

# UPPER MACQUARIE COUNTY COUNCIL ANNUAL REPORT

## 2018-2019 FINANCIAL YEAR



# Upper Macquarie County Council

## INTRODUCTION

### Chairman's Message

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It was a particular pleasure leading the governing body of the County Council this past year that was highlighted by revitalisation of the County Council business along with a fresh new approach to improving weed biosecurity within our region.

The importance of weed biosecurity – controlling the growth and spread of priority weeds – through a cooperative and shared responsibility by all landholders cannot be overstated. The viability of our farming sector, the quality of agricultural production, and the conservation of our natural environment depend on it.

The County Council takes its local weed control authority function seriously, and is ramping up its activities to make sure landholders both recognise their legal responsibilities for weed control and take action to control weeds on their property in a timely manner.

I would like to extend my gratitude to the Mayors and Councillors of our constituent local councils for their renewed support, the County Council Members for their active participation and diligence in dealing with County Council business, and to the General Manager and staff of Upper Macquarie County Council for their hard work and dedication during this past year of renewal.

Cr Ian North JP  
Chairman

# Upper Macquarie County Council

## General Manager's Report

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In 2018 - 2019 Upper Macquarie County Council adopted a completely new, 10-year Business Activity Strategic Plan, and subsequently delivered on some significant priorities in that plan to improve the way the council operates and how it interacts with both landholders and its constituent local councils.

The successful establishment of an innovative risk-based biosecurity management system has brought the operational focus of the authority clearly in line with the key principles of the NSW Biosecurity Act – managing by risk and preferring ‘cooperation’ to ‘policing’. The risk-based approach allows the authority to better target the properties with higher invasive weed risk. In addition the risk-based system demonstrates an objective and logical process for initially identifying properties and if required pursuing landholders that are not, or refuse to, meet their individual weed biosecurity duties.

An upgrade of the County Council's existing geographical information system (GIS) and associated measures now provides far greater accountability to stakeholders through an enhanced data collection, weed biosecurity mapping, and management information reporting capability.

As part of the County Council's ongoing commitment to collaborate with constituent local councils, the Chairman and General Manager will be available from time to time to meet and discuss progress in implementing the County Council's new business plan. Other measures, including a service level agreement for roadside weed control programs, 6-monthly operating reports for local councils, and cooperation in dealing with grant opportunities and Government policy initiatives are underway.

Throughout the year, we made significant progress in updating and developing new policies and key strategic documents required to ensure proper organisational governance and ensure legal compliance. These improvements are part of the County Council's ongoing commitment to strengthen performance, integrity and accountability.

In our regulatory role, the County Council was required to issue numerous Weed Control Notices, many individual Biosecurity Notices and a few Penalty Infringement Notices. Overall there was a noticeable impact achieved from enforcement and landholder support activity with over 12,000 ha of landholdings having their weed risk rating reduced from ‘high’ to ‘low’ during the 2<sup>nd</sup> half of the year.

I would like to thank the hard-working and professional staff of the County Council for their ongoing dedication and commitment to the weed biosecurity business – it is not always an easy task.

David Young  
General Manager

## SECTION 1: ABOUT THE COUNTY COUNCIL

### What the County Council is.

The Upper Macquarie County Council is a single purpose local government authority that is the Local Control Authority for WEED BIOSECURITY.

### Constituent Councils.

Representatives from the four (4) local government councils come together to form the governing body of the County Council. The Members of the County Council elect the Chairman and Deputy Chairman. Two Councillors are elected by and come from each of the constituent councils.

### The Members of the Governing Body of the County Council.

As at the 30th June 2019, the County Council was comprised of eight (8) Members. as follows:

Cr Ian North - Bathurst Regional Council [County Chairman]

Cr David Kingham - Blayney Shire Council [Deputy Chairman]

Cr Stephen Lesslie - Lithgow City Council [Member]

\*Cr Ray Thompson - Lithgow City Council [Member] (to October 2018)

\*Cr Stephen Ring - Lithgow City Council [Member] (from November 2018)

Cr Don Capel - Oberon Shire Council [Member]

Cr Andrew McKibbin - Oberon Shire Council [Member]

Cr Bruce Reynolds - Blayney Shire Council [Member]

Cr Fry - Bathurst Regional Council [Member]

### Stakeholders and staff

The County Council has eight (8) staff and is supported as required by various contractors with regards to delivery of landholder support services. There is the General Manager (part-time) and Biosecurity Administration Officer managing mainly office-based governance and business strategy, and the Chief Weeds Biosecurity Officer managing the mainly field-based biosecurity operations supported by five (5) Weed Biosecurity Officers.

