



# **ATTACHMENTS**

**UNDER SEPARATE COVER**

**Ordinary Council Meeting**

**17 September 2019**



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## **Narrandera Parkside Cottage Museum**

### **Museum Advisor Update- August 2019**

**Creative Writing & Object Interpretation Project** - Kate Rotherham is working with two mentorees on further story development. I suspect managing to connect remotely has been a bit of a challenge for all parties however I'm hoping to receive a final draft of the two written pieces soon so that 1) I can start chatting with local media again about story placement and 2) we can acquit the funding.

We have \$300 outstanding from the funding which was dedicated to developing story boards/ exhibition development incorporating the stories developed by the mentorees- again, we can explore this a little more at the meeting next week.

**Collection Significance Assessment**- The acquittal for this project has now been lodged.

**Audio Tour Development**- The application for CASP funding to undertake a community project using the creative services of Vic McEwan has been lodged. We are unlikely to hear application outcomes until late 2019 with the project (if successful) to commence in 2020.

**MAAS Workshop EOI**- An EOI for the Museum of Arts & Applied Sciences Outreach (workshop) services has been lodged – outcome is pending. As discussed, interest was expressed in hosting the 'How to Manage Your Collection' workshop.

**Project Development Funding- Preservation needs Assessment** -I have spoken again to MG NSW regarding the Museum's intention to apply for this funding and have also touched base with a freelance conservator. I am awaiting a quote for the provision of the Preservation Needs Assessment services and have requested the Consultant also include a ½ day workshop in the quote as an option. I hope to have received the quote prior to our meeting next week. Closing date for funding applications is 15<sup>th</sup> September.

**Visit to Borellan Museum**- Just FYI- I have arranged to meet with the Borellan Museum Committee again on the afternoon of Thursday 22<sup>nd</sup> August and hope to continue visits on a regular/ semi regular basis.

**Developing an Exhibition Plan**- I will come armed to this meeting with a list of the thematic areas we have previously discussed, along with any additional considerations identified in Ros Russell's report. If the floor plan is now complete, I suggest we do a walk through to undertake planning for exhibition layout and ensuring that this follows a staged implementation process.

**Reporting**- An additional museums program report was tabled at the recent Section 355 Committee meeting at the suggestion of the Committee Chairperson. I suspect this reporting mechanism will prove to be an effective way to promote the Museum's activities. Perhaps there should be some further discussion on best reporting format for the program and the Museum?

#### **Other**

I have recently accepted a part time position a little closer to home as Arts & Culture Advisor for the Golden Plains Council (a rural LGA adjacent to Geelong) and will commence in mid-September. As a result I have tendered my resignation as Museum Advisor for the Albury-Greater Hume and Lockhart LGA's. I am keen to continue to service Narrandera however this will be dependant on a change of visit day to a Monday (sorry!). We can chat about the feasibility of this further at the meeting, however I did want to give you notice to check your diaries.

At this stage I could maintain the visit schedule for a Thursday/Friday visit in September however would hope to transfer to a regular Monday visit from October onwards.

Kim Biggs- Museum Advisor  
August 15, 2019

**Museum Report to Arts and Culture 355**

**September 2**

- Projected 3 year plan: \_\_\_\_\_ Internal
 

painting,	approx. \$30K	
steps access,		\$6K
CCTV,		\$2K
climate control,		\$3K
display cases		\$28K
signage (internal/external)		\$2K
external painting		\$27K
watering system		\$2K
  
- Volunteers are responsible for gardening and watering
  
- It has been recommended that we employ a draughtsperson to draw up a complete plan of the museum.
  
- Working Bee held recently saw 9 volunteers working on the collection, the building, and conservation. We hope to have another one September 29 starting at 10.00am. Everyone welcome.
  
- We have 23 people working on door duty as well as doing other practical jobs for the museum. Volunteer Induction is surely needed.
  
- Trial run of donations rather than entry fees proved acceptable. There was no discernible difference between donations and door takings. But volunteers found it much less arduous and the committee less time consuming.
  
- Key at Council Chambers for volunteers’ access is working well. The volunteers who open Thursday and Friday collect the key from Council and return it at the end of their shift.

- We can apply for a 'How to Manage Your Collection' workshop facilitated by MAAS. We will need \$550 + GST. The professional comes to us, we invite other museums to offset cost, and volunteers also are all invited.
- 'Whole of Collection Significance' grant has \$500 left over (GST mistake) that is to be used for labelling and signage of the collection in keeping with the theme of the grant. This is put aside in our budget. Resolution needed? The final report has been submitted by Ros Russell. It has both educated us, and given us some direction. Copy of her Assessment Report tabled.
- Shell collection has been sold to a private collector for \$2K. This money also to be put aside for collection management and not to go into general funds.
- Email and phone answering service have been set up.
- We had a Creative Writing Workshop with 10 participants. The idea was to get them interested in writing about items in our collection. Two participants are still collaborating with the facilitator and we hope to get some stories from them.
- The Curiosity Cabinet will be going to the Show then on to the Library. We have pull-up banner and horizontal banner to accompany it. The items on display will be replaced if necessary.
- Latest media release from 'The Minister' re firearms. It looks promising that we might get our firearms back eventually, but the fine print will need to be examined! Media release tabled.
- New pamphlets printed, thanks to Lindee and the Library. The pamphlet is simple but meets our needs for the time being.
- We've been talking about the fence and the clothesline in the backyard of the Museum for quite some time. Tony has removed the fence but we need Council to remove the clothesline.

- Section 355 meetings held quarterly are not helping the smooth running of the Museum. We need meetings more frequently, or the flexibility to make our own decisions.
- Museum meetings with Kim Biggs our Museum Advisor are held monthly. She also goes to Barellan Museum. Informal Volunteer Meetings are held as often as needed.

## Narrandera Parkside Cottage Museum Significance Assessment

### PART I

#### 1. Introduction

Narrandera Parkside Cottage Museum collection has existed since 1941, when Dr Harold Octavius Lethbridge donated his collection to Narrandera. The museum in its current location has operated since 1973 with volunteers, and tells the story of Narrandera and its region. This report gives a brief account of the history of the collection, and a survey of its major themes, followed by a more detailed assessment of some significant items and collections.

The statement of significance for the whole collection will assist in guiding the management of the collection into the future. This report also makes a number of recommendations for the future care and interpretation of the collection.

#### 2. Methodology

This significance assessment has been conducted according to the methodology outlined in Russell and Winkworth, *Significance 2.0: assessing the significance of objects and collections* (2009). This involves visits to view the collection, consultation with the collection managers, and research.

Before her visit, the consultant was supplied with information by Museum Advisor Kim Biggs about the history of the museum, including its acquisition and collection management plan and the individual significance assessments carried out in 2002 by Annette Brown of the Museum of the Riverina for a number of items in the collection, as follows: Macarthur Cloak c1819; two log books used on board paddle steamer Wagga Wagga, late 19<sup>th</sup> century; Murrumbidgee River charts, late 19<sup>th</sup> century; galvanised metal watering can, and wooden yoke used in Chinese market gardens, both late 19<sup>th</sup>/early 20<sup>th</sup> century; charcoal drip safe, late 19<sup>th</sup>/early 20<sup>th</sup> century; Class 500 National Cash Register, c1910/1911; and a full length bridal gown of white patterned organza and tulle, 1947. These items will be mentioned in the relevant thematic categories but not further described in this report, as their significance assessments are readily available for reference.

The consultant visited Narrandera Parkside Cottage Museum from 16-18 April 2019 to view the collection and to consult with current and former collection managers and others in Narrandera with a knowledge of the collection. She would like to thank Kathy and Tony Taylor, Geoff Sullivan, Roy and Mary Wade, and Sue Kilham of Narrandera Library for their insights into the collection and the history of the museum, and their hospitality in Narrandera.

She has also been assisted in her further research into specific collection items by David Kaus, formerly a curator in the Aboriginal and Torres Strait Islander Program (ATSIP) in the National Museum of Australia and now a participant in the 'Talking About Stones' initiative, which is part of an Australian Research Council Linkage



grant-funded project partnership between the Australian National University, the British Museum, the National Museum of Australia and the Museum of the Riverina. David generously made available his detailed research material into the provenance of items in the Lethbridge Collection and his PowerPoint presentation for a lecture on Dr Lethbridge. Wally Caruana, Indigenous art expert, provided advice on dating the bark paintings from Milingimbi. Thanks also must go to Sharon Goddard and Jono Lineen, curators at the National Museum of Australia, for information on the possible provenance of the skis and snowshoe said to have been part of Scott's Antarctic expedition. Rachel Watson, Australian National University Master of Museum Studies intern, also carried out some research for the individual assessments of the Great White Fleet visit brooch, the Lincoln & Co Brewery sign and bottles, and the black wedding dress. Museum Advisor Kim Biggs has provided advice and insights throughout the significance assessment process. Bill Gammage's 1986 book, *Narrandera Shire*, has been an invaluable resource for background research into Narrandera's history.

### 3. History and significance of the organisation and its collection

#### 3.1 History of the collection

The initial museum collection originated with a gift of his collection by Dr Harold Octavius Lethbridge (1880-1944). The story of Dr Lethbridge and his collection is told in more detail in *Part II* of this report. In February 1941 Dr Lethbridge offered his collection to Narrandera Intermediate High School, if the school could provide the cases. The Narrandera Museum was opened at the School by the Assistant Director of the Australian Museum, James Kinghorn, on 23 October 1941. Dr Lethbridge officially handed the Museum over to the Department of Education on 27 July 1942. After Dr Lethbridge died on 5 November 1944, a public meeting was convened to consider a permanent memorial to him (see *Appendix*).

The following year a meeting of the Dr H.O. Lethbridge Memorial Fund decided to send deputation to the Municipal Council to request that the museum be housed as an adjunct to the public library, and that the building be named 'H. O. Lethbridge Free Library and Museum'.<sup>1</sup> No more was heard of this proposition, and in 1954 the Department of Education resumed the three classrooms and the collection was stored under the grandstand, where many items were lost through theft and poor storage conditions.

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<sup>1</sup> *Narrandera Argus and Riverina Advertiser*, 11 February 1941; 31 July 1942; 20 November 1944; 31 July 1945. The consultant is indebted to David Kaus for making available his research in newspapers and National Museum of Australia files.



**(Left) Honour board of Foundation Executives of Narrandera and Sturt Historical Society, founded on 25 September 1968; and (right) display of awards, medals, bullion bars commemorating the kings and queens of Britain, and photographs of Sir Frank Duval, Narrandera-born benefactor of the museum, knighted by Queen Elizabeth II.**

The plight of the Lethbridge collection had come to the attention of the eminent archaeologist Professor A.P. Elkin of the University of Sydney. He wrote to Helen Groger-Wurm at the Australian Institute of Anatomy in Canberra suggesting that Indigenous material such as wooden implements and stone tools should either go as a Lethbridge collection to the Australian Museum in Sydney or the Institute of Anatomy. This suggestion was approved in Narrandera by the Town Clerk, Mr W. R. Bowry, who wrote to the Director of the Institute asking if it would accept the collection, which had passed into the care of Council about three years earlier. The offer was accepted and the collection arrived at the Australian Institute of Anatomy in March 1960.<sup>2</sup>

Meanwhile, the desire for a permanent museum in Narrandera had not faded. On 25 September 1968 the Narrandera and Sturt Historical Society was formed, with Dan Clarke as the founder, Harry Wright as President, Dan Clarke and Roy Wade as Vice-Presidents, Ron New as Secretary and Guy Godolphin as Treasurer. In February 1970 Harry Wright and Dan Clarke visited Canberra to photograph items in the Institute of Anatomy; and in the following month, Dan Clarke wrote to Bob Stone, Curator at the Institute of Anatomy, requesting the return 'to Narrandera of articles belonging to the Lethbridge Museum'. After some negotiation with Stone and with F. D. McCarthy, Principal of the Australian Institute of Aboriginal Studies (now AIATSIS), the decision was made in February 1971 to return the Lethbridge collection of Aboriginal artefacts on loan to the Narrandera and Sturt Historical Society. On 8 March 1971 the loan agreement was signed by Harry Wright and Dan Clarke, for 11 spears, 10 clubs, 4 shields, 1 axe, 3 spearthrowers, 3 boomerangs, 2

<sup>2</sup> National Museum of Australia file 86/162:2; 86/162:5; 86/162:12.

breastplates, pieces of bark from a carved tree, and 15 boxes of (uncatalogued) stone implements'.<sup>3</sup> The Lethbridge collection was coming home to Narrandera.



**Narrandera Parkside Cottage Museum, housed in a century-old building, formerly a boarding house owned by Mr W. J. T. Bean. It opened as a museum on 29 September 1973.**

The Narrandera and Sturt Historical Society purchased a building on the corner of the Newell Highway and Twynam Street, formerly a boarding house, to house the Lethbridge collection and other historical items donated by the Narrandera community, but still owed \$2000 on the purchase. Philanthropist and former Narrandera native Sir Frank Duval, who had made his fortune in exporting iron ore to Japan, and was known as the 'Hong Kong Tiger' for his extravagant gambling, 'a lovely man, wrote a cheque and wrote off the debt', according to Roy Wade.<sup>4</sup> Since that time the Narrandera Parkside Cottage Museum has been operated by volunteers, opening for some years on a daily basis, but currently on Thursdays, Fridays and Saturdays.

In recent years the volunteers, some of whom served on the inaugural Committee in 1968, have found that they are no longer able to provide as much time and support to the museum as they have in the past. Museum Advisor Kim Biggs, in a report in 2017, recommended that the Narrandera Parkside Cottage Museum become a Section 355 Committee of Council, with a volunteer management committee attending to the day to day needs of the museum. This recommendation has now been implemented, and the collection is being transferred as a Deed of Gift to allow Council to become custodian of the building and artefacts. Challenges in keeping the museum open and managing the collection remain, and the museum's future has been cast into some doubt if the situation regarding volunteer availability does not improve.<sup>5</sup>

<sup>3</sup> National Museum of Australia file 86/162:13; 86/162:14; 86/162:16; 86/162:18; 86/162:19; 86/162:31.

<sup>4</sup> Interview with Roy Wade, 16 April 2019, Narrandera.

<sup>5</sup> 'Parkside may close', *Narrandera Argus*, 17 April 2019.

### 3.2 Description of the collection

There are a number of themes covered in the museum collection and specified in the Narrandera Parkside Cottage Museum (Incorporated) Collection and Acquisition Policy 2013. Some (but not all) of the displays adhere to this thematic arrangement, and some, including long-established collections of natural history and exhibits on the British monarchy, are not mentioned at all. The paragraphs below indicate the themes as listed in the 2013 Policy in **bold** and cite additional material that could be aggregated under these broad themes:

**Pre European history:** Indigenous artefacts (stone tools, bark paintings and weapons, from the Lethbridge collection and other sources). This section should be renamed **Indigenous culture and history**, in line with current naming policies. Much of the material under this theme, including the extensive stone tool collection that has recently been part of the Australian Research Grant Linkage Project, 'Talking About Stones' (see 2. *Methodology*), comes from the Lethbridge collection as a result of Dr Lethbridge's collecting of Wiradjuri artefacts around the district (see 3.1 *History of the collection* for a list of Indigenous items from Dr Lethbridge's collection that were returned from the Australian Institute of Anatomy in Canberra).



(Left) Aboriginal stone tools and (right) grinding stones.

Other items of Indigenous cultural material in the collection that are not provenanced to Narrandera include two bark paintings from Milingimbi, an island in the Crocodile Islands group in the Northern Territory, which date from around the 1960s, according to Indigenous art expert Wally Caruana. Milingimbi Methodist Mission sold Indigenous art at this period, and a stamp indicating the Milingimbi Methodist Mission provenance can be seen on the back of one of the paintings.



**Bark paintings from Milingimbi, Northern Territory.**

**Early settlement and development:** This theme includes land settlement, represented by maps and plans; the Murrumbidgee River and river transport (including the two log books used on board paddle steamer *Wagga Wagga* and the Murrumbidgee River charts for which statements of significance have already been provided), photographs and fragments of the *Wagga Wagga*; infrastructure, including telecommunications; the timber industry, with a key item a log jinker with wooden wheels (a reminder of a major source of prosperity in Narrandera in the late 19<sup>th</sup> century); and the advent of the railway in 1879 that brought a period of economic prosperity to Narrandera.



**(Left) Detail of river chart; (right) fragment of the *Wagga Wagga*, which sank at its moorings on Armistice Day, 11 November 1918.**



**Morse code machines and electrical insulator installation.**



**Timber jinker with wooden wheels.**



**The railway came to Narrandera in 1879 and the town became prosperous as a railhead.**

**People and families:** a preferable title for this theme would be **Civic and social life.** This could include the life of the Narrandera area, including schools, lodges, the town bands, leading personalities in Narrandera; and sporting heroes such as World Champion pistol shooter Judy Trim.



**(Left) Souvenir transferware dish depicting the Council Chambers and Park.**



**Narrandera Band drum.**



**Magazine with photos of Narrandera Brass and Pipe Bands in the 1940s.**



**Caricatures of 'Notable Narranderaites' of the late 1920s and 1930s.**



**Local sporting hero Judy Trim won the World's Pistol Shooting Championship in 1970, Australia's only world champion in this event. This display shows her medals and her Australian Shooting Team blazer from 1974. She was Australian champion in 1979 and in 1999 was inducted into the Australian Sporting Hall of Fame.**



**Agriculture and rural history:** the museum holds a large collection of farming equipment, water carts (Furphy and Close), blacksmith tools and bellows, scythes, flour sacks and wool presses.



**(Above) Water cart from the Close Foundry in Finley; (below) classic Furphy water cart from Furphy's Shepparton foundry.**



**Flour sack from Wise Bros Ltd of Narrandera.**

Ribbons from agricultural shows also belong in this thematic category, as do smaller hand-held implements such as a hand-made farm mallet, an evocative ‘make do’ unique object from Boree Creek.



Ribbons from agricultural shows at Lockhart and Narrandera, and photos of champion cattle.



Handmade farm mallet from the Gibbett farm, Boree Creek, an excellent example of ‘making do’ with materials to hand.



**Chinese market gardeners cultivated land on the river flats. The yoke in the photo is the subject of a separate significance assessment.**

**Local businesses:** Commercial life in Narrandera is well represented in the collection, from the 1891 newspaper feature of Narrandera businesses, to individually designed items used in businesses such as Trim's Store, Chung Cheong Bros store, Prince's London Bakery, Osborne's Hotel and Hamilton Dickson Ice Works.



**A newspaper supplement illustrating Narrandera businesses in 1891.**



(Left) Berlei figure type indicator from Trim's Store; (right) advertising for Chun Cheong Bros General Merchants, Narrandera.



(Left) Grocery store items (right) Tray from Prince's London Bakery 1926.



(Left) crockery from Osborne's Hotel; (right) Advertisement for Hamilton & Dickson Ice Works, Narrandera.

**Domestic life:** includes homewares, kitchen and laundry items, the charcoal drip safe (for which a significance assessment has been written), and textiles (including Heather Shung's wedding gown from 1947, for which a significance assessment has been written), hat and mail order boxes, and a baby's cot and a toy pram. The black wedding dress is an unusual item, with few other examples in other museums.



**(Left) Charcoal drip safe; (middle) early washing machine and mangle; (right) kitchen corner.**

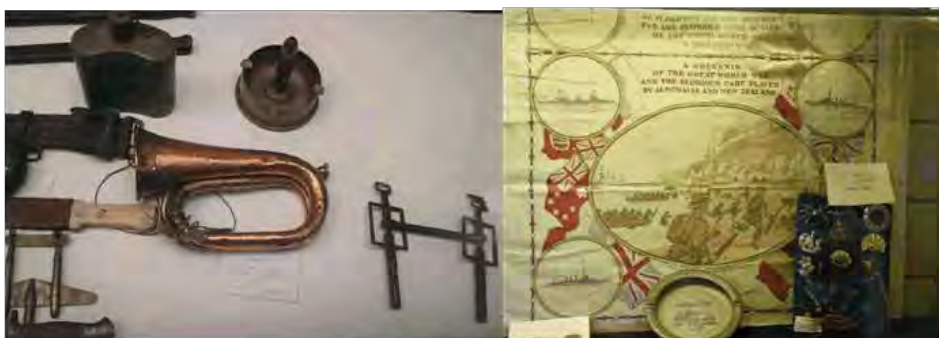


**Unusual Victorian or Edwardian era black wedding dress and hat with veil.**



**Clothing and accessories, baby's cot and toy pram, and hat boxes and mail order delivery boxes from Sydney retailers Farmers and David Jones. Heather Shung's wedding gown from 1947 is at right hand side of back display cabinet.**

**War service: War and commemoration** is a major theme in the museum, as is the case with most local museums. Men enlisted from Narrandera for the South African (Boer) War, and both world wars. Around 28 men from the district enlisted for the South African War,<sup>6</sup> Frank Duval of the First Australian Bushmen's Contingent brought home the bugle he had carried in combat. It was donated to the museum by Sir Frank Duval.



**(Left) Boer War bugle; (right) Great War souvenir showing the Anzacs landing at Gallipoli.**

Around 500 men from Narrandera and district enlisted in World War I; of these, over 100 died.<sup>7</sup> World War II also took its toll, although the losses were not as heavy:

<sup>6</sup> Gammage, *Narrandera Shire*, p. 195-6.

<sup>7</sup> *Ibid.*, pp. 197-201.



**Items not covered in the thematic organisation** of the museum's collection policy include the British monarchy; the shell collection donated by Lindsay Black and added to with shells subsequently purchased by the museum committee; the minerals collection mostly assembled by Dr Lethbridge; and items from the Pacific and South-East Asia.

*The British Monarchy – Sir Frank Duval*



**(Left) Portraits of Queen Victoria, King Edward VII and King George VI; and (left) photographs of Sir Frank Duval CBE being knighted by Queen Elizabeth II on 1 January 1970, Sir Frank's awards and insignia, and silver bullion bars commemorating the kings and queens of Great Britain.**

The current entry to the museum is via the F. J. Duval Room, which celebrates the donor whose generosity paid the final instalment on the museum building. Its focus is the British monarch and the knighthood bestowed on Sir Frank Duval. Other royal memorabilia include commemorative china to mark the coronation of King Edward VIII, which did not occur owing to his abdication in December 1936.



**King Edward VIII commemorative china items.**



*Natural history – shell and mineral collection, natural history specimens*

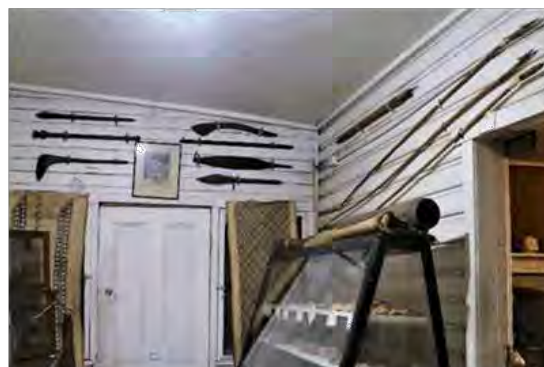
A considerable amount of space in the museum is occupied by collections with little or no connection to Narrandera, including a large collection of shells from around the world donated by Lindsay Black and augmented by subsequent purchases by the museum committee; a collection of minerals, some but not all of local provenance; zoological specimens, again of mixed provenance; and items from the Pacific islands and South-East Asia, including a New Guinean kundu (drum), grass skirts, war clubs and other weapons, tapa cloth, and Dyak hats from Borneo. Natural history specimens include crocodiles, birds and platypus.



**(Left) Part of the large shell collection donated by Lindsay Black and added to with purchases by the museum committee; and (right) part of the mineral collection.**



**Crocodile head.**



**Pacific Islands items on display**

### 3.3 Condition of the collection

Many collection items have been on display for considerable periods of time, and/or have been installed in ways that are detrimental to their preservation. This is particularly true of paper-based items, and textiles, and items made of perishable fibres, wood and bark. While parts of the museum, for example the railway collection and the textile collection, are well displayed and the latter safely housed, other items are at some risk under current conditions.

See 4. *Key Recommendations* for more detail on remedial action for individual items.

### 3.4 Comparative collections

#### *Narrandera Library*

The Narrandera Library Photographic Collection has 423 photos on its Flickr page, which are available under a Creative Commons licence. The Library also holds pre-conservation photos of the river charts, microfilm copies of the Wagga Wagga logbooks, and other photos such as the rabbit butcher, the Beynon postcard of the Wagga Wagga, and circus elephants in the river.

The Library also holds a collection of ephemera donated to Council in 1986 by Bill Gammage once he had finished writing *Narrandera Shire*. The ephemera belonged to his father, who had worked on the *Narrandera Argus* as a journalist.

### 3.5 Statement of significance for the entire collection

The collection of the Narrandera Parkside Cottage Museum is of historical significance for its ability to interpret the life of Narrandera and its district. It encompasses a nationally significant stone tool collection and a mineral collection, and items relating to a wide range of thematic areas of national significance, from early European settlement and agriculture, to the development of infrastructure such as the railway and the telegraph, the growth of the town and community, local businesses and industries such as Oakbank Brewery, domestic life, involvement in war, and sport. The museum also celebrates the contribution of key figures such as Dr Harold Lethbridge and museum benefactor Sir Frank Duval.

The collection also contains individual items of national historical significance, including the Macarthur Cloak of 1819, material relating to Federation, and the brooch commemorating the visit of the United States Great White Fleet in 1908. Items relating to Narrandera's world champion in pistol shooting, Judy Trim, are also of national significance. Other individual items are significant for their ability to evoke a distinct way of life or economic circumstances, for example, the Chinese market garden yoke and subscription boards; and the handmade mallet from a farm at Boree Creek, a fine example of a 'make do' object.

Some of the items in the collection have aesthetic and artistic significance, including the Indigenous bark paintings from Milingimbi, and the bookplate designed for Dr

Lethbridge by Narrandera-born artist Adrian Feint. Many of the textile items are finely crafted and have artistic significance.

The collection contains a wide range of documents and photographs that can be used to investigate life in Narrandera, which gives it a high degree of research significance.

Several items in the collection are rare examples of their type, including the brooch commemorating the visit of the Great White Fleet in 1908; and rare examples of bottles from Lincoln & Co. Oakbank Brewery.

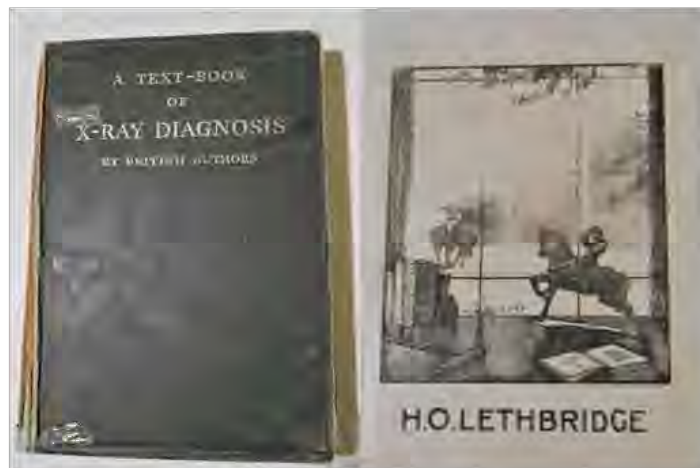
Other items, such as the charcoal drip safe and the farm mallet from Boree Creek, are 'one-of-a-kind' items. The fabric linen river charts are also unique objects. Many items in the collection are fine representative examples of their type, including the two water carts by the Furphy and Close foundries respectively; and the National Cash Register.

