



Cabonne Council Annual Report 13/14

Cabonne Council
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This document has been prepared in accordance with the NSW Local Government Act 1993 (the Act) – Section 428

About the Annual Report

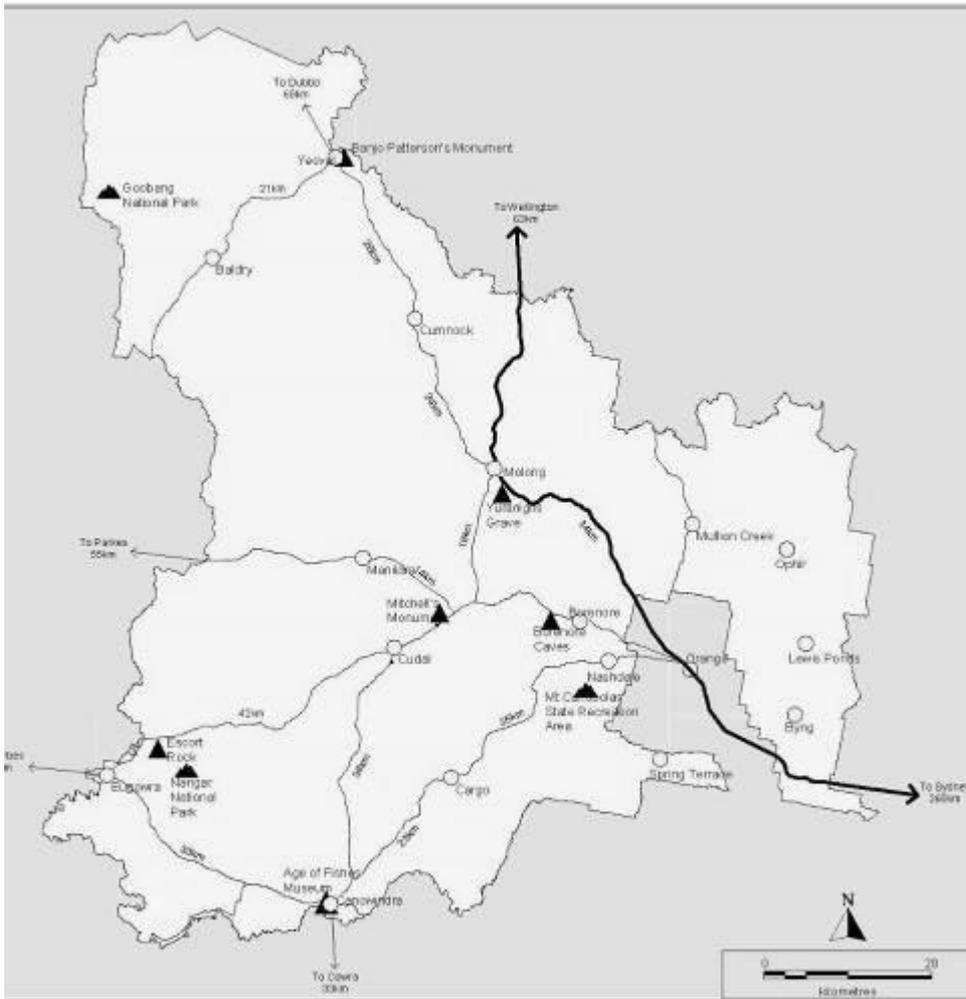
The Annual Report is Council's opportunity to provide information on our performance in relation to the Delivery Program and Operational Plan. The Annual Report serves as a corporate scorecard, which Council uses as a tool for planning strategies that will maximise new opportunities, improve areas of weakness, and minimise potential threats to the financial health of the organisation.

The Local Government Act 1993 requires all NSW Councils to present an Annual Report to the Minister for Local Government by 30 November each year.

Indigenous Acknowledgment

In the spirit of reconciliation, Council acknowledges and pays respect to the Wiradjuri people, traditional custodians of the land referred to as Cabonne.

The culture of elders past, present and future and their unique contributions to the life of this area are acknowledged.



Contents

| | |
|---|----|
| About Cabonne | 6 |
| Structure & Functions of Council | 6 |
| General Manager's Message | 8 |
| Mayor's Message | 9 |
| Achievements in Implementing the Community Strategic Plan | 11 |
| Principal Activities of the Delivery Program..... | 12 |
| Functions & Objectives..... | 12 |
| Financial Reports..... | 14 |
| Amount of rates and charges written off during the year | 15 |
| Summary of the amounts incurred by the council in relation to legal proceedings | 15 |
| Summary of the state of progress of each legal proceeding and (if it has been finalised) result | 15 |
| Policy on the provision of facilities for use by Councillors and the payment of Councillors Expenses | 15 |
| Overseas visits Funded by Council..... | 15 |
| Statement of the total Remuneration of the General Manager and Senior Staff Members..... | 16 |
| Contracts Awarded..... | 17 |
| Social Performance | 18 |
| Carer Recognition Act..... | 20 |
| Delegation to External Bodies..... | 20 |
| Statement of all Corporations, Partnerships, Trusts, Joint | 22 |
| Ventures, Syndicates or other bodies in which Council holds a controlling interest..... | 22 |
| Statement of all Corporations, Partnerships, Trusts, Joint Ventures, Syndicates or other bodies Statement in which the Council participated | 22 |
| Business Activities..... | 23 |
| Report on special variation expenditure if required to do so by the instrument made by the minister | 24 |
| Report on Capital Works Projects | 24 |
| Public Interest Disclosures | 24 |
| Customer Service | 26 |
| Government Information (Public Access) Act 2009..... | 26 |
| Statement of Activities to Implement Council's Equal Employment Opportunity Management Plan | 27 |

State of the Environment Report 29

Planning Agreements..... 29

**Statement of Activities in Relation to Companion Animals Management and Guidelines on
the Exercise of Functions Under the Companion Animals Act 29**

Condition Of Public Works 30

A statement detailing the stormwater management services provided (if levied) 33

Private Works carried out under s67 of the Local Government Act 34

Annexures

- Annexure 1 – Financial Reports
- Annexure 2 – Councillors Expenses Policy
- Annexure 3 – Operational Plan
(June 2014 review)



About Cabonne

Cabonne Country, "Australia's Food Basket" is a rich rural shire in central west NSW, covering the towns of Canowindra, Cargo, Cudal, Cumnock, Eugowra, Manildra, Molong and Yeoval and other localities as shown in the "Villages of Cabonne Country" map. The area is home to the site of Australia's first gold rush and is famous for ballooning, food and wine, agriculture and mining.

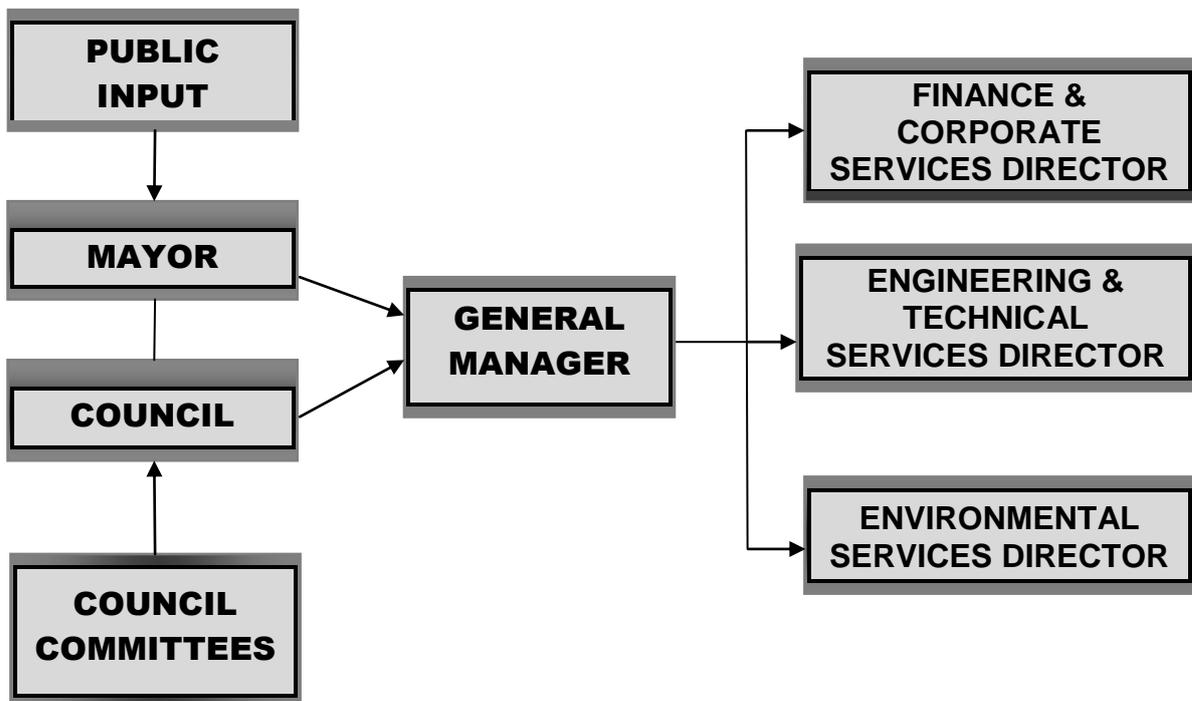
Structure & Functions of Council

Basis of Constitution

Cabonne Council is constituted under the Local Government Act, 1993 as a body politic of the State.

Council carries out its functions according to the principles stated in Section 8(1) of the Act, which is Council's Charter.

Structure



The council's charter

A council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership

- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism
- to promote and to provide and plan for the needs of children
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible
- to engage in long-term strategic planning on behalf of the local community
- to exercise its functions in a manner that is consistent with and promotes social justice principles of equity, access, participation and rights
- to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
- to keep the local community and the State government (and through it, the wider community) informed about its activities
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected
- to be a responsible employer



General Manager's Message

Balancing the community's needs and expectations with sound and responsible financial management is the core of Cabonne Council's activities.

Council implemented an Operational Plan which provided new community facilities, maintained our existing assets and continued a range of Council services without living beyond our means.

The major component of Council's expenditure has been on roads. A community survey held in 2013-14 showed 85 per cent of residents considered roads the most important service delivered by Council.

Providing safe, efficient and well maintained roads and bridges, particularly infrastructure which meets agricultural needs to get goods to and from market is a pillar of the Cabonne Community Strategic Plan 2025.

It is a key economic driver, with better roads being crucial to the growth of our tourism industry.

All facets of Council's Operational Plan relate to the Community Strategic Plan, a long-term plan developed by the community which identified its main priorities and aspirations for the next two decades.

This means Council looks not only at the year ahead, but the ongoing future of Cabonne and formulates a Long Term Financial Plan to underpin its financial sustainability.

This Annual Report covers Council's official reporting requirements under Section 428 of the Local Government Act and ensures that Council is satisfying its statutory obligations to relevant Government agencies.

The importance of this document in informing ratepayers, residents and other key stakeholders cannot be underestimated and I invite you to examine this report.

Should you require any further information, please feel free to contact Council's Public Officer, on (02) 6392 3200.



Andrew L Hopkins

General Manager



Mayor's Message

Upgrading and maintaining our vast roads network continued to be a major priority for Cabonne Council during 2013-14.

More than \$9.2 million was dedicated to local, regional and State road construction, maintenance and repairs under the Council's 2013-14 budget.

Almost \$3.6 million was allocated to local roads maintenance, including resealing, grading, resheeting and hazard reduction, with a further



\$1.65 million for local roads construction, including \$953,000 for Gumble-Cumnock Road and \$390,000 for Cadia and Four Mile Creek Roads.

A further \$1 million was set aside to maintain regional roads, including \$300,000 for repairs to Burrendong Way. Almost \$3 million was spent on routine maintenance of State roads.

Other notable items in the operational plan included \$8.5m for the continued construction of Yeoval and Cumnock sewerage schemes; \$1.3m for community services such as Family Day Care, Home and Community Care, community transport and family support programs; \$828,000 for upgrades to Molong,

Canowindra and Eugowra sewage schemes; \$453,000 for additional works on the Manildra sewerage scheme; \$295,000 for cycleways and pathways; and \$250,000 to continue the voluntary purchase scheme of flood-affected properties.

I congratulate General Manager Andrew Hopkins and his senior staff for their responsible fiscal management. Unlike some other councils, Cabonne did not seek a rate increase above the 3.4 per cent set by the Independent Pricing and Regulatory Tribunal.

The fact we did not need to apply for a special rate increase underlined Cabonne's strong financial position and demonstrated its financial stability.

This was endorsed by a Treasury Corporation assessment which rated Cabonne as one of the most financially sound councils in NSW and among the top 22 per cent of the State's 152 councils.

A handwritten signature in black ink, appearing to read "I. Gosper".

Clr Ian Gosper

Mayor



Cabonne Council Senior Staff & Councillors 2013 - 2016



Kevin Walker, Greg Treavors, Anthony Durkin, Sharon Wilcox, Michael Hayes, Ian Davison,
Ian Gosper, Heather Nicholls, Rob Staples, Lachie MacSmith, Stephen Harding, Marlene Nash,
Andrew Hopkins, Janelle Culverson, Graham Smith, Geoff Dean.

© Federation Fotos

Mayor and Deputy Mayor



Achievements in Implementing the Community Strategic Plan

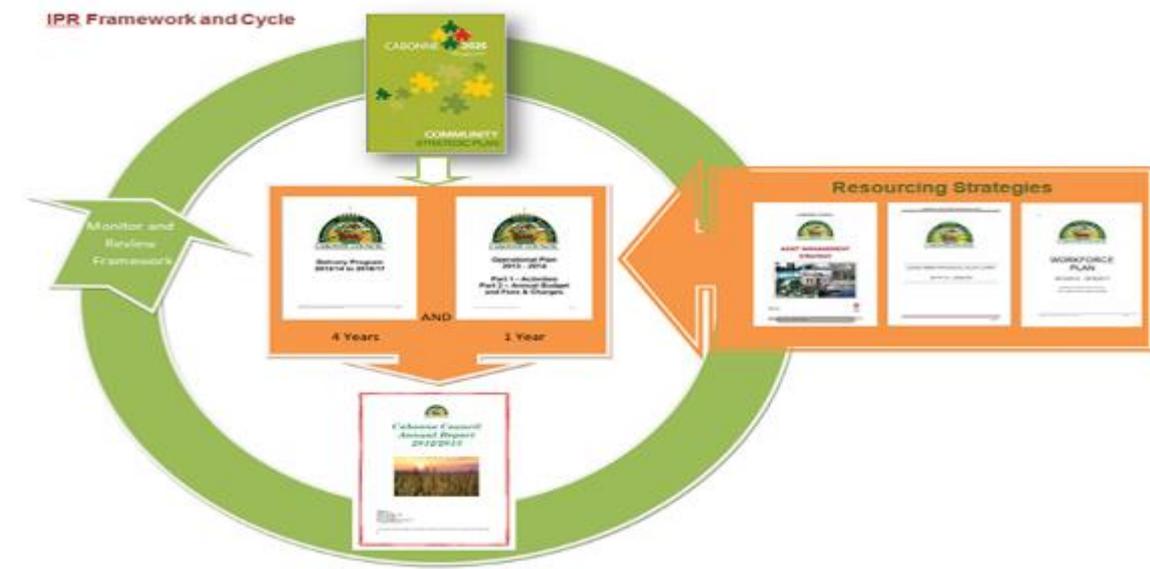
s428(2)

Council introduced an integrated planning and reporting (IPR) framework in 2012 which replaced the former Management Plan and Social Plan.

The new framework, as pictured below, opens the way for Council and the community to have important discussions about funding priorities, service levels, preserving local identity and planning in partnership for a more sustainable future.

The result of these discussions is a community strategic plan (CSP), “**Cabonne 2025**”.

It is reiterated that Council alone cannot deliver all the strategic outcomes in the CSP, rather cooperation across the various sectors of the community will be required.



Cabonne 2025 has various components. Of relevance here, are the performance measures used to help us know if our efforts are making a difference and helping achieve the preferred future.

A commentary on Council’s achievements in implementing the community strategic plan over the previous 4 years of each Council Term will be included in the 2015-16 Annual Report.

Principal Activities of the Delivery Program

s428(1)

The Delivery Program deals with the work Council can do to achieve the CSP strategic outcomes where Council has a role.

Council's achievements in implementing the Delivery Program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed are addressed in Council's Operational Plan.

Performance achieved in these areas compared with the projected performance is contained in Council's Final Operational Plan (June review) for 2013/2014 which is attached: a final progress comment is included for each item.

Where actions have not been able to be completed in the 2013/2014 year, if appropriate, they have been transferred to the Operational Plan for 2014/2015.

Functions & Objectives

Council has adopted as its Vision:

“To be a progressive and innovative Council which maintains relevance through local governance to its community and diverse rural area by facilitating the provision of services to satisfy identified current and future needs”

In support of this, Council's functional areas and corresponding strategic objectives (Future Directions) as defined within the Community Strategic Plan are:

1. ***Connect Cabonne to each other and the world***
 1. A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks.
 2. Everywhere in Cabonne has access to contemporary information and communication technology.
 3. A range of transport options in to, out of and around Cabonne are affordable and available.
 4. Transport infrastructure meets agricultural needs to get goods to and from market.
 5. Access to major metropolitan markets enables the growth of tourism.
2. ***Build Business and Generate Employment***
 1. A strong and vibrant local business sector.
 2. Coordinated tourism product and a thriving visitor industry in Cabonne.

3. Increased viable, sustainable and value adding businesses in Cabonne.
4. Jobs for Cabonne people in Cabonne.
3. *Provide and Develop Community Facilities*
 1. Pre school, play group, child care and youth facilities are available across the Shire.
 2. Health and aged care facilities meet local community needs.
 3. Sporting, recreational, council and community facilities and services are maintained and developed.
 4. Cabonne has the education services and facilities to be a contemporary learning community.
4. *Grow Cabonne's Culture and Community*
 1. A successful balance of village and rural living.
 2. A network of viable, relevant and cultural facilities exists in Cabonne.
 3. Beautiful towns and villages with historic assets cared for and preserved.
 4. Community events build visitation, generate investment and strengthen community well being.
 5. A Council that is effective and efficient.
5. *Manage our Natural Resources*
 1. All villages have a secure and quality water supply.
 2. Flood mitigation processes are in place.
 3. Sustainable solid and liquid waste management practices are in place across Cabonne.
 4. Primary producers use best practice methods and systems that respect the environment.
 5. All natural resources are managed sustainably in a planned way.
 6. Risk management processes are in place for natural disaster events.
 7. Alternative energy development is considered and utilised where appropriate.

Effect That Council Functions Have on the Public

The Council's functions are directed towards meeting the needs and expectations of the public, which it serves, and to fulfil legislative and regulatory requirements. In fulfilling these requirements, Council makes decisions that impact the public. These include determining:

- The rating structure and the amount of rates paid by property owners
- Fees and charges levied by Council
- Development and Building applications
- Policies and procedures in the provision of services

Council Policy Development – Public Participation

Meetings of the Council and its Committees are open to the members of the public and all are welcome to attend.

In some instances Council invites submission from the public to some of its policies when they are reviewed e.g. Code of Meeting Policy and Payment of Expenses and Provision of Facilities for Mayor and Councillors Policy.

The opportunity is also offered to members of the public to address Council on matters that are within its jurisdiction. Prior arrangements should be made with the General Manager.

In addition, Council periodically holds informal meetings in towns and villages across the Local Government Area to allow residents to raise matters of particular interest with Councillors and Senior Staff.

Business papers and minutes of Committee and Ordinary Council meetings are placed on Council's Website under "Council", "Council Business Papers and Minutes" www.cabonne.nsw.gov.au. Council's Integrated Planning and Reporting documents, Annual Financial Statements and Annual Report can also be accessed on the website.

Types of Documents held by Council

Cabonne Council holds documents that relate to a number of different issues concerning the Cabonne area. These documents cover a wide range including; files, policy documents, general documents and legal documents.

Some of these documents may be made available to the public by either requesting them over the phone, in person or in writing. Documents that are not normally available to the public may require an access application form to be completed under the Government Information (Public Access) Act 2009 in order that the release of such documents can be assessed.

Because of the wide range of files, documents, manuals etc, held by Council, it may well be that the information sought is not immediately available. Every effort will be made to comply with requests for access to information as quickly as possible.

How Members of the Public May Access Council Documents

Any Government Information (Public Access) Act 2009 inquiries or other document access inquiries should be directed to: Council's Right to Information Officers, Cabonne Council, Bank Street or PO Box 17, MOLONG NSW 2866. Tel: (02) 6392 3200 Fax: (02) 6392 3260 or email to council@cabonne.nsw.gov.au.

Council's reporting obligations under the Government Information (Public Access) Act 2009 and Privacy and Personal Information Protection Act 1998 are also addressed in this report.

Financial Reports

s428(4)(a)

A copy of the Cabonne Council *AUDITED FINANCIAL REPORTS* General Purpose Financial Statements is attached as an annexure to this report.

A copy is also available by contacting Council's Public Officer on (02) 6392 3200.

Amount of rates and charges written off during the year

cl132

| | |
|--|-------------------|
| Total rates and charges abandoned during 2013/2014 | \$1,309.97 |
| Water/Sewer charges abandoned during 2013/2014 | \$3,263.56 |
| TOTAL | \$4,573.53 |

Summary of the amounts incurred by the council in relation to legal proceedings

cl 217(1)(a3)

Amounts, costs and expenses paid or received

| | |
|--|--------------------|
| Debt recovery: All debt recovery proceedings are either finalised or proceeding in accordance with Councils debt recovery procedures. | \$13,419.54 |
| Investment | \$ Nil |
| Legal Advice (not proceeding to court) | 20,697.93 |
| Total | 34,117.47 |
| Legal Proceedings | \$18,777.00 |
| Public Liability claims | 0.00 |
| Employment Advice | 0.00 |
| Total | \$18,777.00 |

Summary of the state of progress of each legal proceeding and (if it has been finalised) result

With the exception of sundry legal advice, public liability and professional indemnity claims, there was only one matter – v - Cabonne Council which was settled out of court by both parties. Legal expenses incurred amounting to the sum of \$5,350.00.

Policy on the provision of facilities for use by Councillors and the payment of Councillors Expenses

Council's policy on the provision of facilities and payment of expenses for 2014 is available for perusal on Council's website or by contacting the Public Officer of Council: a copy is annexed.

Overseas visits Funded by Council

During the period, Council did not fund any overseas visits.

Mayoral/Councillors Fees and Total amount of money expended on the Provision of Facilities and Payment of Councillor Expenses

cl 217(1)(a1)

| | |
|--|---------------------|
| Mayoral allowance | \$ 23,797.31 |
| Councillors Fees & Allowances | \$119,040.31 |
| Councillor Expenses: | |
| • Provision of office equipment to Councillors | \$Nil |
| • Telephone Calls | \$207.92 |
| • Attendance of Councillors at conferences & seminars | \$9448.64 |
| • Councillor Training | \$ Nil |
| • Travelling | \$22,235.95 |
| • Interstate Visits | \$Nil |
| • Overseas Visits | \$ Nil |
| • Expenses of spouses/partners | \$Nil |
| • Carers Expenses | \$ Nil |
| • Meals | \$303.61 |
| • Miscellaneous (stationery, uniform, name tags, internet) | \$5526.75 |
| • Insurance | \$Nil |
| Total | \$180,560.49 |

Statement of the total Remuneration of the General Manager and Senior Staff Members

cl217(1)(b) and cl217(1)(c)

Cabonne Council employs one (1) position as senior staff, that being the General Manager.

Remuneration Package Break-up as at the 30th June 2014

| General Manager - Andrew L Hopkins | | | | | |
|---|--|---|-------------------------------|--|----------------|
| Salary | Bonus, performance or other payments that do not form part of salary component | Total Superannuation (salary sacrifice and employer contribution) | Total value non-cash benefits | Total payable fringe benefit tax for non-cash benefits | Total Contract |
| Included in Contract | Nil | Included in Contract | Nil | Included in Contract | \$220,000 |

Contracts Awarded

Detail of contracts awarded (for contract amounts greater than \$150,000).

| Name | Good or Service supplied | Total contract amount |
|--------------------------------------|--|--|
| IT Vision Australia | Maintenance for Council's Corporate IT System | \$206,114.00 (GST Exc) plus annual fee of \$50,635 (GST exc) |
| Multitrode | Molong Water Supply Augmentation | \$501,543.603 - Variation: \$15,651.46 |
| Boral Asphalt | Supply and delivery of bitumen emulsion | \$150,000.00 |
| ARUP | Puzzle Flat Creek Levee | \$167,900.50 |
| Morse Group Accountants and Advisors | Audit Services | \$190,200 variations for additional works as required |
| Reliance, Park and Oilsplus | Fuel supply | \$1,023,011.825 |
| Southern Explosives Supply Pty Ltd | Supply of Drill and Blast Services | \$190,200 variations for additional works as required. |
| WesTrac | Supply of three Class 15 Graders | \$1,020,000.00 excl GST |
| Downer EDI | Sprayed bituminous sealing | \$4,555,487 (exclusive of GST) over the two years |
| Tracserv | Three Isuzu FXZ1500 Truck Mounted Water Tanker. | \$622,060.92 (excl GST) |
| Paveline International | Automated road patching machine | \$333,445.00 (excl GST) |
| Smiths Earthmoving | Construction of Cumnock and Yeoval sewerage treatment plants | \$2,950,397.00 (Inc GST) |

Social Performance

(prev. Social Plan)

Programs for Diverse Cultural and Linguistic Backgrounds

Frontline administrative staff cater for all sections of the community, including those from diverse cultural and linguistic backgrounds. Council has benefitted from employment of a culturally diverse workforce and aims to be sensitive to the needs of all residents.. Contact numbers for the telephone interpreter service are held at each of Council's offices.

Council's Community Services section takes care to ensure that the special needs of clients from diverse cultural and linguistic backgrounds are taken into account in the provision of services.

Council conducts regular Citizenship Ceremonies in accordance with the Australian Citizenship Act 2007 and seeks to welcome participants as full Australian Citizens recognising their cultural contributions to our Society.

Citizenship Ceremonies are conducted when required and reflect the significance and dignity of the occasion. In 2013/2014 one resident became an Australian citizens at a ceremony organised by Council.

Activities to develop and promote service and programs that provide for the needs of children

Cabonne Council's Family Links service has continued to promote services for children, with a special emphasis upon identifying and assisting children and families under stress and those with additional needs.

This has included sponsorship of Brekky Club at Cumnock, facilitating Community reading days, encouraging young mothers to use playgroup, assisting Family Day Care and preschool services to arrange and run training sessions to help them implement and meet high quality childcare standards, working with local schools, and the Homestart Service to identify and meet the needs of children within the community and provision of information to families and children.

Family Links has been working closely with Orange and District Early Education Program to provide additional support sessions for children in Cabonne with this service now making weekly visits.

The Cabonne/Blayney Family Day Care Scheme has been serving the community through the provision of quality subsidised childcare in the homes of carers and has outreached to families through monthly playgroups, National Families Week, Children's Week, Christmas parties and events held throughout the year within the Cabonne and surrounding areas.

The Scheme has grown substantially over the past year, recruiting new educators and improving the quality of the service through regular monthly support visits, training, and meetings for all educators and staff. The Family Day Care Scheme encourages the use of their building at Molong by other organisations. Early Intervention, community playgroups and the local mothers group currently utilise the building and resources. This relationship with other early childhood and health professionals strengthens the service's quality and builds positive relationships between organisations within the community.

Access and Equity

During 2013/2014 Council made significant progress in improving physical access to Council assets and equitable service provision to all people in the Cabonne LGA.

Significant works to improve access for people with disabilities has been included in Council's budget. In 2013/14 Council commissioned the formulation of a new Pedestrian Access and Mobility Plan (PAMP) with funding support from the RTA, with the new plan being adopted in early 2014. The new PAMP targets key areas for improvement of accessibility.

Achievements made by Council this year have included the construction of improved access to Molong Community Hall, and an accessibility ramp at Canowindra Pool.

Included in its Delivery Program and Operational Plan, Council made a budget allocation of \$45,000 for improvement of access in Cabonne towns and villages in the 2013/2014 financial year.

During 2013/14 Council's Disability Reference Group assisted in assessing development applications and ensuring Council works and activities catered for the needs of people with disabilities.

Council's Strategic Plan includes provisions for Council continue to provide and develop a range of Community Transport Services for older people and this has resulted in a number of bus and individual trips being arranged many of which were for people with functional disabilities.

With the introduction of IPR the cessation of the Social Plan was heralded. It will be important that all social issues are addressed in the Community Strategic Plan and flow down through the Delivery Program and Operational Plan. For example inclusion of the groups formerly referred to as 'target groups' in the social planning process which include:

- Children
- Young people
- People with disabilities
- Older people
- Women
- Aboriginal and Torres Strait Islander people
- People from culturally and linguistically diverse backgrounds

People with disabilities for example may have different housing needs to those of the general community. Giving particular consideration to these groups will help to ensure that all members of the community receive a fair go in planning future services or facilities and that the council meets the requirement to ensure the Community Strategic Plan is founded on social justice principles.

Carer Recognition Act

S8(2)

Council's Services were provided in a manner sensitive to the needs of carers with their requirements taken into consideration by Council's Community Transport, HACC and Childcare Services. Carers form part of the Home and Community Care target group.

Council granted carer's leave to staff members on numerous occasions throughout the past year and has provided some flexibility for staff members with ongoing caring responsibilities.



Financially Assist Others: Contributions and Grants under s356 cl

217(1)(a5)

Council provided contributions and grants consistent with its Donations Policy.

| | |
|---|--------------------|
| Miscellaneous Financial Assistance | \$20,580.62 |
|---|--------------------|

Delegation to External Bodies

cl 217(1)(a6)

Council delegates the care, control and management of a number of its responsibilities to Community Committees under s377 of the Local Government Act, 1993. A list of these committees and their principal activities is detailed below. Council reviews its delegations annually, in accordance with the Local Government Act.

| SECTION 355 COMMITTEES | WORK, PROPERTY OR UNDERTAKING |
|---|---|
| Acacia Lodge Management Committee | Molong Community Housing |
| Age of Fishes Museum Canowindra Committee | Age of Fishes Museum |
| Amusu Theatre Inc | Amusu Theatre |
| Canowindra Beautification Committee | Canowindra Court House & Beautification of Canowindra |
| Canowindra Pre-School Kindergarten | Canowindra Pre-School Building |
| Canowindra Sports Trust | Canowindra Sports Complex |
| Cargo Community Centre Committee | Cargo Community Centre |
| Cudal Community Children's Centre Committee | (Pre-School) Cudal Community Children's Centre |
| Cudal Homes for Aged Persons Committee | Boree Lodge |
| Cumnock & District Progress Association | Crossroads Building Obley St Cumnock |
| Cudal Memorial Pool Committee | Cudal Memorial Swimming Pool |
| Cumnock Community Centre Committee | Cumnock Community Centre |
| Cumnock Pool Committee | Cumnock Swimming Pool |
| Doctor for Cudal Committee | Doctors Residence – Cudal |
| Eugowra Community Children's Centre and Preschool Committee | Eugowra Community Centre & Preschool |
| Eugowra Medical Centre Committee | Doctors Residence & Surgery - 47 Nanima St Eugowra |
| Eugowra Memorial Pool Committee | Eugowra Memorial Swimming Pool |
| Eugowra Promotion & Progress Association | Eugowra Historical Museum & Bushranger Centre |

Statement of all Corporations, Partnerships, Trusts, Joint

| | |
|---|--|
| Eugowra Self Care Units Committee | Eugowra Self Care Units |
| Manildra Memorial Hall Committee | Manildra Memorial Hall |
| Manildra Memorial Pool Committee | Manildra Memorial Swimming Pool |
| Manildra Sports Council | Manildra Sports Complex |
| Molong & District Health Watch Committee | Molong Doctor's Surgery |
| Molong Town Beautification Committee | Beautification Projects in & around Molong |
| Moorbel Hall Committee | Moorbel Hall Canowindra |
| Yeoval Memorial Hall Management Committee | Yeoval Memorial Hall |
| Yeoval Pool Committee | Yeoval Swimming Pool |
| Yeoval Progress Association | O'Halloran's Cottage and Buckinbah Park |

Ventures, Syndicates or other bodies in which Council holds a controlling interest

cl217(1)(a7)

Cabonne Council does not hold a controlling interest in any company.

Statement of all Corporations, Partnerships, Trusts, Joint Ventures, Syndicates or other bodies Statement in which the Council participated

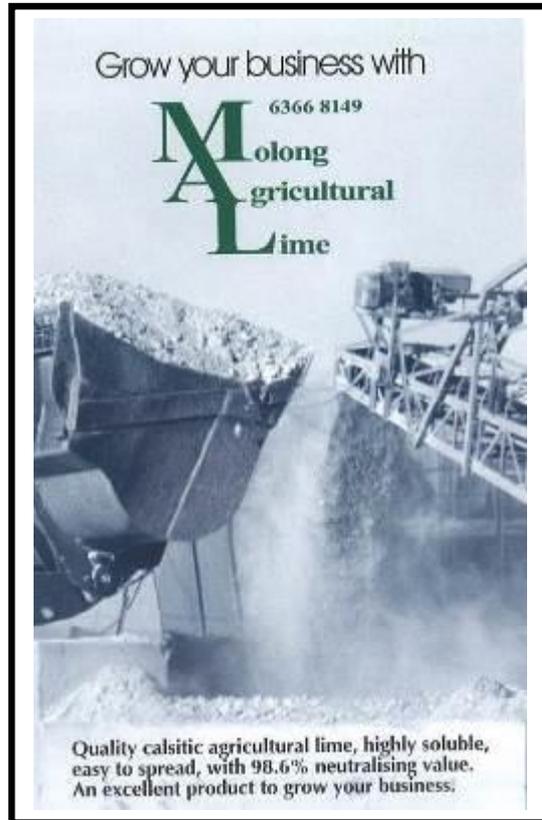
cl217(1)(a7)

- Statewide Insurance Group - bulk purchase of Public Liability, Professionals Indemnity, Motor Vehicle and Fidelity Guarantee Insurance.
- Central West Regional Organisation of Councils (CENTROC).
- Central West Libraries - comprising Cabonne, Orange, Blayney, Forbes and Cowra Councils.
- Southern Phone Company – shareholder.
- Wellington Blayney Cabonne Strategic Alliance.

Business Activities

Category 1- Businesses

Cabonne Council Agricultural Lime Quarry



Category 2 – Businesses

Cabonne Council Combined Water Supplies

Cabonne Council Combined Sewerage Supplies



Report on special variation expenditure if required to do so by the instrument made by the minister

s508(2) and s508A

There was no requirement to report on this matter.

Report on Capital Works Projects

DLG Capital Expenditure Guidelines

| July 2013 – June 2014 | |
|---|-------------|
| Gumble Road, Stages 1 & 2 | \$1,130,000 |
| Rutherford Road – railway crossing approaches | \$95,292 |
| Gravel Resheeting | \$639,942 |
| MR234 Repair Programme Moyne to Fish Fossil Drive | \$461,250 |
| MR61 Meranburn Atage 1 & 2 | \$340,585 |
| MR61 Bocobra Stage 1 and 2 | \$302,903 |
| Cottons Bridge | \$380,715 |
| Brymedura Culvert | \$114,833 |
| Nashdale Bridge | \$1,210,948 |
| Canowindra Fitness Path | \$62,171 |

Public Interest Disclosures

1. Statistical information on PIDs

| July 2013 – June 2014 | |
|---|---|
| Number of public officials who made PIDs | 2 |
| Number of PIDs received | 2 |
| Of PIDs received, number primarily about: | |
| Corrupt conduct | 2 |
| Maladministration | |
| Serious and substantial waste | |
| Government information contravention | |
| Local government pecuniary interest contravention | 0 |
| Number of PIDs finalised | 2 |



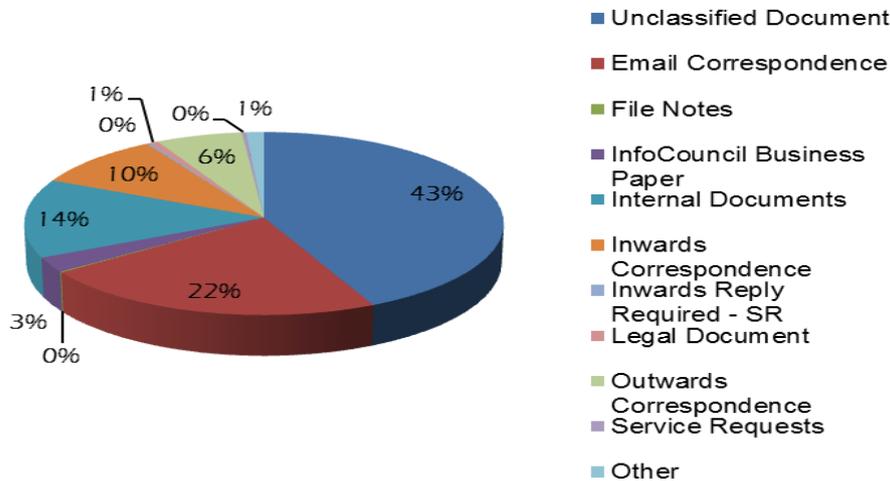
2. Commentary on PID obligations

2.1. Council adopted a Public Interest Disclosures (Internal Reporting) Policy at its November 2011 Council meeting.

2.2. Staff awareness obligations regarding Public Interest Disclosures have been made as follows: Policy briefing from senior managers, training provided by the Ombudsman, training provided by Council, training to new staff during inductions and links on Council's internet sites.

