



QUALITY NATURE - QUALITY HERITAGE - QUALITY LIFESTYLE

BUSINESS PAPER ORDINARY COUNCIL MEETING 27 JULY 2022

Notice is hereby given in accordance with the provisions of the *Local Government Act 1993*, and pursuant to Clause 3.3 of Council's Code of Meeting Practice that an **Ordinary Council Meeting** will be held in the Koreelah Room, Tenterfield Shire Council Chambers, on **Wednesday 27 July 2022** commencing at **9:30 am**.

Daryl Buckingham
Chief Executive

Community Consultation (Public Access) relating to items on this Agenda can be made between 9.00 am and 9.30 am on the day of the Meeting. Requests for public access should be made to the General Manager no later than COB on the Monday before the Meeting.

Section 8 of the Business Paper allows a period of up to 30 minutes of Open Council Meetings for members of the Public to address the Council Meeting on matters INCLUDED in the Business Paper for the Meeting.

Members of the public will be permitted a maximum of five (5) minutes to address the Council Meeting. An extension of time may be granted if deemed necessary.

Members of the public seeking to represent or speak on behalf of a third party must satisfy the Council Meeting that he or she has the authority to represent or speak on behalf of the third party.

Members of the public wishing to address Council Meetings are requested to contact Council either by telephone or in person prior to close of business on the Monday prior to the day of the Meeting. Persons not registered to speak will not be able to address Council at the Meeting.

Council will only permit two (2) speakers in support and two (2) speakers in opposition to a recommendation contained in the Business Paper. If there are more than two (2) speakers, Council's Governance division will contact all registered speakers to determine who will address Council. In relation to a Development Application, the applicant will be reserved a position to speak.

Members of the public will not be permitted to raise matters or provide information which involves:

- Personnel matters concerning particular individuals (other than Councillors);
- Personal hardship of any resident or ratepayer;
- Information that would, if disclosed confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business;
- Commercial information of a confidential nature that would, if disclosed:
 - Prejudice the commercial position of the person who supplied it, or
 - Confer a commercial advantage on a competitor of the Council; or
 - Reveal a trade secret;
- Information that would, if disclosed prejudice the maintenance of law;
- Matters affecting the security of the Council, Councillors, Council staff or Council property;
- Advice concerning litigation or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege;
- Information concerning the nature and location of a place or an item of Aboriginal significance on community land;
- Alleged contraventions of any Code of Conduct requirements applicable under Section 440; or
- On balance, be contrary to the public interest.

Members of the public will not be permitted to use Community Consultation to abuse, vilify, insult, threaten, intimidate or harass Councillors, Council staff or other members of the public. Conduct of this nature will be deemed to be an act of disorder and the person engaging in such behaviour will be ruled out of order and may be expelled.

CONFLICT OF INTERESTS

What is a "Conflict of Interests" - A conflict of interests can be of two types:

Pecuniary - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

Non-pecuniary - a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Local Government Act (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

Remoteness

A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in Section 448 of the Local Government Act.

Who has a Pecuniary Interest? - A person has a pecuniary interest in a matter if the pecuniary interest is the interest of:

- The person, or
- Another person with whom the person is associated (see below).

Relatives, Partners

A person is taken to have a pecuniary interest in a matter if:

- The person's spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. "Relative", in relation to a person means any of the following:

- (a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person's spouse;
- (b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

No Interest in the Matter

However, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
 - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or
 - (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

No Knowledge - A person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

Participation in Meetings Despite Pecuniary Interest (S 452 Act)

A Councillor is not prevented from taking part in the consideration or discussion of, or from voting on, any of the matters/questions detailed in Section 452 of the Local Government Act.

Non-pecuniary Interests - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in S451 of the Local Government Act apply (particularly if you have a significant non-pecuniary interest)

Disclosures to be Recorded (s 453 Act)

A disclosure (and the reason/s for the disclosure) made at a meeting of the Council or Council Committee or Sub-Committee must be recorded in the minutes of the meeting.

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ORDER OF BUSINESS

Community Consultation (Public Access)

1. Opening & Welcome
2. Civic Prayer & Acknowledgement of Country
3. Apologies
4. Disclosure & Declarations of Interest
5. Confirmation of Previous Minutes
6. Tabling of Documents
7. Urgent, Late & Supplementary Items of Business
8. Mayoral Minute
9. Recommendations for Items to be Considered in Confidential Section
10. Open Council Reports
 - Our Community
 - Our Economy
 - Our Environment
 - Our Governance
11. Reports of Delegates & Committees
12. Notices of Motion
13. Resolution Register
14. Confidential Business
15. Meeting Close

CLOSED COUNCIL

Confidential Reports

(Section 10A(2) of The Local Government Act 1993)

Where it is proposed to close part of the Meeting, the Chairperson will allow members of the public to make representations to or at the meeting, before any part of the meeting is closed to the public, as to whether or not that part of the meeting should be closed to the public.

The Chairperson will check with the General Manager whether any written public submissions or representations have been received as to whether or not that part of the meeting should be closed to the public.