The whole collection has high interpretive capacity and can be used to tell the story of Narrandera and its district in a wide variety of ways.

## 4. Key Recommendations

### 4.1 Interpretation

- A number of the museum themes can be brought together, and objects scattered across the museum could be brought into a more logical relationship with similar objects, as outlined in *3.2 Description of the collection*.
- The prominence given in the museums' entry room to the British monarchy is a somewhat incongruous introduction to a museum devoted to the history of Narrandera, although it links to museum benefactor Sir Frank Duval. It is suggested that the medals and other material relating to Sir Frank's knighthood become part of a display about him, while the royal portraits, from Queen Victoria to King George VI, be added to the War display (especially as the display contains a bugle dating from the Boer War), as these relate to the recruiting drive, particularly for World War I, that invoked the need to defend the King and Empire.
- Dr H. O. Lethbridge also deserves a stand-alone display, as the donor of the original museum collection and as an outstanding personality in the cultural life of Narrandera over four decades. The stone tool collection and other Indigenous items collected by Dr Lethbridge would be core constituents of this display, also his library books, with one open to display his bookplate by former Narrandera resident, Adrian Feint.



The book on the left contains the bookplate on the right.

- Lincoln & Co display. The bottle collection should be rationalised to include only items with a Narrandera provenance, and a display focusing on the story of the Oakbank Brewery should be created.
- Shells and other natural history specimens not related to Narrandera should be removed to storage – a very small display of some of these could be mounted, relating to the history of the museum.

#### 4.2 Conservation

A preservation needs assessment by a qualified conservator is a clear priority, and the museum is encouraged to apply for a Community Heritage Grant for a Preservation Needs Assessment for its nationally significant collection.

The following suggestions are made from a preventive conservation perspective only, and a professional materials conservator will be able to add more recommendations.

- It is imperative that fragile documents on display be removed as soon as possible. Conservation of some items is an absolute priority. The bark paintings from Milingimbi Methodist Mission should be conserved professionally if finances permit, and at the very least not remounted on the wall in a fixed position. Art conservators advise that 'Bark paintings are hygroscopic – which means they respond to moisture and can change shape – so they need to be displayed in a way that lets them move, to stop them cracking.'<sup>9</sup>
- There is a beautiful photograph of the staff and children of Gillenbah School with sticky tape over the image and it is screwed to the wall.

<sup>9</sup> Melanie Barrett, Art Gallery of NSW objects conservator, 'How to: Conserve a sculpture', *Weekend Australian Review*, 15-16 June 2019.



**A beautiful and unusual panoramic photograph of the staff and pupils of Gillenbah School in front of the school building is in urgent need of conservation treatment.**

- The newspaper supplement advertising Narrandera businesses in 1891 is also a candidate for conservation treatment.
- The significant Federation Voter's Certificate of July 1899, hanging in the entry room and pinned to the wall with drawing pins and with a clock covering a section of the lower part of the certificate, should also be removed and conserved, and stored safely unless required for exhibition purposes.
- The Lethbridge Memorial statement is in a cracked frame and should be reframed for display in a section dedicated to Dr Lethbridge. Ideally, the document itself, which is showing signs of foxing, should be conserved as well.



**Memorial to Dr Lethbridge requires attention.**

There are many other documents and maps on display that should be removed and rested away from light for preservation purposes.

### 4.3 Storage

Many maps, plans, pamphlets and booklets have been on display for long periods. The first storage item that should be acquired, as a matter of urgency, is a plan cabinet to house some of the larger significant documents. It is important to stress that these objects are in the care of the museum to be preserved for future generations, and if this means that they come off display and only come out from time to time for special exhibitions, that is part of being responsible custodians. If necessary, facsimiles can be made, as is already the case with the river charts (which should also be housed either in the plan cabinet or in an archival textile box).

The following is a priority list for storage of fragile collection items:

- Plan cabinet for the documents
- Textile and object boxes for the textiles and items such as the Aboriginal barks (and acid free paper to wrap them in).
- Shelving to house items coming off display.

Could one of the now-empty rooms in the former caretaker's quarters be devoted to storage?

### 4.4 Deaccessioning

As the museum's collection and acquisition policy indicates, the museum's remit is to interpret the history of Narrandera. While many items in the collection without a specific connection to Narrandera are included in the collection because of historical connections with earlier donors, there are other items that could safely be deaccessioned as not relating to the history of the town.

There are several publications available on deaccessioning that give guidelines for how to deal with this process – for example, Museums and Galleries NSW <https://mgnsw.org.au/sector/resources/online-resources/collection-management/deaccessioning-and-disposal/>

## PART II: INDIVIDUAL ASSESSMENTS OF SIGNIFICANT ITEMS AND COLLECTIONS

### 1.0 Dr H. O. Lethbridge and his collection



(Left) Photograph of Dr Lethbridge with his horse; (right) H. O. Lethbridge's bookplate by well-known artist Adrian Feint, depicting two of Lethbridge's passions, playing polo and books. Adrian Feint was born in Narrandera in 1894, the son of the local newsagent, and after serving in World War I, studied art from 1919 at Julian Ashton's Art School in Sydney. He produced many wood engravings and linocuts for bookplates such as the one he created for Dr Lethbridge. Feint was Director of Sydney's Grosvenor Galleries from 1924-28, and was a full-time artist from 1938, often creating combinations of still life with views through a window onto a landscape, as in the example above. Adrian Feint died in 1971. His work is represented in major state and national collections.<sup>10</sup>

#### 1.1 Brief description

The collection assembled by Dr Harold Octavius Lethbridge and donated to Narrandera in 1941 formed the basis for what would later become Narrandera Parkside Cottage Museum. Dr Lethbridge, a respected figure and cultural leader in the town, had assembled a large collection of stone tools created by local Wiradjuri Indigenous people, a library, natural history specimens, and historical letters and artefacts, including the Macarthur Cloak of 1819. Ten years after his death in 1944 the museum, housed in classrooms in the local school, was moved to under the grandstand, from whence many items were later lost. Nevertheless the core

<sup>10</sup> Gwenda Robb and Elaine Smith, edited Robert Smith, *Concise Dictionary of Australian Artists*, Melbourne University Press, 1993, p. 85.

collection of Lethbridge material that remains in the Narrandera Parkside Cottage Museum is significant both to Narrandera and Australia.

### **1.2 Historical background – ‘Lether’ – Dr Harold Octavius Lethbridge**

Harold Octavius Lethbridge was born on 30 January 1880 on the Maranoa River in Queensland, where his father had a cattle station, Forest Vale. After his schooling at Forest Vale station with private tutors, and at Brisbane Grammar School, he entered St Pau’s College, University of Sydney, from whence he graduated with a degree in medicine with distinction in 1904, won the Slade Prize for Physics, topped his year in Physiology, rowed for his college four times as stroke, and for the University twice.

Dr Lethbridge began his medical career in 1904 as a resident and house surgeon at Royal Prince Alfred Hospital, Camperdown, where he served for two years before becoming a resident medical officer at the Children’s Hospital in Glebe in 1906. A year later, in 1907 he was appointed first medical superintendent of the new Children’s Hospital at Camperdown at the age of 27.

On 4 July 1908 he accepted a position of assistant to Dr G. H. Broinowski of Narrandera, and continued to practise medicine in the town for the rest of his life, with the exception of war service as a doctor from 1915-1919. Dr Lethbridge married Gwen Hall in November 1909 in the Chapel of St Paul’s College, University of Sydney, and in August 1914 the couple purchased a property he called ‘Maranoa’, which became his home until his death in 1944, and from which he conducted his surgery. The sport-loving young doctor joined the Narrandera Polo Club and became its secretary and captain of the A Grade polo team. He became HMO of Narrandera District Hospital in 1910, and Senior Medical Officer later that year. In 1911 he became Administrator of the Hospital.

Dr Lethbridge enlisted in the Royal Australian Army Medical Corps (RAAMC) in September 1915, with the rank of Major. After a battlefield incident in which he sustained shell shock, Lethbridge was evacuated to England where he became Registrar and later Administrator of an Australian Hospital for the Limbless at Southall, London in 1917. He returned to Australia with Gwen, who had come to join him in England, in September 1919. ‘From that day until he died, Lether was committed to continuing medical service to “his diggers”, as he called all returning servicemen, with much of his service carried out in a voluntary capacity.’<sup>11</sup>

Lether, as he was commonly called, came back to long working days that could last from anywhere from 12 to 24 hours. In addition to this work at Narrandera District Hospital, he also worked at ‘Wollundry’ Private Hospital. In what leisure time he had, Lether enjoyed polo and rowing, playing the cello and forming a string orchestra when he returned from war, and another in the 1930s. The orchestras gave concerts to raise money for the Hospital. These were held in the local picture theatre and were sell-outs. He also loved birds and natural history generally, and took a

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<sup>11</sup> Oliver, *Great White Father*, p. 135.



particular interest in Indigenous culture, collecting artefacts and stone tools (see separate section on stone tool collection in *Part I*). He frequently treated Wiradjuri people at Warangesda mission for free, earning from them the name, the 'Great White Father'.

Dr Lethbridge retired as Administrator of Narrandera District Hospital in February 1935, to develop the Hospital's work in pathology and radiology. He died on 5 November 1944 after an operation to remove a non-cancerous bone tumour the previous month.<sup>12</sup> A well attended public meeting held in Narrandera on 20 November 1944 resolved to set up a permanent memorial to Dr Lethbridge (see *Appendix*).



**Items from the Lethbridge collection: (left) Macarthur Cloak c1819; (middle) convict made brick 1793 from Elizabeth Farm, Parramatta; and (right) library shelf containing some of Dr Lethbridge's books.**

### 1.3 Establishing the museum

Bill Gammage, in his history, *Narrandera Shire*, described Dr Lethbridge's cultural contribution to the town, and his gift of his collection to form a museum and its sad fate:

He was an amateur anthropologist, zoologist and botanist, giving frequent school talks on these subjects, and collecting Wiradjuri genealogies, legends and artefacts. He played polo, gave public performances on the cello, formed a chamber orchestra, and in October 1941 gave his private collections to form a Narrandera museum. It occupied three disused classrooms at the school, and was probably among the most valuable private collections in Australia, including several hundred Wiradjuri artefacts very carefully annotated, several relics of [Governor] King including his charts and his sketch of the first house in Melbourne, Mameluke armour, a detailed collection of meteorites, one of Ludwig Leichhardt's last letters, and letters from Ben Boyd, Governors Bourke and FitzRoy, and the explorer Strezlecki. But in 1954 the headmaster demanded the classrooms, and the exhibits were stored under the

<sup>12</sup> W. S. (Bill) Oliver, *The Great White Father: the biography of a great Australian Dr H.O Lethbridge, MBE, MB, ChM, RRACP, FRACS (1880-1944)*, Terranora, NSW, 1999.

park grandstand, where most rotted or were looted. In 1986 only a little of Lethbridge's magnificent gift, such as a coat John Macarthur made from his first Camden merinos, remained.<sup>13</sup>

Clearly the loss of much of Dr Lethbridge's collection was a major blow to Narrandera and to Australian history and culture generally. Fortunately some items such as the Macarthur cloak, the stone tools and other items survive to testify to the generosity and cultural breadth of a remarkable man.



**Dr Lethbridge also collected, translated and published the songs of Indigenous Australians. This publication is held in the collection of Museum Victoria - <https://collections.museumvictoria.com.au/items/1593725>**

#### 1.4 Statement of significance

Dr Harold Octavius Lethbridge was a remarkable contributor to the life of Narrandera, as a physician and hospital administrator, benefactor of the local Wiradjuri people, anthropologist and natural scientist, musician and collector. The collection he gifted to Narrandera in 1941 contained significant items relating to local Indigenous culture, natural history, key personalities in Australian history such as John Macarthur, Governors King, Bourke and FitzRoy, and entrepreneur Ben Boyd and explorer Strezlecki. Only some of these items remain in the collection, notably the Macarthur Cloak and the stone tool collection, and these are of historical significance for Australia. What remains of Dr Lethbridge's collection is also of significance for its capacity to interpret the life and activities of an outstanding citizen of Narrandera, and to celebrate his achievements.

<sup>13</sup> Gammage, *Narrandera Shire*, p. 170.

## 2.0 Lincoln & Co Brewery sign and bottles



(Left) Lincoln & Co sign; (right) ceramic ginger beer bottle and glass bottle from Lincoln & Co brewery.

### 2.1 Brief description

A sign for Lincoln & Co Limited, and two bottles, one ceramic and one glass, produced by a company that was part of a history of brewing and cordial making in Narrandera from 1879 to 1924, an industry that was a major contributor to the town's economic success in the late nineteenth and early twentieth centuries.

### 2.2 History and description

Bill Gammage, historian of Narrandera, has chronicled the story of brewing and cordial making in the town, which began when railway construction provided a stimulus to economic development in 1879, and 'George Wildman built the Narrandera Brewery and Cordial Works on the flat'.<sup>14</sup> Gammage relates the various changes of ownership and management of the brewery that occurred in the succeeding years:

George Wildman's Narrandera Brewery and Cordial Works was acquired by William Jones about 1882, and about 1886 Jones' brother-in-law, R.H. Ferrier, began the Oakbank Brewery. In 1888 these amalgamated as the Oakbank Brewery, under Jones, Thomas Lincoln and James Henshaw, but when Jones died of typhoid in June 1892 Henshaw apparently sold out, and Lincoln took John McIntyre into partnership. The Oakbank prospered, even after it burnt down on 25 September 1894. A new brewery built further east was reportedly among the most modern in New South Wales, run with the latest English

<sup>14</sup> Bill Gammage, *Narrandera Shire*, Published by Bill Gammage for the Narrandera Shire Council, 1986, p. 130.

equipment, employing up to 100 men, distributing 10,000 bottles a day of prizewinning ales and stouts throughout the Riverina, and operating branch breweries at Hay and Hillston and branch cordial works at Jerilderie and Wyalong.<sup>15</sup>

Lincoln & Co brought beverages by truck to other centres such as Tocumwal, Murrumburrah, Yalgogrin North, Urana and Lockhart. In addition to manufacturing, the company also controlled 40 hotels in the Riverina area. In the early years of the twentieth century Lincoln & Co became known more widely, accepting orders through the mail and dispatching products to customers, playing a significant role in boosting the profile of the region through its products.

This boom did not last. The population of Narrandera Shire was falling, and in 1924 the Oakbank Brewery, which at that time employed 50 people, was sold to Tooth's of Sydney, who closed it. Bill Gammage wrote that 'the loss of the brewery was a "crippling blow", long remembered as beginning a downturn in Narrandera's fortunes'.<sup>16</sup> Cordial production continued under various managements until 1986.

The sign pictured above names Narrandera, Hay, Jerilderie and Yanco as places where the company operated and notes that Lincoln & Co supplied beverages made from water drawn from two bores in the Murrumbidgee River.

The two bottles pictured above appear to represent two different lines of products, with ginger beer being sold in the ceramic bottle. There is an active collector's market for bottles of this kind, and an online search through the auctions and markets of this community revealed that Lincoln & Co marked bottles are not among the most common varieties, and indeed appear to be offered for sale infrequently. The glass bottle is more common than the ceramic one in these markets. Given this, these bottles are additionally significant due to their status as relatively rare and collectable items.

### **2.3 Statement of significance**

These items from Lincoln & Co cordial manufacturing have historical significance for Narrandera and the region, as representing a company that was of economic importance and provided employment for many local people over the years. The sign is significant as it demonstrates the operations of the company in towns in the region, as well as the use of local Murrumbidgee River water. The two bottles have significance as relatively rare items, as well as their historical significance as examples of the products of Lincoln & Co. Together with the sign, they represent an industry that made significant economic, social and historical contributions to Narrandera and the region, and whose demise was a key indicator of a downturn in its economic fortunes.

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<sup>15</sup> Ibid., p. 139.

<sup>16</sup> Ibid., p. 160.

### 3.0 Australasian Federal Referendum July 1899 Voter's Certificate, 1899, and two invitations



**Certificate issued to William T.P. Webbe, indicating that he had cast his vote in the Australasian Federal Referendum of 27 July 1899.**

#### 3.1 Brief description

Printed certificate hand-inscribed to William T.P. Webbe indicating that he had cast his vote in the referendum to approve the Federal Constitution on 27 July 1899.

#### 3.2 History and description

This certificate marks the culmination of a process to achieve the federation of the Australian colonies that had begun with the first Federal Convention in 1890. The draft Constitution for a federated Australia had been submitted to a Federal Convention in 1891. While some colonies were prepared to accept the draft Constitution as the basis for the federation, New South Wales, the most populous state, was not, and the movement towards federation stalled. It was revived in the mid-1890s by the creation of Federation Leagues in the border districts of Victoria and New South Wales after a conference at Corowa in July and August 1893 attended by leading federationist Edmund Barton, who would later become the first prime minister of the Commonwealth of Australia. The conference agreed that the Constitution should be put to the citizens of the six Australian colonies to vote on whether or not they would accept it, and proceed to federation. A series of referenda were held around the Australian colonies in the late 1890s, and the majority vote was for federation.

The Commonwealth of Australia was inaugurated on 1 January 1901 in a ceremony in Centennial Park, Sydney; and the first Parliament of the Commonwealth of Australia was opened by the Duke of Cornwall and York (later King George V) in the Exhibition Building in Melbourne on 9 May 1901. The Commonwealth Parliament

met in the Victorian Parliament House, Melbourne, until 9 May 1927, when the Provisional Parliament House was opened in the new federal capital, Canberra, by the Duke of York (later King George VI).

This certificate was issued to electors in Victoria, and states that in a poll of 163,783 votes, 152,655 voted in favour of the Federal Constitution, and acknowledges that William T.P. Webbe has voted in the referendum. The certificate carries the British coat of arms at the top, and is decorated with photographic portraits of all the colonial premiers, and a photograph of the Parliament House of Victoria at the bottom.

This certificate is not cited in the entry under Narrandera Parkside Cottage Museum in *Federation: A Guide to Records*, produced by the Australian Archives (now National Archives of Australia) to mark the Centenary of Federation in 2001. However, two other Federation-related items, invitations to events associated with the royal tour by the Duke and Duchess of Cornwall and York and the opening of the first Commonwealth Parliament in May 1901, sent to Mr Ernest Laphorne, owner of the Narrandera Ensign newspaper, are cited in this compilation of Federation-related records. The invitations are to a conversazione in the Exhibition Building on 7 May 1901 and the royal review on 10 May 1901.<sup>17</sup>

### 3.3 Statement of significance

Federation-related material, in particular items in the care of local and regional historical societies and museums, is of national significance for its capacity to demonstrate the inclusive nature of the Federation process, and the fact that citizens from across Australia were invited to participate in the official events associated with the birth of the Australian nation. The certificate and the invitations together tell the story of how the Commonwealth of Australia came into being as the result of a vote, and the involvement of Narrandera citizens in key events such as the celebrations surrounding the opening of the first Parliament in May 1901.

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<sup>17</sup> S. G. Foster, Susan Marsden and Roslyn Russell, compilers, *Federation: The Guide to Records*, Australian Archives, Commonwealth of Australia, Canberra, 1998, p. 152.

#### 4.0 Great White Fleet brooch, 1908



(Left) Pewter or iron brooch commemorating the visit of the United States Great White Fleet to Sydney in August 1908; (right) program for the Great White Fleet visit to Sydney.

#### 4.1 Brief description

This iron or pewter brooch, featuring an outline map of Australia filled with an American eagle and the words 'Aug[ust] 1908 U.S. Fleet Visit to N.S.W.', commemorates a key event in pre-World War I Australia, the visit of the United States Fleet to Sydney from 20 to 27 August 1908.



Photos depicting the visit of the United States Great White Fleet to Sydney in August 1908.

#### 4.2 History and description

The United States Fleet, popularly known as ‘the Great White Fleet’ was on a world tour aimed at impressing the American people with their nation’s naval capability but at the same time impressing the people and governments of other nations. The ships, led by the flagship *Connecticut*, were painted white to denote peace.<sup>18</sup>

<sup>18</sup> James R. Reckner, *Teddy Roosevelt’s Great White Fleet*, Naval Institute Press, Maryland, 1988; Kenneth Wimmel, *Theodore Roosevelt and the Great White Fleet: American Sea Power Comes of Age*, Brassey’s, Virginia, 1998.

The Sydney visit by the Great White Fleet from 20-27 August 1908 was a major civic occasion. Government buildings and city streets were decorated in honour of the occasion, reported as surpassing even those at the time of Federation, with electric coloured lights, Venetian masts of greenery and coloured fabrics and flags. A multiple day program of official events was arranged by the Australian, New South Wales and Sydney city governments, including banquets, balls, boomerang throwing, wood chopping and sheep dog trials. Commemorative merchandise was produced in many forms, from souvenir programs through to an official medallion.

Australians embraced the visiting Fleet with great enthusiasm, sparking speculation of an increased hope for closer ties with America and a lessening of ties with Britain for immigration and defence purposes. Whether or not these political sentiments were reflected in the celebrations, the event was generally considered to have drawn a crowd of between 500,000 and 650,000 people, a larger number than attended the celebrations for the inauguration of the Commonwealth of Australia only eight years earlier.

An official commemorative medallion was commissioned by the Commonwealth government to mark the visit of the Great White Fleet to Sydney. The order for 15,000 pieces was at the time the largest batch of commemorative material to be produced in the Commonwealth. The design is described as 'On one side, in the centre, Australia and Tasmania represent the Commonwealth; round the circle, in gold letters, on enamel blue ground, are the words, "Commonwealth of Australia 1908." On the other side is the Commonwealth seal in the centre, supported by the Union Jack and Stars and Stripes flags, in blue and red enamel; round the circle, in gold letters, "Visit of American Fleet Souvenir," on enamel blue ground.'

This iron or pewter brooch (or lapel pin) does not bear the same design as the official commemorative medallion, and its motif of an outline map of Australia surmounted by an American eagle with the words 'Aug[ust] 1908 U.S. Fleet Visit to N.S.W.' is not described in any of the contemporary literature. This brooch design appears to be relatively rare: an online search of the documented Great White Fleet memorabilia offered for sale in recent years reveals no other example of this particular design. While other examples of this brooch may be in private collections, there are none represented in museum collections whose catalogues are available online. This brooch is thus a rare example of commemorative material celebrating a key historical event in Australian history.

#### **Statement of significance**

Given the importance of the visit of the Great White Fleet to the society and people of pre-World War I Australia, items of memorabilia such as this commemorative brooch have historical significance as a legacy of this event. Items commemorating Australia's part in a worldwide event recognise the importance of global relationships to Australian society. This brooch thus has historical significance as it commemorates a key historical event in pre-World War I Australia. As no other examples of this brooch have been located to date, it also has considerable rarity value.



**Appendix I: Proposed Memorial to Dr Lethbridge**



**Proposed Memorial to the Late Dr H. O. Lethbridge, M.B.E.**

At a largely attended Public Meeting held in Narrandera on 20<sup>th</sup> November, 1944, it was unanimously decided to pay a well merited tribute to the life of the late Dr H. O. Lethbridge by the establishment of some form of perpetual Memorial.

A Committee was appointed to examine various proposals, to invite Subscriptions and later to report back to a further Public Meeting, whereat a decision would be made as to what form the Memorial should take.

The greater part of the professional life of Dr Lethbridge was spent in Narrandera, and his outstanding ability was availed of throughout the greater portion of Riverina during the whole of that time. His devotion to the healing of the sick is too well known to need emphasis herein. His knowledge was readily available to all walks of life and he was a true friend to all, but particularly to aborigines, diggers and the poor.

His sterling work in, and generosity to, the Narrandera District Hospital and his unflagging interest in the Intermediate High School leave both institutions deeply in his debt, and his pride of citizenship has left its mark throughout a wide area of both town and district. The full extent of his private generosity and many kindnesses will never be known.

The Museum at the local school, started by the late Dr Lethbridge for the preservation of aboriginal relics, was perhaps his greatest hobby. Due to his sound knowledge of the Australian Natives, this has grown to such an extent that it is not only interesting and educational, but, in many respects, unique and of great value to the public generally. The adequate housing of this Museum has been freely

mentioned as one way of perpetuating Dr Lethbridge's memory. This is mentioned as an indication that a considerable sum of money is hoped for and Subscriptions, large or small, will be welcome.

This much can be said now, namely, that whatever form the Memorial may take, it is the general wish to have something useful for everybody as he himself would have desired.

**This circular invites Subscriptions from his many personal friends**, the many people who, by reason of that bond between doctor and patient, became his good friends, also from all those who were in any way associated with him and those that appreciate what he did for mankind as a whole.

It is not possible to make sure that this circular will reach everyone who would like to subscribe, so those who do receive it are requested to mention the matter to any friends whom they may know have failed to receive it but who may be interested.

Some time will probably elapse before finality is reached, and meantime the local Press will be asked to publish, from time to time, such progress as is being made.

Subscriptions may be sent to any of the undersigned and will be duly acknowledged.

H.B. Rowlands, President, Audley Street, Narrandera

J. A. Lorimer, Hon. Secretary, PO Box 11, Narrandera

H. G. Gracie, Hon. Treasurer, PO Box 1, Narrandera



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# **Voluntary Planning Agreement**

Yarrabee Solar Project

Project Phase [Two][Three][etc.]

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**Narrandera Shire Council**  
(‘NSC’)

**[Project [Two][Three][etc.] SPV]**  
(‘Project Company’)

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, Southbank, GPO BOX 1331, VIC 3006  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au/legal](http://www.pwc.com.au/legal)

**Date:****Parties**

1. Narrandera Shire Council, 141 East Street Narrandera, NSW, 2700 ('NSC')
2. [[Project Phase SPV], Level 16, 461 Bourke Street, Melbourne VIC 3000] ('Project Company')

**Background**

- A. The Land is partly situated in the Local Government Area of NSC.
- B. The Project Company intends to develop the Project, elements of which are located on the Land.
- C. The development of the Project will be phased with distinct Project Phases. This Agreement relates to the [insert phase] Project Phase only unless otherwise stated.
- D. On 30 June 2018 the Project Application was submitted to the Minister to carry out the Project on the Land. The Project Approval was granted on 20 December 2018.
- E. The Project Company wishes to make, and NSC wish to receive, Capital Improvement Contributions for the benefit of the local communities located in close proximity to the Land which are impacted by the Project, and to do so efficiently and equitably through the management services provided by NSC, and in accordance with the recommendations made by the Committee in accordance with this Agreement.
- F. The Project Company will also be responsible for the procurement of the Employment Opportunities in accordance with this Agreement.
- G. As contemplated by section 7.4 of the Act and the conditions of the Project Approval, the Parties wish to enter into this Agreement in connection with the Project on the terms and conditions of this Agreement.