Customer Service

InfoXpert Statistics



Council utilises an electronic document management system called InfoXpert as a system to assist in monitoring customer service. The system is currently being re-evaluated to provide more meaningful statistical data. It is aimed to report in future with a reduction in “Unclassified Documents” and an indication of response times to various categories. The above graph has been included as a base line to enable council to gauge its success or otherwise in future years.

Government Information (Public Access) Act 2009

s125(1), cl 7 Schedule 2

The Government Information (Public Access) Act 2009 (GIPA) commenced from 1 July 2010. This replaced the Freedom of Information Act. The GIPA Act objective is to open government information to the public by:

1. authorising and encouraging the proactive public release of government information by agencies,
2. giving members of the public an enforceable right of access to government information, and
3. providing that access to government information is restricted only when there is an overriding public interest against disclosure.

Currently Council makes much of its information publicly available on its website. Council is currently satisfied with the level of government information currently available. Council will endeavour to proactively release any newly created documents that should be made available in the public interest as well as:

1. *Any information formally requested, not requiring third party consultation, where the applicant has indicated that they will be requesting regular updates;*
2. *Media releases; and*
3. *Any Information considered to be of interest to the public (not already required to be released)*

consistent with Council's proactive release program.

Council will only require formal GIPA applications as a last resort where there would appear an overriding public interest against disclosure.

In the 2013-14 year Council received two (2) formal access applications (including withdrawn applications but not invalid applications).

There was one access application received by Council during the year that Council refused access, either wholly or partly, to the information because the application was for information where there was an overriding public interest against disclosure.



The tables at the end of the report set out information relating to the access applications made to Council during the 2013/14 year.

The information is provided in the format required by the Government Information (Public Access) Regulation.

For more information about GIPA visit www.ipc.nsw.gov.au or phone 1800 472 679.

Statement of Activities to Implement Council's Equal Employment Opportunity Management Plan

cl217(1)(a9)

The statements of activities that have been completed in the EEO Management plan are:

- Ensuring that all employees and councillors are aware of their responsibilities regarding EEO
- Position Description have been reviewed for accountabilities to EEO principles as a core competency
- All advertisements are checked by the HR Officer prior to going to press to ensure compliance to EEO principles and free from bias
- All interview panel members are reminded of their responsibilities under EEO prior to interviews, ensuring that all questions are relevant to the positions and based on the position specification
- Ensuring that all appointments are made on merit

- Induction sessions are held, and all new employees are made aware of Council's Anti Discrimination & EEO and Bullying & Harassment policies.
Human Resource Activities/Development Appraisal Systems/Training Programs

The Local Government (State) Award 2014 provides for each Council to establish and properly maintain a consultative committee which provides a forum for consultation between Council and its employees. The committee comprises representatives from Council, management, office and field staff.

During 2013/2014 the Cabonne Consultative Committee met on 6 occasions to discuss matters relating to human resource activities and conditions of employment.

Council has a Development Appraisal System in place where all staff are reviewed annually. As a result of the review the tasks required in the position are assessed along with the staff member's skills, knowledge and ability to undertake the job. Goals are determined for the following 12 months and training requirements identified for each staff member.

External training arrangements were undertaken by staff during 2013/2014. In addition, in-house training was also provided to staff whose positions were of a nature which enabled on-the-job instruction.

Council continued to dedicate a significant amount of the training budget to Workplace Health and Safety related programs during the 2013/2014 financial year.

The major areas for training included traffic control, working near overhead powerlines, dealing with difficult customers, chainsaw operation, confined spaces, senior first aid, chemical applications, rail industry induction, finance for non finance managers, procurement and code of conduct training and powers and duties of local government engineers. A total of 8 staff members continue to study for qualifications with assistance from Council, with qualifications ranging from Certificate III to Diploma level.

A number of professional development activities, seminars, and workshops were also attended by both indoor and outdoor staff to ensure they were kept up to date with current trends and changes in their areas of expertise.

Council continues to support apprenticeships and traineeships with its involvement in the Wellington, Blayney & Cabonne Strategic Alliance.

Council also supports a Work Experience program for local school students, coordinated through the school's Careers Advisor.

State of the Environment Report

s428A(1)

Council's Community Strategic Plan has the following environmental strategic objectives which are to be addressed within the Regional State of the Environment Report.



All villages have a secure and quality water supply.



Flood mitigation processes are in place.



Sustainable solid and liquid waste management practices are in place across Cabonne.



Primary producers use best practice methods and systems that respect the environment.



All natural resources are managed sustainably in a planned way.



Risk management processes are in place for natural disaster events.



Alternative energy development is considered and utilised where appropriate.

The Regional State of the Environment Report 2013 /2014 being prepared and will be available as a separate document accessible through Council's website www.cabonne.nsw.gov.au. The regional report is a collaborative project facilitated through a partnership between local government and the Central Tablelands Local Land Services.

Planning Agreements

s93G(5) [Environmental Planning And Assessment Act 1979]

Council did not enter into any planning agreements during 2013/2014.

Statement of Activities in Relation to Companion Animals Management and Guidelines on the Exercise of Functions Under the Companion Animals Act

cl217(1)(f) and Guidelines on the Exercise of functions under the Companion Animals Act

- 1. Lodgement of pound data collection returns with the Office of Local Government (OLG) - 16.2(a) Guidelines**
A return of Council seizures of cats and dogs for 2013/2014 was completed and returned to the Department of Local Government by 30th September 2014.
- 2. Lodgement of data relating to dog attacks with the OLG - 16.2(b) Guidelines**
There were eight (8) dog attacks registered with the OLG in the 2013/2014 financial year.
- 3. Amount of funding spent on companion animal management and activities - 16.2(c) Guidelines**
The amount of \$140,117 was spent on companion animal management and activities in the 2013/2014 financial year.
- 4. Companion animal community education programs carried out - 16.2(d) Guidelines**

Cabonne Council held a half price vaccination and micro chipping day in Molong & Canowindra.

5. **Strategies council has in place to promote and assist the de-sexing of dogs and cats - 16.2(e) Guidelines**
Brochures supplied by the OLG are available at Council's offices.

Council introduced a voucher system that aimed to encourage desexing of companion animals. This system was targeted towards low income earners and vouchers were to the value of the following;

- Female dog \$100
- Male dog \$50
- Female cat \$50
- Male cat \$25

6. **Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternatives to euthanasia for unclaimed animals - 16.2(e) Guidelines**

Council delivers unclaimed animals to the RSPCA to be re-homed. Cabonne Council also works with the following rescue groups;

- Lost Pet Coordinator (Central West)
- Lost & Found Pets in Cowra & Surrounding Areas
- Central West Pet Rescue (Eugowra)
- Golden Oldies Rescue (Mudgee)
- Companions for Life Rescue (Portland)

7. **Off leash areas provided in council area - 16.2(f) Guidelines**

An off leash area has been established at Rotary Park, Molong.

8. **Detailed information on the use of companion animals fund money for management and control of companion animals in the area – 16.5 Guidelines**

The amount of \$5,565 companion animal fund money was received for 2013/2014 year and went towards Ranger salary, animal shelter maintenance and operating costs.

Condition Of Public Works

The condition of Public Works infrastructure for 2013/14 has been reported in accordance with the status of the infrastructure data collection required by AAS27, and bearing in mind the limitations as detailed in the previous section associated with performance in principal activities.

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2014.

- Estimate of cost to bring to satisfactory standard

Council completed "fair value" evaluation of its Buildings and Recreation assets in 2013. The results of this valuation are reported in Special Schedules and establish the cost to bring to a satisfactory standard.

- Estimated Annual Maintenance Expense

This figure as outlined in Special Schedule report is based on the predicted maintenance vote for the upcoming financial year.

- Maintenance program for 2013/2014

These figures as outlined in Special Schedules report relate to the maintenance and repair costs for the various assets finalized in the 2013/2014 statements. Improvement items have not been included in these figures.

Water and Sewerage Schemes

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2013.

Public Roads and Bridges

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2013.

This register includes all regional and local roads within the Local Government Area. Currently there are some 210km of sealed regional road, 1229km of unsealed gravel local road and 603km of sealed local road that have been inspected, recorded and evaluated both in terms of service condition and replacement value.

Urban roads (including laneways) are defined by all road reserves within the townships and villages that are zoned RU5 village under the Environmental Planning and Assessment Act, 1979.

Roads beyond this zoning are classified as rural local or rural regional. Council also maintains some 167 kilometres of state road (RMS controlled) under the RMCC agreement between Council and RMS.

- Data Collection

Road asset data collected to date includes the full inspection and condition rating of both rural and urban, local and regional roads throughout the Local Government Area. The full condition rating and data collection was performed according to Council policy.

Council Roads Assets have undergone “fair value” re-evaluation in 2013/2014.

Council’s Road Asset Register identifies rural roads by number and name and is segmented by surface type and condition as well as by intersections and bridge locations.

- Condition Rating

The condition rating systems used in the evaluation of road assets were based on that as presented in Infrastructure Management Guidelines.

The Road Asset Group is rated from a 1 ‘as new’ to a 5 ‘very poor’ or ‘for replacement’.

- Depreciation

Depreciation rates are disclosed against each category of rate in the Special Schedule report.

- Level of Service Considerations and a Satisfactory Condition

In more recent times Council has considered road asset condition data to aid in policy development and the definition of service levels for the road network. Whilst the existing level of service is considered to be below a desirable level, Council will continue to extend the sealed road network whilst still having regard for the existing sealed roads. Asset renewal has been included in Council's Management Plan as a standing item.

Council's draft Roads Asset Management Plan establishes a road hierarchy and associated levels of service. The AMP will also provide Council with financial consideration.

- Bridges on Local Roads

Council is the custodian of 163 bridges and major culverts on local roads which it is required to fund itself. All but five (5) of these structures are new steel or reinforced concrete structures. The remaining timber structures are:

1. "St Germain's" – Bocobora Road
2. "Orana" – Paling Yards Loop
3. "Bangaroo" – Cabonne/Cowra
4. "Stock route" – Eugowra
5. "Baghdad" – Baghdad road

"Toms Waterhole" has been completed along with culvert widening and alignment improvement at 'The Gap' on Packham Way between Molong and Manildra.

Some existing steel and concrete bridges identified in the 2013/2014 condition rating also require replacement:

1. "Cottons" Gumble Road Manildra
2. "Marylebone" Davys Plain Road Cudal
3. "Back Creek" Euchareena Road Molong. Note: this structure scheduled for widening in 2012/13 by Orange City Council as a condition of an approved DA. Completed May 2013.
4. "Washpen" Gundong Road Yeoval

- Bridges on Regional Roads

Council is also responsible for a further 12 bridges on regional roads which are funded by the RMS of these structures the following projects have been identified as priority replacements:

- "Murrays Bridge" on the Banjo Patterson Way north of Cumnock towards Yeoval is completed.
- "Douglas Bridge" between Eugowra and Canowindra has also been completed.
- "Hanover Bridge" between Cumnock and Yeoval is listed for future replacement when RMS funds are available under the BLOCK grant funding. Significant road realignment will also be required, and as for "Murrays Bridge" funding over at least three (3) financial years will be necessary.

A statement detailing the stormwater management services provided (if levied)

Stormwater Drainage Systems

Construction of pipes and culvert at the intersection of Mill Street and Blatchford Street Canowindra under this funding program was completed in this reporting period.

Major Stormwater improvements for Riddell Street, and the installation of 2 flood gates in Molong were also constructed.

Council's Stormwater Drainage Management plan involves all of the Cabonne villages and is subject to annual review.

Council's 2013/2014 Management Plan includes a program for stormwater improvements funded from the levy. The Urban Stormwater Works Service Levy program identifies projects through to 2013/2014 and is reviewed annually.

Council commenced work on projects identified in the Urban Stormwater Works Service levy in 2007. The Urban Stormwater Levy is included in the Cabonne's Annual Budget which is part of Council's Management Plan.

Data Collection

The data collected in 2007 was recorded on Microsoft Excel and MapInfo and a review commenced on 2013/2014.

Condition Rating

The condition rating systems used in the evaluation of drainage assets in 1997 was based on the RMS ROCOND 90 and has since been converted to that as specified in the Special Schedules report.

The tables labelled as *Special Schedule No. 7 - Condition of Public Works* in Council's Financial Statements summarise the estimated costs to bring Council's public works assets to a satisfactory standard. They also provide a summary of estimated annual maintenance expenses and programmed maintenance works

Private Works carried out under s67 of the Local Government Act

s67(3) cl 217(1)(a4)

During 2013/2014, Council carried out private works comprising of things such as noxious weeds spraying, water delivery, gravel re sheeting, slashing of fire breaks etc., the expenditure on which totalled \$454,000. None of these works were subsidised under s67 of the Local Government Act, 1993.



GIPA access applications tables

| Table A: Number of applications by type of applicant and outcome* | | | | | | | | |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not for profit organisations or community groups | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 |
| Members of the public (application by legal representative) | 0 | 0 | 1 | 0 | 2 | 1 | 0 | 1 |
| Members of the public (other) | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 |

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

| Table B: Number of applications by type of application and outcome | | | | | | | | |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
| Personal information applications* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | | 0 | 1 | 0 | 3 | 3 | 0 | 2 |
| Access applications that are partly personal information applications and partly other | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |

*A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

The total number of decisions in Table B should be the same as Table A.

| Table C: Invalid applications | |
|---|------------------------|
| Reason for invalidity | Number of applications |
| Application does not comply with formal requirements (section 41 of the Act) | 3* |
| Application is for excluded information of the agency (section 43 of the Act) | 0 |
| Application contravenes restraint order (section 110 of the Act) | 0 |
| Total number of invalid applications received | 3* |
| Invalid applications that subsequently became valid applications | 0 |

*.1 Subject of IPC review. Ref.: IP7C14/ R000196

| Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act | |
|---|-------------------------------------|
| | Number of times consideration used* |
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 0 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

| Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act | |
|---|---|
| | Number of occasions when application not successful |
| Responsible and effective government | 0 |
| Law enforcement and security | 0 |
| Individual rights, judicial processes and natural justice | 1 |
| Business interests of agencies and other persons | 0 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

| Table F: Timeliness | |
|--|------------------------|
| | Number of applications |
| Decided within the statutory timeframe (20 days plus any extensions) | 2 |
| Decided after 35 days (by agreement with applicant) | 0 |
| Not decided within time (deemed refusal) | 0 |
| Total | 2 |

| Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome) | | | |
|--|-----------------|-----------------|----------|
| | Decision varied | Decision upheld | Total |
| Internal review | 0 | 0 | 0 |
| Review by Information Commissioner* | 1 | 0 | 1 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by ADT | 0 | 0 | 0 |
| Total | 1 | 0 | 1 |

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

| Table H: Applications for review under Part 5 of the Act (by type of applicant) | |
|---|-----------------------------------|
| | Number of applications for review |
| Applications by access applicants | 1 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 |



Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

| Contents | Page |
|--|------|
| 1. Understanding Council's Financial Statements | 2 |
| 2. Statement by Councillors & Management | 3 |
| 3. Primary Financial Statements: | |
| - Income Statement | 4 |
| - Statement of Comprehensive Income | 5 |
| - Statement of Financial Position | 6 |
| - Statement of Changes in Equity | 7 |
| - Statement of Cash Flows | 8 |
| 4. Notes to the Financial Statements | 9 |
| 5. Independent Auditor's Reports: | |
| - On the Financial Statements (Sect 417 [2]) | 94 |
| - On the Conduct of the Audit (Sect 417 [3]) | 96 |

Overview

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

(ii) Cabonne Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

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

(iv) These financial statements were authorised for issue by the Council on 30 September 2014. Council has the power to amend and reissue these financial statements.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

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

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

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

More information

A review of Council's financial performance and position for the 13/14 financial year (and previous 4 years) can be found at Note 28 of the financial statements.

Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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

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

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

To the best of our knowledge and belief, these Financial Statements:

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

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

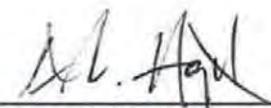
Signed in accordance with a resolution of Council made on 16th September 2014.



Michael Hayes
MAYOR



Ian Gosper
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2014

| Budget ¹ 2014 | \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|--|-------|--------------------|----------------|
| Income from Continuing Operations | | | | |
| <i>Revenue:</i> | | | | |
| 12,993 | Rates & Annual Charges | 3a | 11,989 | 11,827 |
| 6,487 | User Charges & Fees | 3b | 10,124 | 9,982 |
| 981 | Interest & Investment Revenue | 3c | 1,660 | 1,986 |
| 429 | Other Revenues | 3d | 540 | 836 |
| 9,463 | Grants & Contributions provided for Operating Purposes | 3e,f | 8,325 ² | 9,996 |
| 9,733 | Grants & Contributions provided for Capital Purposes | 3e,f | 6,473 | 2,943 |
| <i>Other Income:</i> | | | | |
| - | Net gains from the disposal of assets | 5 | 461 | 74 |
| - | Net Share of interests in Joint Ventures & Associated Entities using the equity method | 19 | - | - |
| 40,086 | Total Income from Continuing Operations | | 39,572 | 37,644 |
| Expenses from Continuing Operations | | | | |
| 12,358 | Employee Benefits & On-Costs | 4a | 11,804 | 11,652 |
| 274 | Borrowing Costs | 4b | 248 | 187 |
| 3,237 | Materials & Contracts | 4c | 4,739 | 4,811 |
| 9,560 | Depreciation & Amortisation | 4d | 9,381 | 9,245 |
| - | Impairment | 4d | - | 20 |
| 6,321 | Other Expenses | 4e | 6,113 | 6,388 |
| 31,750 | Total Expenses from Continuing Operations | | 32,285 | 32,303 |
| 8,336 | Operating Result from Continuing Operations | | 7,287 | 5,341 |
| Discontinued Operations | | | | |
| - | Net Profit/(Loss) from Discontinued Operations | 24 | - | - |
| 8,336 | Net Operating Result for the Year | | 7,287 | 5,341 |
| 8,336 | Net Operating Result attributable to Council | | 7,287 | 5,341 |
| - | Net Operating Result attributable to Non-controlling Interests | | - | - |
| (1,397) | Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | | 814 | 2,398 |

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Cabonne Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|----------|----------------|----------------|
| Net Operating Result for the year (as per Income statement) | | 7,287 | 5,341 |
| Other Comprehensive Income: | | | |
| <i>Amounts which will not be reclassified subsequently to the Operating Result</i> | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 14,301 | 1,221 |
| Impairment (loss) reversal relating to I,PP&E | 20b (ii) | (48) | - |
| Total Items which will not be reclassified subsequently to the Operating Result | | 14,253 | 1,221 |
| <i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i> | | | |
| Nil | | | |
| Total Other Comprehensive Income for the year | | 14,253 | 1,221 |
| Total Comprehensive Income for the Year | | 21,540 | 6,562 |
| Total Comprehensive Income attributable to Council | | 21,540 | 6,562 |
| Total Comprehensive Income attributable to Non-controlling Interests | | - | - |

Cabonne Council

Statement of Financial Position

as at 30 June 2014

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 9,969 | 21,380 |
| Investments | 6b | 29,600 | 18,592 |
| Receivables | 7 | 4,317 | 4,555 |
| Inventories | 8 | 1,258 | 1,252 |
| Other | 8 | 12 | 15 |
| Non-current assets classified as "held for sale" | 22 | - | - |
| Total Current Assets | | 45,156 | 45,794 |
| Non-Current Assets | | | |
| Investments | 6b | - | - |
| Receivables | 7 | 694 | 736 |
| Inventories | 8 | 410 | 162 |
| Infrastructure, Property, Plant & Equipment | 9 | 466,040 | 443,605 |
| Investments accounted for using the equity method | 19 | - | - |
| Investment Property | 14 | - | - |
| Intangible Assets | 25 | 203 | 254 |
| Other | 8 | 282 | 281 |
| Total Non-Current Assets | | 467,629 | 445,038 |
| TOTAL ASSETS | | 512,785 | 490,832 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 2,951 | 2,256 |
| Borrowings | 10 | 180 | 170 |
| Provisions | 10 | 3,405 | 3,596 |
| Total Current Liabilities | | 6,536 | 6,022 |
| Non-Current Liabilities | | | |
| Payables | 10 | 26 | 14 |
| Borrowings | 10 | 2,712 | 2,892 |
| Provisions | 10 | 1,529 | 1,462 |
| Total Non-Current Liabilities | | 4,267 | 4,368 |
| TOTAL LIABILITIES | | 10,803 | 10,390 |
| Net Assets | | 501,982 | 480,442 |
| EQUITY | | | |
| Retained Earnings | 20 | 294,161 | 286,874 |
| Revaluation Reserves | 20 | 207,821 | 193,568 |
| Council Equity Interest | | 501,982 | 480,442 |
| Non-controlling Interests | | - | - |
| Total Equity | | 501,982 | 480,442 |

Cabonne Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non- controlling Interest | Total Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| 2014 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 286,874 | 193,568 | 480,442 | - | 480,442 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/13) | | 286,874 | 193,568 | 480,442 | - | 480,442 |
| c. Net Operating Result for the Year | | 7,287 | - | 7,287 | - | 7,287 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsv | 20b (ii) | - | 14,301 | 14,301 | - | 14,301 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | (48) | (48) | - | (48) |
| Other Comprehensive Income | | - | 14,253 | 14,253 | - | 14,253 |
| Total Comprehensive Income (c&d) | | 7,287 | 14,253 | 21,540 | - | 21,540 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 294,161 | 207,821 | 501,982 | - | 501,982 |

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Interest | Non- controlling Interest | Total Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| 2013 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 281,533 | 192,347 | 473,880 | - | 473,880 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/12) | | 281,533 | 192,347 | 473,880 | - | 473,880 |
| c. Net Operating Result for the Year | | 5,341 | - | 5,341 | - | 5,341 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsv | 20b (ii) | - | 1,221 | 1,221 | - | 1,221 |
| - Revaluations: Other Reserves | 20b (ii) | - | - | - | - | - |
| - Transfers to Income Statement | 20b (ii) | - | - | - | - | - |
| - Impairment (loss) reversal relating to I,PP&E | 20b (ii) | - | - | - | - | - |
| Other Comprehensive Income | | - | 1,221 | 1,221 | - | 1,221 |
| Total Comprehensive Income (c&d) | | 5,341 | 1,221 | 6,562 | - | 6,562 |
| e. Distributions to/(Contributions from) Non-controlling Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 286,874 | 193,568 | 480,442 | - | 480,442 |

Cabonne Council

Statement of Cash Flows

for the financial year ended 30 June 2014

| Budget 2014 | \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|---|-------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 12,993 | Rates & Annual Charges | | 13,137 | 10,654 |
| 6,487 | User Charges & Fees | | 9,975 | 11,644 |
| 981 | Investment & Interest Revenue Received | | 1,414 | 1,774 |
| 19,196 | Grants & Contributions | | 15,457 | 14,316 |
| - | Bonds, Deposits & Retention amounts received | | 273 | 90 |
| 429 | Other | | 1,429 | 1,339 |
| Payments: | | | | |
| (12,358) | Employee Benefits & On-Costs | | (12,084) | (12,501) |
| (3,237) | Materials & Contracts | | (5,128) | (6,086) |
| (274) | Borrowing Costs | | (182) | (118) |
| - | Bonds, Deposits & Retention amounts refunded | | - | (42) |
| (6,321) | Other | | (7,898) | (8,090) |
| 17,896 | Net Cash provided (or used in) Operating Activities | 11b | 16,393 | 12,980 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| - | Sale of Investment Securities | | 18,569 | 301 |
| - | Sale of Real Estate Assets | | 38 | - |
| - | Sale of Infrastructure, Property, Plant & Equipment | | 784 | 619 |
| - | Deferred Debtors Receipts | | 210 | 50 |
| Payments: | | | | |
| (10,000) | Purchase of Investment Securities | | (29,500) | (8,500) |
| (18,123) | Purchase of Infrastructure, Property, Plant & Equipment | | (17,492) | (12,365) |
| - | Purchase of Real Estate Assets | | (243) | (68) |
| (28,123) | Net Cash provided (or used in) Investing Activities | | (27,634) | (19,963) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| - | Proceeds from Borrowings & Advances | | - | 2,455 |
| Payments: | | | | |
| (170) | Repayment of Borrowings & Advances | | (170) | (75) |
| (170) | Net Cash Flow provided (used in) Financing Activities | | (170) | 2,380 |
| (10,397) | Net Increase/(Decrease) in Cash & Cash Equivalents | | (11,411) | (4,603) |
| 22,385 | plus: Cash & Cash Equivalents - beginning of year | 11a | 21,380 | 25,983 |
| 11,988 | Cash & Cash Equivalents - end of the year | 11a | 9,969 | 21,380 |
| Additional Information: | | | | |
| | plus: Investments on hand - end of year | 6b | 29,600 | 18,592 |
| Total Cash, Cash Equivalents & Investments | | | 39,569 | 39,972 |

Please refer to Note 11 for additional cash flow information

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

| Note | Details | Page |
|---|--|--------|
| 1 | Summary of Significant Accounting Policies | 10 |
| 2(a) | Council Functions / Activities - Financial Information | 28 |
| 2(b) | Council Functions / Activities - Component Descriptions | 29 |
| 3 | Income from Continuing Operations | 30 |
| 4 | Expenses from Continuing Operations | 35 |
| 5 | Gains or Losses from the Disposal of Assets | 39 |
| 6(a) | Cash & Cash Equivalent Assets | 40 |
| 6(b) | Investments | 40 |
| 6(c) | Restricted Cash, Cash Equivalents & Investments - Details | 42 |
| 7 | Receivables | 44 |
| 8 | Inventories & Other Assets | 45 |
| 9(a) | Infrastructure, Property, Plant & Equipment | 46 |
| 9(b) | Externally Restricted Infrastructure, Property, Plant & Equipment | 47 |
| 9(c) | Infrastructure, Property, Plant & Equipment - Current Year Impairments | 48 |
| 10(a) | Payables, Borrowings & Provisions | 49 |
| 10(b) | Description of (and movements in) Provisions | 50 |
| 11 | Statement of Cash Flows - Additional Information | 51 |
| 12 | Commitments for Expenditure | 53 |
| 13 | Statement of Performance Measures: | |
| | 13a (i) Local Government Industry Indicators (Consolidated) | 54 |
| | 13a (ii) Local Government Industry Graphs (Consolidated) | 55 |
| | 13b Local Government Industry Indicators (by Fund) | 57 |
| 14 | Investment Properties | 58 n/a |
| 15 | Financial Risk Management | 58 |
| 16 | Material Budget Variations | 62 |
| 17 | Statement of Developer Contributions | 64 |
| 18 | Contingencies and Other Liabilities/Assets not recognised | 66 |
| 19 | Controlled Entities, Associated Entities & Interests in Joint Ventures | 69 |
| 20 | Equity - Retained Earnings and Revaluation Reserves | 70 |
| 21 | Financial Result & Financial Position by Fund | 71 |
| 22 | "Held for Sale" Non Current Assets & Disposal Groups | 73 n/a |
| 23 | Events occurring after the Reporting Date | 73 n/a |
| 24 | Discontinued Operations | 73 n/a |
| 25 | Intangible Assets | 74 |
| 26 | Reinstatement, Rehabilitation & Restoration Liabilities | 75 |
| 27 | Fair Value Measurement | 76 |
| Additional Council Disclosures | | |
| 28 | Financial Review | 92 |
| 29 | Council Information & Contact Details | 93 |

tbd - to be done

n/a - not applicable

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 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 are set out below:

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue

when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*
- *Cabonne Water Fund*
(Molong, Cumnock & Yeoval)
- *Cabonne Sewer Fund*
(Molong, Canowindra & Eugowra)
- *Small Town Sewer Fund*
(Cudal, Manildra, Cumnock & Yeoval)

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- *Acacia Lodge Management Committee*
- *Cudal Homes for Aged Persons Committee*
- *Eugowra Self Care Units Committee*
- *Age of Fishes Museum Committee*
- *Amusu Theatre Heritage Trust Inc*
- *Eugowra Community Children's Centre Committee*
- *Cudal Community Children's Centre Committee*
- *Canowindra Preschool Kindergarten Inc*
- *Canowindra Sports Trust*
- *Manildra Sports Council*
- *Cargo Community Centre Committee*
- *Cumnock Community Centre*
- *Manildra Memorial Hall Committee*
- *Yeoval Memorial Hall Committee*
- *Moorbel Hall Committee*
- *Cudal Memorial Pool Committee*
- *Cumnock Pool Committee*
- *Eugowra War Memorial Pool Committee*
- *Manildra Memorial Pool Committee*

- *Yeoval Pool Committee*
- *Eugowra Medical Centre Committee*
- *Molong & District Health Watch*
- *Doctor for Cudal Committee*
- *Eugowra Promotion and Progress Association Inc*
- *Cumnock & District Progress Association Inc*
- *Yeoval Progress Association*
- *Canowindra Beautification Committee*
- *Molong Town Beautification Committee*

The (i) total income and expenditure from continuing operations and (ii) the net assets held by these excluded Committees & Operations is as follows:

| | |
|---|----------|
| Total income from continuing operations | \$1,432k |
| Total expenditure from continuing operations | \$1,338k |
| Total net assets held (ie Equity) | \$1,998k |

Note:

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have “significant influence” over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council’s management has the positive intention and ability to hold to maturity.

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

Council assesses at each balance date 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.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

Acquisition of assets

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

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks** (External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)

- **Land Improvements** (a combination of External valuations and approximated by depreciated historical cost)
- **Other Structures** (a combination of External valuations and approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

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

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

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land

| | |
|--|------------------|
| - council land | 100% Capitalised |
| - open space | 100% Capitalised |
| - land under roads (purchases after 30/6/08) | 100% Capitalised |

Plant & Equipment

| | |
|-------------------------|-----------|
| Office Furniture | > \$1,000 |
| Office Equipment | > \$1,000 |
| Other Plant & Equipment | > \$1,000 |

Buildings & Land Improvements

| | |
|----------------------------|-----------|
| Park Furniture & Equipment | > \$1,000 |
|----------------------------|-----------|

Building

| | |
|---------------------------|------------------|
| - construction/extensions | 100% Capitalised |
| - renovations | > \$1,000 |
| Other Structures | > \$1,000 |

Water & Sewer Assets

| | |
|-------------------------|-----------|
| Reticulation extensions | > \$1,000 |
| Other | > \$1,000 |

Stormwater Assets

| | |
|-------------------|-----------|
| Drains & Culverts | > \$1,000 |
| Other | > \$1,000 |

Transport Assets

| | |
|--------------------------------------|-----------|
| Road construction & reconstruction | > \$1,000 |
| Reseal/Re-sheet & major repairs: | > \$1,000 |
| Bridge construction & reconstruction | > \$1,000 |

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

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

Plant & Equipment

| | |
|----------------------------------|---------------|
| - Office Equipment | 10 years |
| - Office furniture | 10 years |
| - Computer Equipment | 5 years |
| - Vehicles | 5 to 10 years |
| - Heavy Plant/Road Making equip. | 7 to 10 years |
| - Other plant and equipment | 5 to 7 years |

Other Equipment

| | |
|------------------------|----------------|
| - Playground equipment | 5 to 15 years |
| - Benches, seats etc | 10 to 20 years |

Buildings

| | |
|-----------------------|----------------|
| - Buildings : Masonry | 100 years |
| - Buildings : Other | 33 to 50 years |

Stormwater Drainage

| | |
|------------|----------|
| - Drains | 60 years |
| - Culverts | 60 years |

Transportation Assets

| | |
|----------------------------|-----------|
| - Sealed Roads : Surface | 50 years |
| - Sealed Roads : Structure | 50 years |
| - Unsealed roads | 50 years |
| - Bridge : Concrete | 100 years |
| - Bridge : Other | 50 years |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

| | |
|------------------------|----------|
| - Road Pavements | 60 years |
| - Kerb, Gutter & Paths | 70 years |

Water & Sewer Assets

| | |
|------------------------------|----------------|
| - Dams and reservoirs | 100 years |
| - Bores | 30 years |
| - Reticulation pipes : PVC | 40 to 80 years |
| - Reticulation pipes : Other | 25 to 75 years |
| - Pumps and telemetry | 10 to 70 years |

Other Infrastructure Assets

| | |
|-------------------|----------|
| - Bulk earthworks | Infinite |
|-------------------|----------|

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

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

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

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

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(o) Rural Fire Service assets

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

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

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

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of “Other Income”.

Every three years with an appropriate index utilised each year in between the full revaluations.

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or ‘unwinding’ of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

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

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

(y) Self insurance

Council does not self insure.

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(aa) Taxes

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

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

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from

the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

None

There are no other standards that are "not yet effective" and expected to have a material impact on

Council in the current or future reporting periods and on foreseeable future transactions.