The grounds on which part of the Council meeting may be closed to public are listed in Section 10A(2) of the Local Government Act 1993 and are as follows:

- (a) personnel matters concerning particular individuals others than Councillors,
- (b) the personal hardship of any resident or ratepayer,
- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business,
- (d) commercial information of a confidential nature that would, if disclosed:
 - (i) prejudice the commercial position of the person who supplied it, or
 - (ii) confer a commercial advantage on a competitor of the council, or
 - (iii) reveal a trade secret,
- (e) information that would, if disclosed, prejudice the maintenance of law,
- (f) matters affecting the security of the council, councillors, council staff or council property,
- (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege,
- (h) during the receipt of information or discussion of information concerning the nature and location of a place or an item of Aboriginal significance on community land.
- (i) alleged contraventions of any code of conduct requirements applicable under section 440.

Section 10A(3) of the Act provides that Council, or a Committee of the Council of which all the members are councillors, may also close to the public so much of its meeting as comprises a motion to close another part of the meeting to the public.

Section 10B(3) of the Act provides that if a meeting is closed during discussion of a motion to close another part of the meeting to the public (as referred to in section 10A(3) of the Act,) the consideration of the motion must not include any consideration of the matter or information to be discussed in that other part of the meeting (other than consideration of whether the matter concerned is matter referred to in section 10A(2) of the Act).

Section 10B(1) of the Act provides that a meeting is not to remain closed to the public during the receipt of information or the discussion of matters referred to in section 10A(2):

- (a) except for so much of the discussion as is necessary to preserve the relevant confidentiality, privilege or security, and
- (b) if the matter concerned is a matter other than a personnel matter concerning particular individuals, the personal hardship of a resident or ratepayer or a trade secret – unless the Council or committee concerned is satisfied that discussion of the matter in an open meeting would, on balance, be contrary to the public interest.

For the purpose of determining whether the discussion of a matter in an open meeting would be contrary to the public interest section 10B(4) of the Act states it is irrelevant that:

- (a) a person may interpret or misunderstand the discussion, or
- (b) The discussion of the matter may:
 - (i) cause embarrassment to the Council or committee concerned, or to councillors or to employees of the council, or
 - (ii) cause a loss of confidence in the Council or committee.

Resolutions passed in Closed Council

It is a requirement of Clause 253 of the Local Government (General) Regulation 2005 that any resolution passed in Closed Council, or Committee be made public as soon as practicable after the meeting has ended. At the end of Closed Council or Committee meeting, the Chairperson will provide a summary of those resolutions passed in Closed Council or Committee.

AGENDA

COMMUNITY CONSULTATION (PUBLIC ACCESS)

WEBCASTING OF MEETING

This meeting will be recorded for placement on Council's website for the purposes of broadening knowledge and participation in Council issues, and demonstrating Council's commitment to openness and accountability.

All speakers must ensure their comments are relevant to the issue at hand and to refrain from making personal comments or criticisms or mentioning any private information.

No other persons are permitted to record the meeting, unless specifically authorised by Council to do so.

1. OPENING & WELCOME

2. (A) OPENING PRAYER

"We give thanks for the contribution by our pioneers, early settlers and those who fought in the various wars for the fabric of the Tenterfield Community we have today.

May the words of our mouths and the meditation of our hearts be acceptable in thy sight, O Lord."

(B) ACKNOWLEDGEMENT OF COUNTRY

"I would like to acknowledge the traditional custodians of this land that we are meeting on today. I would also like to pay respect to the Elders past, present, and emerging of the Jukembal, Kamilaroi and Bundjalung nations and extend that respect to other Aboriginal people present."

3. APOLOGIES

4. DISCLOSURES & DECLARATIONS OF INTEREST

5. CONFIRMATION OF PREVIOUS MINUTES

(ITEM MIN7/22) CONFIRMATION OF PREVIOUS MINUTES 8

6. TABLING OF DOCUMENTS

7. URGENT, LATE & SUPPLEMENTARY ITEMS OF BUSINESS

8. MAYORAL MINUTE

9. RECOMMENDATIONS FOR ITEMS TO BE CONSIDERED IN CONFIDENTIAL SECTION

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OUR ENVIRONMENT

OUR GOVERNANCE

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14. CONFIDENTIAL BUSINESS

CONFIDENTIAL

(ITEM COM10/22)	APPLICATION FOR A LICENCE TO INSTALL EQUIPMENT ON THE TENTERFIELD DIGITAL TOWER ERECTED ON LOT 5 DP 1007389
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That above item be considered in Closed Session to the exclusion of the press and public in accordance with Section 10A(2) (c) of the Local Government Act, 1993, as the matter involves information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

15. MEETING CLOSED

(ITEM MIN7/22) CONFIRMATION OF PREVIOUS MINUTES

REPORT BY: Elizabeth Melling

RECOMMENDATION

That the Minutes of the following Meeting of Tenterfield Shire Council:

- **Ordinary Council Meeting – 22 June 2022**

As typed and circulated, be confirmed and signed as a true record of the proceedings of these meetings.

ATTACHMENTS

- | | | |
|----------|---|-------------|
| 1 | Unadopted Minutes - Ordinary Council Meeting - Wednesday 22 June 2022 | 11
Pages |
|----------|---|-------------|

MINUTES



QUALITY NATURE - QUALITY HERITAGE - QUALITY LIFESTYLE

MINUTES OF ORDINARY COUNCIL MEETING WEDNESDAY 22 JUNE 2022

MINUTES OF THE **Ordinary Council Meeting** OF TENTERFIELD SHIRE held at the Koreelah Room, Tenterfield Shire Council Chambers on Wednesday 22 June 2022 commencing at 9:30 am

ATTENDANCE

Councillor John Macnish (Deputy Mayor)
Councillor Peter Petty
Councillor Tim Bonner
Councillor Tom Peters
Councillor Kim Rhodes
Councillor Giana Saccon
Councillor Greg Sauer (Via Zoom)
Councillor Geoff Nye
Councillor Peter Murphy

ALSO IN ATTENDANCE

Acting Chief Executive Officer (Kylie Smith)
Executive Assistant & Media (Elizabeth Melling)
Director Infrastructure (Fiona Keneally-Via Zoom)

Clause 254(b) of the Local Government (General) Regulation 2005 requires that the names of the mover and seconder of the motion or amendment are recorded and shown in the Minutes of the meeting.

