

UPPER MACQUARIE COUNTY COUNCIL

ANNUAL REPORT

For the year 1st July 2017 to 30th June 2018

PREAMBLE.

The Upper Macquarie County Council is a single-purpose local government organisation with the sole function of a local [weed] control authority.

The Council was first constituted by proclamation from 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 (noxious plants).

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

- 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 Upper Macquarie County Council, as a local [weed] control authority 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.

COUNCIL DISTRICT PROFILE

The Council district extends from the Abercrombie National Park in the South to Hill End in the North, and Lyndhurst in the West to Lithgow in the East covering a total area of almost 13.5 million hectares comprised of both public and private landholdings.

This area of the NSW Central Tablelands and Upper Macquarie Valley is made up of highly productive agricultural land, high ecological value national parks, and vast areas of quality forest operations.

This area is also climatically susceptible to rapid weed invasion of the farmland, the parks and the forests, unless landholders properly control weeds on their land on an ongoing basis. Uncontrolled weeds have the potential to significantly reduce the productivity of land and diminish the ecological qualities of natural and farmed lands.

The Area of Operations of the Upper Macquarie County Council does by proclamation comprise the whole of the four local government areas of Bathurst, Blayney, Lithgow, and Oberon. These areas combined have a population of about 77,000 residents and 40,000 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 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.

THE COUNTY COUNCIL KEY STAKEHOLDERS

CONSTITUENT COUNCILS

The local government areas that lie wholly or partly within the county council's area of operations.

Bathurst Regional Council

Blayney Shire Council

Lithgow City Council

Oberon Council

MEMBERS OF THE COUNTY COUNCIL GOVERNING BODY

Two members were elected by each of the constituent councils (as at 3th June 2018).

The Chairman (as elected by the County Council Members):

Cr Ian North - Bathurst Regional Council

The Deputy Chairman: (as elected by the County Council Members):

Cr David Kingham - Blayney Shire Council

Cr Stephen Lesslie - Lithgow City Council

Cr Ray Thompson - Lithgow City Council

Cr Don Capel - Oberon Shire Council

Cr Andrew McKibbin - Oberon Shire Council

Cr Bruce Reynolds - Blayney Shire Council

Cr Fry - Bathurst Regional Council

THE COUNTY COUNCIL ADMINISTRATION

GENERAL MANAGER OF THE COUNCIL

Acting General Manager (01/07/2017: 16/02/2018)

Mr Roger Bailey

Acting General Manager (17/02/2018: 05/05/2018)

Ms Lisa Monardo

General Manager (06/05/2018: 30/06/2018)

Mr David Young

COUNCIL HEADQUARTERS LOCATION

7 Lee Street, Kelso, NSW 2795

Office Hours: Phone for Appointment

COUNCIL MAIN CONTACT DETAILS

Post: PO Box 703, Bathurst NSW 2795

Telephone: (02) 6338 2875

Email: admin@umcc.gov.au

Website: www.umcc.nsw.gov.au

COUNCIL MEETINGS

All Ordinary Meetings of the Council were open to the public. Details of the annual schedule of meeting dates was published on the Council website and in locally circulating newspapers early in each calendar year.

Telephone contact was available for further details of published meeting dates.

Correspondence intended for particular meetings must have been received no less than ten days before each relevant scheduled meeting date.

Seven (7) Ordinary Council Meetings were held during the year 2017/2018.

Two (2) Special Council Meetings were held during the year 2017/2018.

- (a) Appointment of the General Manager
- (b) Draft Business Activity Strategic Plan

STATUTORY REPORTING INFORMATION

The following information is provided in order to comply with NSW legislation and associated regulatory requirements that a Council's annual report will address certain prescribed matters.

A. Performance of Principal Activities

For the purposes of section 428 (1) of the Local Government Act (1993), and clause 397J of the Local Government Regulations (2005) Council's annual performance statement setting out achievements in implementing the delivery program and effectiveness of principal activities for the 2017/18 reporting period are outlined. Please refer to **Appendix 1**.

B. Audited Financial Reports

For the purposes of section 428 (4) (a) of the Local Government Act (1993), Council's financial position as at 30th June 2017 for the financial year 2017/18 is provided. Please refer to **Appendix 2**.

C. State of the Environment

For the purposes of section 428A of the Local Government Act (1993), Council does not have a State of the Environment Report as such a report is produced by the constituent councils in connection with their respective community strategic plans. Please refer to the relevant **Local Council Website** for such reports.

D. Miscellaneous Item – Members Fees, Expenses & Facilities

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a) & (a1) of the Local Government Regulations (2005) Council's position in relation to the payment of fees and expenses or provision of facilities for the 2017/18 reporting period are set out below. Please refer to **Appendix 3** for the Council Policy on this matter.

- a. There were no overseas visits undertaken during the year by Councillors, Council staff or any other persons representing the Council (including no visits sponsored by other organisations).
- b. The total cost during the year of the payment of the expenses of, and the provision of facilities to, Councillors in relation to their civic functions (as paid by the council, reimbursed to the Councillor or reconciled with the Councillor) was **\$ 26,862**
- c. The detailed breakdown for prescribed elements of the total cost is as follows:
 - i. The payment of meeting fees to Council Members as required under section 248 of the Local Government Act = **\$14,864**
 - ii. The payment of meeting fees to the Council Chairman as required under section 249 of the Local Government Act = **\$6,333**
 - iii. The payment of meeting attendance travel expenses to Council Members and the Council Chairman as per section 252 of the Local Government Act = **\$ 3,009.**
 - iv. The provision during the year of dedicated office equipment allocated to Councillors on a personal basis, such as laptop computers, mobile telephones and landline telephones and facsimile machines installed in Councillors' homes (including equipment and line rental costs and internet access costs but not including call costs) = **\$NIL**
 - v. Telephone calls made by Councillors, including calls made from mobile telephones provided by the council and from landline telephones and facsimile services installed in a Councillors home = **\$NIL**
 - vi. The attendance of Councillors at conferences and seminars = **\$NIL**
 - vii. The training of Councillors and the provision of skill

development for Councillors = **\$NIL**

- viii. Interstate visits undertaken during the year by Councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses = **\$ NIL**
- ix. Overseas visits undertaken during the year by Councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses = **\$NIL**
- x. The expenses of any spouse, partner (whether of the same or the opposite sex) or other person who accompanied a Councillor in the performance of his or her civic functions, being expenses payable in accordance with the *Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW* prepared by the Director-General from time to time = **\$NIL**
- xi. Expenses involved in the provision of care for a child of, or an immediate family member of, a Councillor, to allow the Councillor to undertake his or her civic functions = **\$NIL**

E. Miscellaneous Item – AWARDING OF CONTRACTS

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a2) of the Local Government Regulations (2005) Council's did not award and contracts for work of value greater than \$150,000 for the 2017/18 reporting period are set out below.

F. Miscellaneous Item – LEGAL PROCEEDINGS

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a3) of the Local Government Regulations (2005) Council was not involved in any legal proceedings being taken by or against the council.

G. Miscellaneous Item – PRIVATE WORKS

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a4) of the Local Government Regulations (2005) Council's position in relation to undertaking private works for the 2017/18 reporting period are set out below.