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|---------------|---------------|-------------------------------------|---------------|---------------|---|----------------|----------------|--|--------------|---|----------------|
| | Income from Continuing Operations | | | Expenses from Continuing Operations | | | Operating Result from Continuing Operations | | | Grants included in Income from Continuing Operations | | Total Assets held (Current & Non-current) | |
| | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Original Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2014 | 2014 | 2013 | 2014 | 2014 | 2013 | 2014 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Governance | 142 | 130 | 162 | 651 | 583 | 915 | (509) | (453) | (753) | 3,884 | - | 38,065 | 33,169 |
| Administration | 453 | 856 | 760 | 10,606 | 4,551 | 2,223 | (10,153) | (3,695) | (1,463) | 6 | 13 | 17,623 | 14,616 |
| Public Order & Safety | 10 | 283 | 485 | 487 | 722 | 1,175 | (477) | (439) | (690) | - | - | 4,176 | 3,461 |
| Health | 104 | 97 | 75 | 535 | 458 | 456 | (431) | (361) | (381) | - | - | 3,102 | 3,464 |
| Environment | 2,979 | 3,246 | 2,970 | 2,872 | 3,117 | 2,984 | 107 | 129 | (14) | 1,245 | 1,250 | 2,213 | 1,936 |
| Community Services & Education | 1,535 | 1,669 | 1,381 | 1,615 | 1,941 | 1,495 | (80) | (272) | (114) | - | 713 | 3,615 | 2,331 |
| Housing & Community Amenities | 285 | 318 | 267 | 847 | 698 | 1,030 | (562) | (380) | (763) | 697 | 38 | 3,817 | 2,886 |
| Water Supplies | 964 | 1,036 | 936 | 647 | 1,122 | 1,332 | 317 | (86) | (396) | - | 13 | 28,768 | 27,685 |
| Sewerage Services | 10,137 | 4,974 | 2,430 | 1,403 | 1,852 | 1,991 | 8,734 | 3,122 | 439 | - | 777 | 43,684 | 40,563 |
| Recreation & Culture | 102 | 103 | 207 | 1,263 | 2,092 | 1,948 | (1,161) | (1,989) | (1,741) | 63 | 144 | 28,249 | 21,627 |
| Mining, Manufacturing & Construction | 1,699 | 2,044 | 1,773 | 1,524 | 1,651 | 1,650 | 175 | 393 | 123 | - | - | 2,451 | 2,067 |
| Transport & Communication | 6,757 | 11,464 | 10,682 | 8,255 | 12,588 | 13,992 | (1,498) | (1,124) | (3,310) | 1,251 | 2,380 | 333,136 | 332,057 |
| Economic Affairs | 470 | 522 | 675 | 1,045 | 910 | 1,112 | (575) | (388) | (437) | - | 7 | 3,886 | 4,970 |
| Total Functions & Activities | 25,637 | 26,742 | 22,803 | 31,750 | 32,285 | 32,303 | (6,113) | (5,543) | (9,500) | 7,146 | 5,335 | 512,785 | 490,832 |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Purpose Income ¹ | 14,449 | 12,830 | 14,841 | - | - | - | 14,449 | 12,830 | 14,841 | 2,314 | 4,303 | - | - |
| Operating Result from Continuing Operations | 40,086 | 39,572 | 37,644 | 31,750 | 32,285 | 32,303 | 8,336 | 7,287 | 5,341 | 9,460 | 9,638 | 512,785 | 490,832 |

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(b). Council Functions / Activities - Component Descriptions

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

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.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|----------------|----------------|
| (a) Rates & Annual Charges | | | |
| Ordinary Rates | | | |
| Residential | | 2,489 | 2,749 |
| Farmland | | 4,573 | 4,285 |
| Mining | | 1,843 | 1,719 |
| Business | | 211 | 210 |
| Total Ordinary Rates | | 9,116 | 8,963 |
| Special Rates | | | |
| Nil | | | |
| Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | | |
| Domestic Waste Management Services | | 929 | 969 |
| Water Supply Services | | 312 | 309 |
| Sewerage Services | | 1,325 | 1,310 |
| Waste Management Services (non-domestic) | | 209 | 202 |
| Section 611 Charges | | 24 | 1 |
| Stormwater Levy | | 74 | 73 |
| Total Annual Charges | | 2,873 | 2,864 |
| TOTAL RATES & ANNUAL CHARGES | | 11,989 | 11,827 |

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|----------------|----------------|
| (b) User Charges & Fees | | | |
| Specific User Charges (per s.502 - Specific "actual use" charges) | | | |
| Water Supply Services | | 550 | 461 |
| Sewerage Services | | 43 | 74 |
| Total User Charges | | 593 | 535 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s.608) | | | |
| Discretionary Fees - Other | | 338 | 168 |
| Planning & Building Regulation | | 289 | 266 |
| Private Works - Section 67 | | 376 | 454 |
| Section 603 Certificates | | 22 | 19 |
| Waste Management | | 108 | 120 |
| Total Fees & Charges - Statutory/Regulatory | | 1,133 | 1,027 |
| (ii) Fees & Charges - Other (incl. General User Charges) (per s.608) | | | |
| Caravan Park | | 116 | 131 |
| Cemeteries | | 75 | 60 |
| Child Care | | 503 | 485 |
| Lease Rentals | | 110 | 36 |
| Quarry Revenues | | 1,848 | 1,561 |
| Recycling Income (Non Domestic) | | - | 38 |
| RMS (formerly RTA) Charges (State Roads not controlled by Council) | | 5,737 | 6,109 |
| Trade Waste | | 8 | - |
| Other | | 1 | - |
| Total Fees & Charges - Other | | 8,398 | 8,420 |
| TOTAL USER CHARGES & FEES | | 10,124 | 9,982 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|---------------------|---------------------|
| (c) Interest & Investment Revenue (incl. losses) | | | |
| Interest & Dividends | | | |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) | | 89 | 67 |
| - Interest earned on Investments (interest & coupon payment income) | | 1,452 | 1,856 |
| - Interest & Dividend Income (Other) | | 42 | - |
| Fair Value Adjustments | | | |
| - Fair Valuation movements in Investments (at FV or Held for Trading) | | 77 | 63 |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>1,660</u> | <u>1,986</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges (General Fund) | | 60 | 67 |
| General Council Cash & Investments | | 1,340 | 1,508 |
| Restricted Investments/Funds - External: | | | |
| Development Contributions | | | |
| - Section 94 | | 16 | 15 |
| Water Fund Operations | | 113 | 138 |
| Sewerage Fund Operations | | 64 | 183 |
| Domestic Waste Management operations | | 34 | 41 |
| Other Externally Restricted Assets | | 33 | 34 |
| <u>Total Interest & Investment Revenue Recognised</u> | | <u>1,660</u> | <u>1,986</u> |
| (d) Other Revenues | | | |
| Rental Income - Other Council Properties | | - | 127 |
| Legal Fees Recovery - Rates & Charges (Extra Charges) | | 13 | 6 |
| After School Care | | - | 17 |
| Commissions & Agency Fees | | 139 | 139 |
| Diesel Rebate | | 96 | 147 |
| Gravel Pit Restoration | | 23 | 55 |
| Insurance Claim Recoveries | | 46 | 87 |
| Rebates Received | | 67 | 176 |
| Recycling Income (non domestic) | | 113 | - |
| Other | | 43 | 82 |
| <u>TOTAL OTHER REVENUE</u> | | <u>540</u> | <u>836</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2014 Operating | 2013 Operating | 2014 Capital | 2013 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (e) Grants | | | | |
| General Purpose (Untied) | | | | |
| Financial Assistance - General Component | 1,240 | 2,352 | - | - |
| Financial Assistance - Local Roads Component | 976 | 1,855 | - | - |
| Pensioners' Rates Subsidies - General Component | 98 | 96 | - | - |
| Total General Purpose | 2,314 | 4,303 | - | - |
| ¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference. | | | | |
| Specific Purpose | | | | |
| Pensioners' Rates Subsidies: | | | | |
| - Water | 13 | 13 | - | - |
| - Sewerage | 26 | 28 | - | - |
| - Domestic Waste Management | 40 | 40 | - | - |
| Sewerage Services | - | - | 3,329 | 749 |
| Administration | 4 | 13 | - | - |
| Community Services | 711 | 713 | - | - |
| Economic Affairs | 6 | 7 | - | - |
| Environment | 1,529 | 1,210 | 56 | - |
| Recreation & Culture | 71 | 51 | - | 93 |
| Street Lighting | 38 | 38 | - | - |
| Transport & Communication | 89 | 230 | 234 | 971 |
| - Roads to Recovery | 965 | 1,179 | - | - |
| Housing & Community Amenities | 35 | - | - | - |
| Total Specific Purpose | 3,527 | 3,522 | 3,619 | 1,813 |
| Total Grants | 5,841 | 7,825 | 3,619 | 1,813 |
| Grant Revenue is attributable to: | | | | |
| - Commonwealth Funding | 3,519 | 5,522 | - | - |
| - State Funding | 2,322 | 2,303 | 3,619 | 1,813 |
| | 5,841 | 7,825 | 3,619 | 1,813 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2014 Operating | 2013 Operating | 2014 Capital | 2013 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (f) Contributions | | | | |
| Developer Contributions: (s93 & s94 - EP&A Act, s64 of the LGA): | | | | |
| S 94 - Contributions towards amenities/services | 52 | 36 | - | - |
| Total Developer Contributions | 52 | 36 | - | - |
| Other Contributions: | | | | |
| Administration | 9 | 15 | - | - |
| Community Services | 131 | 100 | 75 | - |
| Economic Affairs | 8 | 24 | - | - |
| Environment | 55 | 45 | - | 183 |
| Governance | 112 | 144 | - | - |
| Health | 66 | 55 | - | - |
| Housing & Community Amenities | 4 | 1 | - | - |
| LIRS Subsidy | 97 | - | - | - |
| Public Order & Safety | - | 277 | 256 | 184 |
| Recreation & Culture | 11 | 12 | - | - |
| Sewerage (excl. Section 64 contributions) | - | - | 73 | 78 |
| Transport & Communication | 474 | 102 | 2,415 | 671 |
| - Regional Roads Block Grant | 1,465 | 1,360 | - | - |
| Water Supplies (excl. Section 64 contributions) | - | - | 35 | 14 |
| Total Other Contributions | 2,432 | 2,135 | 2,854 | 1,130 |
| Total Contributions | 2,484 | 2,171 | 2,854 | 1,130 |
| TOTAL GRANTS & CONTRIBUTIONS | 8,325 | 9,996 | 6,473 | 2,943 |

| \$ '000 | Actual 2014 | Actual 2013 |
|---------|----------------|----------------|
|---------|----------------|----------------|

(g) Restrictions relating to Grants and Contributions

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

| | | |
|---|----------------|----------------|
| Unexpended at the Close of the Previous Reporting Period | 5,069 | 7,469 |
| add: Grants & contributions recognised in the current period but not yet spent: | 1,104 | 3,551 |
| less: Grants & contributions recognised in a previous reporting period now spent: | (2,994) | (5,951) |
| Net Increase (Decrease) in Restricted Assets during the Period | (1,890) | (2,400) |
| Unexpended and held as Restricted Assets | 3,179 | 5,069 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 1,216 | 3,135 |
| - Developer Contributions | 720 | 653 |
| - Other Contributions | 1,243 | 1,281 |
| | 3,179 | 5,069 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|----------------|----------------|
| (a) Employee Benefits & On-Costs | | | |
| Salaries and Wages | | 8,807 | 8,515 |
| Travelling | | 482 | 486 |
| Employee Leave Entitlements (ELE) | | 1,088 | 1,134 |
| Superannuation | | 1,127 | 1,154 |
| Workers' Compensation Insurance | | 726 | 729 |
| Fringe Benefit Tax (FBT) | | 86 | 65 |
| Training Costs (other than Salaries & Wages) | | 188 | 149 |
| Protective Clothing | | 52 | 53 |
| Pre Employment Medicals | | - | 1 |
| Other | | 99 | 92 |
| Total Employee Costs | | 12,655 | 12,378 |
| less: Capitalised Costs | | (851) | (726) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 11,804 | 11,652 |
| Number of "Equivalent Full Time" Employees at year end | | 170 | 173 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Loans | | 180 | 121 |
| Interest on Advances | | 1 | 1 |
| Total Interest Bearing Liability Costs Expensed | | 181 | 122 |
| (ii) Other Borrowing Costs | | | |
| Discount adjustments relating to movements in Provisions (other than ELE) | | | |
| - Remediation Liabilities | 26 | 67 | 65 |
| Total Other Borrowing Costs | | 67 | 65 |
| TOTAL BORROWING COSTS EXPENSED | | 248 | 187 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|---------------------|---------------------|
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 3,188 | 2,948 |
| Contractor & Consultancy Costs | | | |
| - Consultancy Costs | | 105 | 23 |
| - Caretaker Fees | | 67 | 61 |
| - Cleaning | | 96 | 106 |
| - Internal Auditor | | 3 | 2 |
| - Licence Agreements | | 194 | 115 |
| - Service Contracts | | 927 | 1,352 |
| - Valuation Fees | | 81 | 71 |
| Auditors Remuneration ⁽¹⁾ | | 37 | 35 |
| Legal Expenses: | | | |
| - Legal Expenses: Planning & Development | | 10 | 3 |
| - Legal Expenses: Other | | 26 | 90 |
| Operating Leases: | | | |
| - Operating Lease Rentals: Minimum Lease Payments ⁽²⁾ | | 5 | 5 |
| <u>TOTAL MATERIALS & CONTRACTS</u> | | <u>4,739</u> | <u>4,811</u> |
| 1. Auditor Remuneration | | | |
| During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities): | | | |
| (i) Audit and Other Assurance Services | | | |
| - Audit & review of financial statements: Council's Auditor | | 37 | 35 |
| Remuneration for audit and other assurance services | | <u>37</u> | <u>35</u> |
| Total Auditor Remuneration | | <u>37</u> | <u>35</u> |
| 2. Operating Lease Payments are attributable to: | | | |
| Computers | | 4 | 4 |
| Other | | 1 | 1 |
| | | <u>5</u> | <u>5</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Impairment Costs | | Depreciation/Amortisation | |
|--|--------|------------------|----------------|---------------------------|----------------|
| | | Actual 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| Plant and Equipment | | - | - | 2,398 | 2,399 |
| Office Equipment | | - | 20 | 241 | 230 |
| Furniture & Fittings | | - | - | 40 | 34 |
| Land Improvements (depreciable) | | - | - | 130 | 139 |
| Buildings - Non Specialised | | - | - | 42 | 6 |
| Buildings - Specialised | | - | - | 660 | 725 |
| Other Structures | | - | - | 249 | 277 |
| Infrastructure: | | | | | |
| - Roads | | - | - | 3,992 | 4,293 |
| - Bridges | | - | - | 367 | - |
| - Footpaths | | - | - | 56 | - |
| - Stormwater Drainage | | - | - | 95 | 94 |
| - Water Supply Network | | - | - | 404 | 447 |
| - Sewerage Network | | - | - | 549 | 530 |
| - Swimming Pools | | - | - | 55 | - |
| Asset Reinstatement Costs | 9 & 26 | - | - | 52 | 52 |
| Intangible Assets | 25 | - | - | 51 | 19 |
| Total Depreciation & Impairment Costs | | - | 20 | 9,381 | 9,245 |
| less: Impairments (to)/from ARR [Equity] | 9a | - | - | - | - |
| <u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u> | | - | 20 | 9,381 | 9,245 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|---------------------|---------------------|
| (e) Other Expenses | | | |
| Other Expenses for the year include the following: | | | |
| Advertising | | 88 | 140 |
| Bad & Doubtful Debts | | 15 | 15 |
| Commissions Paid | | 125 | 116 |
| Contributions/Levies to Other Levels of Government | | 1,605 | 1,389 |
| - NSW Fire Brigade Levy | | 35 | 34 |
| - NSW Rural Fire Service Levy | | 235 | 205 |
| Councillor Expenses - Mayoral Fee | | 24 | 21 |
| Councillor Expenses - Councillors' Fees | | 119 | 117 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) | | 50 | 74 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | 17 | 17 |
| Election Expenses | | - | 72 |
| Electricity & Heating | | 708 | 630 |
| External Hire | | 1,054 | 1,744 |
| Insurance | | 580 | 612 |
| Pensioner Rates Write Off | | 143 | 142 |
| Postage | | 35 | 33 |
| Printing & Stationery | | 132 | 141 |
| Registrations | | 142 | 126 |
| Rent Expense | | 18 | 8 |
| Section 611 Charges | | - | 35 |
| Service Subsidy Expense | | 17 | 13 |
| Street Lighting | | 126 | 142 |
| Subscriptions & Publications | | 55 | 75 |
| Telephone & Communications | | 149 | 122 |
| Volunteer Expenses | | 33 | 42 |
| Rates Expense | | 243 | - |
| Water / Sewer Sampling | | 42 | 21 |
| Other | | 323 | 302 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>6,113</u> | <u>6,388</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|-------------------|------------------|
| Plant & Equipment | | | |
| Proceeds from Disposal - Plant & Equipment | | 784 | 619 |
| less: Carrying Amount of P&E Assets Sold / Written Off | | (358) | (545) |
| Net Gain/(Loss) on Disposal | | 426 | 74 |
| Real Estate Assets Held For Sale | | | |
| Proceeds from Disposal - Real Estate Assets | | 38 | - |
| less: Carrying Amount of Real Estate Assets Sold / Written Off | | (3) | - |
| Net Gain/(Loss) on Disposal | | 35 | - |
| Financial Assets* | | | |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets | | 18,569 | 301 |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured | | (18,569) | (301) |
| Net Gain/(Loss) on Disposal | | - | - |
| <u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u> | | <u>461</u> | <u>74</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

| \$ '000 | Notes | 2014 Actual Current | 2014 Actual Non Current | 2013 Actual Current | 2013 Actual Non Current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank | | 563 | - | 208 | - |
| Cash-Equivalent Assets ¹ | | | | | |
| - Deposits at Call | | 4,906 | - | 1,922 | - |
| - Short Term Deposits | | 4,500 | - | 19,250 | - |
| Total Cash & Cash Equivalents | | 9,969 | - | 21,380 | - |
| Investments (Note 6b) | | | | | |
| - Long Term Deposits | | 29,500 | - | 18,500 | - |
| - CDO's | | 100 | - | 92 | - |
| Total Investments | | 29,600 | - | 18,592 | - |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 39,569 | - | 39,972 | - |

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

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

| | | | | | |
|---|--|--------------|----------|---------------|----------|
| a. "At Fair Value through the Profit & Loss" | | 9,969 | - | 21,380 | - |
|---|--|--------------|----------|---------------|----------|

Investments

| | | | | | |
|---|----------|---------------|----------|---------------|----------|
| a. "At Fair Value through the Profit & Loss" | | | | | |
| - "Held for Trading" | 6(b-i) | 100 | - | 92 | - |
| - "Designated at Fair Value on Initial Recognition" | 6(b-i) | - | - | - | - |
| b. "Held to Maturity" | 6(b-ii) | - | - | - | - |
| c. "Loans & Receivables" | 6(b-iii) | 29,500 | - | 18,500 | - |
| d. "Available for Sale" | 6(b-iv) | - | - | - | - |
| Investments | | 29,600 | - | 18,592 | - |

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6b. Investments (continued)

| \$ '000 | 2014 Actual Current | 2014 Actual Non Current | 2013 Actual Current | 2013 Actual Non Current |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Note 6(b-i) | | | | |
| Reconciliation of Investments classified as "At Fair Value through the Profit & Loss" | | | | |
| Balance at the Beginning of the Year | 92 | - | 330 | - |
| Revaluations (through the Income Statement) | 77 | - | 63 | - |
| Disposals (sales & redemptions) | (69) | - | (301) | - |
| Balance at End of Year | 100 | - | 92 | - |
| Comprising: | | | | |
| - CDO's | 100 | - | 92 | - |
| Total | 100 | - | 92 | - |
| | | | | |
| Note 6(b-ii) | | | | |
| Reconciliation of Investments classified as "Held to Maturity" | | | | |
| Nil | | | | |
| | | | | |
| Note 6(b-iii) | | | | |
| Reconciliation of Investments classified as "Loans & Receivables" | | | | |
| Balance at the Beginning of the Year | 18,500 | - | 10,000 | - |
| Additions | 29,500 | - | 8,500 | - |
| Disposals (sales & redemptions) | (18,500) | - | - | - |
| Balance at End of Year | 29,500 | - | 18,500 | - |
| Comprising: | | | | |
| - Long Term Deposits | 29,500 | - | 18,500 | - |
| Total | 29,500 | - | 18,500 | - |
| | | | | |
| Note 6(b-iv) | | | | |
| Reconciliation of Investments classified as "Available for Sale" | | | | |
| Nil | | | | |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

| \$ '000 | 2014 | 2014 | 2013 | 2013 |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Total Cash, Cash Equivalents and Investments | 39,569 | - | 39,972 | - |
| attributable to: | | | | |
| External Restrictions (refer below) | 9,368 | - | 13,238 | - |
| Internal Restrictions (refer below) | 25,735 | - | 24,631 | - |
| Unrestricted | 4,466 | - | 2,103 | - |
| | 39,569 | - | 39,972 | - |

| 2014 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

Details of Restrictions

External Restrictions - Included in Liabilities

| | | | | |
|--|-----------|----------|-------------|----------|
| Specific Purpose Unexpended Loans-General (A) | 25 | - | (25) | - |
| External Restrictions - Included in Liabilities | 25 | - | (25) | - |

External Restrictions - Other

| | | | | |
|---|---------------|--------------|----------------|--------------|
| Developer Contributions - General (D) | 653 | 68 | (1) | 720 |
| RMS (formerly RTA) Contributions (E) | 1,281 | 1,480 | (1,518) | 1,243 |
| Specific Purpose Unexpended Grants (F) | 3,135 | 288 | (4,638) | 1,205 |
| Specific Purpose Unexpended Grants-Sewer Fund (F) | - | 11 | - | 11 |
| Water Supplies (G) | 3,301 | 215 | (531) | 3,093 |
| Sewerage Services (G) | 4,096 | 249 | (2,094) | 2,251 |
| Domestic Waste Management (G) | 747 | 98 | - | 845 |
| External Restrictions - Other | 13,213 | 2,409 | (8,782) | 9,368 |
| Total External Restrictions | 13,238 | 2,409 | (8,807) | 9,368 |

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

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

E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

| 2014 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|------------------------------------|--------------------|------------------------------|--------------------------------|--------------------|
| Internal Restrictions | | | | |
| Plant & Vehicle Replacement | 2,662 | 5,010 | (4,674) | 2,998 |
| Infrastructure Replacement | 1,493 | - | (15) | 1,478 |
| Employees Leave Entitlement | 1,778 | 287 | (102) | 1,963 |
| Capital Works | 9,211 | 3,391 | (3,405) | 9,197 |
| Community Services | 46 | - | (41) | 5 |
| Environment | 672 | - | (192) | 480 |
| Housing | 157 | - | - | 157 |
| Land Development | 296 | 58 | (99) | 255 |
| Limestone Quarry | 1,510 | 107 | - | 1,617 |
| Office Equipment | 1,739 | 242 | (232) | 1,749 |
| Recreation & Culture | 187 | 3 | (7) | 183 |
| Roadworks | 1,124 | 1,464 | (111) | 2,477 |
| Sewerage | 15 | - | - | 15 |
| Waste Management | 746 | 1,428 | (746) | 1,428 |
| Cadia Contributions | 546 | 1,000 | (27) | 1,519 |
| Other | 2,449 | - | (2,235) | 214 |
| Total Internal Restrictions | 24,631 | 12,990 | (11,886) | 25,735 |
| TOTAL RESTRICTIONS | 37,869 | 15,399 | (20,693) | 35,103 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

| \$ '000 | Notes | 2014 | | 2013 | |
|---|-------|---------------------|-------------------|---------------------|-------------------|
| | | Current | Non Current | Current | Non Current |
| Purpose | | | | | |
| Rates & Annual Charges | | 536 | 166 | 1,675 | 175 |
| Interest & Extra Charges | | 36 | 103 | 142 | - |
| User Charges & Fees | | 1,351 | 92 | 315 | 25 |
| Accrued Revenues | | | | | |
| - Interest on Investments | | 338 | - | 166 | - |
| - Other Income Accruals | | 1,346 | - | 1,136 | - |
| Government Grants & Subsidies | | 347 | - | 471 | - |
| Deferred Debtors | | 12 | 521 | 17 | 726 |
| Loans to Non Profit Organisations | | 100 | - | 100 | - |
| Amounts due from Other Councils | | 80 | - | 158 | - |
| NSW Rural Fire Service | | 281 | - | 317 | - |
| Other Debtors | | 260 | - | 438 | - |
| Total | | 4,687 | 882 | 4,935 | 926 |
| less: Provision for Impairment | | | | | |
| Rates & Annual Charges | | - | (172) | - | (172) |
| User Charges & Fees | | (370) | (16) | (380) | (18) |
| Total Provision for Impairment - Receivables | | (370) | (188) | (380) | (190) |
| <u>TOTAL NET RECEIVABLES</u> | | <u>4,317</u> | <u>694</u> | <u>4,555</u> | <u>736</u> |
| Externally Restricted Receivables | | | | | |
| Water Supply | | | | | |
| - Specific Purpose Grants | | - | - | 1 | - |
| - Rates & Availability Charges | | 13 | - | 181 | 8 |
| - Other | | 585 | - | 355 | 17 |
| Sewerage Services | | | | | |
| - Specific Purpose Grants | | 341 | - | 341 | - |
| - Rates & Availability Charges | | 25 | - | 810 | - |
| - Other | | 978 | - | 637 | 89 |
| Total External Restrictions | | 1,942 | - | 2,325 | 114 |
| Internally Restricted Receivables | | | | | |
| Nil | | | | | |
| Unrestricted Receivables | | 2,375 | 694 | 2,230 | 622 |
| TOTAL NET RECEIVABLES | | 4,317 | 694 | 4,555 | 736 |

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

| \$ '000 | Notes | 2014 | | 2013 | |
|---|-------|--------------|-------------|--------------|-------------|
| | | Current | Non Current | Current | Non Current |
| Inventories | | | | | |
| Real Estate for resale (refer below) | | 785 | 410 | 915 | 162 |
| Stores & Materials | | 473 | - | 337 | - |
| Total Inventories | | 1,258 | 410 | 1,252 | 162 |
| Other Assets | | | | | |
| Prepayments | | 12 | - | 15 | - |
| Shares in Unlisted Companies - StateCover | | - | 282 | - | 281 |
| Total Other Assets | | 12 | 282 | 15 | 281 |
| TOTAL INVENTORIES / OTHER ASSETS | | 1,270 | 692 | 1,267 | 443 |

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures**(a) Details for Real Estate Development**

| | | | | |
|-------------------------------------|------------|------------|------------|------------|
| Residential | - | - | 794 | 107 |
| Industrial/Commercial | 702 | 195 | 121 | 55 |
| Other Properties | 83 | 215 | - | - |
| Total Real Estate for Resale | 785 | 410 | 915 | 162 |

(Valued at the lower of cost and net realisable value)

Represented by:

| | | | | |
|-------------------------------------|------------|------------|------------|------------|
| Acquisition Costs | - | - | 413 | 118 |
| Development Costs | 355 | 366 | 502 | 44 |
| Borrowing Costs | 430 | 44 | - | - |
| Total Costs | 785 | 410 | 915 | 162 |
| Total Real Estate for Resale | 785 | 410 | 915 | 162 |

Movements:

| | | | | |
|---|------------|------------|------------|------------|
| Real Estate assets at beginning of the year | 915 | 162 | 847 | 162 |
| - Purchases and other costs | 19 | - | 68 | - |
| - Transfers in from (out to) Note 9 | 122 | - | - | - |
| - WDV of Sales (exp) | (3) | - | - | - |
| - Transfer between Current/Non Current | (248) | 248 | - | - |
| - Other | (20) | - | - | - |
| Total Real Estate for Resale | 785 | 410 | 915 | 162 |

(b) Current Assets not anticipated to be settled within the next 12 months

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

| | | |
|------------------------|------------|------------|
| Real Estate for Resale | 2014 | 2013 |
| | 900 | 900 |
| | 900 | 900 |

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2013 | | | | | Asset Movements during the Reporting Period | | | | | | as at 30/6/2014 | | | | |
|--|-----------------|----------------|----------------|------------|----------------|---|------------------------|----------------------|-------------------------|--|--|-----------------|----------------|----------------|------------|----------------|
| | At | At | Accumulated | | Carrying | Asset Additions | WDV of Asset Disposals | Depreciation Expense | Adjustments & Transfers | Tfrs from/(to) Real Estate Assets (Note 8) | Revaluation Increments to Equity (ARR) | At | At | Accumulated | | Carrying |
| | Cost | Fair Value | Dep'n | Impairment | Value | | | | | | | Cost | Fair Value | Dep'n | Impairment | Value |
| Capital Work in Progress | 1,681 | - | - | - | 1,681 | 5,690 | - | - | - | - | - | 7,372 | - | - | - | 7,372 |
| Plant & Equipment | - | 38,769 | 24,120 | - | 14,649 | 2,705 | (344) | (2,398) | - | - | - | - | 39,241 | 24,629 | - | 14,612 |
| Office Equipment | - | 2,674 | 2,092 | - | 582 | 231 | (14) | (241) | - | - | - | - | 2,269 | 1,711 | - | 558 |
| Furniture & Fittings | - | 797 | 547 | - | 250 | 43 | - | (40) | - | - | - | - | 840 | 587 | - | 253 |
| Land: | | | | | | | | | | | | | | | | |
| - Operational Land | - | 5,084 | - | - | 5,084 | 212 | - | - | - | (122) | 2,099 | - | 7,273 | - | - | 7,273 |
| - Community Land | - | 10,447 | - | - | 10,447 | 4 | - | - | - | - | - | - | 10,451 | - | - | 10,451 |
| Land Improvements - non depreciable | - | 1,071 | - | - | 1,071 | - | - | - | - | - | - | - | 1,071 | - | - | 1,071 |
| Land Improvements - depreciable | - | 4,043 | 2,127 | - | 1,916 | 447 | - | (130) | - | - | - | - | 4,490 | 2,257 | - | 2,233 |
| Buildings - Non Specialised | - | 340 | 45 | - | 295 | - | - | (42) | 1,088 | - | 486 | - | 4,282 | 2,455 | - | 1,827 |
| Buildings - Specialised | - | 39,918 | 19,822 | - | 20,096 | 482 | - | (660) | (1,254) | - | 10,320 | - | 57,488 | 28,504 | - | 28,984 |
| Other Structures | - | 11,019 | 5,268 | - | 5,751 | 355 | - | (249) | (918) | - | - | - | 8,902 | 3,963 | - | 4,939 |
| Infrastructure: | | | | | | | | | | | | | | | | |
| - Roads | - | 259,433 | 98,582 | - | 160,851 | 2,760 | - | (3,992) | (43,313) | - | - | - | 204,713 | 88,407 | - | 116,306 |
| - Bridges | - | - | - | - | - | 1,771 | - | (367) | 39,725 | - | - | - | 54,411 | 13,282 | - | 41,129 |
| - Footpaths | - | - | - | - | - | 272 | - | (56) | 3,588 | - | - | - | 5,112 | 1,308 | - | 3,804 |
| - Bulk Earthworks (non-depreciable) | - | 165,715 | - | - | 165,715 | 720 | - | - | - | - | - | - | 166,435 | - | - | 166,435 |
| - Stormwater Drainage | - | 7,222 | 2,292 | - | 4,930 | 66 | - | (95) | - | - | - | - | 7,289 | 2,388 | - | 4,901 |
| - Water Supply Network | - | 41,715 | 19,395 | - | 22,320 | 531 | - | (404) | - | - | 628 | - | 43,429 | 20,354 | - | 23,075 |
| - Sewerage Network | - | 36,493 | 8,745 | - | 27,748 | 223 | - | (549) | - | - | 768 | - | 37,744 | 9,554 | - | 28,190 |
| - Swimming Pools | - | - | - | - | - | 1,431 | - | (55) | 1,083 | - | - | - | 4,192 | 1,733 | - | 2,459 |
| Reinstatement, Rehabilitation & Restoration Assets (refer Note 26): | | | | | | | | | | | | | | | | |
| - Tip Assets | - | 288 | 278 | - | 10 | - | - | (1) | - | - | - | - | 288 | 279 | - | 9 |
| - Quarry Assets | - | 656 | 447 | - | 209 | - | - | (51) | - | - | - | - | 657 | 498 | - | 159 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 1,681 | 625,684 | 183,760 | - | 443,605 | 17,943 | (358) | (9,330) | (1) | (122) | 14,301 | 7,372 | 660,577 | 201,909 | - | 466,040 |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$1,102K) and New Assets (\$6,825K). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

| \$ '000 | Actual | | | | Actual | | | |
|------------------------------------|---------|----------------|-------------------|----------------|--------------|---------------|-------------------|----------------|
| | 2014 | | | | 2013 | | | |
| Class of Asset | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value | At Cost | At Fair Value | A/Dep & Impairm't | Carrying Value |
| Water Supply | | | | | | | | |
| Plant & Equipment | - | 3,248 | 2,382 | 866 | - | 3,248 | 2,316 | 932 |
| Land | | | | | | | | |
| - Operational Land | - | 767 | - | 767 | - | 190 | - | 190 |
| - Community Land | - | 268 | - | 268 | - | 268 | - | 268 |
| - Improvements - depreciable | - | 28 | 5 | 23 | - | 28 | 4 | 24 |
| Buildings | - | 117 | 19 | 98 | - | - | - | - |
| Other Structures | - | 239 | 66 | 173 | - | 239 | 61 | 178 |
| Infrastructure | - | 42,950 | 20,068 | 22,882 | - | 41,250 | 19,124 | 22,126 |
| Total Water Supply | - | 47,617 | 22,540 | 25,077 | - | 45,223 | 21,505 | 23,718 |
| Sewerage Services | | | | | | | | |
| WIP | - | 7,372 | - | 7,372 | 1,681 | - | - | 1,681 |
| Plant & Equipment | | 5,991 | 3,936 | 2,055 | - | 5,981 | 3,757 | 2,224 |
| Land | | | | | | | | |
| - Operational Land | - | 755 | - | 755 | - | 254 | - | 254 |
| - Community Land | - | 67 | - | 67 | - | 64 | - | 64 |
| - Improvements non-depreciable | - | 999 | - | 999 | - | 999 | - | 999 |
| - Improvements - depreciable | - | 977 | 685 | 292 | - | 977 | 637 | 340 |
| Buildings | - | 463 | 128 | 335 | - | 200 | 29 | 171 |
| Other Structures | - | 15 | 2 | 13 | - | 15 | 2 | 13 |
| Infrastructure | - | 37,744 | 9,554 | 28,190 | - | 36,494 | 8,744 | 27,750 |
| Total Sewerage Services | - | 54,383 | 14,305 | 40,078 | 1,681 | 44,984 | 13,169 | 33,496 |
| Domestic Waste Management | | | | | | | | |
| Plant & Equipment | - | 183 | 124 | 59 | - | 301 | 177 | 124 |
| Office Equipment | - | 52 | 10 | 42 | - | 46 | 1 | 45 |
| Land | | | | | | | | |
| - Operational Land | - | 203 | - | 203 | - | 95 | - | 95 |
| - Community Land | - | 435 | - | 435 | - | 435 | - | 435 |
| - Improvements - depreciable | - | 322 | 69 | 253 | - | 240 | 57 | 183 |
| Buildings | - | - | - | - | - | 7 | - | 7 |
| Other Structures | - | 484 | 181 | 303 | - | - | - | - |
| Other Assets | - | - | - | - | - | 455 | 161 | 294 |
| Total DWM | - | 1,679 | 384 | 1,295 | - | 1,579 | 396 | 1,183 |
| TOTAL RESTRICTED I,PP&E | - | 103,679 | 37,229 | 66,450 | 1,681 | 91,786 | 35,070 | 58,397 |

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|---------|----------------|----------------|
| (i) Impairment Losses recognised in the Income Statement: | | | |
| Other Assets impaired at 30/06/2011 | | - | (20) |
| Total Impairment Losses | | - | (20) |
| <u>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</u> | 4(d) | <u>-</u> | <u>(20)</u> |
| (ii) Impairment Losses recognised direct to Equity (ARR): | | | |
| Moorbel Rural Fire Shed destroyed by fire. | | (48) | - |
| Total Impairment Losses | | (48) | - |
| <u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u> | 20 (ii) | <u>(48)</u> | <u>-</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

| \$ '000 | Notes | 2014 | | 2013 | |
|---|-------|--------------|--------------|--------------|--------------|
| | | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services - operating expenditure | | 1,317 | - | 1,097 | - |
| Payments Received In Advance | | 202 | - | 248 | - |
| Accrued Expenses: | | | | | |
| - Borrowings | | 7 | - | 8 | - |
| - Salaries & Wages | | 261 | - | 231 | - |
| - Other Expenditure Accruals | | 443 | - | 312 | - |
| Security Bonds, Deposits & Retentions | | 577 | 26 | 316 | 14 |
| ATO - Net GST Payable | | 95 | - | 25 | - |
| Other | | 49 | - | 19 | - |
| Total Payables | | 2,951 | 26 | 2,256 | 14 |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 177 | 2,707 | 167 | 2,884 |
| Government Advances | | 3 | 5 | 3 | 8 |
| Total Borrowings | | 180 | 2,712 | 170 | 2,892 |
| Provisions | | | | | |
| Employee Benefits; | | | | | |
| Annual Leave | | 994 | - | 1,076 | - |
| Long Service Leave | | 2,362 | - | 2,520 | - |
| Sub Total - Aggregate Employee Benefits | | 3,356 | - | 3,596 | - |
| Asset Remediation/Restoration (Future Works) ²⁶ | | - | 1,529 | - | 1,462 |
| Other | | 49 | - | - | - |
| Total Provisions | | 3,405 | 1,529 | 3,596 | 1,462 |
| Total Payables, Borrowings & Provisions | | 6,536 | 4,267 | 6,022 | 4,368 |
| (i) Liabilities relating to Restricted Assets | | | | | |
| | | 2014 | | 2013 | |
| | | Current | Non Current | Current | Non Current |
| Externally Restricted Assets | | | | | |
| Water | | 84 | - | 137 | - |
| Sewer | | 422 | 2,707 | 536 | 2,884 |
| Liabilities relating to externally restricted assets | | 506 | 2,707 | 673 | 2,884 |
| Internally Restricted Assets | | | | | |
| Nil | | | | | |
| Total Liabilities relating to restricted assets | | 506 | 2,707 | 673 | 2,884 |
| Total Liabilities relating to Unrestricted Assets | | 6,030 | 1,560 | 5,349 | 1,484 |
| TOTAL PAYABLES, BORROWINGS & PROVISIONS | | 6,536 | 4,267 | 6,022 | 4,368 |

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions (continued)

| \$ '000 | Actual 2014 | Actual 2013 |
|---------|----------------|----------------|
|---------|----------------|----------------|

(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

| | | |
|---------------------------------|--------------|--------------|
| Provisions - Employees Benefits | 2,362 | 2,520 |
| | <u>2,362</u> | <u>2,520</u> |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2013 | | 2014 | | | Closing Balance as at 30/6/14 |
|--------------------|------------------------------|-----------------------|--------------------------|--|-------------------------|-------------------------------|
| | Opening Balance as at 1/7/13 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | |
| Annual Leave | 1,076 | 497 | (740) | 161 | - | 994 |
| Long Service Leave | 2,520 | 28 | (379) | 193 | - | 2,362 |
| Asset Remediation | 1,462 | 67 | - | - | - | 1,529 |
| Other | - | 49 | - | - | - | 49 |
| TOTAL | 5,058 | 641 | (1,119) | 354 | - | 4,934 |

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|---|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 9,969 | 21,380 |
| Less Bank Overdraft | 10 | - | - |
| BALANCE as per the STATEMENT of CASH FLOWS | | 9,969 | 21,380 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 7,287 | 5,341 |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 9,381 | 9,245 |
| Net Losses/(Gains) on Disposal of Assets | | (461) | (74) |
| Non Cash Capital Grants and Contributions | | (256) | (184) |
| Impairment Losses Recognition - I,PP&E | | - | 20 |
| Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: | | | |
| - Investments classified as "At Fair Value" or "Held for Trading" | | (77) | (63) |
| Unwinding of Discount Rates on Reinstatement Provisions | | 67 | 65 |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | 82 | 183 |
| Increase/(Decrease) in Provision for Doubtful Debts | | (12) | 14 |
| Decrease/(Increase) in Inventories | | (136) | 9 |
| Decrease/(Increase) in Other Assets | | 2 | (33) |
| Increase/(Decrease) in Payables | | 220 | (733) |
| Increase/(Decrease) in accrued Interest Payable | | (1) | 4 |
| Increase/(Decrease) in other accrued Expenses Payable | | 161 | 98 |
| Increase/(Decrease) in Other Liabilities | | 327 | (80) |
| Increase/(Decrease) in Employee Leave Entitlements | | (240) | (832) |
| Increase/(Decrease) in Other Provisions | | 49 | - |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 16,393 | 12,980 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information (continued)

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|----------------|----------------|
| (c) Non-Cash Investing & Financing Activities | | | |
| Bushfire Grants | | 256 | 184 |
| Total Non-Cash Investing & Financing Activities | | 256 | 184 |
| (d) Financing Arrangements | | | |
| (i) Unrestricted access was available at balance date to the following lines of credit: | | | |
| Bank Overdraft Facilities ⁽¹⁾ | | 450 | 450 |
| Credit Cards / Purchase Cards | | 25 | 25 |
| Total Financing Arrangements | | 475 | 475 |
| Amounts utilised as at Balance Date: | | | |
| - Credit Cards / Purchase Cards | | 4 | 3 |
| Total Financing Arrangements Utilised | | 4 | 3 |

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|-------|----------------|----------------|
| (a) Capital Commitments (exclusive of GST) | | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Property, Plant & Equipment | | | |
| Buildings | | 10 | 15 |
| Plant & Equipment | | 570 | 71 |
| Sewer | | 17 | 2,704 |
| Water | | 303 | 49 |
| Roads Bridges & Footpaths | | 166 | 715 |
| Other Structures | | - | 962 |
| Land Improvements | | 45 | - |
| Investment Property | | | |
| - Land | | - | 18 |
| Total Commitments | | 1,111 | 4,534 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 1,111 | 4,534 |
| Total Payable | | 1,111 | 4,534 |
| Sources for Funding of Capital Commitments: | | | |
| Unrestricted General Funds | | 100 | 1,662 |
| Externally Restricted Reserves | | 320 | - |
| Internally Restricted Reserves | | 691 | 1,829 |
| Unexpended Loans | | - | 1,043 |
| Total Sources of Funding | | 1,111 | 4,534 |

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

| | | | |
|--|--|----------|----------|
| Within the next year | | - | 2 |
| Total Non Cancellable Operating Lease Commitments | | - | 2 |

b. Non Cancellable Operating Leases include the following assets:

Photocopier for Family Day Care

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.

- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

| \$ '000 | Amounts 2014 | Indicator 2014 | Prior Periods 2013 2012 | |
|--|-----------------|-------------------|-------------------------------|--------|
| Local Government Industry Indicators - Consolidated | | | | |
| 1. Operating Performance Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | <u>276</u> | 0.85% | 6.54% | 6.74% |
| Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions) | 32,561 | | | |
| 2. Own Source Operating Revenue Ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | |
| <u>(less ALL Grants & Contributions)</u> | <u>24,236</u> | 62.09% | 65.50% | 65.55% |
| Total continuing operating revenue ⁽¹⁾ | 39,034 | | | |
| 3. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽²⁾ | <u>32,946</u> | 8.98 : 1 | 10.37 | 7.25 |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | <u>3,668</u> | | | |
| 4. Debt Service Cover Ratio | | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA) | <u>9,905</u> | 23.70 | 44.71 | 60.36 |
| Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement) | <u>418</u> | | | |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual and Extra Charges Outstanding | <u>669</u> | 4.81% | 14.50% | 5.18% |
| Rates, Annual and Extra Charges Collectible | <u>13,911</u> | | | |
| 6. Cash Expense Cover Ratio | | | | |
| Current Year's Cash and Cash Equivalents including All Term Deposits | <u>39,469</u> | 18.60 | 17.78 | 16.67 |
| Payments from cash flow of operating and financing activities | <u>2,122</u> | | | |

Notes

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

(2) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

(3) Refer to Note 10(a).

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

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2013/14 Result

2013/14 Ratio 0.85%

The 2014 Financial Assistance Grant payment timing has affected this ratio in the current year. If this timing change had not occurred the Operating Performance Ratio would have been above previous years.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

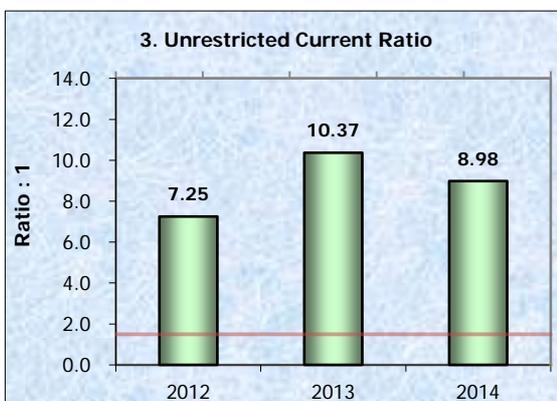
Commentary on 2013/14 Result

2013/14 Ratio 62.09%

This is a very positive result for Council, this ratio exceeds the industry benchmark of 60%. This shows Council in a strong fiscal position not being reliant on government funding.

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2013/14 Result

2013/14 Ratio 8.98 : 1

This ratio well exceeds the industry benchmark of 1.5%, showing that Council is in a strong and robust financial position able to satisfy all obligations as and when they fall due.

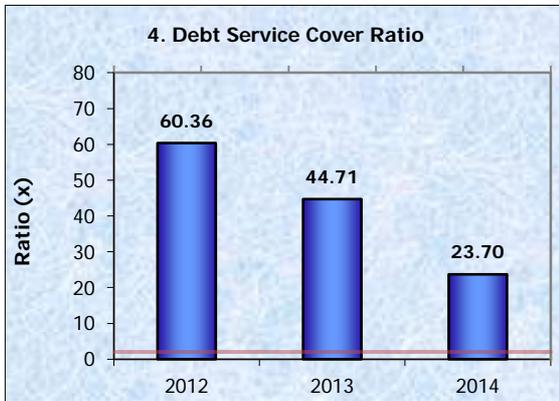
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

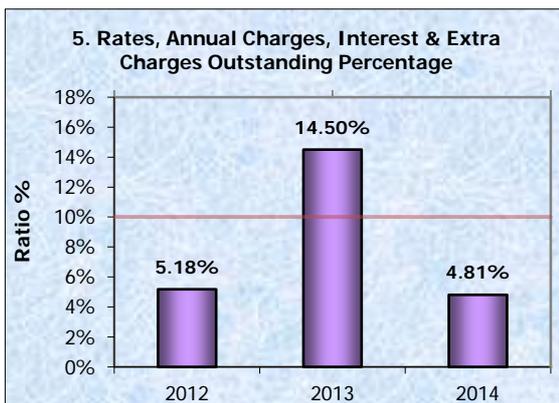
Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2013/14 Result

2013/14 Ratio 23.70

The Debt Service ratio shows that Council is well within its capacity to be able to ensure all interest and principal obligations are met, currently and well into the future.



— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

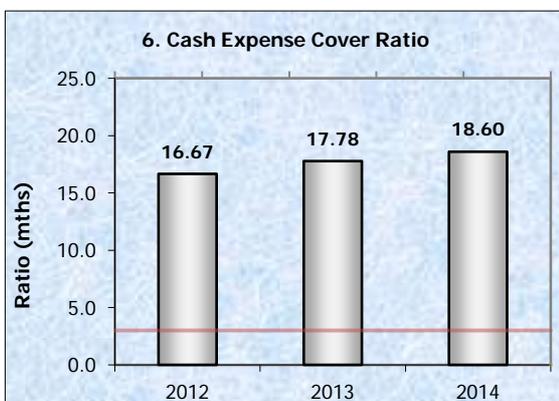
Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2013/14 Result

2013/14 Ratio 4.81%

Council's result for the 2013/2014 is a significant improvement from the previous year. Council Staff will continue to maintain its recovery efforts throughout 2014/2015. Council's result is well below the industry standard benchmark, which is a pleasing result.



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on Result

2013/14 Ratio 18.60

This ratio is well above industry standard of 3 months indicating that Council has sufficient liquidity to mitigate any unforeseen future events.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

| \$ '000 | Water 2014 | Sewer 2014 | General ⁵ 2014 |
|--|-----------------------|-----------------|------------------------------|
| Local Government Industry Indicators - by Fund | | | |
| 1. Operating Performance Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(excl. Capital Grants & Contributions) - Operating Expenses</u> | -7.33% | -19.70% | 2.19% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| (excl. Capital Grants & Contributions) | prior period: -40.66% | -24.13% | 9.46% |
| 2. Own Source Operating Revenue Ratio | | | |
| Total continuing operating revenue ⁽¹⁾ | | | |
| <u>(less ALL Grants & Contributions)</u> | 95.27% | 29.13% | 66.01% |
| Total continuing operating revenue ⁽¹⁾ | | | |
| | prior period: 97.12% | 64.66% | 64.69% |
| 3. Unrestricted Current Ratio | | | |
| <u>Current Assets less all External Restrictions ⁽²⁾</u> | 43.94 : 1 | 8.52 : 1 | 8.98 : 1 |
| Current Liabilities less Specific Purpose Liabilities ^(3, 4) | | | |
| | prior period: 28.01 | 10.98 | 10.37 |
| 4. Debt Service Cover Ratio | | | |
| Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA) | | | |
| <u>Principal Repayments (from the Statement of Cash Flows)</u> | 0.00 | 5.02 | 27.97 |
| + Borrowing Interest Costs (from the Income Statement) | | | |
| | prior period: 66.00 | 1.88 | 530.05 |
| 5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | |
| <u>Rates, Annual and Extra Charges Outstanding</u> | 4.17% | 1.89% | 5.14% |
| Rates, Annual and Extra Charges Collectible | | | |
| | prior period: 59.62% | 60.72% | 7.53% |
| 6. Cash Expense Cover Ratio | | | |
| Current Year's Cash and Cash Equivalents including All Term Deposits | | | |
| <u>Payments from cash flow of operating and financing activities</u> x12 | 0.00 | 0.00 | 16.08 |
| | prior period: 0.00 | 0.00 | 14.48 |

Notes

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

(5) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

Note 15. Financial Risk Management

Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

| | Carrying Value | | Fair Value | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 9,969 | 21,380 | 9,969 | 18,880 |
| Investments | | | | |
| - "Held for Trading" | 100 | 92 | 100 | 92 |
| - "Loans & Receivables" | 29,500 | 18,500 | 29,500 | 21,000 |
| Receivables | 5,011 | 5,291 | 5,224 | 5,292 |
| Other Financial Assets | 282 | 281 | 282 | 281 |
| Total Financial Assets | 44,862 | 45,544 | 45,075 | 45,545 |
| Financial Liabilities | | | | |
| Payables | 2,775 | 2,022 | 2,763 | 2,022 |
| Loans / Advances | 2,892 | 3,062 | 2,892 | 3,062 |
| Total Financial Liabilities | 5,667 | 5,084 | 5,655 | 5,084 |

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

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

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

| | Increase of Values/Rates | | Decrease of Values/Rates | |
|--|--------------------------|--------|--------------------------|--------|
| | Profit | Equity | Profit | Equity |
| 2014 | | | | |
| Possible impact of a 10% movement in Market Values | - | 10 | - | (10) |
| Possible impact of a 1% movement in Interest Rates | 200 | 200 | (200) | (200) |
| 2013 | | | | |
| Possible impact of a 10% movement in Market Values | | 9 | | (9) |
| Possible impact of a 1% movement in Interest Rates | 124 | 124 | (124) | (124) |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & Fees**.

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

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

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

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

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

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

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

| | 2014 Rates & Annual Charges | 2014 Other Receivables | 2013 Rates & Annual Charges | 2013 Other Receivables |
|--|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables - % | | | | |
| Current (not yet overdue) | 100% | 100% | 54% | 0% |
| Overdue | 0% | 0% | 46% | 100% |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| (ii) Ageing of Receivables - value | | | | |
| Current (not yet overdue) | 702 | 4,867 | 991 | - |
| Past due by up to 30 days | - | - | 684 | 3,260 |
| Past due between 31 and 60 days | - | - | 175 | 25 |
| Past due by more than 90 days | - | - | - | 726 |
| | <u>702</u> | <u>4,867</u> | <u>1,850</u> | <u>4,011</u> |
| (iii) Movement in Provision for Impairment of Receivables | | | 2014 | 2013 |
| Balance at the beginning of the year | | | 570 | 556 |
| + new provisions recognised during the year | | | 3 | 29 |
| - amounts already provided for & written off this year | | | (15) | (15) |
| Balance at the end of the year | | | <u>558</u> | <u>570</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

| \$ '000 | Subject to no maturity | payable in: | | | | | | Total Cash Outflows | Actual Carrying Values |
|------------------------------------|------------------------|--------------|------------|------------|------------|------------|--------------|---------------------|------------------------|
| | | ≤ 1 Year | 1-2 Yrs | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | | |
| 2014 | | | | | | | | | |
| Trade/Other Payables | 603 | 2,172 | - | - | - | - | - | 2,775 | 2,775 |
| Loans & Advances | - | 351 | 350 | 350 | 337 | 327 | 2,233 | 3,948 | 2,892 |
| Total Financial Liabilities | 603 | 2,523 | 350 | 350 | 337 | 327 | 2,233 | 6,723 | 5,667 |
| 2013 | | | | | | | | | |
| Trade/Other Payables | 330 | 1,692 | - | - | - | - | - | 2,022 | 2,022 |
| Loans & Advances | - | 351 | 351 | 351 | 350 | 337 | 2,560 | 4,300 | 3,062 |
| Total Financial Liabilities | 330 | 2,043 | 351 | 351 | 350 | 337 | 2,560 | 6,322 | 5,084 |

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

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

| | 2014 | | 2013 | |
|--|----------------|-----------------------|----------------|-----------------------|
| | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables | 2,775 | 0.0% | 2,022 | 0.0% |
| Loans & Advances - Fixed Interest Rate | 2,892 | 6.8% | 3,062 | 6.8% |
| | <u>5,667</u> | | <u>5,084</u> | |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 17th June 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

| \$ '000 | 2014 Budget | 2014 Actual | 2014 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|-------|----------|
| REVENUES | | | | | |
| Rates & Annual Charges | 12,993 | 11,989 | (1,004) | (8%) | U |
| User Charges & Fees | 6,487 | 10,124 | 3,637 | 56% | F |
| The main reason for the variation in Council's User Charges & fees is due to the Roads & Maritime Services (RMS) contribution. Council did not anticipate the addition funds that were received from the RMS until after Council's budget process had been completed. | | | | | |
| Interest & Investment Revenue | 981 | 1,660 | 679 | 69% | F |
| The reason for the large variation in Interest & Investment Revenue was due to a very conservative view by Council in regards to interest rates as a whole. With Interest rates being at all time low, Council was unaware if rates would continue to decline and therefore made the decision to very cautious and not over estimate interest revenue and be reliant on those funds. | | | | | |
| Other Revenues | 429 | 540 | 111 | 26% | F |
| Other Revenues is showing an unfavourable result due to the fact that Council has reclassified "Rental Income - Other" Council Properties" back into User Charges & Fees. This is in line with Division of Local Government guidelines. | | | | | |
| Operating Grants & Contributions | 9,463 | 8,325 | (1,138) | (12%) | U |
| Estimated Operating Grants & Contribution were not received as anticipated by Council. | | | | | |
| Capital Grants & Contributions | 9,733 | 6,473 | (3,260) | (33%) | U |
| Estimated Capital Grants & Contribution were not received as anticipated by Council | | | | | |
| Net Gains from Disposal of Assets | - | 461 | 461 | 0% | F |
| Council did not budget for its Net Gains from Disposal of Assets in 2013/2014 financial year. However, in the 2014/2015 financial year Council has applied an initial budget for this area. | | | | | |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

| \$ '000 | 2014 Budget | 2014 Actual | 2014 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|--------|----------|
| EXPENSES | | | | | |
| Employee Benefits & On-Costs | 12,358 | 11,804 | 554 | 4% | F |
| Borrowing Costs | 274 | 248 | 26 | 9% | F |
| Materials & Contracts | 3,237 | 4,739 | (1,502) | (46%) | U |
| Council is still fine tuning its new Corporate Software System and the distinction between some of the categories is still being worked on. It is anticipated that these will be more in line in the 2014/2015 financial year. | | | | | |
| Depreciation & Amortisation | 9,560 | 9,381 | 179 | 2% | F |
| Other Expenses | 6,321 | 6,113 | 208 | 3% | F |
| Budget Variations relating to Council's Cash Flow Statement include: | | | | | |
| Cash Flows from Operating Activities | 17,896 | 16,393 | (1,503) | (8.4%) | U |
| Cash Flows from Investing Activities | (28,123) | (27,634) | 489 | (1.7%) | F |
| Cash Flows from Financing Activities | (170) | (170) | - | 0.0% | F |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|---|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Roads | 469 | 42 | - | 12 | - | - | 523 | 21 | (21) | 523 | - |
| Other | 184 | 10 | - | 4 | (1) | - | 197 | 5 | (1) | 201 | - |
| S94 Contributions - under a Plan | 653 | 52 | - | 16 | (1) | - | 720 | 26 | (22) | 724 | - |
| Total S94 Revenue Under Plans | 653 | 52 | - | 16 | (1) | - | 720 | | | | - |
| Total Contributions | 653 | 52 | - | 16 | (1) | - | 720 | 26 | (22) | 724 | - |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - SMALL RURAL HOLDINGS

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Roads | 26 | 13 | - | 1 | - | - | 40 | 1 | (1) | 40 | - |
| Total | 26 | 13 | - | 1 | - | - | 40 | 1 | (1) | 40 | - |

CONTRIBUTION PLAN NUMBER - GENERAL RURAL ZONE

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Roads | 443 | 29 | - | 11 | - | - | 483 | 20 | (20) | 483 | - |
| Total | 443 | 29 | - | 11 | - | - | 483 | 20 | (20) | 483 | - |

CONTRIBUTION PLAN NUMBER - BUSHFIRE EQUIPMENT

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Other | 184 | 10 | - | 4 | (1) | - | 197 | 5 | (1) | 201 | - |
| Total | 184 | 10 | - | 4 | (1) | - | 197 | 5 | (1) | 201 | - |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

(iv) Other Guarantees

Council has provided a Bank Guarantee of \$540,000 for rehabilitation works to be carried out upon closure of its Molong Limestone Quarry. The agreement is with the Department of Primary Industries.

(v) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

2. Other Liabilities (continued)

(ii) S94 Plans (continued)

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

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

(iv) Gasworks Remediation

Council expects to undertake remediation of the Molong Gasworks site over the next four years.

At this stage Council is unable to estimate the total costs of remediation of the site.

Costs of remediation will be brought to account once a reliable estimate is able to be obtained.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

(a) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

| Name of Entity/Operation | Principal Activity/Type of Entity | 2014 | 2014 |
|--|---|------------|------------|
| | | Net Profit | Net Assets |
| Central West Co-Operative Public library | Library Services to member Councils | 2 | 120 |
| Strategic Alliance Wellington, Blayney & Cabonne Councils | Investigation & provision of Economies of scale opportunities for Member Councils | | |
| Southern Phone Company | Telecommunications | | |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000 | Notes | Actual 2014 | Actual 2013 |
|--|----------|-----------------------|-----------------------|
| (a) Retained Earnings | | | |
| Movements in Retained Earnings were as follows: | | | |
| Balance at beginning of Year (from previous years audited accounts) | | 286,874 | 281,533 |
| a. Net Operating Result for the Year | | <u>7,287</u> | <u>5,341</u> |
| Balance at End of the Reporting Period | | <u>294,161</u> | <u>286,874</u> |
| (b) Reserves | | | |
| (i) Reserves are represented by: | | | |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | | <u>207,821</u> | <u>193,568</u> |
| Total | | <u>207,821</u> | <u>193,568</u> |
| (ii) Reconciliation of movements in Reserves: | | | |
| Infrastructure, Property, Plant & Equipment Revaluation Reserve | | | |
| - Opening Balance | | 193,568 | 192,347 |
| - Revaluations for the year | 9(a) | 14,301 | 1,221 |
| - (Impairment of revalued assets) / Impairment reversals | 9(a),(c) | <u>(48)</u> | <u>-</u> |
| - Balance at End of Year | | <u>207,821</u> | <u>193,568</u> |
| TOTAL VALUE OF RESERVES | | <u>207,821</u> | <u>193,568</u> |

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

(c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(d) Voluntary Changes in Accounting Policies

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

| Income Statement by Fund \$ '000 | Actual 2014 | Actual 2014 | Actual 2014 |
|--|----------------|----------------|----------------------------|
| Continuing Operations | Water | Sewer | General¹ |
| Income from Continuing Operations | | | |
| Rates & Annual Charges | 312 | 1,325 | 10,352 |
| User Charges & Fees | 551 | 60 | 9,513 |
| Interest & Investment Revenue | 113 | 64 | 1,483 |
| Other Revenues | 13 | - | 527 |
| Grants & Contributions provided for Operating Purposes | 13 | 124 | 8,188 |
| Grants & Contributions provided for Capital Purposes | 35 | 3,402 | 3,036 |
| Other Income | | | |
| Net Gains from Disposal of Assets | - | - | 461 |
| Share of interests in Joint Ventures & Associates using the Equity Method | - | - | - |
| Total Income from Continuing Operations | 1,037 | 4,975 | 33,560 |
| Expenses from Continuing Operations | | | |
| Employee Benefits & on-costs | 169 | 220 | 11,415 |
| Borrowing Costs | - | 180 | 68 |
| Materials & Contracts | 381 | 417 | 3,941 |
| Depreciation & Amortisation | 469 | 782 | 8,130 |
| Impairment | - | - | - |
| Other Expenses | 94 | 254 | 5,765 |
| Total Expenses from Continuing Operations | 1,113 | 1,853 | 29,319 |
| Operating Result from Continuing Operations | (76) | 3,122 | 4,241 |
| Discontinued Operations | | | |
| Net Profit/(Loss) from Discontinued Operations | - | - | - |
| Net Operating Result for the Year | (76) | 3,122 | 4,241 |
| Net Operating Result attributable to each Council Fund | (76) | 3,122 | 4,241 |
| Net Operating Result attributable to Non-controlling Interests | - | - | - |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | (111) | (280) | 1,205 |

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

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Cabonne Council

Notes to the Financial Statements

as at 30 June 2014

Note 21. Financial Result & Financial Position by Fund (continued)

| Statement of Financial Position by Fund \$ '000 | Actual 2014 | Actual 2014 | Actual 2014 |
|--|----------------|----------------|----------------------------|
| ASSETS | Water | Sewer | General¹ |
| Current Assets | | | |
| Cash & Cash Equivalents | 3,093 | 2,262 | 4,614 |
| Investments | - | - | 29,600 |
| Receivables | 598 | 1,344 | 2,375 |
| Inventories | - | - | 1,258 |
| Other | - | - | 12 |
| Non-current assets classified as 'held for sale' | - | - | - |
| Total Current Assets | 3,691 | 3,606 | 37,859 |
| Non-Current Assets | | | |
| Investments | - | - | - |
| Receivables | - | - | 694 |
| Inventories | - | - | 410 |
| Infrastructure, Property, Plant & Equipment | 25,077 | 40,078 | 400,885 |
| Investments Accounted for using the equity method | - | - | - |
| Investment Property | - | - | - |
| Intangible Assets | - | - | 203 |
| Other | - | - | 282 |
| Total Non-Current Assets | 25,077 | 40,078 | 402,474 |
| TOTAL ASSETS | 28,768 | 43,684 | 440,333 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 84 | 245 | 2,622 |
| Borrowings | - | 177 | 3 |
| Provisions | - | - | 3,405 |
| Total Current Liabilities | 84 | 422 | 6,030 |
| Non-Current Liabilities | | | |
| Payables | - | - | 26 |
| Borrowings | - | 2,707 | 5 |
| Provisions | - | - | 1,529 |
| Total Non-Current Liabilities | - | 2,707 | 1,560 |
| TOTAL LIABILITIES | 84 | 3,129 | 7,590 |
| Net Assets | 28,684 | 40,555 | 432,743 |
| EQUITY | | | |
| Retained Earnings | 11,445 | 24,525 | 258,191 |
| Revaluation Reserves | 17,239 | 16,030 | 174,552 |
| Total Equity | 28,684 | 40,555 | 432,743 |

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 30/09/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

Council is aware of the following "non-adjusting events" that merit disclosure;

That Council has held and received payout on a investment (CDO Federation \$250k). Council has now received a request to refund amonts paid. Legal advice has been sought and to date no payments have been made.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 25. Intangible Assets

| \$ '000 | Actual 2014 | Actual 2013 |
|---|-------------------|-------------------|
| Intangible Assets represent identifiable non-monetary asset without physical substance. | | |
| Intangible Assets are as follows; | | |
| Opening Values: | | |
| Gross Book Value (1/7) | 286 | - |
| Accumulated Amortisation (1/7) | (32) | - |
| Accumulated Impairment (1/7) | - | - |
| Net Book Value - Opening Balance | 254 | - |
| Movements for the year | | |
| - Purchases | - | 273 |
| - Amortisation charges | (51) | (19) |
| Closing Values: | | |
| Gross Book Value (30/6) | 286 | 286 |
| Accumulated Amortisation (30/6) | (83) | (32) |
| Accumulated Impairment (30/6) | - | - |
| <u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹ | <u>203</u> | <u>254</u> |

¹: The Net Book Value of Intangible Assets represent:

| | | |
|------------|-------------------|-------------------|
| - Software | 203 | 254 |
| | <u>203</u> | <u>254</u> |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

| Asset/Operation | Estimated year of restoration | NPV of Provision | |
|---|-------------------------------------|------------------|--------------|
| | | 2014 | 2013 |
| Tip Operations | 2016 | 353 | 353 |
| Quarry Operations | 2039 | 1,176 | 1,109 |
| Balance at End of the Reporting Period | 10(a) | 1,529 | 1,462 |

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

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

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

Reconciliation of movement in Provision for year:

| | | |
|--|--------------|--------------|
| Balance at beginning of year | 1,462 | 1,397 |
| Amounts capitalised to new or existing assets: | | |
| Amortisation of discount (expensed to borrowing costs) | 67 | 65 |
| Total - Reinstatement, rehabilitation and restoration provision | 1,529 | 1,462 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

| 2014 | Date of latest Valuation | Fair Value Measurement Hierarchy | | | Total |
|--|--------------------------|---|--|--|---------------|
| | | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | | |
| Financial Assets | | | | | |
| Investments | | | | | |
| - "Held for Trading" | 30/06/14 | - | 100 | - | 100 |
| - "Held to Maturity" | 30/06/14 | - | - | - | - |
| Other Financial Assets | 30/06/14 | - | 29,782 | - | 29,782 |
| Cash and Short Term Deposits | 30/06/14 | - | 9,969 | - | 9,969 |
| Total Financial Assets | | - | 39,851 | - | 39,851 |
| Financial Liabilities | | | | | |
| Payables | 30/06/14 | - | 2,775 | - | 2,775 |
| Loans / Advances | 30/06/14 | - | 2,892 | - | 2,892 |
| Total Financial Liabilities | | - | 5,667 | - | - |
| Infrastructure, Property, Plant & Equipment | | | | | |
| Capital Works in Progress | 30/6/14 | - | - | 7,372 | 7,372 |
| Plant & Equipment | 30/6/14 | - | - | 14,612 | 14,612 |
| Office Equipment | 30/6/14 | - | - | 558 | 558 |
| Furniture & Fittings | 30/6/14 | - | - | 253 | 253 |
| Operational Land | 30/6/14 | - | - | 7,273 | 7,273 |
| Community Land | 30/6/12 | - | - | 10,451 | 10,451 |
| Land Improvements Non Depreciable | 30/6/11 | - | - | 1,071 | 1,071 |
| Land Improvements Depreciable | 30/6/11 | - | - | 2,233 | 2,233 |
| Building Non Specialised | 30/6/14 | - | - | 1,827 | 1,827 |
| Building Specialised | 30/6/14 | - | - | 28,984 | 28,984 |

continued on next page

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(1) Assets and liabilities that have been measured & recognised at Fair Value (continued)

| 2014 | Date of latest Valuation | Fair Value Measurement Hierarchy | | | Total |
|--|--------------------------------|---|--|--|----------------|
| | | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring Fair Value Measurements | | | | | |
| Infrastructure, Property, Plant & Equipment | | | | | |
| Other Structures | 30/6/11 | - | - | 4,939 | 4,939 |
| Roads | 30/6/10 | - | - | 116,306 | 116,306 |
| Bridges | 30/6/10 | - | - | 41,129 | 41,129 |
| Footpaths | 30/6/10 | - | - | 3,804 | 3,804 |
| Bulk Earthworks | 30/6/10 | - | - | 166,435 | 166,435 |
| Stormwater Drainage | 30/6/10 | - | - | 4,901 | 4,901 |
| Water Supply Network | 30/6/12 | - | - | 23,075 | 23,075 |
| Sewer Network | 30/6/12 | - | - | 28,190 | 28,190 |
| Swimming Pools | 30/6/11 | - | - | 2,459 | 2,459 |
| Tip Assets | 30/6/14 | - | - | 9 | 9 |
| Quarry Assets | 30/6/14 | - | - | 159 | 159 |
| Total Infrastructure, Property, Plant & Equipment | | - | - | 466,040 | 466,040 |

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Held to Maturity – Term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

Cash and Short Term Deposits – Cash and short term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

Financial Liabilities

Payables – Outstanding creditor payments, security bonds & deposits

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Cost of product or service.

Loans/Advances – Outstanding bank loans

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Loan borrowing amount

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Infrastructure, Property, Plant & Equipment

Capital Works in Progress – Uncompleted capital projects

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

Office Equipment – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

Furniture and Fittings – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings are valued at cost but are disclosed at fair value.

Operational Land –

Valuation Techniques: 'Market approach'

Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location, sales of comparable land

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Councils Operational Land has been valued at market value, having regard to the “highest and best use”, after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land’s description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

With regard to the above Councils Valuer Scott Fullarton Valuations P/L analysed sales of land throughout Cabonne Shire and surrounding Council areas and adopted a rate per square metre, after taking into consideration zoning, location, area and configuration.

Community Land –

Valuation Techniques: ‘Cost approach’

Inputs Used (Level 3): The NSW Valuer General’s valuations (as at 30 June 2011)

Councils community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General’s valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Non Depreciable land Improvements

Valuation Techniques: ‘Cost approach’

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Non Depreciable land improvements are valued at cost but are disclosed at fair value.

Depreciable Land Improvements – Gardens/softfall areas, cricket pitches and recreation ground pathways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Depreciable Land Improvements were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Buildings (Specialised/Non Specialised) – Community halls, toilet blocks, council offices, library, multipurpose centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30th June 2014 in accordance with Compiled Accounting Standard AASB116 *Property, Plant and Equipment*, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction"

Councils Specialised Buildings were valued by Scott Fullarton Valuation (SFV) P/L as at 30 June 2014. SFV provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. These rates were derived from substantial analysis of construction costs from over one hundred and twenty (120) Councils throughout New South Wales.

SFV estimated the Total Life and Residual Life of each building/structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the asset with a cost that is **significant** in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

Other Structures

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Other Structures were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Swimming Pools – Swimming Pools

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Swimming pools were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Councils road infrastructure assets were last valued in-house on 30 June 2010. As per Paragraph 43 of AASB116, Councils roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter

Roads – Sealed and Unsealed

GPS logged to establish the length and extent of the network. Road chainages were taken as the measure of Cabonne Council's road asset length. Seal widths (sealed roads) were taken from full condition assessment undertaken Council Staff.

The pavement width was assumed to be an additional 1m on each side of the Seal (e.g. Seal of 6 m is assumed to have an 8m wide pavement). This was confirmed by random sampling of a range of roads categories across the Shire.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Unit rates for major earthworks, pavement and sealing were based on the Rawlinson's; Construction Cost Guide 2010, Edition 18. These rates were verified against recent actual rates from Cabonne Council road works.

Condition Assessment data was established on all of Cabonne Councils road network..

Kerb and Gutter

Kerb & Gutter assets were valued in-house as at 30 June 2010.

Asset register was developed by Council staff completing a physical inspection of the Kerb & Gutter Network. Council staff were equipped with a GPS unit that measured the length and the location of each asset. Unit rates were established from historical data and also tested against recent construction costs. Condition assessment for Kerb and Gutter was collected at time of physical inspection along with the material used in the construction.

Bridges

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimension and specifications (concrete/timber), bridge traffic

Bridges assets were valued in-house as at 30 June 2010.

Asset register was developed by Council staff completing a physical inspection of all Council Bridges. Council staff inspected and componentised each bridge collected the necessary data including condition rating, bridge dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Footpaths – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications (concrete/bitumen)

Asset register was developed by Council staff completing a physical inspection of all Council's footpaths. Council staff inspected each footpath and collected the necessary data including condition rating, dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Footpaths assets were valued in-house as at 30 June 2010.

Stormwater Drainage – includes pits, pipes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Asset register was developed by Council staff completing a physical inspection of all Council's stormwater drainage. Council staff inspected and collected the necessary data including condition rating, dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Stormwater drainage assets were valued in-house as at 30 June 2010.