Website: www.tenterfield.nsw.gov.au

Email: council@tenterfield.nsw.gov.au

COMMUNITY CONSULTATION (PUBLIC ACCESS)

Agenda Item – Monthly Operational Report ITEM GOV51/22

Speaking "for" the Monthly Operational Report.

Mr Peter Robinson – Tenterfield Rate Payers Association

WEBCASTING OF MEETING

I advise all present that this meeting is being recorded for placement on Council's website for the purposes of broadening knowledge and participation in Council issues, and demonstrating Council's commitment to openness and accountability.

All speakers must ensure their comments are relevant to the issue at hand and to refrain from making personal comments or criticisms or mentioning any private information.

No other persons are permitted to record the meeting, unless specifically authorised by Council to do so.

OPENING AND WELCOME

CIVIC PRAYER

We give thanks for the contribution by our pioneers, early settlers and those who fought in the various wars for the fabric of the Tenterfield Community we have today.

May the words of our mouths and the meditation of our hearts be acceptable in thy sight, O Lord.

ACKNOWLEDGEMENT OF COUNTRY

I would like to acknowledge the traditional custodians of this land that we are meeting on today. I would also like to pay respect to the Elders past, present, and emerging of the Jukembal, Kamilaroi and Bundjalung Nations and extend that respect to other Aboriginal people present.

APOLOGIES

118/22 **Resolved** that Council accept the apologies of Councillor Bronwyn Petrie (Mayor) and Chief Executive (Daryl Buckingham).

(Kim Rhodes/Peter Murphy)

Motion Carried

DISCLOSURE & DECLARATIONS OF INTEREST

119/22 **Resolved** that councillors now disclose any interests and reasons for declaring such interest in the matters under consideration by Council at this meeting.

Name	Type	Item
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Cr Kim Rhodes	Non Pecuniary Significant	COM 7/22 – Reconnecting Regional NSW Community Events Fund (Will leave the Chambers when discussed)
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(Tom Peters/Tim Bonner)

Motion Carried

PROCEDURAL MOTION

- 120/22** **Resolved** that ITEM GOV52/22 – DELEGATION FOR CHIEF EXECUTIVE WHILST ATTENDING NATIONAL GENERAL ASSEMBLY 2022 be moved forward in the agenda and become the first item for discussion.

(Tom Peters/Kim Rhodes)

Motion Carried

(ITEM MIN6/22) CONFIRMATION OF PREVIOUS MINUTES

- 121/22** **Resolved** that the Minutes of the following Meeting of Tenterfield Shire Council:

- Ordinary Council Meeting – 25 May 2022

As typed and circulated, be confirmed and signed as a true record of the proceedings of these meetings.

(Geoff Nye/Tom Peters)

Motion Carried

TABLING OF DOCUMENTS

Nil.

URGENT, LATE & SUPPLEMENTARY ITEMS OF BUSINESS

Nil.

MAYOR MINUTE

Nil.

**RECOMMENDATIONS FOR ITEMS TO BE CONSIDERED IN
CONFIDENTIAL SECTION**

- 122/22** **Resolved** that the following items be considered in the Confidential Section of the meeting:-

- (1) **ITEM ECO10/22** – LOT 26 DP 735029 Sugarbag Road;
- (2) **ITEM COM8/22** – Consider the payment of back rent by a tenant of Council property.

(Peter Petty/Geoff Nye)

Motion Carried

OPEN COUNCIL REPORTS

**(ITEM GOV52/22) DELEGATION FOR CHIEF EXECUTIVE WHILST
ATTENDING NATIONAL GENERAL ASSEMBLY 2022**

SUMMARY

The purpose of this report is for Council to provide delegation for Acting Chief Executive during period of absence of Chief Executive.

- 123/22** **Resolved** that Council approve the temporary appointment of Chief Corporate Officer, Kylie Smith to the position of Acting Chief Executive for the period Saturday, 18 June 2022 to Thursday, 23 June 2022 inclusive.

(Peter Petty/Peter Murphy)

Motion Carried

OUR COMMUNITY

**(ITEM COM6/22) MCCLIFTYS ROAD & BUNGULLA RESERVE ROAD -
PUBLIC GATE & VEHICLE BY-PASS APPLICATIONS**

SUMMARY

The purpose of this report provides details of a request to construct one (1) public gate and vehicular by-pass (grid) on McCliftys Road and one (1) public gate and vehicular by-pass (grid) on Bungulla Reserve Road for primary production purposes.

- 124/22** **Resolved** that Council as the Roads Authority under the Roads Act 1993:-

- (1) Approves the installation of a public gate and vehicular by-pass on McCliftys Road at approx. 0.316km west of the New England Highway intersection and Bungulla Reserve Road at the intersection with Rosehill Road in accordance with Council Policy No 2.162 – Public Gates and Vehicle By-passes; and
- (2) Provide applicant with Council Consent as outlined in 4.2 Council's Internal Administrative Procedures of Policy 2.162.
- (3) Advertise the approval with proposed installation 1 month after advertising as required by the Roads Regulation 2008.