The NSW Department of Primary Industries, in conjunction with the Central Tablelands - Local Land Services, are key stakeholders in terms of their funding support involving an annual operating grant linked to the NSW Weed Action program. These agencies also provide invaluable in-kind support with research results; weed identification; weed species risk assessment; and weed information and extension materials.

# Upper Macquarie County Council

The constituent councils being the councils from the local government areas of Bathurst, Blayney, Lithgow and Oberon are the primary funding agencies through annual operating grants provided in proportion to the relative strategic weed risk associated with each council area. The constituent council communities are the direct beneficiaries of the County Council's work and accordingly have a keen interest in the County Council's activities and in particular the impacts of weed biosecurity in relation to farmland productivity, local economic impacts and more generally the quality of life in rural communities.

Beyond landholders and residents in the County area, the effectiveness of local weed biosecurity impacts on all Australians in different ways, as efforts to control weeds in our district, is actually part of a national effort to control serious invasive pest plants that unchecked will cause insurmountable damage to the productivity of agricultural land, country landscapes, and waterway environments.

## The County Council's source of authority.

The County Council was first constituted by proclamation of the Governor of NSW in February 1949, pursuant to the provisions of the Local Government Act (1919). The initial charter was for the eradication of noxious plants – particularly *Serrated Tussock*. More recently that charter was clarified to pursue control of various *Priority Weeds* (previously referred to as noxious weeds).

Today the Council derives its power and authority from two primary sources:

- The *local weed control authority* roles and responsibilities come from the provisions of the Biosecurity Act (2015) and previously before repeal, the Noxious Weeds Act (1993).
- The *local government authority* duties and obligations come from the provisions of the Local Government Act (1993) and previously before repeal, the Local Government Act (1919).

The area of operations of the Upper Macquarie County Council comprises the whole of its constituent council local government areas of Bathurst, Blayney, Lithgow, and Oberon- and is the local weed control authority to the absolute exclusion of those local councils.

The County Council has the following key operational functions in relation to the land for which it is the local control authority:

- a) the prevention, elimination, minimisation and management of the biosecurity risk posed or likely to be posed by weeds,
- b) to develop, implement, co-ordinate and review weed control programs,
- c) to inspect land in connection with its weed control functions,
- d) to keep records about the exercise of the local control authority's functions, and
- e) to report to the NSW Government about the exercise of the local control authority's functions.

# Upper Macquarie County Council

## The County Council operating profile.

The Upper Macquarie County Council has an area of operations that encompasses the whole of the local government areas of Bathurst, Blayney, Lithgow and Oberon

The County Council area of operations covers an area of 1.35 million hectares – comprising almost half of the NSW Central Tablelands - Local Land Services area. The area extends from high in the Blue Mountains in the east, from the Abercrombie National Park south to Kanangra Walls in the south-east, as far west as Limestone Creek and beyond Forest Reefs, and to the north-west reaching Hill End and Wattle Flat then to the north-east beyond Capertee and Glen Davis across into Wollemi National Park.

The area of operations has a population of about 77,000 residents and 41,000 landholdings made up of 842,000 Ha of private land, 122,000 Ha of forest plantations, 377,000 Ha of National Parks and 11,000 Ha of other public land.

The County Council area of operations includes parts of the NSW Central Tablelands and Upper Macquarie Valley that are highly productive agricultural land, high ecological value national parks, and vast areas of quality forest operations.

Climatically the area is susceptible to rapid weed invasion of the farmland, the parks and the forests, escaping from properties where landholders historically do not properly control weeds on their land on an ongoing basis.

The primary weed risk at present involves the 12 Priority Weed species (noxious plants) involving Blackberry; Serrated Tussock; African Love Grass, Bathurst Burr, Cape Broom, Chilean Needle Grass, Common Prickly Pear, Gorse, Scotch Broom, St John's Wart, Sweet Briar, and Tiger Pear.