## Operative provisions of this Agreement

### 1. Planning Agreement under the Act

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The Parties agree that this Agreement is a planning agreement governed by Subdivision 2 of Division 7.1 of Part 7 of the Act.

### 2. Application of this Agreement

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This Agreement applies to the Land and the [insert phase] Project Phase.

### 3. Operation of this Agreement

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#### 3.1 Commencement

This Agreement commences only when:

- (a) the Project Approval for the Development is granted by the relevant consent authority under the Act; and
- (b) a condition of the Project Approval requires this Agreement to be entered into; and
- (c) when the [insert phase] Project Phase achieves financial close on commercially acceptable terms to the Project Company; and
- (d) in respect of the [insert phase] Project Phase, the issuing of the Notice to Proceed to the entity contracted to undertake the engineering, procurement & construction of that Project Phase; and
- (e) the Agreement is entered into as required by clause 25C (1) of the Regulation.

#### 3.2 Termination

This Agreement remains in force until:

- (a) terminated by operation of Law,
- (b) the Parties agree in writing to terminate this Agreement, or
- (c) all of the Project Company's obligations under this Agreement have been performed to the written satisfaction of NSC.



## 4. Definitions and Interpretation

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### 4.1 Definitions

In this Agreement, the following definitions apply:

**Accommodation and Employment Strategy** means the strategy plan drafted by the Project Company in compliance with the conditions of the Project Approval which incorporates the key terms outlined in clause 6.1(c).

**Act** means the *Environmental Planning and Assessment Act 1979* (NSW).

**Agreement** means this Voluntary Planning Agreement including any schedules and annexures.

**Bank Bill Rate** means the wholesale bank bill interest rate within Australia (Bill Reference Rate (BBSW)) published by the Australian Financial Markets Association (AFMA).

**Business Day** means a day on which banks are open for general business in Sydney excluding Saturdays, Sundays and public holidays in Sydney.

**Capital Improvement Contribution** means the one-off payment of monetary contribution payable by the Project Company to NSC in accordance with clause 5.1.

**Capital Improvement Value** is calculated in accordance with clause 5.2(b).

**Committee** means the advisory committee to be established by NSC in accordance with clause 7.1 of this Agreement.

**Community Enhancement Reserve** means the reserve to be used by NSC for the public purpose of facilitating projects in accordance with the provisions in Schedule 2.

**Construction Works** means the carrying out of any site preparation or land clearing, building or engineering construction work approved by the Project Approval and includes associated works such as but not limited to the construction of site offices and workshops (temporary or permanent), but does not include Minor Works.

**Development Application** has the same meaning as in the Act.

**Employment Opportunities** means the local employment opportunities to be pursued in accordance with the Accommodation and Employment Strategy as outlined in clause 6.1.

**Environmental Impact Statement** means the environmental impact statement dated 17 August 2018, the associated response to submissions dated 17 October 2018 and additional information provided by the Applicant dated 22 November 2018, 26 November 2018 and 4 December 2018 as approved in relation to the Project Approval.



**EPC Contract** means the engineering, procurement and construction contract (or such other form of construction contract for the Construction Works) in relation to the [insert phase] Project Phase

**Explanatory Note** means the note exhibited with a copy of this Agreement, when this Agreement is made available for inspection by the public in accordance with the Act, as contemplated by clause 25E of the Regulation.

**GST** has the same meaning as in the GST Law.

**GST Law** has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and any other Act or regulation relating to the imposition or administration of the GST.

**Interest Rate** means the rate which is the Bank Bill Rate plus a margin of 2% per annum.

**Land** means the land the subject of the Project Approval, as detailed in Schedule 1.

**Local Government Area** means "area" as defined in the *Local Government Act 1993*.

**Minor Works** means incidental works where there are no or only demonstrably inconsequential environmental and/or social impacts. Any impacts deemed to be inconsequential must be isolated, generally rare in frequency, short in duration, reversible and minor in terms of size and extent. Such works could include non-disturbance activities, for example non-disturbance land surface surveys, geotechnical investigations, surveys or resource monitoring.

**Notice to Proceed** means the notice to proceed given in accordance with the terms of the EPC Contract.

**Project** means the proposed development of the Land for the construction and use of a solar PV power project of up to 900MWac known as the 'Yarrabee Solar Project' as described in the Project Approval.

**Project Application** means the Development Application for the Project made to the NSW Minister for Planning and identified by the Department of Planning & Environment as State Significant Development SSD 9237.

**Project Approval** means the State Significant Development Approval (Ref: SSD 9237) dated 20 December 2018 granted in respect of the Project Application.

**Project Phase** means an individual phase in the development of the Project.

**Regulation** means the Environmental Planning and Assessment Regulation 2000.

**Strategic Reserve** means any part of the Community Enhancement Reserve created pursuant to Schedule 2(b)(v).



**Tax Invoice** has the meaning it has in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

#### 4.2 Interpretation

In the interpretation of this Agreement, the following provisions apply unless the context otherwise requires:

- (a) Headings are inserted for convenience only and do not affect the interpretation of this Agreement.
- (b) If the day in which any act, matter or thing is to be done under this Agreement is not a Business Day, the act, matter or thing must be done on the next Business Day.
- (c) A reference in this Agreement to 'dollars' or '\$' means Australian dollars and all amounts payable under this Agreement are payable in Australian dollars.
- (d) A reference in this Agreement to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision.
- (e) A reference in this Agreement to any agreement, deed or document is to that agreement, deed or document as amended, novated, supplemented or replaced.
- (f) A reference to a clause, part or schedule is a reference to a clause, a part or a schedule of this Agreement.
- (g) An expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency.
- (h) Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.
- (i) A word which denotes the singular denotes the plural, a word which denotes the plural denotes the singular, and a reference to any gender denotes the other genders.
- (j) References to the word 'include' or 'including' are to be construed without limitation.
- (k) A reference to this Agreement includes the agreement recorded in this Agreement.
- (l) A reference to a party to this Agreement includes a reference to the servants, agents, and contractors of the party, and the party's successors and assigns.
- (m) Any schedules or tables form part of this Agreement.





## 5. Capital Improvement Contributions to be made under this Agreement

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### 5.1 Provision of Capital Improvement Contributions

- (a) Within 10 Business Days of the Notice to Proceed for the [insert phase] Project Phase, the Project Company must serve written notice on NSC notifying that Notice to Proceed has been issued in respect of that particular Project Phase.
- (b) The Project Company must pay the Capital Improvement Contributions (if any) for the [insert phase] Project Phase, calculated in accordance with clause 5.2 to NSC, within 10 Business Days of the notice served in accordance with clause 5.1(a). The Project Company may request a valid Tax Invoice from NSC for the payment of the Capital Improvement Contributions, in which case the payment will be due within 5 Business Days of the later of (i) the day which is 10 Business Days after the notice served in accordance with clause 5.1(a); and (ii) the receipt of the valid Tax Invoice for the relevant payment.
- (c) The Capital Improvement Contribution is paid for the purposes of this Agreement when cleared funds are deposited by means of electronic funds transfer by the Project Company into a bank account nominated by NSC.

### 5.2 Calculation of Capital Improvement Contribution

- (a) The Capital Improvement Contribution is calculated in accordance with this clause 5.2 on the date of Notice to Proceed for the [insert phase] Project Phase. The Capital Improvement Contribution for the [insert phase] Project Phase payable by the Project Company to NSC will be a one-off payment of the Capital Improvement Value of the [insert phase] Project Phase.
- (b) The Capital Improvement Value will be calculated as follows:

The EPC Contract value for the [insert phase] Project Phase (including the value of any free issue items) x 0.1%

The EPC Contract value means the "Contract Price" as defined in the EPC Contract on the day Notice to Proceed is issued under the terms of the EPC Contract.

### 5.3 Allocation of the Capital Improvement Contribution

NSC will allocate the Capital Improvement Contribution to the Community Enhancement Reserve. NSC will disburse funds from the Community Enhancement Reserve only upon both the recommendation of the Committee and the resolution of NSC.



#### 5.4 Payment of Capital Improvement Contribution

NSC will nominate the chosen bank account to which the Project Company will pay the Capital Improvement Contribution.

### **6. Other Contributions to be made under this Agreement**

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#### 6.1 Accommodation and Employment Opportunities

- (a) The Project Company must use reasonable endeavours to investigate options for prioritising the employment of residents of NSC's Local Government Area for the construction and operation of the Project, where feasible.
- (b) Commencing at the earliest practical opportunity following the signing of this Agreement, the Parties agree to cooperate and discuss in good faith the terms of the Accommodation and Employment Strategy with the intention of concluding such negotiations and having the strategy finalised at the earliest practical opportunity.
- (c) The Accommodation and Employment Strategy will be a strategy plan drafted by the Project Company in compliance with the conditions of the Project Approval which will:
  - (i) Identify ways to advertise employment opportunities in a manner and on platforms which are accessible to residents and local businesses of NSC's Local Government Area.
  - (ii) List a selection of local businesses with registered offices in NSC's Local Government Area that have nominated themselves or been nominated to NSC and place a requirement on the Project Company to actively consider opportunities for those businesses in relation to Project.
  - (iii) Provide an indicative list of the potential types of upcoming employment opportunities which may be required for the Project to enable NSC to identify residents of NSC's Local Government Area or businesses controlled by them which may be qualified for that type of work.
  - (iv) Encourage the Project Company to invite appropriately qualified residents of NSC's Local Government Area or businesses controlled by them to tender for work associated with the Project, except in the case of an expedited tender process triggered by an emergency or unplanned event, or where to do so would give rise to a breach by the Project Company of its obligations under any law, regulatory requirement or other contractual arrangement (including a conflict of interest).
  - (v) Allow the Project Company to share the Accommodation and Employment Strategy with any major contractors engaged by the Project Company for the Project.



## **7. NSC committee**

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### **7.1 NSC committee**

- (a) NSC agrees to establish an advisory Committee to make recommendations to NSC to assist with NSC's administration of the Community Enhancement Reserve in accordance with Schedule 2. The advisory Committee has no delegation of authority to allocate or expend any of the Community Enhancement Reserve.
- (b) The Project Company acknowledges and accepts that the advisory Committee may have already been established prior to this Agreement for the purpose of making recommendations to NSC to assist with NSC's administration of an existing Community Enhancement Reserve which has already been established as a result of contributions made by previous Project Phases.

## **8. Auditing**

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### **8.1 Auditing**

- (a) Each year in which Capital Improvement Contributions are made under this Agreement NSC must ensure that the management of the funds are included in the audit programme.
- (b) Annually NSC must provide to the Project Company a written report including details of the receipt distributions and reservation of funds covered by this programme.
- (c) NSC will make each auditor's report available to the Project Company upon request.

## **9. Application of the Capital Improvement Contributions**

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The Capital Improvement Contributions are for the purpose of the Community Enhancement Reserve and to be applied by NSC for the public purposes in accordance with this Agreement and consistent with NSC's *Integrated Planning and Reporting Framework* under the *Local Government Act 1993*.

## **10. Application of sections 7.11, 7.12 and 7.23 of the Act to the Development**

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This Agreement does not exclude the application of sections 7.11, 7.12 and 7.23 of the *Local Government Act 1993* to the Project.

## **11. Review and Alteration of this Agreement**

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No modification or review of this Agreement, will be of any force or effect unless it is in writing and signed by all the Parties to this Agreement.



## **12. Dispute Resolution**

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### **12.1 Escalation to representatives**

- (a) If a dispute arises between the Parties concerning this Agreement and there is no specific provision in this Agreement for resolving the dispute, the Party to this Agreement claiming that a dispute has arisen must give written notice to the other Party specifying and sufficiently identifying the nature of the dispute.
- (b) If the dispute has not been resolved within three Business Days of service of the notice in accordance with clause 12.1(a), that dispute must be referred to representatives (who must be at director level of above) nominated by each Party to meet (whether in person or by way of conference call) and discuss and resolve in good faith acting reasonably.

### **12.2 Mediation**

- (a) In the event that the dispute has not been resolved within three Business Days of the commencement of discussions between the nominated personnel in accordance with clause 12.1(b), the Parties must jointly appoint an independent mediator to mediate the discussions.
- (b) If the Parties cannot agree on the appointment of the mediator within three Business Days after one Party asks the other to do so, a mediator will be appointed by the then President of the Law Society of NSW.
- (c) Mediation must take place within five Business days of the appointment of a mediator under clause 12.2(a) or 12.2(b) and each Party must attend and participate in mediation in good faith.

### **12.3 Decision by Expert**

- (a) In the event that the dispute has not been resolved within five Business Days of the commencement of the mediation between the parties in accordance with clause 12.2, the Parties must jointly appoint an expert (Expert) to decide the dispute.
- (b) If the Parties cannot agree on the appointment of the Expert within 10 Business Days after one party asks the other to do so, either Party may ask the appropriate body under clause 12.4 to appoint the Expert.
- (c) In deciding the dispute, the Expert must act as an Expert and not as an arbitrator.

### **12.4 Selecting Expert**

- (a) The Expert must have at least five years current and continuous standing in the Expert's profession at the date of the appointment and must be:



- (i) in the case of a legal matter, a practising barrister or solicitor appointed by the president of the appropriate governing body of barristers or solicitors;
- (ii) in the case of a financial or accountancy matter, a practising chartered accountant appointed by the president of the Institute of Chartered Accountants in Australia;
- (iii) in any other case, a qualified person appointed by the senior officer of an appropriate association, institute, society or board; or
- (iv) if appropriate, a panel of Experts representing more than one of the appropriate skills.

#### 12.5 Expert's decision

The Expert must give written reasons for the decision. The decision is final and binds the Parties except for any manifest error.

#### 12.6 Expert's fees

The Parties must each pay one half of the Expert's fees, unless the Expert decides that one Party should bear all or a greater part of the fees.

#### 12.7 Replacement expert

If the Expert appointed is unable to complete a decision of the dispute, another Expert must be appointed under clause 12.3(a) or 12.3(b) to decide the dispute.

#### 12.8 Alternative dispute resolution

- (a) A Party must not start court or arbitration proceedings concerning a dispute that arises under this Agreement unless that Party has complied with the provisions of this clause 12.
- (b) This restriction does not prevent a Party from taking immediate steps to seek urgent interlocutory relief from a court.

#### 12.9 Continued performance

Notwithstanding the existence of a dispute, each party must continue to perform its obligations under this Agreement except to the extent such performance is the subject of the dispute and unless otherwise required by law.

### 13. Registration of the Agreement

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Pursuant to section 7.6 of the Act, the parties agree that the existence of this Agreement will not be registered on titles to the Land.



## 14. Enforcement and security

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### 14.1 Enforcement by any party

- (a) Without limiting any other remedies available to the Parties, this Agreement may be enforced by any Party in any court of competent jurisdiction.
- (b) Nothing in this Agreement prevents:
  - (i) a Party from bringing proceedings in the Land and Environment Court to enforce any aspect of this Agreement or any matter to which this Agreement relates; and
  - (ii) NSC from exercising any function under the Act or any other Act or law relating to the enforcement of any aspect of this Agreement or any matter to which this Agreement relates.

### 14.2 Interest on unpaid Contributions

The Project Company agrees to pay interest to NSC on any amount of the Development Contributions from 30 Business Days after it becomes due for payment, during the period that it remains unpaid, on demand, or at times determined by NSC, calculated on daily balances. The rate to be applied to each daily balance is the Interest Rate.

## 15. Assignment and dealings

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### 15.1 Assignment and dealings

- (a) Subject to the Project Company complying with its obligation under this clause 15, NSC will release the Project Company from any further obligation under this Agreement on and from the date of assignment or transfer.
- (b) Any purported dealing in breach of this clause 15 is of no effect.
- (c) The Project Company must not assign, novate, transfer or otherwise dispose of the whole or any part of its interest in this Agreement (including, for the avoidance of doubt, part of its interest in this Agreement insofar as it relates to a specific Project Phase) to another person (Transferee) unless, before it assigns, transfers, disposes of or sells, that right or interest:
  - (i) the Transferee delivers to NSC a novation deed signed by the Transferee containing provisions under which the Transferee agrees to comply with all the outstanding obligations of the Project Company under this Agreement;
  - (ii) any default by the Project Company under any provisions of this Agreement has been remedied by the Project Company or waived by NSC on such conditions as NSC may determine, acting reasonably;



- (iii) the Project Company and the Transferee pay NSC's reasonable costs in relation to the dealing.
- (d) NSC acknowledges and accepts that any proposed assignment, novation, transfer or other disposal by the Project Company in accordance with this clause 15 is likely to be of critical importance to the Project, and as such agrees to act reasonably and without any unnecessary delay in relation to any such dealing.

## 16. Notices

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### 16.1 Address for notices

Any notice, consent, information, application or request that must or may be given or made to a Party under this Agreement is only given or made if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that Party at its address set out below; or
- (b) emailed to that Party at its email address set out below.

#### **Narrandera Shire Council (NSC)**

Attention: The General Manager

Address: Narrandera Shire Council  
141 East Street Narrandera, NSW, 2700

Email: [council@narrandera.nsw.gov.au](mailto:council@narrandera.nsw.gov.au)

#### **[Project Phase SPV] (Project Company)**

Attention: The Directors

Address: Level 16, 461 Bourke Street, Melbourne VIC 3000

Email: [info@yarrabeesolar.com](mailto:info@yarrabeesolar.com)

### 16.2 Change of address

- (a) If a Party gives the other Parties three Business Days' notice of a change of its address, or email address:
  - (i) any notice, consent, or invoice is only given or made by that Party if it is served or posted by way of registered post to the latest address;
  - (ii) any information, application or request is only given or made by that other Party if it is emailed to the latest email address.



### 16.3 Time of delivery

- (a) Any notice, consent, information, application or request is to be treated as given, made or received at the following time:
  - (i) if it is delivered by process server, when it is served at the relevant address;
  - (ii) if it is sent by registered post, two Business Days after it is posted; or
  - (iii) if it is sent by email, at the time of sending as specified in the sending party's email outbox unless the sender receives a notification that the message has failed to be delivered.
- (b) If any notice, consent, information, application or request is physically delivered, or an email sent, on a day that is not a Business Day, or if on a Business Day, after 5 pm on that day in the place of the Party to whom it is sent, it is to be treated as having been given or made at the beginning of the next Business Day.

## 17. Costs

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### 17.1 Costs

Within five Business Days of the later of:

- (a) the execution of this Agreement by both Parties; and
- (b) receipt by the Project Company of a valid Tax Invoice from NSC,

the Project Company must pay NSC reasonably incurred costs in respect of the preparation, negotiation and execution of this Agreement up to the maximum amount of \$10,000 (plus GST).

## 18. Entire Agreement

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### 18.1 Entire Agreement

- (a) This Agreement embodies the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes any prior negotiation, arrangement, understanding or agreement, with respect to the subject matter or any term of this Agreement. Any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any prior negotiation, arrangement, understanding or agreement, has no effect except to the extent expressly set out or incorporated by reference in this Agreement.
- (b) Pursuant to clause 25E(7) of the Regulation, the Parties agree that the Explanatory Note is not to be used to assist in construing this Agreement.





## **19. Approvals and consents**

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By giving its approval or consent under this Agreement a Party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the approval or consent.

## **20. Further Acts**

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Each Party must promptly execute all documents and do all things that another Party from time to time reasonably requests to affect, perfect or complete this Agreement and all transactions incidental to it.

## **21. Governing Law and Jurisdiction**

---

This Agreement is governed by the law of New South Wales. The Parties submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The Parties will not object to the exercise of jurisdiction by those courts on any basis.

## **22. No Fetter**

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Nothing in this Agreement will be construed as requiring to do anything that would cause them to be in breach of any of its obligations at law, and without limitation, nothing will be construed as limiting or fettering in any way the exercise of any statutory discretion or duty.

## **23. Joint and Individual Liability and Benefits**

---

Except as otherwise set out in this Agreement, any agreement, covenant, representation or warranty under this Agreement by two or more persons binds them jointly and each of them individually, and any benefit in favour of two or more persons is for the benefit of them jointly and each of them individually.

## **24. Representations and Warranties**

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### **24.1 Representations and Warranties**

- (a) Each of the Parties represents and warrants to the other Parties that it has power to enter this Agreement and comply with its obligations under this Agreement and that entry into this Agreement will not result in the breach by it of any law applicable to it.
- (b) Each Party warrants to each other Party that:
  - (i) this Agreement creates a legal, valid and binding obligation, enforceable against the relevant Party in accordance with its terms; and



- (ii) unless otherwise stated, it has not entered into this Agreement in the capacity of trustee of any trust.

## 25. Trustee limitation

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### 25.1 Trustee limitation

Where a Party acts in its capacity as the trustee of a trust (**Trust**):

- (a) notwithstanding any other provision of this Agreement, each trustee enters into this Agreement in its capacity as trustee of the relevant Trust and in no other capacity;
- (b) the recourse of any party to the trustee in respect of any obligation or liability of the trustee under or in respect of this Agreement is limited to the trustee's ability to be indemnified from the assets of the Trust and if as a result of this limitation any party does not receive or recover the full amount due to it in connection with the performance or non-performance by the trustee of any of its obligations, or the payment or non-payment by the trustee of any of its liabilities, under or in respect of this Agreement, the party may not seek to recover the shortfall by bringing proceedings against the trustee in its personal capacity;
- (c) this clause 25 does not apply to any obligation or liability of the trustee to the extent that it is not satisfied because there is for any reason a reduction in the extent of the trustee's indemnification out of the assets of the Trust arising as a direct result of its fraud, negligence or breach of trust.

## 26. Severability

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If a clause or part of a clause of this Agreement can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Agreement, but the rest of the Agreement is not affected.

## 27. Waiver

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The fact that a Party fails to do, or delays in doing, something the Party is entitled to do under this Agreement, does not amount to a waiver of any obligation of, or breach of obligation by, another Party. A waiver by a Party is only effective if it is in writing. A written waiver by a Party is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of that obligation or breach in relation to any other occasion.



## 28. GST

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If any Party reasonably decides that it is liable to pay GST on a supply made to another Party under this Agreement and the supply was not priced to include GST, then the recipient of the supply must pay an additional amount equal to the GST on that supply.

## 29. Counterparts

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This Agreement may consist of a number of copies, each signed by one or more parties to this Agreement. If so, the signed copies (including email copies in portable document format (pdf)) are treated as making up the one document and the date on which the last counterpart is signed must be the date of this Agreement.



## Schedule 1 – The Land

### Part A

That portion of land forming approximately 2,600ha, being all or part of those parcels of land listed in Part B of this Schedule as shown indicatively coloured white, grey (for the avoidance of doubt, including the area of land labelled “Substation Location”) and yellow between the following approximate boundary points:

- on the northern boundary, up to and including the northern edge of the fence line coloured green between points A and B;
- on the eastern boundary, up to and including the western shore of the Washpen Creek (but, for the avoidance of doubt, excluding the Main Operation Hub delineated in orange) between points B and C;
- on the southern boundary, up to and including the northern edge of the East/West Road between points C and D; and
- on the western boundary, up to and including the western edge of the road shown coloured yellow between points D and A,

on the indicative Plan below:





**Part B**

Part Titles* – of the area shaded grey on the Plan above	Full Titles*
Part 115/750889	113/750889
Part 114/750889	112/750889
Part 172/750889	111/750889
Part 171/750889	110/750889
Part 170/750889	109/750889
Part 169/750889	108/750889
Part 168/750889	107/750889
Part 105/750889	106/750889
Part 104/750889	103/750889
Part 4/750889	102/750889
Part 7/750889	101/750889
Part 6/750889	100/750889
Part 9/750889	14/750889
Part 10/750889	11/750889
Part 12/750889	8/750889
Part 13/750889	
Part 15/750889	



## Schedule 2 – Advisory Committee Operating Principles

### Advisory Committee to the Narrandera Shire Council Community Enhancement Reserve

The Capital Improvement Contributions paid by the Project Company in accordance with this Agreement will be deposited by NSC into the Community Enhancement Reserve.

That Community Enhancement Reserve will be administered by NSC using an advisory Committee to provide recommendations to NSC, in accordance with the provisions of this Schedule.

The Committee will act as an advisor to NSC and has no delegations or executive powers, except those expressly provided by NSC. In carrying out its Community Enhancement Reserve recommendations of monies the Committee recognises that primary responsibility for management of the Committee and the Community Enhancement Reserve rests with NSC and their respective General Managers as defined by the *Local Government Act 1993*, and associated Regulations. The Committee's responsibilities are to assist NSC to establish recommendations for suitable projects in accordance with this agreement.

NSC and the Committee will operate in accordance with the following principles:

#### (a) Constitution of the Committee

To be a Committee comprising:

- (i) Two councillors from NSC (one of whom chairs the committee and has a casting vote);
- (ii) The Deputy General Manager of Infrastructure from NSC; and
- (iii) if requested by Project Company at any point during the lifespan of the Project, one Project Company representative (non-voting).

NSC will provide secretarial support to the committee.

#### (b) Community projects - grant eligibility criteria

- (i) Recipients must be an incorporated or registered not-for-profit association, or a Council or a Crown Reserve Trust.
- (ii) Recipients must be incorporated or registered within NSC's Local Government Area.
- (iii) A grant application must be able to demonstrate in some detail the environmental, social and economic benefits likely to accrue to the communities associated in some manner with the Project.



- (iv) Recipients which could have the effect of causing detrimental impact to the Project or which could have a detrimental impact to the reputation of the Project Company are not eligible for allocation of grants from the Community Enhancement Reserve.
- (v) The Committee has the authority to recommend additional grant eligibility criteria, with NSC approval, provided that the first four criteria listed above are maintained.
- (vi) The Committee may recommend that part of the Community Enhancement Reserve be held and dedicated to a future, large or multi-year funding commitment (the **Strategic Reserve**).

**(c) Role of the Committee**

The Committee's role is to:

- (i) Review the suitability of grant application forms and information for applicants, and the information and briefing to be provided to incoming members of the Committee, and to recommend changes where appropriate;
- (ii) Publicly call for applications for funding for projects to benefit local communities within the NSC's Local Government Area;
- (iii) Evaluate funding applications and make grant recommendations to the NSC;
- (iv) Allow a grant applicant the opportunity to address the Committee, providing there has been prior registration to speak and the address is conducted in accordance with standard meeting protocols;
- (v) Check that allocations are made from the Community Enhancement Reserve as recommended, and that any allocations to and payments from the Strategic Reserve are accounted for; and
- (vi) Review the effectiveness of completed grants and of the performance of the Committee and NSC's use of the Community Enhancement Reserve each year, and recommend changes to NSC where appropriate, so that the Community Enhancement Reserve provides as much ongoing public benefit as possible.

**(d) Public Notice for applications for grants and reporting on allocated grants**

NSC (on advice from the Committee) will be responsible for advertising when grant applications for funding are being invited, together with the due date. The public notice should be displayed in various locations including (but not limited to):

- (i) on NSC's website;
- (ii) in NSC's office reception areas – hard copy;
- (iii) in local newspaper(s) (where available); and



(iv) on social media as deemed appropriate by the Committee.