(Giana Saccon/Tom Peters)

Motion Carried

Councillor Kim Rhodes left the meeting, the time being 9.43 am.

Bruce Mills – Manager Economic Development & Special Projects entered the meeting, the time being 9.43 am.

(ITEM COM7/22) RECONNECTING REGIONAL NSW COMMUNITY EVENTS FUND

SUMMARY

Tenterfield Shire Council has been invited to submit an application to the Reconnecting Regional NSW Community Events Program, where \$301,708 has been allocated for Tenterfield Shire.

125/22 **Resolved** that Council:

1. Agree on allocation amounts as identified below, which are based on expression of interest forms submitted by community and event committees.
2. Apply for the Reconnecting Regional NSW Community Events Program on behalf of identified community events. Administer funds and acquit event grant, with required information supplied by community and event committees.

(Peter Murphy/Peter Petty)

Motion Carried

Bruce Mills – Manager Economic Development & Special Projects left the meeting, the time being 9.52 am.

Councillor Kim Rhodes returned to the meeting, the time being 9.53 am.

OUR ECONOMY

OUR ENVIRONMENT

OUR GOVERNANCE

(ITEM GOV51/22) MONTHLY OPERATIONAL REPORT MAY 2022

SUMMARY

The purpose of this report is to provide a standing monthly report to the Ordinary Meeting of Council that demonstrates staff accountabilities and actions taken against Council's 2021/2022 Operational Plan.

126/22 **Resolved** that Council receives and notes the status of the Monthly Operational Report for May 2022.

(Geoff Nye/Peter Petty)

Motion Carried

Councillor Peter Petty left the meeting, the time being 9.54 am

Cr Peter Petty returned to the meeting, the time being 9.54 am

Bruce Mills – Manager Economic Development & Special Projects entered the meeting, the time being 9.55 am

Bruce Mills – Manager Economic Development & Special Projects left the meeting the time being 10.00 am.

(ITEM GOV53/22) ANNUAL REMUNERATION FOR COUNCILLORS AND THE MAYOR - 2022-2023

SUMMARY

The purpose of this report is to address the recent determination of the NSW Local Government Remuneration Tribunal which handed down an increase in the fees payable to Councillors and the Mayor of 2.0% for the 2022/2023 financial year.

The increase applies to both the minimum and maximum allowable rates for both Councillors and the Mayor. Council is required to determine at which rate it sets fees for both Councillors and the Mayor within the minimum and maximum allowable amounts for the upcoming financial year.

127/22 **Resolved** that Council:

- (1) Notes the Report and Determination of the NSW Remuneration Tribunal 20 April 2022; and
- (2) Sets the level of fees payable to all Councillors at \$12,650 per annum effective from 1 July 2022 to 30 June 2023; and
- (3) Sets the additional fee payable to the Mayor at \$27,600 per annum effective from 1 July 2022 to 30 June 2023; and
- (4) Sets the reimbursement amount for approved travel using own vehicle at \$0.68 per km (under 2.5 litres) or \$0.78 per km (2.5 litres and above) where a Council vehicle is unavailable.

(Kim Rhodes/Tim Bonner)

Motion Carried

SUSPENSION OF STANDING ORDERS

128/22 **Resolved** that Standing Orders be suspended.

(Peter Murphy/Geoff Nye)

Motion Carried

The meeting adjourned for morning tea, the time being 10.36 am.

The meeting reconvened, the time being 10.55 am.

RESUMPTION OF STANDING ORDERS

129/22 **Resolved** that Standing Orders be resumed.

(Peter Petty/Geoff Nye)

Motion Carried

Roy Jones – Manager Finance & Technology entered the meeting, the time being 11.02am

(ITEM GOV54/22) FINANCE & ACCOUNTS - PERIOD ENDED 31 MAY 2022

SUMMARY

The purpose of this Report is for the Responsible Accounting Officer to provide, in accordance with Clause 212 of the Local Government (General) Regulation 2005 a written report setting out details of all money that the Council has invested under Section 625 of the Local Government Act 1993. The Report must be made up to the last day of the month immediately preceding the meeting.

130/22 **Resolved** that Council receive and note the Finance and Accounts Report for the period ended 31 May 2022.

(Kim Rhodes/Geoff Nye)

Motion Carried

(ITEM GOV55/22) CAPITAL EXPENDITURE REPORT AS AT 31 MAY 2022

SUMMARY

The purpose of this Report is to show the progress of Capital Works projects against the Year to Date (YTD) budget each month. This Report outlines Council's financial progress against each project.

131/22 **Resolved** that Council receive and note the Capital Expenditure Report for the period ended 31 May 2022.

(Peter Petty/Kim Rhodes)

Motion Carried

Jessica Wild – Management Accountant entered the meeting, the time being 11.23am. Handed out to Councillors a table of interest rates and term quotations relating to ITEM GOV56/22 as at 10 June 2022.

TABLING OF DOCUMENT

132/22 **Resolved** that the additional A4 sheet of current loan comparison information from National Australia Bank, ANZ Bank and Commonwealth Bank of Australia for refinancing of a loan of \$2,684,88.00 for Dam Wall Project – be tabled.

