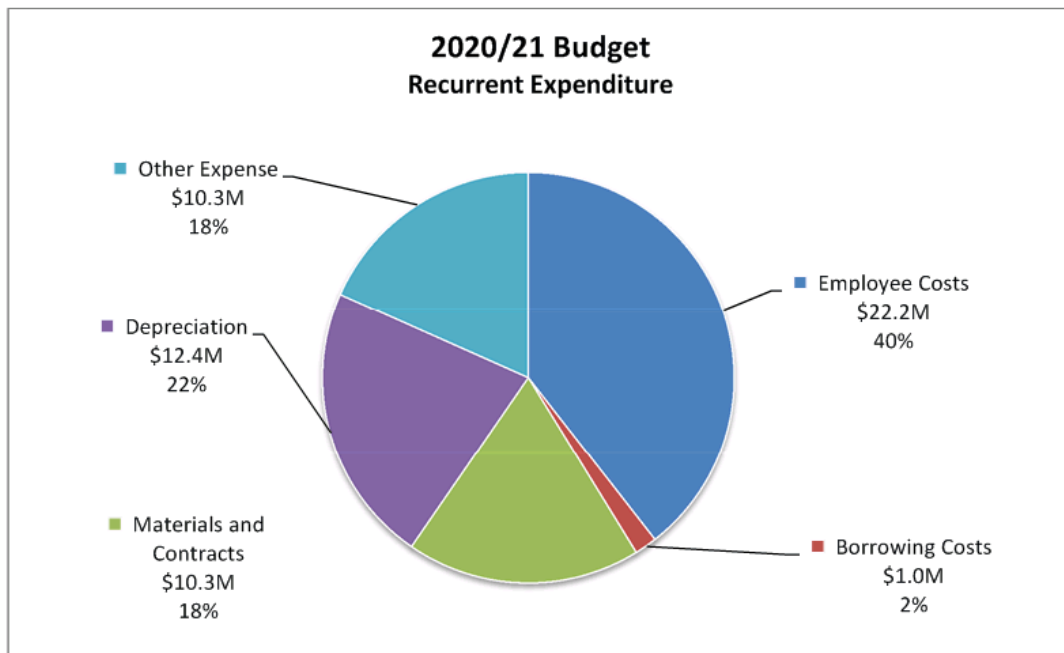
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$54.8 million. The breakup of this revenue is shown below.



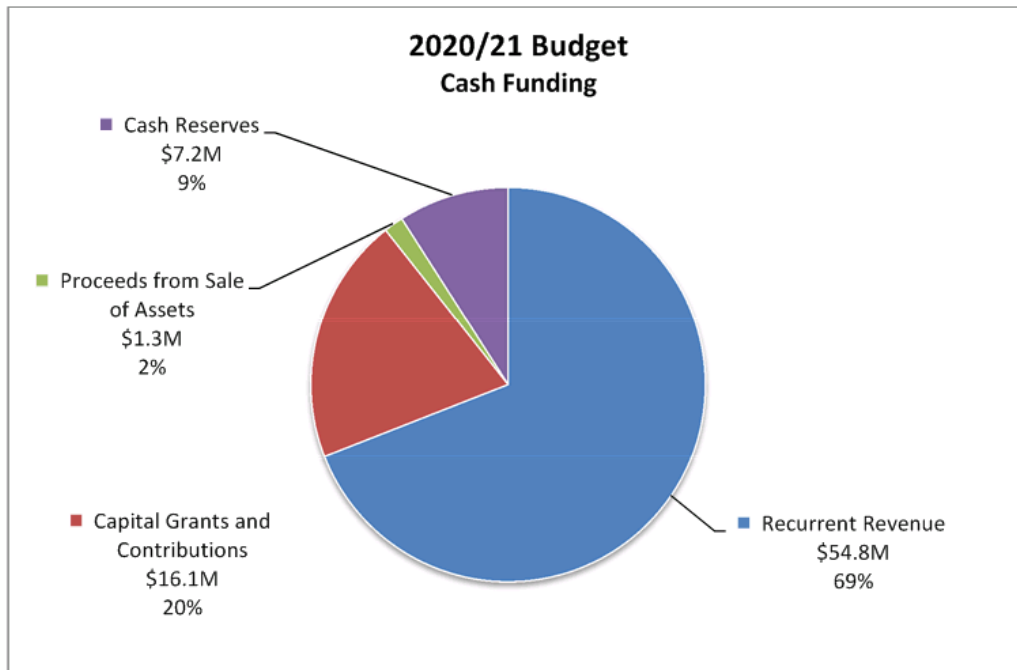
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$56.2 million. The breakup of this expenditure is shown below.



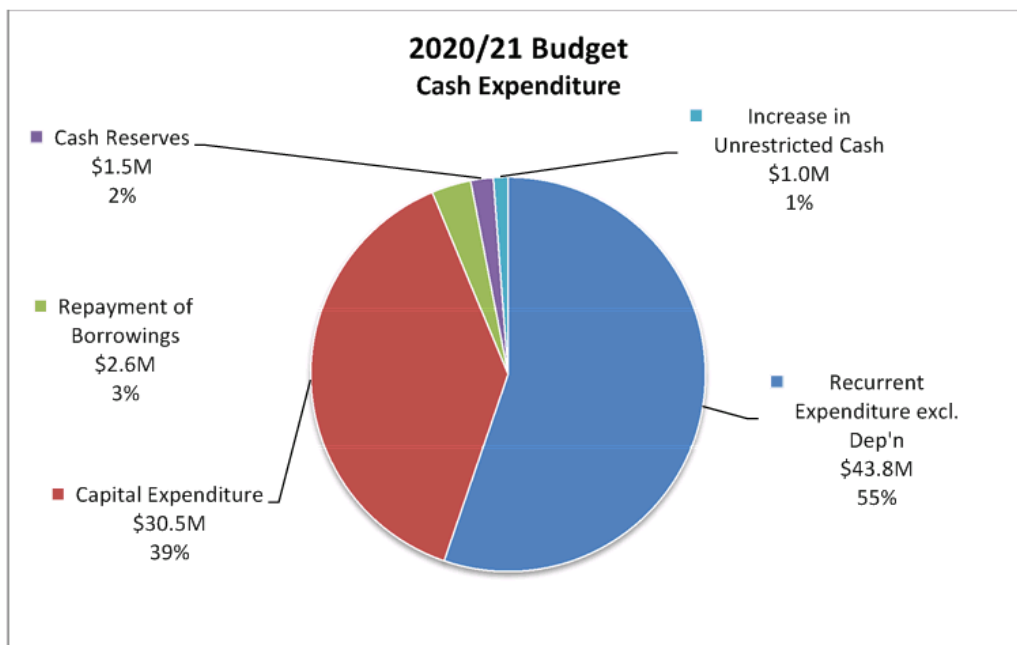
Cash Funding

Total cash funding available for the 2020-21 budget is \$79.3 million. The breakup of funding is shown below.



Cash Expenditure

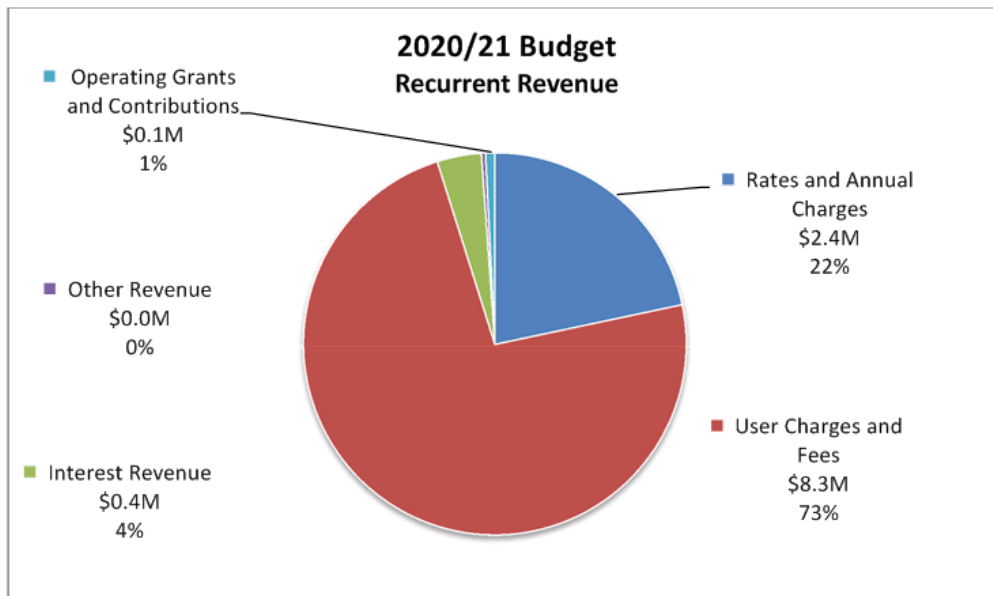
Total cash expended or used in the 2020-21 budget is \$79.3 million. The breakup of expenditure is shown below.



Water Fund

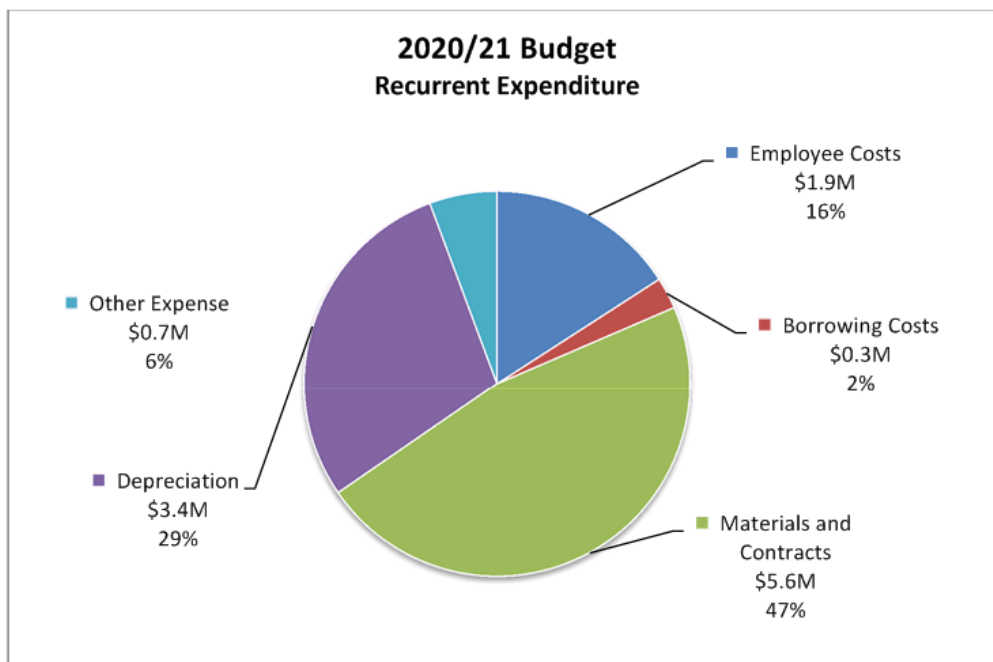
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$11.2 million. The breakup of this revenue is shown below.



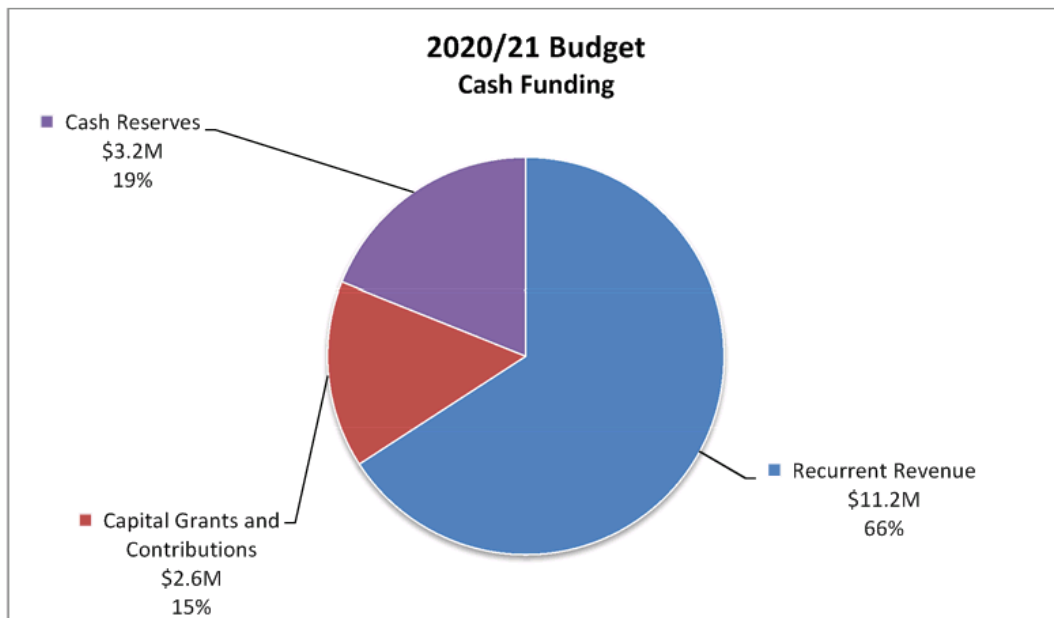
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$11.8 million. The breakup of this expenditure is shown below.



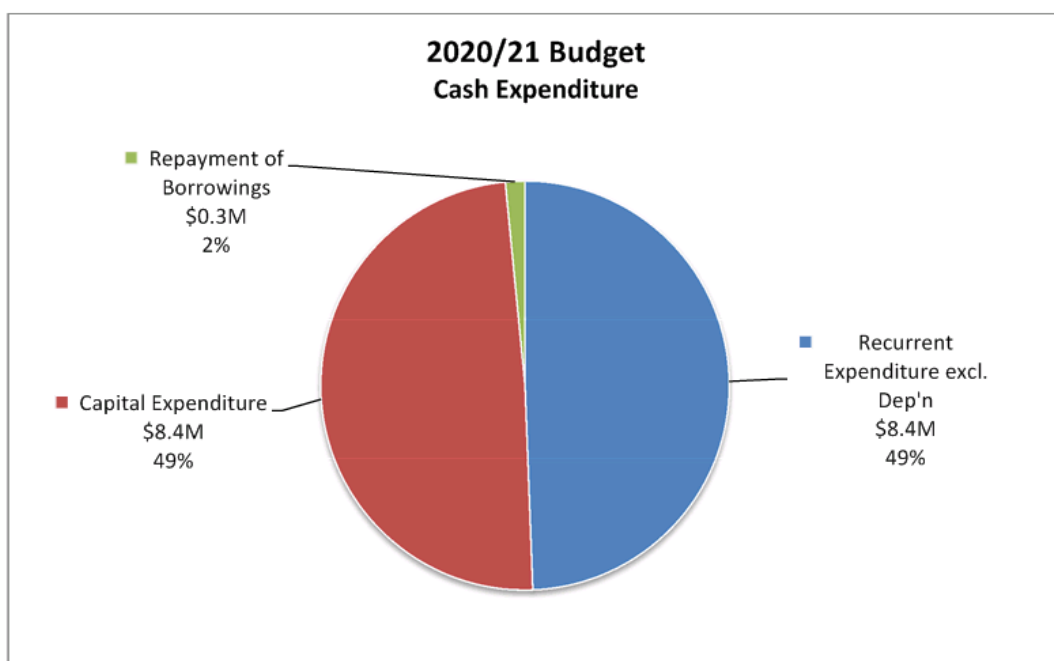
Cash Funding

Total cash funding available for the 2020-21 budget is \$17.0 million. The breakup of funding is shown below.



Cash Expenditure

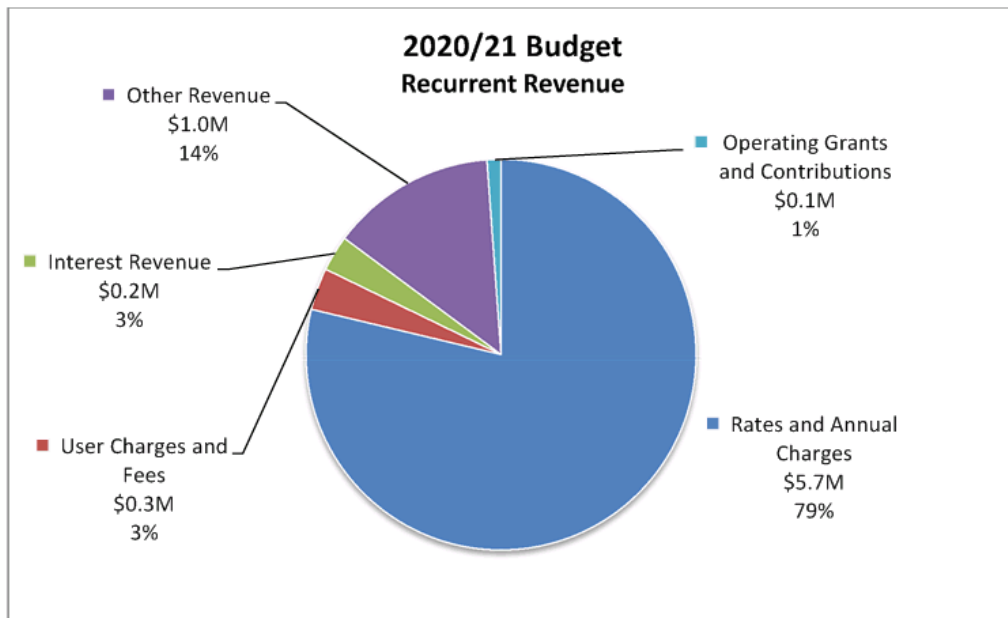
Total cash expended or used in the 2020-21 budget is \$17.0 million. The breakup of expenditure is shown below.



Sewer Fund

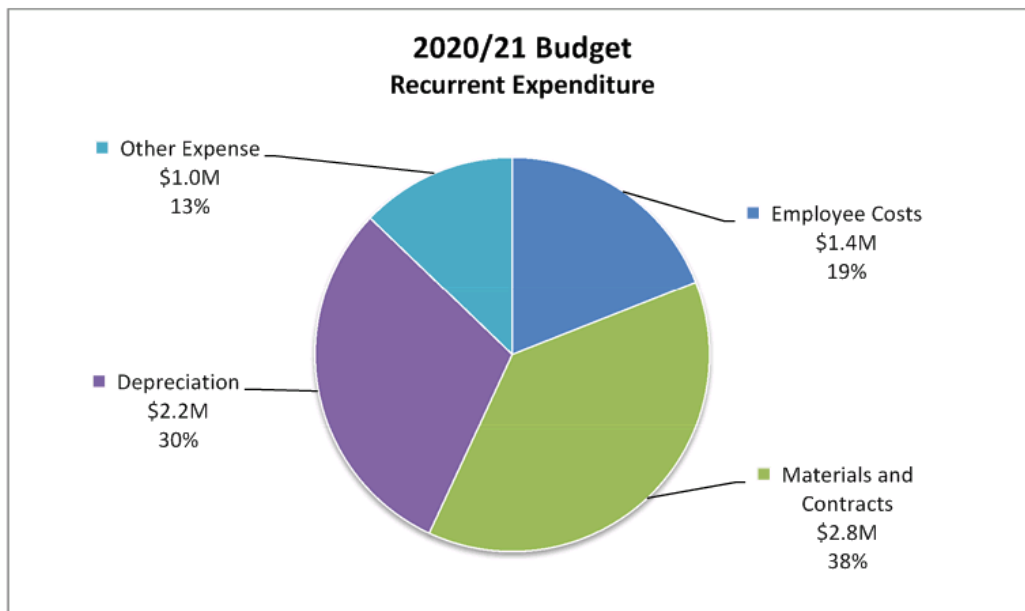
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$7.2 million. The breakup of this revenue is shown below.



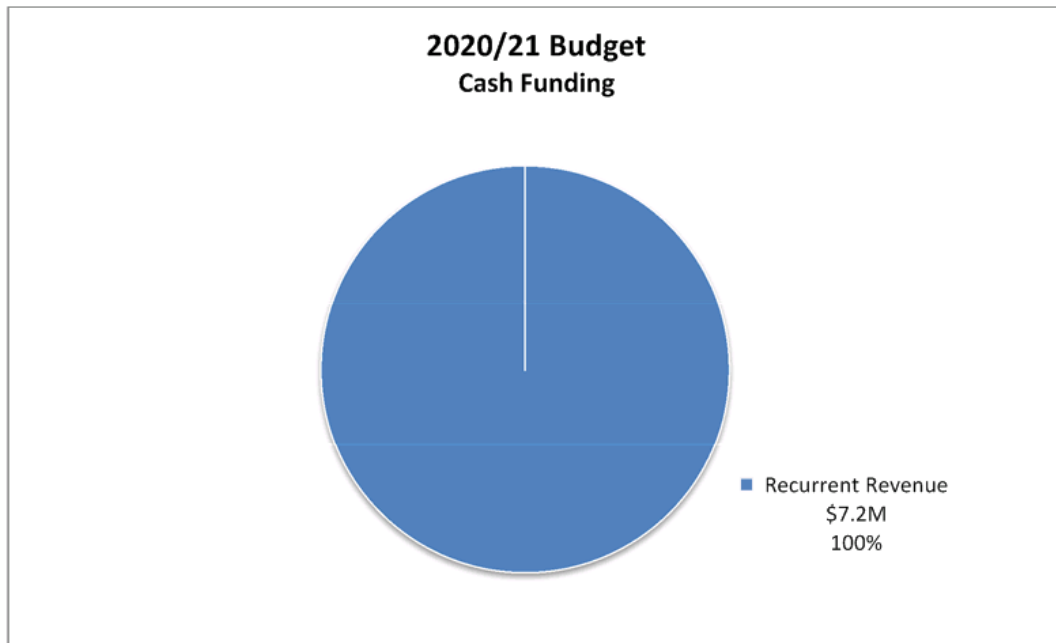
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$7.4 million. The breakup of this expenditure is shown below.

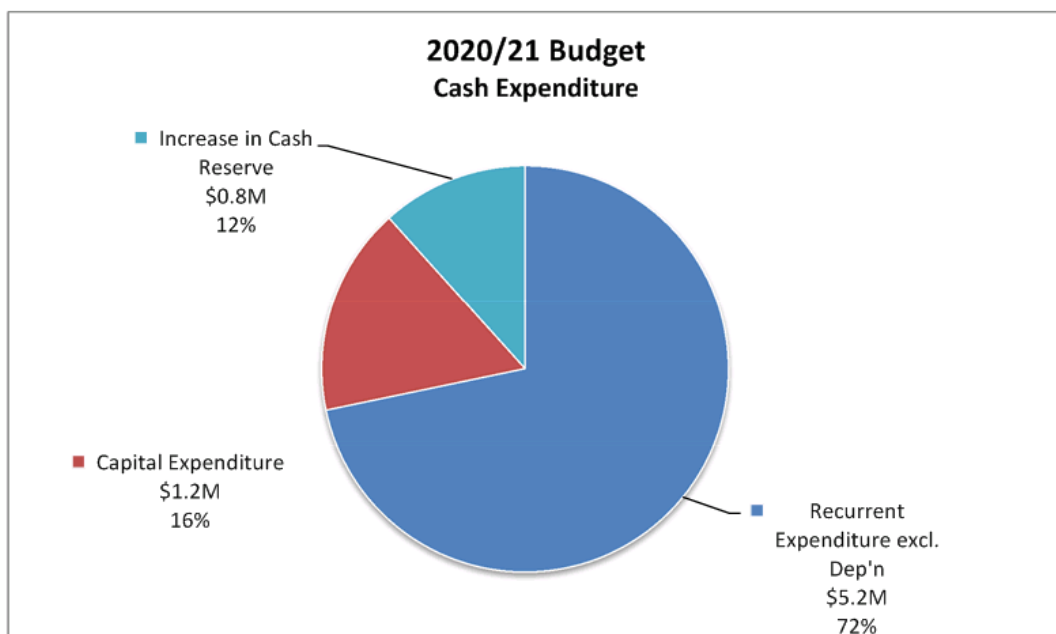


Cash Funding

Total cash funding available for the 2020-21 budget is \$7.2 million. The breakup of funding is shown below.

**Cash Expenditure**

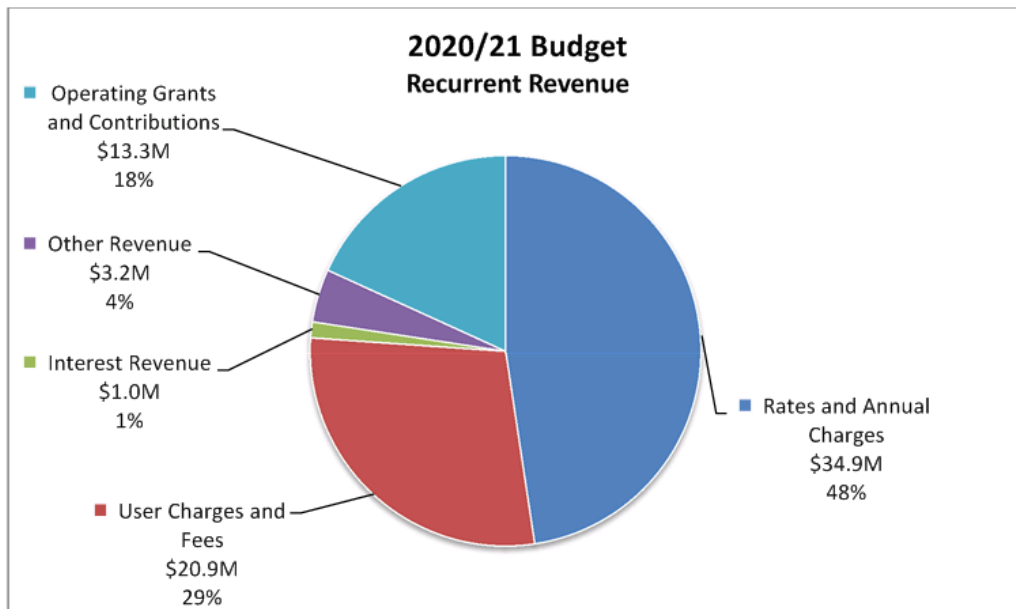
Total cash expended or used in the 2020-21 budget is \$7.2 million. The breakup of expenditure is shown below.



Consolidated Result

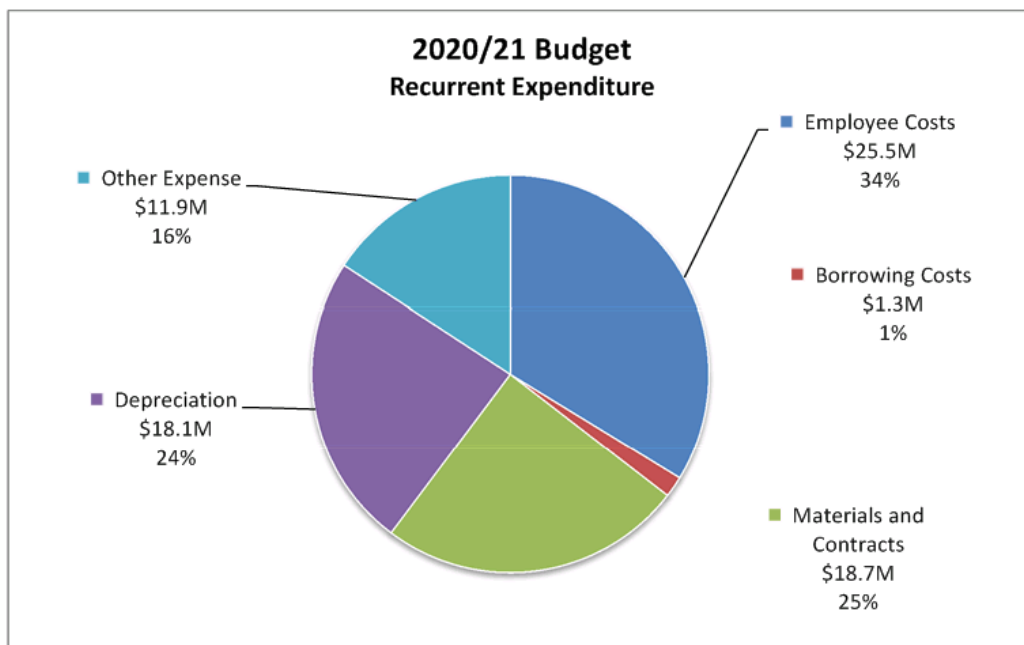
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$73.2 million. The breakup of this revenue is shown below.



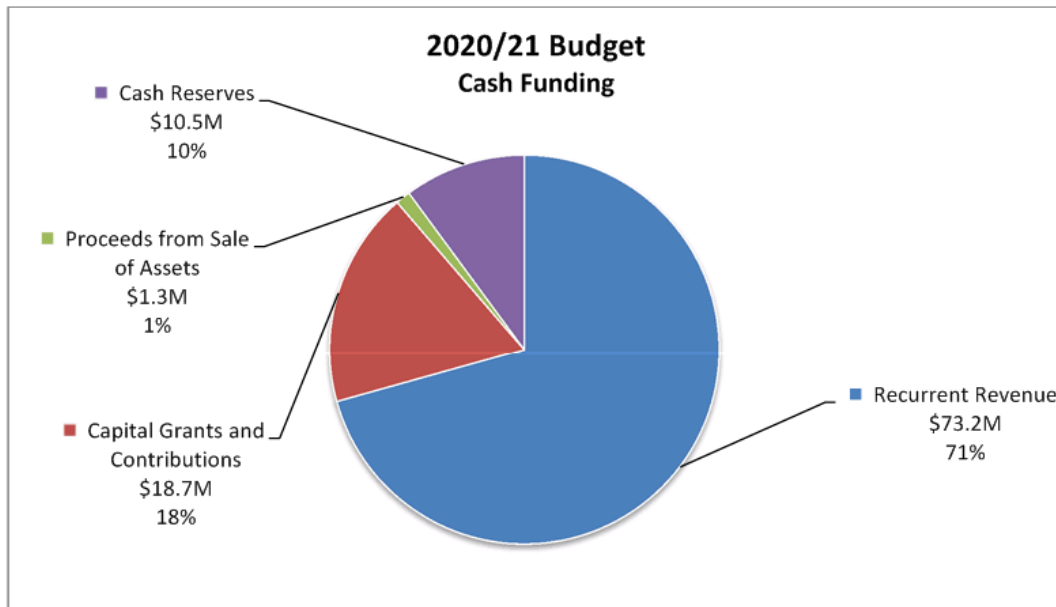
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$75.5 million. The breakup of this expenditure is shown below.