Council undertook various private works in relation to weed control on private land during the year, on a cost-plus basis paid by the property owner.

Council sets out the applicable rates and charges for private works in Council's fees and charges schedules. These rates are generally similar to the rates of contractors, as Council does not wish to unfairly compete with private enterprise.

Council has not made any resolutions pursuant to Section 67 2(b), accordingly no public works have been subsidised by Council.

H. Miscellaneous Item – CONTRIBUTIONS TO OTHERS

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a5) of the Local Government Regulations (2005) Council did not make any contributions under section 356 of the Local Government Act to financially assist others during the 2017/18 reporting period.

I. Miscellaneous Item – CONTRIBUTIONS TO OTHERS

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a6) of the Local Government Regulations (2005) Council did not delegate to any external body the power to exercise functions on behalf of the Council during the 2017/18 reporting period.

J. Miscellaneous Item – CONTROL OF OTHER ENTITIES

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a7) of the Local Government Regulations (2005) Council did not hold a controlling interest in any corporations, partnerships, trusts, joint ventures, syndicates or other bodies during the 2017/18 reporting period.

K. Miscellaneous Item – PARTICIPATING IN OTHER ENTITIES

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a8) of the Local Government Regulations (2005) Council participated in other corporations, partnerships, trusts, joint ventures, syndicates or other bodies during the 2017/18 reporting period as follows:

- Macquarie Valley Weeds Advisory Committee
- Local Government NSW (LGNSW)

L. Miscellaneous Item – EQUAL OPPORTUNITY EMPLOYMENT

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (a9) of the Local Government Regulations (2005) Council undertook limited activities, consistent with its small size, to implement its equal employment opportunity management plan during the 2017/18 reporting period as follows:

- Recruited to vacant positions through an open public process.
- Held regular consultative committee meetings including all staff.

M. Miscellaneous Item – GENERAL MANAGER REMUNERATION

For the purposes of section 428 (4) (b) of the Local Government Act (1993), and clause 217 (1) (b) & (c) of the Local Government Regulations (2005) Council provided total remuneration to the persons (3) occupying the General Manager of \$96,164 during the 2017/18 reporting period. This remuneration included salary, superannuation payments, and any non-cash benefits and associated taxes as applicable.

Council's organisation structure provides for the employment of the General Manager as the only Senior Staff position. There were two Acting General Managers and then the permanent General Manager engaged under the Office of Local Government Standard Contract of Employment. The General Managers contract is performance based for a period of three (3) years.

N. Miscellaneous Item – Rates & Charges

For the purposes of clause 132 of the Local Government Regulations (2005) Council did not write-off any rates or charges during the 2017/18 reporting period.

O. GOVERNMENT INFORMATION

For the purposes of section 125 (1) of the Government Information (Public Access) Act (2009) and Clause 7 Schedule 2 of the Government Information (Public Access) Regulation (2018) the following report is provided about Government Information Public Access activity for the 2017/2018 reporting year.

Council did not receive any requests for the release of information under the Government Information (Public Access) Act 2009 (GIPA) during the 2017 – 2018 reporting period.

P. DISCLOSURE OF PUBLIC INTERESTS

For the purposes of section 31 of the Public Interests Disclosure Act (1994), the following report is provided about public interests disclosed by Councillors and / or designated persons.

The six monthly and annual reports were provided to the NSW Ombudsman in accordance with the Public Interest Disclosures Act (1994). There were no public interest disclosures either made or received during the reporting period 2017 – 2018.

Q. COMPLIANCE WITH CODE OF CONDUCT

For the purposes of the reporting requirements under the model Code of Conduct the following report is provided regarding complaints about non-compliance with the *Council code of conduct*.

Council adopted a Code of Conduct and Procedures in October 2016 based on the Division of Local Government's then new Model Code of Conduct. There were no Code of Conduct complaints made about Councillors or the General Manager during the reporting period 2017 – 2018.

R. PRIVACY & PERSONAL INFORMATION

For the purposes of the reporting requirements relating to complaints about non-compliance with the privacy laws. There were no complaints or other requirement for review of the conduct of Council under Part 5 of the Privacy & Personal Protection Act (1998) during the reporting period 2017 – 2018.

APPENDIX 1 - ANNUAL REPORT ON PRINCIPLE ACTIVITIES.

Delivery Program

PREAMBLE

This report is the **annual report on Council's achievements in implementing its delivery program and the effectiveness of its principle activities in achieving their objectives** [to be reported publically in the Council's ANNUAL REPORT] required pursuant to Section 428 of the Local Government Act (1993) forming a key part of the Council's Annual Report.

INTRODUCTION

The Delivery Program is Council's four-year plan that is normally prepared soon after a new council is elected. The program is also the medium-term planning document that seeks to implement the 10-year Business Activity Strategic Plan for the current council term, and forms the basis upon which the Annual Operating Plan is prepared.

The Upper Macquarie County Council exists for the purpose of working with local landholders seeking voluntary weed biosecurity compliance, and undertaking enforcement action against local landholders who fail to reasonably fulfil their weed biosecurity duties. In essence the Council endeavours to make sure that all private and public landholders manage their properties to reach and maintain a sustainably low level of weed biosecurity risk – preferring a cooperative and voluntary approach but applying legal enforcement tools where required.

The Council is constituted as a single purpose county council under the provisions of the Local Government Act (1993) and as a consequence is also designated as a *local control authority* under the Biosecurity Act (2015). The Council has a gazetted area of operations being the whole of local government council areas of Bathurst, Blayney, Oberon and Lithgow.

In the above context the Council has a core business activity of WEED BIOSECURITY and a subsidiary business activity of COUNCIL GOVERNANCE – each being driven by the applicable underlying legislation that bestows the relevant functions, duties and responsibilities upon the Council.

REPORT STRUCTURE

This report reflects the structure of the 2017/2018 Delivery Program in so far as that program sets out a series of strategic **objectives**, and for each objective identifies one or more **strategies** and associated **activities** aimed at progressing the objective. Progress is reported in terms of detail associated with the relevant **activities** referenced back to the stated **objectives** in the Delivery Program as and when applicable in the current reporting period.

BUSINESS ACTIVITY PROGRESS & ACHIEVEMENTS

This section outlines progress and achievements, as applicable, during 2017/2018 in relation to implementation of the Upper Macquarie County Council Delivery Program 2017 to 2021.

1.1 Strategic objective

Build strong relationships with other natural resource managers having responsibilities in, or adjacent to, the County Council's area of operations through a program to improve liaison between natural resource managers.

PROGRESS in 2017/2018

- ✓ Attended meetings and training sessions conducted by NSW Department of Primary Industry and Local Land Services – Central Tablelands.
- ✓ Attended meetings and conferences run by Macquarie Valley Weeds Advisory Committee.
- ✓ Shared weed biosecurity operational information and experiences with other local control authorities in the Central Tablelands region.
- ✓ Assisted Mudgee LCA by undertaking aerial weed control work in inaccessible boundary in conjunction with UMCC work in the district.

1.2 Strategic objective

Ensure the effectiveness of the Council's role in improving the natural environment through a reduction in priority weeds.