(Kim Rhodes/Peter Petty)

Motion Carried

(ITEM GOV56/22) REFINANCING OF EXISTING DAM WALL LOAN

SUMMARY

The purpose of this report is to present to Council the quotations received from three financial institutions with fixed term loan indicative interest rates, for refinancing an existing Dam Wall loan for the total amount of \$2,684,880.

RECOMMENDATION:

That Council:

- (1) Approves a refinancing of a loan of \$2,684,880.00 for Dam Wall project with the most competitive financial institution (quotations are indicative interest rates subject to change and will be tabled at the meeting).

AMENDMENT

That Council:

- (2) That Council take out a 20 year loan with the CBA based on the quotations provided at the meeting on the 22 June 2022 noting that there may be a slight variation in the final interest rate achieved.

(Peter Petty/Geoff Nye)

Amendment Carried

133/23 **Resolved** that Council:

- (1) Approves a refinancing of a loan of \$2,684,880.00 for Dam Wall project with the most competitive financial institution (quotations are indicative interest rates subject to change and will be tabled at the meeting).
- (2) That Council take out a 20 year loan with the CBA based on the quotations provided at the meeting on the 22 June 2022 noting that there may be a slight variation in the final interest rate achieved.

(Tom Peters/Geoff Nye)

Motion Carried

Roy Jones – Manager Technology & Finance left the meeting, the time being 11.40 am.

Jessica Wild – Management Accountant left the meeting, the time being 11.40 am.

REPORTS OF DELEGATES & COMMITTEES

(ITEM RC8/22) REPORT OF COMMITTEES & DELEGATES - COUNTRY MAYORS ASSOCIATION - FRIDAY 27 MAY 2022

134/22 **Resolved** that the report of the Country Mayors Association of NSW and associated papers from 26 and 27 May 2022 be received and noted.

(Peter Petty/Greg Sauer)

Motion Carried

**(ITEM RC9/22) REPORTS OF COMMITTEES & DELEGATES - TENTERFIELD
LOCAL TRAFFIC COMMITTEE MEETING - 2 JUNE 2022**

135/22 **Resolved** that the report of the Tenterfield Shire Local Traffic Committee meeting of 2 June 2022 be received and noted.

(Tom Peters/Greg Sauer)

Motion Carried

**(ITEM RC10/22) REPORT OF COMMITTEES & DELEGATES - BORDER
REGIONAL ORGANISATION OF COUNCILS (BROC) - MEETINGS OF 6 MAY
2022**

RECOMMENDATION:

That the report of the Border Regional Organisation of Councils (BROC) meeting Friday 6 May 2022 and associated presentations be received and noted.

AMENDMENT

(2) That Council seeks the reinvigoration of the cross border discussions with the relevant stakeholders subject to the Memorandum of Understanding with Southern Downs Regional Council, within the next six months.

(Peter Petty/Geoff Nye)

Amendment Carried

136/22 **Resolved** that Council:

- (1) That the report of the Border Regional Organisation of Councils (BROC) meeting Friday 6 May 2022 and associated presentations be received and noted.
- (2) That Council seeks the reinvigoration of the cross border discussions with the relevant stakeholder, subject to the Memorandum of Understanding with Southern Downs Regional Council, within the next six months.

(Peter Petty/Kim Rhodes)

Motion Carried

(ITEM RES6/22) COUNCIL RESOLUTION REGISTER - MAY 2022

SUMMARY

The purpose of this Report is to provide a standing monthly report to the Ordinary Meeting of Council that outlines all Resolutions of Council previously adopted and yet to be finalised.

137/22 **Resolved** that Council notes the status of the Council Resolution Register to May 2022.

(Greg Sauer/Tim Bonner)

Motion Carried

CONFIDENTIAL BUSINESS

SUSPENSION OF STANDING ORDERS – CONFIDENTIAL BUSINESS

138/22 **Resolved** that standing orders be suspended and:

- A) The meeting be closed to the public and members of the press because of the need for confidentiality, privilege or security, as specified below and provided for under section 10a(2) of the local government act, 1993; and
- B) The agenda and associated correspondence, unless specified are not to be released to the public as they relate to a matter of either personal hardship, person matters, trade secrets or matters which cannot be lawfully disclosed.

(Tom Peters/Peter Murphy)

Motion Carried

The recording device was turned off and the meeting moved into Closed Committee, the time being 12.02pm.

(ITEM ECO10/22) LOT 26 DP 735029 SUGARBAG ROAD

SUMMARY

Council owns several properties including Lot 26 DP 735029 Sugarbag Road consisting of naturally vegetated land that is not occupied and is not actively used by Council. Through this parcel is a road reserve and the formation of a track between Sugarbag Road West and Sugarbag Road East, however the track is not aligned to the road reserve.

139/22 **Resolved** that Council:

- (1) Receive and note the report; and
- (2) Take no action towards dedicating a formal road reserve over the existing unauthorised track, or construction within the existing dedicated road reserve; and
- (3) Delegate the Chief Executive authority to arrange the sale of Lot 26 DP 735029 Sugarbag Road.

(Peter Petty/Geoff Nye)

Motion Carried

(ITEM COM8/22) CONSIDER THE PAYMENT OF BACK RENT BY A TENANT OF COUNCIL PROPERTY.