**(e) Meeting quorum and procedure**

- (i) Members of the Committee not able to attend in person will have the option to attend via teleconference;
- (ii) A quorum is at least four (3) voting members including one Councillor from NSC;
- (iii) The Committee will meet at least six monthly;
- (iv) Minutes of Committee meetings will be reported to NSC and included in the business paper for the next available NSC meeting.

**(f) Public Purpose**

Community-initiated projects potentially eligible for allocation of grants from the Community Enhancement Reserve may include provision of:

- (i) works that will conserve, enhance or protect the natural environment;
- (ii) provision of public domain infrastructure and services such as recreational, sporting and community facilities as well as disabled access, car parking, toilets, footpaths, and streetscapes;
- (iii) funds for improving rural community mobile phone and internet services;
- (iv) support to assist medical practitioners reside in local towns;
- (v) mobile outreach health services;
- (vi) support to assist medical specialists fly in from the city to run clinics;
- (vii) support for physical health programs, for example obesity/diabetes/drugs;
- (viii) support for mental health programs;
- (ix) support for the construction and management of aged care units and to assist the financially disadvantaged gain entry into such facilities;
- (x) support for the provision of NSC-run aged care/community transport vehicles;
- (xi) child care and preschool facilities;
- (xii) improvements to drainage structures and waste management services;
- (xiii) upgrades and recurrent expenditure funding of public facilities such as libraries, community halls, aquatic centres and childcare facilities;





- (xiv) monitoring of the planning impacts of development and project-related technical resource capacity;
- (xv) masterplans for LGA development;
- (xvi) tourist displays of Indigenous, Traditional and European heritage of a region; and
- (xvii) small-scale community run renewable energy projects (below 10MWac in exporting capacity).

For the avoidance of doubt, projects which could have the effect of having a detrimental impact to the Project or which could have a detrimental impact to the reputation of the Project Company are not eligible for allocation of grants from the Community Enhancement Reserve

**(g) Further operating principles**

The Committee may from time to time propose additional operating principles, providing that the additional principles are consistent with the above principles, and the additional principles will apply upon ratification by NSC.



### Execution of the Agreement

Executed by [Project Phase] SPV in accordance with section 127(1) of the Corporations Act 2001 (Cth) by authority of its directors:

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Tony Concannon, Director (signature)

Date: \_\_\_\_\_

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David Webster, Director (signature)

Date: \_\_\_\_\_

The Common Seal of Narrandera Shire Council was affixed in the presence of:

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Mayor (signature)

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Name (print)

Date: \_\_\_\_\_

-----

General Manager (signature)

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Name (print)

Date: \_\_\_\_\_



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# **Voluntary Planning Agreement**

Yarrabee Solar Project

Project Phase One

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**Narrandera Shire Council**  
(‘NSC’)

**Yarrabee One Pty Ltd as trustee for The Yarrabee One Trust**  
(‘Project Company’)

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, Southbank, GPO BOX 1331, VIC 3006  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au/legal](http://www.pwc.com.au/legal)



## Date:

## Parties

1. Narrandera Shire Council, 141 East Street Narrandera, NSW, 2700 ('NSC')
2. Yarrabee One Pty Ltd (ACN 627 982 950) as trustee for The Yarrabee One Trust, Level 16, 461 Bourke Street, Melbourne VIC 3000 ('Project Company')

## Background

- A. The Land is partly situated in the Local Government Area of NSC.
- B. The Project Company intends to develop the Project, elements of which are located on the Land.
- C. The development of the Project will be phased with distinct Project Phases. This Agreement relates to the first Project Phase only unless otherwise stated.
- D. On 30 June 2018 the Project Application was submitted to the Minister to carry out the Project on the Land. The Project Approval was granted on 20 December 2018.
- E. The Project Company wishes to make, and NSC wish to receive, Monetary Development Contributions for the benefit of the local communities located in close proximity to the Land which are impacted by the Project, and to do so efficiently and equitably through the management services provided by NSC, and in accordance with the recommendations made by the Committee in accordance with this Agreement.
- F. The Project Company will also be responsible for the procurement of the Road Works and the Employment Opportunities in accordance with this Agreement.
- G. As contemplated by section 7.4 of the Act and the conditions of the Project Approval, the Parties wish to enter into this Agreement in connection with the Project on the terms and conditions of this Agreement.



## Operative provisions of this Agreement

### 1. Planning Agreement under the Act

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The Parties agree that this Agreement is a planning agreement governed by Subdivision 2 of Division 7.1 of Part 7 of the Act.

### 2. Application of this Agreement

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This Agreement applies to the Land and the first Project Phase.

### 3. Operation of this Agreement

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#### 3.1 Commencement

This Agreement commences only when:

- (a) the Project Approval for the Development is granted by the relevant consent authority under the Act; and
- (b) a condition of the Project Approval requires this Agreement to be entered into; and
- (c) when the first Project Phase achieves financial close on commercially acceptable terms to the Project Company; and
- (d) in respect of the first Project Phase, the issuing of the Notice to Proceed to the entity contracted to undertake the engineering, procurement & construction of that Project Phase; and
- (e) the Agreement is entered into as required by clause 25C (1) of the Regulation.

#### 3.2 Termination

This Agreement remains in force until:

- (a) terminated by operation of Law,
- (b) the Parties agree in writing to terminate this Agreement, or
- (c) all of the Project Company's obligations under this Agreement have been performed to the written satisfaction of NSC.



## 4. Definitions and Interpretation

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### 4.1 Definitions

In this Agreement, the following definitions apply:

**Accommodation and Employment Strategy** means the strategy plan drafted by the Project Company in compliance with the conditions of the Project Approval which incorporates the key terms outlined in clause 6.2.

**Act** means the *Environmental Planning and Assessment Act 1979* (NSW).

**Agreement** means this Voluntary Planning Agreement including any schedules and annexures.

**Approval Documents** has the meaning given to it in clause 6.1.

**Bank Bill Rate** means the wholesale bank bill interest rate within Australia (Bill Reference Rate (BBSW)) published by the Australian Financial Markets Association (AFMA).

**Business Day** means a day on which banks are open for general business in Sydney excluding Saturdays, Sundays and public holidays in Sydney.

**Capital Improvement Contribution** means the one-off payment of monetary contribution payable by the Project Company to NSC in accordance with clause 5.3.

**Capital Improvement Value** is calculated in accordance with clause 5.4(b).

**Committee** means the advisory committee to be established by NSC in accordance with clause 7.1 of this Agreement.

**Community Enhancement Contributions** means the monetary contributions payable by the Project Company to NSC in accordance with clause 5.1.

**Community Enhancement Reserve** means the reserve to be used by NSC for the public purpose of facilitating projects in accordance with the provisions in Schedule 2.

**Construction Works** means the carrying out of any site preparation or land clearing, building or engineering construction work approved by the Project Approval and includes associated works such as but not limited to the construction of site offices and workshops (temporary or permanent), but does not include Minor Works.

**CPI** means the Consumer Price Index (All Groups, Sydney) published by the Australian Bureau of Statistics from time to time or if that index ceases to be published, such other index as the Parties may agree (acting reasonably).

**CPI Review Date** means the date of the Notice to Proceed being issued in relation to the first Project Phase.



**Decommissioned** means the permanent removal of the solar PV panels from the Land and any associated above ground infrastructure however does not include decommissioning for refurbishment and Decommission and Decommissioning are to be interpreted accordingly.

**Development Application** has the same meaning as in the Act.

**Employment Opportunities** means the local employment opportunities to be pursued in accordance with the Accommodation and Employment Strategy as outlined in clause 6.2.

**Environmental Impact Statement** means the environmental impact statement dated 17 August 2018, the associated response to submissions dated 17 October 2018 and additional information provided by the Applicant dated 22 November 2018, 26 November 2018 and 4 December 2018 as approved in relation to the Project Approval.

**EPC Contract** means the engineering, procurement and construction contract (or such other form of construction contract for the Construction Works) in relation to the first Project Phase

**Explanatory Note** means the note exhibited with a copy of this Agreement, when this Agreement is made available for inspection by the public in accordance with the Act, as contemplated by clause 25E of the Regulation.

**GST** has the same meaning as in the GST Law.

**GST Law** has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and any other Act or regulation relating to the imposition or administration of the GST.

**Interest Rate** means the rate which is the Bank Bill Rate plus a margin of 2% per annum.

**Land** means the land the subject of the Project Approval, as detailed in Schedule 1.

**Local Government Area** means "area" as defined in the *Local Government Act 1993*.

**Minor Works** means incidental works where there are no or only demonstrably inconsequential environmental and/or social impacts. Any impacts deemed to be inconsequential must be isolated, generally rare in frequency, short in duration, reversible and minor in terms of size and extent. Such works could include non-disturbance activities, for example non-disturbance land surface surveys, geotechnical investigations, surveys or resource monitoring.

**Monetary Development Contributions** means collectively the Capital Improvement Contribution and the Community Enhancement Contributions.

**Notice to Proceed** means the notice to proceed given in accordance with the terms of the EPC Contract.



**Project** means the proposed development of the Land for the construction and use of a solar PV power project of up to 900MWac known as the 'Yarrabee Solar Project' as described in the Project Approval.

**Project Application** means the Development Application for the Project made to the NSW Minister for Planning and identified by the Department of Planning & Environment as State Significant Development SSD 9237.

**Project Approval** means the State Significant Development Approval (Ref: SSD 9237) dated 20 December 2018 granted in respect of the Project Application.

**Project Phase** means an individual phase in the development of the Project.

**Public Roads** means the roads identified in clause **Error! Reference source not found.** of this Agreement.

**Regulation** means the Environmental Planning and Assessment Regulation 2000.

**Road Works** means Construction Works in relation to the Public Roads.

**Strategic Reserve** means any part of the Community Enhancement Reserve created pursuant to Schedule 2(b)(v).

**Tax Invoice** has the meaning it has in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

#### 4.2 Interpretation

In the interpretation of this Agreement, the following provisions apply unless the context otherwise requires:

- (a) Headings are inserted for convenience only and do not affect the interpretation of this Agreement.
- (b) If the day in which any act, matter or thing is to be done under this Agreement is not a Business Day, the act, matter or thing must be done on the next Business Day.
- (c) A reference in this Agreement to 'dollars' or '\$' means Australian dollars and all amounts payable under this Agreement are payable in Australian dollars.
- (d) A reference in this Agreement to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision.
- (e) A reference in this Agreement to any agreement, deed or document is to that agreement, deed or document as amended, novated, supplemented or replaced.





- (f) A reference to a clause, part or schedule is a reference to a clause, a part or a schedule of this Agreement.
- (g) An expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency.
- (h) Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.
- (i) A word which denotes the singular denotes the plural, a word which denotes the plural denotes the singular, and a reference to any gender denotes the other genders.
- (j) References to the word 'include' or 'including' are to be construed without limitation.
- (k) A reference to this Agreement includes the agreement recorded in this Agreement.
- (l) A reference to a party to this Agreement includes a reference to the servants, agents, and contractors of the party, and the party's successors and assigns.
- (m) Any schedules or tables form part of this Agreement.

## **5. Monetary Development Contributions to be made under this Agreement**

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### **5.1 Provision of Community Enhancement Contributions**

- (a) Within 10 Business Days of the Notice to Proceed being issued in relation to the first Project Phase, the Project Company must serve written notice on NSC notifying that Notice to Proceed has been issued.
- (b) The Project Company must pay the Community Enhancement Contributions, calculated in accordance with clause 5.2 to NSC in arrears on 1 July each year. The Project Company may request a valid Tax Invoice from NSC for each payment, in which case the payment will be due within 5 Business Days of the later of (i) 1 July each year and (ii) the receipt of the valid Tax Invoice for the relevant payment.
- (c) The calculation of the Community Enhancement Contributions and the Project Company's liability to pay the Community Enhancement Contributions commences on the date of the Notice to Proceed being issued in relation to the first Project Phase.
- (d) The Community Enhancement Contributions calculated for the portion of the year between the date of the Notice to Proceed being issued in relation to the first Project Phase and 1 July will be calculated pro-rata.
- (e) The Parties agree that the Community Enhancement Contributions paid in accordance with clause 5.2 and the Capital Improvement Contributions payable in accordance with clause 5.3 will have the public purpose of facilitating community-initiated projects in



accordance with Schedule 2 and that both the Community Enhancement Contributions and Capital Improvement Contributions are genuine, fair and reasonable pre-estimate sums for this purpose.

- (f) The Project Company's obligation to pay the Community Enhancement Contributions ceases after all solar PV panels and any associated above ground infrastructure required for the first Project Phase are Decommissioned.
- (g) The Community Enhancement Contributions are paid for the purposes of this Agreement when cleared funds are deposited by means of electronic funds transfer by the Project Company into a bank account nominated by NSC.

#### **5.2 Calculation of the Community Enhancement Contributions**

- (a) The annual Community Enhancement Contributions payable by the Project Company to NSC is the sum of \$50,000 per annum (increased by the same percentage as the percentage increase, if any, in the Consumer Price Index since the CPI Review Date).
- (b) The Community Enhancement Contributions will be allocated by NSC for community projects in the NSC Local Government Area.

#### **5.3 Provision of Capital Improvement Contribution**

- (a) Within 10 Business Days of the Notice to Proceed for the first Project Phase, the Project Company must serve written notice on NSC notifying that Notice to Proceed has been issued in respect of that particular Project Phase.
- (b) The Project Company must pay the Capital Improvement Contributions (if any) for the first Project Phase, calculated in accordance with clause 5.4 to NSC, within 10 Business Days of the notice served in accordance with clause 5.3(a). The Project Company may request a valid Tax Invoice from NSC for the payment of the Capital Improvement Contributions, in which case the payment will be due within 5 Business Days of the later of (i) the day which is 10 Business Days after the notice served in accordance with clause 5.3(a); and (ii) the receipt of the valid Tax Invoice for the relevant payment.
- (c) The Capital Improvement Contribution is paid for the purposes of this Agreement when cleared funds are deposited by means of electronic funds transfer by the Project Company into a bank account nominated by NSC.

#### **5.4 Calculation of Capital Improvement Contribution**

- (a) The Capital Improvement Contribution is calculated in accordance with this clause 5.4 on the date of Notice to Proceed for the first Project Phase. The Capital Improvement Contribution for the first Project Phase payable by the Project Company to NSC will be a one-off payment of the Capital Improvement Value of the first Project Phase.
- (b) The Capital Improvement Value will be calculated as follows:



The EPC Contract value for the first Project Phase (including the value of any free issue items) x 0.1%

The EPC Contract value means the "Contract Price" as defined in the EPC Contract on the day Notice to Proceed is issued under the terms of the EPC Contract.

#### 5.5 Allocation of the Monetary Development Contributions

NSC will allocate the Monetary Development Contributions to the Community Enhancement Reserve. NSC will disburse funds from the Community Enhancement Reserve only upon both the recommendation of the Committee and the resolution of NSC.

#### 5.6 Indexation of Monetary Development Contributions

Where this Agreement provides that an amount is to be increased by CPI, then the amount will be increased in accordance the following formula:

$$A = B \times C/D$$

Where:

**A** = the indexed amount at the time the payment is to be made.

**B** = the contribution amount or rate stated in the Agreement.

**C** = the CPI most recently published before the date of payment.

**D** = the CPI most recently published following the issue of the Notice to Proceed for the construction of the first stage of the Project after the date upon which the Project Approval is granted.

For the avoidance of doubt, if A is less than B, then the relevant amount will not change.

#### 5.7 Payment of Monetary Development Contributions

NSC will nominate the chosen bank account to which the Project Company will pay the Monetary Development Contributions.

## 6. Road Works and Other Contributions to be made under this Agreement

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#### 6.1 Road Works Compliance with Approval Documents

(a) The Project Company must complete the Road Works in accordance with:

(i) the Project Approval;



- (ii) any traffic management plan approved in satisfaction of a condition of the Project Approval; and
- (iii) this Agreement.

(together, the **Approval Documents**)

- (b) The Approval Documents are intended to be correlative, complementary and mutually explanatory of one another. The Approval Documents must be read as a whole.
- (c) If there is any ambiguity, discrepancy or inconsistency between the Approval Documents, the order of precedence will be as set out in clause 6.1(a) above.

## 6.2 Accommodation and Employment Opportunities

- (a) The Project Company must use reasonable endeavours to investigate options for prioritising the employment of residents of NSC's Local Government Area for the construction and operation of the Project, where feasible.
- (b) Commencing at the earliest practical opportunity following the signing of this Agreement, the Parties agree to cooperate and discuss in good faith the terms of the Accommodation and Employment Strategy with the intention of concluding such negotiations and having the strategy finalised at the earliest practical opportunity.
- (c) The Accommodation and Employment Strategy will be a strategy plan drafted by the Project Company in compliance with the conditions of the Project Approval which will:
  - (i) Identify ways to advertise employment opportunities in a manner and on platforms which are accessible to residents and local businesses of NSC's Local Government Area.
  - (ii) List a selection of local businesses with registered offices in NSC's Local Government Area that have nominated themselves or been nominated to NSC and place a requirement on the Project Company to actively consider opportunities for those businesses in relation to Project.
  - (iii) Provide an indicative list of the potential types of upcoming employment opportunities which may be required for the Project to enable NSC to identify residents of NSC's Local Government Area or businesses controlled by them which may be qualified for that type of work.
  - (iv) Encourage the Project Company to invite appropriately qualified residents of NSC's Local Government Area or businesses controlled by them to tender for work associated with the Project, except in the case of an expedited tender process triggered by an emergency or unplanned event, or where to do so would give rise to a breach by the Project Company of its obligations under any law, regulatory requirement or other contractual arrangement (including a conflict of interest).



- (v) Allow the Project Company to share the Accommodation and Employment Strategy with any major contractors engaged by the Project Company for the Project.

## **7. NSC committee**

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### **7.1 NSC committee**

NSC agrees to establish an advisory Committee to make recommendations to NSC to assist with NSC's administration of the Community Enhancement Reserve in accordance with Schedule 2. The advisory Committee has no delegation of authority to allocate or expend any of the Community Enhancement Reserve.

## **8. Auditing**

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### **8.1 Auditing**

- (a) Each year in which Monetary Development Contributions are made under this Agreement NSC must ensure that the management of the funds are included in the audit programme.
- (b) Annually NSC must provide to the Project Company a written report including details of the receipt distributions and reservation of funds covered by this programme.
- (c) NSC will make each auditor's report available to the Project Company upon request.

## **9. Application of the Monetary Development Contributions**

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The Monetary Development Contributions are for the purpose of the Community Enhancement Reserve and are to be applied by NSC for the public purposes in accordance with this Agreement and consistent with NSC's *Integrated Planning and Reporting Framework* under the *Local Government Act 1993*.

## **10. Application of sections 7.11, 7.12 and 7.23 of the Act to the Development**

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This Agreement does not exclude the application of sections 7.11, 7.12 and 7.23 of *the Local Government Act 1993* to the Project.

## **11. Review and Alteration of this Agreement**

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No modification or review of this Agreement, will be of any force or effect unless it is in writing and signed by all the Parties to this Agreement.



## **12. Dispute Resolution**

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### **12.1 Escalation to representatives**

- (a) If a dispute arises between the Parties concerning this Agreement and there is no specific provision in this Agreement for resolving the dispute, the Party to this Agreement claiming that a dispute has arisen must give written notice to the other Party specifying and sufficiently identifying the nature of the dispute.
- (b) If the dispute has not been resolved within three Business Days of service of the notice in accordance with clause 12.1(a), that dispute must be referred to representatives (who must be at director level of above) nominated by each Party to meet (whether in person or by way of conference call) and discuss and resolve in good faith acting reasonably.

### **12.2 Mediation**

- (a) In the event that the dispute has not been resolved within three Business Days of the commencement of discussions between the nominated personnel in accordance with clause 12.1(b), the Parties must jointly appoint an independent mediator to mediate the discussions.
- (b) If the Parties cannot agree on the appointment of the mediator within three Business Days after one Party asks the other to do so, a mediator will be appointed by the then President of the Law Society of NSW.
- (c) Mediation must take place within five Business days of the appointment of a mediator under clause 12.2(a) or 12.2(b) and each Party must attend and participate in mediation in good faith.

### **12.3 Decision by Expert**

- (a) In the event that the dispute has not been resolved within five Business Days of the commencement of the mediation between the parties in accordance with clause 12.2, the Parties must jointly appoint an expert (Expert) to decide the dispute.
- (b) If the Parties cannot agree on the appointment of the Expert within 10 Business Days after one party asks the other to do so, either Party may ask the appropriate body under clause 12.4 to appoint the Expert.
- (c) In deciding the dispute, the Expert must act as an Expert and not as an arbitrator.

### **12.4 Selecting Expert**

- (a) The Expert must have at least five years current and continuous standing in the Expert's profession at the date of the appointment and must be:



- (i) in the case of a legal matter, a practising barrister or solicitor appointed by the president of the appropriate governing body of barristers or solicitors;
- (ii) in the case of a financial or accountancy matter, a practising chartered accountant appointed by the president of the Institute of Chartered Accountants in Australia;
- (iii) in any other case, a qualified person appointed by the senior officer of an appropriate association, institute, society or board; or
- (iv) if appropriate, a panel of Experts representing more than one of the appropriate skills.

#### 12.5 Expert's decision

The Expert must give written reasons for the decision. The decision is final and binds the Parties except for any manifest error.

#### 12.6 Expert's fees

The Parties must each pay one half of the Expert's fees, unless the Expert decides that one Party should bear all or a greater part of the fees.

#### 12.7 Replacement expert

If the Expert appointed is unable to complete a decision of the dispute, another Expert must be appointed under clause 12.3(a) or 12.3(b) to decide the dispute.

#### 12.8 Alternative dispute resolution

- (a) A Party must not start court or arbitration proceedings concerning a dispute that arises under this Agreement unless that Party has complied with the provisions of this clause 12.
- (b) This restriction does not prevent a Party from taking immediate steps to seek urgent interlocutory relief from a court.

#### 12.9 Continued performance

Notwithstanding the existence of a dispute, each party must continue to perform its obligations under this Agreement except to the extent such performance is the subject of the dispute and unless otherwise required by law.

### 13. Registration of the Agreement

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Pursuant to section 7.6 of the Act, the parties agree that the existence of this Agreement will not be registered on titles to the Land.



## 14. Enforcement and security

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### 14.1 Enforcement by any party

- (a) Without limiting any other remedies available to the Parties, this Agreement may be enforced by any Party in any court of competent jurisdiction.
- (b) Nothing in this Agreement prevents:
  - (i) a Party from bringing proceedings in the Land and Environment Court to enforce any aspect of this Agreement or any matter to which this Agreement relates; and
  - (ii) NSC from exercising any function under the Act or any other Act or law relating to the enforcement of any aspect of this Agreement or any matter to which this Agreement relates.

### 14.2 Interest on unpaid Contributions

The Project Company agrees to pay interest to NSC on any amount of the Development Contributions from 30 Business Days after it becomes due for payment, during the period that it remains unpaid, on demand, or at times determined by NSC, calculated on daily balances. The rate to be applied to each daily balance is the Interest Rate.

## 15. Assignment and dealings

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### 15.1 Assignment and dealings

- (a) Subject to the Project Company complying with its obligation under this clause 15, NSC will release the Project Company from any further obligation under this Agreement on and from the date of assignment or transfer.
- (b) Any purported dealing in breach of this clause 15 is of no effect.
- (c) The Project Company must not assign, novate, transfer or otherwise dispose of the whole or any part of its interest in this Agreement (including, for the avoidance of doubt, part of its interest in this Agreement insofar as it relates to a specific Project Phase) to another person (Transferee) unless, before it assigns, transfers, disposes of or sells, that right or interest:
  - (i) the Transferee delivers to NSC a novation deed signed by the Transferee containing provisions under which the Transferee agrees to comply with all the outstanding obligations of the Project Company under this Agreement;
  - (ii) any default by the Project Company under any provisions of this Agreement has been remedied by the Project Company or waived by NSC on such conditions as NSC may determine, acting reasonably;





- (iii) the Project Company and the Transferee pay NSC's reasonable costs in relation to the dealing.
- (d) NSC acknowledges and accepts that any proposed assignment, novation, transfer or other disposal by the Project Company in accordance with this clause 15 is likely to be of critical importance to the Project, and as such agrees to act reasonably and without any unnecessary delay in relation to any such dealing.

## 16. Notices

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### 16.1 Address for notices

Any notice, consent, information, application or request that must or may be given or made to a Party under this Agreement is only given or made if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that Party at its address set out below; or
- (b) emailed to that Party at its email address set out below.

#### **Narrandera Shire Council (NSC)**

Attention: The General Manager

Address: Narrandera Shire Council

141 East Street Narrandera, NSW, 2700

Email: [council@narrandera.nsw.gov.au](mailto:council@narrandera.nsw.gov.au)

#### **Yarrabee One Pty Ltd (ACN 627 982 950) as trustee for The Yarrabee One Trust (Project Company)**

Attention: The Directors

Address: Level 16, 461 Bourke Street, Melbourne VIC 3000

Email: [info@yarrabeesolar.com](mailto:info@yarrabeesolar.com)

### 16.2 Change of address

- (a) If a Party gives the other Parties three Business Days' notice of a change of its address, or email address:
  - (i) any notice, consent, or invoice is only given or made by that Party if it is served or posted by way of registered post to the latest address;



- (ii) any information, application or request is only given or made by that other Party if it is emailed to the latest email address.

### 16.3 Time of delivery

- (a) Any notice, consent, information, application or request is to be treated as given, made or received at the following time:
  - (i) if it is delivered by process server, when it is served at the relevant address;
  - (ii) if it is sent by registered post, two Business Days after it is posted; or
  - (iii) if it is sent by email, at the time of sending as specified in the sending party's email outbox unless the sender receives a notification that the message has failed to be delivered.
- (b) If any notice, consent, information, application or request is physically delivered, or an email sent, on a day that is not a Business Day, or if on a Business Day, after 5 pm on that day in the place of the Party to whom it is sent, it is to be treated as having been given or made at the beginning of the next Business Day.

## 17. Costs

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### 17.1 Costs

Within five Business Days of the later of:

- (a) the execution of this Agreement by both Parties; and
- (b) receipt by the Project Company of a valid Tax Invoice from NSC,

the Project Company must pay NSC reasonably incurred costs in respect of the preparation, negotiation and execution of this Agreement up to the maximum amount of \$10,000 (plus GST).

## 18. Entire Agreement

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### 18.1 Entire Agreement

- (a) This Agreement embodies the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes any prior negotiation, arrangement, understanding or agreement, with respect to the subject matter or any term of this Agreement. Any statement, representation, term, warranty, condition, promise or undertaking made, given or agreed to in any prior negotiation, arrangement, understanding or agreement, has no effect except to the extent expressly set out or incorporated by reference in this Agreement.



- (b) Pursuant to clause 25E(7) of the Regulation, the Parties agree that the Explanatory Note is not to be used to assist in construing this Agreement.

## **19. Approvals and consents**

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By giving its approval or consent under this Agreement a Party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the approval or consent.