PROGRESS in 2017/2018

- ✓ Conducted a regular and systematic property inspection program for 628 residential and rural residential private landholdings covering 14,200 ha.
- ✓ Conducted a regular and systematic property inspection program for 728 rural private landholdings covering 199,924 ha.

- ✓ Infestations of priority weeds found during property inspections were all mapped and properly recorded in the GIS.
- ✓ Significant weed infestations on roadsides owned and occupied by constituent councils were identified during inspection of over 5,300 km of roadsides, with selected higher risk priority weed infestations being treated by Council agents.
- ✓ Conducted a response based property inspection program for 42 constituent council landholdings covering 741 ha.
- ✓ Conducted a response based property inspection program for 26 commercial landholdings covering 523 ha.
- ✓ Only limited property inspections were conducted for public authority landholdings due to inspectorial resource shortages. Only 49 crown land, state forest and railway landholding segments covering 3,170 ha were inspected.
- ✓ Assistance and support was provided to private occupiers in controlling priority weeds on their land by giving accurate and timely advice on their weed control obligations with every property inspection.
- ✓ Conducted a 'Spring' aerial weed-spraying program for Serrated Tussock treating private landholdings covering an area of over 1,000 ha.

1.3 Strategic objective

Improve the effectiveness of the control of priority weeds on roads by promoting changes in management techniques and cooperative action.

PROGRESS in 2017/2018

- ✓ Included in the Council's advisory and extension material an explanation of the circumstances in which occupiers are required to control priority weeds on roads.
- ✓ Weeds officers explained (where applicable) to landholder occupiers during adjacent property inspections, their obligations to control weeds on roads.
- ✓ In conjunction with relevant property inspections, weeds officers identified the extent of priority weed infestations on roadsides and the responsibility for their control.
- ✓ A program of inspections to identify all priority weed infestations on roadsides is in place.
- ✓ Clarified that it is the constituent council NOT the County Council that is the landholder / occupier of public roads and hence sole holder of the weed biosecurity duty relating thereto.
- ✓ Provided funding for roadside weed control treatments for some or all (as required) of 82 different roads across the county district.

2.1 Strategic objective

Improve communications between the Council and its community through increased use of electronic and other media.

PROGRESS in 2017/2018

- ✓ Improved the Council's profile in the community by ensure that the corporate logo appears on all Council publications, advertisements, uniforms, letterhead, and Council vehicles.
- ✓ The Ordinary Meetings of Council are advertised in the print media and in the Council web site notifying that members of the public are invited, and encouraged, to attend.
- ✓ The Agenda, Reports, and Meeting Minutes for Ordinary Meetings of Council were published on the Council website – albeit not always in a timely manner due to resourcing deficiencies.
- ✓ The Minutes for Ordinary Meetings of Council are accurately recorded and properly documented in accordance with Local Government Act requirements.
- ✓ Public information was provided to members of the public on initiatives by the Council and of Council's policies – by publishing documents on the Council website and through press-releases where appropriate.
- ✓ A community enquiry facility is established on Council's website but creates very little traffic.

2.3 Strategic objective

Develop an efficient and effective Council administration for the management of priority weeds through improved training, procedures and use of technology.

PROGRESS in 2017/2018

- ✓ Appointed a new Chief Weeds Biosecurity Officer to the vacant position caused by retirement of the long-term incumbent.
- ✓ Recruited an additional three weed biosecurity officers to fill full-time positions vacant for many months.
- ✓ Recruited a permanent General Manager to the position occupied for the last two years by three different acting general managers.
- ✓ Commenced a training needs assessment with a view to a more comprehensive structured training program for staff being developed in the next period.
- ✓ Investigated the provision of additional clerical and accounting assistance and incorporated funding for the established (inadequate) part-time role to become full-time.

- ✓ Commenced a review of technology requirements with a view to matching contemporary technology standards applicable to a local government regulatory agency and identifying funding and logistical requirements.
- ✓ Provided internal training to Weeds Biosecurity Officers relating to proper use of the Council's Geographical Information System (GIS) and associated filed tablets.
- ✓ Progressed the implementation of an efficient records management system using a TRIM facility within the Bathurst Regional Council network.
- ✓ Continued to update and enhance the content range on Council's website (www.umcc.nsw.gov.au).
- ✓ Secured a fleet of small remotely piloted aircraft to assist Weed Biosecurity Officers with their inspection of properties in difficult terrain / limited access areas.

2.4 Strategic objective

Secure the Council's financial position by promoting stronger funding arrangements with funding bodies and seeking alternative sources of funds.

PROGRESS in 2017/2018

- ✓ Recognised the unsustainable nature of the established budget in terms of revenue and expenditure and the associated need for it to be restructured in a timely manner.
- ✓ Secured one-off grant funding from the Office of Local Government to support implementation of a drone technology project.
- ✓ Operated within budget parameters for the year, in part because of reduced expenditure with from staff vacancies, and threatened by cancellation of the Autumn aerial spraying program and associated revenue.
- ✓ Retained DPI grant funding at a level higher than originally expected under the NSW Weed Action Program.
- ✓ Confirmed during review of the County Council's future viability, that raising a special rate across the County district while theoretically possible was very difficult in practice due to regulatory and logistical constraints.
- ✓ Investigation confirmed that the availability of grant funds from any source would be adhoc, project based, and tied at best - and not likely to ever include recurrent funding to assist the Council in its ordinary operations.

- ✓ Income from fees, charges and income producing operations were reviewed, however changes were optimised rather than maximised as there is little scope for change without becoming uncompetitive.
- ✓ It was confirmed that operations carried out on a contract or agreed basis on behalf of others, including the control of weeds on private property by arrangement with the landholder, are were costed and the cost fully recovered.
- ✓ With a view to eliminating unnecessary expenditure, the Council will phase-out the undertaking of weed control work for which the Council does not have a statutory obligation, unless the work is properly costed and charged at its true cost.

3.2 Strategic objective

Enhance the educational and advisory role of the Council through the provision of a range of written and electronic material and staff promotion of this role.

PROGRESS in 2017/2018

- ✓ Weed Biosecurity officers attended local agricultural shows and provided facilities for distributing educational and advisory material and provide advice on priority weed matters.
- ✓ Weed Biosecurity officers attended the Drought Relief gathering in Bathurst to connect with drought stricken farmers and provide advice relating to avoidance of new weed biosecurity risks associated with importation of stock feed and fodder from distant areas.
- ✓ Council won the *champion community exhibitor* award at the 150th Bathurst Show.
- ✓ Council staff made use of the many weed related publications and web information sources provided through the Department of Primary Industries.

4.1 Strategic objective

Improve the effectiveness of the Council's regulatory role by the strategic use of the regulatory powers and appropriate publicity.

PROGRESS in 2017/2018

- ✓ Recognised the difficulty of applying enforcement powers in the absence of an up to date policy and procedures that properly reflected the provisions of the Biosecurity Act (2015).
- ✓ Developed and adopted a comprehensive Compliance & Enforcement Policy reflecting the intent and the provisions of the Biosecurity Act (2015).