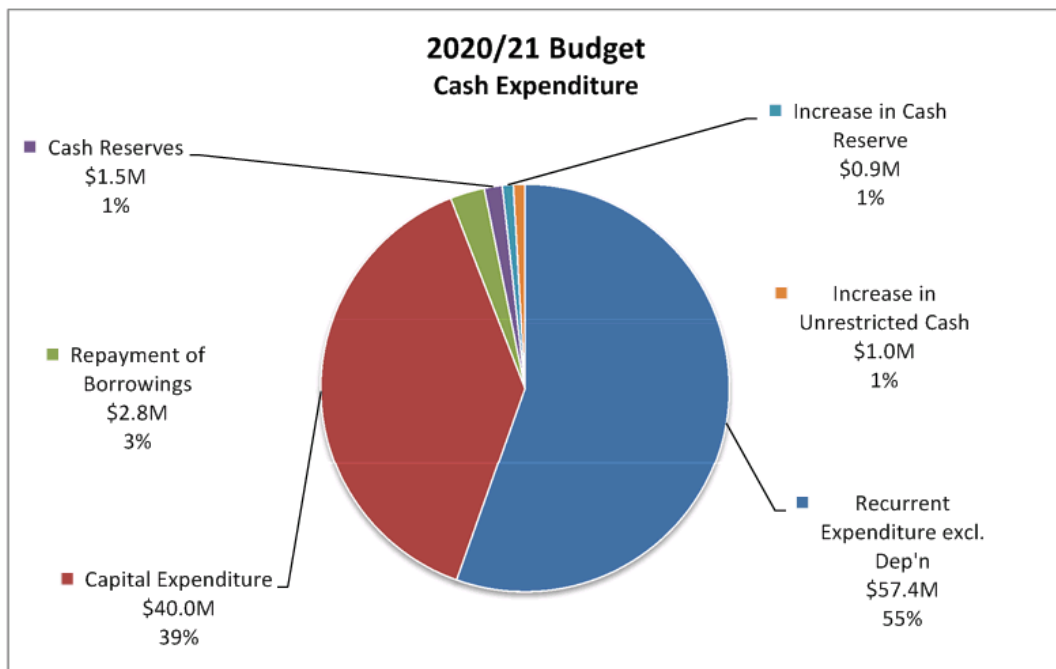


Cash Funding

Total cash funding available for the 2020-21 budget is \$103.6 million. The breakup of funding is shown below.

**Cash Expenditure**

Total cash expended or used in the 2020-21 budget is \$103.6 million. The breakup of expenditure is shown below.



2020-21 Income Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Income from Continuing Operations				
Rates & Annual Charges	26,733	2,435	5,691	34,859
User Charges & Fees	12,355	8,250	251	20,856
Interest & Investment Revenue	342	409	208	959
Other Revenues	2,185	39	990	3,214
Operating Grants & Contributions	13,155	88	84	13,326
Capital Grants & Contributions	16,068	2,593		18,661
Total Income from Continuing Operations	70,838	13,813	7,224	91,875
Expenses from Continuing Operations				
Employee Costs	22,187	1,880	1,414	25,480
Borrowing Costs	989	313	-	1,302
Materials & Contracts	10,336	5,552	2,815	18,703
Depreciation & Amortisation	12,405	3,426	2,248	18,079
Other Expenses	10,310	671	952	11,933
Total Expenses from Continuing Operations	56,226	11,842	7,429	75,497
Net Operating Result	14,612	1,971	(205)	16,378
Net Operating Result before Capital Grants and Contributions	(1,456)	(621)	(205)	(2,283)

2020-21 Balance Sheet

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
ASSETS				
Current Assets				
Cash & Cash Equivalents	5,889		2,767	8,656
Investments	14,474	19,829	15,457	49,760
Receivables	8,958	2,423	974	12,355
Inventories	541		305	846
Other	401			401
Total Current Assets	30,264	22,252	19,503	72,068
Non-Current Assets				
Receivables	329			329
Infrastructure, Property, Plant & Equipment	604,088	179,561	107,266	890,915
Total Non-Current Assets	604,417	179,561	107,266	891,244
TOTAL ASSETS	634,680	201,813	126,769	963,262
LIABILITIES				
Current Liabilities				
Payables	6,727	9		6,736
Income received in advance	1,091	109		1,200
Borrowings	2,707	281		2,988
Provisions	8,409			8,409
Total Current Liabilities	18,934	399	0	19,333
Non-Current Liabilities				
Borrowings	14,041	3,949		17,990
Provisions	3,588			3,588
Total Non-Current Liabilities	17,628	3,949	0	21,578
TOTAL LIABILITIES	36,563	4,348		40,911
Net Assets	598,118	197,464	126,769	922,351
EQUITY				
Retained Earnings	584,843	191,205	122,534	898,582
Revaluation Reserves	13,275	6,259	4,235	23,769
Total Equity	598,118	197,464	126,769	922,351

2020-21 Cashflow Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Cash Flows from Operating Activities				
Receipts:				
Rates & Annual Charges	26,733	2,435	5,691	34,859
User Charges & Fees	12,355	8,250	251	20,856
Interest & Investment Revenue Received	342	409	208	959
Grants & Contributions	29,223	2,681	84	31,987
Other	2,185	39	990	3,214
Payments:				
Employee Costs	(22,187)	(1,880)	(1,414)	(25,480)
Materials & Contracts	(10,336)	(5,552)	(2,815)	(18,703)
Borrowing Costs	(989)	(313)		(1,302)
Other	(10,310)	(671)	(952)	(11,933)
Net Cash provided (or used in) Operating Activities	27,016	5,397	2,043	34,456
Cash Flows from Investing Activities				
Receipts:				
Sale of Investment Securities		3,225		3,225
Sale of Infrastructure, Property, Plant & Equipment	1,268			1,268
Payments:				
Purchase of Infrastructure, Property, Plant & Equipment	(30,488)	(8,360)	(1,200)	(40,048)
Net Cash provided (or used in) Investing Activities	(29,220)	(5,135)	(1,200)	(35,555)
Cash Flows from Financing Activities				
Receipts:				
Proceeds from Borrowings				
Payments:				
Repayment of Borrowings	(2,567)	(263)		(2,830)
Net Cash Flow provided (used in) Financing Activities	(2,567)	(263)	0	(2,830)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,772)	0	843	(3,929)
Plus: Cash, Cash Equivalents & Investments - beginning of year	10,661	0	1,924	12,585
Cash & Cash Equivalents - end of the year	5,889	0	2,767	8,656
Cash & Cash Equivalents - end of the year	5,889	0	2,767	8,656
Investments - end of the year	14,474	19,829	15,457	49,760
Cash, Cash Equivalents & Investments - end of the year	20,363	19,829	18,224	58,415
Representing:				
- External Restrictions	12,698	1,885	1,530	50,750
- Internal Restrictions	4,751			4,751
- Unrestricted	2,914	17,944	16,694	2,914
Total	20,363	19,829	18,224	58,415

2020-21 Equity Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Opening Balance	583,506	195,493	126,974	905,973
Net Operating Result for the Year	14,612	1,971	(205)	16,378
Closing Equity Balance	598,118	197,464	126,769	922,351

Capital Budget

Background

The original budget for the 2020-2021 capital program was developed by identifying critical works, projects that are pre existing commitments and grant dependent projects. Using this criteria the 2020/21 capital program has reached \$40 million, which is higher than prior year capital program delivery.

There are a number of projects that were programmed to be completed in the 2019/20 financial year that have been carried forward to the 2020/21 capital program due to the impact of drought, fires and floods. These conditions have not only prevented works proceeding due to issues such as lack of water but have also diverted resources to respond to disaster events.

Description	Gross	External Funding	Council Funding
General Fund	\$30,488,104	\$23,005,044	\$7,483,060
Water Fund	\$8,360,000	\$2,592,500	\$5,767,500
Sewer Fund	\$1,200,000	\$0	\$1,200,000
Total	\$40,048,104	\$25,597,544	\$14,450,560

Further detail on the 2020/21 capital program is contained in Council's 2020/21 Operational Plan.

Long Term Financial Plan

Introduction

The Long Term Financial Plan (LTFP) directly links to Council's Operational Plan and sets the framework to provide cost effective services within available resources for the duration of the forecast.

The IP&R framework requires Council to prepare a LTFP covering a period of at least ten years. The LTFP is essential for being able to determine:

- The extent to which resources will be available to deliver outcomes identified in the Community Strategic Plan and Delivery Program ;
- The ability of Council to meet financial sustainability targets over the term of the LTFP ; and
- The ability to evaluate and measure the impact of changes to service levels or the introduction of new service levels.

The overall objective of Council's LTFP is to maintain current service levels, identify a capital works program that meets the asset renewal requirements contained in Council's asset management plans and achieve a financially sustainable position.

Based on the following assumptions, the LTFP represents Council's estimates of projected 'secure' revenue within rate peg limits, the maintenance of existing services, infrastructure and facilities, and the delivery of initiatives identified in the Operational Plan 2020-2021.

Assumptions

As with all forecasts, it must be acknowledged that things change over time and that long term forecasts are useful as a guidance tool which can identify financial issues in advance and enable a strategy or plan to be developed to deal with them. This LTFP has been prepared using a number of assumptions, which are applicable from 2020-21 onwards.

The LTFP has been developed with the overriding assumption that Council will prioritise projects in accordance with available funding and will continue to maintain its current service levels.

The LTFP is based on maintaining existing services at current levels of service. Service levels can affect operating costs and income as well as asset maintenance costs. The LTFP demonstrates that Council's General Fund is not in a position to introduce additional unfunded services or increase service levels above existing levels.

The LTFP also includes the following specific assumptions:

General Assumptions

Item	Comment
Population Growth	In line with NSW Government's population forecasts, Council's population is currently estimated at 32,750 and this is projected to increase to 36,500 by 2031. These growth estimates have been incorporated into both revenues and expenses.

Recurrent Revenue Assumptions

Item	Comment
Rate Peg	The rate peg amount is closely related to local government CPI rates as determined by IPART. The rate peg has been determined at 2% for 2021/22 and IPART recommends use of 2.5% for financial modelling.
Special Rate Variation (SRV)	<p>The base scenario assumes no SRV funding and the remaining two scenarios assume the following SRV options:</p> <ol style="list-style-type: none"> 1. Council will apply for a permanent Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum. 2. Council will apply for a permanent Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current temporary SRV which is due to end in 2021.
Annual Charges – Waste & Drainage	<p>Increased in line with estimated CPI increase of 2.5%.</p> <p>There is an impact from reduction of the Waterfall Way landfill levy in line with reduced loan repayments as follows: 2023/24 \$600,000 2026/27 \$300,000 2027/28 \$1,100,000</p> <p>While this doesn't have an overall net impact on cash as the levy proceeds offset the loan repayments it does negatively impact the operating result.</p>
Annual & User Charges – Water & Sewer	The increase has been set to generate a sufficient level of funding for the water and sewer capital program forecasts.
User Charges & Fees – Non Statutory	<p>Increased in line with estimated CPI increase of 2.5% based on the assumption that service levels will be maintained. Council is committed to all opportunities to increase user fees where possible.</p> <p>In 2020/21 a decrease in airport user fees and charges of around \$825,000 has been recognised due to COVID-19 shutdown provisions. This is assumed to largely correct in 2021/22 as restrictions are eased and flight services resume.</p>
User Charges & Fees - Statutory	Increases for these fees are not set by Council.
Interest & Investment Revenues	Recalculated based on forecast cash levels with an interest rate between 1%-2% over the life of the forecast.
Other Revenues	Increased in line with estimated CPI increase of 2.5%.
Operating Grants & Contributions	<p>Indexation has been applied to operating grants at 2.0%.</p> <p>In 2021/22 a decrease in the Roads to Recovery grant of \$715,000 has been recognised as Council is currently receiving a temporary increase in the level of funding as a result of drought funding.</p> <p>Also in 2021/22 Council estimates Financial Assistance Grant funding will fall by \$300k due to the Tingha boundary adjustment and this has been removed from both operating revenue and expenditure.</p>

Recurrent Expenditure Assumptions

Item	Comment
Employee Costs	<p>Based on estimated award increases, increment increases and includes an allowance for staffing numbers growth.</p> <p>Movement in employee costs is determined through industry wide award negotiations and market forces. Impacts affecting wages volatility include internal and external factors, such as skills shortages, staff turnover, attraction and retention of skilled and experienced staff, increases in superannuation, award increase and changes in service levels.</p>
Borrowing Costs	Included as per loan borrowings schedule. New loans have only been assumed for the Water Fund.
Materials & Contracts	<p>These costs generally increase in line with CPI; however a small growth allowance has also been assumed.</p> <p>The 2021/22 election is likely to increase these costs by at least \$250,000 in that year.</p>
Depreciation	<p>The 2019-20 depreciation rates for each class of assets are assumed to continue over the life of the forecast.</p> <p>In accordance with accounting standard requirements, all classes of assets will continue to be revalued in the future, including a revaluation of transport assets that is currently underway.</p>
Other Expenses	<p>These costs often increase above the level of CPI.</p> <p>In 2021/22 an increase of \$300,000 will occur in these costs for the increase in the Emergency Services Levy passed onto councils by the NSW Government to pay for increased workers compensation insurance.</p>

Capital Assumptions

Item	Comment
Capital Grants & Contributions	An assumption is made that Council will continue to receive capital grants and contributions from Federal and State sources, at a level that is consistent with previous years.
Capital Expenditure – New Assets	Included as per the capital program. Ongoing new capital projects have been assumed to be completed but beyond 2021/22 new capital spend consists of projects at the airport, a minor amount of new footpaths and other structures expenditure and a minor component of upgrade road works.
Capital Expenditure – Asset Renewal	<p>Asset renewal projections are in accordance with the funding available under each SRV scenario. The increase in funding from the SRV is applied to General Fund asset renewal as follows:</p> <ul style="list-style-type: none"> • Maintain Services – additional \$1.5 million in asset renewal funding annually above decrease services (no SRV) scenario • Improve Services – additional \$3.3 million in asset renewal funding annually above decrease services (no SRV) scenario

Item	Comment
Loan Repayments	<p>Repayments on the present loan are forecast in accordance with the borrowings schedule.</p> <p>New borrowings are assumed to be financed by 20 year loans at a current indicative borrowing rate of 2.5%. Two new loans have been assumed in the forecast for the Water Fund for the purpose of infrastructure funding.</p> <p>The loan taken out for the landfill has a \$4 million balloon payment due in the 2023-24 financial year. This has been assumed to be refinanced for a further 4 years at 4% to smooth out the cashflows required for the borrowing program.</p>
Fixed Asset Values	The value of fixed assets is based on the current value of PPE adjusted for the forecast level of purchases and disposals.
Proceeds from Asset Sales	Provision has been made for the trade in or disposal of plant and fleet in line with the replacement program but no other asset sales have been assumed.

LTFP Assumptions

The following planning assumptions are constant in all financial modelling scenarios.

Assumptions	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31
Rate Peg	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Growth Allowance</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Annual Charges – Waste & Drainage	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Growth Allowance</i>	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Annual Charges – Water & Sewer	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
<i>Growth Allowance</i>	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees – Non Statutory	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Growth Allowance</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
User Charges & Fees – Statutory	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<i>Growth Allowance</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
User Charges – Water	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Revenue	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Operating Grants & Contributions	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Employee Costs	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials & Contracts	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Growth Allowance</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Other Expenses	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Budgeted Financial Statements

Budgeted Income Statement

This statement outlines:

- All sources of Council's income (revenue)
- All recurrent expenditure. These expenses relate to operations and do not include capital expenditure although depreciation of assets is included.

The Net Operating Result for the year is a measure of Council's financial performance. This figure is determined by deducting total recurrent expenditure from total income.

The Net Operating Result before Capital Grants and Contributions therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs). This result is considered the most relevant measure of financial sustainability as it excludes income that can only be used for the acquisition of new assets.

Budgeted Balance Sheet

This statement outlines what Council owns (assets) and what it owes (liabilities) at a point in time. Council's net worth is determined by deducting total liabilities from total assets – the larger the net equity, the stronger the financial position.

Budgeted Cashflow Statement

This statement summarises the actual flows of cash for a period and explains the change in the cash balance held from the start of the period through to the end of the reporting period. The Cashflow Statement shows the receipt and payment of all operating, investing and financing transactions, and the impact of this on cash balances and the forecast level of unrestricted cash at the end of each reporting period.

SRV SCENARIO: Decrease Services

LTFP Income Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	34,654	36,005	36,811	38,256	39,759	41,023	41,541	43,193	44,912	46,701
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	84,362	78,644	79,813	83,386	86,306	88,137	90,045	94,809	96,670	99,531
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	8,120	366	(443)	1,132	1,987	1,677	1,338	3,752	3,189	3,531
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(4,149)	(3,659)	(3,603)	(2,866)	(2,077)	(1,503)	(1,697)	(779)	218	1,266
General Fund Operating Result	177	(1,456)	(3,490)	(3,175)	(3,380)	(3,073)	(2,754)	(2,715)	(3,510)	(3,228)	(2,913)	(2,604)
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(4,149)	(3,659)	(3,603)	(2,866)	(2,077)	(1,503)	(1,697)	(779)	218	1,266

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,516	14,678	14,916	14,190	15,413	19,038	20,075	27,021	33,241	42,810
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,096	66,245	60,882	55,763	52,222	55,826	56,863	63,810	70,029	79,598
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	898,615	906,393	908,041	911,147	913,664	909,161	908,049	903,551	899,373	892,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	899,232	907,009	908,657	911,764	914,280	909,777	908,665	904,168	899,990	893,271
TOTAL ASSETS	947,878	961,426	972,327	973,254	969,539	67,527	966,502	965,603	965,529	967,977	970,019	972,869
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053

\$'000	Draft Actual	Original Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	901,322	901,688	901,245	902,377	904,364	906,042	907,379	911,131	914,320	917,850
EQUITY												
Retained Earnings	845,741	862,119	870,239	870,605	870,162	871,294	873,281	874,959	876,296	880,048	883,237	886,767
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	901,322	901,688	901,245	902,377	904,364	906,042	907,379	911,131	914,320	917,850

LTFP Cashflow Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	34,654	36,005	36,811	38,256	39,759	41,023	41,541	43,193	44,912	46,701
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	26,650	19,360	19,026	21,088	22,442	22,643	22,827	25,779	25,766	26,673
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(37,096)	(27,977)	(22,484)	(24,265)	(24,173)	(17,659)	(21,592)	(18,686)	(19,577)	(17,660)

\$'000	Draft Actual	Original Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Equipment												
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(31,844)	(19,758)	(15,516)	(18,669)	(18,207)	(16,442)	(20,378)	(17,529)	(18,400)	(16,423)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Increase/(Decrease) in Cash & Cash Equivalents	9,816	(3,928)	(2,412)	162	237	(726)	1,223	3,624	1,038	6,946	6,220	9,569
plus: Cash, Cash Equivalents & Investments - beginning of year	11,040	20,856	16,928	14,516	14,678	14,916	14,190	15,413	19,038	20,075	27,021	33,241
Cash & Cash Equivalents - end of the year	20,856	16,928	14,516	14,678	14,916	14,190	15,413	19,038	20,075	27,021	33,241	42,810
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,560	51,709	46,346	41,228	37,687	41,291	42,328	49,274	55,494	65,063
Representing:												
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835
- Unrestricted	2,139	3,091	1,913	1,351	1,178	131	599	2,493	883	7,534	11,454	16,770
Total	72,151	64,997	58,560	51,709	46,346	41,228	37,687	41,291	42,328	49,274	55,494	65,063

Key Performance Indicators

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(6.59%)	(5.81%)	(6.05%)	(5.33%)	(4.63%)	(4.44%)	(5.66%)	(5.04%)	(4.40%)	(3.81%)
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(5.75%)	(4.90%)	(4.70%)	(3.61%)	(2.52%)	(1.77%)	(1.95%)	(0.86%)	0.23%	1.30%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	69.73%	77.22%	77.50%	77.36%	77.59%	78.27%	78.38%	76.36%	78.49%	79.60%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	72.40%	80.60%	81.69%	81.19%	81.48%	82.60%	82.86%	81.88%	83.58%	84.50%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.05x	1.07x	1.04x	1.08x	1.26x	1.19x	1.55x	1.80x	2.09x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	2.83x	2.91x	3.39x	3.92x	4.57x	5.66x	13.73x	18.45x	26.79x	145.11x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	3.74x	3.57x	3.9x	4.43x	5.06x	6.27x	10.48x	12.32x	15.09x	24.26x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.01	5.89	5.87	5.58	5.75	6.15	5.90	7.29	7.84	8.99
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.49	0.34	0.29	0.03	0.14	0.58	0.21	1.71	2.54	3.64
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	47.9%	42.7%	44.0%	54.3%	55.3%	52.9%	75.3%	40.7%	55.9%	41.4%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	74.3%	91.8%	69.9%	84.3%	80.7%	54.5%	68.0%	56.5%	58.2%	49.2%

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.41%	2.66%	2.91%	3.13%	3.35%	3.59%	3.72%	4.05%	4.31%	4.67%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	2.01%	2.04%	2.18%	2.25%	2.33%	2.55%	2.71%	2.94%	3.16%	3.45%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

SRV SCENARIO: Maintain Services

LTFP Income Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	36,122	37,529	38,393	39,898	41,463	42,792	43,378	45,099	46,890	48,755
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	85,830	80,168	81,395	85,028	88,011	89,907	91,882	96,716	98,649	101,585
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	9,588	1,890	1,139	2,774	3,692	3,447	3,174	5,658	5,167	5,585
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(2,681)	(2,135)	(2,021)	(1,224)	(372)	266	140	1,127	2,196	3,320
General Fund Operating Result	177	(1,456)	(2,022)	(1,651)	(1,798)	(1,431)	(1,049)	(946)	(1,673)	(1,321)	(935)	(550)
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(2,681)	(2,135)	(2,021)	(1,224)	(372)	266	140	1,127	2,196	3,320

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,484	14,671	14,990	14,407	15,834	19,728	21,102	28,454	35,153	45,276
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,064	66,237	60,956	55,980	52,643	56,516	57,890	65,243	71,941	82,064
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	900,115	909,393	912,541	917,147	921,164	918,161	918,549	915,551	912,873	907,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	900,732	910,009	913,157	917,764	921,780	918,777	919,165	916,168	913,490	908,271
TOTAL ASSETS	947,878	961,426	973,796	976,246	974,113	973,743	974,423	975,293	977,055	981,410	985,431	990,335
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59

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\$'000	Draft Actual	Original Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	902,790	904,680	905,819	908,593	912,285	915,732	918,906	924,564	929,731	935,316
EQUITY												
Retained Earnings	845,741	862,119	871,707	873,597	874,736	877,510	881,202	884,649	887,823	893,481	898,648	904,233
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	902,790	904,680	905,819	908,593	912,285	915,732	918,906	924,564	929,731	935,316

LTFP Cashflow Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	36,122	37,529	38,393	39,898	41,463	42,792	43,378	45,099	46,890	48,755
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	28,118	20,884	20,608	22,730	24,146	24,412	24,664	27,685	27,745	28,727
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(38,596)	(29,477)	(23,984)	(25,765)	(25,673)	(19,159)	(23,092)	(20,186)	(21,077)	(19,160)

\$'000	Draft Actual	Original Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Equipment												
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(33,344)	(21,258)	(17,016)	(20,169)	(19,707)	(17,942)	(21,878)	(19,029)	(19,900)	(17,923)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Increase/(Decrease) in Cash & Cash Equivalents	9,816	(3,928)	(2,443)	187	319	(584)	1,428	3,894	1,374	7,353	6,698	10,123
plus: Cash, Cash Equivalents & Investments - beginning of year	11,040	20,856	16,928	14,484	14,671	14,990	14,407	15,834	19,728	21,102	28,454	35,153
Cash & Cash Equivalents - end of the year	20,856	16,928	14,484	14,671	14,990	14,407	15,834	19,728	21,102	28,454	35,153	45,276
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,529	51,702	46,421	41,445	38,108	41,981	43,355	50,708	57,406	67,529
Representing:												
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835
- Unrestricted	2,139	3,091	1,881	1,344	1,252	347	1,020	3,183	1,910	8,967	13,366	19,236
Total	72,151	64,997	58,529	51,702	46,421	41,445	38,108	41,981	43,355	50,708	57,406	67,529

Key Performance Indicators

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(3.71%)	(2.94%)	(3.13%)	(2.41%)	(1.71%)	(1.50%)	(2.62%)	(2.00%)	(1.37%)	(0.78%)
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(3.64%)	(2.80%)	(2.58%)	(1.51%)	(0.44%)	0.31%	0.16%	1.22%	2.30%	3.34%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	70.45%	77.82%	78.10%	77.97%	78.19%	78.87%	78.99%	77.01%	79.10%	80.19%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	72.88%	80.97%	82.04%	81.55%	81.84%	82.94%	83.20%	82.24%	83.91%	84.81%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.05x	1.07x	1.05x	1.1x	1.29x	1.24x	1.63x	1.90x	2.22x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	3.24x	3.33x	3.91x	4.5x	5.24x	6.51x	15.96x	21.39x	31x	167.55x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	4.09x	3.9x	4.26x	4.84x	5.52x	6.82x	11.43x	13.41x	16.38x	26.27x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.01	5.89	5.89	5.63	5.85	6.31	6.14	7.61	8.26	9.53
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.49	0.34	0.31	0.08	0.24	0.74	0.44	2.04	2.97	4.18
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	63.1%	57.5%	58.5%	68.4%	69.1%	66.4%	88.4%	53.5%	68.4%	53.6%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	83.9%	101.1%	79.0%	93.1%	89.3%	62.9%	76.3%	64.6%	66.1%	56.8%

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.34%	2.53%	2.71%	2.86%	3.01%	3.18%	3.23%	3.48%	3.66%	3.92%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	1.97%	1.97%	2.06%	2.09%	2.13%	2.31%	2.42%	2.60%	2.78%	3.01%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

SRV SCENARIO: Improve Services

LTFP Income Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	37,972	39,449	40,386	41,966	43,610	45,021	45,691	47,500	49,383	51,342
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	87,680	82,087	83,388	87,097	90,158	92,135	94,195	99,117	101,142	104,172
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	11,437	3,810	3,132	4,843	5,839	5,675	5,488	8,059	7,660	8,172
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(831)	(215)	(28)	844	1,775	2,495	2,453	3,528	4,689	5,907
General Fund Operating Result	177	(1,456)	(172)	269	195	637	1,098	1,283	640	1,080	1,558	2,037
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(831)	(215)	(28)	844	1,775	2,495	2,453	3,528	4,689	5,907

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,534	14,840	15,352	15,037	16,812	21,134	23,022	30,976	38,366	49,277
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,113	66,406	61,318	56,611	53,621	57,923	59,810	67,764	75,155	86,065
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	901,915	912,993	917,941	924,347	930,164	928,961	931,149	929,951	929,073	925,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	902,532	913,609	918,557	924,964	930,780	929,577	931,765	930,568	929,690	926,271
TOTAL ASSETS	947,878	961,426	975,645	980,015	979,875	981,574	984,401	987,500	991,575	998,331	1,004,844	1,012,336
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053

\$'000	Draft Actual	Original Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	904,639	908,450	911,581	916,424	922,263	927,938	933,426	941,485	949,145	957,317
EQUITY												
Retained Earnings	845,741	862,119	873,556	877,367	880,498	885,341	891,180	896,855	902,343	910,402	918,062	926,234
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	904,639	908,450	911,581	916,424	922,263	927,938	933,426	941,485	949,145	957,317

LTFP Cashflow Statement

\$'000	Draft Actual 2019/20	Original Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	37,972	39,449	40,386	41,966	43,610	45,021	45,691	47,500	49,383	51,342
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	29,968	22,804	22,600	24,798	26,293	26,641	26,977	30,087	30,238	31,314
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(40,396)	(31,277)	(25,784)	(27,565)	(27,473)	(20,959)	(24,892)	(21,986)	(22,877)	(20,960)

\$'000	Draft Actual	Original Budget		Projected Years								
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Equipment												
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(35,144)	(23,058)	(18,816)	(21,969)	(21,507)	(19,742)	(23,678)	(20,829)	(21,700)	(19,723)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)
Net Increase/(Decrease) in Cash & Cash Equivalents	9,816	(3,928)	(2,394)	306	512	(315)	1,775	4,322	1,887	7,954	7,391	10,910
plus: Cash, Cash Equivalents & Investments - beginning of year	11,040	20,856	16,928	14,534	14,840	15,352	15,037	16,812	21,134	23,022	30,976	38,366
Cash & Cash Equivalents - end of the year	20,856	16,928	14,534	14,840	15,352	15,037	16,812	21,134	23,022	30,976	38,366	49,277
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,578	51,871	46,783	42,075	39,086	43,387	45,275	53,229	60,620	71,530
Representing:												
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835
- Unrestricted	2,139	3,091	1,931	1,513	1,614	978	1,998	4,589	3,830	11,489	16,579	23,237
Total	72,151	64,997	58,578	51,871	46,783	42,075	39,086	43,387	45,275	53,229	60,620	71,530

Key Performance Indicators

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(0.31%)	0.46%	0.33%	1.04%	1.73%	1.97%	0.97%	1.58%	2.20%	2.79%
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(1.10%)	(0.28%)	(0.04%)	1.02%	2.06%	2.80%	2.69%	3.73%	4.78%	5.80%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	71.30%	78.53%	78.82%	78.69%	78.91%	79.57%	79.71%	77.78%	79.81%	80.88%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	73.45%	81.41%	82.47%	81.99%	82.27%	83.35%	83.61%	82.67%	84.31%	85.19%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.06x	1.09x	1.08x	1.15x	1.36x	1.34x	1.76x	2.07x	2.43x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	3.76x	3.86x	4.55x	5.24x	6.09x	7.58x	18.76x	25.1x	36.3x	195.81x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	4.54x	4.32x	4.72x	5.35x	6.08x	7.52x	12.62x	14.77x	18.01x	28.81x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.02	5.94	5.98	5.78	6.09	6.64	6.59	8.19	8.98	10.40
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.50	0.38	0.40	0.24	0.47	1.07	0.89	2.61	3.68	5.05
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	81.3%	75.3%	75.9%	85.4%	85.6%	82.5%	104.2%	68.9%	83.4%	68.2%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	95.3%	112.3%	89.9%	103.8%	99.7%	73.1%	86.2%	74.2%	75.5%	66.0%

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.27%	2.37%	2.48%	2.55%	2.61%	2.70%	2.68%	2.83%	2.92%	3.09%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	1.92%	1.87%	1.91%	1.90%	1.90%	2.02%	2.08%	2.21%	2.33%	2.51%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

Risk and Sensitivity Analysis

Introduction

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

Temporary Special Rate Variation (SRV)

The temporary SRV in place for the former Armidale Dumaresq Council will expire 30 June 2021. The impact of this SRV expiring without an alternative source of funding available would be significant as rate income would need to reduce by around \$1.5m recurrently.