## **20. Further Acts**

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Each Party must promptly execute all documents and do all things that another Party from time to time reasonably requests to affect, perfect or complete this Agreement and all transactions incidental to it.

## **21. Governing Law and Jurisdiction**

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This Agreement is governed by the law of New South Wales. The Parties submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The Parties will not object to the exercise of jurisdiction by those courts on any basis.

## **22. No Fetter**

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Nothing in this Agreement will be construed as requiring to do anything that would cause them to be in breach of any of its obligations at law, and without limitation, nothing will be construed as limiting or fettering in any way the exercise of any statutory discretion or duty.

## **23. Joint and Individual Liability and Benefits**

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Except as otherwise set out in this Agreement, any agreement, covenant, representation or warranty under this Agreement by two or more persons binds them jointly and each of them individually, and any benefit in favour of two or more persons is for the benefit of them jointly and each of them individually.

## **24. Representations and Warranties**

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### **24.1 Representations and Warranties**

- (a) Each of the Parties represents and warrants to the other Parties that it has power to enter this Agreement and comply with its obligations under this Agreement and that entry into this Agreement will not result in the breach by it of any law applicable to it.
- (b) Each Party warrants to each other Party that:



- (i) this Agreement creates a legal, valid and binding obligation, enforceable against the relevant Party in accordance with its terms; and
- (ii) unless otherwise stated, it has not entered into this Agreement in the capacity of trustee of any trust.

## 25. Trustee limitation

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### 25.1 Trustee limitation

Where a Party acts in its capacity as the trustee of a trust (**Trust**):

- (a) notwithstanding any other provision of this Agreement, each trustee enters into this Agreement in its capacity as trustee of the relevant Trust and in no other capacity;
- (b) the recourse of any party to the trustee in respect of any obligation or liability of the trustee under or in respect of this Agreement is limited to the trustee's ability to be indemnified from the assets of the Trust and if as a result of this limitation any party does not receive or recover the full amount due to it in connection with the performance or non-performance by the trustee of any of its obligations, or the payment or non-payment by the trustee of any of its liabilities, under or in respect of this Agreement, the party may not seek to recover the shortfall by bringing proceedings against the trustee in its personal capacity;
- (c) this clause 25 does not apply to any obligation or liability of the trustee to the extent that it is not satisfied because there is for any reason a reduction in the extent of the trustee's indemnification out of the assets of the Trust arising as a direct result of its fraud, negligence or breach of trust.

## 26. Severability

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If a clause or part of a clause of this Agreement can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Agreement, but the rest of the Agreement is not affected.

## 27. Waiver

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The fact that a Party fails to do, or delays in doing, something the Party is entitled to do under this Agreement, does not amount to a waiver of any obligation of, or breach of obligation by, another Party. A waiver by a Party is only effective if it is in writing. A written waiver by a Party is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of that obligation or breach in relation to any other occasion.



## 28. GST

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If any Party reasonably decides that it is liable to pay GST on a supply made to another Party under this Agreement and the supply was not priced to include GST, then the recipient of the supply must pay an additional amount equal to the GST on that supply.

## 29. Counterparts

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This Agreement may consist of a number of copies, each signed by one or more parties to this Agreement. If so, the signed copies (including email copies in portable document format (pdf)) are treated as making up the one document and the date on which the last counterpart is signed must be the date of this Agreement.



## Schedule 1 – The Land

### Part A

That portion of land forming approximately 2,600ha, being all or part of those parcels of land listed in Part B of this Schedule as shown indicatively coloured white, grey (for the avoidance of doubt, including the area of land labelled "Substation Location") and yellow between the following approximate boundary points:

- on the northern boundary, up to and including the northern edge of the fence line coloured green between points A and B;
- on the eastern boundary, up to and including the western shore of the Washpen Creek (but, for the avoidance of doubt, excluding the Main Operation Hub delineated in orange) between points B and C;
- on the southern boundary, up to and including the northern edge of the East/West Road between points C and D; and
- on the western boundary, up to and including the western edge of the road shown coloured yellow between points D and A,

on the indicative Plan below:





**Part B**

Part Titles* – of the area shaded grey on the Plan above	Full Titles*
Part 115/750889	113/750889
Part 114/750889	112/750889
Part 172/750889	111/750889
Part 171/750889	110/750889
Part 170/750889	109/750889
Part 169/750889	108/750889
Part 168/750889	107/750889
Part 105/750889	106/750889
Part 104/750889	103/750889
Part 4/750889	102/750889
Part 7/750889	101/750889
Part 6/750889	100/750889
Part 9/750889	14/750889
Part 10/750889	11/750889
Part 12/750889	8/750889
Part 13/750889	
Part 15/750889	



## Schedule 2 – Advisory Committee Operating Principles

### Advisory Committee to the Narrandera Shire Council Community Enhancement Reserve

The Monetary Development Contributions paid by the Project Company in accordance with this Agreement will be deposited by NSC into the Community Enhancement Reserve.

That Community Enhancement Reserve will be administered by NSC using an advisory Committee to provide recommendations to NSC, in accordance with the provisions of this Schedule.

The Committee will act as an advisor to NSC and has no delegations or executive powers, except those expressly provided by NSC. In carrying out its Community Enhancement Reserve recommendations of monies the Committee recognises that primary responsibility for management of the Committee and the Community Enhancement Reserve rests with NSC and their respective General Managers as defined by the *Local Government Act 1993*, and associated Regulations. The Committee's responsibilities are to assist NSC to establish recommendations for suitable projects in accordance with this agreement.

NSC and the Committee will operate in accordance with the following principles:

#### (a) Constitution of the Committee

To be a Committee comprising:

- (i) Two councillors from NSC (one of whom chairs the committee and has a casting vote);
- (ii) The Deputy General Manager of Infrastructure from NSC; and
- (iii) if requested by Project Company at any point during the lifespan of the Project, one Project Company representative (non-voting).

NSC will provide secretarial support to the committee.

#### (b) Community projects - grant eligibility criteria

- (i) Recipients must be an incorporated or registered not-for-profit association, or a Council or a Crown Reserve Trust.
- (ii) Recipients must be incorporated or registered within NSC's Local Government Area.
- (iii) A grant application must be able to demonstrate in some detail the environmental, social and economic benefits likely to accrue to the communities associated in some manner with the Project.





- (iv) Recipients which could have the effect of causing detrimental impact to the Project or which could have a detrimental impact to the reputation of the Project Company are not eligible for allocation of grants from the Community Enhancement Reserve.
- (v) The Committee has the authority to recommend additional grant eligibility criteria, with NSC approval, provided that the first four criteria listed above are maintained.
- (vi) The Committee may recommend that part of the Community Enhancement Reserve be held and dedicated to a future, large or multi-year funding commitment (the **Strategic Reserve**).

**(c) Role of the Committee**

The Committee's role is to:

- (i) Review the suitability of grant application forms and information for applicants, and the information and briefing to be provided to incoming members of the Committee, and to recommend changes where appropriate;
- (ii) Publicly call for applications for funding for projects to benefit local communities within the NSC's Local Government Area;
- (iii) Evaluate funding applications and make grant recommendations to the NSC;
- (iv) Allow a grant applicant the opportunity to address the Committee, providing there has been prior registration to speak and the address is conducted in accordance with standard meeting protocols;
- (v) Check that allocations are made from the Community Enhancement Reserve as recommended, and that any allocations to and payments from the Strategic Reserve are accounted for; and
- (vi) Review the effectiveness of completed grants and of the performance of the Committee and NSC's use of the Community Enhancement Reserve each year, and recommend changes to NSC where appropriate, so that the Community Enhancement Reserve provides as much ongoing public benefit as possible.

**(d) Public Notice for applications for grants and reporting on allocated grants**

NSC (on advice from the Committee) will be responsible for advertising when grant applications for funding are being invited, together with the due date. The public notice should be displayed in various locations including (but not limited to):

- (i) on NSC's website;
- (ii) in NSC's office reception areas – hard copy;
- (iii) in local newspaper(s) (where available); and



(iv) on social media as deemed appropriate by the Committee.

**(e) Meeting quorum and procedure**

- (i) Members of the Committee not able to attend in person will have the option to attend via teleconference;
- (ii) A quorum is at least four (3) voting members including one Councillor from NSC;
- (iii) The Committee will meet at least six monthly;
- (iv) Minutes of Committee meetings will be reported to NSC and included in the business paper for the next available NSC meeting.

**(f) Public Purpose**

Community-initiated projects potentially eligible for allocation of grants from the Community Enhancement Reserve may include provision of:

- (i) works that will conserve, enhance or protect the natural environment;
- (ii) provision of public domain infrastructure and services such as recreational, sporting and community facilities as well as disabled access, car parking, toilets, footpaths, and streetscapes;
- (iii) funds for improving rural community mobile phone and internet services;
- (iv) support to assist medical practitioners reside in local towns;
- (v) mobile outreach health services;
- (vi) support to assist medical specialists fly in from the city to run clinics;
- (vii) support for physical health programs, for example obesity/diabetes/drugs;
- (viii) support for mental health programs;
- (ix) support for the construction and management of aged care units and to assist the financially disadvantaged gain entry into such facilities;
- (x) support for the provision of NSC-run aged care/community transport vehicles;
- (xi) child care and preschool facilities;
- (xii) improvements to drainage structures and waste management services;
- (xiii) upgrades and recurrent expenditure funding of public facilities such as libraries, community halls, aquatic centres and childcare facilities;



- (xiv) monitoring of the planning impacts of development and project-related technical resource capacity;
- (xv) masterplans for LGA development;
- (xvi) tourist displays of Indigenous, Traditional and European heritage of a region; and
- (xvii) small-scale community run renewable energy projects (below 10MWac in exporting capacity).

For the avoidance of doubt, projects which could have the effect of having a detrimental impact to the Project or which could have a detrimental impact to the reputation of the Project Company are not eligible for allocation of grants from the Community Enhancement Reserve

**(g) Further operating principles**

The Committee may from time to time propose additional operating principles, providing that the additional principles are consistent with the above principles, and the additional principles will apply upon ratification by NSC.



### Execution of the Agreement

Executed by Yarrabee One Pty Ltd (ACN 627 982 950) as trustee for The Yarrabee One Trust Project One SPV in accordance with section 127(1) of the Corporations Act 2001 (Cth) by authority of its directors:

\_\_\_\_\_

Tony Concannon, Director (signature)

Date: \_\_\_\_\_

\_\_\_\_\_

David Webster, Director (signature)

Date: \_\_\_\_\_

The Common Seal of Narrandera Shire Council was affixed in the presence of:

\_\_\_\_\_

Mayor (signature)

\_\_\_\_\_

Name (print)

Date: \_\_\_\_\_

\_\_\_\_\_

General Manager (signature)

\_\_\_\_\_

Name (print)

Date: \_\_\_\_\_

# Narrandera Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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*Heart of Riverina*



## Narrandera Shire Council

Financial Statements 2019

### General Purpose Financial Statements for the year ended 30 June 2019

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#### Overview

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

141 East St  
Narrandera NSW 2700

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

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

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

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

## Narrandera Shire Council

Financial Statements 2019

### General Purpose Financial Statements

for the year ended 30 June 2019

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

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**Narrandera Shire Council**

**General Purpose Financial Statements**

for the year ended 30 June 2019

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

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

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

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

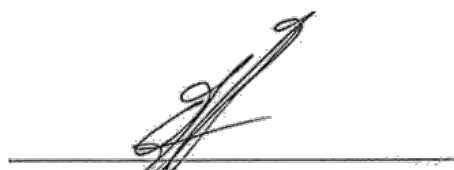
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

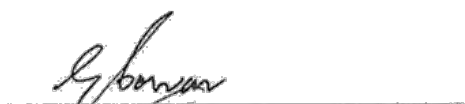
Signed in accordance with a resolution of Council made on 20 August 2019.



Cr Neville Kschenka  
Mayor  
20 August 2019



Cr David Fahy  
Councillor  
20 August 2019



Mr George Cowan  
General Manager  
20 August 2019



Mr Martin Hiscox  
Responsible Accounting Officer  
20 August 2019



**Narrandera Shire Council**

Financial Statements 2019

**Income Statement**

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 <sup>1</sup>
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
7,551	Rates and annual charges	3a	7,573	7,249
3,073	User charges and fees	3b	3,441	3,231
623	Interest and investment revenue	3c	703	641
689	Other revenues	3d	772	1,055
6,294	Grants and contributions provided for operating purposes	3e, 3f	7,690	7,150
6,297	Grants and contributions provided for capital purposes	3e, 3f	3,914	2,674
<u>Other income:</u>				
92	Net gains from the disposal of assets	5	-	-
<b>24,619</b>	<b>Total income from continuing operations</b>		<b>24,093</b>	<b>22,000</b>
<b>Expenses from continuing operations</b>				
7,936	Employee benefits and on-costs	4a	7,623	7,712
3,156	Materials and contracts	4b	4,713	4,307
4,880	Depreciation and amortisation	4c	4,895	4,745
1,605	Other expenses	4d	1,809	1,839
-	Net losses from the disposal of assets	5	134	666
<b>17,577</b>	<b>Total expenses from continuing operations</b>		<b>19,174</b>	<b>19,269</b>
<b>7,042</b>	<b>Operating result from continuing operations</b>		<b>4,919</b>	<b>2,731</b>
<b>7,042</b>	<b>Net operating result for the year</b>		<b>4,919</b>	<b>2,731</b>
7,042	Net operating result attributable to council		4,919	2,731
<b>745</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,005</b>	<b>57</b>

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

## Narrandera Shire Council

Financial Statements 2019

Statement of Comprehensive Income  
for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>Net operating result for the year (as per Income Statement)</b>		<b>4,919</b>	<b>2,731</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	566	3,165
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>566</b>	<b>3,165</b>
<b>Total other comprehensive income for the year</b>		<b>566</b>	<b>3,165</b>
<b>Total comprehensive income for the year</b>		<b>5,485</b>	<b>5,896</b>
Total comprehensive income attributable to Council		5,485	5,896

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

## Narrandera Shire Council

Financial Statements 2019

Statement of Financial Position  
as at 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	2,320	995
Investments	6(b)	22,607	24,355
Receivables	7	3,704	2,775
Inventories	8	691	428
<b>Total current assets</b>		<u>29,322</u>	<u>28,553</u>
<b>Non-current assets</b>			
Receivables	7	27	31
Inventories	8	438	438
Infrastructure, property, plant and equipment	9	228,378	223,316
<b>Total non-current assets</b>		<u>228,843</u>	<u>223,785</u>
<b>TOTAL ASSETS</b>		<u>258,165</u>	<u>252,338</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	1,378	1,039
Income received in advance	10	207	206
Provisions	11	2,523	2,523
<b>Total current liabilities</b>		<u>4,108</u>	<u>3,768</u>
<b>Non-current liabilities</b>			
Payables	10	3	3
Provisions	11	52	50
<b>Total non-current liabilities</b>		<u>55</u>	<u>53</u>
<b>TOTAL LIABILITIES</b>		<u>4,163</u>	<u>3,821</u>
<b>Net assets</b>		<u>254,002</u>	<u>248,517</u>
<b>EQUITY</b>			
Accumulated surplus	12	143,287	138,368
Revaluation reserves	12	110,715	110,149
<b>Council equity interest</b>		<u>254,002</u>	<u>248,517</u>
<b>Total equity</b>		<u>254,002</u>	<u>248,517</u>

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

Narrandera Shire Council

Financial Statements 2019

Statement of Changes in Equity  
for the year ended 30 June 2019

\$ '000	Notes	2019			2018 <sup>1</sup>		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		138,368	110,149	248,517	135,637	106,984	242,621
Net operating result for the year		4,919	-	4,919	2,731	-	2,731
<b>Other comprehensive income</b>							
- Gain (loss) on revaluation of IPP&E	9	-	566	566	-	3,165	3,165
<b>Other comprehensive income</b>		-	566	566	-	3,165	3,165
<b>Total comprehensive income</b>		<b>4,919</b>	<b>566</b>	<b>5,485</b>	<b>2,731</b>	<b>3,165</b>	<b>5,896</b>
<b>Equity – balance at end of the reporting period</b>		<b>143,287</b>	<b>110,715</b>	<b>254,002</b>	<b>138,368</b>	<b>110,149</b>	<b>248,517</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

**Narrandera Shire Council**

Financial Statements 2019

**Statement of Cash Flows**  
for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
7,405			7,406	7,136
3,179			3,603	3,258
613			686	656
12,843			10,833	9,748
–			11	12
661			2,012	1,155
<u>Payments</u>				
(7,136)			(7,628)	(7,524)
(4,117)			(5,121)	(5,689)
–			(17)	–
(1,596)			(2,693)	(1,920)
<u>11,852</u>		13b	<u>9,092</u>	<u>6,832</u>
<b>Cash flows from investing activities</b>				
<u>Receipts</u>				
1,630			25,845	23,592
414			168	377
–			10	1
<u>Payments</u>				
–			(24,097)	(25,436)
(14,828)			(9,693)	(7,813)
<u>(12,784)</u>			<u>(7,767)</u>	<u>(9,279)</u>
<u>(932)</u>			<u>1,325</u>	<u>(2,447)</u>
1,176		13a	995	3,442
<u>244</u>		13a	<u>2,320</u>	<u>995</u>
Additional Information:				
19,422		6(b)	22,607	24,355
<u>19,666</u>			<u>24,927</u>	<u>25,350</u>

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

## Narrandera Shire Council

Financial Statements 2019

### Notes to the Financial Statements

for the year ended 30 June 2019

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## Narrandera Shire Council

Financial Statements 2019

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 1. Basis of preparation

These financial statements were authorised for issue by Council on dd MMMM yyyy. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

##### (a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

##### AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2018.

The adoption of AASB 9 has impacted the following areas:

##### *Classification and measurement of financial assets*

AASB 9 allows for three classification categories for financial assets – amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification is based on the business model in which a financial asset is managed and the related contractual cashflows. AASB 9 eliminates previous categories of held to maturity, loans and receivables and available for sale. Classification of financial liabilities is largely unchanged.

All financial assets and financial liabilities of Council have remained at amortised cost, with the exception of the equity instruments. These equity instruments have transitioned from being held at cost (as an 'available-for-sale asset') under AASB 139, to fair value through profit or loss.

Council holds 2 \$1 shares (1 ordinary share and 1 redeemable preference share) in Southern Phone Company Limited and 10,000 \$1 shares in Narrandera District Investment Limited (trading as Bendigo Bank). Council have assessed the fair value of these shares, and determined that the fair value of these shares is not materially different from the current recorded cost. This materiality assessment has been made in the context of Council's overall investment holding. As such, there was no transitional adjustment requirement as at 1 July 2018.

##### *Impairment of financial assets*

Council's financial assets carried at amortised cost are now subject to AASB 9's new three-stage expected credit loss model, from an incurred loss model. This means earlier recognition of expected credit losses.

Council has reviewed its receivables and does not anticipate losses greater than the current provision for impairment. The majority of receivables other than rates and charges are current and due from government. Rates and charges are secured against the property. As such, there was no transitional adjustment requirement as at 1 July 2018.

##### (b) Historical cost convention

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

continued on next page

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## Narrandera Shire Council

Financial Statements 2019

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 1. Basis of preparation (continued)

##### (c) Significant accounting estimates and judgements

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

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

##### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (ii) employee benefit provisions – refer Note 11.

##### Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables - refer Note 7

##### Monies and other assets received by Council

###### (a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Barellean Hall and Museum
- Grong Grong Hall
- Narrandera Railway Management Committee
- Narrandera Koala Regeneration Centre Supervisory Committee
- Arts Centre and Narrandera Museum

###### (b) The Trust Fund

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

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

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

##### Goods and Services Tax (GST)

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

continued on next page

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 1. Basis of preparation (continued)**

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

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

**New accounting standards and interpretations issued not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been adopted early by Council. The new standards, AASB 16, AASB 15 & AASB 1058 are all effective for Council for the 30 June 2020 reporting period, with transition on 1 July 2019.

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

**AASB 16 Leases**

AASB 16 requires that all leases should be accounted for on the lessee's accounts similar to the finance lease accounting treatment.

This means recognition of right-of-use assets with the corresponding liability for the present value of minimum lease payments. Accounting treatment of the assets leased out to external parties (lessor's perspective) have not changed and is treated similar to the currently used AASB 117.

Council has examined the impact of adopting this new accounting standard and determined that there is no material impact from adoption on 1 July 2019.

**AASB 15 Revenue from Contracts with Customers and associated amending standards.**

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils has assessed each revenue stream particularly the impact expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council has auspiced a number of grants on behalf of community groups and as at 30 June 2019 there was \$57,750 remaining unspent. As the grants are subject to a deed of agreement under AASB 15 the amounts would be held as a liability and recorded as income when spent.

AASB15 will have no impact on rates and charges paid in advance as council has always accounted for these as a liability. There may be a very minor impact in relation to grants as council is currently auspicing several Stronger Country Communities where the goods/services will not be retained by council.

**AASB 1058 Income of NFP Entities**

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 1. Basis of preparation (continued)**

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The majority of capital grants are paid in arrears based on actual expenditure and therefore council will have met all obligations prior to receiving the grant payment. There were however a number of grants, totalling \$198,305, under the Stronger Country Communities program which were unspent at 30 June 2019 and under the terms of the funding agreement would be shown as a liability and the income taken up when the works have been completed.

**AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities**

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Our Community	3,880	1,838	5,237	4,200	(1,357)	(2,362)	2,454	559	21,318	21,362
Our Environment	1,115	1,119	1,428	1,494	(313)	(375)	126	130	3,004	3,171
Our Economy	937	1,292	1,990	1,583	(1,053)	(291)	3	-	7,147	8,030
Our Infrastructure	7,535	7,739	8,212	8,521	(677)	(782)	2,881	3,418	210,855	203,056
Our Civic Leadership	10,626	10,012	2,307	3,471	8,319	6,541	4,934	4,604	15,841	16,719
<b>Total functions and activities</b>	<b>24,093</b>	<b>22,000</b>	<b>19,174</b>	<b>19,269</b>	<b>4,919</b>	<b>2,731</b>	<b>10,398</b>	<b>8,711</b>	<b>258,165</b>	<b>252,338</b>

**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

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

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

**Our Community**

Security cameras, emergency services, health, aged & disabled services, social support, home modification and maintenance, community transport, community options, youth and childcare services, street lighting, public cemeteries, library, swimming pools, sportsgrounds, parks & reserves, Lake Talbot, sports stadium, cultural services, roads safety officer, arts centre.

**Our Environment**

Ordinance and ranger services, insect & vermin control, noxious weeds, waste management, public toilets, environmental protection, development control.

**Our Economy**

State Roads contract, economic development/real estate, industrial subdivision, industrial promotion, marketing & tourism, visitors centre, saleyards, caravan parks, private works, council land & buildings, aerodrome.

**Our Infrastructure**

Infrastructure services, stormwater, urban & rural roads, regional roads, bridges, Roads to Recovery, roads ancillary, car parking, water & sewer services.

**Our Civic Leadership**

Governance, council chambers, administration, finance, human resources & work health and safety, information technology, property/revenue, employment overheads, plant operations, external plant revenue and general purposes income.