## SECTION 2: OUR BIOSECURITY ACHIEVEMENTS

### Compliance Inspection System.

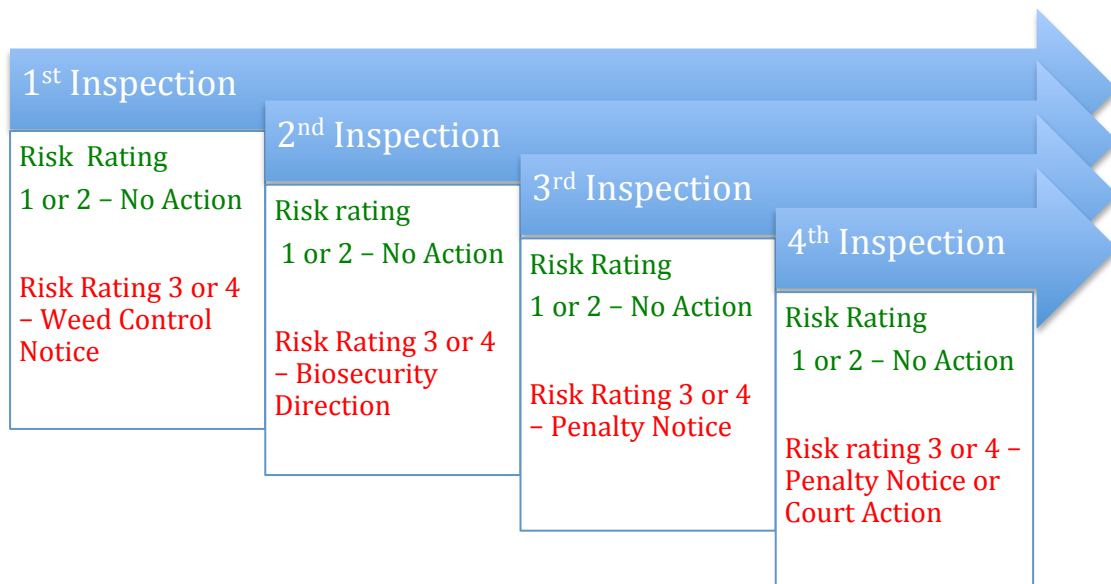
In its regulatory role, the County Council undertook 1,910 inspections during the year of both private and public lands - covering 190,000 hectares including 1,880 kilometres of roads, railways and waterways.

The purpose of conducting inspections of properties is to establish whether or not the property presents an unacceptable weed invasion risk, and as appropriate bring to the landholders attention the nature and extent of their weed biosecurity duty at law. Failing a suitable response to advice provided, the Council will undertake enforcement as necessary.

Once a property is inspected and found to be of high weed risk, it is entered into the Weed Risk Register and can only be removed from that register as a result of a formal inspection that confirms the weed risk has been reduced to a Low Weed Risk level.

The whole compliance inspection process typically follows an initial Notice to Inspect, followed by a sequence of inspections and re-inspections each linked to a relevant compliance date and an associated ramp-up of the enforcement activity where required as illustrated in the following Chart 1.

Chart 1: The Property Weed Risk Inspection Process



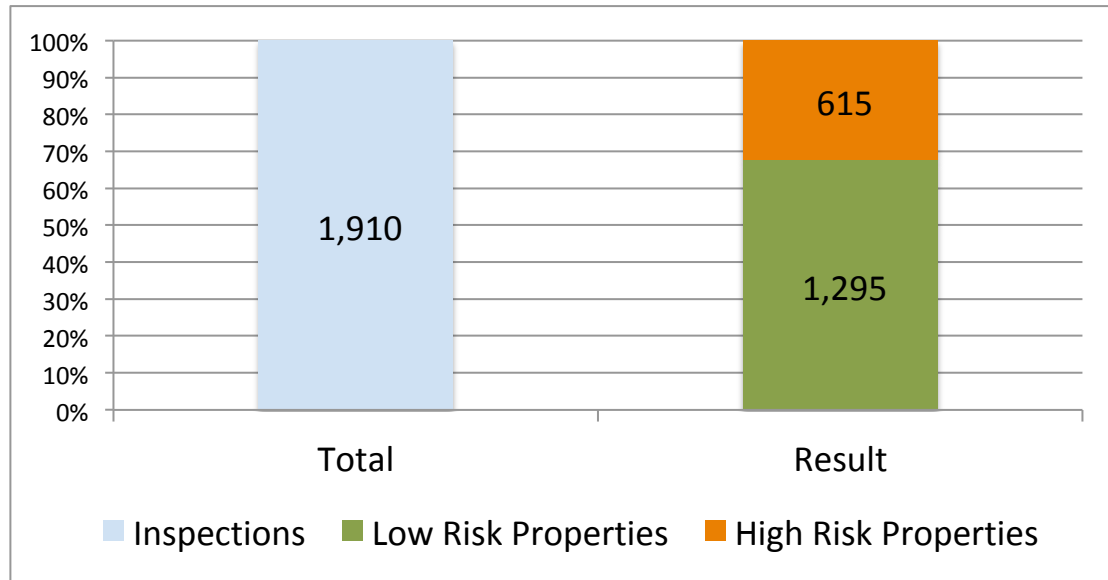
The new compliance inspection system, that initially was limited in application to private landholders, has since been extended fully to public landholders. Of the total property inspections undertaken for the year 1,421 were for private land and 489 were for public land. While only modest weed control gains were made for public land in 2018/2019, Council expects it will be able to show substantial results from its public land enforcement activities in 2019-2020 across all landholdings particularly for forestry, railway, and crown lands.