This would have a significant impact on the General Fund and would immediately impact the level unrestricted cash available as well as result in an operating deficit of over \$3 million. Without a significant change in service levels, the General Fund would completely run out of unrestricted cash within 2 years if this scenario eventuates.

Financial Assistance Grants

The NSW Government has advised it is currently reviewing the grant methodology in line with NSW policy to direct the general purpose component of the grant to councils with greatest relative need. As Council is forecast to receive around \$6 million in financial assistance grants, changes to the allocation of these grants or a change in government policy that affects the value and timing of when these grants are paid would have a significant impact.

If, for example, Council experienced a 10% reduction in the level of these grants then it would immediately result in an operating deficit of over \$600,000 and would also impact unrestricted cash.

Unexpected Events

While a range of possible scenarios can be modelled, Council's largest risk is from the impact of unexpected events, particularly where they have a financial impact within the year they are identified. Such risks included:

- Project cost overruns due to unforeseen factors;
- Changes to government funding policies (e.g. removal of advance payment of financial assistance grants or reduction in grant funding sources);
- Severe weather events (not declared disaster events) causing significant damage to road infrastructure (e.g. landslips, blocked stormwater drains, potholes);
- Unexpected shifting of costs from other levels of government; and
- Downturn in the economy resulting in lower revenues from user charges and fees (e.g. landfill fees and development approval fees).

As most of these impacts would significantly affect the General Fund, it has been identified as an important strategy to increase the level of unrestricted cash to act as a buffer against these types of events.



Workforce Management Plan 2018 - 2022

Unleash the opportunities

www.armidaleregional.nsw.gov.au

Introduction

Armidale Regional Council's (ARC) Workforce Planning process is a dynamic process designed to match workforce requirements with organisational objectives, now and into the future. It provides Council with direction and helps identify workforce requirements needed to meet the expectations of the Community as provided in the Community Strategic Plan.

The Integrated Planning and Reporting (IP&R) Framework and *Fit for the Future Improvement Plan* conveys the need to outline how council will achieve financial sustainability into the future, including through its workforce. The need for a Workforce Plan is a well considered theme within the sector and has been recognised and promoted as a means of addressing the future challenges facing the industry and changing operational needs.

In addition to delivering on the expectations of the community and requirements of the IP&R, one of the five key objectives of the NSW State Government's Stronger Council's initiative is *Sound Organisational Health*. The implementation of the Workforce Management Plan (WMP) is included in the scope of the *Sound Organisational Health* project.

Themes of the need to address increasing skill shortages through innovative attraction and retention strategies and leadership skill development amongst all senior managers, including General Managers and Directors was identified as part of the Independent Local Government Review Panel outcomes.

It is intended that this Plan will be an evolving document that will change as the community and the organisation continues to grow and change. Council will continuously review and monitor the Workforce Management Plan to ensure its meeting the organisations needs.

Building The Workforce Management Plan

As part of the process of building the workforce management plan, consideration was given to a wide variety of issues related to the standard of our service delivery, key projects resourcing requirements and linking into key strategic objectives of Council.

Looking To The Future

Council's strategic workforce priorities will continue to build upon the achievements made to date and develop the committed and capable workforce it already has.

In addition, the priorities and action plans contained herein are informed by key workforce trends, the changing environment and Council's workforce profile. Across the local government industry and Australia, there are consistent themes of change which are impacting on the nature of work and defining the workforce of the future. Council will need to be conscious of and responsive to these changes.

Significant trends include:

The Impact Of Technology

With the rapid change in technology occurring, Council and its workforce need to evolve at the same pace.

Technological improvements make it possible for Council to offer more flexible work arrangements through the opportunity to telecommute and work from virtual offices or home. Information is now more easily accessible and able to be shared more quickly than ever before and with fewer resources.

Technology allows Council to find efficiencies in operations through automation and process improvement as well as better opportunity to access advanced networking and learning. Communication has changed significantly with the ease of access to information, cyber security, and real time responses becoming a larger part of how we communicate.

Over the coming years, Council will look to address the challenges and opportunities for its people brought about through the impact of technology.

An Older Experienced Workforce

Approximately 40%¹ of Council employees are over the age of 50. This statistic is not uncommon across Australian organisations as the Baby Boomers generation age. According to the Australian Bureau of Statistics Census 2011, over 50 year olds represented 37% of all local government staff compared to 29% of all workers nationally.

¹ Information extracted from Tech One Council Data 12 April 2018

Indications are that the number of Australians aged 65 or over will have more than doubled by 2055. This will potentially bring new challenges for Australia including the need for older workers to stay in the workforce longer. Employers will need to consider ways to accommodate and maximise the opportunity that an ageing workforce brings to a community while maintaining a safe and productive workplace.

The ageing of Council's workforce presents challenges for Council in terms of working arrangements retention of corporate knowledge, safe work practices and succession planning.

Council will look to address the challenges and maximise the opportunities brought about through the changing demographic of its workforce.

A Healthy Workplace As A Driver Of Performance

Most Australian adults spend around half their waking hours at work so it's obvious that the workplace is an important setting for promoting and supporting good health across the population.

It is not just physical health that needs addressing with reports indicating that one in five adults will experience mental illness at some point in their life. The operational impact of illness, both physical and mental is broad. A healthy workplace can increase productivity, reduce sick leave and presentism, improve staff morale and motivate and improve workplace relationships.

The Australian Government - Department of Health 'Healthy Workers Initiative' reports that it has been estimated that the healthiest Australian employees are three times more productive at work than their colleagues.¹

1. The increase in preventable disease and workplace injury resulting from unhealthy living is a major cause of workplace absence or disruption.²
2. Lifestyle risk factors such as smoking, excessive drinking, poor diet, inactivity and excess body weight can contribute to time away from work.
3. Loss in productivity due to obesity through absenteeism, attending work when sick and premature death is estimated to cost \$6.4 billion a year.

¹ Medibank Private (2005) The Health of Australia's Workforce, www.medibank.com.au/pdfs/MEDI_Workplace_Web_Sp.pdf.

² Medibank Private (2005) The Health of Australia's Workforce, www.medibank.com.au/pdfs/MEDI_Workplace_Web_Sp.pdf.



The Need For Talent Attraction

The projected decline of the available regional labour force in the years ahead will impact on the Council's ability to deliver services. This will necessitate a greater emphasis on not only attracting new employees, but on retaining current employees in an increasingly tight and competitive labour market.

Factors such as a lack of social engagement, entertainment, retail, industry, investment and transport opportunities, combined with perceived geographic remoteness, has an impact on the ability to attract skilled staff. The proximity of larger centres such as Tamworth and coastal communities such as Coffs Harbour together with the relative proximity of Sydney and Brisbane through air and rail services offset some of these factors to a limited extent.

Armidale Regional Council's Workforce Management Plan provides the strategic direction to create a sustainable workforce. Council must continue investing in the development and retention of the right people, with the right capabilities, skills and behaviours, in the right jobs.



The Ability To Manage Change – Building Resilience In The Workforce

The local government environment and the societies and communities in which Council operate are dynamic. Over the past century the number of local councils in NSW has more than halved and recent changes in NSW have seen further reductions to the number of councils in the State. The Fit for the Future reform process has more recently impacted directly on the local government environment. The ongoing review and change that this reform brings to local government is wide reaching and will continue to evolve over the foreseeable future.

In addition to larger structural changes such as council boundaries, councils regularly review their operational needs and the mix of staffing needed to fulfill their operational obligations and commitment to the community. Council functions are also varied due to legislation or funding programs changes which are influenced by State and Federal Governments.

This type of environment requires a workforce which is responsive, cooperative and resilient to endure the changes in a safe and sustainable way. It is important that Council address these challenges to ensure the health of its staff and the organisation.

Aligning HR Practices With The Organisation

Workforce planning is about organisation development and forecasting and predicting trends. It is not a static process but a continual process designed to analyse Council's current situation, identify and assess future needs and develop solutions to ensure Council continues to be able to deliver on the community's expectations.

Simply, it is about the right people, with the right skills at the right time, doing the right things.

A strategic focused Workforce Management plan will align the workforce to create value for the community. Creating a council with strong key performance indicators, the right people in the right jobs and developing a strong culture will optimise overall performance.

HR Management systems and structures will be reviewed and considered as to the best way to meet the objectives of the Workforce Management Plan.



Operational Efficiencies

The Fit for the Future reform process is focused on building on stronger and more sustainable system of local government. The NSW Government wants communities to have confidence that their council is financially sound, operating efficiently and in a strong position to guide community growth and deliver quality services.

As part of the priorities of Armidale Regional Council, it is important that as part of the *Delivering the Benefits of Council Amalgamations project*, Council is committed to ensuring it is a well run and well operated organisation that delivers value for money to residents and businesses.

The Workforce Management Plan forms a part of this commitment as Council considers resourcing requirements, including staff, of all operations. There will be a focus on process improvement leading to financial efficiencies for the organisation.

Strategies To Address The Workforce Challenges Faced By The Sector

1. Improving Workforce Planning and Development
2. Keeping our People and Communities Safe and Healthy
3. Promoting Local Government as a Place-Based Employer of Choice
4. Retaining and Attracting a Diverse Workforce
5. Creating a Contemporary Workplace
6. Investing in Skills
7. Culture Development
8. Improving Productivity and Leveraging Technology
9. Maximising Management and Leadership
10. Implementation and Collaboration

These strategies directly link Council's Workforce Management Plan with the Local Government NSW Workforce Management Plan and the strategies outlined in the Future-Proofing Local Government: National Workforce Strategy 2013 – 2020 compiled by the Local Government Practice Unit of Local Government Managers Australia (LGMA) on behalf of the Australian Centre of Excellence for Local Government.



1. Improving workforce planning and development

As part of the Integrated Planning and Reporting (IP&R) framework Council is required to prepare a 4 year workforce management plan which addresses the human resource requirements of the 4 year Delivery Program. The Delivery Program details the principal activities to be undertaken to achieve the key elements established in the Community Strategic Plan.

Actions	
1.1	Fully integrate the plan with the Operational Plan, Delivery Program, Long Term Financial Plan and Asset Management Plan.
1.2	Create a framework to assess Workforce Planning and Organisation capability
1.3	Implement programs which provide career development opportunities to youth through targeted Apprenticeship, Traineeship and Cadetship arrangements.
1.4	Consult broadly with ELT, Management team and other key stakeholders on the components of the Workforce Management Plan to create a greater understanding of the importance of the plan and its operational linkages.
1.4	Build and support a highly responsive and adaptable workforce which is able to respond easily to changes in demand and service expectations.
1.6	Develop workforce planning capabilities and understanding for all managers to allow resourcing considerations to become incorporated into strategic planning.
1.7	Provide greater support for managing hard to fill and business critical roles including the development and implementation of a Succession Planning Program.
1.8	Develop and implement a holistic Transition to Retirement Program.



2. Keeping our People and Communities Safe and Healthy

The Workforce Management emphasizes the importance of Safety, Health and Wellbeing as a fundamental component of our operations at Council.

Armidale Regional Council Safety Vision

At Armidale Regional Council we believe that the responsibility for safety starts with each one of us and that all injuries are preventable and that no task is so important that it can't be done safely. Through our "Live Safe" program we intentionally set the bar high in safety and encourage everyone to 'look out for their mates'.

Building a strong wellbeing and safety culture is a challenge that will play a critical part in improving the health and wellbeing of our staff.

The workforce Management Plan acknowledges the emphasis on compliance in the *Work, Health and Safety Act 2011* and the inherent need to focus on risk management.

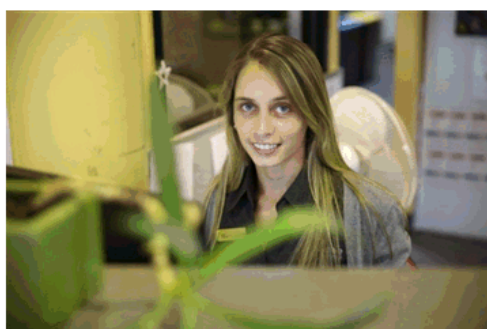
Actions	
2.1	Assist with, and promote organisational safety for the life of this plan.
2.2	Provide clarity of safety responsibilities to meet legislative and organisational standards and expectations.
2.3	Review our recruitment and fitness for work processes to ensure staff are fit for the defined role.
2.4	Review and build/rebuild systems processes, policies and tools to manage all safety and risk elements effectively across Council.
2.5	Ensure supervisors continually undertake safety conversations to reinforce safety awareness.
2.6	Develop, consult, adopt and proactively implement initiatives which focus on fatigue management, mental health, contractor management and risk, incident and audit online reporting systems.



3. Promoting Local Government as a Place-Based Employer of Choice

In an environment where skill shortages are increasing across vital areas of Councils operations, Council needs to be in a strong position to compete for highly skilled and talented people to join the organisation. Local Government and Council aim to be seen as somewhere that people want to work and stay and aspire to be an Employer of Choice.

Actions	
3.1	Develop and implement an Employer Branding Strategy to promote local government and ARC as an employer of choice.
3.2	Proactively identify opportunities to collaborate and regularly participate in industry events which promote Local Government and ARC as an employer.
3.3	Maintain Council's focus on entrenching the principles of diversity and inclusion within every component of our organisation.
3.4	Promote the benefits of living and working in the region to support regional workforce growth and Council employment.
3.5	Participate in relevant Awards that support the promotion of ARC as an employer of choice.



4. Retaining and Attracting a Diverse Workforce

It is vital that we have the right people, with the right capabilities, skills and attitudes in the right jobs. The experience and knowledge that Council's people hold is one of its biggest assets. Council will attract and retain the right people from a diverse range of backgrounds to enhance the work environment for all employees. Council will develop, implement and continually improve recruitment and selection techniques to ensure they generate the immediate and longer-term needs of the organisation.

Actions	
4.1	Develop an innovative Recruitment Strategy for Council which supports the Employer Branding Strategy and that aligns with our values and our organisation cultural expectations.
4.2	Improve Council's career website presence and access for job seekers.
4.3	Review the formal and informal influences on our behaviour to ensure these align to our preferred culture and desired business outcomes.
4.4	Review and implement on-boarding process to maximise engagement and retention.
4.5	Enable cultural change across Council that enhances Council's constructive and community focused culture.
4.6	Continue to strengthen and embed Council's safety culture.
4.7	Develop and implement a Graduate Leadership Program.



5. Creating a Contemporary Workplace

The fifth strategy focuses on the creation of a contemporary workplace, that is a workplace that is able to grow and adapt to the ever changing environment that the sector experiences. The creation of a contemporary workplace that is flexible and progressive will assist to making Council attractive to future generations of leaders.

Actions	
5.1	Support the organisation in the development of networking and resource sharing opportunities through the New England Joint Organisation (JO).
5.2	Review performance management systems and processes and identify and implement a contemporary system for Council.
5.3	Review industrial arrangements that may impact on our capacity to deliver service excellence and hinder our ability to create an environment where staff can enjoy a high level of job satisfaction.
5.4	Develop and deliver recognition program.
5.5	Maintain staff health and wellbeing programs aimed at increasing health, functional capacity and wellbeing.
5.6	Complete major review of HR related policies to ensure alignment with council's strategic direction and compliance.
5.7	Increase the focus on excellence in the development of an inclusive, innovative and high performance culture.
5.8	Progress our Leadership and Culture journey through the implementation of the Culture Plan.



6. Investing in Skills

The investment in training and development opportunities, beyond compliance and risk management exercises, is key to the ongoing sustainability of Council. It provides benefits to both Council and staff, improving the capacity of the organisation to adapt to change, gains in productivity and an increase in employee job satisfaction and motivation.

Actions	
6.1	Continue to invest in development and training to develop highly skilled, accountable and innovative staff.
6.2	Proactively identify, promote and lobby for external funding and scholarship opportunities for training and education for existing staff development.
6.3	Investigate the opportunity to implement a staff exchange program with targeted organisations to broaden experience and enhance relationships with strategic partners
6.4	Council to participate in the annual Local Government Management Challenge.
6.5	Partner with Universities, TAFE and high schools to develop a program of work experience and vocational skill development.
6.6	Development and implementation of a structured Leadership Program to form part of Council's Corporate Training Plan.
6.7	Support a Joint Organisation regional council approach to compliance training programs.



7. Culture Development

Council is embarking on a transformational change journey. The 2017 culture measure has provided Council with the unique opportunity and insights to focus on those areas that provide the opportunities to celebrate and leverage the strengths at Council to move forward with purpose.

Actions	
7.1	Progress our Leadership and Culture journey through the implementation of the Culture Plan.
7.2	Develop a whole Council Internal Communications framework that ensures consistent messages and is flexible and fit for purpose.
7.3	Ongoing focus on the development of high performing, inclusive teams.
7.4	Create awareness of and continue to embed Council Values into operations.

8. Improving Productivity and Leveraging Technology

Technology allows Council to find efficiencies in operations through automation and process improvement as well as better opportunities to access advanced networking and learning opportunities.

Actions	
8.1	Identify opportunities to use technology to support our staff, increase productivity and meet our quality service expectations.
8.2	Investigate and implement human resource information system software (HRIS) which integrates with existing Council systems.
8.3	Maximise use of intranet with HR information ie. Diversity statistics, Manager tool kits and checklists and policies.
8.4	Council will continue to use relevant data and metrics to form and support strategic decisions and program development.
8.5	Undertake a technology skills gap analysis within the current workforce and address gaps as required.
8.6	Embrace technology to support increased access to learning opportunities including online learning and webinars.



9. Maximising Management and Leadership

Great teams accomplish great work. Councils that assist their managers and executives to become good people managers are well placed to deal with workforce challenges of the future.

Actions	
9.1	Improve the leadership capability of the current and future leaders of Council.
9.2	Developing and implementing a leadership and management capability framework.
9.3	Development of high performing and inclusive teams.
9.4	Promote mentoring opportunities for the management group and throughout the organisation.
9.5	Investment in 'team building' activities for both the ELT and management groups to encourage greater collaboration and understanding between the individuals.
9.6	Develop on-line HR resources and systems to support the delivery of identified strategies and to provide for employee self service options.

10. Implementation and Collaboration

The final strategic priority is vital in ensuring the strategic priorities of the Workforce Management Plan are realised. The resourcing and collaboration between both internal and external parties will guide the delivery of the plan. The actions and measures outlined below will provide a way of monitoring, evaluating and communicating the progress of the delivery of the plan.

Actions	
10.1	Prepare and regularly report on an annual action plan that will be endorsed by the Executive Leadership Team detailing activities aimed at achieving the Workforce Management Plan objectives
10.2	Establish resourcing requirements to deliver all actions in the Plan and establish budget requirements.
10.3	Monitor progress of the plan every six months and review actions every 12 months for action and relevance, including reporting to the Executive Leadership Team.
10.4	Developing appropriate measures of performance and culture as the basis of measuring and rewarding performance.
10.5	Implementing an appropriate benchmarking methodology around key performance measures, both internally and externally.



Asset Management Planning

Unleash the opportunities

www.armidaleregional.nsw.gov.au

Introduction

On 12 May 2016 the Minister for Local Government announced the newly formed Armidale Regional Council – a merger of the former Armidale Dumaresq and Guyra Shire Councils. Prior to this, the former Councils had each endorsed an Asset Management Policy. Armidale Regional Council's Asset Management Policy will provide the framework for the Asset Management Strategy and Plans. It will provide a strategic direction for the management of Council's assets to support the service delivery needs of the community into the future, balanced with the available financial resources and workforce to ensure long term sustainable service provision.

Council is currently in the process of reviewing the Asset Management Framework which will include Council's Asset Management Policy, Strategy and associated Plans. Asset Management Plans have been developed and contain specific details about:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- maintenance and renewal estimates

The plans will cover the following asset categories:

Table 1 Summary of combined infrastructure asset values as at 30 June 2020

Asset Class	Gross Replacement Cost (CRC) 000's	Written Down Value (WDV) 000's	Annual Depreciation Expense 000's
Transport ¹	\$442,579	\$346,220	-\$5,429
Buildings	\$118,483	\$61,760	-\$2,149
Stormwater	\$60,393	\$46,906	-\$630
Parks, Recreation and Other	\$10,878	\$6,608	-\$142
Water Supply	\$239,718	\$161,608	-\$3,163
Sewerage Network	\$134,885	\$96,688	-\$2,082
Airport	\$9,545	\$6,977	-\$370
Combined	\$1,016,481	\$726,767	-\$13,965

¹ Excludes non depreciable earthworks

Development of asset management plans for Council's infrastructure assets is a mandatory requirement for NSW local governments. Local Government Act 1993 Section 8B "Principles of sound financial management". The Act states that:

- a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - i. performance management and reporting
 - ii. asset maintenance and enhancement

- iii. funding decisions
- iv. risk management practices
- d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - i. policy decisions are made after considering their financial effects on future generations
 - ii. the current generation funds the cost of its services

Financial Sustainability

Council is the custodian of community assets with a current replacement cost \$1.2 billion as at 30 June 2020. Council faces a significant challenge in distributing sufficient funds to each asset class to maintain adequate condition, functionality and capacity. Funding for individual assets cannot be considered in isolation. The strategy and plans need to consider the condition and outlook for each asset class but also have an overall position that takes into account the risk and dependency of service levels being managed.

Council must ensure that community assets such as roads, bridges, stormwater, footpaths, buildings, waste, water and sewerage infrastructure are maintained in a manner that will enable the long term financial sustainability for current and future generations. This will be achieved by ensuring efficient and effective service delivery and ensuring appropriate funds are allocated to maintain and renew infrastructure assets. Asset funding requirements are identified in asset management plans, which should then inform capital works programs and be funded in Council's long term financial forecast. Failure to achieve this outcome will result in an asset backlog being created and unsatisfactory condition of assets will result. This will cause negative long term impacts to the community and impact the ability for the local community to facilitate economic growth including population growth.

Current State of Assets

Similar to other councils across the state, Council is struggling with the challenge of maintaining and renewing older assets. Our asset maintenance and building and infrastructure asset renewal performance is below indicative benchmarks set by the State Government. Council has collected and developed indicative data set that reveals a significant proportion of our infrastructure assets are more than 50 years old and almost all of these are high-cost/long-life assets (eg, roads and drainage infrastructure) with an expected life of around 60-100 years.

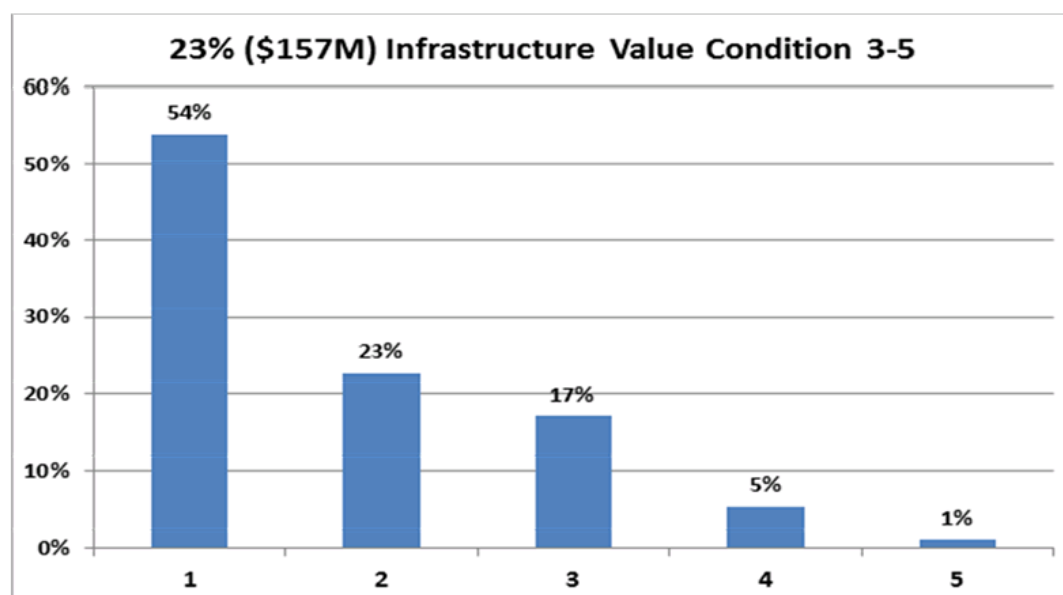
Funding the ongoing projected renewal of these assets is a significant financial challenge for Council and is the main reason why Council is proposing a special rate variation. Funding asset renewal requires ongoing review of possible revenue sources from facilities and properties to ensure a fairer allocation between subsidy from rates and user charges is achieved.

The table below shows the volume of infrastructure assets currently under management as at 30 June 2020.

Asset Sub Class	Volume	Replacement Cost \$'000
Sealed Roads	779km	\$158,031
Unsealed Roads	1,078km	\$31,133
Bulk Earthworks	2,027km	\$142,101
Bridges & Culverts	112	\$64,962
Stormwater Drainage	119km	\$60,393
Footpaths	132km	\$14,219
Kerb and Gutter	252km	\$21,844
Traffic Furniture (Roundabouts, etc)	307	\$10,289
Buildings	264	\$118,483
Other Structures (Pools, parks infrastructure, playgrounds, etc)	300	\$40,800
Airport Infrastructure	16	\$9,545
TOTAL		\$671,800

For these assets, the average condition by asset value is:

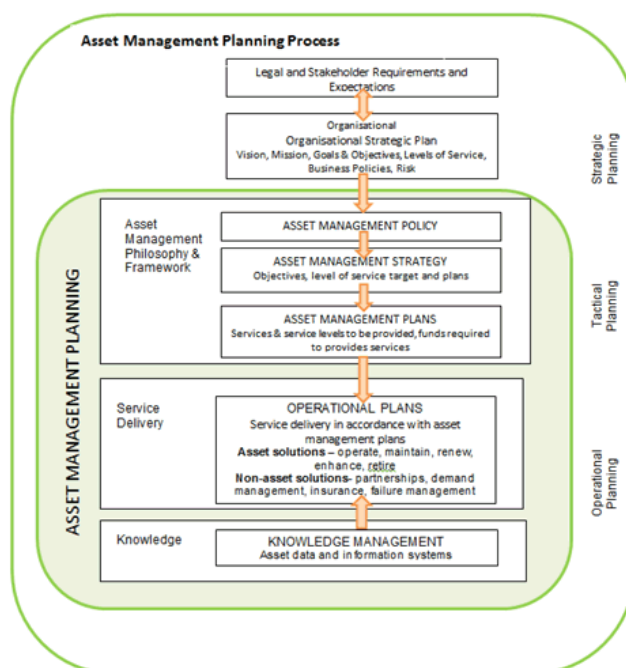
Condition	1	2	3	4	5
Replacement cost \$'000	\$361,880	\$152,601	\$114,258	\$35,844	\$7,216



Definition of each level of condition		
Condition Rating	IP&R description	IPWEA Description
1	Excellent/ very good	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

Asset Management Planning Process

Asset Management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can be determined by assessing financial sustainability under scenarios with different proposed services levels. Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing asset management policy, strategy, asset management plans and operational plans, linked to a long-term financial plan with a funding plan.