SUMMARY

The purpose of this report is to decide on a request from Tenterfield Pre-School Kindergarten Incorporated (Pre-school) to consider what assistance can be given by Council to the payment of an invoice for back rent. The back rent is for an 8

year period from 23 April 2014 to 22 April 2022. The total quantum of back rent is \$3,858.57 excluding GST. (\$4,244.43 including GST).

The Pre-school also queried the quantum of rent being \$509.46 per annum for the year 23 April 2022 to 22 April 2023.

140/22

Resolved that:

1. The Property Specialist provide the Pre-school with relevant information and correspondence supporting the reason(s) the Lease was established and the quantum of the annual rent.
2. The Pre-school be offered a payment plan for the back rent totaling \$3,858.57 + GST. The payment plan is not to extend past the Lease expiry date of 22 April 2024.
3. The Pre-school be invoiced for the current year (23 April 2022 to 22 April 2023) at \$531.82
4. The Pre-school be invoiced for the final Lease year (23 April 2023 to 22 April 2024). The rent to be calculated in accordance with the Lease.

(Tim Bonner/Giana Saccon)

Motion Carried

RESUMPTION OF STANDING ORDERS

141/22 **Resolved** that Standing Orders be resumed.

(Tom Peters/Tim Bonner)

Motion Carried

The meeting moved out of Closed Committee and the recording device was turned on, the time being 12.17 pm.

In accordance with Section 253 of Local Government Regulations (General) 2005, the Deputy Mayor read the resolutions as resolved whilst in Closed Committee.

MEETING CLOSED

There being no further business the Deputy Mayor declared the meeting closed at 12.19 pm.

.....
Councillor John Macnish
Deputy Mayor/Chairperson

Department:	Office of the Chief Executive
Submitted by:	Manager Economic Development & Special Projects
Reference:	ITEM COM9/22
Subject:	Review of Your Local News and options for social media

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council continually reviews its service provision to ensure best possible outcomes for the community.
CSP Delivery Program	Deliver continuous improvements in Council's business, processes and systems.

SUMMARY

The purpose of this report is to provide details of proposed Facebook "noticeboard-only" trial for three months.

OFFICER'S RECOMMENDATION:

That Council:

- 1) Undertake a three-month trial of a "noticeboard-only" Facebook page and review at the end of the trial – with a report on findings back to Council; and**
- 2) Note that the recommendation is made mindful of the Customer Satisfaction Survey showing the preference for "Your Local News" printed brochure.**

BACKGROUND

Accurate and timely communication with residents, visitors and potential visitors is a vital function of Council – not just for potential rate rises, bin days and road closures, but also for tourism and encouraging new businesses and residents to the Shire.

Some Councillors and residents have expressed desire in having a dedicated Tenterfield Shire Council Facebook page for Council news. FB is widely used in the community, though not by all, especially seniors.

While Councillors and staff have received requests for Council to have a dedicated FB page, broad community desire for this does not show up in the findings of the Customer Satisfaction Surveys Comparison 2020 – 2018.

Current communication costs are listed in the table below:

REPORT:

Method	Current Use	Cost/yr
Tenterfield Shire App	Alerts and mobile access	\$5,260

Our Community No. 9 Cont...

¹ Newspaper Advertisements	As required	\$17,544 (2021 actual)
Your local News	Bi-weekly publication	\$57,500 – includes print + post + staff time
Tourism Newsletter Tenterfield In Touch	Bi-weekly email	\$550 to \$660 in staff time each FN or \$13,750 to \$16,500/yr
² Media Releases	As required	2,500 per annum
Tenterfield Shire Council Facebook Page (proposed)	Nil	\$28,000/yr (est) Proposed 3-month trial would cost \$7000
Visit Tenterfield Facebook		
Tenterfield Shire Council Website	Daily updates	\$770 annual fee + \$330 to \$440/wk or \$9,000 to \$12,000/yr
Engagement Hub Used for community consultation	Project support collaboration	\$1320 annual fee Plus project design
Tenterfield True Website	Visit Tenterfield Website	\$440 annual fee 2 to 3 hrs updating/wk or \$6,000 to \$8700/yr
Total Annual Costs		\$143,000 (approx.)

- ¹ Adverts include Council meeting notices, job postings, tenders, community consultations and adverts for ANZAC Day, Youth Week etc, and road closures.
- ² Media Release – while incurring minimal cost to Council can only be used for specific news items.

NB staff cost as per the Operational Plan for 2022/23 is \$110 per hour.

Council currently prints and mails out Your Local News fortnightly. Each edition costs \$500 to print and \$800 to mail, ie, \$1300/fortnight or \$32,500/yr for 25 issues. Add staff time to produce and total cost is roundly \$57,500/yr. Each edition takes approximately 8 to 9 hours/fortnight. This includes writing/collating material, layout and proof-reading, sending to printers, bundling for post box drop, taking to Post Office, individually mailing 10 to 15 addresses, uploading to website and to App.

Council also produces Tenterfield in Touch – emailed every two to three weeks. Tenterfield in Touch includes items on community events, grants and films/performances at the School of Arts. Staff time to produce is approximately 8 hours per fortnight.