- ✓ In conjunction with the new Compliance & Enforcement Policy - introduced a property weed risk assessment model that using field inspection data that will provide a risk-based prioritisation process for targeting biosecurity enforcement activity.
- ✓ The Compliance & Enforcement Policy sets the strategic directions for ensuring an evidence-based decision-making process is applied to compliance and enforcement decisions, and that re-inspection resources target only those landholdings already identified as having higher weed biosecurity risk.
- ✓ The General Manager is now authorised (subject to relevant DPI and Council policies), authorised the issue direction notices and penalty notices, and accept voluntary undertakings where it appears that an offence against the Act or the regulations has been committed and all other reasonable methods to encourage compliance have been unsuccessful.
- ✓ The General Manager will only initiate legal proceeding against a landholder where the General Manager is satisfied that a penalty notice is unlikely to secure compliance by the offender, and believes that prosecution will encourage the control of noxious weeds and implementation of this Strategy.
- ✓ There has been publication of the Council's intention to use its regulatory powers to enforce the requirements of the Act with regard to priority weed control – by press releases and publishing the relevant policy on its website.

BUSINESS ACTIVITY OUTCOMES

This section of the report provides commentary in relation to the effectiveness of Council's two business activities – Governance and Biosecurity - in achieving the strategic objectives stated in the Upper Macquarie County Council Delivery Program 2017 to 2021 during 2017/2018.

Implementation of the Delivery Program in 2017/2018 was 'challenged' by a difficult operating environment. There were limited inspectorial staff available for weed biosecurity operations for some of the year, and the business was further compromised by uncertainty associated with local government amalgamation; new weed biosecurity legislation; a review by constituent councils as to the viability of the County Council operation, and substantial loss of permanent staff with only short-term temporary arrangements in place for most of the year.

Despite the prevailing situation set out above, due to a small group of committed staff, a refreshed County Council membership, and (later in the year) a renewed commitment by constituent councils, the business recovered to a satisfactory overall level of performance for the year.

Accordingly the Weed Biosecurity and Council Governance objectives – which are intrinsically linked to each other - were achieved to a satisfactory level considering that by most metrics there were slightly more achievements from the weed biosecurity area in terms of total activity compared to the previous year. Notwithstanding, there were some ‘near misses’ with reporting targets, some policy gaps became evident, and management systems were failing in some areas or nearly so.

Despite the somewhat difficult circumstances experienced in 2017/2018, the Council is now fully staffed with competent officers in all positions; a new 10-year business activity strategic plan is in place from July 1 2018; the new Biosecurity Act is now fully understood and being properly implemented; and a suite of new or updated policies, systems and processes are being developed and progressively introduced to achieve substantially higher levels of performance from 2018/ 2019 onwards.

APPENDIX 2 – AUDITED FINANCIAL STATEMENTS 2017/2018.

Upper Macquarie County Council
General Purpose Financial Statements
for the year ended 30 June 2018

APPENDIX 3 – POLICY MEMBERS FEES, FACILITIES & EXPENSES.

UPPER MACQUARIE COUNTY COUNCIL

POLICY ON
PAYMENT OF EXPENSES
AND
PROVISION OF FACILITIES
TO MEMBERS OF COUNCIL

Date Policy Adopted: 5 August 2016

1. EXPENSES:

(a) Conferences, Seminars and Inspections - Reimbursement of Costs

Subject to Council approval or approval by the County Chairman if insufficient time for Council approval.

(i) Registration - including official luncheons, dinners and tours relevant to the conference.

(ii) Accommodation –

| | |
|------------------------------------|--------------------|
| Meal Allowances (Dinner and Lunch) | \$52.00 (per day) |
| Accommodation (Capital City) | \$246.00 (per day) |
| Accommodation (Country Areas) | \$152.00 (per day) |

and reasonable telephone costs.

(iii) Accommodation for the night before or after the conference where necessary.

(iv) Delegates Accompanied by Spouse/Partner.

Equivalent of Single Accommodation cost to be met by Council with additional accommodation cost to be met by delegate/spouse. All additional costs to be met by spouse/partner unless such is related to the official capacity of the delegates partner (e.g. conference dinner).

(b) Travel Expenses

(i) To and from the meetings of the Council or the meetings of any Committee of Council.

Expenses for use of a private motor vehicle to be based on the relevant kilometre rate in the staff award.

(ii) When acting for the County Chairman in civic duty.

Any expenses including travel expenses to be reimbursed on an out-of-pocket basis (as opposed to a c/km basis) by the Chairman directly to the Councillor involved.

(iii) Attendance at Meetings representing Council in capacity of Chairman of Council Committee.

Expenses for use of a private motor vehicle to be based on the relevant kilometre rate in the staff award.

(iv) Conferences and Seminars.

Councillors using private vehicles to be reimbursed according to the relevant kilometre rate in the Local Government Award as was previously the case.

Subject to the total cost not exceeding the economy class airfare as applicable and appropriate

Travel by air (when required) to be by economy class.

2. FACILITIES:

(a) Councillors

The Councillors are to receive the benefit of the following Council facilities:

(i) Meeting Meals and Refreshments - provision of meals and refreshments associated with Council, Committee and Working parties/Special Committee meetings.

(ii) Travel - provision of Council motor vehicle (when available) for travel to Conferences, Seminars, etc. when on Official Council Business.

(iii) Meeting Rooms - Provision of meeting facilities for the purpose of Council, Committee and Working Parties/Special Committee meetings (and for meeting with constituents).

(iv) Photocopiers - provision of photocopying facilities at Council's Office for official purposes.

(b) County Chairman

In addition to those facilities provided to the Councillors the County Chairman is to receive the benefit of:-

(i) Secretarial Services - word processing and administrative support provided by the General Manager.

(ii) Administrative Support - assistance with functions, organisations, meetings, and the like for official purposes.

(iii) County Chairman Office Refreshments - at the discretion of the General Manager for official purposes up to a maximum of \$500 p.a.

(iv) Fax Machine - to be maintained by Council at the County Chairman's place of residence (if required).

(c) Deputy County Chairman

In addition to those facilities provided to the Councillors, the Deputy County Chairman is to receive the benefits of the County Chairman when acting in the Office of County Chairman.

3. ARBITRATION OF CLAIMS:

The General Manager will be responsible for determining whether all claims are reasonable and within the guidelines as set by the policy adopted by Council. Any Councillor dissatisfied with the determination can request the matter be submitted to Council for Consideration.

**Upper Macquarie County Council
General Purpose Financial Statements
for the year ended 30 June 2018**

Upper Macquarie County Council

General purpose financial statements

for the year ended 30 June 2018

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These financial statements are general purpose financial statements of Upper Macquarie County Council and its controlled entities and are presented in the Australian currency.

Upper Macquarie County Council is constituted under the Local Government Act 1993 and has its principal place of business at:

Upper Macquarie County Council
7 Lee Street
Kelso NSW 2795.

The financial statements were authorised for issue by the Council on 21 September 2018. Council has the power to amend and reissue the financial statements.

UPPER MACQUARIE COUNTY COUNCIL

General Purpose Financial Statements
for the year ended 30 June 2018

Statement by Councillors and Management
made pursuant to Section 413 (2c) 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 NSW Council's operating result and financial position for the year
- accord with NSW Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 21st September 2018.