Water Supply Network

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities' 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPEa conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

Sewerage Network – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities' 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPEa conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Tip and Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuation are based on actual timing of costs and future environmental management requirements.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

| | Capital Works in Progress | Plant & Equipment | Office Equipment | Furniture & Fittings | Operational Land | Community Land | Land Imps Non Depreciable | Land Imps Depreciable | Total |
|---|---------------------------------|----------------------|---------------------|-------------------------|---------------------|-------------------|---------------------------------|--------------------------|---------------|
| Adoption of AASB 13 | 1,681 | 14,649 | 582 | 250 | 5,084 | 10,447 | 1,071 | 1,916 | 35,680 |
| Transfers from/(to) another asset class | - | - | - | - | (122) | - | - | - | (122) |
| Purchases (GBV) | 5,691 | 2,705 | 231 | 43 | 212 | 4 | - | 447 | 9,333 |
| Disposals (WDV) | - | (344) | (14) | - | - | - | - | - | (358) |
| Depreciation & Impairment | - | (2,398) | (241) | (40) | - | - | - | (130) | (2,809) |
| Other movement (details here) | - | - | - | - | 2,099 | - | - | - | 2,099 |
| Closing Balance - 30/6/14 | 7,372 | 14,612 | 558 | 253 | 7,273 | 10,451 | 1,071 | 2,233 | 43,823 |

| | Buildings Non Special | Buildings Specialised | Other Structures | Roads | Bridges | Footpaths | Bulk Eathworks | Stormwater Drainage | Total |
|---|--------------------------|--------------------------|---------------------|----------------|---------------|--------------|-------------------|------------------------|----------------|
| Adoption of AASB 13 | 295 | 20,096 | 5,751 | 160,851 | - | - | 165,715 | 4,930 | 357,638 |
| Transfers from/(to) another asset class | 1,088 | (1,254) | (918) | (43,313) | 39,725 | 3,588 | - | - | (1,084) |
| Purchases (GBV) | - | 482 | 355 | 2,760 | 1,771 | 272 | 720 | 66 | 6,426 |
| Depreciation & Impairment | (42) | (660) | (249) | (3,992) | (367) | (56) | - | (95) | (5,461) |
| Other movement (details here) | 486 | 10,320 | - | - | - | - | - | - | 10,806 |
| Closing Balance - 30/6/14 | 1,827 | 28,984 | 4,939 | 116,306 | 41,129 | 3,804 | 166,435 | 4,901 | 368,325 |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

 \$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) continued

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

| | Water Network | Sewer Network | Swimming Pools | Tip Assets | Quarry Assets | Total |
|---|------------------|------------------|-------------------|---------------|------------------|---------------|
| Adoption of AASB 13 | 22,320 | 27,748 | - | 10 | 210 | 50,288 |
| Transfers from/(to) another asset class | - | - | 1,083 | - | - | 1,083 |
| Purchases (GBV) | 531 | 223 | 1,431 | - | - | 2,185 |
| Depreciation & Impairment | (404) | (549) | (55) | (1) | (51) | (1,060) |
| Other movement (details here) | 628 | 768 | - | - | - | 1,396 |
| Closing Balance - 30/6/14 | 23,075 | 28,190 | 2,459 | 9 | 159 | 53,892 |

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

(4). Fair value measurements using significant unobservable inputs (Level 3)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

I,PP&E

| Class | Fair Value (30/6/14) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|---------------------------|-----------------------------------|----------------------|---|--|---|
| Capital Works in Progress | \$7,372 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost | <ul style="list-style-type: none"> Various | Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value. |
| Plant & Equipment | \$14,612 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <ul style="list-style-type: none"> Various 5 to 15 years | Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value. |
| Office Equipment | \$558 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <ul style="list-style-type: none"> Various 4 to 15 years | Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value. |
| Furniture & Fittings | \$253 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <ul style="list-style-type: none"> Various 4 to 15 years | Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value. |

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

| Class | Fair Value (30/6/14) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|-----------------------------------|-----------------------------------|----------------------|---|---|---|
| Community land | \$10,451 | Cost Approach | <ul style="list-style-type: none"> NSW Valuer General's Valuation (Unimproved Capital Value) | <ul style="list-style-type: none"> Per valuer general | Any changes in average unimproved capital value will increase/decrease fair value. |
| Land Improvements Non Depreciable | \$1,071 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost | <ul style="list-style-type: none"> Various | Any Changes In the component pricing and asset condition will have an impact on fair value. |
| Land Improvements Depreciable | \$2,233 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <ul style="list-style-type: none"> Various 1 to 50 years | Any Changes In the component pricing and asset condition will have an impact on fair value. |
| Buildings Non Specialised | \$1,827 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> \$1,930 - \$3,490 per sq metre 1 to 5 33 to 100 years | Any Changes In the component pricing and asset condition will have an impact on fair value. |
| Buildings Specialised | \$28,984 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> \$320 - \$6,000 per sq metre 1 to 5 33 to 100 years | Any Changes In the component pricing and asset condition will have an impact on fair value. |
| Other Structures | \$4,939 | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <ul style="list-style-type: none"> Various 33 to 50 years | Any Changes In the component pricing and asset condition will have an impact on fair value |

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

| Class | Fair Value (30/6/14) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|----------------------|--|-----------------------------|---|---|---|
| Bridges | \$41,129 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> \$20,604 per metre of bridge 1 to 5 50 to 150 years | Any Changes in component pricing and asset condition will have an impact on fair value. |
| Footpaths | \$3,804 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> \$110 per lineal metre 1 to 5 80 years | Any Changes in component pricing and asset condition will have an impact on fair value. |
| Bulk Earthworks | \$166,435 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Terrain rating | <ul style="list-style-type: none"> \$69 – \$286 per lineal metre Low, medium or high | Any Changes in component pricing and asset condition will have an impact on fair value. |
| Stormwater Drainage | \$4,901 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> \$100 - \$4,000 per unit 1 to 5 50 to 80 years | Any Changes in component pricing and asset condition will have an impact on fair value. |
| Water Supply Network | \$23,075 | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life | <ul style="list-style-type: none"> Various 1 to 5 10 to 100 years | Any Changes in component pricing and asset condition will have an impact on fair value. |

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

| Class | Fair Value (30/6/14) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|----------------|--|-----------------------------|---|---|---|
| Sewer Network | \$28,190 | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life | <ul style="list-style-type: none"> • Various • 1 to 5 • 10 to 100 years | Any Changes in component pricing and asset condition will have an impact on fair value. |
| Swimming Pools | \$2,459 | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life | <ul style="list-style-type: none"> • Varies significantly from asset to asset • 1 to 5 • 50 to 100 years | Any Changes in component pricing and asset condition will have an impact on fair value |
| Tip Assets | \$9 | Cost Approach | <ul style="list-style-type: none"> • Discounted future Cash Flows | <ul style="list-style-type: none"> • 6% | Any Changes in the future cost estimates and discount rate will have an impact on fair value. |
| Quarry Assets | \$159 | Cost Approach | <ul style="list-style-type: none"> • Discounted future Cash Flows | <ul style="list-style-type: none"> • 6% | Any Changes in the future cost estimates and discount rate will have an impact on fair value. |

(5). Highest and best use

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

| Financial Performance Figures | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------|-------------|---------|---------|---------|
| Inflows: | | | | | |
| Rates & Annual Charges Revenue | 11,989 | 11,827 | 11,148 | 10,649 | 10,302 |
| User Charges Revenue | 10,124 | 9,982 | 11,045 | 6,794 | 6,594 |
| Interest & Investment Revenue (Losses) | 1,660 | 1,986 | 1,777 | 1,825 | 1,640 |
| Grants Income - Operating & Capital | 9,460 | 9,638 | 11,253 | 11,983 | 8,963 |
| Total Income from Continuing Operations | 39,572 | 37,644 | 37,966 | 35,739 | 32,901 |
| Sale Proceeds from I,PP&E | 822 | 619 | 1,226 | 1,202 | 1,222 |
| New Loan Borrowings & Advances | - | 2,455 | - | - | - |
| Outflows: | | | | | |
| Employee Benefits & On-cost Expenses | 11,804 | 11,652 | 12,062 | 10,696 | 10,652 |
| Borrowing Costs | 248 | 187 | 113 | 115 | 145 |
| Materials & Contracts Expenses | 4,739 | 4,811 | 7,412 | 6,195 | 5,960 |
| Total Expenses from Continuing Operations | 32,285 | 32,303 | 33,005 | 29,451 | 27,415 |
| Total Cash purchases of I,PP&E | 17,492 | 12,365 | 12,955 | 10,937 | 14,169 |
| Total Loan Repayments (incl. Finance Leases) | 170 | 75 | 71 | 101 | 117 |
| Operating Surplus/(Deficit) (excl. Capital Income) | 814 | 2,398 | 2,793 | 2,658 | 2,298 |
| Financial Position Figures | 2014 | 2013 | 2012 | 2011 | 2010 |
| Current Assets | 45,156 | 45,794 | 42,266 | 40,723 | 35,504 |
| Current Liabilities | 6,536 | 6,022 | 7,369 | 7,485 | 6,027 |
| Net Current Assets | 38,620 | 39,772 | 34,897 | 33,238 | 29,477 |
| Available Working Capital (Unrestricted Net Current Assets) | 4,705 | 3,100 | 5,596 | 7,159 | 6,114 |
| Cash & Investments - Unrestricted | 4,466 | 2,103 | 4,999 | 7,188 | 4,532 |
| Cash & Investments - Internal Restrictions | 25,735 | 24,631 | 17,412 | 15,654 | 13,904 |
| Cash & Investments - Total | 39,569 | 39,972 | 36,313 | 34,550 | 28,357 |
| Total Borrowings Outstanding (Loans, Advances & Finance Leases) | 2,892 | 3,062 | 682 | 753 | 854 |
| Total Value of I,PP&E (excl. Land & Earthworks) | 482,719 | 445,048 | 434,477 | 432,636 | 418,280 |
| Total Accumulated Depreciation | 201,909 | 183,760 | 175,016 | 177,458 | 166,202 |
| Indicative Remaining Useful Life (as a % of GBV) | 58% | 59% | 60% | 59% | 60% |

Source: Published audited financial statements of Council (current year & prior year)

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 29. Council Information & Contact Details

Principal Place of Business:

99 - 101 Bank Street
Molong NSW 2866

Contact Details

Mailing Address:

PO Box 17
Molong NSW 2866

Opening Hours:

Monday to Friday
9am to 5pm

Telephone: 02 6392 3203

Facsimile: 02 6392 3260

Internet: www.cabonne.nsw.gov.au

Email: council@cabonne.nsw.gov.au

Officers

GENERAL MANAGER

Andrew L Hopkins

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

AUDITORS

intentus Chartered Accountants

14 Sale Street, Orange

Elected Members

MAYOR

Michael Hayes

COUNCILLORS

Janelle Culverson
Ian Davison
Geoffrey Dean
Anthony Durkin
Michael Hayes
Lachlan MacSmith
Marlene Nash
Graham Smith
Gregory Treavors
Kevin Walker
Sharon Wilcox

Other Information

ABN: 419 929 192 00

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF
CABONNE COUNCIL**

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2014. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Councils' Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2;
- (b) the Council's financial statements:
 - (i) have been prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) are in accordance with applicable Australian Accounting Standards (Including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have emerged in the course of the audit.



intentus

14 Sale Street
Orange
Dated:30 September 2014



John O'Malley
Director

30 September 2014

The Mayor
Councillor Michael Hayes
Cabonne Council
PO Box 17
MOLONG NSW 2866

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)
CABONNE COUNCIL YEAR ENDED 30 JUNE 2014**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2014. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Cabonne Council for the year ended 30 June 2014. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements for Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

The following comments are provided in accordance with Section 415(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.

Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$7,287,000 (2013 - \$5,341,000). Selected items of note in the operating statement include:

The operating result from ordinary activities *before* capital amounts was \$814,000 (2013 – \$2,398,000).

- Interest and Investment Revenue fell by \$326,000 to \$1,660,000 (2013 - \$1,986,000). The decline attributable to the overall decline in interest rates on offer as existing investments matured.
- Income from Operating Grants was down on the prior year at \$8,325,000 (2013 - \$9,996,000) as a result of the early payment in 2013 of the first 2014 instalment of the Federal Financial Assistance Grant which was then recognised as income in the 2013 year.
- Capital grants and contributions increased substantially to \$6,473,000 (2013 - \$2,943,000) boosted by a \$3.3M grant for the small towns sewer scheme.

Council's other major items of income and expenditure were relatively consistent with the prior period.

(b) Financial Position

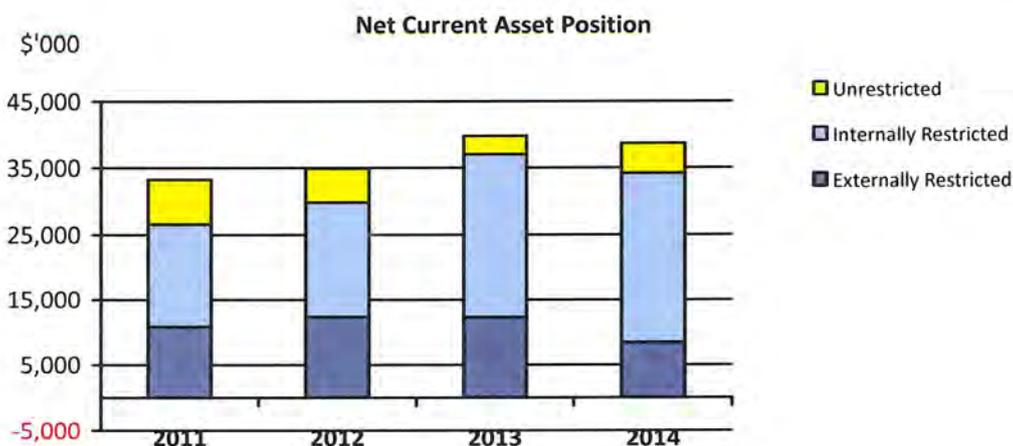
The Balance Sheet discloses that for the year ended 30 June 2014 Council's net assets stood at \$501,982,000 (2013 - \$480,442,000), which represents an increase of \$21,540,000. The increase comprises the net operating surplus after capital amounts of \$7,287,000 a \$14,301,000 revaluation increment following the revaluation of operational land and buildings and the indexed revaluation of Council's water and sewer infrastructure. This was offset by an asset impairment of \$48,000 taken against the asset revaluation reserve.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets as follows: -

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Net Current Assets | 38,620 | 39,772 |
| Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements) | (11,310) | (15,563) |
| Less: Council internally imposed restrictions (refer Note 6 of financial statements) | (25,735) | (24,631) |
| Add: Applicable current liabilities refer Note 10 | | |
| - Water | 84 | 137 |
| - Sewerage | 422 | 536 |
| Add: Employee Leave Entitlements to be paid > 12 months | 2,362 | 2,520 |
| Unrestricted net current asset surplus/(deficit) | 4,443 | 2,771 |
| Unrestricted net current assets comprise: - | | |
| Assets | | |
| Cash | 4,466 | 2,103 |
| Receivables | 2,375 | 2,230 |
| Inventories | 1,258 | 1,252 |
| Other (Prepayments) | 12 | 15 |
| Less: General Purpose Liabilities | (6,030) | (5,349) |
| Plus: Employee Leave Entitlements to be paid > 12 months | 2,362 | 2,520 |
| Unrestricted net current asset surplus/(deficit) | 4,443 | 2,771 |

Council's continues to enjoy a surplus of net current assets to cover the restrictions placed on those assets.

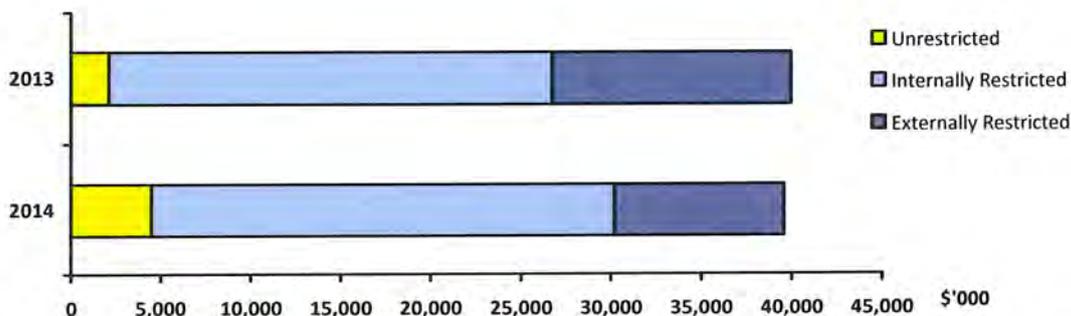
The following table shows the Council's calculated net current asset position over the past four years:



Liquidity

Note 6 to the accounts discloses total cash and investments of \$39,569,000 (2013 - \$39,972,000), of this amount \$9,368,000 (2013 - \$13,238,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$25,735,000 (2013 - \$24,631,000) is subject to internal restrictions agreed upon by Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with their operational plan.

The unrestricted balance of \$4,466,000 (2013 - \$2,103,000) represents funds available to cover non-budgeted discretionary expenditure and meet short-term cash flow requirements.



Whilst the consolidated financial statements displays healthy levels of cash and investments, we remind the reader that the consolidated data is not necessarily reflective of the position of the individual funds (General, Water & Sewer) and this is equally applicable when reviewing the performance indicators considered below. General information on the financial position and performance by fund is provided in Note 21 to the financial statements.

(c) Performance Indicators

Note 13 to the Financial Statements provide a measure of Council's performance using a number of selected ratios as follows:

Operating Performance Ratio

This is a new ratio that expresses council's ability to keep operating expenses, including depreciation, within its continuing operating revenue. The outcome of 0.85% (2013 – 6.54%) represents the surplus between continuing operating revenue and continuing operating expenses. The sharp decline in this ratio has many contributors, but in particular the prepayment of the 2014 Federal Assistance Grant in 2013 has served to boost the ratio in that year and suppress it in 2014.

Own Source Operating Revenue Ratio

The ability of Council to meet community expectations for the delivery of services and provision of facilities is directly influenced by the discretion it can exercise in the allocation of resources.

The purpose of this ratio is to assess the degree of dependence upon external funding sources.

Cabonne Council's ratio of 62.09% (2013 – 65.50%) is lower than the prior financial year due to the (external source) capital grants for the small towns sewer scheme that were received this year.

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure to assess the adequacy of working capital and the ability to satisfy obligations in the short term for the unrestricted activities of Council.

Cabonne Council's ratio of 8.98:1 indicates that it has sufficient liquidity to comfortably meet its debts as and when they fall due.

Rates & Annual Charges, Interest & Extra Charges Outstanding Percentage

The rates and annual charges, interest and extra charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions or the timing of billing runs may influence Council's ability to collect revenue, the efficacy of collection procedures is still the largest determinant of this ratio.

Cabonne Council's rates and annual charges, interest and extra charges outstanding percentage of 4.81% (2013 – 14.50%) has improved considerably against the prior year, though the high 2013 ratio was due to the levying of water and sewer charges at the end of the financial year thus the ratepayers had no opportunity to pay the debt.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of (\$11,411,000) (2013 decrease - \$4,603,000) as follows:

| | 2014 \$'000 | 2013 \$'000 | Movement \$'000 |
|--|------------------------|------------------------|----------------------------|
| Cash flow provided by / (used in) | | | |
| Operating activities | 16,393 | 12,980 | 3,413 |
| Investing activities | (27,634) | (19,963) | (7,671) |
| Financing activities | (170) | 2,380 | (2,550) |
| | | | |
| Net increase / (decrease) in cash held | <u>(11,411)</u> | <u>(4,603)</u> | <u>(6,808)</u> |

Cash flows from operating activities

The cashflows from operating activities have increased due to the improvement in uncollected rates combined with increased capital grants.

Cash flows from investing activities

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were again substantial, with several items of heavy plant replaced in addition to capital works on roads and sewer infrastructure.

Cash flows from financing activities

The net cash flow used in financing activities was \$170,000 (2013 inflow - \$2,380,000), which related solely to the repayment of borrowings during the year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$7,287,000 was \$1,049,000 less than Council's original estimates.

It is beyond the purpose of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

(f) Other Matters

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Cabonne Council has prepared special purpose financial statements on its business units for the year ended 30 June 2014. Council has determined that it has three business units within its operations: Water, Sewerage and Quarry.

The Office of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outline the process for identifying and allocating costs of activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose reports for the year ended 30 June 2014 has been issued.

Management Letters

Our most recent management letter was issued on 13 June 2014. Management has typically responded to recommendations in an appropriate and timely manner.

(g) Legislative compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit and that Cabonne Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

(h) Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements of Cabonne Council (Council) for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Conclusion

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) All information relevant to the conduct of the audit has been obtained.



intentus

14 Sale Street
Orange
Dated: 30 September 2014



John O'Malley
Director

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

| Contents | Page |
|--|------|
| 1. Statement by Councillors & Management | 2 |
| 2. Special Purpose Financial Statements: | |
| Income Statement - Water Supply Business Activity | 3 |
| Income Statement - Sewerage Business Activity | 4 |
| Income Statement - Other Business Activities | 5 |
| Statement of Financial Position - Water Supply Business Activity | 6 |
| Statement of Financial Position - Sewerage Business Activity | 7 |
| Statement of Financial Position - Other Business Activities | 8 |
| 3. Notes to the Special Purpose Financial Statements | 9 |
| 4. Auditor's Report | 18 |

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

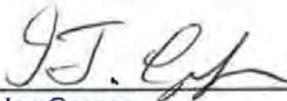
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 16th September 2014.



Michael Hayes
MAYOR



Ian Gosper
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 312 | 309 |
| User charges | 551 | 459 |
| Fees | - | - |
| Interest | 113 | 138 |
| Grants and contributions provided for non capital purposes | 13 | 13 |
| Profit from the sale of assets | - | - |
| Other income | 13 | 4 |
| Total income from continuing operations | 1,002 | 923 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 169 | 156 |
| Borrowing costs | - | - |
| Materials and contracts | 381 | 570 |
| Depreciation and impairment | 469 | 511 |
| Water purchase charges | - | - |
| Loss on sale of assets | - | - |
| Calculated taxation equivalents | - | - |
| Debt guarantee fee (if applicable) | - | - |
| Other expenses | 94 | 81 |
| Total expenses from continuing operations | 1,113 | 1,318 |
| Surplus (deficit) from Continuing Operations before capital amounts | (111) | (395) |
| Grants and contributions provided for capital purposes | 35 | 14 |
| Surplus (deficit) from Continuing Operations after capital amounts | (76) | (381) |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | (76) | (381) |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | (76) | (381) |
| plus Opening Retained Profits | 11,521 | 11,902 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | - | - |
| - Debt guarantee fees | - | - |
| - Corporate taxation equivalent | - | - |
| less: | | |
| - Tax Equivalent Dividend paid | - | - |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 11,445 | 11,521 |
| Return on Capital % | -0.4% | -1.7% |
| Subsidy from Council | 1,004 | 1,289 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | (76) | (381) |
| less: Capital grants and contributions (excluding developer contributions) | (35) | (14) |
| Surplus for dividend calculation purposes | - | - |
| Potential Dividend calculated from surplus | - | - |

Cabonne Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 1,325 | 1,310 |
| User charges | 60 | 75 |
| Liquid Trade Waste charges | - | - |
| Fees | - | - |
| Interest | 64 | 183 |
| Grants and contributions provided for non capital purposes | 124 | 28 |
| Profit from the sale of assets | - | - |
| Other income | - | 8 |
| Total income from continuing operations | 1,573 | 1,604 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 220 | 215 |
| Borrowing costs | 180 | 121 |
| Materials and contracts | 417 | 754 |
| Depreciation and impairment | 782 | 764 |
| Loss on sale of assets | - | - |
| Calculated taxation equivalents | - | - |
| Debt guarantee fee (if applicable) | - | - |
| Other expenses | 254 | 137 |
| Total expenses from continuing operations | 1,853 | 1,991 |
| Surplus (deficit) from Continuing Operations before capital amounts | (280) | (387) |
| Grants and contributions provided for capital purposes | 3,402 | 827 |
| Surplus (deficit) from Continuing Operations after capital amounts | 3,122 | 440 |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | 3,122 | 440 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | 3,122 | 440 |
| plus Opening Retained Profits | 21,403 | 20,963 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | - | - |
| - Debt guarantee fees | - | - |
| - Corporate taxation equivalent | - | - |
| less: | | |
| - Tax Equivalent Dividend paid | - | - |
| - Surplus dividend paid | - | - |
| Closing Retained Profits | 24,525 | 21,403 |
| Return on Capital % | -0.2% | -0.8% |
| Subsidy from Council | 1,527 | 1,529 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 3,122 | 440 |
| less: Capital grants and contributions (excluding developer contributions) | (3,402) | (749) |
| Surplus for dividend calculation purposes | - | - |
| Potential Dividend calculated from surplus | - | - |

Cabonne Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

Quarry

Category 1

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | - | - |
| User charges | 1,848 | 1,561 |
| Fees | - | - |
| Interest | 23 | 21 |
| Grants and contributions provided for non capital purposes | - | - |
| Profit from the sale of assets | - | - |
| Other income | 2 | - |
| Total income from continuing operations | 1,873 | 1,582 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 232 | 205 |
| Borrowing costs | 47 | - |
| Materials and contracts | 608 | 692 |
| Depreciation and impairment | 121 | 162 |
| Loss on sale of assets | - | - |
| Calculated taxation equivalents | - | - |
| Debt guarantee fee (if applicable) | - | - |
| Other expenses | 601 | 363 |
| Total expenses from continuing operations | 1,609 | 1,422 |
| Surplus (deficit) from Continuing Operations before capital amounts | 264 | 160 |
| Grants and contributions provided for capital purposes | - | - |
| Surplus (deficit) from Continuing Operations after capital amounts | 264 | 160 |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | 264 | 160 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | (79) | (48) |
| SURPLUS (DEFICIT) AFTER TAX | 185 | 112 |
| plus Opening Retained Profits | 1,674 | 1,514 |
| plus/less: Prior Period Adjustments | - | - |
| plus Adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | - | - |
| - Debt guarantee fees | - | - |
| - Corporate taxation equivalent | 79 | 48 |
| add: | | |
| - Subsidy Paid/Contribution To Operations | - | - |
| less: | | |
| - TER dividend paid | - | - |
| - Dividend paid | - | - |
| Closing Retained Profits | 1,938 | 1,674 |
| Return on Capital % | 20.7% | 12.6% |
| Subsidy from Council | - | - |

Cabonne Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2014

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 3,093 | 3,300 |
| Investments | - | - |
| Receivables | 598 | 538 |
| Inventories | - | - |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 3,691 | 3,838 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | 25 |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 25,077 | 23,718 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Other | - | - |
| Total non-Current Assets | 25,077 | 23,743 |
| TOTAL ASSETS | 28,768 | 27,581 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | 84 | 137 |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Total Current Liabilities | 84 | 137 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Total Non-Current Liabilities | - | - |
| TOTAL LIABILITIES | 84 | 137 |
| NET ASSETS | 28,684 | 27,444 |
| EQUITY | | |
| Retained earnings | 11,445 | 11,521 |
| Revaluation reserves | 17,239 | 15,923 |
| Council equity interest | 28,684 | 27,444 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 28,684 | 27,444 |

Cabonne Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 2,262 | 4,095 |
| Investments | - | - |
| Receivables | 1,344 | 1,788 |
| Inventories | - | - |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 3,606 | 5,883 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | 90 |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 40,078 | 33,496 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Other | - | - |
| Total non-Current Assets | 40,078 | 33,586 |
| TOTAL ASSETS | 43,684 | 39,469 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | 245 | 369 |
| Interest bearing liabilities | 177 | 167 |
| Provisions | - | - |
| Total Current Liabilities | 422 | 536 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | 2,707 | 2,884 |
| Provisions | - | - |
| Total Non-Current Liabilities | 2,707 | 2,884 |
| TOTAL LIABILITIES | 3,129 | 3,420 |
| NET ASSETS | 40,555 | 36,049 |
| EQUITY | | |
| Retained earnings | 24,525 | 21,403 |
| Revaluation reserves | 16,030 | 14,646 |
| Council equity interest | 40,555 | 36,049 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 40,555 | 36,049 |

Cabonne Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

Quarry

Category 1

| \$ '000 | Actual 2014 | Actual 2013 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 893 | 941 |
| Investments | - | - |
| Receivables | 109 | 186 |
| Inventories | 256 | 125 |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 1,258 | 1,252 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 1,501 | 1,270 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Other | - | - |
| Total Non-Current Assets | 1,501 | 1,270 |
| TOTAL ASSETS | 2,759 | 2,522 |
| LIABILITIES | | |
| Current Liabilities | | |
| Bank Overdraft | - | - |
| Payables | - | - |
| Interest bearing liabilities | 821 | 774 |
| Provisions | - | 74 |
| Total Current Liabilities | 821 | 848 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Other Liabilities | - | - |
| Total Non-Current Liabilities | - | - |
| TOTAL LIABILITIES | 821 | 848 |
| NET ASSETS | 1,938 | 1,674 |
| EQUITY | | |
| Retained earnings | 1,938 | 1,674 |
| Revaluation reserves | - | - |
| Council equity interest | 1,938 | 1,674 |
| Non-controlling equity interest | - | - |
| TOTAL EQUITY | 1,938 | 1,674 |

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

| Note | Details | Page |
|------|--|------|
| 1 | Summary of Significant Accounting Policies | 10 |
| 2 | Water Supply Business Best Practice Management disclosure requirements | 13 |
| 3 | Sewerage Business Best Practice Management disclosure requirements | 15 |

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Cabonne Council – Agricultural Quarry

Supplies agricultural lime, limestone aggregates and ready mixed concrete

Category 2

(where gross operating turnover is less than \$2 million)

a. Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

b. Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra. These are reported under two special rate funds:

- (i) *Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and*
- (ii) *Small Town Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval*

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

| | | |
|-------|--|-------|
| (i) | Calculated Tax Equivalents | - |
| (ii) | No of assessments multiplied by \$3/assessment | 4,059 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | - |
| (iv) | Amounts actually paid for Tax Equivalents | - |

2. Dividend from Surplus

| | | |
|-------|--|-----------|
| (i) | 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines] | - |
| (ii) | No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | 40,590 |
| (iii) | Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012 | (798,000) |

| | | | | | |
|--------------|-----------|---------------|-----------|---------------|-----------|
| 2014 Surplus | (111,000) | 2013 Surplus | (395,000) | 2012 Surplus | (292,000) |
| | | 2013 Dividend | - | 2012 Dividend | - |

| | | |
|------|--|-----|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | n/a |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria] | - |

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

| | | |
|-------|--|-----|
| (i) | Completion of Strategic Business Plan (including Financial Plan) | YES |
| (ii) | Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines] | YES |
| | - Complying charges [Item 2(b) in Table 1] | YES |
| | - DSP with Commercial Developer Charges [Item 2(e) in Table 1] | YES |
| | - If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1] | NO |
| (iii) | Sound Water Conservation and Demand Management implemented | YES |
| (iv) | Sound Drought Management implemented | YES |
| (v) | Complete Performance Reporting Form (by 15 September each year) | YES |
| (vi) | a. Integrated Water Cycle Management Evaluation | YES |
| | b. Complete and implement Integrated Water Cycle Management Strategy | YES |

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

National Water Initiative (NWI) Financial Performance Indicators

| | | | |
|----------------|---|--------|--------|
| NWI F1 | Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a) | \$'000 | 924 |
| NWI F4 | Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)] | % | 61.95% |
| NWI F9 | Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47) | \$'000 | 22,882 |
| NWI F11 | Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2) | \$'000 | 644 |
| NWI F14 | Capital Expenditure (Water) Acquisition of fixed assets (w16) | \$'000 | 531 |
| NWI F17 | Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)] | % | -0.75% |
| NWI F26 | Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a) | \$'000 | - |

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

| | | |
|-------|--|-------|
| (i) | Calculated Tax Equivalents | - |
| (ii) | No of assessments multiplied by \$3/assessment | 6,972 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | - |
| (iv) | Amounts actually paid for Tax Equivalents | - |

2. Dividend from Surplus

| | | |
|-------|--|-----------|
| (i) | 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines] | - |
| (ii) | No. of assessments x (\$30 less tax equivalent charges per assessment) | 69,720 |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012 | (618,000) |

| | | | | | |
|--------------|-----------|---------------|-----------|---------------|----------|
| 2014 Surplus | (280,000) | 2013 Surplus | (309,000) | 2012 Surplus | (29,000) |
| | | 2013 Dividend | - | 2012 Dividend | - |

| | | |
|------|--|-----|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | n/a |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria] | - |

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

| | | |
|-------|---|-----|
| (i) | Completion of Strategic Business Plan (including Financial Plan) | YES |
| (ii) | Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines] | YES |
| | Complying charges | |
| | (a) Residential [Item 2(c) in Table 1] | YES |
| | (b) Non Residential [Item 2(c) in Table 1] | YES |
| | (c) Trade Waste [Item 2(d) in Table 1] | YES |
| | DSP with Commercial Developer Charges [Item 2(e) in Table 1] | YES |
| | Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1] | YES |
| (iii) | Complete Performance Reporting Form (by 15 September each year) | YES |
| (iv) | a. Integrated Water Cycle Management Evaluation | YES |
| | b. Complete and implement Integrated Water Cycle Management Strategy | YES |

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

National Water Initiative (NWI) Financial Performance Indicators

| | | | |
|----------------|---|--------|--------|
| NWI F2 | Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a) | \$'000 | 1,582 |
| NWI F10 | Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48) | \$'000 | 28,190 |
| NWI F12 | Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2) | \$'000 | 1,071 |
| NWI F15 | Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17) | \$'000 | 233 |
| NWI F18 | Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)] | % | -0.68% |
| NWI F27 | Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a) | \$'000 | 3,329 |

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

| | | | |
|----------------|---|--------|--------|
| NWI F3 | Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10) | \$'000 | 2,506 |
| NWI F8 | Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3) | % | 1.56% |
| NWI F16 | Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17) | \$'000 | 764 |
| NWI F19 | Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)] | % | -0.71% |
| NWI F20 | Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3) | \$'000 | - |
| NWI F21 | Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24) | % | 0.00% |

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

| | | | |
|----------------|--|--------|--------|
| NWI F22 | Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)] | % | -3.57% |
| NWI F23 | Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10) | | - |
| NWI F24 | Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv)) | \$'000 | (283) |
| NWI F25 | Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b) | \$'000 | 39 |

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF
CABONNE COUNCIL**

Report on the Financial Statements

We have audited the special purpose financial statements of Cabonne Council for the year ended 30 June 2014, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to meet the financial reporting requirements of the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

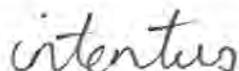
This auditor's report relates to the special purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Cabonne Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.



intentus

14 Sale Street
Orange
Dated: 30 September 2014



John O'Malley
Director

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2014

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Schedules

for the financial year ended 30 June 2014

Contents

Page

Special Schedules¹

| | | |
|--|--|-----|
| - Special Schedule No. 1 | Net Cost of Services | 2 |
| - Special Schedule No. 2(a) | Statement of Long Term Debt (all purposes) | 4 |
| - Special Schedule No. 2(b) | Statement of Internal Loans (Sect. 410(3) LGA 1993) | n/a |
| - Special Schedule No. 3 | Water Supply Operations - incl. Income Statement | 5 |
| - Special Schedule No. 4 | Water Supply - Statement of Financial Position | 9 |
| - Special Schedule No. 5 | Sewerage Service Operations - incl. Income Statement | 10 |
| - Special Schedule No. 6 | Sewerage Service - Statement of Financial Position | 14 |
| - Notes to Special Schedules No. 3 & 5 | | 15 |
| - Special Schedule No. 7 | Report on Infrastructure Assets (as at 30 June 2014) | 16 |
| - Special Schedule No. 8 | Financial Projections | 22 |
| - Special Schedule No. 9 | Permissible Income Calculation | 23 |

¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Cabonne Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|--|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non Capital | Capital | |
| Governance | 583 | 130 | - | (453) |
| Administration | 4,551 | 856 | - | (3,695) |
| Public Order and Safety | | | | |
| Fire Service Levy, Fire Protection, Emergency Services | 580 | 16 | 255 | (309) |
| Beach Control | - | - | - | - |
| Enforcement of Local Govt. Regulations | - | - | - | - |
| Animal Control | 142 | 12 | - | (130) |
| Other | - | - | - | - |
| Total Public Order & Safety | 722 | 28 | 255 | (439) |
| Health | 458 | 97 | - | (361) |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | 1,568 | 1,337 | - | (231) |
| Other Environmental Protection | 45 | 14 | 56 | 25 |
| Solid Waste Management | 1,229 | 1,765 | - | 536 |
| Street Cleaning | 171 | - | - | (171) |
| Drainage | 9 | 74 | - | 65 |
| Stormwater Management | 95 | - | - | (95) |
| Total Environment | 3,117 | 3,190 | 56 | 129 |
| Community Services and Education | | | | |
| Administration & Education | 166 | 24 | - | (142) |
| Social Protection (Welfare) | - | - | - | - |
| Aged Persons and Disabled | 648 | 612 | 75 | 39 |
| Children's Services | 1,127 | 958 | - | (169) |
| Total Community Services & Education | 1,941 | 1,594 | 75 | (272) |
| Housing and Community Amenities | | | | |
| Public Cemeteries | 171 | 75 | - | (96) |
| Public Conveniences | 139 | - | - | (139) |
| Street Lighting | 132 | 38 | - | (94) |
| Town Planning | 216 | 180 | - | (36) |
| Other Community Amenities | 40 | 25 | - | (15) |
| Total Housing and Community Amenities | 698 | 318 | - | (380) |
| Water Supplies | 1,122 | 1,001 | 35 | (86) |
| Sewerage Services | 1,852 | 1,572 | 3,402 | 3,122 |

Cabonne Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non Capital | Capital | |
| Recreation and Culture | | | | |
| Public Libraries | 299 | 66 | - | (233) |
| Museums | 252 | 11 | - | (241) |
| Art Galleries | - | - | - | - |
| Community Centres and Halls | 236 | 5 | - | (231) |
| Performing Arts Venues | - | - | - | - |
| Other Performing Arts | - | - | - | - |
| Other Cultural Services | 20 | 1 | - | (19) |
| Sporting Grounds and Venues | 402 | 6 | - | (396) |
| Swimming Pools | 527 | - | - | (527) |
| Parks & Gardens (Lakes) | 261 | 6 | - | (255) |
| Other Sport and Recreation | 95 | 8 | - | (87) |
| Total Recreation and Culture | 2,092 | 103 | - | (1,989) |
| Fuel & Energy | - | - | - | - |
| Agriculture | - | - | - | - |
| Mining, Manufacturing and Construction | | | | |
| Building Control | - | 148 | - | 148 |
| Other Mining, Manufacturing & Construction | 1,651 | 1,896 | - | 245 |
| Total Mining, Manufacturing and Const. | 1,651 | 2,044 | - | 393 |
| Transport and Communication | | | | |
| Urban Roads (UR) - Local | 5,528 | 557 | 1,179 | (3,792) |
| Urban Roads - Regional | 1,633 | 1,485 | 232 | 84 |
| Sealed Rural Roads (SRR) - Local | - | - | - | - |
| Sealed Rural Roads (SRR) - Regional | - | 965 | - | 965 |
| Unsealed Rural Roads (URR) - Local | - | - | - | - |
| Unsealed Rural Roads (URR) - Regional | - | - | - | - |
| Bridges on UR - Local | 250 | - | - | (250) |
| Bridges on SRR - Local | - | - | - | - |
| Bridges on URR - Local | - | - | - | - |
| Bridges on Regional Roads | 117 | - | 940 | 823 |
| Parking Areas | - | - | - | - |
| Footpaths | 301 | 18 | 65 | (218) |
| Aerodromes | - | - | - | - |
| Other Transport & Communication | 4,759 | 5,789 | 234 | 1,264 |
| Total Transport and Communication | 12,588 | 8,814 | 2,650 | (1,124) |
| Economic Affairs | | | | |
| Camping Areas & Caravan Parks | 212 | 116 | - | (96) |
| Other Economic Affairs | 698 | 406 | - | (292) |
| Total Economic Affairs | 910 | 522 | - | (388) |
| Totals – Functions | 32,285 | 20,269 | 6,473 | (5,543) |
| General Purpose Revenues ⁽²⁾ | | 12,830 | | 12,830 |
| Share of interests - joint ventures & associates using the equity method | - | - | | - |
| NET OPERATING RESULT ⁽¹⁾ | 32,285 | 33,099 | 6,473 | 7,287 |

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Cabonne Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

\$'000

| Classification of Debt | Principal outstanding at beginning of the year | | | New Loans raised during the year | Debt redemption during the year | | Transfers to Sinking Funds | Interest applicable for Year | Principal outstanding at the end of the year | | |
|-----------------------------|--|--------------|--------------|----------------------------------|---------------------------------|---------------|----------------------------|------------------------------|--|--------------|--------------|
| | Current | Non Current | Total | | From Revenue | Sinking Funds | | | Current | Non Current | Total |
| Loans (by Source) | | | | | | | | | | | |
| Commonwealth Government | - | - | - | - | - | - | - | - | - | - | - |
| Treasury Corporation | - | - | - | - | - | - | - | - | - | - | - |
| Other State Government | - | - | - | - | - | - | - | - | - | - | - |
| Public Subscription | - | - | - | - | - | - | - | - | - | - | - |
| Financial Institutions | 167 | 2,883 | 3,050 | - | 167 | - | - | 180 | 177 | 2,706 | 2,883 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Total Loans | 167 | 2,883 | 3,050 | - | 167 | - | - | 180 | 177 | 2,706 | 2,883 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | - | - | - | - | - | - | - | - | - | - | - |
| Government Advances | 3 | 9 | 12 | - | 3 | - | - | 1 | 3 | 6 | 9 |
| Finance Leases | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Payments | - | - | - | - | - | - | - | - | - | - | - |
| Total Long Term Debt | 3 | 9 | 12 | - | 3 | - | - | 1 | 3 | 6 | 9 |
| Total Debt | 170 | 2,892 | 3,062 | - | 170 | - | - | 181 | 180 | 2,712 | 2,892 |