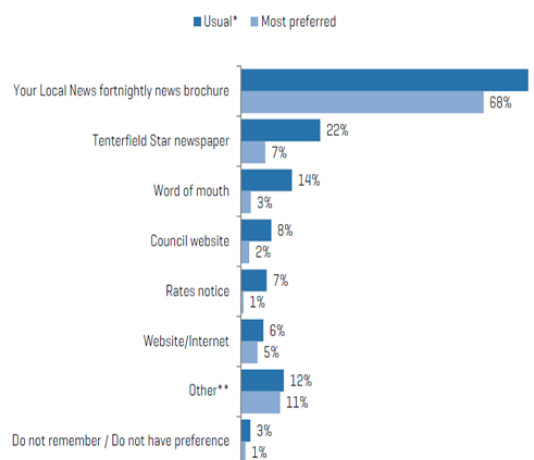
The Customer Satisfaction Surveys - Comparison 2018 & 2020 (below) show the Your Local News printed brochure remains residents' preferred method of receiving information – and by a fair margin – 61% compared with social media 7% and Tenterfield Star and Ten FM Community Radio at 3% each.

Our Community No. 9 Cont...

Customer Satisfaction Surveys Comparison – 2020 and 2018

Methods of Receiving Council Information

2018



Usual Methods of Receiving Council Information

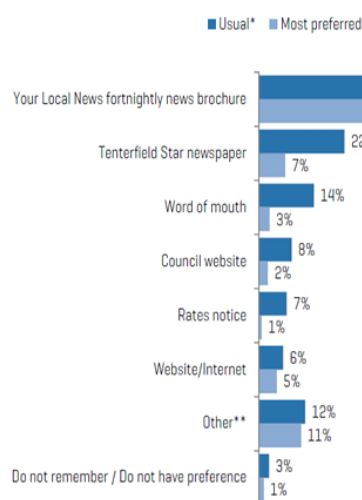
2020



Customer Satisfaction Surveys Comparison – 2020 and 2018

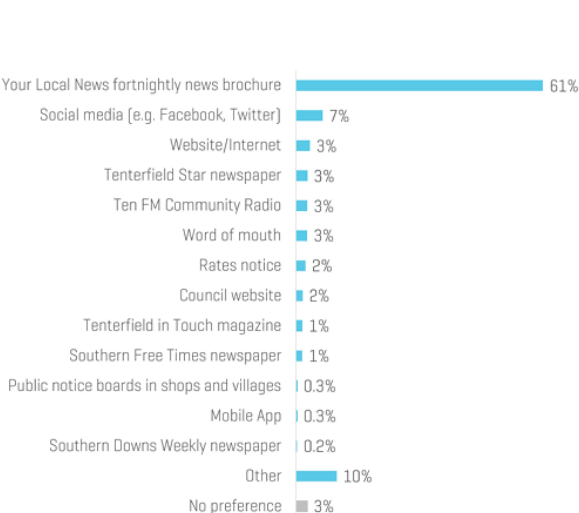
Methods of Receiving Council Information

2018



Most Preferred Method of Receiving Information

2020



The recommendation to trial a FB page for Council news/announcements for three months will require additional staff time. Depending on frequency, two to three posts per week would probably need four to five hours, if adding images/videos and links. Estimated \$7000 for three months.

After three months, the effectiveness of the FB page will be evaluated, measuring the number of engagements per post - number of interactions per post and also the number of people reached. For example, when a post is shared to a number of external, larger FB groups.

In short, we will be able to measure the number of people who have viewed the posts (reach) and then shared them (engagement).

Our Community No. 9 Cont...

Staff shortage

In recent times, management of comms has been disjointed due to staff turnover – leaving and not being replaced. The staff member currently responsible for producing Your Local News will soon take extended leave.

From July/August, these staff changes will require fill-in staff for 8 to 9 hours a fortnight to continue producing Your Local News. Over and above this, should Council agree to the FB trial, an additional 8 to 10 hours a fortnight of staff time will be needed.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Feedback from community engagement already undertaken supports TSC having a FB page – similar to other shire councils in the region.

2. Policy and Regulation

If FB adopted, TSC comms policy would need updating along with adoption of Model of Social Media Policy from NSW Office of Local Government.

3. Financial (Annual Budget & LTFP)

Costs for FB trial estimated at \$7000 for three months. Should Council decide to continue after evaluation, annual cost could be in the order of \$28,000.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

More staff time, estimated at 8 – 10 hours a fortnight would be needed to post and manage FB.

6. Legal and Risk Management

Minimal if any additional risk. Use of FB would be for news/notices only. No discussion or debate would be allowed. Following the three-month trial benefits or otherwise would be reviewed and decision made on continuing.

7. Performance Measures

Using FB would hopefully improve TSC's communications with residents and visitors – particularly for timely announcements of road closures, flood and fire warnings and similar as well as for community news including events and film screening times etc.

8. Project Management

Nil.

Daryl Buckingham
Chief Executive

Prepared by staff member: Bruce Mills

Approved/Reviewed by Manager: Daryl Buckingham, Chief Executive

Our Community No. 9 Cont...

Department:

Office of the Chief Executive

Attachments:

There are no attachments for this report.

Department:	Office of the Chief Executive
Submitted by:	Manager Arts Culture & Library Services
Reference:	ITEM COM11/22
Subject:	TENTERFIELD PUBLIC LIBRARY BRANCH SERVICES

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Community - COMM 5 - The community learns and grows together and fosters an involved community and creative environment.
CSP Strategy:	Provide a library service that informs, educates, inspires and support lifelong learning providing a culturally rich environment.
CSP Delivery Program	Provide ongoing delivery of broad range of library services that respond to community needs.