# Upper Macquarie County Council

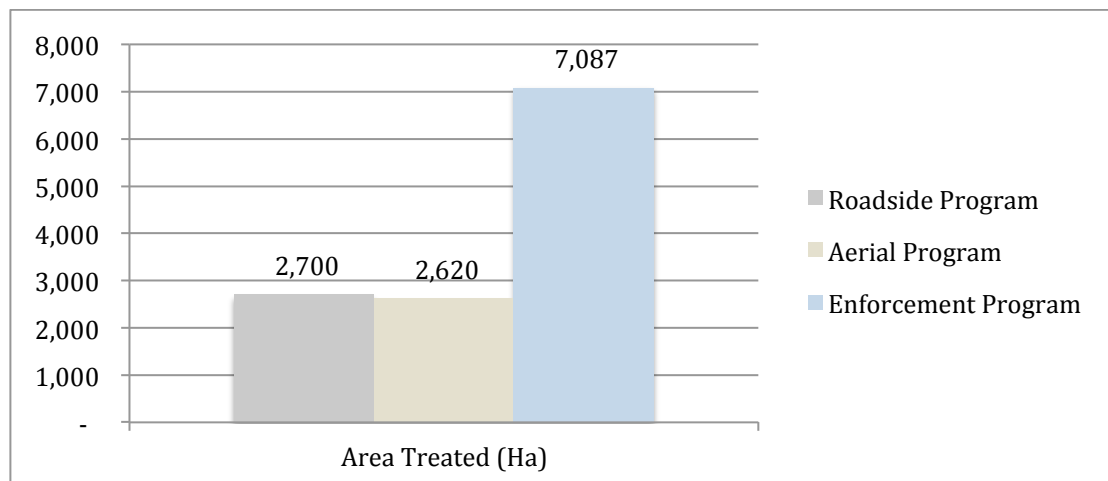
At year-end, of the 1,910 property inspections undertaken, 615 properties were still considered to be of HIGH WEED RISK. For context it should be noted here that due to the seasonal sequencing of inspections and the essential time-lag before re-inspection, of the 615 outstanding properties 585 were not yet due for a 2<sup>nd</sup> inspection, 30 had been re-inspected resulting in an enforceable individual biosecurity direction being issued to each, and three of those with a direction failed a further re-inspection and were each issued with \$1,000 penalty infringement notice [while the direction still stands].

Chart 2: End-of-year Weed Risk Rated Property Status



Overall there was an improving level of 'weeds controlled' impact from ramping-up of the Council's direct enforcement activity. Over 7,000 ha of landholdings having had their weed risk rating reduced from 'high' to 'low' during the 2<sup>nd</sup> half of the year. In addition through the Council's landholder support services – both roadside and aerial spraying - a further 5,300 hectares of weed-infested landholdings were treated.

Chart 3: Weed Control Work Initiated By the County Council





# Upper Macquarie County Council

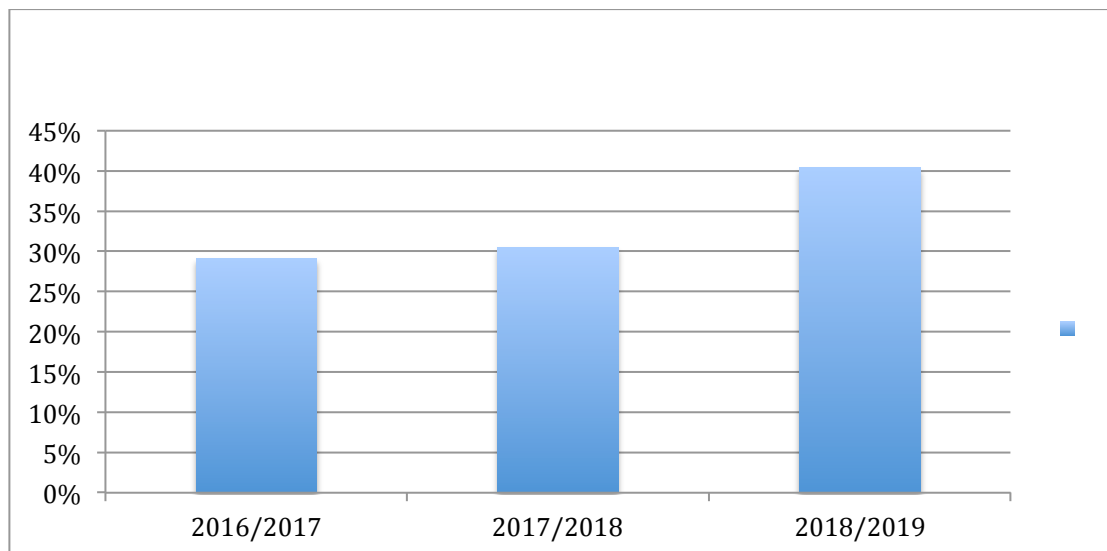
The overall Landholder Compliance Rate for the year was 68%. That is, of all the properties inspected for the first time in 2018-2019, one way or another 68% of them achieved a 'low' weed risk rating by years end – some sooner than others. Another view of this weed risk reduction can be seen through the Weed Risk Reduction Indicator whereby of all the properties that were subjected to both a 1<sup>st</sup> and 2<sup>nd</sup> inspection, the risk rating average changed from an initial 3.4 down to 2.4 – with a target of less than 2. Over time, with more data, this should become a very useful ongoing indicator of enforcement based weed control.