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|--|-----------------|-----------------|
| A Expenses and Income Expenses | | |
| 1. Management expenses | | |
| a. Administration | 122 | 89 |
| b. Engineering and Supervision | - | 59 |
| 2. Operation and Maintenance expenses | | |
| - Dams & Weirs | | |
| a. Operation expenses | - | - |
| b. Maintenance expenses | 57 | 65 |
| - Mains | | |
| c. Operation expenses | - | - |
| d. Maintenance expenses | 116 | 57 |
| - Reservoirs | | |
| e. Operation expenses | - | 3 |
| f. Maintenance expenses | 33 | 21 |
| - Pumping Stations | | |
| g. Operation expenses (excluding energy costs) | - | - |
| h. Energy costs | - | 16 |
| i. Maintenance expenses | 80 | 34 |
| - Treatment | | |
| j. Operation expenses (excluding chemical costs) | - | 7 |
| k. Chemical costs | - | 19 |
| l. Maintenance expenses | 138 | 144 |
| - Other | | |
| m. Operation expenses | - | 16 |
| n. Maintenance expenses | 98 | 203 |
| o. Purchase of water | - | - |
| 3. Depreciation expenses | | |
| a. System assets | 469 | 439 |
| b. Plant and equipment | - | 72 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | - | 2 |
| b. Revaluation Decrements | - | - |
| c. Other expenses | - | 72 |
| d. Impairment - System assets | - | - |
| e. Impairment - Plant and equipment | - | - |
| f. Aboriginal Communities Water & Sewerage Program | - | - |
| g. Tax Equivalents Dividends (actually paid) | - | - |
| 5. Total expenses | 1,113 | 1,318 |

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges | | |
| a. Access (including rates) | 253 | 212 |
| b. Usage charges | 412 | 381 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 59 | 97 |
| b. Usage charges | 138 | 78 |
| 8. Extra charges | - | 8 |
| 9. Interest income | 113 | 130 |
| 10. Other income | 13 | 4 |
| 10a. Aboriginal Communities Water and Sewerage Program | - | - |
| 11. Grants | | |
| a. Grants for acquisition of assets | - | - |
| b. Grants for pensioner rebates | 13 | 13 |
| c. Other grants | - | - |
| 12. Contributions | | |
| a. Developer charges | - | - |
| b. Developer provided assets | - | - |
| c. Other contributions | 36 | 14 |
| 13. Total income | <u>1,037</u> | <u>937</u> |
| 14. Gain (or loss) on disposal of assets | - | - |
| 15. Operating Result | <u>(76)</u> | <u>(381)</u> |
| 15a. Operating Result (less grants for acquisition of assets) | (76) | (381) |

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 16. Acquisition of Fixed Assets | | |
| a. New Assets for Improved Standards | 531 | 44 |
| b. New Assets for Growth | - | - |
| c. Renewals | - | - |
| d. Plant and equipment | - | 14 |
| 17. Repayment of debt | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 18. Transfer to sinking fund | - | - |
| 19. Totals | 531 | 58 |
| Non-operating funds employed | | |
| 20. Proceeds from disposal of assets | - | - |
| 21. Borrowing utilised | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 22. Transfer from sinking fund | - | - |
| 23. Totals | - | - |
| C Rates and charges | | |
| 24. Number of assessments | | |
| a. Residential (occupied) | 1,109 | 968 |
| b. Residential (unoccupied, ie. vacant lot) | 68 | 68 |
| c. Non-residential (occupied) | 173 | 161 |
| d. Non-residential (unoccupied, ie. vacant lot) | 3 | 3 |
| 25. Number of ETs for which developer charges were received | - ET | - ET |
| 26. Total amount of pensioner rebates (actual dollars) | \$ 23,452 | \$ 23,306 |

Cabonne Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2014

| \$'000 | Yes | No | Amount |
|--|--------------------------|--------------------------|--------------------------------|
| D Best practice annual charges and developer charges* | | | |
| 27. Annual charges | | | |
| a. Does Council have best-practice water supply annual charges and usage charges*? | <input type="checkbox"/> | <input type="checkbox"/> | |
| If Yes, go to 28a. | | | |
| If No, please report if council has removed land value from access charges (ie rates)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies. | | | |
| b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines) | | | <input type="text"/> |
| c. Cross-subsidy to non-residential customers (page 24 of Guidelines) | | | <input type="text"/> |
| d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines) | | | <input type="text"/> |
| 28. Developer charges | | | |
| a. Has council completed a water supply Development Servicing** Plan? | <input type="checkbox"/> | <input type="checkbox"/> | |
| b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines) | | | <input type="text"/> |
| ** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002. | | | |
| 29. Disclosure of cross-subsidies | | | |
| Total of cross-subsidies (27b +27c + 27d + 28b) | | | <input type="text" value="-"/> |

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Cabonne Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

| \$'000 | Actuals Current | Actuals Non Current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 30. Cash and investments | | | |
| a. Developer charges | - | - | - |
| b. Special purpose grants | - | - | - |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | - | - | - |
| e. Sinking fund | - | - | - |
| f. Other | 3,093 | - | 3,093 |
| 31. Receivables | | | |
| a. Specific purpose grants | - | - | - |
| b. Rates and Availability Charges | 13 | - | 13 |
| c. User Charges | 537 | - | 537 |
| d. Other | 48 | - | 48 |
| 32. Inventories | - | - | - |
| 33. Property, plant and equipment | | | |
| a. System assets | - | 22,882 | 22,882 |
| b. Plant and equipment | - | 2,195 | 2,195 |
| 34. Other assets | - | - | - |
| 35. Total assets | 3,691 | 25,077 | 28,768 |
| LIABILITIES | | | |
| 36. Bank overdraft | - | - | - |
| 37. Creditors | 84 | - | 84 |
| 38. Borrowings | | | |
| a. Loans | - | - | - |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 39. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 40. Total liabilities | 84 | - | 84 |
| 41. NET ASSETS COMMITTED | 3,607 | 25,077 | 28,684 |
| EQUITY | | | |
| 42. Accumulated surplus | | | 11,445 |
| 43. Asset revaluation reserve | | | 17,239 |
| 44. TOTAL EQUITY | | | 28,684 |
| Note to system assets: | | | |
| 45. Current replacement cost of system assets | | | 42,950 |
| 46. Accumulated current cost depreciation of system assets | | | (20,068) |
| 47. Written down current cost of system assets | | | 22,882 |

Cabonne Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|---|-----------------|-----------------|
| A Expenses and Income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 162 | 54 |
| b. Engineering and Supervision | 244 | 81 |
| 2. Operation and Maintenance expenses | | |
| - Mains | | |
| a. Operation expenses | - | 12 |
| b. Maintenance expenses | 81 | 68 |
| - Pumping Stations | | |
| c. Operation expenses (excluding energy costs) | 2 | 9 |
| d. Energy costs | 25 | 19 |
| e. Maintenance expenses | 162 | 185 |
| - Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs) | - | 24 |
| g. Chemical costs | - | 22 |
| h. Energy costs | - | 26 |
| i. Effluent Management | - | - |
| j. Biosolids Management | - | - |
| k. Maintenance expenses | 303 | 344 |
| - Other | | |
| l. Operation expenses | - | 13 |
| m. Maintenance expenses | 92 | 146 |
| 3. Depreciation expenses | | |
| a. System assets | - | 516 |
| b. Plant and equipment | 782 | 199 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | - | 122 |
| b. Revaluation Decrements | - | - |
| c. Other expenses | - | 151 |
| d. Impairment - System assets | - | - |
| e. Impairment - Plant and equipment | - | - |
| f. Aboriginal Communities Water & Sewerage Program | - | - |
| g. Tax Equivalent Dividends (actually paid) | - | - |
| 5. Total expenses | 1,853 | 1,991 |

Cabonne Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges (including rates) | 1,143 | 1,217 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 179 | 94 |
| b. Usage charges | 45 | 61 |
| 8. Trade Waste Charges | | |
| a. Annual Fees | 8 | 9 |
| b. Usage charges | - | - |
| c. Excess mass charges | - | - |
| d. Re-inspection fees | - | - |
| 9. Extra charges | - | 24 |
| 10. Interest income | 64 | 159 |
| 11. Other income | 10 | 8 |
| 11a. Aboriginal Communities Water & Sewerage Program | - | - |
| 12. Grants | | |
| a. Grants for acquisition of assets | 3,329 | 749 |
| b. Grants for pensioner rebates | 26 | 28 |
| c. Other grants | - | - |
| 13. Contributions | | |
| a. Developer charges | 98 | 78 |
| b. Developer provided assets | - | - |
| c. Other contributions | 73 | 4 |
| 14. Total income | <u>4,975</u> | <u>2,431</u> |
| 15. Gain (or loss) on disposal of assets | - | - |
| 16. Operating Result | <u>3,122</u> | <u>440</u> |
| 16a. Operating Result (less grants for acquisition of assets) | (207) | (309) |

Cabonne Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

| \$'000 | Actuals 2014 | Actuals 2013 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 17. Acquisition of Fixed Assets | | |
| a. New Assets for Improved Standards | - | - |
| b. New Assets for Growth | 223 | 1,531 |
| c. Renewals | - | - |
| d. Plant and equipment | 10 | 14 |
| 18. Repayment of debt | | |
| a. Loans | 92 | 114 |
| b. Advances | 3 | 3 |
| c. Finance leases | - | - |
| 19. Transfer to sinking fund | - | - |
| 20. Totals | 328 | 1,662 |
| Non-operating funds employed | | |
| 21. Proceeds from disposal of assets | - | - |
| 22. Borrowing utilised | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 23. Transfer from sinking fund | - | - |
| 24. Totals | - | - |
| C Rates and charges | | |
| 25. Number of assessments | | |
| a. Residential (occupied) | 1,849 | 1,986 |
| b. Residential (unoccupied, ie. vacant lot) | 189 | 163 |
| c. Non-residential (occupied) | 269 | 303 |
| d. Non-residential (unoccupied, ie. vacant lot) | 17 | 5 |
| 26. Number of ETs for which developer charges were received | - ET | - ET |
| 27. Total amount of pensioner rebates (actual dollars) | \$ 45,637 | \$ 46,757 |

Cabonne Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2014

| \$'000 | Yes | No | Amount |
|--|------------------------------|--------------------------|--------------------------------|
| D Best practice annual charges and developer charges* | | | |
| 28. Annual charges | | | |
| a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*? | <input type="checkbox"/> Yes | <input type="checkbox"/> | |
| If Yes, go to 29a. | | | |
| If No, please report if council has removed land value from access charges (ie rates)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies. | | | |
| b. Cross-subsidy to non-residential customers (page 45 of Guidelines) | | | <input type="text"/> |
| c. Cross-subsidy to trade waste discharges (page 46 of Guidelines) | | | <input type="text"/> |
| 29. Developer charges | | | |
| a. Has council completed a sewerage Development Servicing** Plan? | <input type="checkbox"/> Yes | <input type="checkbox"/> | |
| b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines) | | | <input type="text"/> |
| ** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002. | | | |
| 30. Disclosure of cross-subsidies | | | |
| Total of cross-subsidies (28b + 28c + 29b) | | | <input type="text" value="-"/> |

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Cabonne Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

| \$'000 | Actuals Current | Actuals Non Current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 31. Cash and investments | | | |
| a. Developer charges | - | - | - |
| b. Special purpose grants | 11 | - | 11 |
| c. Accrued leave | - | - | - |
| d. Unexpended loans | - | - | - |
| e. Sinking fund | - | - | - |
| f. Other | 2,251 | - | 2,251 |
| 32. Receivables | | | |
| a. Specific purpose grants | 341 | - | 341 |
| b. Rates and Availability Charges | 25 | - | 25 |
| c. User Charges | 907 | - | 907 |
| d. Other | 71 | - | 71 |
| 33. Inventories | - | - | - |
| 34. Property, plant and equipment | | | |
| a. System assets | - | 28,190 | 28,190 |
| b. Plant and equipment | - | 11,888 | 11,888 |
| 35. Other assets | - | - | - |
| 36. Total Assets | <u>3,606</u> | <u>40,078</u> | <u>43,684</u> |
| LIABILITIES | | | |
| 37. Bank overdraft | - | - | - |
| 38. Creditors | 245 | - | 245 |
| 39. Borrowings | | | |
| a. Loans | 177 | 2,707 | 2,884 |
| b. Advances | - | - | - |
| c. Finance leases | - | - | - |
| 40. Provisions | | | |
| a. Tax equivalents | - | - | - |
| b. Dividend | - | - | - |
| c. Other | - | - | - |
| 41. Total Liabilities | <u>422</u> | <u>2,707</u> | <u>3,129</u> |
| 42. NET ASSETS COMMITTED | <u>3,184</u> | <u>37,371</u> | <u>40,555</u> |
| EQUITY | | | |
| 42. Accumulated surplus | | | 24,525 |
| 44. Asset revaluation reserve | | | 16,030 |
| 45. TOTAL EQUITY | | | <u>40,555</u> |
| Note to system assets: | | | |
| 46. Current replacement cost of system assets | | | 37,744 |
| 47. Accumulated current cost depreciation of system assets | | | (9,554) |
| 48. Written down current cost of system assets | | | <u>28,190</u> |

Cabonne Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard ⁽¹⁾ | Required Annual Maintenance ⁽²⁾ | Actual Maintenance 2013/14 ⁽³⁾ | Written Down Value (WDV) ⁽⁴⁾ | Assets in Condition as a % of WDV ^{(4), (5)} | | | | |
|-------------------------|--|--|--|---|---|---|--------------|--------------|--------------|--------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| | | | | | | | | | | |
| Buildings | Council Offices / Administration Centres | 7 | 35 | 35 | 3,332 | 0% | 0% | 89% | 11% | 0% |
| | Council Works Depot | 3 | 75 | 75 | 2,335 | 13% | 28% | 44% | 14% | 0% |
| | Council Public Halls | 32 | 27 | 27 | 3,565 | 1% | 0% | 31% | 67% | 0% |
| | Houses | 1 | 3 | 3 | 1,965 | 58% | 0% | 33% | 8% | 0% |
| | Museums | 2 | 10 | 10 | 2,407 | 67% | 14% | 9% | 9% | 0% |
| | Sports Grounds | 4 | 40 | 40 | 2,636 | 28% | 35% | 28% | 8% | 1% |
| | Childcare Centres | 0 | 20 | 20 | 1,787 | 0% | 37% | 59% | 4% | 0% |
| | Parks | - | 32 | 32 | 100 | 0% | 0% | 100% | 0% | 0% |
| | Amenities/Toilets | - | 10 | 10 | 729 | 82% | 0% | 18% | 0% | 0% |
| | Bushfire | - | - | - | 2,485 | 53% | 33% | 6% | 8% | 0% |
| | Pools | 0 | 50 | 50 | 1,335 | 16% | 49% | 34% | 1% | 0% |
| | Saleyards | 1 | - | - | 11 | 0% | 0% | 0% | 100% | 0% |
| | Waste Services | 6 | - | - | 427 | 10% | 33% | 33% | 25% | 0% |
| | Caravan Parks | 4 | 15 | 15 | 504 | 7% | 0% | 53% | 41% | 0% |
| | Quarry | - | - | - | 3,206 | 90% | 9% | 0% | 75% | 0% |
| | Aged Units | 1 | 12 | 12 | 944 | 0% | 0% | 75% | 25% | 0% |
| | Water/Sewer | - | - | - | 433 | 86% | 7% | 7% | 0% | 0% |
| | Other Buildings | 4 | 50 | 50 | 868 | 78% | 0% | 0% | 22% | 0% |
| | Showgrounds | 6 | - | - | 1,742 | 28% | 0% | 26% | 45% | 1% |
| | | sub total | 72 | 379 | 379 | 30,811 | 34.2% | 14.8% | 33.1% | 25.7% |
| Other Structures | Other Structures | 50 | 100 | 50 | 4,939 | 59% | 21% | 14% | 5% | 1% |
| | sub total | 50 | 100 | 50 | 4,939 | 59.3% | 20.6% | 14.1% | 5.4% | 0.6% |

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard ⁽¹⁾ | Required Annual Maintenance ⁽²⁾ | Actual Maintenance 2013/14 ⁽³⁾ | Written Down Value (WDV) ⁽⁴⁾ | Assets in Condition as a % of WDV ^{(4), (5)} | | | | |
|-----------------------------|----------------------|--|--|---|---|---|--------------|--------------|-------------|--------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Roads | Sealed Roads Surface | 2,737 | 1,250 | 2,312 | 87,940 | 34% | 43% | 20% | 2% | 0% |
| | Unsealed Roads | 1,874 | 713 | 994 | 20,476 | 5% | 14% | 43% | 30% | 7% |
| | Bridges | 1,718 | 27 | 1 | 41,171 | 33% | 46% | 15% | 5% | 1% |
| | Footpaths | 88 | 17 | 17 | 3,804 | 42% | 20% | 35% | 3% | 0% |
| | Kerb and Gutter | 456 | 10 | 9 | 6,836 | 23% | 18% | 52% | 6% | 1% |
| | Road Structure | 65 | - | - | 1,012 | 49% | 21% | 24% | 4% | 2% |
| | sub total | 6,938 | 2,017 | 3,333 | 161,239 | 30.0% | 38.4% | 23.5% | 6.7% | 1.4% |
| Water Supply Network | Treatment Plants | 100 | 42 | 138 | 1,811 | 22% | 78% | 0% | 0% | 0% |
| | Water Connections | 68 | 30 | 98 | 10,660 | 28% | 42% | 30% | 0% | 0% |
| | Bores | 16 | 5 | 116 | 236 | 38% | 55% | 7% | 0% | 0% |
| | Reservoirs/Dams | 535 | 36 | 90 | 10,033 | 0% | 15% | 85% | 0% | 0% |
| | Pumpung Stations | 7 | 36 | 80 | 218 | 0% | 26% | 74% | 0% | 0% |
| | Telemetry | 4 | 17 | | 117 | 72% | 28% | 0% | 0% | 0% |
| | sub total | 730 | 166 | 522 | 23,075 | 15.6% | 33.1% | 51.4% | 0.1% | -0.1% |
| Sewerage Network | Pumping Stations | 63 | 56 | 189 | 3,758 | 43% | 32% | 25% | 0% | 0% |
| | Treatment Works | 40 | 47 | 303 | 6,199 | 72% | 18% | 9% | 1% | 0% |
| | Mains | 72 | 250 | 81 | 18,115 | 61% | 38% | 1% | 0% | 0% |
| | Telemetry | 6 | 12 | 35 | 32 | 16% | 84% | 0% | 0% | 0% |
| | On Property Works | - | 96 | 37 | 86 | 100% | 0% | 0% | 0% | 0% |
| | sub total | 182 | 461 | 645 | 28,190 | 61.0% | 32.9% | 5.9% | 0.2% | 0.0% |

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2014

\$'000

| Asset Class | Asset Category | Estimated cost to bring up to a satisfactory standard ⁽¹⁾ | Required Annual Maintenance ⁽²⁾ | Actual Maintenance 2013/14 ⁽³⁾ | Written Down Value (WDV) ⁽⁴⁾ | Assets in Condition as a % of WDV ^{(4), (5)} | | | | |
|---------------------------------|------------------|--|--|---|---|---|--------------|--------------|--------------|-------------|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Stormwater Drainage | Box Culvert | 120 | 1 | - | 527 | 4% | 36% | 37% | 23% | 0% |
| | Open Channel | 11 | 2 | - | 4,219 | 44% | 41% | 15% | 0% | 0% |
| | Pipes | 3 | - | - | 100 | 7% | 61% | 32% | 0% | 0% |
| | Pits | 1 | 1 | - | 55 | 23% | 52% | 22% | 3% | 0% |
| | sub total | 135 | 4 | - | 4,901 | 39.2% | 40.7% | 17.6% | 2.5% | 0.0% |
| Open Space/ Recreational Assets | Swimming Pools | 100 | 54 | 54 | 2,459 | 90% | 0% | 0% | 10% | 0% |
| | sub total | 100 | 54 | 54 | 2,459 | 89.6% | 0.0% | 0.0% | 10.4% | 0.0% |
| TOTAL - ALL ASSETS | | 8,207 | 3,181 | 4,983 | 255,614 | 33.9% | 33.8% | 24.7% | 7.6% | 0.9% |

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

| \$ '000 | Amounts 2014 | Indicator 2014 | Prior Periods 2013 2012 | |
|--|-----------------|-------------------|-------------------------------|--------|
| Infrastructure Asset Performance Indicators Consolidated | | | | |
| 1. Building and Infrastructure Renewals Ratio | | | | |
| Asset Renewals (Building and Infrastructure) ⁽¹⁾ | <u>6,584</u> | 105.85% | 108.43% | 89.00% |
| Depreciation, Amortisation & Impairment | <u>6,220</u> | | | |
| 2. Infrastructure Backlog Ratio | | | | |
| Estimated Cost to bring Assets to a Satisfactory Condition | <u>8,207</u> | 0.03 | 0.03 | 0.17 |
| Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets | <u>255,614</u> | | | |
| 3. Asset Maintenance Ratio | | | | |
| Actual Asset Maintenance | <u>4,983</u> | 1.57 | 0.83 | 0.49 |
| Required Asset Maintenance | <u>3,181</u> | | | |
| 4. Capital Expenditure Ratio | | | | |
| Annual Capital Expenditure | <u>17,585</u> | 1.87 | 1.26 | 1.28 |
| Annual Depreciation | <u>9,381</u> | | | |

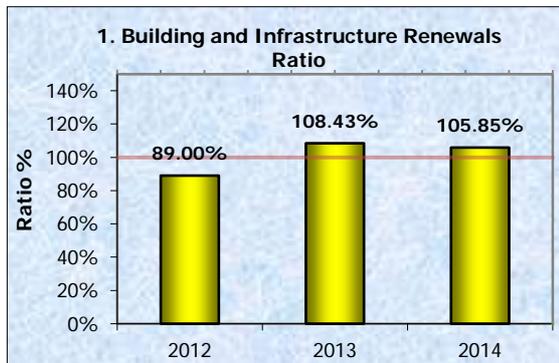
Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

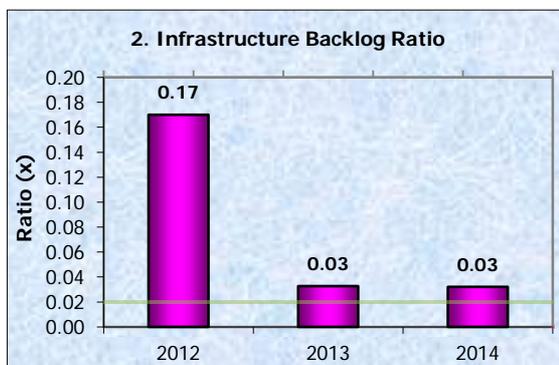
Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2013/14 Result

2013/14 Ratio 105.85%

Council's Building & Infrastructure ratio is again above Tcorp's benchmark. Council is continuing invest in infrastructure renewals and endeavour to maintain the ratio above the benchmark in the 2014/15 in accordance with Council's Asset management plan.



— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

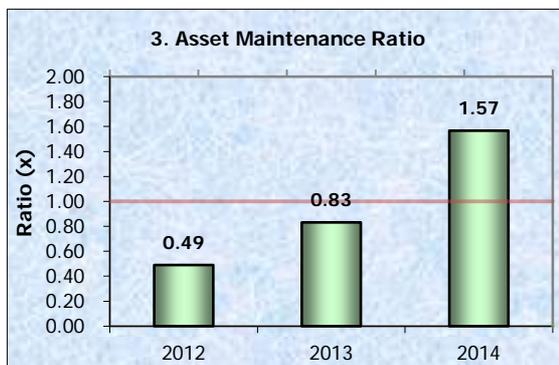
Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2013/14 Result

2013/14 Ratio 0.03 x

In recent years Council has invested significant funds into its Infrastructure Backlog Ratio in the last two years and has reduced this ratio in conjunction with Council's Asset management plan.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

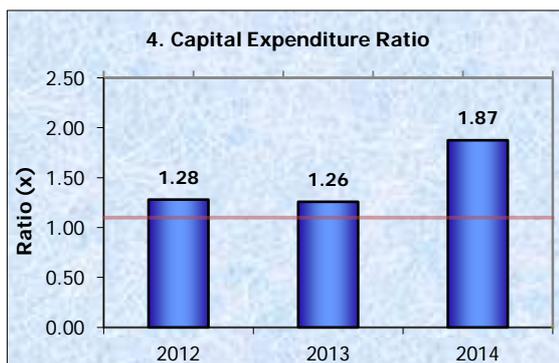
Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2013/14 Result

2013/14 Ratio 1.57 x

This is a pleasing result highlighting Council's ongoing commitment to asset maintenance.



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2013/14 Result

2013/14 Ratio 1.87 x

The Capital Expenditure Ratio result indicates Council's commitment to reducing its backlog.

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

| \$ '000 | Water 2014 | Sewer 2014 | General ⁽¹⁾ 2014 |
|---|----------------|---------------|--------------------------------|
| Infrastructure Asset Performance Indicators By Fund | | | |
| 1. Building and Infrastructure Renewals Ratio | | | |
| <u>Asset Renewals (Building and Infrastructure)⁽¹⁾</u> | 124.50% | 3.64% | 115.07% |
| Depreciation, Amortisation & Impairment | | | |
| prior period: | 1.12% | 0.75% | 128.96% |
| 2. Infrastructure Backlog Ratio | | | |
| <u>Estimated Cost to bring Assets to a Satisfactory Condition</u> | | | |
| Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets | 0.03 | 0.01 | 0.04 |
| prior period: | 0.00 | 0.00 | 0.04 |
| 3. Asset Maintenance Ratio | | | |
| <u>Actual Asset Maintenance</u> | | | |
| Required Asset Maintenance | 3.14 | 1.40 | 1.49 |
| prior period: | 0.48 | 0.76 | 0.88 |
| 4. Capital Expenditure Ratio | | | |
| <u>Annual Capital Expenditure</u> | | | |
| Annual Depreciation | 1.13 | 0.30 | 2.07 |
| prior period: | 0.11 | 2.16 | 1.21 |

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

⁽²⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽³⁾ Written down value

Cabonne Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

| \$'000 | Actual ⁽¹⁾ 13/14 | Forecast ⁽³⁾ 14/15 | Forecast ⁽³⁾ 15/16 | Forecast ⁽³⁾ 16/17 | Forecast ⁽³⁾ 17/18 | Forecast ⁽³⁾ 18/19 | Forecast ⁽³⁾ 19/20 | Forecast ⁽³⁾ 20/21 | Forecast ⁽³⁾ 21/22 | Forecast ⁽³⁾ 22/23 | Forecast ⁽³⁾ 23/24 |
|--|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| (i) OPERATING BUDGET | | | | | | | | | | | |
| Income from continuing operations | 39,572 | 38,818 | 42,126 | 43,166 | 44,339 | 45,546 | 46,788 | 48,068 | 49,385 | 50,740 | 52,135 |
| Expenses from continuing operations | 32,285 | 34,454 | 35,459 | 36,433 | 37,434 | 38,464 | 39,523 | 40,605 | 41,723 | 42,835 | 43,986 |
| Operating Result from Continuing Operations | 7,287 | 4,364 | 6,667 | 6,733 | 6,905 | 7,082 | 7,265 | 7,463 | 7,662 | 7,905 | 8,149 |
| (ii) CAPITAL BUDGET | | | | | | | | | | | |
| New Capital Works ⁽²⁾ | 5,690 | - | - | - | - | - | - | - | - | - | - |
| Replacement/Refurbishment of Existing Assets | 12,253 | 9,817 | 10,250 | 11,280 | 12,054 | 12,886 | 13,906 | 14,792 | 15,774 | 16,867 | 18,076 |
| Total Capital Budget | 17,943 | 9,817 | 10,250 | 11,280 | 12,054 | 12,886 | 13,906 | 14,792 | 15,774 | 16,867 | 18,076 |
| Funded by: | | | | | | | | | | | |
| - Loans | - | - | - | - | - | - | - | - | - | - | - |
| - Asset sales | - | - | - | - | - | - | - | - | - | - | - |
| - Reserves | - | - | - | - | - | - | - | - | - | - | - |
| - Grants/Contributions | 3,526 | - | - | - | - | - | - | - | - | - | - |
| - Recurrent revenue | 14,417 | 9,817 | 10,250 | 11,280 | 12,054 | 12,886 | 13,906 | 14,792 | 15,774 | 16,867 | 18,076 |
| - Other | - | - | - | - | - | - | - | - | - | - | - |
| | 17,943 | 9,817 | 10,250 | 11,280 | 12,054 | 12,886 | 13,906 | 14,792 | 15,774 | 16,867 | 18,076 |

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Cabonne Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

| \$'000 | | Calculation 2013/14 | Calculation 2014/15 |
|---|-----------------|------------------------|------------------------|
| Notional General Income Calculation ⁽¹⁾ | | | |
| Last Year Notional General Income Yield | a | 8,979 | 9,316 |
| Plus or minus Adjustments ⁽²⁾ | b | 4 | (182) |
| Notional General Income | c | 8,983 | 9,134 |
| Permissible Income Calculation | | | |
| Special variation percentage ⁽³⁾ | d | | |
| or Rate peg percentage | e | 3.40% | 2.30% |
| or Crown land adjustment incl. rate peg percentage | f | | |
| less expiring Special variation amount | g | - | - |
| plus Special variation amount | h = c x d | - | - |
| or plus Rate peg amount | i = c x e | 305 | 210 |
| or plus Crown land adjustment and rate peg amount | j = c x f | - | - |
| sub-total | k = (c+g+h+i+j) | 9,288 | 9,344 |
| plus (or minus) last year's Carry Forward Total | l | 2 | (14) |
| less Valuation Objections claimed in the previous year | m | - | (12) |
| sub-total | n = (l + m) | 2 | (26) |
| Total Permissible income | o = k + n | 9,290 | 9,318 |
| less Notional General Income Yield | p | 9,316 | 9,314 |
| Catch-up or (excess) result | q = o - p | (26) | 4 |
| plus Income lost due to valuation objections claimed ⁽⁴⁾ | r | 12 | - |
| less Unused catch-up ⁽⁵⁾ | s | - | - |
| Carry forward to next year | t = q + r - s | (14) | 4 |

Notes

- ¹ The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- ² Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- ⁵ Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

**INDEPENDENT AUDITOR'S REPORT
PERMISSIBLE GENERAL INCOME OF CABONNE COUNCIL**

Scope

We have audited the special purpose financial report comprising the reconciliation of total permissible general income of Cabonne Council for 2014-'15.

The Council is responsible for the preparation and presentation of the report in accordance with a directive of the Chief Executive, Office Local Government, Department of Premier and Cabinet. We have conducted an independent audit of the report in order to express an opinion on its preparation and presentation.

The report has been prepared for the Office of Local Government in the Department of Premier and Cabinet for the purpose of ensuring compliance by the Council with its financial reporting requirements under the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards so as to provide reasonable assurance as to whether the report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the report. We have not examined forecasts of expenditure or the impact of present or future policy decisions on the report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the report is presented fairly in accordance with the requirements of the Chief Executive, Local Government.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the reconciliation of Council's total permissible general income which shows a carry forward catch-up total for 2014-'15 of **three thousand, eight hundred and seventy-eight dollars (\$3,878)** is properly drawn up in accordance with the requirements of the Chief Executive, Local Government and in accordance with the books and records of the Council.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of the directive of the Chief Executive, Local Government, Department of Premier and Cabinet. As a result, the financial report may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the financial report was prepared.



intentus

14 Sale Street
Orange
Dated: 30 September 2014



John O'Malley
Director

Payment of Expenses and Provision of Facilities for Mayor and Councillors 2014 Policy

1 Document Information

| | |
|--|--|
| Version Date <i>(Draft or Council Meeting date)</i> | 19 November 2013 |
| Author | Administration Manager |
| Owner <i>(Relevant director)</i> | Director of Finance & Corporate Services |
| Status – <i>Draft, Approved, Adopted by Council, Superseded or Withdrawn</i> | Adopted by Council |
| Next Review Date | August each year – submitted to DLG by 30 November |
| Minute number <i>(once adopted by Council)</i> | 13/11/14 |

2 Summary

The purpose of the policy is to ensure that there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by councillors. The policy also ensures that the facilities provided to assist councillors to carry out their civic duties are reasonable.

3 Approvals

| Title | Date Approved | Signature |
|-----------------|---------------|-----------|
| General Manager | | |

4 History

| Minute No. | Summary of Changes | New Version Date |
|------------|---|------------------|
| 00/1/10 | Complete Review | 17/01/00 |
| 01/02/10 | Addition of Uniform Contribution | 19/02/01 |
| 04/05/16 | Amended | 17/05/04 |
| 05/07/9 | Amended after advertising to allow for laptops for councillors and a mobile phone for the Mayor | 18/07/05 |

| | | |
|----------------------|--|------------------|
| Draft | Amended to comply with DLG updated guidelines – Circular 07-22 refers | October 2008 |
| 08/10/15 | Draft amended at October 2008 Council meeting to add provision for Internet access reimbursement and advertised for public submissions. | |
| 08/12/26 | Adopted without further change at December 2008 Council meeting | December 2008 |
| 09/06/14 | Amended at June Council Meeting that where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit. | 15/06/09 |
| 09/08/36 - 2 | Credit Card facility for Mayor with \$3,000 limit approved | 17 August 2009 |
| Draft | Policy reviewed in accordance with DLG revised Guidelines October 2009. Additional clarification added (pg 10) in relation to non payment of expenses relating to political fundraising events, or donations to a political party or candidate's electoral fund. A process to resolve any disputes that arise about the provision of expenses and facilities was added (page 8). No other substantial change required. Submitted to October Council meeting. | October 2009 |
| 09/11/10 | Adopted without further change at November 2009 Council meeting | November 2009 |
| 10/02/17 | Readopted by Council. | 15 February 2010 |
| 10/08/17, 18, and 19 | Reviewed for 2011. Draft prepared for September 2010 Council meeting. Corrected omission of annual maximum limits for Mayoral Phone, vehicle and noted Councillors' out of area travel covered within travel expense item. Provision of credit card and multifunction printer/copier/scanner and consumables for at home use by Mayor added. | August 2010 |
| PIBs | Council determined to withdraw the provision of a multifunction printer/copier/scanner and consumables for at home use by the Mayor. | September 2010 |
| 10/11/15 | Adopted by Council – additionally “Department” updated with “Division”. | 15 November 2010 |
| 11/11/28 | Reviewed for 2012. Draft prepared for September Council meeting. No substantial changes made. Readopted by Council. | November 2011 |
| 12/11/11 | Reviewed for 2013. Draft prepared for September Council meeting. Combined policy re alternate delegates (Minute No. 94/3/27). <i>Amendment to provide iPads and associated requirements in lieu of laptops and remove reference to reimbursement of internet access.</i> | November 2012 |

| | | |
|----------|---|------------------|
| 13/09/13 | Reviewed for 2014. Draft endorsed to invite submissions at September Council meeting with the Internet Access plan upgraded to 4GB. | September 2013 |
| 13/11/14 | Adopted without further change | 19 November 2013 |

5 Reason

Councillor expenses and facilities policies are made under the Local Government Act 1993 (“the Act”) and in accordance with sections 252 and 253 of the Act as well as clause 403 of the Local Government (General) Regulation 2005 (‘the Regulation’).

Under section 252(5) of the Act councillor expenses and facilities policies must comply with the provisions of the Act, the Regulation, guidelines provided by the Division of Local Government and other policies nominated in said guidelines.

Under section 440 each council must adopt a code of conduct that incorporates the provisions of the *Model Code of Conduct for Local Councils in NSW* (the Model Code of Conduct).

6 Scope

This Policy applies to all councillors.

Principles Guiding This Policy

The overriding principle of this policy is that the provisions made in regard to expenses and facilities for councillors are acceptable to, and meet the expectations of the local community.

The following are important elements of the principles that underpin this policy:-

Councillor conduct

As required by section 439 of the Local Government Act 1993 (LGA) and reinforced in the Model Code of Conduct provisions, councillors must act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out their functions;

Councillors are to be mindful of the provisions of the Anti-Discrimination Act 1977 which make it unlawful for any member or members of a council of a local government area when acting (whether alone or together) in the course of his, her or their official functions to discriminate against another member of the council on the grounds of race, sex, transgender, marital status, disability, responsibilities as a carer or homosexuality.

Equity, access and ability to participate

This policy is to be applied in a non-discriminatory and equitable manner to enable full participation by councillors from varied walks of life, allowing representation of the community in different ways and accommodating individual differences;

Council values a diversity of representation. This expense and facility policy will be interpreted such that any under-represented groups within the community will not be discouraged from undertaking the civic duties of a councillor by reason of financial or other disadvantage;

Similarly this policy will be interpreted so that reasonable provision for the special needs of councillors is accommodated. This will include access to the appropriate parts of council premises and facilities and maximise participation in the civic duties and business of council. It will also include provision for sight or hearing impaired councillors, those with other disabilities and make reasonable transportation provisions for those unable or unwilling to drive a vehicle.

Accountability and transparency

This policy details both the specific expenses for which councillors are entitled to receive reimbursement and the facilities they are entitled to access. Councillors may only receive these where they are so identified. This Policy document will be open to public scrutiny at all times;

Annual reporting requirements as defined in the LGA, associated Regulation and DLG Guidelines are included in this policy and will be followed;

Reasonable and relevant expenses

This policy provides for the provision of reasonable and relevant expenses in relation to the role as a councillor and which are in proportion to the size and extent of affordability by the operations of Cabonne Council.