Infrastructure assets play both a direct and an indirect role in achieving the strategic objectives. Council's asset play a role in the delivery of key strategies linked to the following community outcomes contained in the Community Strategic Plan:

Strategic Direction: Environment and Infrastructure

Community Outcome 2: The community can participate in initiatives which contribute to a sustainable lifestyle

Community Outcome 3: The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works

Strategic Direction: Growth, Prosperity and Economic Development

Community Outcome 3: The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural offerings and activities

Community Outcome 5: The community has access to transport which enables connectivity both locally and outside of the region

Strategic Direction: Leadership for the Region

Community Outcome 2: Council exceeds community expectations when managing its budget and operations

Summary of changes to Community Strategic Plan 2017-2027 and Delivery Program 2018-2021 – December 2020

Community Strategic Plan Revision

Supporting Strategy Changes:

CSP #	Original CSP Supporting Strategy	Revised/Additional Supporting Strategy
L2	Financial sustainability is maintained through effective short, medium, and long term financial management	Maintain Financial sustainability through effective short, medium, and long term financial management, including applying to IPART for a Special Rate Variation. The SRV rate will be determined through community consultation and in line with Council resources and viability for the specific purpose of creating revenue to fund asset maintenance and renewals.
	Council's Community Engagement Strategy provides guidance and principles for effectively engaging with the community on all issues related to Council decision making.	Develop and deliver an engagement strategy to ensure effective engagement with the community and provide opportunities for participation in decision making where appropriate. Develop an engagement strategy for a Special Rate Variation application to IPART, to help determine the rate in line with Council resources and viability.
E3		Provide and maintain functional, appropriate, safe and desirable community facilities, through appropriate resourcing. Apply for a Special Rate Variation to maintain and renew Council-owned facilities to expected service levels.
E4		Maintain safe and effective traffic facilities on the road network, through appropriate resourcing, including applying for a Special Rate Variation to maintain and renew roads and bridges to expected service levels.
G3	Provide Central Business District (CBD) infrastructure that supports a more vibrant and varied offering of shopping experiences for tourists	Provide Central Business District (CBD) infrastructure <i>in both Armidale and Guyra</i> that supports a more vibrant and varied offering of shopping experiences for tourists

Delivery Program Revision

Principal Activity Changes:

DP #	Original Delivery Program	Revised DP
G2.1	Partner with local livestock industry to ensure the ongoing growth and sustainability of the livestock trade, including a strategy for supporting the ongoing promotion and upkeep of local saleyards	Partner with local livestock and horticultural industries to ensure the ongoing growth and sustainability of the sectors, and provide safe and effective livestock selling infrastructure that add to the local economy and improve environmental sustainability.
G3.1	Develop a Tourism Strategy and branding to attract visitors to stay in the Armidale Region longer and also enhance the economic and cultural offerings and attractions of the region	Develop a Tourism Strategy and branding to: * attract visitors to stay in the Armidale Region longer * enhance the economic, cultural and recreational offerings and attractions of the region * encourage people to stop and visit the region's centres as they commute between other destinations
G4.1	Provide local businesses with information and access to technology as part of a Digital Economy Strategy, as well as advocating for improved high speed internet access	Provide local businesses with information and access to technology as part of a Digital Economy Strategy, as well as advocating for improved region-wide, high speed internet access
G4.3	Develop a strategy with an objective of actively seeking out and encouraging businesses and organisations to locate their operations in the region	Encourage new business investment in the Armidale region.
G4.4	Provide a program, which includes resources and events, to support small and home-based businesses across the region	Support businesses across the region with resources and events
P1.1	Develop a Disability Action Plan and Pedestrian and Mobility Plan to improve access to services and infrastructure for people living with a disability and the aged	Review and update the Disability Action Plan and Pedestrian & Mobility Plan to improve access to services and infrastructure for people living with a disability and the aged
P1.2	Provide a network of a modern library and learning centres across the region, including a designated library service in Guyra and Armidale town centres which caters for the needs of the community including meeting spaces, accessible internet services and up to date resources	Develop a regional 'Library Service for the Future' that incorporates arts and cultural spaces, community gathering spaces, loan resource services, technology and education services.
P1.3	Partner with local police and other agencies to develop strategies to reduce crime and improve community safety	Partner with local police and other community and government agencies to develop strategies to reduce crime, improve community safety and promote regulatory compliance.
P1.4	Lobby and advocate for improved health services across the region, to support an ageing population (possible removal or redesign)	Support aged care services and disability services which support an ageing population

P2.1	Deliver an annual program of events which reflect the social and cultural needs of the community	Deliver and support local programs and events which meet the social and cultural needs of the community.
P2.3	Develop an Arts and Cultural Program with an emphasis on creating vibrant and attractive public spaces, including the installation of public art in city centres	Deliver an Arts and Cultural Program throughout the region with an emphasis on enriching the lives of our community.
P4.1	Facilitate and support the delivery of high quality early childhood and out-of-school-hours services across the region	Support the delivery of high quality early childhood and out-of-school-hours services in the Guyra region.
P4.2	Partner with local organisations to offer programs to young people which offer mentoring, encourage leadership and provide pathways to employment and further education opportunities	Support youth through education, encourage leadership, promote good mental health practices and facilitate opportunities for youth to contribute to the strategic direction of the community.
L1.1	Council's Community Engagement Strategy provides guidance and principles for effectively engaging with the community on all issues related to Council decision making and service delivery	<p>Develop and deliver an engagement strategy to ensure effective engagement with the community and provide opportunities for participation in decision making where appropriate, including for the specific purpose of a Special Rate Variation application to IPART at a rate determined through community consultation of three scenarios and in line with Council resources and viability.</p> <p>Scenarios:</p> <ol style="list-style-type: none"> 1. A permanent SRV of 18.5% plus 2.0% rate peg (total 20.5%) commencing in 2021-22; 2. A permanent SRV of 8.5% plus 2.0% rate peg (total 10.5%) commencing in 2021-22; and 3. Discontinuation of the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council and ending on 30 June 2021.
L1.3	Elected representatives are supported to engage with their community and provided a process to share feedback they receive	Support elected representatives to engage with their community and provide a process to share feedback they receive.
L1.4	Implement an online communication strategy to provide the community with user-friendly access to more online content and information about Council and its services	Deliver an effective communications strategy to inform the community of Council activities
L2.1	Financial sustainability is maintained through effective short, medium, and long term financial management	Financial sustainability is maintained through effective short, medium, and long term financial management, including an application to IPART for a Special Rate Variation at a rate determined through community consultation in line with Council resources and viability for the specific purpose of creating revenue to fund asset maintenance and renewals.

L3.2	Develop and implement a Workforce Management Plan which commits to building a skilled, motivated, inclusive and diverse workforce	Develop and implement workforce plans and strategies which commit to building a skilled, motivated, inclusive and diverse workforce
L4.4	Develop and implement a robust risk management process across all of Council's operations	Develop and implement a robust enterprise risk management framework, encompassing risk and safety, across all of Council's operations
E1.3	Prepare disaster management plans to reduce the impact of natural disasters	Work with local emergency management agencies and committees to plan for the management of natural disasters
E2.1	Provide educational programs to increase community awareness of climate change risks and enable the community to implement climate change adaptation and mitigation actions in daily life	Promote or provide educational programs to increase community awareness of climate change risks and enable the community to implement climate change adaptation and mitigation actions in daily life
E2.3	Advocate for cost-effective access to renewable energy for the local community and businesses	Facilitate access to renewable energy for the local community and businesses
E3.1	Partner with all levels of government to support the provision of essential infrastructure for the region	Partner with all levels of government to support the provision of essential infrastructure and improvements to Council assets for the benefit of the region
E3.2	Supply water and waste water services to meet the community needs in Armidale, Guyra and Tingha as well as environmentally appropriate impoundment, distribution and disposal infrastructure	Supply water and waste water services to meet the community needs in Armidale and Guyra, as well as environmentally appropriate impoundment, distribution and disposal infrastructure.
E3.3	Regular review of open space related Asset Management Plans to ensure parks, sportsgrounds, water recreation facilities and other open space meets community needs and is provided to an acceptable level of service and accessibility standards	Regular review of open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meets community needs and are provided to an acceptable level of service and accessibility standards
E3.4	Provide and maintain community facilities	Regular review of open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meet community needs, are provided to an acceptable level of service and accessibility standards, and are utilised to their full potential.
E4.1	Maintain safe and effective traffic facilities on the road network	Maintain safe and effective traffic facilities on the road network, through appropriate resourcing, including applying for a Special Rate Variation to maintain and renew roads and bridges to expected service levels.

E4.2	Create partnerships and facilitate discussions with relevant stakeholders to ensure further progress towards the implementation of the Armidale Airport Masterplan	Create partnerships, apply for funding and undertake critical planning towards the implementation of the Armidale Airport Masterplan
E4.3	Investigate opportunities for increased bus and rail services from remote areas to Armidale town centre to support people to attend work commitments, partake in activities which mitigate social isolation and carry out regular tasks and errands	Investigate opportunities for improved bus and rail services in the Armidale region to support people to attend work commitments, partake in activities which mitigate social isolation and carry out regular tasks and errands

INSTRUMENT OF DELEGATION TO GENERAL MANAGER

Pursuant to Section 377 of the *Local Government Act 1993* and a resolution of the Council at its meeting held on 09 December, 2020 Armidale Regional Council:

1. Revokes all previous delegations granted to the position of General Manager prior to the date of this Instrument; and
2. Delegates to the position of General Manager, or to the person who acts in that position, all of the functions, powers, duties and authorities of the Council that it may lawfully delegate under the *Local Government Act 1993*, any other Act, regulation, instrument, rule or the like (including any functions, powers, duties and authorities delegated to the Council by any authority, body, person or the like), other than those functions prescribed in section 377 of the *Local Government Act 1993* as functions which may not be delegated; subject to:
 - i. The acceptance of tenders being limited to a contract value of up to \$250,000 (GST inclusive) where all other tender requirements of the *Local Government Act 1993* and *Local Government (General) Regulation 2005* are met.
 - ii. These delegations and authorities being exercised in a manner consistent with relevant legislation and any applicable resolution of Council.
 - iii. Delegation to commence legal proceedings does not include the authority to commence proceedings against the Council or inducted Councillors.
3. Pursuant to Section 68 of the *Noxious Weeds Act 1993* delegates to the position of General Manager, or to the person who acts in that position, all of the functions under the *Noxious Weeds Act 1993*, including, but not limited to, the function of appointing inspectors in accordance with the Act.
4. These delegations and authorities are effective from the date of the Resolution of the Council and remain in force until amended or revoked by a further resolution of the Council.

Pursuant to a Resolution of the Council at its meeting of Wednesday, 09 December 2020.

Viv May PSM
Interim Administrator

Date: _____

Acknowledgement of Delegations of Authority

I, James Roncon, currently employed by the Council in the position of General Manager, do hereby acknowledge that I have read and understood this Instrument of Delegation and that I will perform the functions of the position of General Manager in accordance with the delegations and authorities in this Instrument of Delegation and the relevant position description.

James Roncon
General Manager

Date: _____

Armidale Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Unleash the Opportunities



Armidale Regional Council

Financial Statements 2020

General Purpose Financial Statements

for the year ended 30 June 2020

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Overview

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

135 Rusden Street
Armidale NSW 2350

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

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

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.armidale.nsw.gov.au.

Armidale Regional Council

Financial Statements 2020

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Armidale Regional Council

Financial Statements 2020

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 23 September 2020.

Viv May
Interim Administrator
23 September 2020

John Rayner
Acting General Manager
23 September 2020

Kelly Stidworthy
Responsible Accounting Officer
23 September 2020

Armidale Regional Council

Financial Statements 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
	Income from continuing operations			
32,939	Rates and annual charges	3a	33,409	32,256
20,084	User charges and fees	3b	18,091	21,334
3,005	Other revenues	3c	2,786	3,162
11,216	Grants and contributions provided for operating purposes	3d,3e	16,979	14,691
13,650	Grants and contributions provided for capital purposes	3d,3e	23,025	16,230
2,106	Interest and investment income	4	1,376	1,973
632	Rental income	13e	872	–
83,632	Total income from continuing operations		96,538	89,646
	Expenses from continuing operations			
25,332	Employee benefits and on-costs	5a	23,750	24,385
1,469	Borrowing costs	5b	2,000	1,654
14,792	Materials and contracts	5c	21,274	18,750
16,484	Depreciation and amortisation	5d	17,594	18,198
9,865	Other expenses	5e	8,231	9,632
–	Net losses from the disposal of assets	6	1,454	1,102
–	Revaluation decrement / impairment of IPP&E	5d	2,099	608
67,942	Total expenses from continuing operations		76,402	74,329
15,690	Net operating result from continuing operations		20,136	15,317
	Loss on boundary adjustment			
–	Loss on boundary adjustment	23	(40,446)	–
15,690	Net result for the year		(20,310)	15,317
15,690	Net result attributable to council		(20,310)	15,317
2,040	Net operating result for the year before grants and contributions provided for capital purposes		(2,889)	(913)

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Armidale Regional Council

Financial Statements 2020

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		(20,310)	15,317
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	11(a)	7,314	6,082
Total items which will not be reclassified subsequently to the operating result		7,314	6,082
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		(32)	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(32)	–
Total other comprehensive income for the year		7,282	6,082
Total comprehensive income for the year		(13,028)	21,399
 Total comprehensive income attributable to Council		 (13,028)	 21,399

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Armidale Regional Council

Financial Statements 2020

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	20,856	11,040
Investments	7(b)	51,295	58,236
Receivables	8	9,175	12,357
Inventories	9a	1,027	846
Contract assets	12a	3,073	–
Current assets classified as 'held for sale'	10	1,359	921
Other	9b	606	171
Total current assets		87,391	83,571
Non-current assets			
Receivables	8	312	327
Infrastructure, property, plant and equipment	11(a)	859,896	859,990
Right of use assets	13a	279	–
Total non-current assets		860,487	860,317
Total assets		947,878	943,888
LIABILITIES			
Current liabilities			
Payables	14	8,437	7,431
Income received in advance	14	–	505
Contract liabilities	12b	7,245	–
Lease liabilities	13b	26	–
Borrowings	14	2,831	2,962
Provisions	15	7,329	7,434
Total current liabilities		25,868	18,332
Non-current liabilities			
Lease liabilities	13b	253	–
Borrowings	14	20,946	23,801
Provisions	15	23,987	4,563
Total non-current liabilities		45,186	28,364
Total liabilities		71,054	46,696
Net assets		876,824	897,192
EQUITY			
Accumulated surplus	16	845,741	873,423
Revaluation reserves	16	31,083	23,769
Council equity interest		876,824	897,192
Total equity		876,824	897,192

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Financial Statements 2020

Armidale Regional Council

Statement of Changes in Equity
for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20			as at 30/06/19		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		873,423	23,769	897,192	858,106	17,687	875,793
Changes due to AASB 1058 and AASB 15 adoption	16	(7,340)	–	(7,340)	–	–	–
Changes due to AASB 16 adoption	16	–	–	–	–	–	–
Restated opening balance		866,083	23,769	889,852	858,106	17,687	875,793
Net operating result for the year		(20,310)	–	(20,310)	15,317	–	15,317
Restated net operating result for the period		(20,310)	–	(20,310)	15,317	–	15,317
Other comprehensive income							
– Other movement		(32)	–	(32)	–	–	–
– Gain (loss) on revaluation of IPP&E	11(a)	–	7,314	7,314	–	6,082	6,082
Other comprehensive income		(32)	7,314	7,282	–	6,082	6,082
Total comprehensive income		(20,342)	7,314	(13,028)	15,317	6,082	21,399
Equity – balance at end of the reporting period		845,741	31,083	876,824	873,423	23,769	897,192

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Armidale Regional Council

Financial Statements 2020

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
32,939	Rates and annual charges		33,429	32,487
20,084	User charges and fees		22,184	21,529
2,106	Investment and interest revenue received		1,944	1,763
24,866	Grants and contributions		28,400	34,096
–	Bonds, deposits and retention amounts received		40	–
3,637	Other		852	6,972
Payments:				
(25,332)	Employee benefits and on-costs		(23,001)	(24,478)
(14,792)	Materials and contracts		(24,574)	(21,150)
(1,469)	Borrowing costs		(2,350)	(1,676)
–	Bonds, deposits and retention amounts refunded		–	(2,088)
(9,864)	Other		(5,795)	(13,770)
32,175	Net cash provided (or used in) operating activities	17b	31,129	33,685
Cash flows from investing activities				
Receipts:				
1,333	Sale of investment securities		79,000	60,000
3,643	Sale of infrastructure, property, plant and equipment		2,870	2,792
–	Deferred debtors receipts		15	39
Payments:				
–	Purchase of investment securities		(72,059)	(70,116)
(38,025)	Purchase of infrastructure, property, plant and equipment		(28,153)	(29,637)
(33,049)	Net cash provided (or used in) investing activities		(18,327)	(36,922)
Cash flows from financing activities				
Payments:				
(2,952)	Repayment of borrowings and advances		(2,986)	(2,967)
(2,952)	Net cash flow provided (used in) financing activities		(2,986)	(2,967)
(3,826)	Net increase/(decrease) in cash and cash equivalents		9,816	(6,204)
10,390	Plus: cash and cash equivalents – beginning of year	17a	11,040	17,244
–	less: Lost Cash resulting from boundary adjustment		–	–
6,564	Cash and cash equivalents – end of the year	17a	20,856	11,040
40,461	plus: Investments on hand – end of year	7(b)	51,295	58,236
47,025	Total cash, cash equivalents and investments		72,151	69,276

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 23 September 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note 20 - Material budget variations

and are clearly marked.

Where relevant, comparative information has been reclassified to align with current year treatment.

COVID-19

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

Council operations, in particular the airport, have experienced a significant downturn in revenue due to COVID-19. The assets associated with these operations are not considered to be impaired as they are valued at depreciated replacement cost and not linked to valuation methods dependent on cash flows or income. Council is not aware of any post balance sheet date events which would result in separate disclosures or adjustments to the 30 June 2020 financial results. Hence, 30 June 2020 financial statements were prepared on a going concern basis.

(a) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- (i) estimated fair values of infrastructure, property, plant and equipment - refer Note 11;

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Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

- (ii) estimated tip remediation provisions - refer Note 15; and
- (iii) employee benefit provisions - refer Note 15.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council acknowledges the important contribution that volunteers make in the provision of some of Council's community services. Volunteer services are not formally costed or recorded in the financial records, as the quantum of volunteer services is not considered to represent a material part of Council's service delivery nor impact on results.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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

AASB 1059 Service Concession Arrangements: Grantors
AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059
AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Council does not expect any material impact to future financial statements as Council does not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 reporting period.

AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The standard amendments address an acknowledged inconsistency between the requirements in AASB10 and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

These amendments will only impact Council where there has been a sale or contribution of assets between Council and any Joint Venture or Associate. Council is not currently involved in any Joint Venture operation with any parties.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

-
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 16.

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

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

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).										
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
\$ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Growth, Prosperity, and Economic Development	60,012	52,759	46,032	46,748	13,980	6,011	17,436	17,957	–	–
People and Community	3,959	5,688	12,439	13,744	(8,480)	(8,056)	2,085	3,936	113,522	106,644
Leadership for the Region	21,584	25,607	9,155	4,026	12,429	21,581	2,157	4,332	86,534	81,898
Environment and Infrastructure	10,983	5,592	8,776	9,811	2,207	(4,219)	5,466	1,029	747,822	755,346
Total functions and activities	96,538	89,646	76,402	74,329	20,136	15,317	27,144	27,254	947,878	943,888

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Growth, Prosperity, and Economic Development

Includes tourism, economic development, private works and industrial development promotion.

People and Community

Includes public halls and community facilities, parks, gardens and recreation facilities, swimming pools, community development and support including aboriginal services, youth services, aged and disabled services. Also includes libraries, museums and other cultural facilities as well as bush fire and emergency services.

Leadership for the Region

Includes Civic governance and executive, finance and human resources services, risk management and occupational health and safety, ranger services, fleet and depot services and customer services.

Environment and Infrastructure

Includes urban and rural sealed and unsealed roads, bridges, footpaths, kerb and gutter, parking areas, airports, water and sewerage operations, cemeteries, footpaths and cycleways, street lighting, waste management and catchment management. Also includes development control, strategic planning, environmental management and animal control.

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	10,895	10,782
Farmland	1058 (1)	4,771	4,793
Mining	1058 (1)	64	65
Business	1058 (1)	2,579	2,540
Less: pensioner rebates (mandatory)	1058 (1)	(328)	(367)
Rates levied to ratepayers		17,981	17,813
Pensioner rate subsidies received	1058 (1)	145	175
Total ordinary rates		18,126	17,988
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	4,289	3,897
Water supply services	1058 (1)	2,335	2,327
Sewerage services	1058 (1)	5,837	5,435
Drainage	1058 (1)	466	463
Waste management services (non-domestic)	1058 (1)	2,568	2,396
Less: pensioner rebates (Council policy)	1058 (1)	(420)	(448)
Annual charges levied		15,075	14,070
Pensioner subsidies received:			
– Water	1058 (1)	78	72
– Sewerage	1058 (1)	81	68
– Domestic waste management	1058 (1)	49	58
Total annual charges		15,283	14,268
TOTAL RATES AND ANNUAL CHARGES		33,409	32,256

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

2019 accounting policy

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	5,268	9,197
Sewerage services	15 (1)	98	77
Drainage services	15 (1)	60	65
Waste management services (non-domestic)	15 (1)	2,983	2,854
Other	15 (1)	41	143
Total specific user charges		8,450	12,336
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	15 (1)	132	116
Planning and building regulation	15 (1)	241	201
Private works – section 67	15 (1)	587	300
Regulatory/ statutory fees	15 (1)	93	40
Registration fees	15 (1)	86	76
Regulatory fees	15 (1)	177	149
Section 10.7 certificates (EP&A Act)	15 (1)	70	76
Section 603 certificates	15 (1)	73	85
Total fees and charges – statutory/regulatory		1,459	1,043
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	15 (1)	1,542	1,789
Aged care	15 (1)	2	3
Cemeteries	15 (1)	227	227
Child care	15 (1)	531	538
Leaseback fees – Council vehicles	15 (1)	103	110
Quarry revenues	15 (1)	381	586
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (2)	5,134	4,037
Saleyards	15 (1)	–	6
Sundry sales	15 (1)	–	191
Swimming centres	15 (1)	198	227
Other	15 (1)	64	241
Total fees and charges – other		8,182	7,955
TOTAL USER CHARGES AND FEES		18,091	21,334

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for user charges and fees

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

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

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

2019 accounting policy

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – other council properties (2019 only)		23	841
Fines – parking	1058 (1)	344	166
Legal fees recovery – rates and charges (extra charges)	15 (1)	64	91
Commissions and agency fees	15 (1)	34	8
Diesel rebate	15 (1)	–	–
Insurance claims recoveries	1058 (1)	154	28
Sales – general	15 (1)	134	34
Rental income – Kolora aged care		–	21
Items for resale	15 (1)	389	236
Sales – cattle	15 (1)	776	655
Rebates	15 (1)	619	555
Other	15 (1)	249	527
TOTAL OTHER REVENUE		2,786	3,162

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for other revenue

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

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

2019 accounting policy:

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

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	2,118	2,127	–	–
Financial assistance – local roads component	1058 (1)	1,226	1,221	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,243	2,205	–	–
Financial assistance – local roads component	1058 (1)	1,302	1,267	–	–
Total general purpose		6,889	6,820	–	–
Specific purpose					
Water supplies	1058 (2)	1,484	–	2,712	9,700
Aged care		106	223	–	–
Bushfire and emergency services	1058 (2)	40	–	24	8
Child care		137	–	–	–
Community care	1058 (2)	6	153	31	10
Economic development	1058 (2)	–	118	–	–
Employment and training programs	1058 (2)	5	–	–	–
Environmental programs	1058 (2)	11	–	–	–
Heritage and cultural	1058 (2)	9	–	–	–
Library	1058 (2)	142	102	–	–
LIRS subsidy	1058 (2)	67	79	–	–
NSW rural fire services	1058 (2)	1,135	345	6	1,036
Recreation and culture	1058 (2)	557	723	405	602
Street lighting	1058 (2)	85	84	–	–
Transport (roads to recovery)	1058 (1)	2,145	3,364	–	–
Transport (other roads and bridges funding)	1058 (2)	3	898	1,018	2,613
Airport	1058 (2)	–	–	5,945	–
Waste Management	1058 (2)	–	–	75	128
Other	1058 (2)	2,649	38	1,458	210
Total specific purpose		8,581	6,127	11,674	14,307
Total grants		15,470	12,947	11,674	14,307
Grant revenue is attributable to:					
– Commonwealth funding		9,153	10,749	1,026	1,487
– State funding		3,945	2,187	9,190	12,820
– Other funding		2,372	–	1,458	–
– Other funding		–	11	–	–
		15,470	12,947	11,674	14,307

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		1058 (1)	–	–	182	219
S 7.12 – fixed development consent levies		1058 (1)	–	–	315	209
S 64 – water supply contributions		1058 (1)	–	–	352	364
S 64 – sewerage service contributions		1058 (1)	–	–	179	340
Total developer contributions – cash			–	–	1,028	1,132
Total developer contributions	27		–	–	1,028	1,132
Other contributions:						
Cash contributions						
Bushfire services		15 (1)	234	209	6	–
Community services		15 (1)	60	59	–	–
Other councils – joint works/services		15 (1)	71	31	–	–
Recreation and culture		15 (1)	25	138	–	–
Roads and bridges		15 (1)	–	18	40	507
RMS contributions (regional roads, block grant)		1058 (1)	960	1,262	184	155
Sewerage (excl. section 64 contributions)		15 (1)	–	–	515	–
Tourism		15 (1)	23	17	–	–
Other		15 (1)	136	10	–	129
Total other contributions – cash			1,509	1,744	745	791
Non-cash contributions						
NSW State Government - Crown Land		1058 (1)	–	–	8,152	–
NSW State Government - RFS Assets		1058 (1)	–	–	1,426	–
Total other contributions – non-cash			–	–	9,578	–
Total other contributions			1,509	1,744	10,323	791
Total contributions			1,509	1,744	11,351	1,923
TOTAL GRANTS AND CONTRIBUTIONS			16,979	14,691	23,025	16,230

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for grants and contributions

Accounting policy from 1 July 2019

Grant income under AASB 15

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Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include [provide details of performance obligations within AASB 15 grants e.g. events, vaccinations]. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

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

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

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

Accounting policy prior to 1 July 2019

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
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(f) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

Operating grants

Unexpended at the close of the previous reporting period	5,116	9,243
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	1,708	686
Add: operating grants received for the provision of goods and services in a future period	–	–
Less: operating grants now spent	(1,681)	(4,813)
Less: operating grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (operating grants)	5,143	5,116

Unexpended Operating Grants are grant monies received in relation to Council's Specific Purpose Operating projects and where those grant monies are not fully expended at year end. Several of Council's Specific Purpose Operating projects include transport and NSW Rural Fire Service related projects.

Capital grants

Unexpended at the close of the previous reporting period	1,881	115
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	2,131	1,881
Add: capital grants received for the provision of goods and services in a future period	–	–
Less: capital grants now spent	(1,185)	(115)
Less: capital grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (capital grants)	2,827	1,881

Unexpended Capital Grants are grant monies received in relation to Council's Specific Purpose Capital projects and where those grant monies are not fully expended at year end. Several of Council's Specific Purpose Capital projects include water supply and transport related projects.

Contributions

Unexpended at the close of the previous reporting period	6,301	4,771
Add: contributions recognised as income in the current period but not yet spent	1,265	6,262
Add: contributions received for the provision of goods and services in a future period	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate (2019 only)	–	–
Less: contributions now spent	(661)	(4,732)
Unexpended and held as externally restricted assets (contributions)	6,905	6,301

Unexpended Contributions are contribution monies received in relation to certain of Council's Operating and Capital projects and where those contribution monies are not fully expended at year end. Several of Council's Operating and Capital projects involving unexpended contributions include water supply and sewer headworks projects.

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	107	109
– Cash and investments	1,262	1,849
– Deferred debtors	7	15
Finance income on the net investment in the lease	–	–
Total Interest and investment income	1,376	1,973
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	82	70
General Council cash and investments	219	609
Restricted investments/funds – external:		
Development contributions		
– Section 7.11, Section 7.12	122	130
Water fund operations	586	739
Sewerage fund operations	352	399
Other externally restricted assets	15	26
Total interest and investment revenue	1,376	1,973

Accounting policy for interest and investment revenue

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

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	18,333	18,445
Employee termination costs	949	654
Travel expenses	83	159
Employee leave entitlements (ELE)	3,618	3,904
Superannuation	2,241	2,381
Workers' compensation insurance	472	398
Fringe benefit tax (FBT)	23	(1)
Payroll tax	144	147
Training costs (other than salaries and wages)	170	222
Protective clothing	82	86
Other	20	37
Total employee costs	26,135	26,432
Less: capitalised costs	(2,385)	(2,047)
TOTAL EMPLOYEE COSTS EXPENSED	23,750	24,385
Number of 'full-time equivalent' employees (FTE) at year end	272	277

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 20 for more information.

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases	13	1	–
Interest on loans		1,445	1,613
Total interest bearing liability costs		1,446	1,613
Total interest bearing liability costs expensed		1,446	1,613
(ii) Other borrowing costs			
Amortisation of discount of tip remediation liabilities	15	554	41
Total other borrowing costs		554	41
TOTAL BORROWING COSTS EXPENSED		2,000	1,654

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

Accounting policy for borrowing costs

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	14,349	18,388
Contractor and consultancy costs	30,237	27,220
Auditors remuneration ²	113	103
Legal expenses:		
– Legal expenses: planning and development	36	21
– Legal expenses: debt recovery	35	158
– Legal expenses: other	653	320
Expenses from leases of low value assets (2020 only)	165	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	160
Total materials and contracts	45,588	46,370
Less: capitalised costs	(24,314)	(27,620)
TOTAL MATERIALS AND CONTRACTS	21,274	18,750

1. Operating lease payments are attributable to:

Office equipment & other items	–	160
	–	160

2. Auditor remuneration

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	100	96
Remuneration for audit and other assurance services	100	96
Total Auditor-General remuneration	100	96

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

Other Assurance services including acquittal audits	13	7
Remuneration for audit and other assurance services	13	7
Total remuneration of non NSW Auditor-General audit firms	13	7
Total Auditor remuneration	113	103

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,965	1,798
Office equipment		183	299
Infrastructure:	11(a)		
– Buildings		2,149	2,476
– Other structures		142	136
– Roads		4,392	4,750
– Bridges		775	778
– Footpaths		262	277
– Stormwater drainage		630	668
– Water supply network		3,163	3,130
– Sewerage network		2,082	2,122
– Airport infrastructure		370	354
Right of use assets	13	–	–
Other assets:			
– Heritage collections		9	10
– Other		853	835
Reinstatement, rehabilitation and restoration assets:			
– Landfill and quarry assets	11(a)	619	565
Total gross depreciation and amortisation costs		17,594	18,198
Total depreciation and amortisation costs		17,594	18,198
Impairment / revaluation decrement of IPP&E			
Infrastructure:	11(a)		
– Buildings (relates to write-down of building assets to recoverable amount in preparation for sale)	11(a)	–	608
– Roads		215	–
– Capital work in progress		730	–
– Bulk earthworks (non-depreciable)		948	–
Non-current assets held for sale		206	–
Total gross IPP&E impairment / revaluation decrement costs / (reversals)		2,099	608
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		2,099	608
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS		19,693	18,806

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 11 for IPPE assets and Note 13 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

\$ '000	2020	2019
(e) Other expenses		
Advertising	64	103
Training costs (other than salaries and wages)	–	–
Travel expenses	–	–
Bad and doubtful debts	72	448
Bank charges	121	122
Computer software charges	568	827
Contributions/levies to other levels of government	1,436	990
Councillor expenses – mayoral fee	42	43
Councillor expenses – councillors' fees	212	216
Councillors' expenses (incl. mayor) – other (excluding fees above)	122	3
Donations, contributions and assistance to other organisations (Section 356)	416	781
Electricity and heating	1,016	981
Insurance	1,018	1,077
Items for resale	398	537
Postage	183	214
Printing and stationery	113	230
Promotion and publicity	213	287
Street lighting	454	417
Subscriptions and publications	186	170
Telephone and communications	460	452
Valuation fees	98	103
Security	90	125
Licences	178	500
Other	771	1,006
Total other expenses	8,231	9,632
TOTAL OTHER EXPENSES	8,231	9,632

Accounting policy for other expenses

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

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Operational Land & Building assets			
Proceeds from disposal – property		2,052	1,507
Less: carrying amount of property assets sold/written off		(1,147)	(750)
Net gain/(loss) on disposal		905	757
Plant and equipment assets			
	11(a)		
Proceeds from disposal – plant and equipment		818	1,285
Less: carrying amount of plant and equipment assets sold/written off		(504)	(595)
Net gain/(loss) on disposal		314	690
Infrastructure assets			
	11(a)		
Proceeds of disposal of Infrastructure assets		–	–
Less: carrying amount of infrastructure assets sold/written off		(2,673)	(2,488)
Net gain/(loss) on disposal		(2,673)	(2,488)
Real estate assets held for sale			
	9		
Proceeds from disposal - Real estate assets held for sale		–	–
Less: balance written off - assessed as non-recoverable		–	(61)
Net gain/(loss) on disposal		–	(61)
Investment assets			
	7(b)		
Proceeds from disposal/redemptions/maturities – investments		79,000	60,000
Less: carrying amount of investments sold/redeemed/matured		(79,000)	(60,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,454)	(1,102)

Accounting policy for disposal of assets

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	20,856	11,040
Total cash and cash equivalents	20,856	11,040

Accounting policy for cash and cash equivalents

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

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
b. 'Financial assets at amortised cost'	51,295	–	58,236	–
Total Investments	51,295	–	58,236	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	72,151	–	69,276	–
Financial assets at amortised cost				
Short - medium term deposits	51,295	–	58,236	–
Total	51,295	–	58,236	–

Accounting policy for investments

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position, Term Deposits (with maturities of less than 365 days) and the NSW Government T-Corp Investment Management Cash Fund (which is considered to have a short - medium term investment horizon).