Chart 4: Weed Risk Rating Changes for 2<sup>nd</sup> Inspection Properties



In terms of productivity, despite the new compliance and enforcement system being more complex and time consuming in terms of attention to detail and producing a more adequate evidence trail, the Council undertook 5% more property inspections in 2018-2019 than the previous three year annual average. Further, of the total property inspections undertaken across those three years, just over 40% were undertaken in 2018-2019 with about 30% for each of the previous two years.

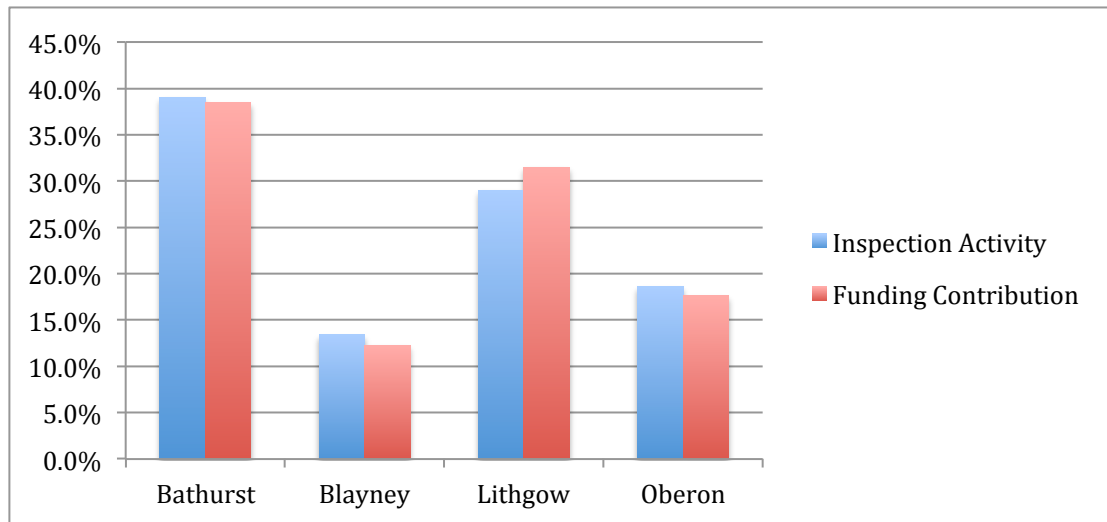
Chart 5: Property Inspection Productivity Trend Over 3 Years



# Upper Macquarie County Council

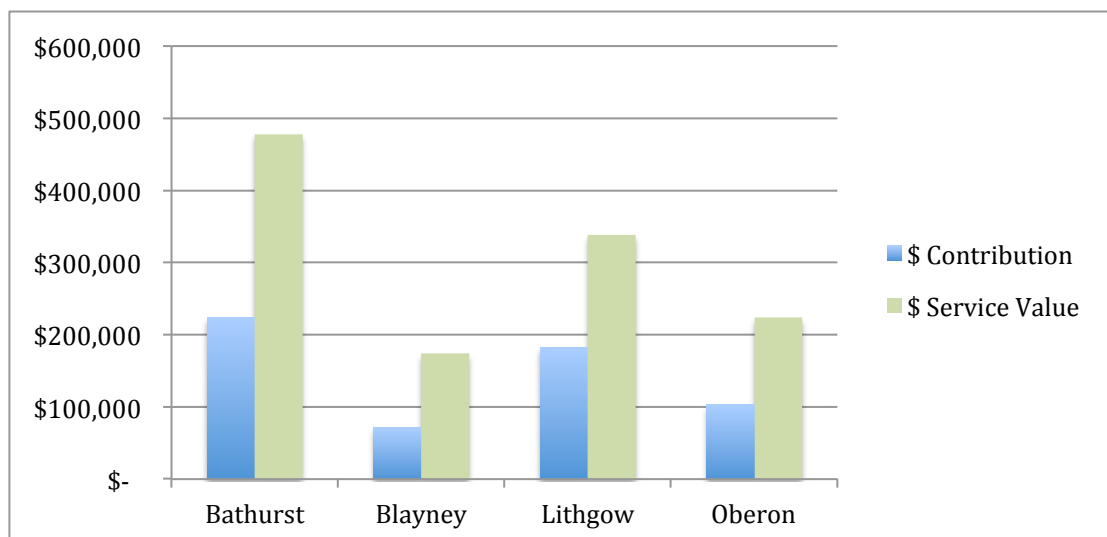
Although the County Council duty is to manage weed biosecurity on a district wide not local council area basis, the issue of whether or not an individual constituent council is 'getting their share' of weed biosecurity activity is partially indicated in the following graph. Of course weeds know no boundaries and in any given year, one or more constituent councils are likely to be either above or below the contribution benchmark – but in the long term there should be no significant variance.