Cr Ian North
Chairman
21st September 2018



Cr David Kingham
Deputy Chairman
21st September 2018



Lisa Monardo
Acting General Manager & Acting Responsible
Accounting Officer
21st September 2018

Upper Macquarie County Council

Income statement

for the year ended 30 June 2018

| Original budget (1) 2018 \$'000 | Notes | Actual 2018 \$'000 | Actual 2017 \$'000 |
|---|-------|--------------------------|--------------------------|
| Income from continuing operations | | | |
| <i>Revenue:</i> | | | |
| 782 User charges and fees | 3a | 261 | 669 |
| 19 Interest and investment revenue | 3b | 14 | 5 |
| 4 Other revenues | 3c | 5 | 6 |
| 824 Grants and contributions provided for operating purposes | 3d,e | 904 | 885 |
| - Grants and contributions provided for capital purposes | 3d,e | 20 | - |
| <i>Other Income:</i> | | | |
| 7 Net gain from the disposal of assets | 5 | 3 | - |
| 1,636 Total income from continuing operations | | 1,207 | 1,565 |
| Expenses from continuing operations | | | |
| 571 Employee benefits and on-costs | 4a | 534 | 477 |
| 926 Materials and contracts | 4b | 461 | 862 |
| 40 Depreciation and amortisation | 4c | 50 | 48 |
| 121 Other expenses | 4d | 129 | 122 |
| 1,658 Total expenses from continuing operations | | 1,174 | 1,509 |
| - 22 Operating result from continuing operations | | 33 | 56 |
| - 22 Net operating result for the year | | 33 | 56 |
| <i>Attributable to:</i> | | | |
| - 22 – Council | | 33 | 56 |
| - 22 Net operating result for the year before grants and contributions provided for capital purposes | | 13 | 56 |

Note:

(1) Original budget as approved by Council – refer Note 15.

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

Upper Macquarie County Council

Statement of comprehensive income

for the year ended 30 June 2018

| | Notes | Actual 2018 \$'000 | Actual 2017 \$'000 |
|--|-------|--------------------------|--------------------------|
| Net operating result for the year – from Income statement | | 13 | 56 |
| Other comprehensive income | | | |
| <i>Nil</i> | | | |
| Total other comprehensive income for the year | | 33 | 56 |
| Total comprehensive income for the year | | 33 | 56 |
| <i>Attributable to</i> | | | |
| <i>– Council</i> | | 33 | 56 |

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Upper Macquarie County Council

Statement of financial position

as at 30 June 2018

| | Notes | 2018 \$'000 | 2017 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 818 | 765 |
| Receivables | 7 | 4 | 90 |
| Inventories | 8 | 72 | 75 |
| Total current assets | | 894 | 930 |
| Non-current assets | | | |
| Infrastructure, property, plant and equipment | 9 | 175 | 116 |
| Total non-current assets | | 175 | 116 |
| Total assets | | 1,069 | 1,046 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 10 | 52 | 33 |
| Provisions | 11 | 77 | 57 |
| Total current liabilities | | 129 | 90 |
| Non-current liabilities | | | |
| Provisions | 11 | 16 | 65 |
| Total non-current liabilities | | 16 | 65 |
| Total liabilities | | 145 | 155 |
| Net assets | | 924 | 891 |
| EQUITY | | | |
| Retained earnings | 12 | 924 | 891 |
| Total equity | | 924 | 891 |

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

Upper Macquarie County Council

Statement of changes in equity

as at 30 June 2018

| | Retained earnings | Council equity interest | Total equity |
|-----------------------------------|-------------------|-------------------------|--------------|
| \$'000 | | | |
| 2018 | | | |
| Opening balance | 891 | 891 | 891 |
| Restated opening balance | 891 | 891 | 891 |
| Net operating result for the year | 33 | 33 | 33 |
| Closing balance | 924 | 924 | 924 |
| | | | |
| \$'000 | | | |
| 2017 | | | |
| Opening balance | 835 | 835 | 835 |
| Restated opening balance | 835 | 835 | 835 |
| Net operating result for the year | 56 | 56 | 56 |
| Closing balance | 891 | 891 | 891 |

The above Statement of changes in equity should be read in conjunction with accompanying note 12.

Upper Macquarie County Council

Statement of cash flows

for the year ended 30 June 2018

| Original budget (1) 2018 \$'000 | Notes | Actual 2018 \$'000 | Actual 2017 \$'000 |
|---|---|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| <i>Receipts:</i> | | | |
| 782 | User charges and fees | 347 | 677 |
| 19 | Investment revenue and interest | 14 | 5 |
| 824 | Grants and contributions | 924 | 885 |
| 4 | Other | 5 | 6 |
| <i>Payments:</i> | | | |
| (571) | Employee benefits and on-costs | (563) | (643) |
| (926) | Materials and contracts | (440) | (913) |
| (121) | Other | (129) | (122) |
| 11 | Net cash provided (or used) in operating activities | 158 | (105) |
| Cash flows from investing activities | | | |
| <i>Receipts:</i> | | | |
| - | Sale of infrastructure, property, plant and equipment | 43 | - |
| <i>Payments:</i> | | | |
| (55) | Purchase of infrastructure, property, plant and equipment | (148) | (4) |
| (55) | Net cash provided by (or used in) Investing activities | (105) | (4) |
| (44) | Net increase/(decrease) in cash and cash equivalents | 53 | (109) |
| 765 | Cash and cash equivalents at beginning of reporting period | 765 | 874 |
| 721 | Cash and cash equivalents at end of reporting period | 818 | 765 |

The above Statement of cash flow should be read in conjunction with the accompanying notes.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

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Upper Macquarie County Council

Notes to the financial statements for the year ended 30 June 2018

Note 1 Basis of preparation

These financial statements were authorised for issue by Council on 21 September 2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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 15 – Material budget variations

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(b) 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 and investment property.

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

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

- (i) employee benefit provisions – refer Note 11

Upper Macquarie County Council

Notes to the financial statements for the year ended 30 June 2018

Note 1 Basis of preparation (Continued)

(c) Significant accounting estimates and judgements (continued)

Significant judgements in applying the Council's accounting policies

(ii) Impairment of receivables

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

(d) Monies and other assets received by Council

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund.

(c) Goods and Services Tax (GST)

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

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

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

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

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

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

Upper Macquarie County Council

Notes to the financial statements for the year ended 30 June 2018

Note 2(a) Council functions and activities - Financial information

| | Income from continuing operations | | Expenses from continuing operations | | Operating results from continuing operations | | Total assets held (current and non-current) | | Grants included in income from continuing operations | |
|---|-----------------------------------|----------------|-------------------------------------|----------------|--|----------------|---|----------------|--|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Functions/Activities | | | | | | | | | | |
| Governance | - | - | 27 | 27 | (27) | (27) | - | - | - | - |
| Environment | 1,193 | 1,560 | 1,147 | 1,482 | 46 | 78 | 1,069 | 1,046 | 587 | 588 |
| General Purpose Income | 14 | 5 | - | - | 14 | 5 | - | - | - | - |
| Total functions & activities | 1,207 | 1,565 | 1,174 | 1,509 | 33 | 56 | 1,069 | 1,046 | 587 | 588 |