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

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

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

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total cash, cash equivalents and investments	72,151	–	69,276	–
attributable to:				
External restrictions	59,991	–	59,772	–
Internal restrictions	10,020	–	7,654	–
Unrestricted	2,140	–	1,850	–
	72,151	–	69,276	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	7,245	–
Specific purpose unexpended loans – general	2,700	3,408
NIRW grant from EPA	1,087	947

External restrictions – included in liabilities	11,032	4,355
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External restrictions – other

Developer contributions – general	2,749	2,387
Developer contributions – water fund	2,277	1,885
Developer contributions – sewer fund	1,740	1,530
RMS contributions	76	17
Specific purpose unexpended grants (recognised as revenue) – general fund	725	6,997
Water supplies	22,317	26,185
Sewerage services	16,183	13,927
Domestic waste management	1,362	607
Trust Fund	1,467	1,431
Other Contributions	63	451

External restrictions – other	48,959	55,417
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Total external restrictions	59,991	59,772
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Internal restrictions

Plant and vehicle replacement	885	–
Infrastructure replacement	3,317	–
Employees leave entitlement	4,053	3,194
Carry over works	1,136	2,368
Other	629	2,092

Total internal restrictions	10,020	7,654
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TOTAL RESTRICTIONS	70,011	67,426
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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	2,006	—	1,752	—
Interest and extra charges	186	—	368	—
User charges and fees	1,327	—	2,282	—
Private works	435	—	2,266	—
Accrued revenues				
– Interest on investments	366	—	752	—
Deferred debtors	—	312	—	327
Government grants and subsidies	3,157	—	4,300	—
Net GST receivable	651	—	975	—
Other debtors	1,439	—	111	—
Total	9,567	312	12,806	327
Less: provision of impairment				
Rates and annual charges	(156)	—	(223)	—
User charges and fees	(236)	—	(226)	—
Total provision for impairment – receivables	(392)	—	(449)	—
TOTAL NET RECEIVABLES	9,175	312	12,357	327

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	449	280
Less Debts written off during the year	(73)	(240)
Add additional provision for impairment in the current year	16	409
Balance at the end of the year	392	449

Accounting policy for receivables

Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

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

Impairment

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

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

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when receivables are over 3 years past due, whichever occurs first.

None of the receivables that have been written off are not subject to enforcement activity.

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

Rates and annual charges outstanding are secured against the property.

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	539	–	537	–
Trading stock	488	–	309	–
Total inventories at cost	1,027	–	846	–
TOTAL INVENTORIES	1,027	–	846	–

(b) Other assets

Prepayments	606	–	171	–
TOTAL OTHER ASSETS	606	–	171	–

(i) Other disclosures

\$ '000	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(Valued at the lower of cost and net realisable value)					
Movements:					
Real estate assets at beginning of the year		–	–	61	–
– Write off of non-recoverable opening balance	6	–	–	(61)	–
Total real estate for resale		–	–	–	–

Accounting policy for inventories and other assets**Raw materials and stores, work in progress and finished goods**

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

Land held for resale/capitalisation of borrowing costs

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

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

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for the year ended 30 June 2020

Note 10. Non-current assets classified as held for sale

(i) Non-current assets 'held for sale'

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Land	464	—	—	—
Buildings - Former Kolara Aged Care facility site & buildings	895	—	921	—
TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'	1,359	—	921	—

(ii) Details of assets and disposal groups

The property formerly used as the Kolara Aged Care facility in Guyra has been sold with settlement effected in August 2020. At 30 June 2020, the carrying value of the property has been written down to its recoverable amount, indicated by the contract price, less disposal costs. Land parcels are being marketed for sale and are held at cost, as representative of lower of cost or net market value.

(iii) Reconciliation of non-current assets 'held for sale'

\$ '000	2020 Assets 'held for sale'	2019 Assets 'held for sale'
Opening balance	921	—
Add Land Parcels transferred from Operational Land category	644	1,529
Less Impairment of Old Kolara Property	(206)	(608)
Balance still unsold after 12 months:	1,359	921

Accounting policy for non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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for the year ended 30 June 2020

Note 11(a). Infrastructure, property, plant and equipment

	as at 30/06/19			Asset movements during the reporting period									as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000															
Capital work in progress	26,106	–	26,106	–	23,832	–	–	(730)	(27,467)	–	–	–	21,741	–	21,741
Plant and equipment	19,790	(9,598)	10,192	2,279	1,427	(504)	(1,965)	–	–	–	–	–	24,074	(12,645)	11,429
Office equipment	5,236	(4,891)	345	29	–	–	(183)	–	–	–	–	–	5,235	(5,044)	191
Land:															
– Operational land	21,312	–	21,312	–	–	(695)	–	–	–	(644)	–	4,989	24,962	–	24,962
– Community land	19,882	–	19,882	–	8,152	(460)	–	–	–	–	(59)	–	27,516	–	27,516
– Land under roads (post 30/6/08)	721	–	721	–	–	(64)	–	–	–	–	–	–	657	–	657
Infrastructure:															
– Buildings	120,498	(55,334)	65,164	50	136	(1,652)	(2,149)	–	211	–	–	–	118,483	(56,723)	61,760
– Other structures	10,410	(3,971)	6,439	132	14	(20)	(142)	–	185	–	–	–	10,878	(4,270)	6,608
– Roads	245,337	(68,395)	176,942	1,962	29	(21,383)	(4,392)	(215)	1,652	–	–	–	221,298	(66,703)	154,595
– Bridges	64,734	(22,440)	42,294	313	–	(386)	(775)	–	732	–	–	–	64,962	(22,784)	42,178
– Footpaths	14,703	(6,785)	7,918	18	48	(375)	(262)	–	–	–	–	–	14,219	(6,872)	7,347
– Bulk earthworks (non-depreciable)	152,653	–	152,653	–	–	(9,605)	–	(948)	–	–	–	–	142,100	–	142,100
– Stormwater drainage	62,456	(13,441)	49,015	202	–	(3,042)	(630)	–	1,361	–	–	–	60,393	(13,487)	46,906
– Water supply network	230,050	(76,337)	153,713	–	–	(1,782)	(3,163)	–	13,056	–	–	1,443	241,378	(78,110)	163,268
– Sewerage network	141,667	(37,855)	103,812	–	–	(4,731)	(2,082)	–	–	–	–	941	136,138	(38,197)	97,941
– Airport infrastructure	9,334	(1,987)	7,347	–	–	–	(370)	–	–	–	–	–	9,545	(2,568)	6,977
Other assets:															
– Heritage collections	130	(70)	60	–	–	–	(9)	–	–	–	–	–	130	(78)	52
– Artworks	112	–	112	–	–	–	–	–	–	–	–	–	112	–	112
– Other	19,685	(4,775)	14,910	–	–	(72)	(853)	–	10,270	–	–	–	30,174	(5,919)	24,255
Reinstatement, rehabilitation and restoration assets (refer Note 17):															
– Landfill & quarry assets	3,984	(2,931)	1,053	–	–	–	(619)	–	–	18,867	–	–	23,343	(4,042)	19,301
Total Infrastructure, property, plant and equipment	1,168,800	(308,810)	859,990	4,985	33,638	(44,771)	(17,594)	(1,893)	–	18,223	(59)	7,373	1,177,338	(317,442)	859,896

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

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 11(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period								as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000														
Capital work in progress	9,084	–	9,084	–	18,653	(75)	–	–	(1,556)	–	–	26,106	–	26,106
Plant and equipment	19,535	(8,962)	10,573	2,012	–	(595)	(1,798)	–	–	–	–	19,790	(9,598)	10,192
Office equipment	5,258	(4,614)	644	–	–	–	(299)	–	–	–	–	5,236	(4,891)	345
Land:														
– Operational land	21,815	–	21,815	–	–	(503)	–	–	–	–	–	21,312	–	21,312
– Community land	19,913	–	19,913	–	–	(31)	–	–	–	–	–	19,882	–	19,882
– Land under roads (post 30/6/08)	–	–	–	–	–	–	–	–	–	–	721	721	–	721
Infrastructure:														
– Buildings	123,983	(55,588)	68,395	–	948	(316)	(2,476)	(608)	142	(921)	–	120,498	(55,334)	65,164
– Other structures	10,345	(3,835)	6,510	–	234	(173)	(136)	–	4	–	–	10,410	(3,971)	6,439
– Roads	242,609	(63,645)	178,964	3,328	343	(961)	(4,750)	–	18	–	–	245,337	(68,395)	176,942
– Bridges	63,925	(22,420)	41,505	1,583	–	(423)	(778)	–	407	–	–	64,734	(22,440)	42,294
– Footpaths	14,538	(6,508)	8,030	–	24	–	(277)	–	141	–	–	14,703	(6,785)	7,918
– Bulk earthworks (non-depreciable)	152,653	–	152,653	–	–	–	–	–	–	–	–	152,653	–	152,653
– Stormwater drainage	62,414	(12,773)	49,641	53	–	(11)	(668)	–	–	–	–	62,456	(13,441)	49,015
– Water supply network	224,247	(71,702)	152,545	1,217	–	(383)	(3,130)	–	261	–	3,203	230,050	(76,337)	153,713
– Sewerage network	137,747	(34,998)	102,749	1,089	–	(99)	(2,122)	–	37	–	2,158	141,667	(37,855)	103,812
– Airport infrastructure	8,999	(1,633)	7,366	–	–	(211)	(354)	–	546	–	–	9,334	(1,987)	7,347
Other assets:														
– Heritage collections	130	(60)	70	–	–	–	(10)	–	–	–	–	130	(70)	60
– Other	19,584	(3,940)	15,644	–	153	(52)	(835)	–	–	–	–	19,685	(4,775)	14,910
– Artworks	112	–	112	–	–	–	–	–	–	–	–	112	–	112
Reinstatement, rehabilitation and restoration assets (refer Note 17):														
– Tip assets	2,703	(2,525)	178	–	–	–	(565)	–	–	1,439	–	3,984	(2,931)	1,053
Total Infrastructure, property, plant and equipment	1,139,594	(293,203)	846,391	9,282	20,355	(3,833)	(18,198)	(608)	–	518	6,082	1,168,800	(308,810)	859,990

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 11(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Infinite
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

Land under roads

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

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

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

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Note 11(a). Infrastructure, property, plant and equipment (continued)

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note 13.

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

Rural Fire Service assets

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

Rural Fire Service assets are recognised as assets of the Council in these financial statements.

For the year ended 30 June 2020, Council has changed its accounting policy in relation to the recognition of RFS Fleet assets. Council has recognised the contribution of RFS Fleet assets to its Balance Sheet with a corresponding entry as a capital contribution.

Note 11(b). Infrastructure, property, plant and equipment – current year impairments

Council has recognised impairment losses on certain Infrastructure, Property, Plant and Equipment during the reporting period, as disclosed in Note 5 (d).

Note 12. Contract assets and liabilities

\$ '000		2020 Current	2020 Non-current
(a) Contract assets			
Contract Asset (AASB 15)		441	–
Accrued Income (AASB 1058)		2,632	–
Total Contract assets		3,073	–

\$ '000	Notes	2020 Current	2020 Non-current
(b) Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	2,828	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	4,354	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	63	–
Total grants received in advance		7,245	–
Total contract liabilities		7,245	–

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Contract assets and liabilities (continued)

Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 and AASB 1058 being satisfied since the performance obligations are ongoing.

\$ '000	2020
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(ii) Revenue recognised (during the financial year) from opening contract liability balances**Grants and contributions received in advance:**

Capital grants (to construct Council controlled assets)	1,597
Operating grants (received prior to performance obligation being satisfied)	5,050
Capital contributions (to construct Council controlled assets)	661
Operating contributions (received prior to performance obligation being satisfied)	32

Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period

7,340

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

	2020	2020
\$ '000	Current	Non-current

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for the year ended 30 June 2020

Note 13. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has leases over a range of assets including land and buildings, and some office equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Buildings

Council leases land and buildings as part of access arrangements and for the provision of services. The leases are generally between 2 to 99 years and some include a renewal option to allow Council to renew the lease.

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

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The current photocopier lease which expired at 30 June 2020, has been extended for 12 months and is pending renewal. Payments are fixed with a variable component based upon usage.

\$ '000	Plant & Equipment	Ready to use	Various Property, Plant & Equipment	Total
Opening balance at 30 June 2019	–	–	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	–	–	313	313
Other movement	–	–	(34)	(34)
RIGHT OF USE ASSETS	–	–	279	279

\$ '000	2020 Current	2020 Non-current
Lease liabilities	26	253
TOTAL LEASE LIABILITIES	26	253

(i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	27	87	746	860	279

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

\$ '000	2020 Current	2020 Non-current
(ii) Lease liabilities relating to restricted assets		
Total lease liabilities relating to unrestricted assets	26	253
<u>Total lease liabilities</u>	<u>26</u>	<u>253</u>

\$ '000	2020
---------	------

(c) Income Statement

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

Interest on lease liabilities	1
Expenses relating to low-value leases	165
	<u>166</u>

(d) Statement of Cash Flows

Total cash outflow for leases	27
	<u>27</u>

Leases at significantly below market value – concessionary / peppercorn leases

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

- community services
- historical purposes

The leases are generally between 3 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services and other purposes which Council either facilitates or provides, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

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

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

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

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 14.

(ii) Council as a lessor

(e) Operating leases

\$ '000	2020
(i) Operating lease income	
Other lease income	
Council owned property	872
Total income relating to operating leases	872

(iv) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	695
1–2 years	631
2–3 years	567
3–4 years	155
4–5 years	125
> 5 years	748
Total undiscounted contractual lease income receivable	2,921

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services – operating expenditure	1,987	–	2,920	–
Accrued expenses:				
– Borrowings	120	–	130	–
– Salaries and wages	851	–	–	–
– Other expenditure accruals	1,863	–	1,307	–
Security bonds, deposits and retentions	40	–	–	–
NIRW grant from EPA	1,087	–	947	–
Trust	1,453	–	1,432	–
Prepaid rates	1,036	–	695	–
Total payables	8,437	–	7,431	–
Income received in advance (2019 only)				
Payments received in advance	–	–	505	–
Total income received in advance	–	–	505	–
Borrowings				
Loans – secured ¹	2,831	20,946	2,962	23,801
Total borrowings	2,831	20,946	2,962	23,801
TOTAL PAYABLES AND BORROWINGS	11,268	20,946	10,898	23,801

⁽¹⁾ Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Payables and borrowings (continued)

\$ '000	2020	2019
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(a) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Other liabilities: Unspent loan	–	1,451
Total payables and borrowings	–	1,451

(b) Changes in liabilities arising from financing activities

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	26,763	(2,986)	–	–	–	–	23,777
Lease liabilities	–	–	279	–	–	–	279
TOTAL	26,763	(2,986)	279	–	–	–	24,056

\$ '000	as at 30/06/18		Non-cash changes				as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement		Closing balance
Loans – secured	29,730	(2,967)	–	–	–	–	26,763
TOTAL	29,730	(2,967)	–	–	–	–	26,763

\$ '000	2020	2019
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(c) Financing arrangements

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

Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	210	210
Total financing arrangements	1,210	1,210

Drawn facilities as at balance date:

– Credit cards/purchase cards	34	–
Total drawn financing arrangements	34	–

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	176	210
Total undrawn financing arrangements	1,176	1,210

Additional financing arrangements information

Breaches and defaults

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

Security over loans

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Payables and borrowings (continued)

Land, buildings and other property held by Council, along with the general rating income of Council is provided as security for loans.

Unused limits and facilities

Council has access to an unused overdraft with a limit of \$1,000,000.

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

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

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

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

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

Finance leases (2019 only)

Council is not party to any finance leasing arrangements.

Note 15. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	2,247	–	2,159	–
Long service leave	4,910	383	5,120	380
Other leave – Accrued leave	172	–	155	–
Sub-total – aggregate employee benefits	7,329	383	7,434	380
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	23,604	–	4,183
Sub-total – asset remediation/restoration	–	23,604	–	4,183
TOTAL PROVISIONS	7,329	23,987	7,434	4,563

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Provisions (continued)

\$ '000	2020	2019
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(a) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	4,774	4,521
	<u>4,774</u>	<u>4,521</u>

(b) Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2020				
At beginning of year	2,159	5,500	155	7,814
Leave Taken	(1,609)	(350)	(1,659)	(3,618)
Leave Accrued	1,697	143	1,676	3,516
Total ELE provisions at end of year	<u>2,247</u>	<u>5,293</u>	<u>172</u>	<u>7,712</u>
2019				
At beginning of year	2,223	5,510	174	7,907
Leave Taken	(1,524)	(795)	(1,678)	(3,997)
Leave Accrued	1,460	786	1,658	3,904
Total ELE provisions at end of year	<u>2,159</u>	<u>5,501</u>	<u>154</u>	<u>7,814</u>

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	4,183	4,183
Changes to provision:		
– Revised discount rate	214	214
Additional provisions	19,761	19,761
Unwinding of discount	(554)	(554)
Total other provisions at end of year	<u>23,604</u>	<u>23,604</u>
2019		
At beginning of year	2,703	2,703
Unwinding of discount	41	41
Additional Provision	1,439	1,439
Total other provisions at end of year	<u>4,183</u>	<u>4,183</u>

Nature and purpose of non-employee benefit provisions

Landfill and Quarry remediation

Council has a legal and public obligation to make, restore, rehabilitate and reinstate council landfill sites and quarries in-line with relevant licencing agreements.

During the 2019/20 Financial year, Council made a significant adjustment to the provision to restore, rehabilitate and restate Council's main landfill site.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Provisions (continued)

Council engaged an external consultant to visit Council's three (3) landfill sites (Long Swamp Road, Guyra and Waterfall Way Regional Landfill). The consultant provided updated rehabilitation costs for all three landfill sites and a rehabilitation model for Council to use to value the Rehabilitation provision in accordance with required Accounting Standards. The comprehensive model resulted in an increase in the Landfill Rehabilitation Provision from \$3.8 million at 30 June 2019 to \$22.4 million at 30 June 2020. At 30 June 2019, an internal review was completed by Council staff based upon using the phytocap rehabilitation method for the Long Swamp Road Landfill only. During 2020, degradation of the capping at the Guyra Landfill site was identified so further rehabilitation is required. The Waterfall Way Regional Landfill site was licensed by the EPA to accept landfill from 1 July 2020, so this is a new addition to the Landfill Rehabilitation Provision.

Council notes that the phytocap method of rehabilitation is only in testing phase with a limited number of councils in NSW.

The EPA have not yet provided approval for Council to use phytocap technology so a full capping methodology has been applied in valuing the Landfill Rehabilitation Provision at 30 June 2020.

Council performed an annual internal review of the Quarry Rehabilitation Provision and determined an additional \$1.0 million is required to rehabilitate the quarry sites, to provide a total Quarry Rehabilitation Provision of \$1.2m at 30 June 2020.

Any changes to these provisions will be reflected in future Financial Statements.

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Provisions (continued)

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

Provisions for close-down and restoration, and environmental clean-up costs – landfills and quarries

Restoration

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

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

Rehabilitation

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

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

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

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

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

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

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Refer to the Statement of Changes in Equity for the rollforward of the Accumulated Surplus and Revaluation Reserve from 2019 to 2020 and comparatives for the prior year.

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

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

(i) AASB 15 and AASB 1058

Changes in accounting policies due to adoption of AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

	Balance at 1 July 2019
\$ '000	

Opening contract balances at 1 July 2019**Contract assets**

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
– Under AASB 15	1,270
– Under AASB 1058	896
Total Contract assets	2,166
Contract liabilities	
– Under AASB 15	138
– Under AASB 1058	7,202
Total Contract liabilities	7,340

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur-e ment	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	20,856	–	–	20,856	
Investments	51,295	–	–	51,295	
Receivables	9,175	3,073	–	12,248	
Inventories	1,027	–	–	1,027	
Contract assets	3,073	(3,073)	–	–	
Other	606	–	–	606	
Current assets classified as 'held for sale'	1,359	–	–	1,359	
Total current assets	87,391	–	–	87,391	
Current liabilities					
Payables	8,437	–	–	8,437	
Contract liabilities	7,245	–	(7,245)	–	
Lease liabilities	26	–	–	26	
Borrowings	2,831	–	–	2,831	
Provisions	7,329	–	–	7,329	
Total current liabilities	25,868	–	(7,245)	18,623	
Non-current assets					
Receivables	312	–	–	312	
Infrastructure, property, plant and equipment	859,896	–	–	859,896	
Right of use assets	279	–	–	279	
Total non-current assets	860,487	–	–	860,487	
Non-current liabilities					
Lease liabilities	253	–	–	253	

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Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassification	Remeasurement	Carrying amount under previous revenue standards	Notes
Borrowings	20,946	–	–	20,946	
Provisions	23,987	–	–	23,987	
Total Non-current liabilities	45,186	–	–	45,186	
Net assets	876,824	–	7,245	884,069	
Equity					
Accumulated surplus	845,741	–	7,245	852,986	
Revaluation reserves	31,083	–	–	31,083	
Council equity interest	876,824	–	7,245	884,069	
Total equity	876,824	–	7,245	884,069	

In compliance with AASB 1058, a Contract Liability of \$7,245,000 is recorded to recognise unexpended grant funds and contributions as at 30 June 2020. A Contract Asset of \$3,072,000 is recorded at 30 June 2020.

Applying the previous accounting standard AASB 1004, the Contract Liability of \$7,245,000 would be nil and the Accumulated Surplus would increase by \$7,245,000.

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	33,409	–	–	33,409	
User charges and fees	18,091	–	–	18,091	
Other revenues	2,786	–	–	2,786	
Grants and contributions provided for operating purposes	16,979	–	–	16,979	
Grants and contributions provided for capital purposes	23,025	–	7,245	30,270	
Interest and investment income	1,376	–	–	1,376	
Rental income	872	–	–	872	
Total Income from continuing operations	96,538	–	7,245	103,783	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	23,750	–	–	23,750	
Borrowing costs	2,000	–	–	2,000	
Materials and contracts	21,274	–	–	21,274	
Depreciation and amortisation	17,594	–	–	17,594	
Other expenses	8,231	–	–	8,231	

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Net losses from the disposal of assets	1,454	–	–	1,454	
Revaluation decrement / impairment of IPP&E	2,099	–	–	2,099	
Total Expenses from continuing operations	76,402	–	–	76,402	
Total Operating result from continuing operations	20,136	–	7,245	27,381	
Loss on Boundary Adjustment	(40,446)	–	–	(40,446)	
Net operating result for the year	(20,310)	–	7,245	(13,065)	
Total comprehensive income	(13,028)	–	–	(13,028)	

In compliance with new accounting standards AASB 1058 and AASB 15, a Contract Liability of \$7,245,000 is recorded to recognise unexpended grant funds and contributions as at 30 June 2020. A Contract Asset of \$3,072,000 is recorded at 30 June 2020.

Applying the previous accounting standard AASB 1004, the Contract Liability of \$7,245,000 would be nil and the Accumulated Surplus would increase by \$7,245,000.

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	2,166	2,166
Receivable	12,357	(2,166)	10,191
Total assets	943,888	–	943,888
Contract liabilities	–	7,340	7,340
Total liabilities	46,696	7,340	54,036
Accumulated surplus	873,423	(7,340)	866,083
Revaluation reserves	23,769	–	23,769
Total equity	897,192	(7,340)	889,852

(iii) AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

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Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$313,000 at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5.71%.

\$ '000	Balance at 1 July 2019
Operating lease commitments at 30 June 2019 per Council financial statements	1,030

Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases

Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	445
Less:	
Short-term leases included in commitments note	(132)
Lease liabilities recognised at 1 July 2019	313

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

Adjustments to the current year figures for the year ended 30 June 2020**Statement of Financial Position**

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Rights-of-use assets	—	313	313
Total assets	943,888	313	944,201
Payables – accrued interest on leases (30/6/2019)	—	—	—
Leases	—	313	313

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Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Total liabilities	46,696	313	47,009
Accumulated surplus	–	–	–
Total equity	897,192	–	897,192

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	20,856	11,040
Balance as per the Statement of Cash Flows		20,856	11,040
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		(20,310)	15,317
Adjust for non-cash items:			
Depreciation and amortisation		17,594	18,198
Net losses/(gains) on disposal of assets		1,454	1,102
Adoption of AASB 15/1058		(7,340)	–
Other movement		(32)	–
Loss on Boundary Adjustment		40,446	–
Crown Land devolved by NSW State Government to Council		(8,152)	–
RFS Fleet assets contributed to Council		(1,427)	–
Increase in Rehabilitation Provision		(19,761)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Revaluation decrements / impairments of IPP&E direct to P&L		2,099	608
Unwinding of discount rates on reinstatement provisions		(340)	41
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		3,239	227
Increase/(decrease) in provision for impairment of receivables		(57)	169
Decrease/(increase) in inventories		(181)	209
Decrease/(increase) in other current assets		(435)	81
Decrease/(increase) in contract assets		(3,073)	–
Increase/(decrease) in payables		(933)	(686)
Increase/(decrease) in accrued interest payable		(10)	(22)
Increase/(decrease) in other accrued expenses payable		1,407	546
Increase/(decrease) in other liabilities		37	(2,011)
Increase/(decrease) in contract liabilities		7,245	–
Increase/(decrease) in provision for employee benefits		(102)	(93)
Increase/(decrease) in other provisions		19,761	(1)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		31,129	33,685

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Interests in other entities

Unconsolidated structured entities

Council did not consolidate the following structured entities:

\$ '000	2020	2019
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1. New England Weeds Authority

New England Weeds Authority (NEWA), is the registered trading name of The New England Tablelands Noxious Plants County Council. NEWA is a single purpose Council which is a Local Control Authority for priority and invasive weeds under the NSW Biosecurity Act, 2015. The present area of operation of NEWA is the local government areas of Armidale Regional, Walcha, Uralla Shire, and Glen Innes Severn (under a Memorandum of Understanding). These Councils are located in the Northern Tablelands region of New South Wales.

The County Council's governance is in accordance with the Local Government Act 1993 (LGA 1993) with the County Council first proclaimed in 1947.

NEWA is funded by contributions from its four Constituent Councils, grants and private works. Each Constituent Council has delegated its Noxious weeds control function to NEWA and contributes in accordance with NEWA's proclamation. NEWA's governing body consists of five Councillors elected by each of the Constituent Councils.

NEWA leases property from Council for office accommodation, parking and storage of chemicals under a 5 year lease agreement from 1 July 2015 - 30 June 2020. Council also provides servicing of vehicles owned by NEWA at cost. Management assessed the impact of the NEWA's operations to be insignificant to the financial statements of Council.

Nature of risks relating to the Unconsolidated Structured Entity

NEWA is a separately constituted and proclaimed County Council. The proclamation determined the contribution of each participating Council. These contributions are the total financial support required of each Constituent Council.

Council has no further obligations should NEWA become insolvent. As a proclaimed entity of the State of NSW, any additional funding obligations remain with the State.

Non-contractual financial support provided

Council did not provide any non contractual support to NEWA.

Current intention to provide financial support

Council will continue to provide a contribution to NEWA in accordance with NEWA's proclamation. Council's expected contribution for the 2020/2021 year is approximately \$205,000 including GST (2019: \$220,000 including GST).

2. New England Regional Art Museum (NERAM)

New England Regional Art Museum (NERAM) is a not for profit company limited by guarantee, and a Charitable Trust which has received endorsed deductible gift recipient status. NERAM is an organisation built with a combination of state and local government funding and community contributions. Council does not hold any ownership interest in NERAM.

NERAM's income is derived from several sources, including a 20 year funding agreement with Council (38%), NSW government (5%), with the balance made up from membership fees, art classes, commercial sponsorship and fundraising.

The 20 year funding agreement commenced on 15 April 2009 at \$265,000 per annum plus GST, indexed at Councils rate peg increase at each anniversary date. The funding agreement is due to expire on 14 April 2028. Under the funding agreement, Council also provides 'in kind' support for building maintenance, up to a capped amount of \$10,000 per annum indexed with CPI each year, on the building that NERAM occupies and leases from Council under a separate lease agreement.

Council has assessed the impact of the organisation's operations to be insignificant to the financial statements of Council.

Nature of risks relating to the Unconsolidated Structured Entity

Council provides 38% of funding for NERAM. As a public company limited by guarantee, the organisation is responsible for its own funding, while it may not exist without Council's ongoing support. Council makes 4 quarterly payments to NERAM in accordance with the funding agreement.

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for the year ended 30 June 2020

Note 18. Interests in other entities (continued)

\$ '000	2020	2019
The main assets of NERAM are artworks. The nature of the Hinton and Coventry Trust prevent sale and usage of funds to fund operations. The assets and liabilities of NERAM are not considered significant to the financial statements of Council.		
Income received by Council relating to the Structured Entity		
– Rental Income	(11)	(11)
Assets in Council's Statement of Financial Position relating to the Structured Entity	7,061	7,311
Net assets in Council's Statement of Financial Position	7,061	7,311
 Difference – net asset/(net exposure) relating to the Structured Entity:	 7,061	 7,311

Non-contractual financial support provided

Council did not provide any non contractual support to NERAM.