Chart 6: Constituent Council Funding compared to Inspection Activity



A constituent council benefits from its association with the County Council more broadly than the level of property inspection. The County Council expends funds in excess of constituent council contributions through, enforcement, roadside weed treatment, and aerial spraying activity, and provides governance, management skill and technical expertise that benefits communities and can be reasonably apportioned amongst the constituent councils accordingly to indicate a nominal return on investment.

Chart 7: Community Return on Investment by the County Council



## SECTION 3: OUR GOVERNANCE ACHIEVEMENTS

### Systems & Processes.

This reporting period was the 1<sup>st</sup> full year operating under the new risk-based weed biosecurity management system, and the associated new processes for Weed Biosecurity Officers in the way they:

- Give notice of the intention to inspect properties,
- Assess each property they inspect assigning a weed risk rating thereto,
- Are guided by the Weed Risk Register in terms of which properties require reinspection and when that should take place,
- Escalate higher risk rated properties from the preferred cooperative compliance phase up to the enforced compliance phase, and
- Use on-the-spot fines as an alternative to taking court action to help compel landholders to meet their weed biosecurity duties, and

The incumbent geographical information system (GIS) was substantially refined in terms of both software activation and database structure. As a result the Council has greatly enhanced its biosecurity reporting capability, developed an integrated Weed Risk Register, and for the first time developed a mapping capacity – all of which are making management information and associated reporting for the governing body of Council more accurate, more reliable and more flexible.

The commissioning of a small drone fleet, funded through an innovation grant from the NSW Office of Local Government, has made accessing ‘closed-gate’ properties, and inspecting difficult to access sites such as overgrown gullies and escarpments much more efficient and much safer for staff.

### Policies & Key Documents.

A Policy Register was established early in the period. It was designed not only as a record of existing policies and their renewal requirements, but also as a list of required new policies and key documents – set out in priority order. Council required periodic update reporting thereon as a means to focus the organisations attention on replenishing the long depleted suite of strategic policies and key documents. Driven by the vast array of legal compliance obligations and an initial operational risk assessment, creating new and updating existing policies and key documents was a governance priority and was progressed methodically throughout the reporting period.

By period end Council had adopted 14 new policies along with 2 new and 5 substantially updated key documents. Notable new documents included policies for: Motor Vehicle Use; Remotely Piloted Aircraft; Annual Business Closedown Period; and Weed Biosecurity Compliance & Enforcement. A new Code of Meeting Practice and a new Code of Conduct (each based on the Model Codes provided by the Office of Local Government) were also exhibited and subsequently adopted by the Council in early 2019.

## Enforcement Processes.

The historic difficulty for all local (weed) control authorities - of applying enforcement powers in the absence of a legally sound and evidentiary robust inspection and enforcement system - was addressed early in the reporting period through full implementation of the new risk-based compliance and enforcement system adopted in June 2018. That innovative system incorporates: a weed risk rating system, a risk-based prioritisation process, a compliance and enforcement process, a legally sound inspection and enforcement notice regime, and an evidence support system.

Biosecurity Officers had the relevant *instrument of delegation* renewed to ensure that each officer could properly function as an authorised officer within the meaning of the Biosecurity Act (2015).

Revenue NSW was engaged as council's agent for the processing and coordination of issues associated with Penalty Infringement Notices issued by authorised officers. The Council has prepared an Agency Guide that is in compliance with the requirements of the Fines Act 1996 by adopting the Uniform Guidelines for Internal Review (of applicable enforcement complaints) mandated by the NSW Attorney General.

A Weed Risk Register was created within the geographical information system during the reporting period. That register is integrated with the property information and inspection data and keeps record of outstanding 'high weed risk' landholdings as well as the history of all risk rated properties.

## Financial Management.

A number of new financial management related policies were adopted by Council during the reporting period including policies for: Financial Reserves; Credit Card Use; Procurement; Debt Write-Off, Gifts and Benefits, and Members Fees, Expenses and Facilities.