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations

\$ '000	2019	2018
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	1,558	1,505
Farmland	2,889	2,795
Business	404	395
Less: pensioner rebates (mandatory)	(136)	(140)
<b>Rates levied to ratepayers</b>	<b>4,715</b>	<b>4,555</b>
Pensioner rate subsidies received	76	77
<b>Total ordinary rates</b>	<b>4,791</b>	<b>4,632</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.498A, s.498B, s.501 &amp; s.611)</small>		
Domestic waste management services	727	708
Stormwater management services	71	71
Water supply services	730	708
Sewerage services	1,176	1,055
Waste management services (non-domestic)	113	111
Less: pensioner rebates (mandatory)	(77)	(79)
<b>Annual charges levied</b>	<b>2,740</b>	<b>2,574</b>
Pensioner subsidies received:		
– Water	22	23
– Sewerage	20	20
<b>Total annual charges</b>	<b>2,782</b>	<b>2,617</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>7,573</b>	<b>7,249</b>

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

**Accounting policy for rates and charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
<i>(per s.502 - specific 'actual use' charges)</i>		
Water supply services	1,409	1,190
Sewerage services	172	111
<b>Total specific user charges</b>	<b>1,581</b>	<b>1,301</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	12	10
Planning and building regulation	60	79
Private works – section 67	296	268
Regulatory/ statutory fees	1	2
Section 10.7 certificates (EP&A Act)	27	41
Section 603 certificates	15	14
Companion animals fees	2	4
<b>Total fees and charges – statutory/regulatory</b>	<b>413</b>	<b>418</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	104	114
Home and community care	612	644
Cemeteries	117	151
Child care	79	101
Community centres	2	–
Leaseback fees – Council vehicles	15	13
Multipurpose centre	6	5
RMS (formerly RTA) charges (state roads not controlled by Council)	177	150
RMS (formerly RTA) charges (ordered works)	165	167
Sundry sales	6	2
Waste disposal tipping fees	11	20
Water connection fees	32	7
Sportsground Fees	14	15
Stadium Fees	68	62
John O'Brien festival income	–	29
Library	7	8
Other	32	24
<b>Total fees and charges – other</b>	<b>1,447</b>	<b>1,512</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>3,441</b>	<b>3,231</b>

**Accounting policy for user charges and fees**

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

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	46	34
– Cash and investments	647	597
Dividend income (other)	10	10
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>703</b>	<b>641</b>

**Interest revenue is attributable to:****Unrestricted investments/financial assets:**

Overdue rates and annual charges (general fund)	26	20
General Council cash and investments	440	400

**Restricted investments/funds – external:**

<b>Development contributions</b>		
– Section 7.11	3	7
– Section 64	7	5
Water fund operations	209	208
Sewerage fund operations	18	1
<b>Total interest and investment revenue</b>	<b>703</b>	<b>641</b>

**Accounting policy for interest and investment revenue**

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

**(d) Other revenues**

Rental income – other council properties	33	28
Fines	10	23
Legal fees recovery – rates and charges (extra charges)	1	41
Commissions and agency fees	41	34
Diesel rebate	68	70
Recycling income (non-domestic)	19	–
Sales – general	65	81
ESPL fee for service implementation	–	4
Incentive insurance rebate	96	43
Insurance reimbursement	29	26
Lease rentals	103	110
Lease rentals – Lake Talbot caravan park	83	88
Payroll tax refund	–	245
Rural fire service reimbursement	155	237
Sale of scrap materials	33	19
Other	36	6
<b>TOTAL OTHER REVENUE</b>	<b>772</b>	<b>1,055</b>

**Accounting policy for other revenue**

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

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Fines are recognised as revenue when the penalty has been paid.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance	2,418	2,269	-	-
<b>Payment in advance - future year allocation</b>				
Financial assistance	2,507	2,330	-	-
<b>Total general purpose</b>	<b>4,925</b>	<b>4,599</b>	<b>-</b>	<b>-</b>
<b>Specific purpose</b>				
Water supplies	-	-	-	21
Employment and training programs	9	5	-	-
Heritage and cultural	35	24	-	-
Library	-	-	25	200
Library – per capita	22	22	-	-
Library – special projects	8	12	-	-
Noxious weeds	43	42	-	-
Recreation and culture	585	-	608	252
Storm/flood damage	-	-	1,614	1,089
Street lighting	33	32	-	-
Transport (roads to recovery)	932	1,360	-	-
Transport (other roads and bridges funding)	209	58	172	748
Community services – recurrent grant	7	1	-	-
Floodplain mapping and land use	73	78	-	-
Innovation fund	-	168	-	-
Lake Talbot – boat ramp	-	-	27	-
Crown Lands	71	-	-	-
Drought Communities	51	-	949	-
<b>Total specific purpose</b>	<b>2,078</b>	<b>1,802</b>	<b>3,395</b>	<b>2,310</b>
<b>Total grants</b>	<b>7,003</b>	<b>6,401</b>	<b>3,395</b>	<b>2,310</b>
<b>Grant revenue is attributable to:</b>				
- Commonwealth funding	5,918	5,964	949	234
- State funding	1,038	346	2,428	2,076
- Other funding	47	91	18	-
	<b>7,003</b>	<b>6,401</b>	<b>3,395</b>	<b>2,310</b>

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.12 – fixed development consent levies		–	–	35	50
S 64 – water supply contributions		–	–	14	56
S 64 – sewerage service contributions		–	–	5	18
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>54</b>	<b>124</b>
<b>Total developer contributions</b>	21	<b>–</b>	<b>–</b>	<b>54</b>	<b>124</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Kerb and gutter		–	–	–	8
Recreation and culture		–	–	338	–
Roads and bridges		103	148	–	19
RMS contributions (regional roads, block grant)		554	544	100	100
Leeton Shire Council aerodrome contributions		30	57	17	113
<b>Total other contributions – cash</b>		<b>687</b>	<b>749</b>	<b>455</b>	<b>240</b>
<b>Non-cash contributions</b>					
Recreation and culture		–	–	10	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>
<b>Total other contributions</b>		<b>687</b>	<b>749</b>	<b>465</b>	<b>240</b>
<b>Total contributions</b>		<b>687</b>	<b>749</b>	<b>519</b>	<b>364</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>7,690</b>	<b>7,150</b>	<b>3,914</b>	<b>2,674</b>

**Accounting policy for grants and contributions**

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

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

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

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

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

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	2019	2018
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	785	564
<b>Add:</b> operating grants recognised in the current period but not yet spent	–	148
<b>Add:</b> operating grants received for the provision of goods and services in a future period	764	156
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(778)	(83)
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>771</u>	<u>785</u>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	330	271
<b>Add:</b> capital grants recognised in the current period but not yet spent	163	315
<b>Add:</b> capital grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(250)	(256)
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>243</u>	<u>330</u>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	707	637
<b>Add:</b> contributions recognised in the current period but not yet spent	167	136
<b>Add:</b> contributions received for the provision of goods and services in a future period	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–
<b>Less:</b> contributions recognised in a previous reporting period now spent	(228)	(66)
<b>Unexpended and held as restricted assets (contributions)</b>	<u>646</u>	<u>707</u>

## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	6,490	6,361
Travel expenses	25	58
Employee leave entitlements (ELE)	1,326	1,443
Superannuation	757	738
Workers' compensation insurance	421	352
Fringe benefit tax (FBT)	35	33
Payroll tax	(4)	45
Training costs (other than salaries and wages)	39	83
Sick leave insurance	10	9
Other	16	-
<b>Total employee costs</b>	<b>9,115</b>	<b>9,122</b>
Less: capitalised costs	(1,492)	(1,410)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>7,623</b>	<b>7,712</b>
Number of 'full-time equivalent' employees (FTE) at year end	110	110

**Accounting policy for employee benefits and on-costs**

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

*Retirement benefit obligations*

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

*Superannuation plans*

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 4. Expenses from continuing operations (continued)**

<b>\$ '000</b>	<b>2019</b>	<b>2018</b>
<b>(b) Materials and contracts</b>		
Raw materials and consumables	3,755	3,331
Contractor and consultancy costs	883	867
Auditors remuneration <sup>2</sup>	40	38
<b>Legal expenses:</b>		
– Legal expenses: planning and development	8	3
– Legal expenses: debt recovery	2	43
– Legal expenses: other	9	11
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	16	14
<b>Total materials and contracts</b>	<u>4,713</u>	<u>4,307</u>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<u>4,713</u>	<u>4,307</u>

**Accounting policy for operating leases**

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

**1. Operating lease payments are attributable to:**

Copiers	16	14
	<u>16</u>	<u>14</u>

**2. Auditor remuneration**

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

**Auditors of the Council - NSW Auditor-General:**

**(i) Audit and other assurance services**

Audit and review of financial statements	40	38
<b>Remuneration for audit and other assurance services</b>	<u>40</u>	<u>38</u>
<b>Total Auditor-General remuneration</b>	<u>40</u>	<u>38</u>
<b>Total Auditor remuneration</b>	<u>40</u>	<u>38</u>

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(c) Depreciation, amortisation and impairment of intangible assets and IPP&amp;E</b>		
<b>Depreciation and amortisation</b>		
Plant and equipment	562	570
Office equipment	113	114
Furniture and fittings	7	7
<b>Infrastructure:</b>		
– Buildings – non-specialised	418	324
– Buildings – specialised	237	204
– Other structures	332	345
– Roads	1,991	1,939
– Bridges	165	165
– Footpaths	20	18
– Stormwater drainage	99	99
– Water supply network	481	467
– Sewerage network	295	291
– Swimming pools	79	87
– Other open space/recreational assets	83	84
<b>Other assets:</b>		
– Library books	11	10
– Other	2	21
<b>Total gross depreciation and amortisation costs</b>	<b>4,895</b>	<b>4,745</b>
Total depreciation and amortisation costs	4,895	4,745
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&amp;E</b>	<b>4,895</b>	<b>4,745</b>

**Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

**Impairment of non-financial assets**

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

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

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

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(d) Other expenses</b>		
Advertising	9	2
Bad and doubtful debts	5	27
Bank charges	42	37
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	204	212
– Western Riverina Library	32	31
Councillor expenses – mayoral fee	26	25
Councillor expenses – councillors' fees	107	104
Councillors' expenses (incl. mayor) – other (excluding fees above)	32	28
Donations, contributions and assistance to other organisations (Section 356)	19	15
Electricity and heating	466	415
Fire control expenses	92	210
Insurance	357	324
Postage	22	23
Printing and stationery	45	48
Street lighting	161	150
Subscriptions and publications	82	48
Telephone and communications	66	75
Valuation fees	31	35
Other	11	30
<b>Total other expenses</b>	<b>1,809</b>	<b>1,839</b>
<b>TOTAL OTHER EXPENSES</b>	<b>1,809</b>	<b>1,839</b>

**Accounting policy for other expenses**

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

## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		168	377
Less: carrying amount of plant and equipment assets sold/written off		(82)	(351)
<b>Net gain/(loss) on disposal</b>		<u>86</u>	<u>26</u>
<b>Infrastructure</b>	9		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(220)	(692)
<b>Net gain/(loss) on disposal</b>		<u>(220)</u>	<u>(692)</u>
<b>Investments</b>	6(b)		
Proceeds from disposal/redemptions/maturities – investments		25,845	23,592
Less: carrying amount of investments sold/redeemed/matured		(25,845)	(23,592)
<b>Net gain/(loss) on disposal</b>		<u>–</u>	<u>–</u>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<u>(134)</u>	<u>(666)</u>

**Accounting policy for disposal of assets**

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

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



## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	147	995
Cash-equivalent assets		
– Deposits at call	2,173	–
<b>Total cash and cash equivalents</b>	<u>2,320</u>	<u>995</u>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow 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.

## Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
– 'Designated at fair value on initial recognition'	10	–	10	–
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	22,597	–	24,345	–
<b>Total Investments</b>	<u>22,607</u>	<u>–</u>	<u>24,355</u>	<u>–</u>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<u>24,927</u>	<u>–</u>	<u>25,350</u>	<u>–</u>
<b>Financial assets at fair value through the profit and loss</b>				
Unlisted equity securities	10	–	10	–
<b>Total</b>	<u>10</u>	<u>–</u>	<u>10</u>	<u>–</u>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	22,597	–	24,345	–
<b>Total</b>	<u>22,597</u>	<u>–</u>	<u>24,345</u>	<u>–</u>

**Accounting policy for investments****Accounting policy under AASB 9 – applicable from 1 July 2018**

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

Council classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 6(b). Investments (continued)**

- financial assets at amortised cost;

The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

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

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

**Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in Southern Phone Limited and Narrandera District Investments Ltd. (Bendigo Bank).

**Accounting policy under AASB 139 – applicable for 2018 comparatives only****Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

**(b) Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

**Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

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Financial Statements 2019

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 6(c). Restricted cash, cash equivalents and investments – details**

\$ '000	2019		2018	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	24,927	–	25,350	–
<b>attributable to:</b>				
External restrictions	12,985	–	12,723	–
Internal restrictions	11,787	–	12,488	–
Unrestricted	155	–	139	–
	24,927	–	25,350	–

\$ '000	2019	2018
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**Details of restrictions**

**External restrictions**

Developer contributions – general	169	359
Developer contributions – water fund	306	287
Developer contributions – sewer fund	68	61
RMS contributions	101	–
Specific purpose unexpended grants	1,014	1,115
Water supplies	6,818	7,194
Water supplies – carry over works	542	300
Water supplies – Retention	–	17
Sewerage services	307	24
Sewerage services – carry over works	179	–
Domestic waste management	2,736	2,698
Stormwater management	511	505
Crown lands	232	163
Other	2	–

<b>External restrictions</b>	<b>12,985</b>	<b>12,723</b>
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<b>Total external restrictions</b>	<b>12,985</b>	<b>12,723</b>
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**Internal restrictions**

Plant and vehicle replacement	342	965
Employees leave entitlement	1,230	1,330
Carry over works revenue funded	729	623
Deposits, retentions and bonds	143	131
Financial assistance grant	2,507	2,330
Building maintenance and repair	155	72
Community activities	366	333
Construction of buildings	377	384
Lake Talbot pool reserve	1,807	1,920
Positive aging strategy	773	1,030
Office equipment	514	516
Narrandera business centre	1,992	2,000
Property development	141	172
Gravel Pits	19	–
Other	692	682

<b>Total internal restrictions</b>	<b>11,787</b>	<b>12,488</b>
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<b>TOTAL RESTRICTIONS</b>	<b>24,772</b>	<b>25,211</b>
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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	557	25	390	25
Interest and extra charges	66	–	48	–
User charges and fees	338	–	410	–
Accrued revenues				
– Interest on investments	306	–	307	–
– Other income accruals	185	–	230	–
Deferred debtors	1	2	7	6
Government grants and subsidies	2,017	–	1,159	–
Net GST receivable	196	–	80	–
RMS receivables	73	–	178	–
Other debtors	–	–	1	–
<b>Total</b>	<b>3,739</b>	<b>27</b>	<b>2,810</b>	<b>31</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(26)	–	(26)	–
Interest and extra charges	(2)	–	(2)	–
User charges and fees	(7)	–	(7)	–
<b>Total provision for impairment – receivables</b>	<b>(35)</b>	<b>–</b>	<b>(35)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>3,704</b>	<b>27</b>	<b>2,775</b>	<b>31</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	35	35
<b>Balance at the end of the period</b>	<b>35</b>	<b>35</b>

**Accounting policy for receivables****Recognition and measurement**

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

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

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

**Impairment****Accounting policy under AASB 9 applicable from 1 July 2018**

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

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 7. Receivables (continued)**

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

None of the receivables that have been written off are subject to enforcement activity.

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

**Accounting policy under AASB 139 – applicable for 2018 comparatives only**

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

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

Rates and annual charges outstanding are secured against the property.

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## Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale	22	438	22	438
Stores and materials	650	–	385	–
Trading stock	19	–	21	–
<b>Total inventories at cost</b>	<u>691</u>	<u>438</u>	<u>428</u>	<u>438</u>
<b>TOTAL INVENTORIES</b>	<u>691</u>	<u>438</u>	<u>428</u>	<u>438</u>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

**(i) Other disclosures**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Details for real estate development</b>				
Industrial/commercial	22	438	22	438
<b>Total real estate for resale</b>	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	11	234	11	234
Development costs	11	204	11	204
<b>Total costs</b>	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
<b>Total real estate for resale</b>	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
<b>Movements:</b>				
Real estate assets at beginning of the year	22	438	22	438
<b>Total real estate for resale</b>	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>

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

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2019	2018
Real estate for resale	22	22
	<u>22</u>	<u>22</u>

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 8. Inventories and other assets (continued)**

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

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

**Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

**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.

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment

§ '000	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,411	-	1,411	-	4,263	-	-	-	(889)	-	-	4,785	-	4,785
Plant and equipment	7,570	(4,381)	3,189	-	562	-	(82)	(562)	-	-	-	7,841	(4,734)	3,107
Office equipment	1,114	(788)	326	-	135	-	-	(113)	131	-	-	1,380	(901)	479
Furniture and fittings	131	(114)	17	-	-	-	-	(7)	-	-	-	131	(121)	10
<b>Land:</b>														
- Operational land	3,577	-	3,577	-	-	-	-	-	-	-	-	3,577	-	3,577
- Community land	6,634	-	6,634	-	-	-	-	-	-	-	-	6,634	-	6,634
Land improvements – non-depreciable	99	-	99	-	-	-	-	-	-	-	-	99	-	99
<b>Infrastructure:</b>														
- Buildings – non-specialised	22,770	(14,306)	8,464	58	33	-	-	(418)	-	(36)	-	22,810	(14,709)	8,101
- Buildings – specialised	11,890	(5,467)	6,423	-	56	-	(36)	(237)	8	(9)	-	11,740	(5,535)	6,205
- Other structures	10,948	(6,614)	4,334	177	400	-	(182)	(332)	90	84	-	11,170	(6,599)	4,571
- Roads	98,767	(19,946)	78,821	2,388	10	1,220	-	(1,991)	238	-	-	98,767	(18,081)	80,686
- Bridges	15,958	(6,185)	9,773	-	-	-	-	(165)	-	-	-	15,958	(6,350)	9,608
- Footpaths	1,508	(205)	1,303	-	15	-	-	(20)	-	-	-	1,524	(226)	1,298
- Bulk earthworks (non-depreciable)	54,645	-	54,645	-	-	-	-	-	-	-	-	54,645	-	54,645
- Stormwater drainage	9,918	(3,271)	6,647	-	-	-	-	(99)	-	-	-	9,918	(3,370)	6,548
- Water supply network	30,222	(13,343)	16,879	-	278	-	(2)	(481)	422	-	274	31,413	(14,043)	17,370
- Sewerage network	25,156	(6,635)	18,521	-	-	-	-	(295)	-	-	292	25,558	(7,040)	18,518
- Swimming pools	3,461	(2,253)	1,208	5	-	-	-	(79)	-	-	-	3,466	(2,332)	1,134
- Other open space/recreational assets	1,381	(571)	810	45	-	-	-	(83)	-	(39)	-	1,367	(634)	733
<b>Other assets:</b>														
- Library books	191	(104)	87	-	48	-	-	(11)	-	-	-	148	(24)	124
- Other	149	(1)	148	-	-	-	-	(2)	-	-	-	149	(3)	146
<b>Total Infrastructure, property, plant and equipment</b>	<b>307,500</b>	<b>(84,184)</b>	<b>223,316</b>	<b>2,673</b>	<b>5,800</b>	<b>1,220</b>	<b>(302)</b>	<b>(4,885)</b>	<b>-</b>	<b>-</b>	<b>566</b>	<b>313,080</b>	<b>(84,702)</b>	<b>228,378</b>

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

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Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment (continued)

§ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,771	-	1,771	1,123	-	-	(244)	-	(1,239)	-	-	1,411	-	1,411
Plant and equipment	8,521	(4,669)	3,852	-	254	-	(347)	(570)	-	-	-	7,570	(4,381)	3,189
Office equipment	1,465	(1,051)	414	-	30	-	(4)	(114)	-	-	-	1,114	(788)	326
Furniture and fittings	127	(106)	21	-	3	-	-	(7)	-	-	-	131	(114)	17
<b>Land:</b>														
- Operational land	3,071	-	3,071	-	-	-	-	-	-	(215)	721	3,577	-	3,577
- Community land	6,419	-	6,419	-	-	-	-	-	-	215	-	6,634	-	6,634
Land improvements – non-depreciable	99	-	99	-	-	-	-	-	-	-	-	99	-	99
<b>Infrastructure:</b>														
- Buildings – non-specialised	22,385	(13,980)	8,405	90	-	-	-	(324)	293	-	-	22,770	(14,306)	8,464
- Buildings – specialised	11,702	(5,272)	6,430	8	-	-	-	(204)	-	189	-	11,890	(5,467)	6,423
- Other structures	10,993	(6,631)	4,362	68	383	-	-	(345)	80	(194)	-	10,948	(6,814)	4,334
- Roads	97,889	(19,948)	77,941	2,137	578	1,073	(115)	(1,939)	-	(854)	-	98,767	(19,946)	78,821
- Bridges	15,933	(6,019)	9,914	24	-	-	-	(165)	-	-	-	15,958	(6,185)	9,773
- Footpaths	1,335	(191)	1,144	48	115	-	-	(18)	14	-	-	1,508	(205)	1,303
- Bulk earthworks (non-depreciable)	54,645	-	54,645	-	-	-	-	-	-	-	-	54,645	-	54,645
- Stormwater drainage	8,831	(3,172)	5,659	-	32	-	-	(99)	-	1,055	-	9,918	(3,271)	6,647
- Water supply network	27,761	(13,179)	14,582	133	604	-	(47)	(467)	434	(423)	2,063	30,222	(13,343)	16,879
- Sewerage network	22,914	(6,328)	16,586	860	165	-	(41)	(291)	438	423	381	25,156	(6,635)	18,521
- Swimming pools	3,484	(2,171)	1,313	5	-	-	(23)	(87)	-	-	-	3,461	(2,253)	1,208
- Other open space/recreational assets	1,561	(487)	1,074	-	51	-	(35)	(84)	-	(196)	-	1,381	(571)	810
<b>Other assets:</b>														
- Library books	163	(95)	68	-	29	-	-	(10)	-	-	-	191	(104)	87
- Other	383	(27)	356	-	-	-	(187)	(21)	-	-	-	149	(1)	148
<b>Total infrastructure, property, plant and equipment</b>	<b>301,452</b>	<b>(83,326)</b>	<b>218,126</b>	<b>4,496</b>	<b>2,244</b>	<b>1,073</b>	<b>(1,043)</b>	<b>(4,745)</b>	<b>-</b>	<b>-</b>	<b>3,165</b>	<b>307,500</b>	<b>(84,184)</b>	<b>223,316</b>

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

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## Narrandera Shire Council

Financial Statements 2019

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 9. Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	10
Office furniture	5 to 20	Benches, seats etc.	15 to 40
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	30 to 100
Dams and reservoirs	80 to 100	Culverts	80
Bores	20 to 80		
Reticulation pipes: PVC	80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 50		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Swimming pools	25 to 40
Sealed roads: surface	30	Other open space/recreational assets	10 to 40
Sealed roads: structure	50	Other infrastructure	10 to 80
Unsealed roads	30		
Bridge: concrete	100		
Bridge: other	80		
Road pavements	30 to 88		
Kerb, gutter and footpaths	30 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

##### 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.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 9. Infrastructure, property, plant and equipment (continued)**

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Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment. Council has not acquired any land under roads after 1 July 2018.

**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 to the reserves are recognised within Council's Income Statement.

**Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Council recognises the RFS buildings on council controlled land however does not recognise the vehicles as it has no control of these assets.

## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	1,216	–	891	–
Accrued expenses:				
Security bonds, deposits and retentions	142	3	148	3
Other	20	–	–	–
<b>Total payables</b>	<b>1,378</b>	<b>3</b>	<b>1,039</b>	<b>3</b>
<b>Income received in advance</b>				
Payments received in advance	207	–	206	–
<b>Total income received in advance</b>	<b>207</b>	<b>–</b>	<b>206</b>	<b>–</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>1,585</b>	<b>3</b>	<b>1,245</b>	<b>3</b>

\$ '000	2019	2018
---------	------	------

**Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities <sup>1</sup>	350	350
Credit cards/purchase cards	45	45
<b>Total financing arrangements</b>	<b>395</b>	<b>395</b>

**Drawn facilities as at balance date:**

– Credit cards/purchase cards	9	8
<b>Total drawn financing arrangements</b>	<b>9</b>	<b>8</b>

**Undrawn facilities as at balance date:**

– Bank overdraft facilities	350	350
– Credit cards/purchase cards	36	37
<b>Total undrawn financing arrangements</b>	<b>386</b>	<b>387</b>

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

**Accounting policy for payables and borrowings**

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

**Payables**

These amounts represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	824	–	860	–
Long service leave	1,672	52	1,631	50
Rostered days off	27	–	32	–
<b>Sub-total – aggregate employee benefits</b>	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>
<b>TOTAL PROVISIONS</b>	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>

**(a) Provisions relating to restricted assets****Internally restricted assets**

Employee leave entitlements (ELE)	1,230	–	1,330	–
Provisions relating to internally restricted assets	1,230	–	1,330	–
<b>Total provisions relating to restricted assets</b>	<u>1,230</u>	<u>–</u>	<u>1,330</u>	<u>–</u>
<b>Total provisions relating to unrestricted assets</b>	<u>1,293</u>	<u>52</u>	<u>1,193</u>	<u>50</u>
<b>TOTAL PROVISIONS</b>	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>

\$ '000	2019	2018
---------	------	------

**(b) Current provisions not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	1,675	1,746
	<u>1,675</u>	<u>1,746</u>

**Nature and purpose of non-employee benefit provisions****Asset remediation**

Council has various landfill sites (tips) and gravel quarries situated throughout the shire. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

These future liabilities have however, not been brought to account due to;

a. the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,

b. preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's financial results or financial position as at 30/6/19.

Accordingly, no provision amounts have been brought to account in these financial statements for such future reinstatement and restoration costs.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 11. Provisions (continued)**

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**Accounting policy for provisions**

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Employee benefits****Short-term obligations**

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

**Other long-term employee benefit obligations**

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**On-costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

**Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors**

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**Nature and purpose of reserves****Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	2,320	995
<b>Balance as per the Statement of Cash Flows</b>		<b>2,320</b>	<b>995</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		4,919	2,731
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		4,895	4,745
Net losses/(gains) on disposal of assets		134	666
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(935)	(1,326)
Decrease/(increase) in inventories		(263)	(7)
Increase/(decrease) in payables		325	(237)
Increase/(decrease) in other liabilities		15	28
Increase/(decrease) in provision for employee benefits		2	232
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>9,092</b>	<b>6,832</b>

## Note 14. Interests in other entities

## Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2019 <sup>1</sup> Net profit	2019 <sup>1</sup> Net assets
<b>Western Riverina Library Services</b>	Provision of library services to member local government areas	4,516	550,718

**Reasons for non-recognition**

Council holds 7.22% equity share in Western Riverina Library Service, and has assessed this as not material, hence not recognised. The information provided above is for 2018 as this is the latest information available at the time of Council preparing the Financial Statements.

(1) This year represents 2018 year for the Western Riverina Library Services

## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Commitments

\$ '000	2019	2018
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Recreation	420	48
Structures	1,011	20
<b>Total commitments</b>	<b>1,431</b>	<b>68</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,431	68
<b>Total payable</b>	<b>1,431</b>	<b>68</b>
<b>Sources for funding of capital commitments:</b>		
Future grants and contributions	419	48
Unexpended grants	124	20
Internally restricted reserves	888	-
<b>Total sources of funding</b>	<b>1,431</b>	<b>68</b>

**Details of capital commitments**

Lake Talbot Pool new changerooms at pool deck level - \$420,000  
 Lake Talbot Pool replacement water slides - \$1,011,000

**(b) 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	14	14
Later than one year and not later than 5 years	-	15
<b>Total non-cancellable operating lease commitments</b>	<b>14</b>	<b>29</b>

**b. Non-cancellable operating leases include the following assets:**

Council has leases on a number of photocopiers.

**Conditions relating to finance and operating leases:**

- All finance agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.



## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Contingencies and other assets/liabilities not recognised

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

**LIABILITIES NOT RECOGNISED****1. Guarantees****(i) Defined benefit superannuation contribution plans**

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

*Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions for non - 180 Point Members; Nil for 180 Point members
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

*Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

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## Narrandera Shire Council

Financial Statements 2019

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 16. Contingencies and other assets/liabilities not recognised (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 99,068.91. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

The amount of additional contributions included in the total employer contribution advised above is \$55,000. Council's expected contribution to the plan for the next annual reporting period is \$111,982.16.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

Based on a Past Service Liabilities methodology, Council's share of the surplus that can be attributed is 0.15%.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

#### (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 Council's 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.

#### (iv) Other guarantees

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 16. Contingencies and other assets/liabilities not recognised (continued)**

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**2. Other liabilities****(i) Third party claims**

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

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

**(ii) Potential land acquisitions due to planning restrictions imposed by Council**

Council has classified a number of privately owned land parcels as local open space or bushland.

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

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

**(iii) Tips and quarries**

Council operates a number of landfill sites and gravel quarries and will have to rehabilitate the sites at some time in the future. As at 30 June 2019 Council is unable to reliably estimate the financial cost of such work.

**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 and including 30/6/08.

**(ii) Infringement notices/fines**

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

**(iii) Rural Fire Service (RFS) – Plant and Equipment ("Red Fleet")**

As disclosed in Note 9, assets of the RFS, vest in Council, under Section 119 of the Rural Fires Act 1997

As Council does not have control over these assets Council does not recognise these as assets in our financial statements.

Should this be resolved in the future, that Council has to recognise them as assets, it means that Council has a potential contingent asset, at this stage.

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. 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 and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	2,320	995	2,320	995
Receivables	3,731	2,806	3,731	2,806
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	22,597	24,345	22,597	24,345
<b>Fair value through profit and loss</b>				
Investments				
– 'Designated at fair value on initial recognition'	10	10	10	10
<b>Total financial assets</b>	<b>28,658</b>	<b>28,156</b>	<b>28,658</b>	<b>28,156</b>
<b>Financial liabilities</b>				
Payables	1,381	1,042	1,381	1,042
<b>Total financial liabilities</b>	<b>1,381</b>	<b>1,042</b>	<b>1,381</b>	<b>1,042</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Financial assets at amortised cost** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's Investment order 625. 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 as required by Local Government regulations.

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Financial risk management (continued)

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these 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.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

## (a) Market risk – price risk and interest rate risk

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 1% movement in interest rates	249	249	(249)	(249)
<b>2018</b>				
Possible impact of a 1% movement in interest rates	253	253	(253)	(253)

## (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

Council makes suitable provision for doubtful receivables as required.