Current intention to provide financial support

Council's current position is to maintain support and contributions in accordance with the 20 year funding agreement which commenced on 15 April 2009 and concludes on 14 April 2028.

Under the funding agreement, the commencement funding amount is \$265,000 per annum plus GST, increased on each anniversary date by what is commonly referred to as the rate pegging percentage for Council. Council's contribution for the 2020/21 year is estimated at \$355,000 plus GST.

Council also provides 'in kind' support to NERAM in terms of a lease of the building and maintenance of the land upon which NERAM is located, capped at a dollar value of \$10,000 per annum indexed to CPI.

3. New England Joint Organisation (NEJO)

The New England Joint Organisation ("NEJO") was established on 11 May 2018 and is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government (General) Regulation 2008.

The principal purpose of the NEJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

The NEJO comprises seven voting member councils: Armidale Regional Council, Glen Innes Severn Council, Inverell Shire Council, Moree Plains Shire Council, Narrabri Shire Council, Tenterfield Shire Council and Uralla Shire Council.

The Board of the NEJO consists of the Mayors of each Member Council, who are entitled to one (1) vote at Meetings, and a non-voting representative of the NSW Government, who is the Regional Director of the Department of Premier and Cabinet.

The Chairperson is to be elected by the voting representatives of the Board from one (1) of the Mayoral representatives. The Chairperson does not have a casting vote.

A decision of the Board is supported by a majority at which a quorum is present.

Armidale Regional Council, as a member of the NEJO, has a one-seventh voting right in respect to the decisions of the Board.

Decision making is based on majority votes, so Council does not have control, joint control or significant influence over relevant activities of the organisation.

In accordance with the NEJO's Charter, each member is required to contribute annual fees towards the operation of the organisation. In the 2018/2019 and 2019/2020 financial years, the contribution made by each council was \$5,000. The contribution by Council for the 2020/2021 financial year has been set at \$28,320 in the NEJO Operational Plan for 2020/2021.

The net operating result for the year ended 30 June 2020 was \$46,486 (2019: \$272,563). Council is not entitled to any share or distribution of the NEJO net operating result.

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Commitments

\$ '000	2020	2019
---------	------	------

(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Plant and equipment	568	1,523
Bridges	1,680	–
Airport Business Park	1,519	–
Playground equipment	643	–
Parks	250	–
Other	288	2,726
Total commitments	4,948	4,249

These expenditures are payable as follows:

Within the next year	4,948	4,249
Total payable	4,948	4,249

Sources for funding of capital commitments:

Unrestricted general funds	(1)	–
Externally restricted reserves	4,381	2,726
Internally restricted reserves	568	1,523
Total sources of funding	4,948	4,249

Details of capital commitments

For each of the commitments, tenders have been called and orders placed prior to year end, with an expectation of delivery early during the 2019/20 year.

(b) Finance lease commitments (2019 only)

Council is not party to any finance lease arrangements.

(c) Non-cancellable operating lease commitments (2019 only)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	–	165
Later than one year and not later than 5 years	–	99
Later than 5 years	–	766
Total non-cancellable operating lease commitments	–	1,030

b. Non-cancellable operating leases include the following assets:

Operating leases exist for:

(1) the provision of all photocopiers throughout all Council offices and facilities; and

Conditions relating to finance and operating leases:

All operating lease agreements are secured only against the leased asset.

No lease agreements impose any financial restrictions on Council regarding future debt.

Refer to Note 13 for information relating to leases for 2020.

Armidale Regional Council

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for the year ended 30 June 2020

Note 20. Contingencies

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

LIABILITIES NOT RECOGNISED**1. Guarantees****(i) Defined benefit superannuation contribution plans**

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times member contributions for non-180 Point Member; Nil for 181 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 for 2 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2019.

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

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

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2020 was \$422,023. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30 June 2019, and relates to the period ended 30 June 2019.

Council's expected contribution to the Scheme for the next annual reporting period is \$416,605.

The estimated employer reserves in the Scheme for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.58% or \$452,400 as at 30 June 2020.

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Scheme's Actuary, the final end of year review will be completed around November/December 2020.

(ii) Statewide Mutual

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2020 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Mutual Limited

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Contingencies (continued)

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

(iv) Other guarantees

During the 2018/19 year, Council provided a bank guarantee for \$10,000 relating to an easement over an independent party's land. The bank guarantee remains in place as at 30 June 2020.

Since year end, Council has provided a second bank guarantee of \$10,000 relating to another easement over an independent party's land.

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

3. Contingent liabilities

(i) Contingent Remediation Work

During 2019, Council identified two sites where future potential remediation work may be required to comply with environmental requirements.

The two sites are:

- (1) the former Armidale Gas Works site, which may require certain land and waterway rehabilitation work; and
- (2) the Guyra recycling centre and waste transfer station, previously used as the Guyra Landfill, which may require certain rehabilitation work to ensure the long term capping of the site.

In relation to the former Armidale Gas Works site, Council continues to test and monitor the site for contamination and leaching. At this stage, there is no present obligation for Council to incur costs of remediation. Council continues to work with the relevant authorities to monitor the site. Should the ongoing testing and monitoring indicate leaked contamination and leaching, remediation may be required to further rehabilitate the site.

In relation to the Guyra Recycling Centre and Waste Transfer Station (formerly the Guyra Landfill site), during 2020, in consultation with the environmental regulator, Council has determined the site requires remediation work and the costs associated with this work have been recognised as a provision for rehabilitation, as included in Note 15 above.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Contingencies (continued)

ASSETS NOT RECOGNISED**(i) Infringement notices/fines**

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

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

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

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

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Financial risk management

Risk management

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

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

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	20,856	11,040	20,856	11,040
Receivables	9,487	12,684	12,560	12,684
Investments				
– 'Financial assets at amortised cost'	51,295	58,236	51,295	58,236
Total financial assets	81,638	81,960	84,711	81,960
Financial liabilities				
Payables	8,437	7,431	7,124	6,736
Loans/advances	23,777	26,763	23,777	26,763
Lease liabilities	279	–	–	–
Total financial liabilities	32,493	34,194	30,901	33,499

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Financial risk management (continued)

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 1% movement in interest rates	513	513	(513)	(513)
2019				
Possible impact of a 1% movement in interest rates	582	582	(582)	(582)

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Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Financial risk management (continued)

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross carrying amount	–	1,411	230	253	112	2,006
2019						
Gross carrying amount	–	1,115	391	246	–	1,752

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2020						
Gross carrying amount	5,601	1,274	246	131	621	7,873
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	38.00%	3.00%
ECL provision	–	–	–	–	236	236
2019						
Gross carrying amount	6,165	2,213	474	1,163	1,366	11,381
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	16.55%	1.99%
ECL provision	–	–	–	–	226	226

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Financial risk management (continued)

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2020							
Trade/other payables	0.00%	40	7,361	–	–	7,401	7,401
Loans and advances	5.71%	–	4,237	19,276	6,900	30,413	23,777
Total financial liabilities		40	11,598	19,276	6,900	37,814	31,178
2019							
Trade/other payables	0.00%	–	6,736	–	–	6,736	6,736
Loans and advances	5.42%	–	4,441	19,051	11,248	34,740	26,763
Total financial liabilities		–	11,177	19,051	11,248	41,476	33,499

Loan agreement breaches

No breaches of any loan agreements occurred during the year.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Material budget variations

Council's original financial budget for 2019/20 was adopted by the Council on 29 June 2019 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	32,939	33,409	470	1% F
User charges and fees	20,084	18,091	(1,993)	(10)% U
Ongoing severe drought conditions had a significant impact on water usage charges and this is the major reason for the unfavourable variance.				
Other revenues	3,005	2,786	(219)	(7)% U
Operating grants and contributions	11,216	16,979	5,763	51% F
Favourable result relates to grant funding received for drought relief (\$1.4m) and bushfire and drought stimulus (\$1.5m) that was not in the original budget.				
Capital grants and contributions	13,650	23,025	9,375	69% F
Favourable variance relates to a combination of: (1) additional capital grants and contributions received during the year not budgeted for and (2) the impact of the new revenue accounting standards were not budgeted for. Grant Revenue recorded in FY2019 (in accordance with the accounting standards applicable for that year) was required to be recognised again in the FY2020 year (in accordance with the new revenue accounting standards).				
Interest and investment revenue	2,106	1,376	(730)	(35)% U
Unfavourable variance relates to the negative impact from a drop in interest rates from when the budget was originally forecast.				
Rental income	632	872	240	38% F
The reason for the favourable variance is that the facilities lease income was higher than forecast.				
EXPENSES				
Employee benefits and on-costs	25,332	23,750	1,582	6% F
Borrowing costs	1,469	2,000	(531)	(36)% U
Unfavourable variance relates to the recognition of discount amortisation associated with landfill remediation. This was not budgeted for.				
Materials and contracts	14,792	21,274	(6,482)	(44)% U
Unfavourable variance relates to the additional costs associated with the drought response (\$3.6m), RMCC ordered works exceeded budget by \$2m but were claimed back from RMS, additional expenditure relating to bushfire response and cleanup (\$1.2m) was also incurred, most of which has been claimed under section 44 natural disaster funding arrangements. There were around \$0.9m in operational costs incurred that related to grant expenditure where Council was the auspicing body. This was not included in the original budget.				

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for the year ended 30 June 2020

Note 22. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
Depreciation and amortisation	16,484	17,594	(1,110)	(7)% U
Unfavourable variance largely relates to increased depreciation on water and sewerage network assets.				
Other expenses	9,865	8,231	1,634	17% F
Around \$1m of the original budget related to fuel and registration expenses for Council fleet. The actual costs have been reported against materials and contracts, which is the predominant reason for the favourable budget variation.				
Net losses from disposal of assets	–	1,454	(1,454)	∞ U
The net result from disposal of assets was not budgeted for.				
Revaluation decrement / impairment of IPP&E	–	2,099	(2,099)	∞ U
The impact of impairment of the Kempsey Road asset due to natural disaster and impairment of the Old Kolora Property due to a lower sales price were not budgeted for.				
Loss on Boundary Adjustment	–	(40,446)	40,446	∞ F
The loss that arose from the Boundary Adjustment (ie transfer of net assets to Inverell Shire Council for nil consideration) was not budgeted for.				

STATEMENT OF CASH FLOWS

Cash flows from operating activities	32,175	31,129	(1,046)	(3)% U
The unfavourable variance relates to a higher level of cash outflows relating to materials and contracts and other expenses.				
Cash flows from investing activities	(33,049)	(18,327)	14,722	(45)% F
The favourable variance relates to lower cash outflows relating to purchase of PPE. The original budget included a much higher level of capital expenditure than the end of year budget position.				
Cash flows from financing activities	(2,952)	(2,986)	(34)	1% U

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for the year ended 30 June 2020

Note 23. Boundary adjustments

\$ '000

The Local Government (Armidale and Inverell - Alteration of Boundaries) Proclamation 2019 was effective from 1 July 2019. The object of the Proclamation is to alter the boundaries between the local government areas of Armidale Regional Council and Inverell Shire Council, so that the localities known as Tingha, Bassendean, Howell, Stanborough, Bundarra, Georges Creek, New Valley and The Basin (collectively referred to as Tingha) which comprise approximately 800 square kilometres, and which previously lay within the Armidale Regional local government area adjacent to that boundary, became part of the Inverell Shire Council local government area.

The transfer of assets from Armidale Regional Council included roads, land and buildings, water and sewer infrastructure assets and some other minor miscellaneous assets. These assets were transferred to Inverell Shire Council on 1 July 2019 for nil consideration.

Loss on boundary adjustment

Actual
2020

Assets and liabilities transferred to Inverell Shire Council

(40,446)

(40,446)

The written down value of the assets transferred is as follows:

Asset Category	\$'000
Operational Land	351
Community Land	23
LUR	62
Buildings	1,030
Other Structures	19
Roads	19,096
Bridges	295
Footpaths	355
Bulk Earthworks	9,605
Stormwater drainage	3,028
Water Supply	1,782
Sewerage	4,731
Other	69
Total Assets	40,446

Council believes the carrying amounts are not materially different from their fair values as at the date of transfer.

The fair value of the net assets transferred has been shown as a loss from boundary adjustments in the Income Statement.

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for the year ended 30 June 2020

Note 24. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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Note 24. Fair Value Measurement (continued)

(1) Assets and liabilities that have been measured and recognised at fair values

2020		Fair value measurement hierarchy			Total	
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs		
\$ '000						
Recurring fair value measurements						
Infrastructure, property, plant and equipment						
Plant and equipment	30/06/20	—	—	11,429	11,429	
Office equipment	30/06/20	—	—	191	191	
Operational Land	30/06/19	—	24,962	—	24,962	
Community Land	30/06/19	—	—	27,516	27,516	
Land Under Roads	30/06/19	—	—	657	657	
Buildings (specialised and non-specialised)	30/06/18	—	61,760	—	61,760	
Other structures	13/05/16	—	—	6,608	6,608	
Roads	13/05/16	—	—	154,595	154,595	
Bridges	13/05/16	—	—	42,178	42,178	
Footpaths	13/05/16	—	—	7,347	7,347	
Bulk earthworks (non-depreciable)	13/05/16	—	—	142,100	142,100	
Stormwater drainage	13/05/16	—	—	46,906	46,906	
Water supply network	30/06/17	—	—	163,268	163,268	
Sewerage network	30/06/17	—	—	97,941	97,941	
Airport infrastructure	30/06/17	—	—	6,977	6,977	
Heritage collections	13/05/16	—	—	52	52	
Other	13/05/16	—	—	112	112	
Artworks	13/05/16	—	—	24,255	24,255	
Tip assets	30/06/20	—	—	19,301	19,301	
Total infrastructure, property, plant and equipment		—	86,722	751,433	838,155	

2019		Fair value measurement hierarchy			Total	
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs		
\$ '000						
Recurring fair value measurements						
Infrastructure, property, plant and equipment						
Plant and equipment	30/6/19	—	—	10,192	10,192	
Office equipment	30/6/19	—	—	345	345	
Operational Land	30/06/18	—	21,312	—	21,312	
Community Land	30/06/18	—	—	19,882	19,882	
Land Under Roads	30/06/19	—	—	721	721	
Buildings (specialised and non-specialised)	30/06/18	—	65,164	—	65,164	
Other structures	13/05/16	—	—	6,439	6,439	
Roads	13/05/16	—	—	176,942	176,942	
Bridges	13/05/16	—	—	42,294	42,294	
Footpaths	13/05/16	—	—	7,918	7,918	
Bulk earthworks (non-depreciable)	13/05/16	—	—	152,653	152,653	
Stormwater drainage	13/05/16	—	—	49,015	49,015	
Water supply network	30/06/17	—	—	153,713	153,713	
Sewerage network	30/06/17	—	—	103,812	103,812	
Airport infrastructure	30/06/17	—	—	7,347	7,347	
Heritage collections	13/05/16	—	—	60	60	
Other	13/05/16	—	—	14,910	14,910	
Artworks	13/05/16	—	—	112	112	
Tip assets	30/06/20	—	—	1,053	1,053	

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Note 24. Fair Value Measurement (continued)

2019 \$ '000	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Total infrastructure, property, plant and equipment		—	86,476	747,408	833,884

Note that capital WIP is not included above since it is carried at cost.

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Note 24. Fair Value Measurement (continued)

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

Council identifies at the end of the reporting period if any transfers between the different levels of the hierarchies have occurred. During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurement.

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPP&E)

Plant and equipment, and office equipment – Level 3

Valuation Techniques – Depreciated historic cost. The nature and value of plant and equipment and office equipment recognises that depreciated historic cost is a representation of fair value. Observable inputs - Available market data to assess the replacement cost of the asset. Unobservable inputs - Estimates of useful life and residual value.

Operational Land – Level 2

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Valuation Techniques – at 30 June 2020, valuation information was obtained from the NSW Valuer-General and their valuations undertaken at 1 July 2019 for rating purposes. Operational land was previously valued by an external independent valuer at 30 June 2018. Where the valuation information obtained from the NSW Valuer-General indicated an increment or decrement in the value, the increment/decrement was recorded to represent a more current reflection of value. The valuation undertaken by the external independent valuer at 30 June 2018 involved the analysis of sales evidence of other properties within the region and adjustment for differences between key attributes of the properties. Observable inputs - Valuation information obtained from the NSW Valuer-General and sales evidence of price per square metre of land.

Community Land and Land under roads – Level 3

Valuations of all of Council's Community Land and Council-managed land were based on either the Unimproved Capital Value (UCV) provided by the NSW Valuer-General or an average unit rate based on the UCV for similar properties where the Valuer-General did not provide a UCV having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3.

At 30 June 2020, valuation information was obtained from the NSW Valuer-General and their valuations undertaken at 1 July 2019 for rating purposes. Community Land was previously recorded at fair value following the engagement of an external, independent and qualified valuer to determine the fair value of Community Land at 30 June 2018.

Buildings - Level 3

The approach taken with buildings, estimated the replacement cost of each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2), other inputs (such as obsolescence) require extensive professional judgement, and impact significantly on the final determination of fair value. In forming valuations of each building, the market to which the asset could be sold in was taken into account and compared back against the cost. Many of the buildings that council owns are specific purpose and valued using current replacement cost approach, and as such, these assets were classified as having been valued using Level 3 valuation inputs.

Buildings were recorded at fair value following the engagement of an external, independent and qualified valuer to determine the fair value of Buildings at 30 June 2018.

Roads, bridges, footpaths, bulk earthworks, stormwater drainage assets – Level 3

Valuation Techniques – Depreciated Replacement Cost.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The cost approach has been adopted for Council Roads and deemed level 3 and were last valued at 13 May 2016. This involves the following process:

- The fair value is a reflection of gross value (replacement cost) less accumulated depreciation.
- Actual construction cost data was used to establish unit rates and applied to the asset's attributes to determine the gross value

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Note 24. Fair Value Measurement (continued)

- A sample of roads were inspected to arrive at a condition score. This is applied along with the road age to determine the remaining useful life.
- Roads were categorised into appropriate groupings such as Sealed and Unsealed.
- The network was broken into segments linked to defining geographical features
- Assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives) i.e. seal, pavement, subbase, earthworks.

Observable inputs - Construction costs used to assess the replacement cost of the asset. For example Seal cost per m2, Pavement construction per m2, gravel cost

Unobservable inputs - Estimates of useful life, condition and residual value.

Transport Assets (Roads, Bridges, Footpaths, Bulk Earthworks and Stormwater Drainage) were last revalued by merged councils using internal and credible external valuers at 30 June 2015. In bringing in these assets into the Council, the assets underwent additional desk revaluation with the help of the independent, external valuer at 13 May 2016.

Water supply network and Sewerage network – Level 3

Valuation Techniques – Cost Approach Method.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The cost approach has been adopted for Council Water and Sewer deemed level 3 and was applied as part of 30 June 2017 fair value process. This involves the following process:

- Council engaged independent external valuer, to perform a comprehensive revaluation of its water and sewerage supply network assets
- Council used data published in the NSW Reference Rates Manual as published by the Office of Water, assets's condition assessment and observation and asset useful life for Valuation of Water & Sewerage Assets

Unobservable inputs - Estimates of useful life, condition and residual value.

Water and Sewerage Infrastructure Assets were revalued at 30 June 2017 by an independent, external valuer.

Landfill/Tip assets – reinstatement, rehabilitation and restoration – Level 3

Valuation Techniques - cost inputs, unit rates, useful life, asset condition, dimensions and specifications.

At the time a landfill site becomes full and the site is required to be closed, there are significant costs associated with the rehabilitation of the site.

During the year ended 30 June 2020, Council engaged an external consultant to provide a Rehabilitation Provision model for all three of Council's landfill sites. The model enabled Council to arrive at a revalued cost of rehabilitation work to be completed on Council's landfill sites. A significant increase in the rehabilitation provision is recorded at 30 June 2020 with a corresponding adjustment required to the value of the Landfill asset.

Heritage collections, artworks and other assets – Level 3

Valuation Technique – Depreciated Cost Approach. The depreciated cost of the asset category is considered a close proxy for fair value.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The depreciated cost approach has been adopted for this asset class and deemed level 3. This involves the following process:

- The fair value is a reflection of gross value less accumulated depreciation. Published project and cost data applied to the asset's attributes is used to determine the gross value (replacement cost)
- Age and asset condition is applied to determine the level of depreciation.
- Major assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives).

Observable inputs - Available market data to assess the replacement cost of the asset.

Unobservable inputs - Estimates of useful life, and condition.

Heritage collections, Artworks and Other Assets were recorded at fair value from merged councils which engaged external, independent valuers to determine the fair value at 13 May 2016.

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for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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

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

\$ '000	Operational land	Community land	Buildings	Infrastructure assets	Other assets	Total
2019						
Opening balance	21,815	19,913	68,395	715,607	11,399	837,129
Transfers from/(to) another asset class	–	–	(779)	1,414	–	635
Purchases (GBV)	–	–	948	8,024	2,012	10,984
Disposals (WDV)	(503)	(31)	(316)	(2,313)	(595)	(3,758)
Depreciation and impairment	–	–	(3,084)	(13,050)	(2,107)	(18,241)
FV gains – other comprehensive income	–	–	–	6,082	–	6,082
Closing balance	21,312	19,882	65,164	715,764	10,709	832,831
2020						
Opening balance	21,312	19,882	65,164	715,764	10,709	832,831
Transfers from/(to) another asset class	–	–	211	27,256	–	27,467
Purchases (GBV)	–	–	270	3,879	2,271	6,420
Disposals (WDV)	(697)	(460)	(1,637)	(42,618)	(504)	(45,916)
Depreciation and impairment	–	–	(2,248)	(13,832)	(2,157)	(18,237)
FV gains – other comprehensive income	4,989	8,094	–	(527)	1,464	14,020
Closing balance	25,604	27,516	61,760	689,922	11,783	816,585

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for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

(5) Highest and best use

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

Armidale Regional Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures

(a) Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	1,311	1,104
Post-employment benefits	84	69
Other long-term benefits	36	31
Total	1,431	1,204

(b) Other transactions with KMP and their related parties

Other transactions that occur between KMP and their related parties and Council, as part of Council delivering a public service objective (e.g. access by KMP to use library facilities or Council swimming pools), occur on an arm's length basis, with no additional benefits being provided to KMP over and above those benefits provided to the public.

There are no other disclosures to be made by KMP.

Note 26. Events occurring after the reporting date

Council is not aware of any material or significant 'non-adjusting events' that should be disclosed.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/06/19						as at 30/06/20	
	Opening Balance	Contributions received during the year		Interest earned in year	(Expenditure) & Other Adjustments during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
Drainage	45	–	–	1	–	–	46	–
Roads	786	179	–	17	–	–	982	–
Traffic facilities	18	–	–	–	–	–	18	–
Parking	32	–	–	1	–	–	33	–
Open space	329	–	–	6	–	–	335	–
Community facilities	52	–	–	1	–	–	53	–
Other	8	–	–	–	–	–	8	–
Bushfire	1	–	–	–	–	–	1	–
Street Trees	81	3	–	2	–	–	86	–
S7.11 contributions – under a plan	1,352	182	–	28	–	–	1,562	–
S7.12 levies – under a plan	977	315	–	20	(174)	–	1,138	–
Total S7.11 and S7.12 revenue under plans	2,329	497	–	48	(174)	–	2,700	–
S7.4 planning agreements	54	–	–	1	–	–	55	–
S64 contributions	3,419	531	–	73	(12)	–	4,011	–
Total contributions	5,802	1,028	–	122	(186)	–	6,766	–

S7.11 Contributions – under a plan

CONTRIBUTION PLAN

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

\$ '000	as at 30/06/19	Contributions received during the year		Interest earned in year	(Expenditure) & Other Adjustments during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
Drainage	45	–	–	1	–	–	46	–
Roads	786	179	–	17	–	–	982	–
Traffic facilities	18	–	–	–	–	–	18	–
Bridges	32	–	–	1	–	–	33	–
Open space	329	–	–	6	–	–	335	–
Community facilities	52	–	–	1	–	–	53	–
Bushfire	1	–	–	–	–	–	1	–
Street Trees	81	3	–	2	–	–	86	–
Other	8	–	–	–	–	–	8	–
Total	1,352	182	–	28	–	–	1,562	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN

Other	977	315	–	20	(174)	–	1,138	–
Total	977	315	–	20	(174)	–	1,138	–

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Result by fund

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	25,390	2,252	5,767
User charges and fees	12,526	5,378	187
Interest and investment revenue	438	586	352
Other revenues	1,826	71	889
Grants and contributions provided for operating purposes	15,495	1,484	–
Grants and contributions provided for capital purposes	19,304	3,027	694
Rental income	872	–	–
Total income from continuing operations	75,851	12,798	7,889
Expenses from continuing operations			
Employee benefits and on-costs	20,169	2,293	1,288
Borrowing costs	1,672	328	–
Materials and contracts	11,767	7,403	2,104
Depreciation and amortisation	12,201	3,233	2,160
Other expenses	7,008	598	625
Net losses from the disposal of assets	1,454	–	–
Revaluation decrement /impairment of IPPE	2,099	–	–
Total expenses from continuing operations	56,370	13,855	6,177
Operating result from continuing operations	19,481	(1,057)	1,712
Loss on boundary adjustment			
Loss on boundary adjustment	(33,933)	(1,782)	(4,731)
Net operating result for the year	(14,452)	(2,839)	(3,019)
Net operating result attributable to each council fund	(14,452)	(2,839)	(3,019)
Net operating result for the year before grants and contributions provided for capital purposes			
	(33,756)	(5,866)	(3,713)

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

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

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Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Result by fund (continued)

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	20,856	—	—
Investments	8,778	24,594	17,923
Receivables	7,505	1,382	288
Inventories	539	—	488
Contract assets	3,073	—	—
Other	606	—	—
Non-current assets classified as 'held for sale'	1,359	—	—
Total current assets	42,716	25,976	18,699
Non-current assets			
Receivables	312	—	—
Infrastructure, property, plant and equipment	580,930	174,723	104,243
Right of use assets	279	—	—
Total non-current assets	581,521	174,723	104,243
TOTAL ASSETS	624,237	200,699	122,942
LIABILITIES			
Current liabilities			
Payables	8,428	9	—
Income received in advance	(170)	170	—
Contract liabilities	7,245	—	—
Lease liabilities	26	—	—
Borrowings	2,568	263	—
Provisions	7,329	—	—
Total current liabilities	25,426	442	—
Non-current liabilities			
Lease liabilities	253	—	—
Borrowings	16,719	4,227	—
Provisions	23,987	—	—
Total non-current liabilities	40,959	4,227	—
TOTAL LIABILITIES	66,385	4,669	—
Net assets	557,852	196,030	122,942
EQUITY			
Accumulated surplus	540,587	187,638	117,516
Revaluation reserves	17,265	8,392	5,426
Council equity interest	557,852	196,030	122,942
Total equity	557,852	196,030	122,942

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

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

Armidale Regional Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	664	0.90%	1.09%	(8.73)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	73,513				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	56,534	58.56%	65.51%	71.27%	>60.00%
Total continuing operating revenue ¹	96,538				
3. Unrestricted current ratio					
Current assets less all external restrictions	25,059	2.64x	2.40x	1.53x	>1.50x
Current liabilities less specific purpose liabilities	9,482				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20,258	4.06x	4.47x	2.81x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,986				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,036	5.74%	5.46%	6.86%	<10.00%
Rates, annual and extra charges collectible	35,477				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	72,151	14.75	12.57	13.37	>3.00
Monthly payments from cash flow of operating and financing activities	4,892	mths	mths	mths	mths

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

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

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Armidale Regional Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	6.60%	(1.02)%	(41.80)%	11.41%	14.15%	(0.86)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	54.12%	66.10%	64.75%	55.10%	91.20%	93.39%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.64x	2.40x	∞	74.50x	∞	760.30x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.06x	3.53x	(1.11)x	7.59x	158.90x	102.75x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	6.36%	2.87%	3.32%	6.97%	4.24%	15.34%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	6.72 mths	5.34 mths	142.45 mths	61.31 mths	57.61 mths	56.86 mths	>3.00 mths
Payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 31a above.

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

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2019/20 result

2019/20 ratio 0.90%

The 2020 operating result has deteriorated from the previous year predominantly due to the impact of drought on water usage charges and the creation of additional costs. The drought is estimated to have cost Council \$6.3 million in the 2019/20 financial year and this has had a significant negative impact on the level of Council's water reserve. Negative impacts on the operating result were also created by COVID-19 and this is estimated to have cost Council around \$0.7 million in 2019/20.

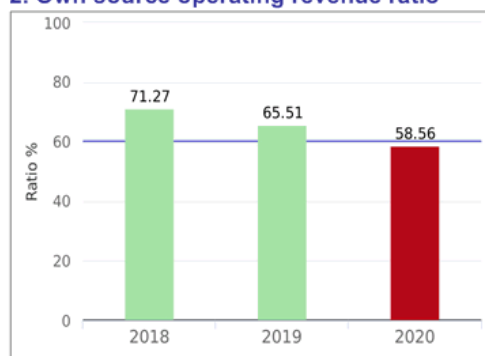
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2019/20 result

2019/20 ratio 58.56%

This ratio is impacted by the level of grants and contributions received and is slightly lower in 2020 than the previous year due to a higher level of capital contributions recognised as revenue. This ratio is also impacted by new accounting standards, which have changed how Council must recognise grant revenues.

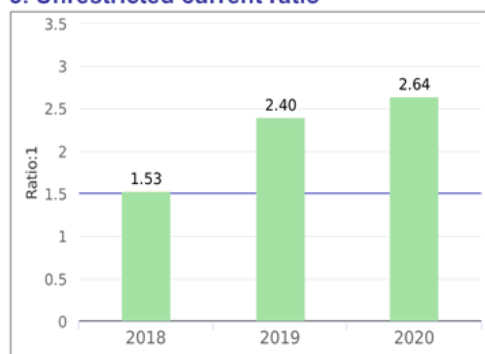
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2019/20 result

2019/20 ratio 2.64x

This ratio has improved slightly from the previous year. Gradual improvement is as a result of strategies introduced in 2018/19 to improve the operating result and cash position, which occurred to avoid Council falling below the minimum level recommended by the Office of Local Government.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

continued on next page ...