The Annual Budget for 2018-2019 was set on the basis of achieving a slight surplus, despite an established budget structure that does not cover fixed operating expenses with stable revenue sources. Such a budget relies on uncertain seasonally sensitive possible income to cover some fixed expenses. The 'stable income' to 'fixed expenses' cover ratio in 2017-2018 was only 90%, and this was improved in the 2018-2019 budget to nearly 94%.

The budget structural problem is being addressed with support from constituent councils who are making combined additional voluntary contributions of \$150,000 incrementally over three years. This will bring the 'stable income' to 'fixed expenses' cover ratio up to 100% + by 2021/2022.

The annual performance against budget was positive - with all core services being provided within budget and a technical operating surplus of near \$100,000 being recorded instead of a budget surplus of less than \$1,000. The operating surplus resulted essentially from abnormal revenue items including two grants for \$40,000 and \$15,000 respectively, a slight surplus from landholder weed treatment services, along with incidental expenditure reductions including salary savings from staff taking leave without pay.

## Annual Financial Statements and Auditor Reports

The NSW Audit Office conducted its audit of the Council's Annual Financial Statements for 2018-2019 in the third quarter of 2019. Those audited statements and associated Auditors Reports are provided in full as Appendix 1 to this Annual Report.

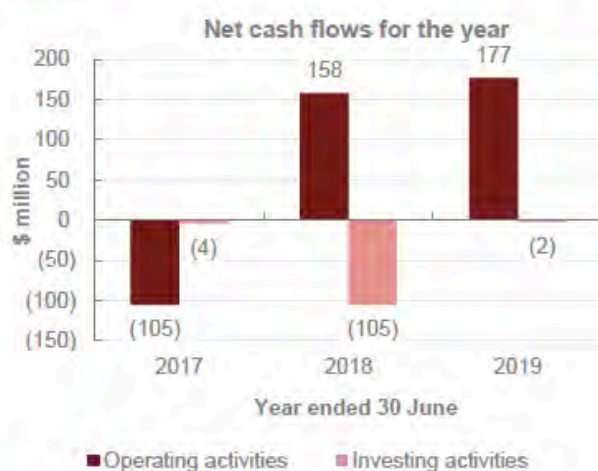
The following information has been extracted as applicable from the Audit Reports associated with the auditing of the Annual Financial Statements provided by the NSW Audit Office.

### STATEMENT OF CASH FLOWS

Council had approximately \$175,000 more cash at 30 June 2019 (\$993,000) than it did at 30 June 2018 (\$818,000).

This is attributable to an increase in grant funding, which also resulted in higher interest received.

Whilst payments for materials and contracts and employee benefits increased, they did so by less than the increase in cash receipts. In addition, there no major asset purchases during the year.



### FINANCIAL POSITION

#### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	40	14	• Given the nature of Council there are very few externally restricted funds. These relate to unspent grant monies
Internal restrictions	386	386	• Council has elected to retain the same level of internal restrictions in the current year.
Unrestricted	567	418	• Overall cash has increased from prior year. The movement has been explained in the 'Statement of Cash Flows' section above.
<b>Cash and investments</b>	<b>993</b>	<b>818</b>	



## PERFORMANCE

### Operating performance ratio

Council has exceeded the benchmark for the last three years.

Due to the size of Council's operations, small dollar value changes can result in large movement in performance measures.

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



### Own source operating revenue ratio

Council has remained below the industry benchmark due to its reliance on the Weeds Action Plan Funding and constituent Council Contributions.

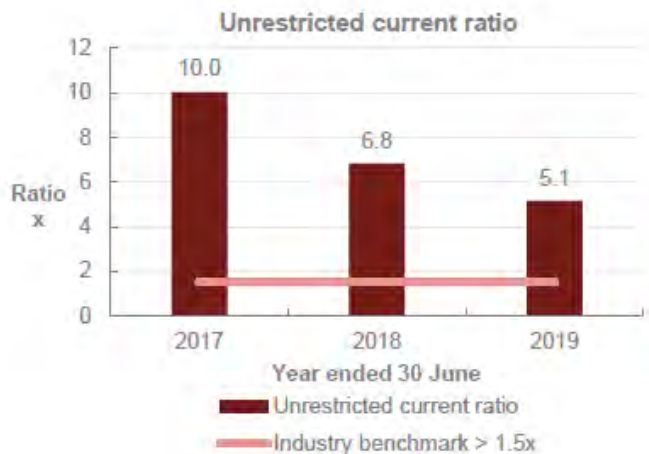
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



### Unrestricted current ratio

Council has managed its liquidity to exceed the industry benchmark over the last 3 years.