Note 2(b) Components of functions or activities

Governance

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

Environment

Noxious plants and insect/vermin control, other environmental protection.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 3 Income from continuing operations

| | 2018 \$'000 | 2017 \$'000 |
|------------------------------------|----------------|----------------|
| (a) User charges and fees | | |
| User charges - Chemical Sales | 57 | 47 |
| Total user charges | <u>57</u> | <u>47</u> |
| Fees | | |
| Section 64 Certificates | 6 | 14 |
| Private works | 198 | 608 |
| Total fees | <u>204</u> | <u>622</u> |
| Total user charges and fees | <u>261</u> | <u>669</u> |

Accounting Policy for User fees and charges

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

(b) Interest & Investment Revenue (incl losses)

| | | |
|---|-----------|----------|
| Interest and Dividends | | |
| – Cash and Investments | 14 | 5 |
| Total interest and investment revenue (losses)⁽¹⁾ | <u>14</u> | <u>5</u> |

Accounting Policy for Interest & investment revenue

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

(c) Other revenues

| | | |
|----------------------------|----------|----------|
| Insurance Rebates | 5 | - |
| Other Income | - | 6 |
| Total other revenue | <u>5</u> | <u>6</u> |

Accounting Policy for other revenues

Revenue is recognised 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 activities.

The insurance rebate was recognised when received.

Upper Macquarie County Council
Notes to the financial statements
for the year ended 30 June 2018

Note 3 Income from continuing operations (continued)

| | Operating Grants | | Capital Grants | |
|---------------------------------------|------------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| (d) Grants | | | | |
| Special purpose | | | | |
| Other (specify if material) | 336 | 326 | 20 | - |
| Total Special Purpose | 336 | 326 | 20 | - |
| Total Grants | 336 | 326 | 20 | - |
| Comprising: | | | | |
| – State funding | 336 | 326 | 20 | - |
| | 336 | 326 | 20 | - |
| (e) Contributions | | | | |
| Constituent Council Contributions | 568 | 559 | - | - |
| Total contributions | 568 | 559 | - | - |
| Total grants and contributions | 904 | 885 | 20 | - |
| | | | 2018 | 2017 |
| | | | \$'000 | \$'000 |

(f) Restrictions relating to grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:

| | | |
|---|------|------|
| Operating grants and contributions recognised in the current period that have not been spent | - | 27 |
| Operating Grants recognised in previous reporting periods spent in the current reporting period | (27) | (80) |

Accounting Policy for Grants and Contributions

Control over grants and contributions is normally obtained upon their receipt.

Where grants or contributions are obtained on condition that they be expended in a particular manner and those conditions were undischarged at reporting date, the unused grant or contribution is shown above. 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.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 4 Expenses from continuing operations

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| (a) Employee benefits and on costs | | |
| Salaries and wages | 394 | 559 |
| Employee leave entitlements | 75 | (130) |
| Superannuation | 48 | 38 |
| Workers' Compensation Insurance | 10 | 10 |
| Training costs (excluding salaries) | 7 | - |
| Total employee costs expensed | 534 | 477 |

Accounting Policy for Employee Benefits and on costs

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

(b) Materials and contracts

| | | |
|--|------------|------------|
| Raw materials and consumables | 203 | 260 |
| Contractor and consultancy costs (specify material contracts/ consultancies) | 232 | 581 |
| Remuneration of Auditors | 20 | 14 |
| Operating leases | 6 | 7 |
| Total materials and contracts | 461 | 862 |

Accounting Policy for operating leases

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.

Auditors remuneration

Auditors of the Council - NSW Auditor General

(i) Audit and other assurance services

| | | |
|--|-----------|-----------|
| Audit and review of financial statements | 17 | 17 |
| Total remuneration for audit and other assurance services | 17 | 17 |
| Total fees paid or payable to the Auditor-General | 17 | 17 |

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 4 Expenses from continuing operations

| | Depreciation | | Impairment | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| (c) Depreciation, amortisation and impairment | | | | |
| Plant and equipment | 50 | 48 | - | - |
| Total depreciation and total impairment | 50 | 48 | - | - |

Accounting Policy for depreciation, amortisation and impairment expenses

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 9 for IPPE assets.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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.

Impairment of financial assets

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

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 4 Expenses from continuing operations

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| (d) Other expenses | | |
| Other expenses for the year including the following: | | |
| Advertising | 11 | 5 |
| Mayoral fee | 6 | 7 |
| Councillors' fees | 15 | 15 |
| Councillors' (incl. Mayor) expenses | 6 | 5 |
| Insurance | 29 | 31 |
| Printing & Stationery | 3 | 4 |
| Software Licences | 25 | 31 |
| Telephone | 9 | 13 |
| Bad & Doubtful Debts | 19 | - |
| Other – (specify if material) | 6 | 11 |
| | 129 | 122 |
| Total other expenses from continuing operations | 129 | 122 |

Accounting Policy for other expenses

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

Note 5 Gains or losses from the disposal of assets

Gain (or loss) on disposal of Infrastructure, Property, Plant and Equipment

| | | |
|--------------------------------------|----------|----------|
| Proceeds from disposal | 42 | - |
| Less: Carrying amount of assets sold | (39) | - |
| | 3 | - |

Gain (or loss) on disposal of IPPE

| | | |
|--|----------|----------|
| | 3 | - |
|--|----------|----------|

Net gain (or loss) from disposal of assets

| | | |
|--|----------|----------|
| | 3 | - |
|--|----------|----------|

Accounting Policy for disposal of assets

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 derecognised.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 6 Cash Assets and Investments

| | 2018 | | 2017 | |
|--|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| (a) Cash & Cash Equivalents | | | | |
| Cash at bank and on hand | 1 | - | 30 | - |
| Deposits at call | 817 | - | 735 | - |
| Total Cash & Cash Equivalents | 818 | - | 765 | - |

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.

(b) Restricted Cash, Cash Equivalents & Investments

| | | | | |
|---|------------|----------|------------|----------|
| Total cash, cash equivalents and investments | 818 | - | 765 | - |
| Comprising: | | | | |
| External restrictions | 14 | - | 27 | - |
| Internal restrictions | 386 | - | 386 | - |
| Unrestricted | 418 | - | 352 | - |
| | 818 | - | 765 | - |

| | 2018 restricted cash \$'000 | 2017 restricted cash \$'000 |
|------------------------------------|--------------------------------------|--------------------------------------|
| External restrictions | | |
| Included in liabilities | 14 | - |
| Specific purpose unexpended grants | - | 27 |
| Total external restrictions | 14 | 27 |
| Internal restrictions | | |
| Plant replacement | 97 | 97 |
| Infrastructure replacement | 89 | 89 |
| Employee leave entitlements | 150 | 150 |
| Carry-over works | 50 | 50 |
| Total internal restrictions | 386 | 386 |
| Total restrictions | 400 | 413 |

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 7 Receivables

| | 2018 | | 2017 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Current \$'000 | Non-Current \$'000 | Current \$'000 | Non-Current \$'000 |
| Deferred debtors | 21 | - | 85 | - |
| GST Due | 4 | - | 4 | - |
| Super Guarantee Due | - | - | 3 | - |
| Total | 25 | - | 92 | - |
| Less: Provision for impairment: | | | | |
| – Other | (21) | - | (2) | - |
| Total Net Receivables | 4 | - | 90 | - |
| Restricted/ unrestricted receivables | | | | |
| Unrestricted | 4 | - | 90 | - |
| Total Receivables | 4 | - | 90 | - |