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

## Credit risk profile

## Receivables – rates and annual charges

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

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 17. Financial risk management (continued)**

	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2019</b>						
Gross carrying amount	–	383	135	38	26	582
<b>2018</b>						
Gross carrying amount	–	210	76	129	–	415

**Receivables - non-rates and annual charges**

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2019</b>						
Gross carrying amount	3,089	20	40	35	–	3,184
Expected loss rate (%)	–	–	–	25.70%	–	0.28%
<b>ECL provision</b>	–	–	–	9	–	9
<b>2018</b>						
Gross carrying amount	2,069	261	40	56	–	2,426
Expected loss rate (%)	–	–	–	–	–	–
<b>ECL provision</b>	–	–	–	–	–	–

**(c) Liquidity risk**

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

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

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

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2019</b>							
Trade/other payables	–	145	1,236	–	–	1,381	1,381
<b>Total financial liabilities</b>		145	1,236	–	–	1,381	1,381
<b>2018</b>							
Trade/other payables	–	151	891	–	–	1,042	1,042

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**Narrandera Shire Council**

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 17. Financial risk management (continued)**

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>Total financial liabilities</b>		151	891	-	-	1,042	1,042

**Narrandera Shire Council**

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 18. Material budget variations**

Council's original financial budget for 18/19 was adopted by the Council on 19/06/2018 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

**Variation Key:** F = Favourable budget variation, U = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance* -----	
<b>REVENUES</b>				
Rates and annual charges	7,551	7,573	22	0% F
<b>User charges and fees</b>	3,073	3,441	368	12% F
Council received additional income of \$232,000 from water usage charges due to the persistent extremely dry conditions.				
<b>Interest and investment revenue</b>	623	703	80	13% F
Investment income was higher than original budget by \$68,000 due to the level of invested funds being greater throughout the year. This occurred as a number of capital works projects were delayed or not completed. Interest on overdue rates was also up due to lower than anticipated recovery due to the drought.				
<b>Other revenues</b>	689	772	83	12% F
Council received insurance rebates of \$71,000 which were not budgeted.				
<b>Operating grants and contributions</b>	6,294	7,690	1,396	22% F
Council received additional operating grants as follows; Stronger Country Communities - Community Projects - \$584,000 Crown Lands Plans of Management - \$71,000 Drought Communities - \$51,000 Financial Assistance Grant - \$318,000 (\$140k 2018/19, \$178k advance payment 2019/20) Roads to Recovery - \$73,000 RMS - Grong Grong Handover - \$103,000 Cultural Grants - \$25,000 Fixing Country Roads - Bridge Assessment - \$160,000				
<b>Capital grants and contributions</b>	6,297	3,914	(2,383)	(38)% U
Council had budgeted for the following capital grants which were not received; Narrandera Business Centre - (\$339,000) Flood Damage Restoration - funds paid in late 2017/18 - (\$87,000) Truck Wash - (\$484,000) Visitors Centre Redevelopment - (\$1,000,000) Boating Grant - (\$39,000) Sporting Communities & Clubs Grant - Narrandera Sports Ground - (\$1,700,000) PAMP - (\$119,000)				

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 18. Material budget variations (continued)**

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance* -----		
Additional Capital grants were received for the following;					
Library Youth Space - \$25,000					
Stronger Country Communities - \$96,000					
Playground Equipment - \$17,000					
Grong Grong Earth Park - \$27,000					
Fixing Country Roads - \$115,000					
Bus Shelters & Bays - \$44,000					
Drought Communities - \$949,000					
Contributions to Stronger Country Communities Projects - \$70,000					
Regional Roads Repair - \$19,000					
Donation of Lift for Lake Talbot Pool - \$10,000					

<b>Net gains from disposal of assets</b>	92	-	(92)	100%	U
--	----	---	------	------	---

Council budgeted for a profit on disposal of plant which was achieved however the demolition of a number of buildings resulted in a loss on disposal.

**EXPENSES**

<b>Employee benefits and on-costs</b>	7,936	7,623	313	4%	F
<b>Materials and contracts</b>	3,156	4,713	(1,557)	(49)%	U

Council auspiced a number of community projects under the Stronger Country Communities program which increased materials and contracts costs by \$783,000, these were not budgeted. There is an offset in the operating grants income. Additional works on State Roads also increased materials costs.

<b>Depreciation and amortisation</b>	4,880	4,895	(15)	0%	U
<b>Other expenses</b>	1,605	1,809	(204)	(13)%	U

Increased pumping costs resulted in higher than budgeted electricity charges of \$70,000.

<b>Net losses from disposal of assets</b>	-	134	(134)	∞	U
---	---	-----	-------	---	---

A number of buildings and structures were demolished in the course of asset renewal. These assets had not been fully depreciated and therefore the written down value is a loss on disposal.

**STATEMENT OF CASH FLOWS**

<b>Net cash provided from (used in) operating activities</b>	11,852	9,092	(2,760)	(23)%	U
--	--------	-------	---------	-------	---

A number of capital grants were not received which reduced the cash provided from operating activities.

<b>Net cash provided from (used in) investing activities</b>	(12,784)	(7,767)	5,017	(39)%	F
--	----------	---------	-------	-------	---

Council had budgeted for a large capital works program some of which was to be grant funded. These projects did not proceed as the grants were not forth coming. A number of other capital projects particularly in water and sewer were delayed.

**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 19. Fair Value Measurement**

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and 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) Assets and liabilities that have been measured and recognised at fair values**

2019	Notes	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	
<b>Recurring fair value measurements</b>						
<b>Financial assets</b>						
Investments	8(b)					
- 'Designated at fair value on initial recognition'		30/06/19	-	-	10	10
<b>Total financial assets</b>			-	-	10	10
<b>Infrastructure, property, plant and equipment</b>						
	9					
Plant and equipment		30/06/19	-	-	3,107	3,107
Office equipment		30/06/19	-	-	479	479
Furniture and fittings		30/06/19	-	-	10	10
Operational land		30/06/18	-	3,577	-	3,577
Community land		30/06/16	-	-	6,634	6,634
Land Improvements – non-depreciable		30/06/16	-	-	99	99
Buildings – non-specialised		30/06/16	-	-	8,101	8,101
Buildings – specialised		30/06/16	-	-	6,205	6,205
Other structures		30/06/16	-	-	4,571	4,571
Roads		30/06/15	-	-	135,331	135,331
Bridges		30/06/15	-	-	9,608	9,608
Footpaths		30/06/15	-	-	1,298	1,298
Stormwater drainage		30/06/15	-	-	6,548	6,548
Water supply network		01/07/17	-	-	17,370	17,370
Sewerage network		30/06/17	-	-	18,518	18,518
Library books		30/06/18	-	-	124	124
Swimming pools		30/06/16	-	-	1,134	1,134
Other open space/recreational assets		30/06/16	-	-	733	733
Other		30/06/16	-	-	146	146
<b>Total infrastructure, property, plant and equipment</b>			-	3,577	220,016	223,593

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Fair Value Measurement (continued)

2018	Notes	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	
<b>Recurring fair value measurements</b>						
<b>Financial assets</b>						
Investments	6(b)					
- 'Designated at fair value on initial recognition'		30/06/18	-	-	10	10
<b>Total financial assets</b>			-	-	10	10
<b>Infrastructure, property, plant and equipment</b>						
	9					
Plant and equipment		30/06/18	-	-	3,189	3,189
Office equipment		30/06/18	-	-	326	326
Furniture and fittings		30/06/18	-	-	17	17
Operational land		30/06/18	-	3,577	-	3,577
Community land		30/06/16	-	-	6,634	6,634
Land Improvements – non-depreciable		30/06/16	-	-	99	99
Buildings – non-specialised		30/06/16	-	-	8,464	8,464
Buildings – specialised		30/06/16	-	-	6,423	6,423
Other structures		30/06/16	-	-	4,334	4,334
Roads		30/06/15	-	-	133,466	133,466
Bridges		30/06/15	-	-	9,773	9,773
Footpaths		30/06/15	-	-	1,303	1,303
Stormwater drainage		30/06/15	-	-	6,647	6,647
Water supply network		01/07/17	-	-	16,879	16,879
Sewerage network		30/06/17	-	-	18,521	18,521
Library books		30/06/18	-	-	87	87
Swimming pools		30/06/16	-	-	1,208	1,208
Other open space/recreational assets		30/06/16	-	-	810	810
Other		30/06/16	-	-	148	148
<b>Total infrastructure, property, plant and equipment</b>			-	3,577	218,328	221,905

Note that capital WIP is not included above since it is carried at cost.

## (2) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

**Infrastructure, property, plant and equipment (IPP&E)****Plant & Equipment, Office Equipment, Furniture & Fittings, Land Improvements and Library Books**

Plant & Equipment, Office Equipment, Furniture & Fittings, Land Improvements and Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant & Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computer, photocopiers, tablets etc.
- Furniture & Fittings - Chairs, desks, cupboards etc.
- Land Improvements - Formation of land.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 19. Fair Value Measurement (continued)**

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- Library Books - Books and audio visual.

There has been no change to the valuation process during the reporting period.

**Operational & Community Land**

Community land values are based on either the Land Value provided by the Valuer-General or an external valuation service where the Valuer-General did not provide a land value.

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2018 by Nicholas Lucas, Valuation Services) using level 3 inputs.

The valuation is the valuer's opinion of the Market Value of the property as at the date of inspection having regard to the supply and demand conditions for this category of property.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

There has been no change to the valuation process during the reporting period.

**Buildings – Non-Specialised & Specialised**

Non-Specialised & Specialised Buildings are valued by an external valuer, AssetVal Pty Ltd (last valuation 2016). The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

**Other Structures**

Other Structures comprise of lighting, irrigation systems, fencing, shade structures etc.

The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

**Roads**

Roads include carriageway, roadside shoulders & kerb & gutter. The cost approach using level 3 inputs was used to value this asset class. Valuation was undertaken in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

**Bridges**

Bridges were valued under the cost approach using level 3 inputs. Valuation was undertaken in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

**Footpaths**

Footpaths were valued in-house by Council's Technical Services Department and were based on actual cost per square meter of works carried out during the year.

There has been no change to the valuation process during the reporting period.

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 19. Fair Value Measurement (continued)**

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**Stormwater Drainage**

Assets within this class comprise of pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

**Water Supply Network**

Assets within this class comprise of bores, water treatment plant, reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were subject to a validation process and then a revaluation of each component, and there has been a subsequent upward movement in the Fair Value of these assets.

**Sewerage Network**

Assets within this class comprise of treatment works, pumping stations and sewerage mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were subject to a validation process and then a revaluation of each component, and there has been a subsequent upward movement in the Fair Value of these assets.

**Swimming Pools**

Swimming pools were valued using the cost approach. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

**Other Open Space/Recreational Assets**

Assets within this class comprise of BBQ's and outdoor play equipment.

Other Open Space/Recreational Assets were valued using the cost approach. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

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## Narrandera Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Fair Value Measurement (continued)

## (3) Fair value measurements using significant unobservable inputs (level 3)

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

## 2018

\$215,000 was transferred from level 2 Operational Land to level 3 Community Land. The land is owned by the Crown and therefore not permitted to be classified as Operational under CLAW guidelines.

## c. 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.

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Office Equipment	479	Level 3 Valued at cost	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Furniture and Fittings	10	Level 3 Valued at cost	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Community Land	6,634	Level 3 Based on Valuer-General valuation	<ul style="list-style-type: none"> <li>• Land value (price per square metre)</li> </ul>
Land Improvements- Non-dep	99	Level 3 Valued at cost	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Buildings Non-Specialised	8,101	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Buildings Specialised	6,205	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Other Structures	4,571	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Roads	80,686	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Bulk Earthworks	54,645	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>

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## Narrandera Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Bridges	9,608	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Footpaths	1,298	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Stormwater Drainage	6,548	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Water Supply Network	17,370	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Sewerage Network	18,518	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Swimming Pools	1,134	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Open Space and Recreational	733	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Library Books	124	Level 3 Valued at cost	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Other Assets	146	Level 3 Valued at cost	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Asset class here...	3,107		
Financial Assets	10	Level 3 Valued at cost	

## (4) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 20. Related Party Transactions**

**(a) Key management personnel**

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

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2019	2018
<b>Compensation:</b>		
Short-term benefits	802	784
Post-employment benefits	29	39
<b>Total</b>	<b>831</b>	<b>823</b>

**(b) Other transactions with KMP and their related parties**

\$ '000	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
<b>2019</b>					
Employee expenses relating to close family members of KMP	160	-	Council staff award	-	-
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	44	-	Contracts, purchase orders or tenders	-	-
<b>2018</b>					
Employee expenses relating to close family members of KMP	155	-		-	-
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	45	-		-	-



**Narrandera Shire Council**

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 21. Statement of developer contributions**

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

**Summary of contributions and levies**

	as at 30/6/2018			as at 30/6/2019				
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000	Cash	Non-cash						
<b>S7.12 levies – under a plan</b>	359	35	–	3	(228)	–	169	–
<b>Total S7.11 and S7.12 revenue under plans</b>	359	35	–	3	(228)	–	169	–
S64 contributions	348	19	–	7	–	–	374	–
<b>Total contributions</b>	<b>707</b>	<b>54</b>	<b>–</b>	<b>10</b>	<b>(228)</b>	<b>–</b>	<b>543</b>	<b>–</b>

**S7.12 Levies – under a plan**

**CONTRIBUTION PLAN - Pine Hill**

Community facilities	359	35	–	3	(228)	–	169	–
<b>Total</b>	<b>359</b>	<b>35</b>	<b>–</b>	<b>3</b>	<b>(228)</b>	<b>–</b>	<b>169</b>	<b>–</b>

## Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

## Note 22. Financial result and financial position by fund

\$ '000	General <sup>1</sup> 2019	Water 2019	Sewer 2019
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	5,701	712	1,160
User charges and fees	1,815	1,443	183
Interest and investment revenue	477	215	19
Other revenues	772	–	–
Grants and contributions provided for operating purposes	7,690	–	–
Grants and contributions provided for capital purposes	3,895	14	5
<b>Total income from continuing operations</b>	<b>20,350</b>	<b>2,384</b>	<b>1,367</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	7,045	330	248
Borrowing costs	8	–	–
Materials and contracts	3,554	745	414
Depreciation and amortisation	4,106	487	302
Other expenses	1,410	252	147
Net losses from the disposal of assets	132	2	–
<b>Total expenses from continuing operations</b>	<b>16,255</b>	<b>1,816</b>	<b>1,111</b>
<b>Operating result from continuing operations</b>	<b>4,095</b>	<b>568</b>	<b>256</b>
<b>Net operating result for the year</b>	<b>4,095</b>	<b>568</b>	<b>256</b>
<b>Net operating result attributable to each council fund</b>	<b>4,095</b>	<b>568</b>	<b>256</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>200</b>	<b>554</b>	<b>251</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

continued on next page

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 22. Financial result and financial position by fund (continued)

\$ '000	General <sup>1</sup> 2019	Water 2019	Sewer 2019
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,100	166	54
Investments	14,607	7,500	500
Receivables	3,200	412	126
Inventories	691	-	-
<b>Total current assets</b>	<b>20,598</b>	<b>8,078</b>	<b>680</b>
<b>Non-current assets</b>			
Receivables	27	271	-
Inventories	438	-	-
Infrastructure, property, plant and equipment	190,767	18,738	18,873
<b>Total non-current assets</b>	<b>191,232</b>	<b>19,009</b>	<b>18,873</b>
<b>TOTAL ASSETS</b>	<b>211,830</b>	<b>27,087</b>	<b>19,553</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,325	53	-
Income received in advance	207	-	-
Borrowings	34	-	-
Provisions	2,523	-	-
<b>Total current liabilities</b>	<b>4,089</b>	<b>53</b>	<b>-</b>
<b>Non-current liabilities</b>			
Payables	3	-	-
Borrowings	271	-	-
Provisions	52	-	-
<b>Total non-current liabilities</b>	<b>326</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>4,415</b>	<b>53</b>	<b>-</b>
<b>Net assets</b>	<b>207,415</b>	<b>27,034</b>	<b>19,553</b>
<b>EQUITY</b>			
Accumulated surplus	113,595	18,181	11,511
Revaluation reserves	93,820	8,853	8,042
<b>Council equity interest</b>	<b>207,415</b>	<b>27,034</b>	<b>19,553</b>
<b>Total equity</b>	<b>207,415</b>	<b>27,034</b>	<b>19,553</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

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**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 22. Financial result and financial position by fund (continued)**

**Details of individual internal loans for the year ended 30 June 2019**

(in accordance with s410(3) of the Local Government Act 1993)

<b>Details of individual internal loans</b>	<b>Council ID / Ref</b>	<b>Council ID / Ref</b>	<b>Council ID / Ref</b>
Borrower (by purpose)	Coaches Box	Aerodrome Lighting	Festoon Lighting
Lender (by purpose)	Water Fund	Water Fund	Water Fund
Date of minister's approval	28/06/2017	28/06/2017	26/10/2017
Date raised	30/06/2017	30/06/2017	30/06/2018
Term (years)	10	10	10
Dates of maturity	30/06/2027	30/06/2027	30/06/2028
Rate of interest	2.47%	2.47%	2.47%
Amount originally raised	\$150,000	\$100,000	\$60,000
Total repaid during year (principal and interest)	\$16,975	\$11,316	\$6,790
<b>Principal outstanding at end of year</b>	<b>\$122,880</b>	<b>\$81,820</b>	<b>\$54,643</b>

<b>Details of individual internal loans</b>	<b>Council ID / Ref</b>
Borrower (by purpose)	Barellan Change Room
Lender (by purpose)	Water Fund
Date of minister's approval	26/10/2017
Date raised	30/06/2018
Term (years)	10
Dates of maturity	30/06/2028
Rate of interest	2.47%
Amount originally raised	\$50,000
Total repaid during year (principal and interest)	\$5,658
<b>Principal outstanding at end of year</b>	<b>\$45,536</b>

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## Narrandera Shire Council

Financial Statements 2019

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	1,139				
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	20,179	5.64%	3.74%	17.39%	>0.00%
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	12,371				
Total continuing operating revenue <sup>1</sup>	24,093	51.35%	54.80%	52.17%	>60.00%
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	15,777				
Current liabilities less specific purpose liabilities	2,380	6.63x	7.85x	7.63x	>1.5x
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	6,034				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	-	∞	∞	806.7x	>2x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	620				
Rates, annual and extra charges collectible	7,937	7.81%	5.69%	5.74%	<10.00%
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	24,917				
Monthly payments from cash flow of operating and financing activities	1,288	19.34 mths	20.09 mths	23.3 mths	>3 mths

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

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	<b>2.02%</b>	2.23%	<b>23.46%</b>	18.76%	<b>18.43%</b>	(2.60)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>42.68%</b>	47.17%	<b>98.49%</b>	96.47%	<b>98.17%</b>	98.47%	>60.00%
Total continuing operating revenue							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>6.64x</b>	7.85x	<b>146.64x</b>	121.17x	∞	∞	>1.5x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>108.29x</b>	154.75x	∞	∞	∞	∞	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>7.54%</b>	5.85%	<b>8.98%</b>	4.83%	<b>8.44%</b>	5.49%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>15.04</b>	16.11	<b>69.22</b>	75.65	<b>8.22</b>	1.15	>3
Payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	<b>mths</b>	mths	mths

(1) - (2) Refer to Notes at Note 28a above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

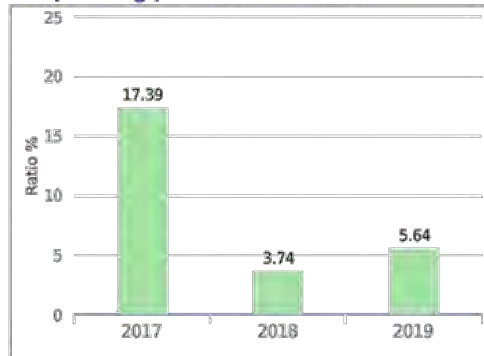
Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2018/19 result**

2018/19 ratio 5.64%

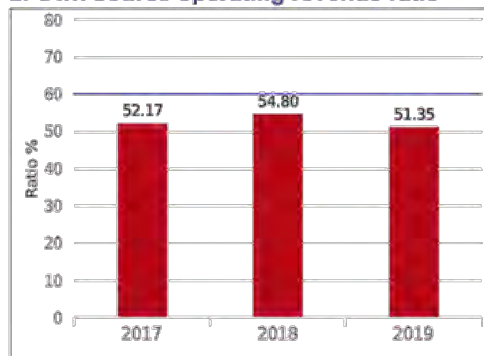
Council has again achieved an operating performance ratio well above the benchmark for all funds.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2018/19 result**

2018/19 ratio 51.35%

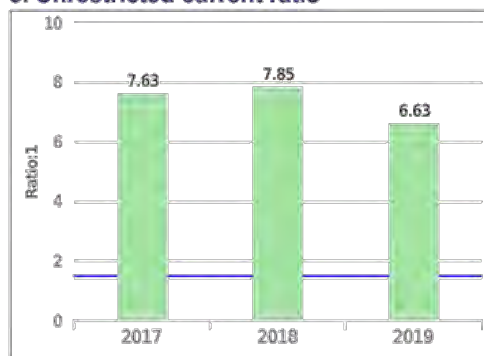
Own source revenue has again been impacted by additional grants for flood restoration works, Stronger Country Communities and the Drought Program.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

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

**Commentary on 2018/19 result**

2018/19 ratio 6.63x

Council has a very strong ratio with more than adequate funds to satisfy its short term obligations.

Benchmark: — > 1.5x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

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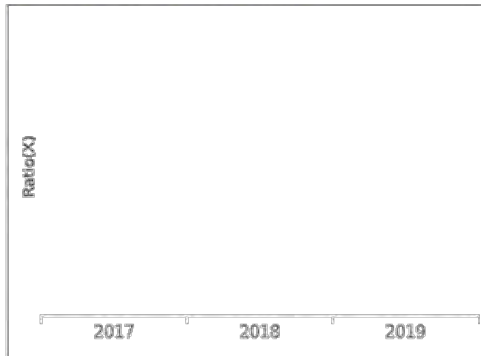
Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2018/19 result**

2018/19 ratio ∞

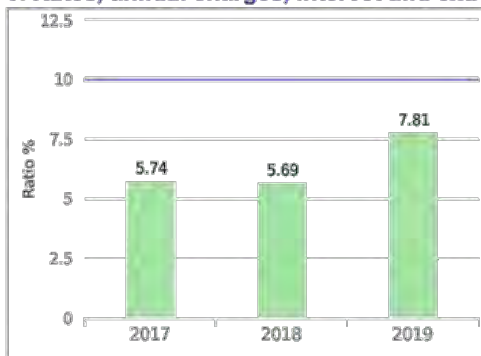
Council has no external debt.

Benchmark: — > 2x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



**Purpose of rates, annual charges, interest and extra charges outstanding**

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

**Commentary on 2018/19 result**

2018/19 ratio 7.81%

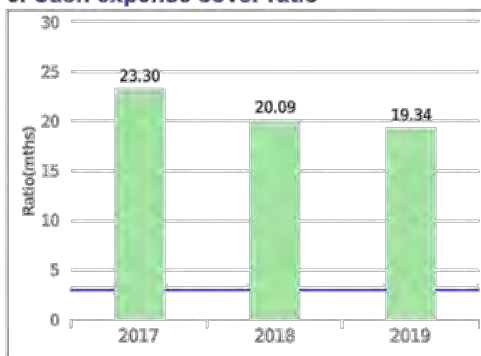
Council's outstanding rates and charges has increased slightly during the year due to the drought however it is still well within the benchmark for rural councils.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2018/19 result**

2018/19 ratio 19.34 mths

Council has more than adequate cash with enough to meet on going expenses for 19 months without requiring additional cash inflow.

Benchmark: — > 3mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark



**Narrandera Shire Council**

Financial Statements 2019

**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 24. Council information and contact details**

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**Principal place of business:**141 East St  
Narrandera NSW 2700**Contact details****Mailing Address:**141 East St  
Narrandera NSW 2700**Opening hours:**Office Hours  
Monday to Friday  
8:30am - 4:30pm**Telephone:** 02 6959 5510**Facsimile:** 02 6959 1884**Internet:** [www.narrandera.nsw.gov.au](http://www.narrandera.nsw.gov.au)**Email:** [council@narrandera.nsw.gov.au](mailto:council@narrandera.nsw.gov.au)**Officers****General Manager**

Mr George Cowan

**Responsible Accounting Officer**

Mr Martin Hiscox

**Public Officer**

Mr Martin Hiscox

**Auditors**NSW Audit Office  
Level 15  
1 Margaret Street  
Sydney NSW 2001

GPO Box 12

Sydney NSW 2001

**Elected members****Mayor**

Cr Neville Kschenka

**Councillors**Cr David Fahey  
Cr Jenny Clarke  
Cr Tammy Galvin  
Cr Tracey Lewis  
Cr Kevin Morris  
Cr Barbara Bryon  
Cr Wesley Hall  
CR Narelle Payne**Other information****ABN:** 96 547 765 569



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Narrandera Shire Council**

To the Councillors of the Narrandera Shire Council

**Opinion**

I have audited the accompanying financial statements of Narrandera Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- 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 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

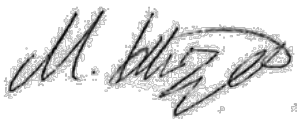
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo  
Delegate of the Auditor-General for New South Wales, Financial Audit Services

5 September 2019  
SYDNEY



Cr Neville Kschenka  
 Mayor  
 Narrandera Shire Council  
 141 East Street  
 NARRANDERA NSW 2705

Contact: Michael Kharzoo  
 Phone no: (02) 9275 7255  
 Our ref: D1919821/1768

5 September 2019

Dear Mayor

**Report on the Conduct of the Audit  
 for the year ended 30 June 2019  
 Narrandera Shire Council**

I have audited the general purpose financial statements (GPFS) of the Narrandera Shire Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

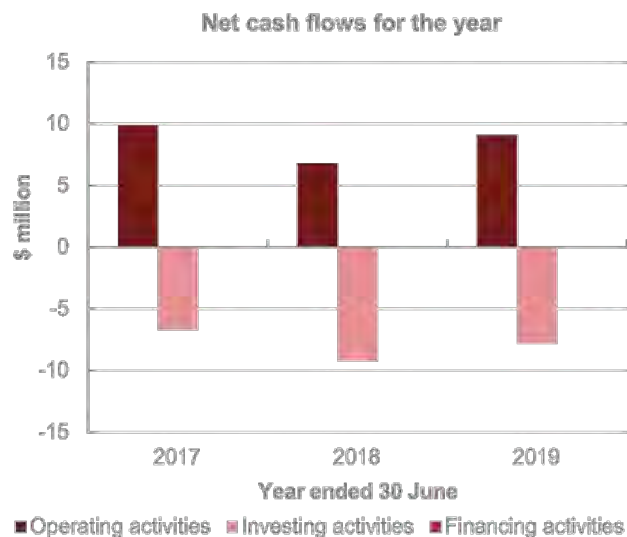
	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	7.6	7.2	↑ 5.6
Grants and contributions revenue	11.6	9.8	↑ 18.4
Operating result for the year	-4.9	2.7	↓ 81.5
Net operating result before capital grants and contributions	-1.0	0.1	↓ 900

The following comments are made in respect of Council’s operating result for the year:

- Rates and annual charges revenue was \$7.6 million (\$7.2 million for the year ended 30 June 2018). The increase of \$0.4 million (5.6%) is consistent with an increase in ordinary rates in line with the 2.3% rate peg and rise in the total number of rateable properties.
- Grants and contributions revenue was \$11.6 million (\$9.8 million for the year ended 30 June 2018). The increase of \$1.8 million (18.4%) was primarily due to the increase of the Financial Assistance Grant of \$0.3 million, Drought Communities grants of \$1.0 million and Recreation and culture grants of \$0.9 million. This was offset by a reduction of \$0.4 million in Transport (roads to recovery) grants.
- Council’s net operating result was a surplus of \$4.9 million (\$2.7 million surplus for the year ended 30 June 2018). The increase of \$2.2 million is mainly due to the increase of \$0.4 million in rates and annual charges revenue and \$1.8 million increase of grants and contributions revenue.
- The net operating result before capital grants and contributions was a surplus of \$1 million (\$0.1 million surplus for the year ended 30 June 2018). These movements were mainly due to the increase of \$0.6 million in operating grants and \$0.4 million in rates and annual charges revenue.