Defined limits over expenses and facilities

All expenses defined in this policy are associated with specific monetary limits where practicable and appropriate. Similarly standards for the provision of equipment and facilities provided to councillors are defined. No provision for a "General" expense or allowance is included in this policy.

Annual fees and expenses a separate issue

The Local Government Remuneration Tribunal has adopted the principle that expenses reasonably incurred by councillors are outside provisions made under the annual fee determinations. Accordingly this policy does not require councillors to pay for some of their expenses from their annual fee since it is recognised that this can have the effect of financially disadvantaging councillors.

Expenses and allowances

Only payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties is permitted under this policy.

Payment will generally be way of reimbursement after the event. Consideration will be given to a request by a councillor for the provision of an advance payment for the cost of a service associated with a civic duty. Expenses typically paid in advance are specified. Payments in advance are subject to reconciliation within 60 days.

There are no circumstances in which legal expenses will be met by a council for proceedings initiated by a councillor. Nor will legal expenses be met for a councillor defending any action in a matter not rising directly as a result of his or her civic duty.

Councillors using private vehicles in carrying out their civic duties will be paid the mileage allowance at the then current rate set by the Local Government (State) Award;

Approval arrangements

This policy defines approval arrangements, and requires more than one person as decision maker in order to prevent potential conflicts.

Private benefit

Councillors will not generally obtain private benefit from the provision of equipment and facilities, nor from travel bonus or any other such loyalty schemes. However, it is acknowledged that incidental use of council equipment and facilities may occur from time to time. Such incidental private use is not subject to a compensatory payment.

Where more substantial private use has occurred, the Act provides that a payment may be made to cover the level of that private use. Council has established that this would be at the current rate set by the Local Government (State) Award in the case of kilometres using council vehicles incurred by councillors on Council duties and at an agreed rate for private use by the Mayor in the mayoral vehicle (as provided by section 252(2) of the Act);

7 Associated Legislation

A policy for the payment of expenses and the provision of facilities for councillors is made under section 252 of the Local Government Act 1993 and in accordance with clause 403 of the Local Government (General) Regulation 2005.

Other policy provisions, which should be considered, include the DLG guidelines, Division of Local Government circulars to councils, the Model Code of Conduct for Local Councils in NSW and the Independent Commission against Corruption publication No Excuse for Misuse.

Details of relevant statutory requirements and other policy provisions are at APPENDIX 2 of the DLG guidelines (circular 07-22).

8 Definitions

“DLG” – Division of Local Government

“Act” – Local Government Act 1993

“Regulation” – Local Government (General) Regulation 2005

9 Responsibilities

9.1 General Manager

Jointly with the Mayor, (or Deputy Mayor if the expense relates to the Mayor), approve expenses that are to be incurred prior to the opportunity to be reported to a Council meeting.

The General Manager and/or Director of Finance & Corporate Services is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by councillors.

9.2 Directors and Managers

The Director of Finance & Corporate Services and/or General Manager is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by departing councillors.

The Finance Manager is required to ensure accounting staff are provided with and process the Mayor's motor vehicle log books and mobile telephone account indicating private calls made.

The Administration Manager is required to determine availability of a vehicle for councillors when appropriate.

The Finance Manager and Administration Manager are responsible for providing an annual report to Council each September providing a break-up of expenses provided under the headings of Councillor or staff member, type and amount of expense, facility or other in-kind benefit, etc for the previous financial year.

9.3 Staff

The General Manager's Personal Assistant is required to provide Secretarial services for the Mayor.

10 Related Documents

| Document Name | Document Location |
|--|---------------------------|
| DLG Guidelines for payment of expenses and provision of facilities | DLG website |
| Model Code of Conduct | DLG website |
| DLG Circulars to councils | DLG website |
| ICAC publications – No Excuse for Misuse, preventing the misuse of council resources | ICAC website |
| Mobile Phone Policy | Council's Policy database |
| Councillors Approval Request Form To Attend Conference | infoXpert |

11 Policy Statement

Wherever possible this Policy uses the suggested format by the DLG whilst complying with Council's standard Policy template.

Part 1 - INTRODUCTION

Reporting requirements

Review

Councils are required on an annual basis to review and submit their policy to the Division of Local Government within 28 days of adoption by council, even if they propose to adopt an unchanged policy. Policies must be submitted by **30 November each year**.

Annual reporting requirements

Section 428 of the *Local Government Act 1993* requires councils to include in their annual report:

- the council's policy on the provision of facilities for, and the payment of expenses to, mayors and councillors
- the total amount of money expended during the year on providing those facilities and paying those expenses
- additional information as required by the Local Government (General) Regulation 2005.

Additional annual reporting requirements

Amendments to clause 217 of the Local Government (General) Regulation 2005 made in December 2006 now require councils to include additional reporting information in their annual reports.

The additional reporting information required is for the purposes of transparency and accountability and should not be seen as a disincentive for the payment of appropriate expenses to councillors.

Councils are now required to report separately on:

- the total cost of expenses and the provision of facilities for the mayor and all councillors, as well as:

Provision of facilities

The cost of the provision of dedicated office equipment allocated to councillors on a personal basis such as laptop computers, mobile phones, telephones and facsimile machines and Internet installed in the councillors' homes (including line rental and internet access). This item does not include the costs of using this equipment, such as calls.

Expenses

- the cost of phone calls including mobiles, home located landlines, facsimile and internet services
- spouse/partner/accompanying person expenses (limited to circumstances outlined on page 14 of the DLG Guidelines)
- conference and seminar expenses
- training and skill development expenses
- Interstate travel expenses (including subsistence and out-of-pocket expenses)
- overseas travel expenses (including subsistence and out-of-pocket expenses)
- care and other related expenses (of dependants to enable a councillor to undertake his or her civic functions).

Reporting of exceptional equipment and facilities costs

In addition to the statutory reporting requirements, councils should report other costs where these are significant. For example, councils should report the cost of the provision of facilities and equipment where such provision is above what would **normally** be required for the day-to-day running of the council.

Legislative provisions

Expenses and facilities policies must not include a general expense clause.

Clause 403 (previously 42A) of the Local Government (General) Regulation 2005 provides that councils must not include in their section 252 policies any provision that enables council to pay a councillor an allowance in the nature of a general expense allowance.

Section 252 of the *Local Government Act 1993* only **authorises payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties.** It is not appropriate or lawful for councils to pay general allowances unrelated to actual expenses incurred or designed to supplement councillors' annual fees.

Monetary limits to expenses

It is the responsibility of individual councils to establish what they would consider a **reasonable level of provision** by determining their own monetary limits and/or rates for the payment of expenses and other benefits to their councillors. **These limits have been determined and are clearly stated in the policy.**

Identifying and publishing monetary limits allows members of the public to know the expected cost of providing services to councillors and to make comment during the public consultation phase of making or amending the policy. It also avoids situations where councillors incur costs that are unforeseen or considered unreasonable by other councillors and the public.

Standard of provision of equipment and facilities

The DLG guidelines do not specify a specific standard for the provision of equipment and facilities to councillors. As with expenses, it is the responsibility of councils to establish and define an appropriate and reasonable level of provision that would enable councillors to effectively carry out their civic duties. **Council has determined the level of equipment and facilities to be provided to the Mayor and councillors. These are detailed in the policy.**

Approval arrangements for claiming expenses and use of facilities

Approval of councillor expenses will be consistent with the stated guiding principle that no one person is the sole decision maker in giving approval.

Part 2 - PAYMENT OF EXPENSES

General Provisions

Whenever possible approval for discretionary trips and attendance at conferences and the like should be approved at a Council meeting. If this is not possible then the approval should be given jointly by the Mayor and the General Manager. If the Mayor requires approval to travel outside of council meetings it should be given jointly by the Deputy Mayor and the General Manager.

Travel involving an overnight stay will require prior approval with full details of the travel. This should include itinerary, costs and reasons for the travel being provided;

Approval to meet expenses will only be given when the function is relevant to the council's interest. No approval will be given for any cost component that is additional, or not relevant to, the service cost of the function.

Should dispute(s) arise about the provision of expenses and facilities the matter is to be resolved by determination of the General Manager, in compliance with Council's Policy, in the first instance. Should the councillor consider the General Manager's determination to be incorrect then the matter shall be reported for determination by the Full Council at the next available Council meeting.

Payment of expenses generally

a) Allowances, expenses and motor vehicle availability

In accordance with the LGA this policy does not permit:

- i. The payment to any councillor of an allowance in the nature of a general expense or allowance;
- ii. The exclusive or primary use of a motor vehicle by any councillor other than a Mayor (or Deputy Mayor under specific conditions).

b) Reimbursement and reconciliation of expenses

- i. Reimbursement of costs and expenses to councillors will only be made upon the production of appropriate receipts and tax invoices, and the completion of the required claim forms.
- ii. Expenses and costs incurred must be in accordance with the requirements of this policy.
- iii. The maximum time limit for councillors to seek reimbursement for their expenses is within 60 days from the date of the receipt, invoice or voucher.

c) Payment in advance

Councillors may request payment in advance in anticipation of expenses to be incurred in attending conferences, seminars and training away from home. Councillors may also request an advance payment for the cost of any other service or facility covered by the policy. However, councillors must fully reconcile all expenses against the cost of the advance when they return within the above time limit.

Allowance type payments are not payable in any circumstances.

Establishment of monetary limits and standards

Note: where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit except where specified.

The following currently apply as monetary limits to expenses:

| Expense | Mayor | Deputy Mayor | Councillors* |
|--|------------------------------------|---|--|
| | Maximum Annual Expense Limits (\$) | | |
| Agreed training | 3,500 | 2,500 | 20,000 |
| Mandatory Councillor Information session | 400 | 400 | 4,000 |
| Conferences & Seminars | 5,000 | 3,000 | 20,000 |
| Travel - Local and Out Of Area | N/A | 4,000 - Council vehicle for attending out of area functions | 40,000 - Council vehicle for attending out of area functions |
| Interstate Travel | 2,000 | 1,500 | 10,000 |
| Overseas Travel | Not Available | Not Available | Not Available |
| Motor Vehicle | 15,000 [^] | See Travel - Local and Out Of Area | See Travel - Local and Out Of Area |
| Mobile Phone | 3,600 | Not Available | Not Available |
| Stationery | 200 | 100 | 1,000 |
| Business Cards, Name tags, etc | 150 | 150 | 1,500 |
| Corporate Uniform (50% contribution) | 200 (max.) | 200 (max.) | 200 (max.) per councillor |
| Mayoral Office Refreshments | 1,500 | Not Available | Not Available |

[^] - Based on Maximum Annual Expense Limit for the Mayoral Vehicle set as \$10,000 (based on 50,000kms per vehicle) with actual annual usage indicating less than 21,000kms travelled in the 2012/13 year.

* Note: Global limit

Spouse and partner expenses

There are limited instances where certain reasonable costs incurred by the councillor for their spouse, partner or accompanying person are properly reimbursable by Council:

- a. Where the costs relate to attendance at official council functions of a formal and ceremonial nature and occur within the local government area. Such functions would be those which a councillor's spouse, partner or accompanying person could be reasonably expected to attend. Examples could include but not be limited to: Australia Day award ceremonies, Citizenship ceremonies, civic receptions and charitable functions supported by the council;
- b. In relation to Local Government and Shires Associations' annual conferences, costs limited to the cost of registration and the official conference dinner. Travel, any additional accommodation, and the cost of partner/accompanying person tours etc would be the personal responsibility of individual councillors (Council will meet the equivalent cost of Single accommodation for the Councillor with any additional cost borne by the councillor);

- c. Where they occur outside the Cabonne local government area, but within the State, costs of representing the Mayor, at an official function of councillor or those of accompanying the Mayor whilst on an official ceremonial duty. Examples could include charitable functions, award ceremonies and other functions to which the Mayor has been invited and is representing the council.
- d. In the above circumstances, reimbursable costs are confined to the ticket, meal or direct cost of attending the function. Reimbursable costs do not extend to items such as special clothing, grooming or transport.

Apart from where defined above, other accompaniment costs outside the Cabonne local government area will not be reimbursed.

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

Specific Expenses For Mayors And Councillors

Attendance at seminars and conferences

Attendance at Annual Conferences of Local Government and Shires Associations will normally be undertaken by the Mayor.

At least two Councillors may be afforded the opportunity to attend the Shires Association conference each year.

Councillors may be **nominated** to attend conferences, seminars and similar functions relevant to Council's interests by:-

- ✧ the Council, through resolution duly taken.
- ✧ the Mayor, acting within his/her delegated authorities and subject to budget requirements.

Approval to attend must be resolved at a Council meeting or by both the Mayor and General Manager if attendance is required prior to the next Council meeting. If the proposed attendance is by the Mayor then approval by the Deputy Mayor and General Manager is required.

Councillors will be required to provide a written report to Council on such conferences.

Council will pay conference registration fees, including the costs of related official meals or activities where these are relevant to the business and interests of Council.

The reasonable costs of transport and accommodation associated with conference attendance will also be met as will meals when not included in conference fees. When overnight accommodation is necessary (the night before or after the conference) accommodation costs must be approved by Council.

Where attendance at other functions is relevant to Council's interest by reason of briefings, information or networking with key community members, business identities or politicians, approval may also be given by Council. Such approval will extend to the cost of the function and not to political donations.

No payment should be made by a council for attendance by a councillor at any political fundraising event, for any donation to a political party or candidate's electoral fund, or for some other private benefit.

Council staff should ascertain whether any expenses to be incurred would be directed towards such events and activities prior to approving expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Training and Educational Expenses

Each Councillor is required to undertake a Councillor Information session run by the DLG on election to Council.

Each Councillor will be encouraged to undertake at least one Professional Development Course every two (2) years.

A Personal Development Training Plan is to be prepared by the General Manager each year based on funds allowed within the annual estimates of Income and Expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Local travel arrangements and expenses

Councillors are required to use private vehicles to attend Council and/or committee meetings and will be paid the kilometre allowance at the then current rate set by the appropriate Local Government (State) Award from time to time, but subject to the most direct route being taken.

Travel undertaken by a councillor in the capacity of Chair of a council committee or as a delegate of Council will also be reimbursed on a kilometre basis at the rate specified above.

When acting for the Mayor at Civic functions, and when Council's Administration Manager has been advised in writing by the Mayor, councillors will also be reimbursed on a kilometre basis at the rate specified above.

Council has previously determined, (Minute No. 94/3/27) that any official Council delegate is authorised to arrange for another councillor to represent Council at functions where the official delegate is unable to attend and believes that Council representation is required. In such instances, and when Council's Administration Manager has been advised in writing by the councillor who arranged an alternate, councillors will also be reimbursed on a kilometre basis at the rate specified above.

The driver is personally responsible for traffic or parking fines. An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Travel outside the LGA including interstate travel

All reasonable travel costs will be met by the Council subject to prior Council approval. Where appropriate, travel will be provided by air (economy class). Depending upon the circumstances, it may be more appropriate for travel to be undertaken by car.

Where a private vehicle is used, kilometre payments are not to exceed the economy air fare and should apply to the most direct route. The driver is personally responsible for traffic or parking fines.

Travel by motor vehicle may be undertaken in a Council vehicle (where available – contact Council’s Administration Manager to determine availability) or by private vehicle, subject to prior approval from the Council or jointly by the Mayor and General Manager.

Costs of vehicle hire, taxi fares, public transport, road tolls or parking costs which are reasonably incurred while attending Council business will be reimbursed by the Council.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Telephone costs and expenses

The Mayor is required to reimburse Council for private calls made on the provided mobile phone.

An honesty system is in place using identification of all private telephone costs by the Mayor on the account statements. Account statements must be returned by the period stated in the Mobile Phone policy.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Internet Access expenses

Council will provide the Mayor and Councillors a 1GB data plan for use through their iPads to allow access to Internet services utilised by Councillors for official council business purposes including research, etc.

Council’s Code of Conduct requirement that:

“You must not use council’s computer resources to search for, access, download or communicate any material of an offensive, obscene, pornographic, threatening, abusive or defamatory nature.”

is relevant and repeated herewith for convenience.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards.**

Care and other access related expenses

Council will meet reasonable costs of facilitating access to council premises, functions and activities where, by reason of disability, caregiver role or other special need, a councillor would not otherwise have equity of access with other councillors. Such support will allow the fullest participation reasonably possible.

If required an annual monetary limit would apply and once determined will be shown at **Establishment of monetary limits and standards.**

Insurance Expenses and Obligations

Council provides insurance cover for:

- Public liability for liabilities that might arise from performance of civic duties and/or exercise of council functions – Public Liability Insurance
- Professional indemnity for liabilities that might arise from performance of civic duties and/or exercise of council functions - Professional Indemnity Insurance
- The internal running of Council and duties to shareholders. Examples of internal running are things like harassment and unfair dismissal. An example of duties to shareholders is something that puts the financial viability of Council on the line - Councillors and Officers Liability Insurance
- Personal Injury whilst on council business – Personal Accident Insurance
- Travel insurance for approved flights – Personal Accident Insurance

All insurances are subject to any limitations and conditions set out in Council's policy of insurance.

Legal Expenses and Obligations

Council will only be prepared to consider reimbursement of legal expenses of Councillors in accordance with the guidelines from the Division of Local Government, these being:

1. That a Council may only disburse money if the disbursement is authorised by the Local Government Act, 1993, either expressly or because it is supplemental or incidental to or consequential upon the exercise of its functions.
2. In the particular circumstances outlined below, council may therefore indemnify or reimburse the reasonable legal expenses of:

- (a) A councillor defending an action arising from the performance in good faith of a function under the Local Government Act (s71), or
 - (b) A councillor defending an action in defamation provided the statements complained of were made in good faith in the course of exercising a function under the Act, or
 - (c) A councillor for proceedings before the Local Government Pecuniary Interest Tribunal or an investigative body provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the Tribunal or investigative body makes a finding substantially favourable to the Councillor.
3. Legal expenses incurred in relation to proceedings arising out of the performance by a councillor of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something which a councillor has done during his or her term of office. An example of the latter is expenses arising from an investigation as to whether a councillor acted corruptly by using knowledge of as proposed rezoning for private gain. This latter type of expense is not reimbursable as part of this policy.
 4. Council may lawfully obtain insurance cover against the risk of having to meet the costs of or to reimburse a councillor provided that the costs or reimbursements are ones which the council is authorised to meet.
 5. Council may not meet the costs of an action in defamation taken by a councillor as plaintiff in any circumstances.
 6. Where doubt arises in relation to any of these points, Council shall seek legal advice.
 7. Council will not provide legal assistance in respect of legal proceedings initiated by the Mayor and/or councillors in any circumstances.

ADDITIONAL MAYORAL EXPENSES

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

- Motor Vehicle - (Holden Statesman or equivalent). The vehicle is to be used at the discretion of the Mayor for official Mayoral, Councillor or Council purposes. The Mayor is to pay an amount as determined by Council and included in Council's Fees & Charges for the use of this vehicle and he/she is to provide fuel for private usage.

The following conditions apply:-

- a) The Mayor must authorise Council to deduct private usage payments of the agreed amount per month from the Mayoral allowance for the use of the Mayoral Vehicle;
- b) The Mayor's Council motor vehicle must be made available for use by the Deputy Mayor during those periods when, in accordance with the policy of the Council during the absence of the Mayor, the Deputy Mayor is entitled to be paid a proportionate amount of the Mayoral Allowance;

At present this absence is defined as absent from the Council area by the Mayor for a minimum of three (3) weeks.

- c) That the Mayor or in such absence the Deputy Mayor provide petrol for such private use;
 - d) The Mayor, or Deputy Mayor in the Mayor's absence, is also required to keep log books relating to the vehicle, to be submitted monthly to Council accounting staff.
- Mobile phone and car kit for official purposes. The Mayor is responsible for reimbursement of private calls made on this mobile phone, by way of certification and submission of monthly accounts by the Mayor to Council accounting staff. Telephone accounts indicating private use must be returned by the set period in the Mobile Phone Policy.
 - Secretarial Services - word processing and administrative support provided by the General Manager's Personal Assistant.
 - Administrative Support - assistance with functions, organisations, meetings, and the like for official purposes.
 - Mayoral Office Refreshments - at the discretion of the Mayor for Official purposes.
 - Credit Card facility with a limit of \$3,000.

Annual monetary limits apply and are shown at **Establishment of monetary limits and standards**.

Part 3 - PROVISION OF FACILITIES

GENERAL PROVISIONS

Provision of facilities generally

The following facilities are currently available to Mayor and councillors as indicated:

| Facility | Mayor | Deputy Mayor | Councillors |
|--|---|--|-------------------------------------|
| | Facilities available / Not available for Council Business Use | | |
| iPad and Wireless Connection Costs | Available | Available | Available |
| Fax Machine* | Available | Available | Available |
| Mobile Phone * | Available | Not available | Not available |
| Motor Vehicle Use | Designated Vehicle | When acting as Mayor or subject to policy and availability | Subject to policy and availability |
| Furnished Mayoral room | Available | Available by arrangement with Mayor | Available by arrangement with Mayor |
| Secretarial & Administrative support | Available | Not available | Not available |
| Photocopier Official purposes only at Molong and Cudal Council offices | Available | Available | Available |
| Stationery & office supplies | Available | Available | Available |
| Business cards | Available | Available | Available |
| Credit Card | Available | Not Available | Not Available |
| Consumables eg toner | Available | Available | Available |
| Corporate clothing | Available | Available | Available |
| Safety equipment (eg Safety vests on Traffic committee inspections) | Available | Available | Available |
| Meals / refreshments related to council, committee and work group meetings and office functions. | Available | Available | Available |
| Ceremonial garb | Available | Not Available | Not Available |
| Use of council chamber | When free for use | When free for use | When free for use |

* - Equipment remains the property of Council. On completion of Term, councillors may request to purchase equipment at written down value or at an agreed fair market price.

Private use of equipment and facilities

Council facilities, equipment and services are not for private use. "Private use" includes the production of election material or material for other political purpose.

Acquisition and returning of facilities and equipment by Councillors

Equipment is to be returned promptly to the General Manager or Director of Finance & Corporate Services in the following circumstances:

- a. Councillor is going on extended leave of absence;
- b. Councillor has completed term of office or ceasing civic duties and is not acquiring equipment.

In general the use of council facilities and equipment should be in accord with the DLG Model Code of Conduct for Local Councils in NSW, - June 2008.

| Future direction | | Responsible Director | Year 1 |
|--|---|--|-------------------------|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Implement the Council's Road Maintenance and Renewal Program | |
| Delivery Program Action Measure: | | Work completed in accordance with 4 year Works plan | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.1.a | Complete the annual Rural and Urban roads maintenance program | Annual Rural and Urban road maintenance tasks completed | Completed |

| Future direction | | Responsible Director | Year 1 |
|--|---|--|--|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Initiate and implement road safety programs | |
| Delivery Program Action Measure: | | Road safety programs implemented | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.2.a | Implement Roads & Maritime Services road safety program | Road Safety Program implemented | New 3 year contract renewed |
| 1.1.2.b | Identify and apply for BlackSpot funding | BlackSpot eligible locations identified and funding applied for | Applied for Nangar Road and Burrendong Way |
| 1.1.2.c | Implement Street Lighting program | Sreet Lighting program implemented | Mullion Creek completed |

| Future direction | | Responsible Director | Year 1 |
|--|---|--|-----------------------------|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Remain a core service provider to the RMS on state main roads | |
| Delivery Program Action Measure: | | Successfully bid for State Road Contracts | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.3.a | Apply for Road Maintenance Contracts for Council (RMCC) | Roads & Maritime Services tender specification requirements met | New contract 1 January 2015 |

| Future direction | | Responsible Director | Year 1 |
|--|---|--|-------------------------------|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Provide and maintain bridge structures on Cabonne's local and regional roads network | |
| Delivery Program Action Measure: | | Work completed in accordance with the 4 year Works plan | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.4.a | Local Road Bridge maintenance undertaken | Inspections and maintenance carried out | as per TAMP |
| 1.1.4.b | Regional Road Bridge maintenance undertaken | Inspections and maintenance carried out | as per TAMP |
| 1.1.4.c | Local Road Bridge construction undertaken | Bridges including Cottons, Marybone, Dry Creek Road and Brymedurah constructed | Completed, Marybone 2014-2015 |
| 1.1.4.d | Regional Bridge construction undertaken | Bridge widening including Nashdale and Balrudgey carried out | Completed |

| Future direction | | Responsible Director | Year 1 |
|--|---|--|---|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Ensure accessibility for all members of the community | |
| Delivery Program Action Measure: | | *All new construction complies with Disability Discrimination legislation and Standards *Work completed in accordance with 4 year works plan | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.5.a | Construct new aenities with disabled access in Memorial Park Canowindra | Constructed as per DA Approval | Completed |
| 1.1.5.b | Public Hall improvements undertaken | Projects including design of access ramp to Molong Hall carried out | Molong disabled ramp under construction |

| Future direction | | Responsible Director | Year 1 |
|--|--|--|-------------------------|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.1. | | A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks. | |
| Delivery Program Action: | | Implement the cycle and footpath maintenance renewal program | |
| Delivery Program Action Measure: | | Cycle and footpath maintenance renewal program implemented | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.1.6.a | Footpath maintenance undertaken | Inspections and maintenance carried out as required | Completed |
| 1.1.6.b | Pathways maintenance undertaken | Inspections and maintenance carried out as required | Completed |
| 1.1.6.c | Kerb and Gutter maintenance undertaken | Inspections and maintenance carried out as required | Completed |
| 1.1.6.d | Undertake Pathway Program | Paths replaced in accordance with approved program | Completed |
| 1.1.6.e | Undertake Footpath Program | Constructed new footpaths | Completed |
| 1.1.6.f | Undertake Kerb and Gutter Program | Constructed new Kerb and Gutter | Completed |

| Future direction | | Responsible Director | Year 1 |
|--|--|---|--|
| 1. Connect Cabonne to each other and the world | | General Manager | Qtr 4 |
| Strategic Outcome 1.2. | | Everywhere in Cabonne has access to contemporary information and communication technology. | |
| Delivery Program Action: | | Lobby Government and Telecommunication service providers for improved infrastructure and services | |
| Delivery Program Action Measure: | | Internet access and mobile phone coverage throughout Cabonne | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.2.1.a | Facilitate enquiries relating to Telecommunication Infrastructure when necessary | Level of enquiries | Telecommunications generally exempt development. Responded to enquiries, notifications and Spring Glen area development application. |
| 1.2.1.b | To lobby for appropriate telecommunication infrastructure for Cabonne localities | Lobby activities undertaken | Telecommunication issues discussed at CENTROC level. Federal Mobile Coverage Program report to June Extraordinary meeting. |

| Future direction | | Responsible Director | Year 1 |
|--|---|--|---|
| 1. Connect Cabonne to each other and the world | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 1.3. | | A range of transport options in to, out of and around Cabonne are affordable and available. | |
| Delivery Program Action: | | Provide affordable medical, HACC and community transport services to Cabonne residents | |
| Delivery Program Action Measure: | | * Number of people using it * Number of communities covered * Services are provided to target groups | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.3.1.a | Implement the Community Transport Program | Program implemented | 595 trips provided in fourth quarter. 18638 kilometres travelled. |

| Future direction | | Responsible Director | Year 1 |
|--|--|--|--|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.4. | | Transport infrastructure meets agricultural needs to get goods to and from market. | |
| Delivery Program Action: | | Design and maintain roads to provide safe and efficient transport of goods and services locally and also State and regional routes | |
| Delivery Program Action Measure: | | Ensure works are completed to relevant and approved scope of works | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.4.1.a | Construction of local roads | Construction program including renewals completed | Completed |
| 1.4.1.b | Construction of Regional Roads | Construction program including repair and black spots completed | Completed |
| 1.4.1.c | State Road ordered works undertaken | Road Maintenance Contracts for Councils (RMCC) ordered works completed | Completed |
| 1.4.1.d | State Road Ordered Works specific projects undertaken | Road Maintenance Contracts for Councils (RMCC) ordered works completed | Completed - Meranburn Stage 1 & 2 and Bocoobra Stage 1 |
| 1.4.1.e | Roads to Recovery Federal Local Roads program undertaken | Roads to Recovery Program completed | Gumble Road - Completed |

| Future direction | | Responsible Director | Year 1 |
|--|-------------------------------|--|--|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.4. | | Transport infrastructure meets agricultural needs to get goods to and from market. | |
| Delivery Program Action: | | Lobby for the retention and renewal of the rail infrastructure system | |
| Delivery Program Action Measure: | | Level of success of lobbying | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.4.2.a | Undertake lobbying activities | Maintain membership of relevant committees and alliances | lobbying and membership still relevant |

| Future direction | | Responsible Director | Year 1 |
|--|--|--|---|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.4. | | Transport infrastructure meets agricultural needs to get goods to and from market. | |
| Delivery Program Action: | | Support the National Local Roads Congress (Auslink Program) | |
| Delivery Program Action Measure: | | Support actions undertaken | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.4.3.a | Council provides Delegates to the Congress | Attendance at meetings | Congress attended by staff delegate and Cllr delegate in November 2013. |

| Future direction | | Responsible Director | Year 1 |
|--|--|---|-------------------------|
| 1. Connect Cabonne to each other and the world | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 1.5. | | Access to major metropolitan markets enables the growth of tourism. | |
| Delivery Program Action: | | Support Centroc in lobbying for the improvement of tourism access | |
| Delivery Program Action Measure: | | Government agencies provide improved transport infrastructure | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 1.5.1.a | Implement projects funded by Auslink Programs | * Projects implemented * Number of projects funded | None implemented |
| 1.5.1.b | Support the Bells Line Expressway Action Group | Level of support | Support implemented |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 2. Build Business and Generate Employment | | General Manager | Qtr 4 |
| Strategic Outcome 2.1. | | A strong and vibrant local business sector. | |
| Delivery Program Action: | | Implement Council's Economic Development Plan | |
| Delivery Program Action Measure: | | Economic Development Plan outcomes implemented | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 2.1.1.a | Develop a current Economic Development Plan for Cabonne | * Level of consultation * Economic Development Plan developed * Number of copies distributed | Not commenced - amount included in 2014-15 budget for consultant to prepare plan |
| 2.1.1.b | Implement strategies listed in the Economic Development Plan | * Level of consultation * Number of strategies implemented * Number of businesses/community groups assisted | Economic Development Plan yet to be developed, however key points of council's economic strategy being implemented |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|--|
| 2. Build Business and Generate Employment | | General Manager | Qtr 4 |
| Strategic Outcome 2.2. | | Coordinated tourism product and a thriving visitor industry in Cabonne. | |
| Delivery Program Action: | | Implement Council's Tourism Plan | |
| Delivery Program Action Measure: | | Tourism Plan strategies implemented | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 2.2.1.a | Implement strategies listed in the Tourism Plan | * Number of and type of strategies implemented * Number of events held * Number of Cabonne Country website visits * Number of community groups/business operators assisted | Strategies being implemented, website visits and hits have increase by up to 62% |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|--|
| 2. Build Business and Generate Employment | | General Manager | Qtr 4 |
| Strategic Outcome 2.3. | | Increased viable, sustainable and value adding businesses in Cabonne. | |
| Delivery Program Action: | | Implement Council's Economic Development Plan | |
| Delivery Program Action Measure: | | Number of value adding businesses established | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 2.3.1.a | Implement strategies listed in the Economic Development Plan | * Number of and type of strategies implemented * Number of businesses/community groups assisted | Economic Development Plan yet to be developed, however key points of council's economic strategy being implemented |
| 2.3.1.b | Continue to deliver the Business Development Assistance Program | * Number of inquiries * Number of businesses assisted * Level of funding allocated | Program has been suspended pending review of guidelines |

| Future direction | | Responsible Director | Year 1 |
|---|--|--|--|
| 2. Build Business and Generate Employment | | General Manager | Qtr 4 |
| Strategic Outcome 2.4. | | Jobs for Cabonne people in Cabonne. | |
| Delivery Program Action: | | Support the development of and programs that increase jobs in Cabonne | |
| Delivery Program Action Measure: | | Number of jobs created | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 2.4.1.a | Implement Business Development Assistance Program | * Number of enquiries * Number of successful grant applications * Number of jobs | Program has been suspended pending review of guidelines |
| 2.4.1.b | Support local employment initiatives | * Number of jobs maintained / created * Number of initiatives implemented | Employment generating initiatives regularly being explored and assessed |
| 2.4.1.c | Implement Economic Development Plan strategies | Number of strategies implemented | Economic Development Plan yet to be developed, however key points of council's economic strategy being implemented |
| 2.4.1.d | Provide Council land assets through the development of residential and industrial estates in Cabonne | * Number of enquiries * Number of sales of land * Number of businesses operating in industrial estates | First stage of manidra residential estate ready to be marketed. Block of land sold in Longs Corner residential estate, Canowindra and a further inquiry received. Inquiry received for sale of former SES property in Canowindra |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.1. | | Pre school, play group, child care and youth facilities are available across Cabonne. | |
| Delivery Program Action: | | Facilitate the provision of children's services | |
| Delivery Program Action Measure: | | * Range and number of services provided * Number of children using services | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.1.1.a | Services reviewed and reported on half yearly | Level and range of services provided and usage | Reported to September Community Services Committee |
| 3.1.1.b | Recruit, train and monitor carers for Family Day Care | | Average of 34 active Educators and approximately 300 children using the service per week |
| 3.1.1.c | Implement the Family Day Care Program | Program implemented | Service expanded and new carers recruited. |
| 3.1.1.d | Review "In Home" (IH) and "After School" (AS) care opportunities | Review opportunities funding secured | Needs reviewed and new service investigated for Molong |
| 3.1.1.e | Review financial sustainability of FDC, IH and AS Care services | Review complete | Services reviewed at QBR and sustainable |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|---|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.1. | | Pre school, play group, child care and youth facilities are available across Cabonne. | |
| Delivery Program Action: | | Provide and facilitate opportunities, facilities and events for young people | |
| Delivery Program Action Measure: | | * Number of activities held * Number of facilities and event provided | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.1.2.a | Operate Youth of the Month (YOM) awards | Number of YOM nominations and award presentations | 5 YOTM awards presented in 13/14 year. Nomination campaign energised. Nomination forms have been sent out to schools, emails and phone calls have been completed as a follow up. As well, YOTM is included in Youth Newsletter and the website updated. |
| 3.1.2.b | Organise for young people to address Council annually | Young people address Council | Schools invited to addressed May Council Meeting |
| 3.1.2.c | Hold follow up meeting to consider matters raised by young people with Council | Follow up meeting held | Written feedback given to students |
| 3.1.2.d | Hold Youth Week activities | Activities held and level of participation | Youth Week Activities held between 4 & 13 April |
| 3.1.2.e | Operate a Youth Ambassador of the Year award | Award presented | Determined at Australia Day Awards Committee December meeting |
| 3.1.2.f | Pursue grant opportunities for youth activities | * Level of Grants obtained * Level of support from Council | Youth week Grant allocated to Council and activities organised. |
| 3.1.2.g | Youth services are promoted across Cabonne | * Number of newsletters developed * Number of newsletters distributed | Youth Newsletters distributed on monthly basis to Canowindra, Molong and Yeoal Schools. |
| 3.1.2.h | Provide facilities and events for young people | * Number of facilities provided * Number of events held | Council's Community Transport Service provided buses to youth events. |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|---|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.2. | | Health and aged care facilities meet local community needs. | |
| Delivery Program Action: | | Facilitate the provision of aged care facilities | |
| Delivery Program Action Measure: | | * Impact of ageing population on facilities * Data on ageing is reported | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.2.1.a | Undertake monitoring and reporting | Reported to Council | Changes to staffing at Canowindra Hospital reported to April Council meeting and letters written. |
| 3.2.1.b | Facilitate retirement and aged care projects | The level at which need in the community is met | Assistance provided to the Canowindra Retirement Unit Committee |