Accounting Policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in the Statement of Financial Position. Receivables (Note 7) 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

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 8 Inventories & Other Assets

| | 2018 | | 2017 | |
|---|-------------------|---------------------------|-------------------|---------------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non- Current \$'000 |
| Inventories | | | | |
| Stores and materials | 66 | - | 75 | - |
| Total inventories | 66 | - | 75 | - |
| Other assets | | | | |
| Prepayments | 6 | - | - | - |
| Total other assets | 6 | - | - | - |
| Restricted/unrestricted inventories and other assets | | | | |
| Unrestricted | 72 | - | - | - |
| Total inventories and other assets | 72 | - | 75 | - |

Accounting Policy for inventories and other assets

Stores

Stores 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.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 9(a) Infrastructure, Property, Plant & Equipment

| By asset type | At 30 June 2017 | | | Movements during year | | | At 30 June 2018 | | |
|-------------------------|-----------------------|---------------------------|------------|-----------------------|------------------|---------------------|-----------------------|---------------------------|------------|
| | Gross Carrying Amount | Accum depn and impairment | WDV | Additions | WDV of disposals | Depn and impairment | Gross Carrying Amount | Accum depn and impairment | WDV |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Plant and equipment | 271 | 155 | 116 | 148 | - 39 | - 50 | 326 | 151 | 175 |
| Buildings – Specialised | 21 | 21 | - | - | - | - | 21 | 21 | - |
| Totals | 292 | 176 | 116 | 148 | - 39 | - 50 | 347 | 172 | 175 |

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. The carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value. 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.

Depreciation

Depreciation on 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 & Equipment 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Note 9(b) Externally Restricted Infrastructure, Property, Plant & Equipment

Council has no externally restricted Infrastructure, Property, Plant & Equipment.

Note 9(c) Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has not recognised any impairment losses during the reporting period nor reversed any prior period losses.

Upper Macquarie County Council
Notes to the financial statements
for the year ended 30 June 2018

Note 10 Payables

| | 2018 | | 2017 | |
|--|-------------------|---------------------------|-------------------|-----------------------|
| | Current \$'000 | Non- Current \$'000 | Current \$'000 | Non-Current \$'000 |
| Payables | | | | |
| Goods and services | 5 | - | 19 | - |
| Accrued wages and salaries - tax deductions | 9 | - | - | - |
| Accrued expenses – Other | 23 | - | 14 | - |
| Payments received in advance | 15 | - | - | - |
| Total payables | 52 | - | 33 | - |
| (a) Liabilities relating to unrestricted assets | 52 | - | 33 | - |
| (b) Current payables not expected to be settled within the next 12 months | - | - | - | - |

(c) Financing arrangements

Undrawn facilities

The amount relating to undrawn finance facilities available at reporting date is

| | 2018 \$'000 | 2017 \$'000 |
|---------------------------|----------------|----------------|
| - Bank overdraft facility | 50 | 50 |
| | 50 | 50 |

Accounting Policy for 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.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 11 Provisions

| | 2018 | | 2017 | |
|-------------------------|-----------|-------------|-----------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Provisions | | | | |
| Time in Lieu | 5 | - | - | - |
| Annual leave | 44 | - | 46 | 26 |
| Long service leave | 28 | 16 | 11 | 39 |
| Total provisions | 77 | 16 | 57 | 65 |

Current provisions not expected to be settled within the next 12 months **Nil**

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, vesting sick leave and vesting time off in lieu 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, vesting sick leave and vesting time off in lieu 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.

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.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 12 Equity - Retained Earnings

| | Note | 2018 \$'000 | 2017 \$'000 |
|---|------|----------------|----------------|
| Retained earnings | | | |
| Movements in retained earnings were as follows: | | | |
| At beginning of year | | 891 | 835 |
| Net operating result for the year | | 33 | 56 |
| At end of year | | 924 | 891 |

Note 13 Statement of cash flows - additional information

(a) Reconciliation of cash assets

| | | | |
|--|----|------------|------------|
| Total cash and cash equivalents | 6a | 818 | 765 |
| Balances as per cash flow statement | | 818 | 765 |

(b) Reconciliation of net operating result to cash provided from operating activities

| | | | |
|--|--|------------|--------------|
| Net operating result from Income statement | | 33 | 56 |
| Add: | | | |
| Depreciation and impairment | | 50 | 48 |
| Decrease in receivables | | 86 | 8 |
| Decrease in inventories | | 3 | - |
| Increase in payables | | 18 | - |
| | | 157 | 56 |
| Less: | | | |
| Decrease in employee leave entitlements | | (29) | (166) |
| Increase in inventories | | - | (40) |
| Decrease in payables | | - | (11) |
| Gain on sale of assets | | (3) | - |
| Net cash provided from (or used in) operating activities from Statement of cash flows | | 158 | (105) |

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 14 Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including credit risk, liquidity risk and 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 hold tradable investments therefore are is not subject to price risk.

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 the General Manager and administration staff under policies approved by the Council.

Council held the following financial instruments at reporting date:

| | Carrying Value | | Fair Value | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 818 | 765 | 818 | 765 |
| Receivables | 4 | 90 | 4 | 90 |
| | 822 | 855 | 822 | 855 |
| Financial liabilities | | | | |
| Payables | 52 | 34 | 52 | 34 |
| | 52 | 34 | 52 | 34 |

(a) Cash and cash equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The General Manager and administration staff manage the cash and investments portfolio. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council at each meeting setting out the make-up and performance of the portfolio.

The risks associated with the investments held are:

Interest rate risk – the risk that movements in interest rates could affect returns.

Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 14 Financial risk management (continued)

(b) Receivables

Council's major receivables comprise of user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Council makes a suitable provision for doubtful receivables as required.

(c) Payables

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below:

| 2018 | \$'000 | Interest Rate | Due within 1 year | Due between 1 and 5 years | Due after 5 years | Total Contractual Cash flows | Carrying values |
|-------------|---------------|---------------|-------------------|---------------------------|-------------------|------------------------------|-----------------|
| Payables | | 0.00% | 52 | - | - | 52 | 52 |
| | | | 52 | - | - | 52 | 52 |
| 2017 | \$'000 | | | | | | |
| Payables | | 0.00% | 33 | - | - | 33 | 33 |
| | | | 33 | - | - | 33 | 33 |

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 15 Material budget variations

Council's original budget was adopted by the Council on 20 June 2017. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions policy decisions, including new grant programs, changing economic activity, the weather, and by decisions made by the Council.