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Armidale Regional Council

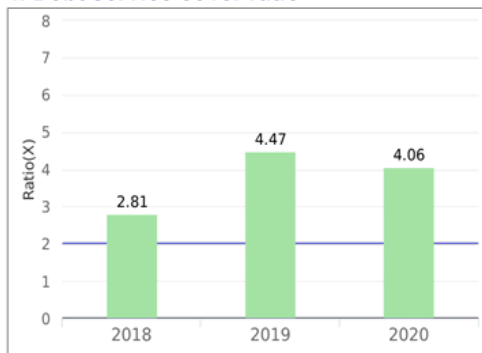
Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 4.06x

This ratio has deteriorated from the previous year due to the operating result position worsening.

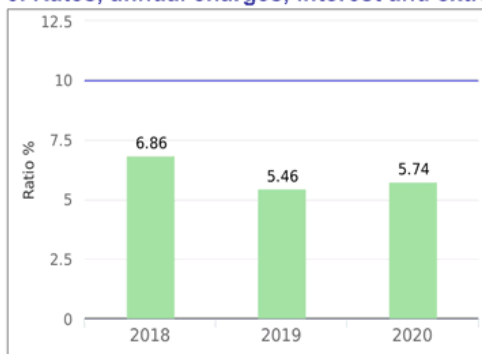
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

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

Commentary on 2019/20 result

2019/20 ratio 5.74%

This ratio has worsened slightly from the previous year although this is not unexpected with the impact of COVID-19 impacting on ratepayers' ability to pay. In response to COVID-19 Council has also ceased external debt recovery action and has permitted payment deferrals and arrangements to be put in place.

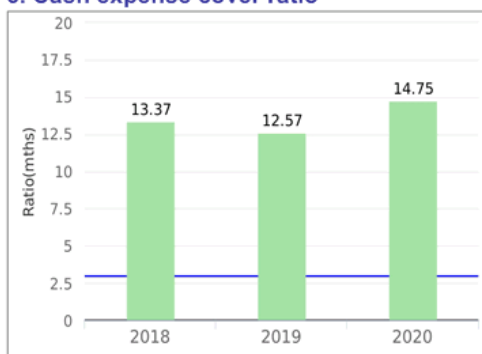
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 14.75 mths

This ratio has improved from the previous year primarily due to increased cash holdings at year end compared with the prior year end. It reflects the consolidated result including the General, Water and Sewerage funds. Council retains funds in the Water and Sewerage reserves for the purposes of infrastructure replacement, which is important as they are essential community services.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

Armidale Regional Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Council information and contact details

Note 30. Council information and contact details

Principal place of business:135 Rusden Street
Armidale NSW 2350**Contact details****Mailing Address:**PO Box 75A
Armidale NSW 2350**Telephone:** 1300 136 833**Opening hours:**8:30am - 5:00pm
Monday to Friday**Internet:** www.armidaleregional.nsw.gov.au**Email:** council@armidale.nsw.gov.au**Officers****Acting General Manager**

John Rayner

Responsible Accounting Officer

Kelly Stidworthy

Public Officer

Marissa Racomelara

AuditorsAudit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001**Elected members****Mayor**

To be added

Councillors

To be added (Deputy Mayor)

Andrew Murat

Debra O'Brien

Dorothy Robinson

Ian Tiley

Jon Galletly

Margaret O'Connor

Peter Bailey

Other information**ABN:** 39 642 954 203

Armidale Regional Council

Financial Statements 2020

General Purpose Financial Statements for the year ended 30 June 2020

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Armidale Regional Council

Financial Statements 2020

General Purpose Financial Statements for the year ended 30 June 2020

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Armidale Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Unleash the Opportunities



Armidale Regional Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements

for the year ended 30 June 2020

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Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Armidale Regional Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 23 September 2020.

Viv May
Interim Administrator
23 September 2020

John Rayner
Acting General Manager
23 September 2020

Kelly Stidworthy
Responsible Accounting Officer
23 September 2020

Armidale Regional Council

Special Purpose Financial Statements 2020

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	2,252	2,227
User charges	5,296	9,307
Fees	82	13
Interest	586	739
Grants and contributions provided for non-capital purposes	1,484	–
Other income	71	64
Total income from continuing operations	9,771	12,350
Expenses from continuing operations		
Employee benefits and on-costs	2,293	1,968
Borrowing costs	328	334
Materials and contracts	7,403	4,856
Depreciation, amortisation and impairment	3,233	3,201
Loss on sale of assets	–	383
Debt guarantee fee (if applicable)	135	143
Other expenses	598	582
Total expenses from continuing operations	13,990	11,467
Surplus (deficit) from continuing operations before capital amounts	(4,219)	883
Grants and contributions provided for capital purposes	3,027	10,064
Surplus (deficit) from continuing operations after capital amounts	(1,192)	10,947
Loss on boundary adjustment	(1,782)	–
Surplus (deficit) from all operations before tax	(2,974)	10,947
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(243)
SURPLUS (DEFICIT) AFTER TAX	(2,974)	10,704
Plus accumulated surplus	190,507	179,417
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	135	143
– Corporate taxation equivalent	–	243
Closing accumulated surplus	187,668	190,507
Return on capital %	(2.2)%	0.7%
Subsidy from Council	5,429	1,039
Calculation of dividend payable:		
Surplus (deficit) after tax	(2,974)	10,704
Less: capital grants and contributions (excluding developer contributions)	(3,027)	(9,700)
Surplus for dividend calculation purposes	–	1,004
Potential dividend calculated from surplus	–	502

Armidale Regional Council

Special Purpose Financial Statements 2020

Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	5,767	5,340
User charges	98	77
Liquid trade waste charges	60	65
Fees	29	25
Interest	352	399
Other income	889	736
Total income from continuing operations	7,195	6,642
Expenses from continuing operations		
Employee benefits and on-costs	1,288	1,400
Borrowing costs	–	3
Materials and contracts	2,104	2,390
Depreciation, amortisation and impairment	2,160	2,208
Loss on sale of assets	–	85
Other expenses	625	698
Total expenses from continuing operations	6,177	6,784
Surplus (deficit) from continuing operations before capital amounts	1,018	(142)
Grants and contributions provided for capital purposes	694	469
Surplus (deficit) from continuing operations after capital amounts	1,712	327
Loss on boundary adjustment	(4,731)	–
Surplus (deficit) from all operations before tax	(3,019)	327
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(280)	–
SURPLUS (DEFICIT) AFTER TAX	(3,299)	327
Plus accumulated surplus	120,565	120,238
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	280	–
Closing accumulated surplus	117,546	120,565
Return on capital %	1.0%	(0.1)%
Subsidy from Council	–	1,565
Calculation of dividend payable:		
Surplus (deficit) after tax	(3,299)	327
Less: capital grants and contributions (excluding developer contributions)	(694)	(129)
Surplus for dividend calculation purposes	–	198
Potential dividend calculated from surplus	–	99

Armidale Regional Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Investments	24,594	28,305
Receivables	1,382	2,423
Total current assets	25,976	30,728
Non-current assets		
Infrastructure, property, plant and equipment	174,723	170,885
Total non-current assets	174,723	170,885
TOTAL ASSETS	200,699	201,613
LIABILITIES		
Current liabilities		
Payables	9	118
Income received in advance	170	–
Borrowings	263	266
Total current liabilities	442	384
Non-current liabilities		
Borrowings	4,227	4,493
Total non-current liabilities	4,227	4,493
TOTAL LIABILITIES	4,669	4,877
NET ASSETS	196,030	196,736
EQUITY		
Accumulated surplus	187,638	190,477
Revaluation reserves	8,392	6,259
TOTAL EQUITY	196,030	196,736

Armidale Regional Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Investments	17,923	15,457
Receivables	288	974
Inventories	488	305
Total current assets	18,699	16,736
Non-current assets		
Infrastructure, property, plant and equipment	104,243	108,057
Total non-current assets	104,243	108,057
TOTAL ASSETS	122,942	124,793
LIABILITIES		
Current liabilities		
Borrowings	—	20
Total current liabilities	—	20
Non-current liabilities		
Borrowings	—	3
Total non-current liabilities	—	3
TOTAL LIABILITIES	—	23
NET ASSETS	122,942	124,770
EQUITY		
Accumulated surplus	117,516	120,535
Revaluation reserves	5,426	4,235
TOTAL EQUITY	122,942	124,770

Armidale Regional Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

1. Water Supplies

Comprising the whole of the operations and assets of water supply systems. As the total annual operating revenues are greater than \$2,000,000 is defined as a category 1 "Business Unit".

2. Sewerage Service

Comprising the whole of the operations and assets of the sewer reticulation and treatment system. As the total annual operating revenues are greater than \$2,000,000 is defined as a category 1 "Business Unit".

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

continued on next page ...

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Armidale Regional Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

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

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

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

continued on next page ...

Page 9 of 11

Armidale Regional Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Armidale Regional Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements for the year ended 30 June 2020

Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).



Planning,
Industry &
Environment

Our Reference: 20/04190
Your Reference: W624284

PO Box 2185, DANGAR NSW 2309
Phone: 1300 886 235
Fax: 02 4925 3517
enquiries@crowmland.nsw.gov.au
www.crowmland.nsw.gov.au

30 November 2020

Attn: Scot McDonald
Armidale Regional Council
PO Box 75A
ARMIDALE NSW 2350

Dear Sir/Madam,

Re: Transfer of Crown roads at Armidale to Armidale Regional Council

The Department of Planning, Industry and Environment – Crown Lands (the department) has approved Armidale Regional Council's Crown road transfer application W624284 that was received by the department on 25/09/2020. A diagram of the roads included in the application is attached for your information.

The roads will be transferred to council in the Government Gazette under section 152I of the *Roads Act 1993*. A copy of the gazette details will be sent to you in due course.

Enquiries and information in relation to this matter can be directed to Sarah McGrath, Business Service Officer, on 02 6640 3936 or by email to sarah.mcgrath@crowmland.nsw.gov.au.

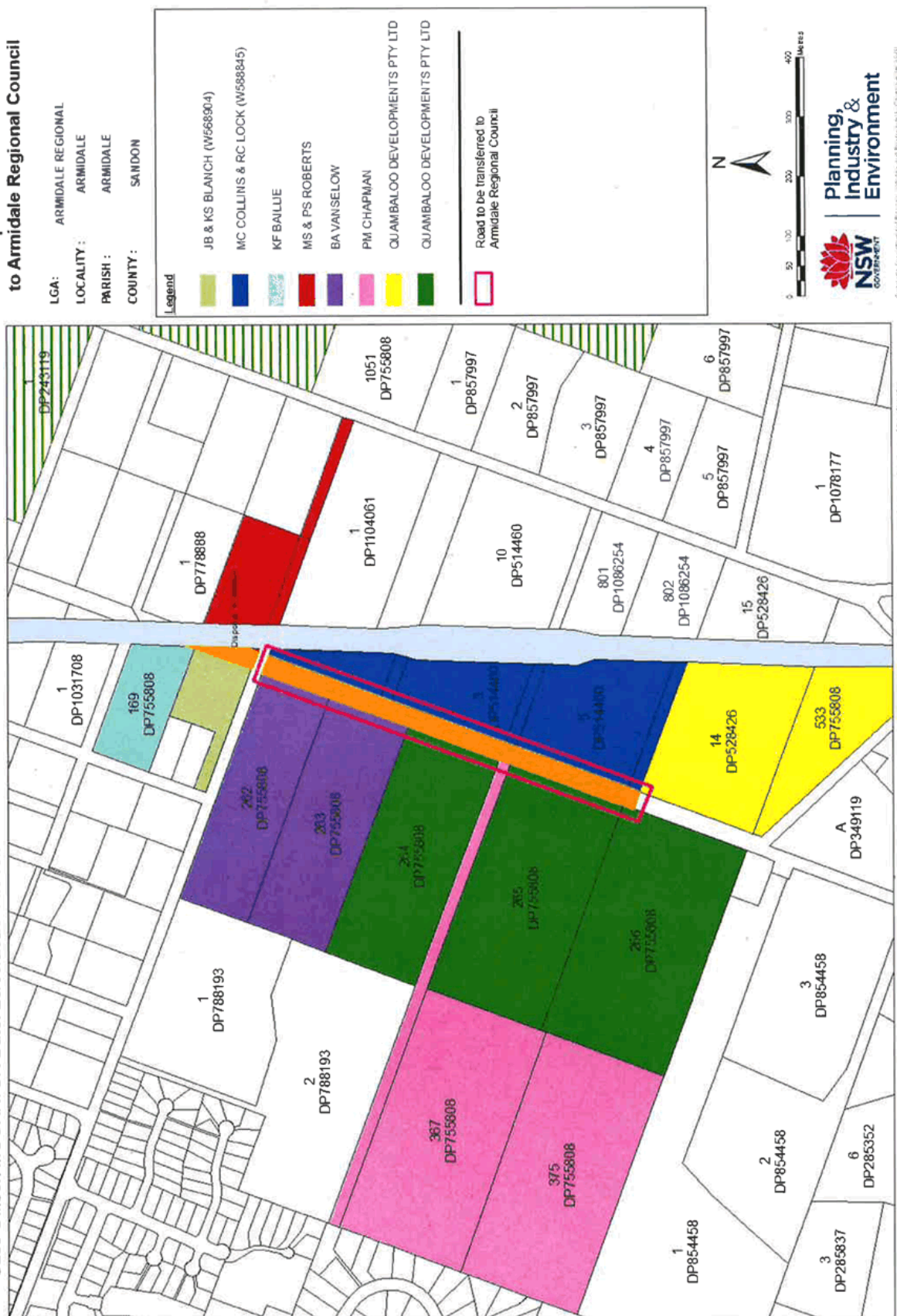
Yours faithfully

A handwritten signature in black ink, appearing to read 'Sarah McGrath'.

Sarah McGrath
Department of Planning, Industry and Environment – Crown Lands

Proposed Road Transfer to Armidale Regional Council

LGA: ARMDALE REGIONAL
LOCALITY: ARMDALE
PARISH: ARMDALE
COUNTY: SANDON



Department of Planning, Industry and Environment

Your High Street Guideline

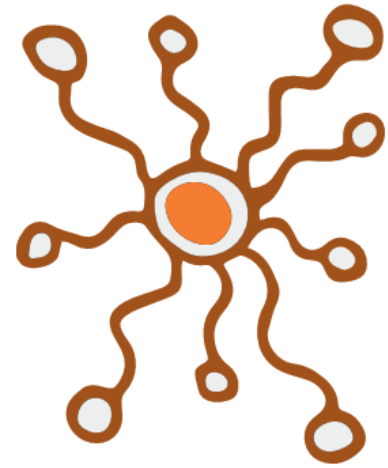
November 2020



www.dpie.nsw.gov.au

Acknowledgement of Country

The NSW Government acknowledges and pays tribute to the unique cultural and spiritual relationship that Aboriginal communities have to the land and water known as New South Wales.



Find out more:

www.dpie.nsw.gov.au

Title: Your High Street Guideline

First published: November 2020

Cover image: Destination New South Wales

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Introduction

The Department of Planning Industry and Environment (the Department) is inviting local councils to apply for up to \$1 million in grants as part of the \$15 million Your High Street program to make permanent changes that improve the amenity of a high street in their area.

Great public spaces are vital to communities. They provide places for social interaction, can improve health and wellbeing, and offer communities a sense of identity and character. Great public spaces are also safe and accessible for all to use and enjoy. COVID-19 has highlighted the value and benefit of public spaces as we re-equip our cities and towns to be safe and attractive places and support recovery.

Streets, paths and plazas make up an essential part of our network of public spaces. Whether people use them for travelling, walking, cycling, outdoor dining, socialising or doing business, streets are crucial infrastructure for successful and healthy urban areas. Streets are public spaces and have become a focal point during the COVID-19 pandemic. Communities and businesses are looking at using streets differently, to ensure safe physical distancing and the ability to exercise.

Sometimes referred to as main streets, high streets are important to the function of a strategic centre (also known as a strategic neighbourhood centre, see Glossary of Terms) in what they offer and as economic drivers. More than just a street for the movement of motor vehicles, these are principal streets providing vitality to the local neighbourhoods, supporting the local area with jobs and services such as shopping, dining, entertainment, health and personal services to meet the daily and weekly needs of the local community. This grant program follows the success of the Streets as Shared Spaces grant program in May 2020. This provided grants to councils for the delivery of demonstration and pilot projects to support communities to physically distance and test longer term ideas for improving streets. Streets as Shared Spaces funded the delivery of 48 projects across NSW.



Katoomba

Photography:

NSW Department of Planning, Industry and Environment

Your High Street Overview

Purpose of funding

Your High Street is a \$15 million grants program being delivered as part of the NSW Planning Reform Action Plan. The purpose is to support councils across NSW to enhance high streets in strategic centres (see glossary) by providing grant funding for projects that improve amenity and high street functionality to support local business trading by June 2022.

All councils in NSW are eligible to apply for up to \$1 million to deliver a project that supports a single high street in their local government area within a year of funding approval.

Your High Street funding will be used by councils to implement permanent change in a high street to boost economic recovery for local businesses by improving high street amenity and attractiveness, walkability, expanding public space, and contributing to local character.

Grant program objectives

Must be specifically related to the high street identified in application

1. Improve/increase number of uses over day and night period
2. Improve people's safety and comfort
3. Improve local accessibility and connections
4. Improve business capacity for increased functionality

Example projects could include space for dining outdoors, wider footpaths, tree planting, traffic calming, lighting or public art.

Funding eligibility

Funding is available to all NSW councils.

Councils are invited to submit one application, valued up to \$1 million for a single high street to be delivered within a year of funding approval.

The funding amount may only be requested for elements within a single high street location that council can demonstrate will address the problem and have positive economic impacts for local business and the community.

The following works are not eligible for funding under this program:

- Projects outside of NSW
- Planning projects (feasibility studies, masterplans)
- Purchase or lease of land
- Funding of personnel or staff positions
- Product branding, advertising or promotion
- Projects requiring ongoing funding from the NSW Government
- Retrospective funding to cover any project component that is already complete/underway
- Projects already allocated for in councils' future asset and maintenance plans

Insurance requirements

Councils applying for funding via this program are required to have a minimum Public Liability Insurance cover of \$20 million.

It is recommended, but not a condition of funding, that applicant councils have Personal Accident and Professional Indemnity insurance. Councils that employ staff must comply with the Workplace Injury Management and Workers Compensation Act 1998 (NSW).

Application process

Timeframes

The assessment process and timeframes for the Your High Street grants are outlined below.

Timeframes

Date	Milestone	Action
9 November 2020	Applications Open	Councils notified Online application available for almost 3 months
29 January 2021	Applications close	Councils submit application in Smarty Grants by 5pm on Friday 29 January 2021
February-March 2021	Assessment	Independent Assessment Panel meets
April 2021	Announcements and notifications	Councils formally advised on outcome of applications. Ministerial announcement of successful projects.
May 2021	Contracting and projects commence	Funding Agreements and upfront payments formalised with councils. Ongoing monitoring of projects commences.
May 2022	Expected completion of projects	Project completion and acquittal



Assessment

Assessment of eligible applications

Eligible applications (including a sketch or concept plan and any supporting documentation) will be assessed via the Smarty Grants platform by an expert assessment panel of NSW Government representatives that may include:

- Department of Planning Industry and Environment
- Transport for NSW
- Treasury NSW
- NSW Health
- Office of Local Government
- Government Architect NSW
- Create NSW
- Committee for Sydney (as independent expert assessor)

Ineligible Applications

The Department will perform a pre-eligibility check of received applications and will assess and, where appropriate, seek to remedy eligibility issues with council.

Where an application is still deemed ineligible, the applicant will be notified by the Department within 21 days of the application closing following the assessment pre-eligibility checks. Any late or incomplete applications will be deemed ineligible. It is at the Department's discretion to accept late applications if there are extenuating circumstances.

Approvals

Endorsement/provision of a grant under this program does not negate the need for council to obtain all necessary/required approvals such as road changes and/or traffic facilities under the *Roads Act*, *Transport Administration Act*, and *Local Government Act*. A development application may also be required.

Councils are strongly encouraged to ensure they are aware of all approvals required, and can demonstrate they have consulted with local Transport for NSW representatives, the local Chamber of Commerce and affected businesses.

Proposed projects are not required to have received approvals prior to applying (for example, traffic committee approval). However, they must demonstrate an approach to achieve these in the project plan, and proposals with prior approvals will be ranked higher for Project Deliverability.

Councils may apply for funding for projects occurring on a state road. An in-principle written agreement from Transport for NSW must be provided as part of the application, with formal landowner's consent provided prior to funding release.

Council grant submissions must include a letter from the General Manager that demonstrates council's commitment to deliver all elements of the project for which funding has been sought.



Criteria used to assess applications:

Project Merit 40%

Criteria	Evidence example	Assessment
Curation of outputs which align with the intended program outcomes	Clear problem statement and alignment of suggested intervention Locations and spatial maps to identify where the improvements will occur Photographic evidence Artist impression of output Technical information of output (measurements/cost/materials)	Mandatory
Strategic alignment to a NSW Government strategy or government commitment (See Appendix C).	Description of alignment within application	Mandatory
Project location is a high street within a strategic centre also known as a strategic neighbourhood centre	Strategic centres, or strategic neighbourhood centres, should be identified in council's strategic plans, that could include strategic centres identified in District Plans and Regional Plans or economic development plans, or community plans.	Mandatory
Partnership with local businesses and community groups, and general community and stakeholder support for proposal	Approved partnership proposals with local businesses and councils Data and insights from community/stakeholder survey Letters of support from local business or Chambers of Commerce	Desirable
Deliver enablers to improve activities both day and night by reducing barriers in processes (e.g. liquor licensing, busking approvals, events approval)	Evidence of proposed changes to processes relevant to type of intervention occurring	Desirable

Project Deliverability 25%

Criteria Description	Evidence example	Assessment
Financial viability of the project, including a project budget, project plan and risk assessment	Project Budget Breakdown Risk Assessment Project Plan	Mandatory

Project Deliverability 25%

Criteria Description	Evidence example	Assessment
Council commitment to deliver, technical ability and resources to effectively deliver the project	Project Budget Breakdown Risk Assessment Project Plan	Mandatory
Identification and/or receipt of necessary approvals (e.g. traffic, environmental assessment checklist)	Traffic committee approvals List of local traffic representatives who were consulted Environmental assessment checklist	Mandatory
Demonstrate innovative initiatives to progress road safety goals of NSW Government Road Safety Plan 2021	Alignment to be outlined within project description in application form List of local traffic representatives that were consulted with	Mandatory
Ability to demonstrate how any negative impacts on local businesses and community from the implementation of the project will be minimised and/or mitigated to the maximum extent possible	Consultation with local businesses - Letters of support Spatial mapping	Desirable

Value for Money 35%

Criteria	Evidence example	Assessment
Highlight strategies for economic revitalisation (Return on Investment)	Cost/Benefit analysis for the high street Quadruple bottom line report (cultural, social, environmental and economic)	Mandatory
Project budget impact on the \$15 million grant budget	Budget Breakdown	Mandatory
Demonstrate council's current community consultation specific to the 'Your High Street' project to enable boosting the local economy.	Community feedback (surveys/letters of support)	Mandatory
Stimulating local employment during the implementation of the project and ongoing once project has been completed (e.g. art and creative industries, consultants, contractors, local businesses)	Project employment records Local business reporting	Desirable

Alignment to Government policy

Organisational Context

The Department of Planning, Industry and Environment creates thriving environments, communities and economies for the people of NSW. We focus on some of the biggest issues facing our state. We deliver sustainable water resource and environment management, secure our energy supply, oversee our planning system, maximise community benefit from government land and property, and create the conditions for a prosperous state. We strive to be a high-performing, world-class public service organisation that celebrates and reflects the full diversity of the community we serve and seek to embed Aboriginal cultural awareness and knowledge throughout the Department.

Our Place, Design and Public Spaces Group exists to make people's lives better by making NSW a great place to live and work. The Group is also focused on delivering better and greener public spaces that bring people together and to enhance, maintain and cultivate the unique local character and identity of places, creating a better living environment for people and communities.

Premier's Priorities

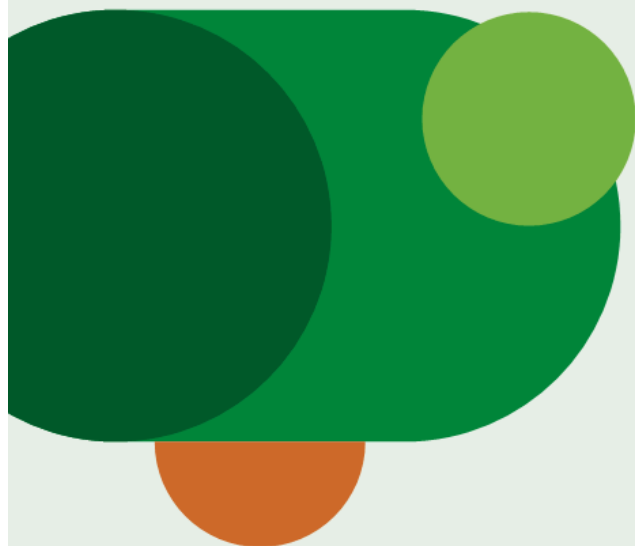
All applicants should provide guidance as to how their application aligns, where required, with the Premier's Priorities.

Greener Public Spaces: Increase the proportion of homes in urban areas within 10 minutes' walk of quality green, open and public space by 10 per cent by 2023. Quality green, open and public space is for everyone – these spaces include parks, green spaces, plazas, libraries, streets, landscapes, museums and public transport. Great public spaces that delight communities are especially important in growing cities and towns. Walkable, connected and accessible public spaces promote healthier lifestyles and bring people together. A network of welcoming and connected public spaces will create communities where people love to live.

Greening our City: Increase the tree canopy and green cover across Greater Sydney by planting one million trees by 2022. Trees play an important role in creating great open spaces for communities, enhancing the experience of outdoor recreation and exercise. Green canopy enhances the amenity of local parks and streets and is crucial in providing vital shade that reduces ambient temperatures and mitigates the urban heat island effect. Trees improve local character and enhance property values. They extend habitat, increasing the biodiversity of cities serving as a home for animals and birds. Air quality is improved by removing fine particles from the air and trees mitigate the impact of climate change, acting as a storehouse for carbon dioxide.

All trees planted in Greater Sydney will be required to be registered as part of the Greening our City Premier's Priority which aims to increase the tree canopy and green cover across Greater Sydney by planting one million trees by 2022.

For more information visit dpie.nsw.gov.au/premiers-priorities



Successful projects

Project management

Councils are asked to nominate a project manager for each application and notify the Department in writing of any changes in project management. Councils are responsible for project management and budgetary control.

The project must be complete within 12 months of execution of the funding agreement. Grant funding will lapse after 12 months unless there is prior approval for extension.

Within two months the recipient must provide an updated concept plan or sketch (to that provided at the application stage) with an updated project plan that reflects agreed milestones. This is to satisfy the Department that the project continues to align with the program objectives.

The project must not commence until the Department has confirmed in writing its acceptance of the concept plan. The project must be conducted in accordance with the accepted concept plan or sketch.

Monitoring, reporting and evaluation

Grant recipients are required to:

1. Collect data both before and after using the Public Space and Public Life [Evaluation Tool](#).
2. Provide an updated concept sketch and project plan within 2 months
3. Input quarterly progress reports via Smarty Grants
4. Complete a final acquittal report at the completion of project. This report must report on the grant program's core indicators and be accompanied by photographs, pre project launch and evidence of project completion.
5. Greater Sydney Councils are required to register all trees as part of the Greening our City Premier's Priority. For more information visit www.dpie.nsw.gov.au/premiers-priorities

Project opening event and promotion

A communication pack will be provided to grant recipients to provide approved key messages, branding, logos and multimedia to help promote the project and acknowledge the funding contribution. It is a condition of grant funding that the Minister for Planning and Public Spaces, NSW Government and officials from the Department be:

- acknowledged for their funding contribution in all communications and media for the project.
- invited to attend any formal launch event (including commencement and completion ceremonies with prior consultation on available dates where practicable).
- provided no less than 30 business days' notice prior to any formal event.

To make the invitation, a council should access the Minister's web form at: www.nsw.gov.au/your-government/ministers/minister-for-planning-and-public-spaces. It is for council to decide if there is to be an opening event. Council should invite the Minister, the Department and other dignitaries and consult on a preferred date. If the invitation is accepted a Department media officer will work with council on the arrangements and media protocols

Payment of grants

Successful applicants will receive upfront payment once executed funding agreements are received.

A financial acquittal and project report will be required within three months of completion of the project. The project report will address the program core indicators: with four evaluation themes (outcomes) information provided by the applicant.

Applicants that do not provide a financial acquittal and project report by the required date will be ineligible for future Department funding. Successful applicants will also need to provide photographs of the completed project. Projects must be completed within 12 months of the date of accepting the funding terms and conditions.



Randwick

Photography:

NSW Department of Planning,
Industry and Environment

Your application

How to apply

1. Visit the website www.dpie.nsw.gov.au/premiers-priorities/great-public-spaces/streets/grants-for-councils. Read the information about the grant program to determine if you are eligible.
2. Read the Your High Street grant guidelines to familiarise yourself with the grant requirements.
3. Complete and submit the application. Follow instructions at: www.dpie.nsw.gov.au/premiers-priorities/great-public-spaces/streets/grants-for-councils. Provide:
 - a sketch or more detailed concept plan that highlights the four outcomes (key themes of evaluation).
 - a photo/s of the project location
 - a project budget breakdown, risk assessment, project plan
 - a recent, signed, project specific cover letter of support from the council's General Manager, to confirm that council is committed to the deliver all elements of the project in the 12-month timeframe

NB. The completed application must be received in Smarty Grants by 5pm on 29 January 2021. Acknowledgement of receipt of application will be via return email

Need advice?

The Department is available to provide information to potential applicants on interpretation of these guidelines, including types of projects eligible for funding. The Department can also provide advice on the online application process.

For inquiries or more information email: publicspace@planning.nsw.gov.au

Resources

Resources to help strengthen your application are available on the Streets as Shared Spaces website. This includes FAQs, case studies, guidelines and webinars designed to help you to address the Streets as Shared Spaces grant guideline in your project.