| Future direction | | Responsible Director | Year 1 |
|---|----------------------------------|--|--|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.2. | | Health and aged care facilities meet local community needs. | |
| Delivery Program Action: | | Facilitate the provision of aged care services | |
| Delivery Program Action Measure: | | Range and number of services provided | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.2.2.a | Facilitate services for the aged | Referral numbers and level of communications | Donation Made to Manildra Mens Shed. HACC Service refers clients to other services as appropriate. |
| 3.2.2.b | Promote services within Cabonne | * Level of and activities to promote services * Feedback from users | Twenty Activities held for HACC Clients during Fourth Quarter |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.2. | | Health and aged care facilities meet local community needs. | |
| Delivery Program Action: | | Facilitate and advocate for the provision of Health & Medical services | |
| Delivery Program Action Measure: | | Range and number of services provided | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.2.3.a | Undertake review of Health services | Review completed and reported to Council | Reported to Councils October Committee meeting. Centroc Representatives address Community Services Committee on the beyond the Ranges Project. |
| 3.2.3.b | Advocate on behalf of health services in Cabonne as identified | Level of response to advocacy as identified | Letters written to local members regarding health cutbacks. |
| 3.2.3.c | Participate in Cabonne Health Council (CHC) | * Attendance at meetings by be delegate * Level of success in achieving CHC goals & objectives | Delegate appointed at September Council Meeting. |
| 3.2.3.d | Participate in CENTROC Health Watch Committee | * Attendance at meetings by delegates * Level of success in achieving committee goals & objectives | Council delegates attend Centroc Health Workforce Committee |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---|
| 3. Provide and Develop Community Facilities | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Maintain and manage public cemeteries | |
| Delivery Program Action Measure: | | The level at which the community needs are satisfied | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.1.a | Develop a Management Plan for Cabonne Cemeteries | Management Plan for Cemeteries developed | Cemetery procedures/guideline documents updated to reflect amended legislation, and issued to funeral directors etc. |
| 3.3.1.b | Actively engage in communication between Council, community interest groups and Progress Associations | * Level of engagement activities * Feedback from users | Communication with community members. |
| 3.3.1.c | Maintain records of burials, reservations, placement of ashes and memorials | Records maintained | Records maintained. |
| 3.3.1.d | Develop a program of public voluntary participation in cemetery maintenance and family history research | Opportunities for voluntary participation identified and provided | Provided family history information and tour of Canowindra cemetery with Canowindra High School, Year 8, English class students. Site visit to Molong cemetery arranged, but postponed at request of Rozzi Smith. |
| 3.3.1.e | Carry out community consultation regard to service level | Proposed level of service/upkeep standard of rural cemeteries identified and agreed to with community | Positive feedback from community. |
| 3.3.1.f | Maintain cemeteries to a high standard | Service levels are met | Cemeteries maintained. |
| 3.3.1.g | Complete cemeteries capital works program | Program completed | Program for 2013/14 completed on time and within budget. |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Facilitate the provision of library services to Cabonne residents through participation in Central West Libraries | |
| Delivery Program Action Measure: | | Level of usage of libraries | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.2.a | Review level of usage of libraries | Report to Council | Reported to 20 May Council meeting (item 16) |
| 3.3.2.b | Participate in decision making processes and initiatives of Central West Libraries (CWL) | CWL meetings attended | CWL Committee meetings attended |
| 3.3.2.c | Undertake Annual Libraries tour | Library Tour conducted | Conducted on Friday 7 March 2014 |
| 3.3.2.d | Investigate and action relocation of Molong Library subject to funds | Investigation and/or relocation completed | Investigations completed |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|-------------------------|
| 3. Provide and Develop Community Facilities | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Maintain existing sporting, recreational, cultural, council and community facilities, to the levels defined in the Recreation Asset Management Plan | |
| Delivery Program Action Measure: | | Facilities are maintained at operational levels | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.3.a | Maintain Pools to an operational and safe standard | Operate Pools in accordance with the Operation and Maintenance Manual | Ongoing |
| 3.3.3.b | Maintain Sporting Grounds to safe operational standards | Maintain Sporting Grounds in accordance with the Asset Management Plan | Ongoing |
| 3.3.3.c | Maintain Parks and Gardens to safe operational standards | Maintain Sporting Grounds in accordance with the Asset Management Plan | Ongoing |
| 3.3.3.d | Maintain Playgrounds to safe operational standards | Maintain Playgrounds in accordance with the Asset Management Plan | Ongoing |
| 3.3.3.e | Maintain Tennis Courts to safe operational standards | Funding provided as required by user groups | Ongoing |
| 3.3.3.f | Maintain Sport and Recreation facilities | Carry out inspections and maintenance in accordance with the Asset Management Plan and Risk Management Plan | Ongoing |
| 3.3.3.g | Maintain Shire properties to safe operational standards | Carry out inspections and maintenance in accordance with the Asset Management Plan and Risk Management Plan | Ongoing |
| 3.3.3.h | Maintain Public Halls | Carry out inspections and maintenance in accordance with the Asset Management Plan and Risk Management Plan | Ongoing |
| 3.3.3.i | Maintain Showgrounds | Carry out inspections and maintenance in accordance with the Asset Management Plan and Risk Management Plan | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|-------------------------|
| 3. Provide and Develop Community Facilities | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Maintain existing building facilities to the levels defined in the Building Asset Management Plan | |
| Delivery Program Action Measure: | | Buildings are maintained at operational levels | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.4.a | Maintain Council Administration Buildings | Annual Building Maintenance Program completed | Ongoing |
| 3.3.4.b | Maintain Council Depots and Workshops | Annual Building Maintenance Program completed | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---|
| 3. Provide and Develop Community Facilities | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Meet the changing need of the community for new and upgraded sporting, recreational, council and community facilities | |
| Delivery Program Action Measure: | | Community desire and needs for improvements are recognised, supported and gradually achieved | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.5.a | Pools assets acquired | Asset acquired | Construction of Canowindra Pool is completed 2nd Qtr. |
| 3.3.5.b | Sporting Grounds assets acquired | Asset acquired | The programmed works for the Yeoval picnic area at the showground is due for completion end April 2014. |
| 3.3.5.c | Parks and Gardens assets acquired | Asset acquired | The renewal of the concrete foundation of the shade structure at Pioneer Park is completed. |
| 3.3.5.d | Playgrounds assets acquired | Asset acquired | Cudal, Cumnock, Yeoval, Molong, Manildra, Eugowra and Canowindra playground shade structures have been completed 2nd Quarter. |
| 3.3.5.e | Tennis Courts assets acquired | Maintenance and upkeeping completed | Ongoing |
| 3.3.5.f | Other Sport and Recreation facilities assets acquired | Maintenance and upkeeping completed | Ongoing |
| 3.3.5.g | Showgrounds assets acquired | Maintenance and upkeeping completed | Ongoing |
| 3.3.5.h | Caravan Parks assets acquired | Maintenance and upkeeping completed | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|-------------------------|
| 3. Provide and Develop Community Facilities | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 3.3. | | Sporting, recreational, council and community facilities and services are maintained and developed. | |
| Delivery Program Action: | | Meet the changing need of the community for new and upgrades to building facilities | |
| Delivery Program Action Measure: | | Community desire and needs for improvements are recognised, supported and gradually achieved | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.3.6.a | Undertake public halls and buildings maintenance | Public halls and buildings maintenance undertaken | Ongoing |
| 3.3.6.b | Complete Public Convenience program | Public convenience maintenance undertaken | Ongoing |
| 3.3.6.c | Construct budgeted improvements | Budgeted improvements constructed | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|--|
| 3. Provide and Develop Community Facilities | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 3.4. | | Cabonne has the education services and facilities to be a contemporary learning community. | |
| Delivery Program Action: | | Advocate for education and learning facilities in Cabonne | |
| Delivery Program Action Measure: | | * Provision of education facilities * Number of enrolments of students in schools | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 3.4.1.a | Monitor level of education services provided in Cabonne | Reported to Community Services Committee | Survey distributed and reported to Council's June Meeting. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|--|
| 4. Grow Cabonne's Culture and Community | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 4.1. | | A successful balance of village and rural living. | |
| Delivery Program Action: | | Develop and implement the Land Use Plan, Development Control Plan and other relevant plans | |
| Delivery Program Action Measure: | | Compliance with plans | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.1.1.a | Prepare new Local Environment Plan (LEP) & associated documents | LEP prepared | Completed. |
| 4.1.1.b | Prepare comprehensive Development Control Plan (DCP) | DCP prepared | DoPE advised May 2014 that preparation of DCP is not a state priority. Draft document to continue to be prepared in house as resources permit. |
| 4.1.1.c | Prepare Section 94 Plan | Section 94 Plan prepared | Program to be pursued in 2014/2015. |
| 4.1.1.d | Prepare planning proposal seeking amendment to land from community to operational | Planning proposal prepared and submitted to Council then Dept of Planning | Planning proposal prepared and submitted to DoPE. |
| 4.1.1.e | Review R5 zone provisions for West Molong (west of McGroder Street) | *Review completed *Planning proposal prepared | Report to council April 2014. No further action in short term. |
| 4.1.1.f | Review Molong urban/residential strategy | Review completed | Preliminary work undertaken |
| 4.1.1.g | Review large lot residential study | Review completed | Information provided to parties considering Planning Proposals in accordance with Sub Regional Strategy. |
| 4.1.1.h | Review standard instrument draft provisions for intensive agriculture | Review completed | Standard Instrument clause identifies minimum lot size of 40ha, does not support council's previous 10 and 20ha provisions. No further action. |
| 4.1.1.i | Encourage 'Right to Farm' planning principles | Guidelines/policy developed and adopted by Council | Council continues to lobby State government. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|---|
| 4. Grow Cabonne's Culture and Community | | General Manager | Qtr 4 |
| Strategic Outcome 4.2. | | A network of viable, relevant and cultural facilities exists in Cabonne. | |
| Delivery Program Action: | | Provide financial support and buildings for cultural facilities and activities in Cabonne | |
| Delivery Program Action Measure: | | * Level of support * Number of cultural facilities | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.2.1.a | Promote the level of cultural facilities in Cabonne | Cultural facilities promoted | Shire's cultural facilities regularly promoted. Museums, art, food and wine and natural history promoted in new Discovery Trails brochures and website |
| 4.2.1.b | Review current arrangements and level of support to Museums in Cabonne | Review completed and reported to Council | Review continuing |
| 4.2.1.c | Increase visitation and tourism activity within Cabonne through accessing and showcasing local museum | * Number of visits * Level of Council support | Visits to Age of Fishes Museum continue to increase and new AOF manager has implemented several new procedures and marketing initiatives to build visitation. |
| 4.2.1.d | Participate in Regional Museum program and sustainable collections program | Meeting and Events attended | Attended Regional meeting at Orange, March 2014. |
| 4.2.1.e | Encourage collection, display and preservation of local history | *Local Historical societies supported int heir work to preserve Cabonne's history * History of Cabonne promoted | Liaison with Molong Museum members. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|---|
| 4. Grow Cabonne's Culture and Community | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 4.3. | | Beautiful towns and villages with historic assets cared for and preserved. | |
| Delivery Program Action: | | Manage Council's urban maintenance and improvement programs | |
| Delivery Program Action Measure: | | Village enhancement Projects undertaken | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.3.1.a | Complete annual Village Enhancement Program | Level of construction of playground shade structures | All completed |
| 4.3.1.b | Complete Regional and Local Community Infrastructure Program (RLCIP) | Annual RLCIP projects completed | Not applicable |
| 4.3.1.c | Complete annual Local Area Improvement Program (LAIP) | Annual LAIP projects completed | No projects this quarter |
| 4.3.1.d | Complete annual Community Improvement Program (CIP) | Annual CIP projects completed | ongoing |
| 4.3.1.e | Complete annual urban maintenance program (CBD street & gutter cleaning and town entrance mowing) | Continual process, as required | Ongoing |
| 4.3.1.f | Complete annual street tree planting program | Annual street tree planting program completed | Not applicable |
| 4.3.1.g | Complete annual tree maintenance and hazard removal program | Annual tree maintenance and hazard removal program completed | No program just routine maintenance of hazard removal |
| 4.3.1.h | Ensure development complies with Heritage conservation | Level of development compliance with Heritage conservation | compliance in progress |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---|
| 4. Grow Cabonne's Culture and Community | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 4.3. | | Beautiful towns and villages with historic assets cared for and preserved. | |
| Delivery Program Action: | | Continue to implement the Heritage Program | |
| Delivery Program Action Measure: | | * Number of grants awarded and assistance provided * Retention of heritage buildings and sites | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.3.2.a | Facilitate annual Heritage Assistance Program (HAP) | Level of take up on HAP | 2014/15 program publicised and applications invited from property owners. |
| 4.3.2.b | Facilitate Heritage Advisory Service | Level of take up of service | Heritage Advisor attends cabonne one day per month and provides assistance throughout the month as required. |
| 4.3.2.c | Facilitate Community Heritage Advisory Committee | Level of attendance at meetings | Councillor workshop held on heritage programs. |
| 4.3.2.d | Monitor the heritage study and review recommendations | State Heritage Inventory (SHI) data updated as necessary | Data monitored and updated as necessary. |
| 4.3.2.e | Review role and function of Heritage committee (Environmental Services & Sustainability committee Aug 2012) | Report provided to Council | Completed. No further action. |
| 4.3.2.f | Prepare heritage asset plan for Connolly's Store in Bank Street, Molong | Draft report prepared | Report to General Manager, January 2014. Update to councillors at heritage workshop. Coordination taskforce Program. Report to Council June 2014. |
| 4.3.2.g | Identify funding opportunities for funding of Heritage Main street studies for Bank Street Molong and Gaskill Street Canowindra | Funding identified | Next funding round to be released by State Government late 2014. |
| 4.3.2.h | Maintain representation at Central West Heritage network | Meetings attended | Attended Central West heritage Network meeting at Wellington. |
| 4.3.2.i | Ensure items and places of heritage significance are adequately protected | Council's LEP is reflective of items of Local Heritage significance | Monitor LEP schedule, assist property owners with technical information, encourage use of Heritage Advisor service and heritage grants program. |
| 4.3.2.j | Ensure development complies with LEP heritage conservation | Assess designs | Complies |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---|
| 4. Grow Cabonne's Culture and Community | | General Manager | Qtr 4 |
| Strategic Outcome 4.4. | | Community events build visitation, generate investment and strengthen community well being. | |
| Delivery Program Action: | | Facilitate the responsible management of events and provide funding support where appropriate | |
| Delivery Program Action Measure: | | * Number of events held * Number of event incidents reported to Council * Level of participation and visitation to events | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.4.1.a | Implement the procedure manual for Planning a Public Event in Cabonne Country with the event coordinators | Number of events approved and held | Procedures implemented for all events applicants, who must complete preliminary advice of upcoming event form for assessment by various sections of Council |
| 4.4.1.b | Implement funding opportunities through the Events Assistance Program | * Number of grant applications received * Number of grant applications approved | 2013-14 program fully expended, further \$20,000 made available for funding in 2014-15. |
| 4.4.1.c | Provide assistance to community groups | * Level of assistance provided * Level of other funding received | Assistance provided to 10-15 community groups each month |

| Future direction | | Responsible Director | Year 1 |
|---|--|--|--|
| 4. Grow Cabonne's Culture and Community | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Provide ethical, open, accountable and transparent decision making processes | |
| Delivery Program Action Measure: | | * Complaints received at Division of Local Government * Code of Conduct complaints * Compliance of policies and procedures | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.1.a | Provide quality administrative support and governance to Councillors and Residents | Level of actioning of Council resolutions | Resolutions Register updated monthly and reported to Council |
| 4.5.1.b | Maintain strong relationships and liaise effectively with all relevant Government agencies and other councils | * Appropriate communications and representations are made on relevant issues * Number of invitations to State and Federal members to address Council meetings | Troy Grant at July Meeting and Andrew Gee at December Meeting. |
| 4.5.1.c | Provide appropriate mechanisms for democracy and participation for Cabonne residents | Level of attendance at Council meetings and Community Consultation meetings and other forums | Meeting schedule kept regarding attendance/participation of residents at Council/Committee meetings. |
| 4.5.1.d | Maintain effective membership of Centroc, WBC Strategic Alliance, Hawkesbury City Council, Weddin Shire Council and Cabonne Council Country-City Alliance, LGSA and other forums | * Attendance at meetings * Level of participation in programs * Level of matters brought forward by Cabonne at these forums | Centroc & WBC Meetings attended. |
| 4.5.1.e | Provide adequate training & professional development opportunities for Councillors | Level of training made available and level of take up | Training opportunities promoted in GMs memo and by email to Councillors. |
| 4.5.1.f | Code of Conduct adhered to | Number of complaints recorded | Nil complaints received. |
| 4.5.1.g | Code of Meeting Practice adhered to | Code of Meeting Practice adopted and implemented | Current Code of Meeting Practice in place. |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 4. Grow Cabonne's Culture and Community | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Make it easy to do business with Council and deliver good customer service | |
| Delivery Program Action Measure: | | * Satisfaction with services delivered * Number of customer requests recorded | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.2.a | Review customer service policy | Review completed and implemented | Review commenced |
| 4.5.2.b | Ensure effective use of customer service software | Level of compliance with Customer Service policy response periods | Coordination taskforce review being implemented. |
| 4.5.2.c | Run Customer request program | Number of customer requests | Compliance Officer monitoring responses. |
| 4.5.2.d | Engage with community to determine future needs & objectives | The level at which need in the community is met in the development of Cabonne Community Plan (CCP) 2025 | Attendance at progress association and business chamber meetings and regular meetings with key community group members. |
| 4.5.2.e | Provide effective communications and information systems for staff | * Regular staff meetings held * Level of use of InfoCouncil and infoXpert software | Monthly Staff meetings in Molong & Cudal. |
| 4.5.2.f | Provide effective communications and information systems for residents | * Implementation of Communication Strategy * Hold community information meetings on relevant matters * Number of visits to Council website * Number of Council media releases distributed and taken up | Three-tiered Communications Strategy adopted by Council. 104 media releases issued during quarter. Cabonne Connections autumn newsletter distributed to all households |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|---|
| 4. Grow Cabonne's Culture and Community | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Meeting the Council's statutory obligations for Development Control, Environmental Health and Animal Control | |
| Delivery Program Action Measure: | | Legislative compliance | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.3.a | Provide efficient and effective development assessment | * Level at which approval procedures and systems are documented and followed * Staff and systems in place to implement legislation and ensure reporting to Council | Council review of procedure/policy complete, regular team meetings, investigating implementation of e-planning software, reviewing annual performance monitoring data compilation system. |
| 4.5.3.b | Ensure environment monitoring in accordance with the Protection of Environment Operations Act 1997 | Promptness of response to complaints of non compliance with the Act | Complaints investigated - GHD provided noise assessment for council response to vineyard noise issue. Landowner undertaking noise and odour assessment in response to rural/industrial landuse complaint. |
| 4.5.3.c | Develop and implement an Environmental Health Program (WBC) | * Regular inspections of and level of compliance with standards of food and other premises * Promptness in which complaints are dealt with | Respond and investigate to complaints as they arise. Annual report to NSW Food Authority of food premises inspected. |
| 4.5.3.d | Administer statutory requirements (Companion Animals Act & Impounding Act) in accordance with community needs | *Programs monitored and compliance in regards to companion animals regulations enforced * Animals registered in accordance with the Act * Public complaints of domestic animal problems attend to *Stock impounded | Activities carried out. |
| 4.5.3.e | Existing operation of animal control activities to be reviewed and recommendations implemented | Review held | Full time ranger carrying out duties effectively. |
| 4.5.3.f | Manage contaminated lands | Draft WIP for remediation of former Molong Gasworks reviewed and EPA endorsement sought | Expression of Interest called in preparation to tender gasworks site remediation. Liaison with Environment Protection Authority on remediation works schedule and groundwater monitoring. Quotes sought for additional groundwater bores and testing. |
| 4.5.3.g | Develop Council and Community program to promote compliance with Swimming Pool act and regulations | Compliance program developed and implemented | Swimming Pool Inspection policy adopted by council. |
| 4.5.3.h | Support public education campaigns and responsible pet ownership | Public provided with information regarding companion animal requirements | Facilitating microchip/registration campaign in association with local vet. |
| 4.5.3.i | Participate in relevant reference groups and meetings | Level of participation and attendance at meetings | Attendance at Netwaste meetings and ranger association events. |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---|
| 4. Grow Cabonne's Culture and Community | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Manage the present and long term financial sustainability of Cabonne Council | |
| Delivery Program Action Measure: | | * Auditor's report * Adequate reserves and provisions for future needs | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.4.a | Maintain a high level of rate collection | Level of rate of collection | As reported to Council The end of February rate collection at 94.13% |
| 4.5.4.b | Maximise secure income through investments | Level of interest income generated | Investments schedule reported to Council monthly. |
| 4.5.4.c | Ensure long term viability of Wellington/Blayney/Cabonne (WBC) Strategic Alliance | * The level of participation in joint projects and benefits achieved * The level of attendance at meetings | Shared Services model options have been explored and reported to council. |
| 4.5.4.d | Level of reserves and provisions monitored | Report to Council | Reserve levels reported in Quarterly Budget Review. |
| 4.5.4.e | Maintain level of Financial Assistance Grants | Level of Financial Assistance Grants maintained | Current year level maintained. |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|---|
| 4. Grow Cabonne's Culture and Community | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Ensure the continuity of Council's operations and minimise risk | |
| Delivery Program Action Measure: | | <ul style="list-style-type: none"> * Systems in place * Financial Health Check * Statewide Audit report | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.5.a | Implement the CENTROC Enterprise Risk Management Program in all relevant Council activities | <ul style="list-style-type: none"> * Staff position descriptions include risk management & OHS responsibility * Number of risk assessments completed | Risk assessments are carried out on each job/task/activity on a daily basis. Risk assessments are returned to RMO and are recorded in the ORL. |
| 4.5.5.b | Review current Business Continuity Plan (2003) to ensure Council is able to be fully operational within a designated timeframe | Review and development of procedures | Draft Enterprise Risk Management Program developed for approval of Directors. Comments made and an awareness program is to be developed with EDM. Draft ERM Policy to be developed for approval by Council. |
| 4.5.5.c | Commence development of internal audit requirements | Internal audit requirements developed | Meetings held 29/8/13, 25/11/2013 & 7/3/14 |
| 4.5.5.d | Improve Work Health and Safety | <ul style="list-style-type: none"> * Number of reported incidents * Number of Workers Compensation claims * Number of reviewed safe work method statements | 6 new incidents involving injury and 11 incidents involving damage to plant and MV. There has been 1 new workers compensation claims. |
| 4.5.5.e | Integrate risk management into all areas of Council's activities | Procedure Manual review & Council's Public Liability Audit <ul style="list-style-type: none"> * Number of claims * Number of compliant events held in Cabonne | 2013-14 RMAP effectively completed. Verification will take place in July. RMAP 2014-15 is being developed. Waterways Audit completed, signage being designed and purchased. 2 PL claims and 3 PI Incidents recorded. Events held in Cabonne have all been satisfactorily compliant with requirements. |
| 4.5.5.f | Provide a records management system which meets statutory and organisational demands | <ul style="list-style-type: none"> * Compliance with the State Records Act * Level at which user needs are met | Pilot being undertaken with Records staff to register all external emails |
| 4.5.5.g | Provide, maintain and develop financial services and systems to accepted standards - satisfying regulatory and customer requirements | <ul style="list-style-type: none"> * Statutory reporting completed on time * Financial Health check outcome * Degree of budget control and level of over expenditure | Financial Statements & Audit ahead of schedule. |
| 4.5.5.h | Provide effective information systems for all of Council | <ul style="list-style-type: none"> * Maintain new IT system * Number of employees trained to use new IT system | New IT System has now been running for approx 2 Years. All systems operating and working well. Training continuing with staff as required. |
| 4.5.5.i | Provide external advice regarding Council's financial situation | Annual address to Council by external auditors | Auditors addressed November Meeting |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|---|
| 4. Grow Cabonne's Culture and Community | | Director of Finance and Corporate Services | Qtr 4 |
| Strategic Outcome 4.5. | | A Council that is effective and efficient. | |
| Delivery Program Action: | | Develop, maintain and retain a balance and skilled workforce | |
| Delivery Program Action Measure: | | * Labour turnover measure * Age / Gender mix * Number of jobs filled * Number of days to fill positions | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 4.5.6.a | Ensure appropriate performance measures and incentives are in place | * Appropriate performance measures are discussed at Consultative Committee meetings * Review KPIs annually to ensure appropriate performance payments are issued | Staff issued with performance payment in December 2013, KPI's to be re developed in line with business objectives |
| 4.5.6.b | Review structure and adequacy of staffing levels | Review organisation structure after the Council election | Reported to August Council meeting. |
| 4.5.6.c | Skill requirements of all Council staff reviewed annually and targeted training plan developed/action | * Training plan developed and implemented annually * Staff Development Appraisals are conducted * Number of staff attending professional development opportunities | Training plan developed and implemented, DAS process completed for 2014 |
| 4.5.6.d | Provide regular opportunities for management to meet and discuss contemporary issues | Networking opportunities made available | Coordination Taskforce meetings continuing. Molong Office managers fortnightly meeting implemented. |
| 4.5.6.e | Provide adequate staff office space accommodation | Adequate staff accommodation provided at Molong | Current accommodation adequate |
| 4.5.6.f | Participate in NSW Local Government Review | Council participation | Awaiting final outcomes from State government. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.1. | | All villages have a secure and quality water supply. | |
| Delivery Program Action: | | Manage secure water supply schemes | |
| Delivery Program Action Measure: | | Security and quality of water supply | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.1.1.a | Implement and amend Best Practice for Water Supply within Cabonne water operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.b | Implement and amend Best Practice for Water Supply within Cabonne Dams and Bore supply operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.c | Implement and amend Best Practice for Water Supply within Cabonne Pump Stations Operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.d | Implement and amend Best Practice for Water Supply within Cabonne Trunk mains and reticulation Operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.e | Implement and amend Best Practice for Water Supply within Cabonne Filtration Plant Operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.f | Implement and amend Best Practice for Water Supply within Cabonne Services and connections Operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.g | Implement and amend Best Practice for Water Supply within Cabonne Telemetry Operations | Best Practice for Water Supply implemented and amended | Ongoing |
| 5.1.1.h | Implement and amend Best Practice for Water Supply within Cabonne Reservoirs | Best Practice for Water Supply implemented and amended | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|--------------------------------------|--|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.1. | | All villages have a secure and quality water supply. | |
| Delivery Program Action: | | Investigate provision of potable water to Molong, Cumnock and Yeoval | |
| Delivery Program Action Measure: | | Level at which standards are met | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.1.2.a | Construct new Cabonne Water projects | Complete projects | Work is progressing |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.1. | | All villages have a secure and quality water supply. | |
| Delivery Program Action: | | Promote responsible water use across the community | |
| Delivery Program Action Measure: | | Level of promotion | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.1.3.a | Cabonne Water responsible use promoted | Participation in water resource management activities CENTROC water utility alliance and undertake water wise education program | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.2. | | Flood mitigation processes are in place. | |
| Delivery Program Action: | | Provide systems for stormwater and pollution management & control | |
| Delivery Program Action Measure: | | Level of incidents of local stormwater flooding | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.2.1.a | Environmental Protection Operations undertaken | Flood mitigation infrastructure maintained | Completed |
| 5.2.1.b | Belubula River operations undertaken | River environs clearing completed | Completed |
| 5.2.1.c | Molong Creek operations undertaken | Creek environs clearing completed | Completed |
| 5.2.1.d | Buckinbah River operations undertaken | River environs clearing completed | Completed |
| 5.2.1.e | Mandagery Creek operations undertaken | Creek environs clearing completed | Completed |
| 5.2.1.f | Puzzle Flat Creek operations undertaken | Creek environs clearing completed | Completed |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|---|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.2. | | Flood mitigation processes are in place. | |
| Delivery Program Action: | | Implement Flood Risk Management Plans | |
| Delivery Program Action Measure: | | Flood Risk Management Plans implemented | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.2.2.a | Implement Eugowra Floodplain Management Plan | Progressively implement plan and obtain state federal funding | in progress under contract 451164 |
| 5.2.2.b | Implement Molong Floodplain Management Plan | Progressively implement plan and obtain state federal funding | in progress under contract 451230 |
| 5.2.2.c | Action voluntary purchase applications | Voluntary purchase applications actioned | in progress |
| 5.2.2.d | Purchase Environmental Assets | Purchase of Assets | Levee constructed after I & D contracts |

| Future direction | | Responsible Director | Year 1 |
|---|--|--|---|
| 5. Manage our Natural Resources | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 5.3. | | Sustainable solid and liquid waste management practices are in place across Cabonne. | |
| Delivery Program Action: | | Provide a solid waste management and recycling service to the communities | |
| Delivery Program Action Measure: | | Services provided | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.3.1.a | Develop overall waste disposal strategy | Strategy developed | Strategy implemented. |
| 5.3.1.b | Undertake monitoring of waste collection and disposal contracts | Monitoring undertaken | Regular meetings and correspondence with JR Richards & Netwaste |
| 5.3.1.c | Ensure management of former and current landfill sites | Management in accordance with Best Practice standards and Council's Quadro reports | Management in accordance with adopted strategies. |
| 5.3.1.d | Develop and facilitate community programs encouraging recycling/composting activities | Level of programs developed and facilitated | Recycling encouraged. Participation in Netwaste programs including new ewaste contract. |
| 5.3.1.e | Participate in Regional forums in waste management and minimisation | Forums attended | Forums attended where possible. |
| 5.3.1.f | Investigate feasibility of introducing waste services voucher system with view to implementing 12 month trial period | *Feasibility investigated and reported to Council *Trial implemented | No further action - consideration to future changes part of contract review. Cadia (CVO) independent investigation into providing service in vicinity of mine did not trigger sufficient resident interest for commercially viable service. |
| 5.3.1.g | Monitor Septic Tanks installations | Septic Tanks approved and registered | Inspect as part of regular building inspections program, respond to any complaints, assist Engineering staff with advice during implementation of four town sewer scheme. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|---|
| 5. Manage our Natural Resources | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 5.3. | | Sustainable solid and liquid waste management practices are in place across Cabonne. | |
| Delivery Program Action: | | Develop long term strategic plan for the development, operation and closure of sites | |
| Delivery Program Action Measure: | | Strategy developed | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.3.2.a | Develop operational plans, landfill environment plans, staffing and recruitment plans and capital and operating budgets | Plans and budgets developed | Activities based on adopted 'Quadro' strategies/plans. |
| 5.3.2.b | Review and audit Council's waste management unit's operations against the developed strategies and operational plans | Review completed and reported to Council | Cargo landfill ceased as tip site and transfer station commenced June 2014. |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.3. | | Sustainable solid and liquid waste management practices are in place across Cabonne. | |
| Delivery Program Action: | | To provide and maintain environmentally sustainable, high quality sewerage facilities | |
| Delivery Program Action Measure: | | Level and standard of sewerage facilities | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.3.3.a | Undertake Cabonne Sewer Operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.b | Undertake STP Operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.c | Undertake Pumping station Operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.d | Undertake Gravity reticulation Operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.e | Maintain E-one pumps | Maintain in accordance with relevant standards and practices | Ongoing |
| 5.3.3.f | Maintain on property works | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.g | Maintain pressure reticulation operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.h | Maintain Telemetry operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.i | Maintain Irrigation operations | Maintained in accordance with relevant standards and practices | Ongoing |
| 5.3.3.j | Undertake Monitoring activities | Undertaken in accordance with relevant standards and practices | Ongoing |

| Future direction | | Responsible Director | Year 1 |
|---|--|--|--|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.3. | | Sustainable solid and liquid waste management practices are in place across Cabonne. | |
| Delivery Program Action: | | Ensure adequate sewage treatment and effluent management schemes in Cabonne | |
| Delivery Program Action Measure: | | Level and standard of sewerage facilities | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.3.4.a | Undertake Small Towns Sewer Scheme project purchases | Complete Small Towns Sewer Scheme projects | Work is on schedule for completion Jan 2015 |
| 5.3.4.b | Undertake Cabonne Sewer Project purchases | Complete Cabonne Sewer projects | Various projects commenced, sewer mains relining and the Canowindra Effluent Reuse Scheme will not be completed the 2013/2014 financial year |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.4. | | Primary producers use best practice methods and systems that respect the environment. | |
| Delivery Program Action: | | Maintain an effective campaign of noxious weed control | |
| Delivery Program Action Measure: | | Level of effective control of noxious weeds | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.4.1.a | Undertake Weeds destruction operations | Implementation of Council's Noxious Weeds policy | implemented |
| 5.4.1.b | Undertake Weeds asset purchases | New Weeds assets purchased | in progress |
| 5.4.1.c | Maintain invasive species operations | Implementation of Council's Noxious Weeds policy | implemented |
| 5.4.1.d | Undertake Weeds Private Works | Private Works undertaken | in progress |
| 5.4.1.e | Maintain Macquarie Valley Weeds Operations | Macquarie Valley Weeds Operations maintained | Staff maintained |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|--|
| 5. Manage our Natural Resources | | Director of Environmental Services | Qtr 4 |
| Strategic Outcome 5.5. | | All natural resources are managed sustainably in a planned way. | |
| Delivery Program Action: | | Participate in Environmental sustainability programs | |
| Delivery Program Action Measure: | | Participation in programs | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.5.1.a | Implement ReSAP outcomes | ReSAP implemented | ReSAP adopted. |
| 5.5.1.b | Review effectiveness of Star Rating policy for fleet vehicles | Quadruple bottom line for purchases of fleet vehicles considered | Only purchase vehicles with Five Star ANCAP Rating. |
| 5.5.1.c | Pursue Grants in relation to Climate Change and Carbon Emissions Trading | Level of grant programs identified | Awaiting outcome of new federal Government policies relating to climate change |
| 5.5.1.d | Support community education programs in environmental stewardship and management | *Activities of Local Environmental Management groups supported *Complete state of environment report *Establish partnerships with state agencies *Netwaste public education programs participated in | Oparticipating in EPA woodsmoke reduction campaign. |
| 5.5.1.e | Participate in Central West Catchment Management Authority Local Government reference group discussions & initiatives | Meetings attended | Meetings attended. |
| 5.5.1.f | Participate in Central West Catchment Management Authority salinity water alliance meetings | Meetings attended | Meetings attended. |
| 5.5.1.g | Participate in annual environmental review - Cadia Mine | Meetings attended | Review/site visit occurs late 2014. |
| 5.5.1.h | Participate in Cadia community consultative committee | Meetings attended | Quarterly meetings attended. |
| 5.5.1.i | Participate in East Guyong Quarry consultative committee | Meetings attended | Quarterly meetings attended. |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|--|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.5. | | All natural resources are managed sustainably in a planned way. | |
| Delivery Program Action: | | Operate Council's Limestone Quarry in an environmental responsible and financially sustainable manner. | |
| Delivery Program Action Measure: | | The Limestone Quarry is operated in an environmentally responsible manner and is financially sustainable | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.5.2.a | Maximise return on Council's Limestone Quarry Asset | * Financial return * Maximised alternative products and production measures | financial return (profit) gained last financial year |
| 5.5.2.b | Operate in accordance with Mine Safety regulations | Number of breaches | nil |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|-------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.5. | | All natural resources are managed sustainably in a planned way. | |
| Delivery Program Action: | | Operate gravel pits in an environmental responsible and financially sustainable manner | |
| Delivery Program Action Measure: | | Gravel pits are operated in an environmentally responsible manner and are financially sustainable | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.5.3.a | Ensure guidelines and approval conditions complied with | Level of compliance | comply |
| 5.5.3.b | Renew lease agreements | Lease agreements renewed | Contracts renewed |
| 5.5.3.c | Operate in accordance with Mine Safety regulations | Number of breaches | NIL |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|-------------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.6. | | Risk management processes are in place for natural disaster events. | |
| Delivery Program Action: | | Support the appropriate emergency management lead agency in the planning and management of emergency events | |
| Delivery Program Action Measure: | | Emergency plans in place | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.6.1.a | Review of Local Disaster Plan (DISPLAN) | Review completed and recommendations implemented | changed and reviewed annually |
| 5.6.1.b | Implement Emergency Risk Management (ERM) Plan | ERM Implemented | changed and reviewed annually |
| 5.6.1.c | Review Standard Operating Procedure (SOPs) | SOPs reviewed and updated as required | changed and reviewed annually |
| 5.6.1.d | Support education of community by Emergency Services | Level of support provided | full support provided |
| 5.6.1.e | Conduct Local Emergency Management Committee (LEMC) as required | Meetings convened | meetings convened by DETS |

| Future direction | | Responsible Director | Year 1 |
|---|---|---|---------------------------|
| 5. Manage our Natural Resources | | Director of Engineering and Technical Services | Qtr 4 |
| Strategic Outcome 5.6. | | Risk management processes are in place for natural disaster events. | |
| Delivery Program Action: | | Support the management of the local emergency services | |
| Delivery Program Action Measure: | | Appropriately support local emergency services | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.6.2.a | Actively maintain support of the Canobolas Rural Fire Zone management | Meetings attended as required | meetings attended by DETS |
| 5.6.2.b | Actively maintain support of the State Emergency Services | Meetings attended as required | meetings attended by DETS |

| Future direction | | Responsible Director | Year 1 |
|---|--|---|--|
| 5. Manage our Natural Resources | | General Manager | Qtr 4 |
| Strategic Outcome 5.7. | | Alternative energy development is considered and utilised where appropriate. | |
| Delivery Program Action: | | Encourage the development and use of alternative energy | |
| Delivery Program Action Measure: | | The level of alternative energy development and utilisation | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.7.1.a | Implement outcomes of Council's Energy Efficient and Sustainable Group | Energy Efficient and Sustainable Group outcomes implemented | Involvement in projects coordinated through CENTROC. |
| 5.7.1.b | Participate in Energy Efficiency Sustainability Group | * Number of meetings held * Implementation of energy efficiency measures reported to Council | Projects reported for endorsement by Council. |
| 5.7.1.c | Report on level of Grid connect/solar electricity generated by Council | Report to Council | Nil |

| Future direction | | Responsible Director | Year 1 |
|---|---|--|----------------------------|
| 5. Manage our Natural Resources | | General Manager | Qtr 4 |
| Strategic Outcome 5.7. | | Alternative energy development is considered and utilised where appropriate. | |
| Delivery Program Action: | | Review the energy efficiency of Council's operations | |
| Delivery Program Action Measure: | | Review completed | |
| Task No. | Operational Task | Task Measurement | Status Comment |
| | | | Quarterly update |
| 5.7.2.a | Action the recommendations from Council's Energy Efficiency Committee | * Reduction in energy use/cost * Actions from Committee complete | Meetings to be reinstated. |