| Revenue | Budget \$'000 | Actual \$'000 | Variance \$'000 | Variance % |
|--|------------------|------------------|--------------------|---------------|
| User charges & fees | 782 | 261 | -521 | -67% |
| The spring aerial spray program was abandoned early and the autumn aerial spray program was abandoned completely, resulting in a decrease of actuals compared with budget. | | | | |
| Interest & investment revenue | 19 | 14 | -5 | -26% |
| Investment balances were lower than expected, due to the aerial spray programs. | | | | |
| Other revenues | 4 | 5 | 1 | 25% |
| Although the percentage variance is greater than 10%, the dollar amount is immaterial. | | | | |
| Grants & contributions | 824 | 904 | 80 | 10% |
| Council was able to secure an extra \$100,000 in grant funding. | | | | |
| Expenses | | | | |
| Materials and contracts | 926 | 461 | -465 | -50% |
| The spring aerial spray program was abandoned early and the autumn aerial spray program was abandoned completely, resulting in a decrease of actuals compared with budget. | | | | |
| Depreciation and amortisation | 40 | 50 | 10 | 25% |
| The depreciation budget did not take into account various capital purchases during the year. | | | | |

Note 16 Related Party Transactions

Key Management Personnel

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

The aggregate amount of KMP compensation included in the income statement is:

| Compensation | 2018 \$'000 | 2017 \$'000 |
|--------------------------|----------------|----------------|
| Short-term benefits | 102 | 42 |
| Post employment benefits | 9 | 2 |
| Other long-term benefits | - | - |
| Termination Benefits | - | - |
| Total | 111 | 44 |

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of council delivering a public service objective will not be disclosed.

There have been no transactions to disclose.

Upper Macquarie County Council

Notes to the financial statements

for the year ended 30 June 2018

Note 17 Statement of performance measurement

| | Amounts 2018 \$'000 | 2018 indicators | 2017 indicators | Benchmark |
|--|---------------------------|--------------------|--------------------|-----------------|
| 1. Operating performance | | | | >0 |
| Total continuing operating revenue ^[1] excluding capital grants and contributions – operating expenses | 10 | 0.84% | 3.58% | |
| <hr/> | | | | |
| Total continuing operating revenue ¹ excluding capital grants and contributions | 1,184 | | | |
| 2. Own source operating revenue | | | | >60% |
| Total continuing operating revenue ¹ less all grants and contributions | 280 | 23.26% | 43.45% | |
| <hr/> | | | | |
| Total continuing operating revenue ¹ inclusive of capital grants and contributions | 1,204 | | | |
| 3. Unrestricted current ratio | | | | >1.5x |
| Current assets less all external restrictions | 880 | 6.82 | 10.03 | |
| <hr/> | | | | |
| Current liabilities less specific purpose liabilities | 129 | | | |
| 4. Debt service cover ratio | | | | n/a |
| Operating results ¹ before capital excluding interest and depreciation/impairment/ amortisation (EBTDA) | - | 0.00% | 0.00% | |
| <hr/> | | | | |
| Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement) | - | | | |
| 5. Rates and annual charges outstanding percentage | | | | n/a |
| Rates and annual charges outstanding | - | 0.00% | 0.00% | |
| <hr/> | | | | |
| Rates and annual charges collectible | - | | | |
| 6. Cash expense cover ratio | | | | |
| Current year's cash and cash equivalents + term deposits | 818 | 8.73 | 5.47 | <10% |
| <hr/> | | | | |
| Payments from cash flow of operating and financing activities | 1,124 | | | |

[1] Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures

**Upper Macquarie County Council
Special Schedules
for the year ended 30 June 2018**

Upper Macquarie County Council

Special schedules

for the year ended 2018

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Upper Macquarie County Council
Special Schedule No. 1
Net cost of services for the year ended 2018

| Function or Activity | Expenses | Income | Income from | Net cost of services |
|---|----------------------------|--|---------------------------------|----------------------|
| | from continuing operations | from continuing operations (non capital) | continuing operations (capital) | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Governance | 27 | - | - | (27) |
| Administration | - | - | - | - |
| Total Public Order & Safety | - | - | - | - |
| Health | - | - | - | - |
| Environment | | | | |
| Noxious Plants and Insect / Vermin control | 1,147 | 1,173 | 20 | 46 |
| Total Environment | 1,147 | 1,173 | 20 | 46 |
| Community Services & Education | - | - | - | - |
| Housing & Community Amenities | - | - | - | - |
| Water Supplies | - | - | - | - |
| Sewerage Services | - | - | - | - |
| Total Recreation & Culture | - | - | - | - |
| Fuel & Energy | - | - | - | - |
| Agriculture | - | - | - | - |
| Mining, Manufacturing & Construction | - | - | - | - |
| Transport & Communication | - | - | - | - |
| Economic Affairs | - | - | - | - |
| Totals – Functions | 1,174 | 1,173 | 20 | 19 |
| General Purpose Revenues(2) | | | | 14 |
| Share of interests in joint ventures and associates using the equity method(1) | | | | - |
| Net operating result for the year(1) | | | | 33 |

Notes:

- (1) As reported on the Income statement.
- (2) The definition of general purpose income for the purposes of disclosure in Note 2 (a) is the aggregation of specific income items disclosed in Note 3 viz., ordinary rates, general purpose untied grants, interest on (overdue rates and annual charges, internally restricted assets and general council cash and investments) and ex-gratia rates.

Upper Macquarie County Council

Special Schedule No. 2 Permissible Income

Council has no Permissible Income

Special Schedule No. 3 Water Supply Operations

Council has no Water Supply Operations

Special Schedule No. 4 Water Supply - Net Assets Committed

Council has no Water Supply Operations

Special Schedule No. 5 Sewerage Service Operations

Council has no Sewerage Operations

Special Schedule No. 6 Sewerage - Net Assets Committed

Council has no Sewerage Operations

Upper Macquarie County Council

Special Schedule No. 7

Report on Infrastructure Assets as at 30 June 2018

| Asset Class | Asset Category | Estimated cost to bring to a satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | Required Maintenance | Actual Maintenance | Carrying Value | Gross Replacement Cost | Assets in Condition as % of Gross Replacement Cost * | | | | |
|----------------------|-------------------------|--|---|----------------------|--------------------|----------------|------------------------|--|------------|---|---|---|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | | | | |
| Buildings | Chemical Storage Shed | - | - | - | - | - | 21 | - | 100 | - | - | - |
| Total Classes | Total All Assets | - | - | - | - | - | 21 | - | 100 | - | - | - |

*In accordance with Note 9.

Infrastructure Asset Condition Assessment

| Level | Condition | Description |
|-------|-----------|---------------------------------------|
| 1 | Excellent | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Average | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very poor | Urgent renewal/upgrading required |

Upper Macquarie County Council

Special Schedule No. 7

Report on Infrastructure Assets as at 30 June 2018 (continued)

Infrastructure Asset Performance Indicators – Consolidated

| | Amounts | Current year indicators | 2017 | 2016 |
|---|---------|-------------------------------|------|------|
| | \$'000 | | | |
| Building and infrastructure renewals ratio | | - | - | - |
| <u>Asset renewals (building and infrastructure)</u> | - | | | |
| Depreciation, amortisation and impairment | - | | | |
| Infrastructure backlog ratio | | - | - | - |
| <u>Estimated cost to bring assets to a satisfactory standard</u> | - | | | |
| Carrying value* of infrastructure assets | - | | | |
| Asset maintenance ratio | | - | - | - |
| <u>Required asset maintenance</u> | - | | | |
| Cost to bring assets to agreed service level | | - | - | - |
| <u>Estimated cost to bring to agreed service level set by Council</u> | - | | | |
| Gross Replacement Cost | 21 | | | |