Resources currently available include:

- Street Treatments Guide
- Case Studies

Please note we are developing a webinar series including, 'Your High Street' Grant Application Guide', scheduled for Monday 16 November 2020, 10am – 11am. See further details at www.dpie.nsw.gov.au/premiers-priorities/great-public-spaces/streets/grants-for-councils.

Complaints Procedure

Any complaints about a grant process must be provided in writing. Any questions you have about grant decisions for this grant opportunity should be sent to publicspace@planning.nsw.gov.au. If you do not agree with the way the Department has handled your complaint, you may complain to the NSW Ombudsman. The Ombudsman will not usually look into a complaint unless the matter has first been raised directly with the relevant Department. Visit the NSW Ombudsman at ombo.nsw.gov.au.

Privacy policy

The Department is required to comply with the *Privacy and Personal Information Protection Act 1988*. The Department collects the minimum personal information you voluntarily provide to enable it to contact an organisation and to assess the merits of an application. Any information provided by you will be stored on a database that will only be accessed by authorised personnel and is subject to privacy restrictions. The information will only be used for the purpose for which it was collected. Applicants must ensure that people whose personal details are supplied with applications are aware that the Department is being supplied with this information and how this information will be used.

Disclaimer

Submission of an application does not guarantee funding. The costs of preparing an application are borne by the applicant.

Appendix A: Glossary of Terms

For the purpose of the grant program the following terms have been provided to be drawn upon when applying:

Curation means how council coordinates activities to achieve a clear vision, character statement or identity that creates a sense of place that has been generated through effective stakeholder participation to optimise positive economic and community outcomes. This should apply equally across the design, implementation and operation of a place.

Enablers means policy changes, community consultation, trialling (testing/piloting) initiatives to make changes described in glossary item 'Improve business capacity for increased functionality' such as amending and/or adding additional development standards to existing types of exempt and complying development. It may also include adding new types of exempt and complying development. Enablers may be achieved by aligning priorities across internal teams, identifying great public space champions, capacity building within council and partnerships with industry and or community.

Evaluation Tool for Public Space and Public Life means a two-page resource (developed by DPIE and publicly released in October 2020), that helps evaluate the quality of public space and public life. The tool can give a 'before' and 'after' snapshot of the public space. It can identify a public space's positive attributes and areas for improvement. It can measure change throughout the project.

High streets means a main street or shopping strip, that is the beating heart of the neighbourhood: where we meet friends, buy daily necessities, people-watch, use services, dine out or have a cup of coffee. They are a source of neighbourhood pride and identity. Sometimes referred to as main streets, they are important to the function of strategic neighbourhood centres. More than just a street for the movement of motor vehicles, these are principal streets providing vitality to the local neighbourhoods.

The High Street is identified as an area with a quantity and combination of local businesses not limited to retailers, businesses services, restaurants, cafes, pharmacies, supermarkets, medical centres, banks, and post offices to meet the daily and weekly needs of the local community.

High street amenity means the features that provide safety and comfort for people of all abilities to enjoy easy experiences, stay, play and participate and connect as referenced in 'outputs'

High street specific parameters means anything that supports people's safety and comfort that is council owned or managed within the high street in a main street and directly adjacent that is aligned with boosting the local business economy, excluding road surface improvements unless specifically addressing new or improved bicycle lane. NB. If Your High Street location includes Transport for NSW (TfNSW) land, then TfNSW approval in principle must be included in your application.

Improve local accessibility and connections means improving access to the high street location for people of all abilities to have quality experience to the high street location through connected and accessible walking, cycling and public transport options. Such as wide footpaths designed and maintained to ensure that it has the highest possible level of accessibility. Quality access improvements to connections should encourage a culture of walking and cycling.

Increase employment means improving opportunities for the type and number of hours for local paid work opportunities during project implementation and beyond project delivery completion.

Increase functionality means changes that make it easier for the community to connect and access services, also easier for businesses to trade and allow flexible uses of streets as public space.

Local character means the character of what makes the neighbourhood distinctive and is the identity of a place. It encompasses the way it looks and feels. It is created by a combination of land, people, the built environment, history, culture and tradition including Aboriginal and non-Aboriginal, and looks at how they interact to make a distinctive character of an area. Local character is distinctive, it differentiates one area apart from another. It includes the sense of belonging a person feels to that place, the way people respond to the atmosphere, how it impacts their mood, their emotional response to that place and the stories that come out of people's relationship with that place. [local character and place guideline 2019 <https://www.planning.nsw.gov.au/-/media/Files/DPE/Guidelines/Local-character-and-place-guideline-2019-05-21.pdf>]

Outdoor dining means the use of public space to allow the community to dine outdoors, including additional public space to enjoy takeaway, and extending the services of premises whose main function is for the provision of food and beverages to the public.

Outputs means interventions to improve local high street amenity. Examples are listed below but, not limited to (refer to great public spaces guide for further examples to enhance your high street at www.dpie.nsw.gov.au/data/assets/pdf_file/0010/326386/Great-Public-Spaces-Guide.pdf)

- Footpath widening or extensions, and easy crossing points
- Place infrastructure including places to sit, outdoor furniture, public art and clear wayfinding
- Lighting
- Trees/Plants and/or planter boxes
- Smart city approaches
- Lower traffic speeds
- Integration of natural features and ecosystem
- Visual permeability
- Natural surveillance

Permanent changes means features and activation that are intended to remain unchanged indefinitely to improve the high street amenity.

Planning reform means the Department's work with councils, industry and the community to improve the planning system but shortening time frames, getting rid of blockages and providing more transparency to the community, see www.planning.nsw.gov.au/Policy-and-Legislation/Planning-reforms/Planning-Reform-Action-Plan.

Project location means street name, between xx and xx, east, west, south or north and with any connected feature as defined under "High Street specific parameters".

Public space means all places publicly owned or of public use, accessible and enjoyable by all for free and without a profit motive. This includes:

- Open spaces: active and passive (parks, gardens, playgrounds, public beaches, riverbanks and waterfronts, outdoor playing fields and courts, bushland)
- Public facilities: libraries, museums, galleries, civic/community centres, showgrounds and indoor public sports facilities
- Streets: streets, avenues and boulevards, squares and plazas, pavements, passages and galleries, and bicycle paths

Smart city approaches means embedding sensors and communications technology in high street infrastructure, to capture information on the asset or local environment. The data is analysed to help people and governments to make better, evidence-based decisions about how to improve the productivity, liveability and resilience of cities, towns and communities.

Strategic centre also known as a strategic neighbourhood centre, means an area of important economic activity and employment for an LGA that supports a combination and agglomeration of local businesses that meet community and local business needs. They must be identified in council's strategic plans that could include strategic centres identified in District Plans and Regional Plans. It can also be any other important economic activity and employment centre that is identified in Council plans including economic development plans, community plans etc.

Appendix B: Application Checklist

Council is required to submit the following documentation with their application

1. letter from General Manager with council's commitment to deliver all elements of grant funding request
2. sketch or concept plan
3. high resolution image of project location
4. a minimum of \$20 million insurance
5. project plan
6. budget breakdown
7. risk assessment
8. receipt of necessary approvals available at time of submission
9. if any elements of the project are on a state or regional road then an in-principle written agreement from Transport for NSW must be provided as part of the application, with formal landowner's consent provided prior to funding release.

NB. items 2 and 3 may be used by the Department in media and/or webpage



Appendix C – Policy Context

Alignment with NSW Government strategies and policies

Policy Area	Agency	Goals, Strategies and Plans	Description
Premier's Priorities	Department of Planning, Industry and Environment	Premier's Priority 11: Greener Public Spaces	Premier's Priority 11 is a commitment to increase the proportion of homes in urban areas within 10 minutes' walk of quality green, open and public space by 10 percent by 2023.
		Premier's Priority 12: Greening Our City	Premier's Priority 12 aims to increase the tree canopy and green cover across Greater Sydney by planting one million trees by 2022.
Planning	Department of Planning, Industry and Environment	Greater Sydney Metropolitan Plan	The Greater Sydney Region Plan: A Metropolis of Three Cities sets out the spatial planning framework for Sydney.
		District Plans	District Plans are a guide for implementing the Greater Sydney Region Plan at a district level and are a bridge between regional and local planning. They inform local environmental plans, community strategic plans and the assessment of planning proposals. The District Plans also help councils to plan and deliver for growth and change, and to align their local planning strategies to place-based outcomes.
		Regional Plans	NSW Regional Plans set the framework, vision and direction for strategic planning and land use across NSW's regions, as well as plan for the future housing, environmental, infrastructure and community needs.
		COVID Safe Summer Plan	The COVID Safe Summer Plan supports the latest public health orders including practical ideas, case studies, tools, resources and a guide to help keep NSW's public spaces COVID safe.
		Draft Public Spaces Charter	The Draft Public Spaces Charter is a formal statement describing the rights of NSW communities to have access to quality public space and a NSW Government commitment to principles guiding planning, delivery and management of public space.
		24 Hour Economy Strategy	The 24 hour Economy Strategy intends to enhance and develop the night-time economy to realise its social and economic potential.

Alignment with NSW Government strategies and policies

Policy Area	Agency	Goals, Strategies and Plans	Description
Design		<p>Better Placed: An integrated design policy for NSW Greener Places Guides relating to streets, incl:</p> <p>Aligning Movement and Place Urban Design for Regional NSW</p>	<p>Government Architect NSW has produced policies and a range of guidance, manuals and advisory notes – some relevant guides are listed here.</p> <p>Better Placed sets out the five characteristics of a well-designed built environment – Healthy, Responsive, Integrated, Equitable and Resilient and 7 objectives for assessing good design including Better Fit, Better Performance, Better for People, Better for Community, Better Working, Better Value and Better Look and Feel.</p>
Cultural Infrastructure	Create NSW	Cultural Infrastructure Plan	The Cultural Infrastructure Plan is the NSW Government's strategic framework to support the delivery of cultural infrastructure, including public spaces such as libraries, community centres and museums that facilitate community access to participate in culture.
Transport	Transport for NSW	<p>Future Transport NSW</p> <p>Road Safety Plan 2021</p>	<p>Future Transport is the long-term strategy for planning transport in NSW until 2056. The Strategy recognises the critical role that transport plays in enabling – or inhibit – successful places.</p> <p>The Road Safety Plan 2021 sets out priority areas to address recent increases in the road toll and to move us towards achieving the NSW Government's State Priority Target to reduce fatalities by 30 percent by 2021.</p>
Aboriginal Communities	Aboriginal Affairs	OCHRE Plan	OCHRE aims to support strong Aboriginal communities in which Aboriginal people actively influence and participate fully in social, economic and cultural life.

Alignment with NSW Government strategies and policies

Policy Area	Agency	Goals, Strategies and Plans	Description
Outdoor Dining	Cross-agency including: <ul style="list-style-type: none"> • NSW Health • Liquor & Gaming NSW • The Office of Local Government • The Office of the Small Business Commissioner • NSW Police • Department of Planning, Industry and Environment • Transport for NSW • NSW Food Authority 	Outdoor Dining Taskforce	This taskforce brings NSW government agencies together to activate the State's outdoor hospitality spaces, making approvals for alfresco dining and drinking easier and faster to get.

Alignment with NSW local government strategies and policies

Policy Area	Goals, Strategies and Plans	Description
Planning	Community Strategic Plans	The Greater Sydney Region Plan: A Metropolis of Three Cities sets out the spatial planning framework for Sydney.
	Local Strategic Planning Statements	Every Council in NSW will be required to prepare a Local Strategic Planning Statement which sets out the 20-year vision for land use in the local area, the special character and values that are to be preserved and how change will be managed into the future.
	Local Contributions Plan	Councils can levy contributions towards the cost of providing local infrastructure. Contributions plans set out the local infrastructure required to meet the demand from new development, and the contributions a council can levy on developers to fund the necessary land and works. These works include open space, parks, community facilities, local roads, footpaths, stormwater drainage and traffic management.
Sector Plans	Cultural plans Social plans Sustainability strategies Economic development	Councils may have developed sector-specific plans designed to support specific policy areas.



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TRIM:



Gates & Stock Grids on Public Roads POL087 - Draft

ADOPTED BY COUNCIL: [DATE TO BE COMPLETED BY GOVERNANCE]

1. PURPOSE

This policy aims to harmonise the former Guyra Shire Council and Armidale Dumaresq Council policies to provide guidance and details for the design, installation, maintenance and responsibility for gates and stock grids on Armidale Regional Council Public Roads. This policy defines the maintenance responsibilities for the permit holder.

The policy outlines when Armidale Regional Council will permit the installation of a gate or stock grid and the conditions by which the landowner will be given a permit to have a gate or stock grid on an Armidale Regional Council road.

2. APPLICATION

This policy applies to Council Public Roads as defined in Armidale Regional Council's Asset register, and is in accordance with the *Roads Act 1993 No. 33* and the *Roads Regulation 2008*.

3. POLICY INTENT

To provide a Policy to regulate gates and stock grids on Public Roads within the Armidale Regional Council Local Government Area that is equitable, productive and safe for adjoining landowners, road users and broader public. Gates and grids on a public road primarily generate a private benefit to a landowner and represent an alteration to normal traffic conditions. This is a public cost that must be carefully considered and must not burden ratepayers.

4. COMMUNITY STRATEGIC PLAN OBJECTIVES

Environment & Infrastructure – Council's asset management plans ensure that roads and bridges are maintained to an acceptable standard given limited resources, and are suitable for use by heavy vehicles.

5. POLICY**1. DEFINITIONS**

- 1.1 Gate: a hinged barrier used to close an opening in the boundary – in respect to this policy the gate must be approved by Armidale Regional Council prior to installation and is maintained in a good working order.
- 1.2 Stock Grid: Consists of a depression in the road covered by a transverse grid of bars or tubes, normally made of metal and firmly fixed to the ground on either side of the depression, such that

the gaps between them are wide enough to not allow an animal to cross but sufficiently narrow so as not to impede a wheeled vehicle.

- 1.3 Public Gate: A Public Gate must be painted white and the posts on either side of the gate are fitted with reflectors facing along the road in each direction (as per Regulation 75 of the *Roads Regulation*)

2. APPROVAL & PERMIT

2.1 Permit for existing public gates and stock grids.

- 2.1.1 Owners must apply to Armidale Regional Council for a permit and must provide a copy of their current public liability insurance prior to the construction of any gate or grid on a Council road. See attachment for application form.
- 2.1.2 Owners must organise an on-site inspection with an Armidale Regional Council representative to seek approval for the construction of a gate or grid. .
- 2.1.3 Existing gates or cattle grids erected prior to the adoption of this policy shall be reviewed, and the owner or occupier be requested to comply with the current policy within 12 months. Council shall have the right to remove the gate or grid if the structure does not comply with Council policy.
- 2.1.4 Where the owner or occupier wishes to transfer permission for the gate or grid, they shall apply to Council and be subject to approval from the Roads Manager or their delegate.

2.2 Permit application for new public gates and stock grids.

- 2.2.1 All new applications must include a completed copy of the attached stock grids application form and Section 138 – Work on Council land application.
- 2.2.2 Armidale Regional Council will consider applications for a new or replacement public grid/gate only if the following conditions apply:
- 2.2.2.1 The application does not relate to an excluded road (see **Table 1**),
- 2.2.2.2 The proposed grid or gate would not create an unacceptable hazard or network restriction,
- 2.2.2.3 The road intersects with a boundary fence as per Section 128 *Roads Act 1993*, and
- 2.2.2.4 Where no viable alternative, such as fencing exists.
- 2.2.2.5 In Exceptional circumstances with approval granted through a Council resolution.
- 2.2.3 Applications for a new gate or stock grid will be as per Part 6 of the *Roads Regulations 2008* and will be a matter for Armidale Regional Council to determine.
- 2.2.4 The applicant shall fully indemnify Council in relation to the works required and to any and all damage to other services including water, electricity supply and communication services.
- 2.2.4.1 All new Grids must be accompanied by an associated public gate.
- 2.2.5 The exception to allow for a stock grid regardless of the road hierarchy is at the entrance of a National Park.

TABLE 1

Road Hierarchy	Gate Allowed	Stock Grid Allowed	Minimum Width
Arterial	No	No	N/A
Sub Arterial	No	No	N/A
Collector	No	Yes	7.200m
Local A	Yes (Existing)	Yes	3.600m
Local B	Yes (Existing)	Yes	3.600m
Urban Street	No	No	N/A
Village Lane	Yes (Existing)	No	3.600m

Note: Collector may have a 3.600m stock grid providing additional “Narrow Road” signage is erected and maintained.

2.3 Permit Periods.

- 2.3.1 Clause 130 of the *Roads Act 1993* states that Council may at any time revoke a public gate / stock grid permit. Without limiting the circumstances in which Armidale Regional Council can revoke a permit, Armidale Regional Council will revoke a permit where it comes to the attention of Armidale Regional Council that the gate / stock grid is not being maintained, or is a risk to road safety.

2.4 Bypass Road in conjunction with a grid

- 2.4.1 Armidale Regional Council reserves the right to impose the need for a bypass around an approved stock grid as per section 133 of the *Roads Act 1993*.

2.5 Consultation

- 2.5.1 Armidale Regional Council reserves the right to publicly advertise the proposed location of a grid for 28 days to allow interested persons to lodge objections. If objections are received a report shall be prepared for submission to council for determination.

3. CONSTRUCTION STANDARDS

- 3.1 All construction and installation costs are to be paid by the applicant.
- 3.2 Council may levy additional charges to applicant if there are design and legal expenses incurred by Council. These include Council staff expenses.
- 3.3 All work is carried out in accordance with the *Roads Act 1993*, *Roads Regulations 2008* and applicable Australian Standards. All Public gates and stock grids must be constructed to a design standard acceptable to Armidale Regional Council. Details of the grid proposed to be installed and the proposed installation layout shall be submitted to Council for approval with the application.
- 3.4 Cattle Grids are to be capable of carrying a W7 or T44 legal axle loading with a factor of safety.
- 3.5 Details of grid structure, foundations, abutment, approach ramps, horizontal and vertical alignment shall be submitted with application and shall be sufficient to guarantee the safe transit of vehicles and shall not interfere with the natural drainage of the area.
- 3.5.1 Applicants may choose from a pre-approved local Grid to reduce the Council application assessment time. The approved Grid suppliers and Grid types are attached.
- 3.6 When the grid is on a curve, the cross fall of the grid shall conform to that of the road.
- 3.7 Approach ramps shall be constructed for the full width of the running surface of the grid. The longitudinal grade of the approach ramps shall be such that the surface levels of the ramps deviate from the existing average grade of the road by not more than 1%. The fill used in the approach ramps shall comply with that listed in Section 138 conditional approval letter and be thoroughly compacted and finished to council specification.
- 3.8 A fully compacted 4m wide bypass road will also need to be constructed around each grid, through the adjacent gate.
- 3.9 The approach surface is to start flush with the grid.
- 3.10 At 20m from the grid, the road surface is to grade away from the centreline of the road at between 3%- 6% cross-fall.

- 3.11** The applicant shall construct drainage under the grid and adjacent gated bypass road, to ensure that no damming or ponding shall occur on the roadway. The resulting runoff must not cause damage or degradation to the public road.

4. MAINTENANCE STANDARDS

4.1 Structural Components.

- 4.1.1** The permit holder is responsible (at their own cost) to maintain the structure and signage to an 'as constructed' standard.
- 4.1.2** The owner will manage the public gate/stock grid to ensure compliance with this Policy and the original construction standard. All maintenance work to be undertaken with a current Armidale Regional Council Road Work Permit as per section 138 *Roads Act 1993*.
- 4.1.3** The maintenance and/or renewal of existing stock grids or gates will be to Armidale Regional Council's current stock grid and gate specifications (see **Figure 1**). Where determined by an Armidale Regional Council resolution, under the *Roads Act 1993* Clause 130 part 1, Armidale Regional Council as the Roads Authority may revoke the public gate or stock grid permit if it does not meet Armidale Regional Council's specifications. Under the *Roads Act 1993* Clause 130 part 2, Armidale Regional Council will then advise the owner of the gate / stock grid that the structure must be removed within one (1) month after notice of the revocation has been issued.
- 4.1.4** Armidale Regional Council officers will regularly inspect all gates and stock grids and will notify the permit holder in writing should the structure require rectification or renewal. Given gates and grids are a private benefit, Council may levy inspection charges on the owner.
- 4.1.5** Where the holder of the permit has failed to act on a request to undertake repairs or removal per Clause 4.1.3 within 28 days of the notification, Armidale Regional Council may issue penalties as contained in the *Roads Act*. 7 days shall be granted to the permit holder to rectify the request upon which time clause 4.1.6 will come into affect.
- 4.1.6** In an emergency, where safety is deemed to be compromised OR where a permit holder has refused continued requests for repairs, Armidale Regional Council staff will carry out the immediate necessary repairs. Cost of the repairs will then be recovered from the permit holder. Cancellation of permits will be considered by the Roads Manager.
- 4.1.7** Where the stock grid is considered to be no longer fulfilling its intended function, the holder of the permit is to be advised that Armidale Regional Council will revoke the permit unless the holder of the permit provides sufficient grounds to keep the permit.
- 4.1.8** In the event Armidale Regional Council removes a stock grid during construction of road works, the cost of removal will be at cost to the holder of the permit unless the removal can be accommodated in the scope of the construction work.

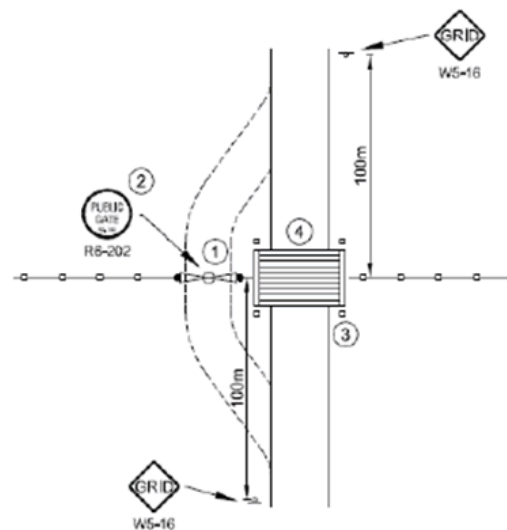
4.2 Road Carriageway.

- 4.2.1** The permit holder is responsible for the maintenance of the road carriageway for a minimum distance of 20m either side of the structure as per Part 6 Clause 70 of the *Roads Regulations 2008*.
- 4.2.2** Council may carry out maintenance of the carriageway within the distance specified from the structure at the owner's expense if the conditions of the permit are not complied with. If these expenses are not recovered from the permit holder, Council may remove the grid or gate after an explanation is sought.
- 4.2.3** The owner must not carry out maintenance works on the carriageway unless specified in the permit.

Figure 1 – Stock Grid and Gate on Public Road minimum standard

Notes:

1. Public Gate to be registered and kept painted white by land owner.
2. All signs at land owners cost.
3. Guide posts with reflectors either side (4).
4. Cattle Grid to be 3.61m wide on narrow gravel road, 7.22m wide on two lane gravel road.



Note: This does not include stock grid design.

6. LEGISLATIVE REQUIREMENTS

- Roads Act 1993 – Refer to attached references
- Roads Regulation 2008
- Local Government Act 1993

7. REVIEW

This Policy will be reviewed every two years from the date of each adoption of the policy, or more frequently as required.

8. REPORTING

N/A

9. RESPONSIBLE OFFICER

In the event of any dispute over any aspect of this policy, mediation may be undertaken by the Director of Businesses & Services. If a resolution cannot be reached, the General Manager will determine the final direction.

10. ROLES AND RESPONSIBILITIES

The General Manager is authorised, pursuant to section 377 of the Local government Act 1993, to allow a matter that does not conform to a policy to proceed if the General Manager is of the opinion that the variation from the policy is of a minor nature.

11. RELATED PROCEDURES

Document the title of related procedures and their location. Do not document the procedure here. Procedures are related to task orientated areas and are not to be included in the policy. Procedures may require Executive approval in accordance with the Policy Framework.

POLICY APPROVAL AND REVIEW		
Responsible Business Unit	Local Services – Construction & Maintenance, Internal	
Responsible Officer	Ned Mozzell, Coordinator	
Date/s adopted	<i>Council Executive</i> [updated by policy owner]	<i>Council</i> [DD Mmmm YYYY]
Date/s of previous adoptions	[Dates of previous adoptions]	
Date of next review	[Two years from last adoption]	
TRIM Reference		

Application for Installation of Grid / Gate on Public Road

Name:	
Address of applicant:	
Contact Phone #:	
Describe proposed location (distance from nearest cross road / direction):	
Estimated date for construction:	
Grid manufacturer:	
Supporting information included:	
Agreement: <ul style="list-style-type: none"> Please find enclosed the fee applicable for granting of the permit and advertising the proposed grid and/or gate as identified in the Annual Fees & Charges of the Council. I understand that final approval in writing must be issued by Council prior to commencement of any works and that this approval may not be granted until any public exhibition period has been completed or council resolution passed. All works will comply with Councils Gates and Stock Grids on Public Roads Policy POL087. 	
Signed & Dated (Applicant)	
Office Use Only:	
Application complies with Policy (Yes / No)?	
Section 138 submitted (Yes / No)?	
Site inspection completed:	
Recommended course of action:	
Assessment / Inspection Undertaken by (print):	
Signed & Dated: _____	
Project approved to proceed if agreement signed and returned (reason if refused)?	
Signed & Dated (Roads Manager): _____	
Grid/Gate reference number allocated and register updated?	

TRIM:



Gates & Stock Grids on Public Roads POL087 - Draft

ROADS ACT NSW 1993

128 Roads authority may grant permit

- (1) A roads authority may permit the occupier of any land through which an unfenced public road passes to erect a gate across the road at any place at which the road intersects a boundary fence.
- (2) A permit may not be granted with respect to a classified road except with the concurrence of the RTA.
- (3) A roads authority must cause notice of the granting of the permit to be published in a local newspaper.
- (4) The occupier for the time being of the land to which a permit relates is taken to be the holder of the permit.

129 Erection and maintenance of public gates

- (1) The holder of a public gate permit may, at any time after one month from the publication of the notice of the granting of the permit, erect a gate in accordance with the permit.
- (2) The holder of a public gate permit must ensure that:
 - (a) a notice is attached to both sides of the gate bearing the words "PUBLIC GATE" in letters at least 75 millimetres high, and
 - (b) both the gate and the notice are maintained in good condition.

Maximum penalty: 10 penalty units.

130 Revocation of permit

- (1) The roads authority may at any time revoke a public gate permit.
- (2) The occupier of the land the subject of a public gate permit that has been revoked must remove the gate within one month after notice of the revocation is served.

Maximum penalty: 10 penalty units.

131 Effect of permit

While a public gate permit is in force, the public gate to which it relates is taken not to constitute a public nuisance and does not give rise to an offence against this or any other Act.

132 Offences with respect to public gates

- (1) A person must not cause any damage to a public gate or to any notice attached to the gate in accordance with this Division.

Maximum penalty: 10 penalty units.

- (2) A person who opens a public gate must cause it to be closed again immediately after it has been used.

Maximum penalty: 10 penalty units.

(3) A person who fails to cause a public gate to be closed is liable for any loss or damage suffered by the occupier of the land adjoining the public road on which the gate is situated as a result of the gate having been left open.

133 Construction of by-pass around road gate

(1) An occupier of land adjoining an unfenced public road across which a public gate is situated at the point where the road intersects a boundary fence:

- (a) must not, unless the appropriate roads authority so permits, and
- (b) must, if the appropriate roads authority so requires, construct a by-pass for vehicles at the intersection of the road with the boundary fence.

Maximum penalty: 10 penalty units.

(2) The roads authority may not permit or require the construction of a by-pass:

- (a) if the by-pass is to be used in connection with a public gate across a main road, except with the concurrence of the RTA, and
- (b) if the public gate is part of a rabbit proof, dog proof or marsupial proof fence, except with the concurrence of the local rural lands protection board.

(3) A by-pass is to consist of:

- (a) a ramp to allow vehicles to be driven over the top of the boundary fence, or
- (b) a cattle grid or sheep grid located beside the gate, and must be constructed in accordance with such specifications as may be approved by the roads authority.

(4) If the appropriate roads authority so requires, the person permitted or required to construct a by-pass:

- (a) must construct the by-pass along the line of the road, and
- (b) must re-locate the gate beside the by-pass.

Maximum penalty: 10 penalty units.

(5) The occupier for the time being of land to which a permit relates is taken to be the holder of the permit.

134 Notice board to be erected at by-pass

(1) The occupier of land on which a by-pass is constructed must ensure that:

- (a) a notice, in the form required by the appropriate roads authority, is exhibited on a conspicuous notice board near each end of the by-pass, and
- (b) both the by-pass and the notice are maintained in good condition.

Maximum penalty: 10 penalty units.

(2) A notice may prohibit vehicles exceeding a specified laden weight from being driven over the by-pass.

(3) If the appropriate roads authority requires a person to construct a by-pass, that authority may contribute to the cost of construction and erection of the notices.

135 Closing of by-pass

(1) A by-pass may be closed and the notices relating to the by-pass may be removed:

- (a) if the public gate in connection with which the by-pass was constructed is removed, or
- (b) if the fence of which the by-pass forms part is made rabbit proof, dog proof or marsupial proof.

(2) A person who closes a by-pass:

- (a) must give notice of the closure to the appropriate roads authority before or immediately after the closure, and
- (b) must take such steps as the appropriate roads authority directs to ensure the safety of persons using the road.

136 Revocation of by-pass permit

- (1) The roads authority may revoke a permit given with respect to a by-pass by means of a notice served on the holder of the permit.
- (2) The occupier of the land the subject of the permit must, within the time specified in the notice:
 - (a) remove the by-pass and its notices, and
 - (b) take such steps as are specified in the notice to ensure the safety of persons using the road.

Maximum penalty: 10 penalty units.

137 Offences

- (1) A person must not:
 - (a) drive a vehicle over a by-pass in contravention of a notice displayed in connection with the by-pass, or
 - (b) wilfully damage or remove a notice displayed in connection with a by-pass, or
 - (c) wilfully obstruct or damage a by-pass.

Maximum penalty: 10 penalty units.

- (2) A person who causes damage to a by-pass as a result of driving a vehicle over the by-pass in contravention of such a notice is liable for:
 - (a) the cost of any repairs to the by-pass necessary as a result of the contravention, and
 - (b) any loss or damage suffered by any other person as a result of the damage to the by-pass.