**STATEMENT OF CASH FLOWS**

- Council’s cash and cash equivalents was \$24.9 million (\$25.3 million for the year ended 30 June 2018). There was a net reduction in cash and cash equivalents of \$0.4 million at 30 June 2019.
- Net cash provided by operating activities has increased by \$2.3 million. This is mainly due to the increase in cash receipts from rate and annual charges revenue of \$0.3 million, grants and contributions of \$1.1 million and other revenue of \$0.9 million.
- Net cash used in investing activities decreased by \$1.5 million. This is mainly due to the increase in the sale of investment securities of \$2.2 million and decrease in the purchase of investment securities of \$1.3 million. This was offset by the increase of purchase of infrastructure, property, plant and equipment of \$1.9 million.
- No movement in the net cash used in financing activities. Council has no external borrowings as at 30 June 2019 (nil at 30 June 2018).



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	13.0	12.7	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$0.3 million is mainly due to the sewer fund replacement program.</li> </ul>
Internal restrictions	11.8	12.5	
Unrestricted	0.1	0.1	
<b>Cash and investments</b>	<b>24.9</b>	<b>25.3</b>	<ul style="list-style-type: none"> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The reduction in the internal restrictions is primarily due to a \$0.6 million reduction relating to the plant and vehicle replacement program.</li> <li>Unrestricted cash and investments was \$0.1 million, which is available to provide liquidity for day-to-day operations of the Council. There was minimal movement in the unrestricted cash and investments balance.</li> </ul>

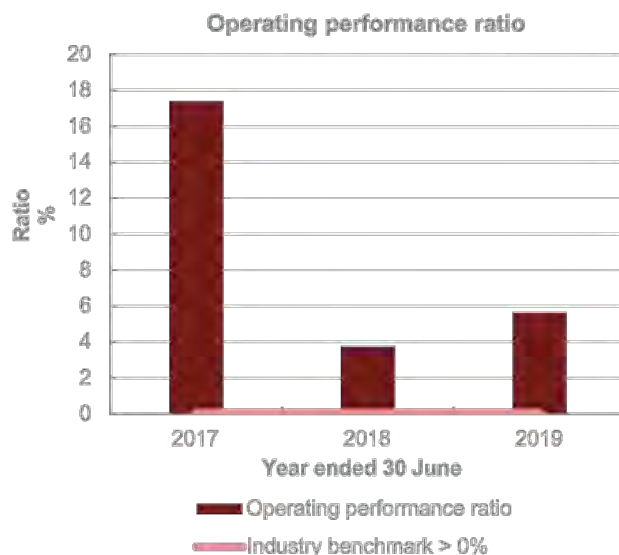
### Debt

Council has no external borrowings at 30 June 2019.

## PERFORMANCE

### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.
- The operating performance ratio of 5.6% is above the industry benchmark of greater than 0%. This indicates the Council can contain operating expenditures within operating revenue.
- The operating performance ratio increased to 5.6% (2018: 3.7%) due to the increase in the grant and contributions income.



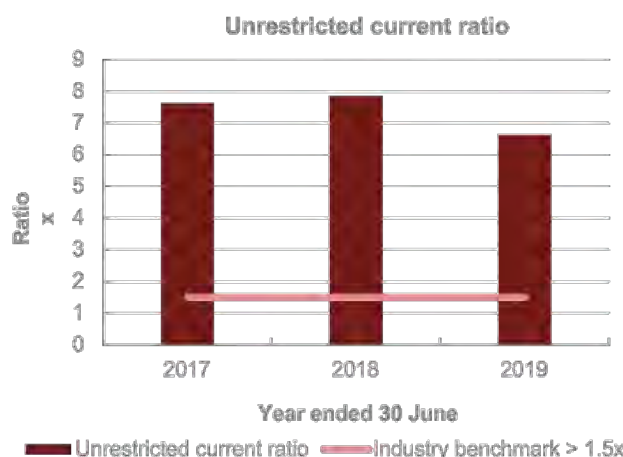
### Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 51% is below the industry benchmark of 60%. This indicates that the Council is more reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio decreased in 2019, due to the increase in operating grants.



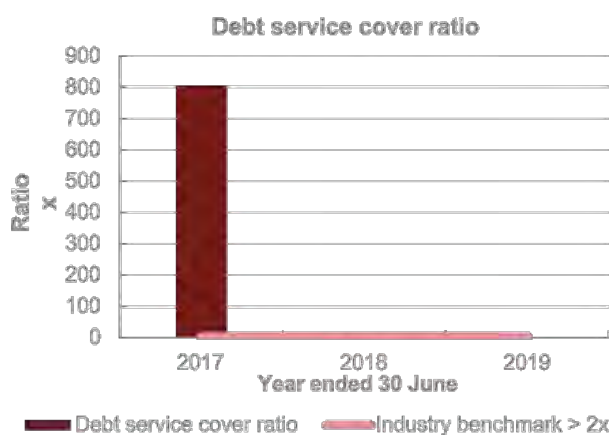
### Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.
- The Council's liquidity ratio of 6.6 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has remained steady.



### Debt service cover ratio

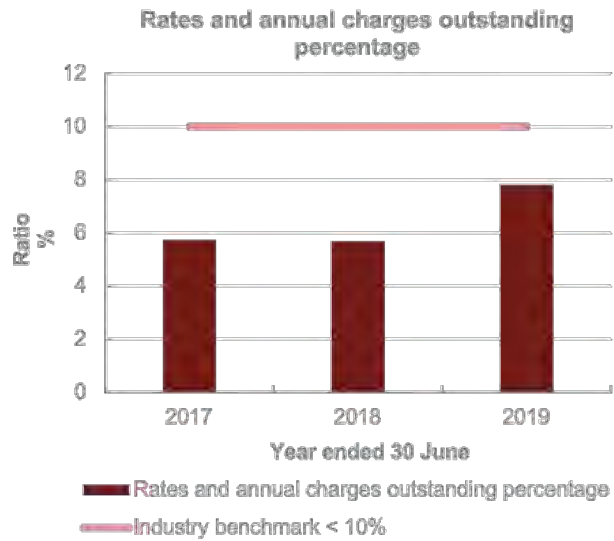
- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.
- Council holds no external debt as at 30 June 2019.





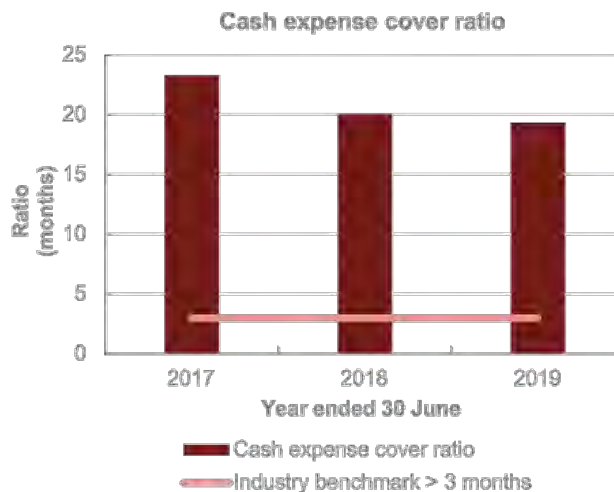
### Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 7.8% is within the industry benchmark of less than 10% for regional and rural councils.
- The rates and annual charges outstanding percentage has increased from previous years (5.7% in 2018 and 2017) but remains below the benchmark for rural councils which is a reflection of sound debt recovery procedures at the Council.



### Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.
- The Council's cash expense cover ratio was 19.3 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 19.3 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- The Council's cash expense cover ratio has remained steady.



### Infrastructure, property, plant and equipment renewals

The Council has renewed \$2.8 million of assets in the 2018–19 financial year, compared to \$4.5 million of assets in the 2017–18 financial year. The reduction is primarily due to \$1.0 million less of water supply network and sewerage network renewals and \$1.1 million less of work in progress renewals that were subsequently transferred to the buildings, water supply network and sewerage network asset classes. Renewal of road assets has remained steady during the year.

## OTHER MATTERS

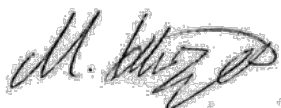
### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> <li>• a simplified model for classifying and measuring financial assets</li> <li>• a new method for calculating impairment</li> <li>• a new type of hedge accounting that more closely aligns with risk management.</li> </ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 1 (a).</p>

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Michael Kharzoo  
 Delegate of the Auditor-General for New South Wales, Financial Audit Services

cc: George Cowan, General Manager  
 Roger Fitzgerald, Chairperson, Audit, Risk & Improvement Committee  
 Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Narrandera Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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*Heart of Riverina*



## Narrandera Shire Council

Special Purpose Financial Statements 2019

### Special Purpose Financial Statements for the year ended 30 June 2019

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<b>Special Purpose Financial Statements</b>	
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Income Statement – Sewerage Business Activity	5
Statement of Financial Position – Water Supply Business Activity	6
Statement of Financial Position – Sewerage Business Activity	7
<b>Significant Accounting Policies</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>11</b>

#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

**Narrandera Shire Council**  
**Special Purpose Financial Statements**  
for the year ended 30 June 2019

**Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting**

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records,
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 20 August 2019.



**Cr Neville Kschenka**  
**Mayor**  
**20 August 2019**



**Cr David Fahey**  
**Councillor**  
**20 August 2019**



**Mr George Cowan**  
**General Manager**  
**20 August 2019**



**Mr Martin Hiscox**  
**Responsible Accounting Officer**  
**20 August 2019**

## Narrandera Shire Council

Special Purpose Financial Statements 2019

**Income Statement – Water Supply Business Activity**  
 for the year ended 30 June 2019

\$ '000	2019	2018
<b>Income from continuing operations</b>		
Access charges	712	689
User charges	1,409	1,204
Fees	34	1
Interest	215	212
<b>Total income from continuing operations</b>	<b>2,370</b>	<b>2,106</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	330	324
Materials and contracts	745	651
Depreciation, amortisation and impairment	487	474
Loss on sale of assets	2	138
Other expenses	252	262
<b>Total expenses from continuing operations</b>	<b>1,816</b>	<b>1,849</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>554</b>	<b>257</b>
Grants and contributions provided for capital purposes	14	77
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>568</b>	<b>334</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>568</b>	<b>334</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(152)	(71)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>416</b>	<b>263</b>
<b>Plus accumulated surplus</b>	<b>17,613</b>	<b>17,569</b>
<b>Plus/less: prior period adjustments</b>	<b>–</b>	<b>(290)</b>
<b>Less:</b>		
– Corporate taxation equivalent	152	71
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>18,181</b>	<b>17,613</b>
<b>Return on capital %</b>	<b>3.0%</b>	<b>1.4%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>211</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	416	263
Less: capital grants and contributions (excluding developer contributions)	–	(21)
<b>Surplus for dividend calculation purposes</b>	<b>416</b>	<b>242</b>
<b>Potential dividend calculated from surplus</b>	<b>208</b>	<b>121</b>

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## Narrandera Shire Council

Special Purpose Financial Statements 2019

Income Statement – Sewerage Business Activity  
for the year ended 30 June 2019

\$ '000	2019	2018
<b>Income from continuing operations</b>		
Access charges	1,160	1,038
User charges	183	111
Interest	19	2
Other income	–	4
<b>Total income from continuing operations</b>	<b>1,362</b>	<b>1,155</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	248	288
Materials and contracts	414	489
Depreciation, amortisation and impairment	302	296
Loss on sale of assets	–	57
Other expenses	147	112
<b>Total expenses from continuing operations</b>	<b>1,111</b>	<b>1,242</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>251</b>	<b>(87)</b>
Grants and contributions provided for capital purposes	5	18
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>256</b>	<b>(69)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>256</b>	<b>(69)</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(69)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>187</b>	<b>(69)</b>
<b>Plus accumulated surplus</b>	<b>11,255</b>	<b>10,621</b>
<b>Plus/less: prior period adjustments</b>	<b>–</b>	<b>703</b>
– Corporate taxation equivalent	69	–
<b>Plus adjustments for amounts unpaid:</b>		
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>11,511</b>	<b>11,255</b>
<b>Return on capital %</b>	<b>1.3%</b>	<b>(0.5)%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>583</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	187	(69)
<b>Surplus for dividend calculation purposes</b>	<b>187</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>93</b>	<b>–</b>

## Narrandera Shire Council

Special Purpose Financial Statements 2019

Statement of Financial Position – Water Supply Business Activity  
for the year ended 30 June 2019

\$ '000	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	166	–
Investments	7,500	7,798
Receivables	412	365
<b>Total current assets</b>	<b>8,078</b>	<b>8,163</b>
<b>Non-current assets</b>		
Receivables	271	305
Infrastructure, property, plant and equipment	18,738	17,788
<b>Total non-current assets</b>	<b>19,009</b>	<b>18,093</b>
<b>TOTAL ASSETS</b>	<b>27,087</b>	<b>26,256</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	53	65
<b>Total current liabilities</b>	<b>53</b>	<b>65</b>
<b>TOTAL LIABILITIES</b>	<b>53</b>	<b>65</b>
<b>NET ASSETS</b>	<b>27,034</b>	<b>26,191</b>
<b>EQUITY</b>		
Accumulated surplus	18,181	17,613
Revaluation reserves	8,853	8,578
<b>TOTAL EQUITY</b>	<b>27,034</b>	<b>26,191</b>



## Narrandera Shire Council

Special Purpose Financial Statements 2019

**Statement of Financial Position – Sewerage Business Activity**  
for the year ended 30 June 2019

\$ '000	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	54	85
Investments	500	–
Receivables	126	76
<b>Total current assets</b>	<b>680</b>	<b>161</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	18,873	18,845
<b>Total non-current assets</b>	<b>18,873</b>	<b>18,845</b>
<b>TOTAL ASSETS</b>	<b>19,553</b>	<b>19,006</b>
<b>NET ASSETS</b>	<b>19,553</b>	<b>19,006</b>
<b>EQUITY</b>		
Accumulated surplus	11,511	11,255
Revaluation reserves	8,042	7,751
<b>TOTAL EQUITY</b>	<b>19,553</b>	<b>19,006</b>

## Narrandera Shire Council

Special Purpose Financial Statements 2019

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

#### Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Narrandera Council Water Supply

Council's water supply activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

##### Category 2

(where gross operating turnover is less than \$2 million)

##### a. Narrandera Sewerage Service

Council's sewerage reticulation & treatment activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

#### Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

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## Narrandera Shire Council

Special Purpose Financial Statements 2019

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

#### Note 1. Significant Accounting Policies (continued)

##### (i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 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 Crown Lands and Water (CLAW), 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 to in the NSW Office of Water Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines 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 the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

##### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

continued on next page

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## Narrandera Shire Council

Special Purpose Financial Statements 2019

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

#### Note 1. Significant Accounting Policies (continued)

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

##### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### (iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

#### Operating result before capital income + interest expense

#### Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

##### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Narrandera Shire Council**

To the Councillors of the Narrandera Shire Council

**Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Narrandera Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2019, the Statement of Financial Position of each Declared Business Activity as at 30 June 2019, Note 1 Significant accounting policies for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

My opinion should be read in conjunction with the rest of this report.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

### **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

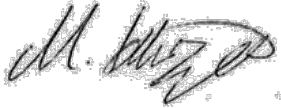
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a small asterisk at the end.

Michael Kharzoo  
Delegate of the Auditor-General for New South Wales, Financial Audit Services

5 September 2019  
SYDNEY

# Narrandera Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019

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*Heart of Riverina*





**Narrandera Shire Council**

Special Schedules 2019

**Special Schedules**

for the year ended 30 June 2019

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## Narrandera Shire Council

Special Schedules 2019

Permissible income for general rates  
for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,856	4,695
Plus or minus adjustments <sup>2</sup>	b	3	7
<b>Notional general income</b>	<b>c = a + b</b>	<b>4,859</b>	<b>4,702</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	-	-
Or rate peg percentage	e	2.70%	2.30%
Or crown land adjustment (incl. rate peg percentage)	f	-	-
Less expiring special variation amount	g	-	-
Plus special variation amount	h = d x (c - g)	-	-
Or plus rate peg amount	i = c x e	131	108
Or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>4,990</b>	<b>4,810</b>
Plus (or minus) last year's carry forward total	l	(18)	28
Less valuation objections claimed in the previous year	m	-	-
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>(18)</b>	<b>28</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>4,972</b>	<b>4,838</b>
Less notional general income yield	p	4,950	4,856
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>22</b>	<b>(18)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	-	-
Less unused catch-up <sup>5</sup>	s	-	-
<b>Carry forward to next year <sup>6</sup></b>	<b>t = q + r - s</b>	<b>22</b>	<b>(18)</b>

**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.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>(a) Report on Infrastructure Assets - Values</b>												
<b>Buildings</b>	Buildings – non-specialised	570	–	341	108	8,101	22,810	12.0%	16.0%	38.0%	32.0%	2.0%
	Buildings – specialised	46	–	108	76	6,205	11,740	12.0%	16.0%	38.0%	32.0%	2.0%
	<b>Sub-total</b>	<b>616</b>	<b>–</b>	<b>449</b>	<b>184</b>	<b>14,306</b>	<b>34,550</b>	<b>12.0%</b>	<b>16.0%</b>	<b>38.0%</b>	<b>32.0%</b>	<b>2.0%</b>
<b>Other structures</b>	Other structures	114	–	167	–	4,571	11,170	11.0%	16.0%	32.0%	40.0%	1.0%
	<b>Sub-total</b>	<b>114</b>	<b>–</b>	<b>167</b>	<b>–</b>	<b>4,571</b>	<b>11,170</b>	<b>11.0%</b>	<b>16.0%</b>	<b>32.0%</b>	<b>40.0%</b>	<b>1.0%</b>
<b>Roads</b>	Sealed roads	–	–	87	1,066	55,176	66,288	–	100.0%	–	–	–
	Unsealed roads	–	–	63	928	20,711	28,597	–	100.0%	–	–	–
	Bridges	–	–	43	6	9,608	15,958	10.0%	43.0%	47.0%	–	–
	Footpaths	–	–	2	–	1,298	1,524	–	100.0%	–	–	–
	Bulk earthworks	–	–	–	–	54,645	54,645	–	–	–	–	100.0%
	Kerb and guttering	–	–	–	–	4,488	6,097	–	–	–	–	100.0%
	Traffic devices	–	–	–	–	311	429	–	–	–	–	100.0%
<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>195</b>	<b>2,000</b>	<b>146,237</b>	<b>173,538</b>	<b>0.9%</b>	<b>59.5%</b>	<b>4.3%</b>	<b>–</b>	<b>35.2%</b>	
<b>Water supply network</b>	Water supply network	78	–	308	346	17,370	31,413	16.0%	24.0%	34.0%	25.0%	1.0%
	<b>Sub-total</b>	<b>78</b>	<b>–</b>	<b>308</b>	<b>346</b>	<b>17,370</b>	<b>31,413</b>	<b>16.0%</b>	<b>24.0%</b>	<b>34.0%</b>	<b>25.0%</b>	<b>1.0%</b>
<b>Sewerage network</b>	Sewerage network	1,791	–	257	270	18,518	25,588	27.0%	25.0%	27.0%	9.0%	12.0%
	<b>Sub-total</b>	<b>1,791</b>	<b>–</b>	<b>257</b>	<b>270</b>	<b>18,518</b>	<b>25,588</b>	<b>27.0%</b>	<b>25.0%</b>	<b>27.0%</b>	<b>9.0%</b>	<b>12.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	–	–	6,548	9,918	8.0%	92.0%	–	–	–
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,548</b>	<b>9,918</b>	<b>8.0%</b>	<b>92.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Open space / recreational assets</b>	Swimming pools	31	–	37	12	1,134	3,466	58.0%	29.0%	2.0%	5.0%	6.0%
	Open Space & Recreational	21	–	8	149	733	1,367	58.0%	29.0%	2.0%	5.0%	6.0%
	<b>Sub-total</b>	<b>52</b>	<b>–</b>	<b>45</b>	<b>161</b>	<b>1,867</b>	<b>4,833</b>	<b>58.0%</b>	<b>29.0%</b>	<b>2.0%</b>	<b>5.0%</b>	<b>6.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>2,651</b>	<b>–</b>	<b>1,421</b>	<b>2,961</b>	<b>209,417</b>	<b>291,010</b>	<b>7.7%</b>	<b>46.4%</b>	<b>14.4%</b>	<b>8.9%</b>	<b>22.6%</b>

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1 Excellent/very good No work required (normal maintenance)

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**Narrandera Shire Council**

Special Schedules 2019

**Report on Infrastructure Assets (continued)**

as at 30 June 2019

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<b>2</b>	<b>Good</b>	Only minor maintenance work required
<b>3</b>	<b>Satisfactory</b>	Maintenance work required
<b>4</b>	<b>Poor</b>	Renewal required
<b>5</b>	<b>Very poor</b>	Urgent renewal/upgrading required

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**Narrandera Shire Council**

Special Schedules 2019

**Report on Infrastructure Assets (continued)**  
as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	Prior periods 2017	Benchmark
<b>Infrastructure asset performance indicators (consolidated) *</b>					
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>					
Asset renewals <sup>2</sup>	2,806	66.81%	111.76%	96.00%	>=100.00%
Depreciation, amortisation and impairment	4,200				
<b>Infrastructure backlog ratio <sup>1</sup></b>					
Estimated cost to bring assets to a satisfactory standard	2,651	1.27%	0.84%	9.70%	<2.00%
Net carrying amount of infrastructure assets	209,417				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	2,961	208.37%	221.75%	98.00%	>100.00%
Required asset maintenance	1,421				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	-	-	-	-	>0.00%
Gross replacement cost	291,010				

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/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.

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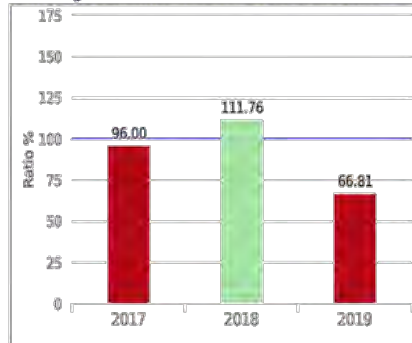
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Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)  
as at 30 June 2019

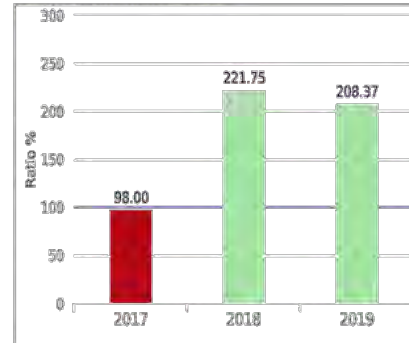
Buildings and infrastructure renewals ratio <sup>1</sup>



Infrastructure renewals ratio	Commentary on result
	18/19 ratio: 66.81%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Higher than expected grant funding received resulting a large amount of building and infrastructure renewals to be completed at 30 June 2019.

Benchmark: —  $\geq 100.00\%$  ■ Ratio achieves benchmark ■ Ratio is outside benchmark  
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

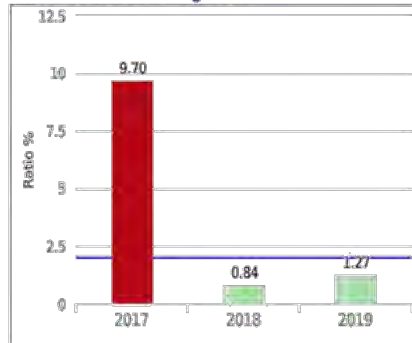
Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	18/19 ratio: 208.37%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council is keeping the Asset Maintenance ratio at a point where sufficient funds are being expended to stop the infrastructure backlog growing.

Benchmark: —  $> 100.00\%$  ■ Ratio achieves benchmark ■ Ratio is outside benchmark  
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

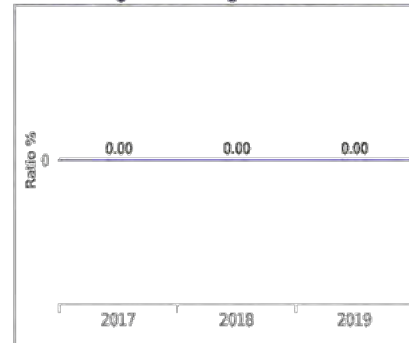
Infrastructure backlog ratio <sup>1</sup>



Infrastructure backlog ratio	Commentary on result
	18/19 ratio: 1.27%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	Transport assets were valued on average condition ratings which reduced the backlog ratio.

Benchmark: —  $< 2.00\%$  ■ Ratio achieves benchmark ■ Ratio is outside benchmark  
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	18/19 ratio: 0.00%
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	At this stage, Council is meeting their obligations for the Long Term Financial Plan based on the Asset register condition ratings.

Benchmark: —  $> 0.00\%$  ■ Ratio achieves benchmark ■ Ratio is outside benchmark  
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

(1) Excludes Work In Progress (WIP)

continued on next page

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**Narrandera Shire Council**

Special Schedules 2019

**Report on Infrastructure Assets (continued)**  
as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
<b>Infrastructure asset performance indicators (by fund)</b>							
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>							
Asset renewals	<b>78.39%</b>	102.79%	<b>27.20%</b>	59.96%	--	295.53%	>=100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio <sup>1</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>0.45%</b>	0.46%	<b>0.45%</b>	0.30%	<b>9.67%</b>	4.90%	<2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>273.95%</b>	274.93%	<b>112.34%</b>	133.11%	<b>105.06%</b>	151.02%	>100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	--	--	--	--	--	--	>0.00%
Gross replacement cost							

(1) Excludes Work In Progress (WIP)



**INDEPENDENT AUDITOR'S REPORT**  
**Special Schedule - Permissible income for general rates**  
**Narrandera Shire Council**

To the Councillors of Narrandera Shire Council

**Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narrandera Shire Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.



### Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

### Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

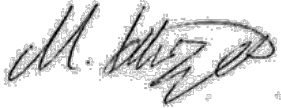
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Michael Kharzoo  
Delegate of the Auditor-General for New South Wales, Financial Audit Services

5 September 2019  
SYDNEY