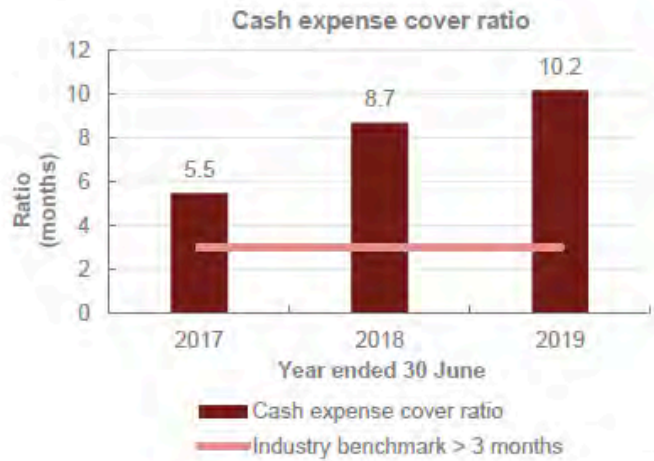
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



## Cash expense cover ratio

Council's high level of liquidity is apparent in this measure. Council exceeded the benchmark for the last 3 years.

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





## SECTION 4: STATUTORY REPORTING

The NSW Local Government (General) Regulation 2005 (LG (G) Reg.) in Clause 217 requires the following specified information to be included in the annual report: This information has been included in the Regulation because the Government believes that it is important for community members to know about it – to help their understanding of how the council has been performing both as a business entity and a community leader.

A. Details of overseas visits by members and council staff [LG (G) Reg. c.217 (1)(a)]

Upper Macquarie County Council had no Council Member, nor Council staff member make any overseas visits on its behalf or at its expense during the reporting period.

B. Details of the Chairman and Members fees, expenses and facilities [LG (G) Reg. c.217 (1)(a1)]

Chairman's Allowance (S249 LGA)	\$ 7,334
Members Fees (S248 LGA)	\$15,596
Members Travelling (Council Policy)	\$ 3,317
Members Subsistence (Council Policy)	\$ 1,981
ANNUAL TOTAL	\$28,228

C. Contracts awarded by the Council [LG (G) Reg. c.217 (1)(a2)]

Council awarded two contracts during the reporting period as a result of two separate competitive public tender processes as follows:

- 1) Roadside Weed Spraying Services.
  - a. A Schedule of Rates Tender
  - b. A panel of 5 Contractors selected
  - c. No work guarantee in any year
  - d. Indicative total annual contract value (for all contractors combined). Between \$150,000 and \$160,000.
- 2) Aerial Weed Treatment Services.
  - a. A Schedule of Rates Tender
  - b. A single Contractor selected – Commercial Helicopters Pty Ltd.
  - c. No work guarantee in any year
  - d. Indicative total annual contract value range (subject to weather conditions and landholder demand). Between \$100,000 and \$300,000.

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D. Amounts incurred in relation to legal proceedings [LG (G) Reg. c.217 (1)(a3)]

\$NIL - Upper Macquarie County Council neither initiated nor responded to any legal proceedings during the reporting period.

E. Private works and financial assistance [LG (G) Reg. c.217 (1)(a4, a5)]

\$NIL - Upper Macquarie County Council neither undertook any relevant work nor provided any financial assistance during the reporting period.

F. Details of external bodies, companies and partnerships [LG (G) Reg. c.217 (1)(a6, a7, a8)]

Upper Macquarie County Council was not a part of nor did it have any legal interest in an external body, company or partnership.

G. A statement of the activities undertaken by the council to implement its equal employment opportunity management plan. [LG (G) Reg. c.217 (1)(a9)]

Upper Macquarie County Council has an Equal Opportunity Management Plan that applies to all 8 of its staff. There was only one vacancy that initiated a recruitment process for the year and this resulted in the employment of one fulltime female employee. The Council has permitted flexible working arrangements for its staff in order that they can attend to family and related duties when the need arises during otherwise normal work hours. All staff have had training opportunities and participated in training activities based on position requirements and individual training priorities. There have been no EEO related complaints during the reporting period.

H. Details of the General Manager's total remuneration [LG (G) Reg. c.217 (1)(b)]

The General Manager's total remuneration package for the reporting period was \$93,000

I. Details of the total expenditure on Senior Staff remuneration [LG (G) Reg. c.217 (1)(c)]

This matter is not applicable to Upper Macquarie County Council, as it has no Senior Staff other than the General Manager

J. Information on storm-water levies and charges or coastal protection services [LG (G) Reg. c.217 (1)(e, e1)]

This matter is not applicable to Upper Macquarie County Council

K. Information on storm-water levies and charges [LG (G) Reg. c.217 (1)(e)]

This matter is not applicable to Upper Macquarie County Council

## APPENDIX 1: AUDITED FINANCIAL STATEMENTS

The NSW Local Government Act (1993) in Section 428 (2) (a) requires the audited financial reports be included in the council's annual report. Those audited financial reports are attached hereto.