SUMMARY

The purpose of this report is to recommend the discontinuation of Saturday services of the Tenterfield Library branch and recommend and permanent closure of Tenterfield Public Library Branch services at Torrington, Drake and Urbenville. This recommendation is based on reduced resourcing capacity to manage the assets and services and diminished patronage of the Torrington and Drake branch services.

OFFICER'S RECOMMENDATION:

That Council:

- 1. Permanent Closure of Library branches – Torrington, Drake and Urbenville and continue closure of Tenterfield library on Saturdays;**
- 2. Re-call and re-distribution of all Council assets currently housed at the Branches; and the**
- 3. Cancellation of any lease agreements in relation to leased area usage for the Library branches**

BACKGROUND

Tenterfield Public Library has three branch facilities that have historically provided limited Library Services for areas outside of the Tenterfield village geographic area. These branches include Torrington, Drake and Urbenville. Each branch varies in the service model and operating days, and due to the geographic spread of the locations require individual resourcing to manage the assets and services.

Initially, all the branch facilities were suspended due to ongoing Covid-19 NSW Health restrictions and have remained closed since the lifting of restrictions due current staffing shortages to adequately manage re-establish the services.

Additionally, patronage and usage of these branch services has plateaued or significantly declined prior to Covid-19. In consideration of the staff shortages experienced at the main Library this report recommends the permanent closure of the branches and to redirect the resources from the Torrington, Drake and Urbenville branches to the Tenterfield Library.

Our Community No. 11 Cont...

Torrington Branch

The Torrington branch was established prior to Tenterfield Shire Council taking over as part of an LGA boundary adjustment (approx. 2006). Prior to this Torrington branch was part of Glen Innes Shire Council.

The Torrington branch is co-located in the Torrington Memorial Hall operating one half day per week on Fridays from 11.00 am to 2.00 pm by a permanent part-time Council staff member. This staff member has temporarily been re-allocated to support staff shortages and service continuity of the main Tenterfield Library. Onsite assets to be returned to Tenterfield Shire Council include:

Asset	Qty	Estimated Value
IT equipment	3	\$1K
Furniture	5	\$1.5k
Library Collection	1,201	\$25K

Borrower records for this service have shown decline over the three-year period prior to Covid-19 closure from 219 in 2018 to 186 in 2020.

The Torrington Memorial Hall committee has also established a secondary community book loan service which directly competes and eliminates the need for Council to provide a duplicate service in this locale.

Drake Branch

The Drake branch was established in approximately 2003 and is co-located in the Drake Resource Centre and loans/returns managed by the Resource centre staff and accessed during the operating hours of the Resource Centre, 10.00 am – 5.00 pm Monday to Friday and 10.00 am – 3.00 pm on weekends. The collection management is serviced by a permanent Council staff member from the main Tenterfield Library who also transports the collection items to/from Drake on a monthly basis. This service is currently on hold due to inadequate staffing to manage the service which includes processing the collection transfers and the round trip between Tenterfield and Drake. Onsite assets to be returned to Tenterfield Shire Council include:

Asset	Qty	Estimated Value
IT equipment	1	nil
Furniture	3	\$1k
Library Collection	1298	\$27k

Borrower records for this service have shown significant decline over the three-year period prior to Covid-19 from 316 in 2018 to 127 in 2020.

Urbenville Branch

The Urbenville branch was established in 2000 and is housed in the Urbenville Hall. The Urbenville branch is co-located in the Urbenville Hall and prior to the closure as a result of Covid-19 Health restrictions, operated one half day per week on Wednesdays from 2.00 pm am to 5.00 pm by a permanent part-time Council staff member. This staff member resigned and has not been backfilled.

Our Community No. 11 Cont...

Onsite assets to be returned to Tenterfield Shire Council include:

Asset	Qty	Estimated Value
Furniture	4	\$1.5k
Library Collection	1305	\$27.5K

Borrower usage for this service have shown minimal growth over the three-year period prior to Covid-19 from 294 in 2018 to 305 in 2020.

REPORT:

Since 2020 Tenterfield Library Branches have been operating intermittently and prior to this borrower usage had also gradually been declining. Initial closure of the Library Branches in 2020 were due to the impacts Covid-19 health requirements and subsequently due to staffing shortages to appropriately manage re-establishing the services.

The administration of the Library branch operations requires a .5 FTE time commitment from the main Library staffing in addition to a .15 FTE across two staff on-site at the branches.

Tenterfield Public Library, operating under the Library Act (1939) and associated State Library Guidelines receives recurrent funding from the State Library of NSW. Within these guidelines there are a number of essential services public libraries must offer to retain eligibility for this funding. Core services required under these guidelines include the provision of library and information services through a public library facility, Inter-library loans and a Home Library Service. The provision of Library Branches is not a core requirement.

Due to the decline in borrower usage in combination with the heavy administrative function to continue the services a permanent closure of these branches is recommended. The closure of the branch services would free up staff time to ensure service continuity for essential services required under the State Library Guidelines.

It is recommended the resource allocation of .15 FTE be redistributed to the Torrington permanent part-time Library Officer position and a lateral transfer of this position to the main Tenterfield Library for one 6 hour day allocation to support staff shortages and maintaining continued service provision.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Nil. Recommendation as part of operation cost saving strategy as part SRV consultative process.

2. Policy and Regulation

- Local Government Act 1993 and Local Government Regulations 2005
- Library Act 1939 and associated State Library Guidelines

3. Financial (Annual Budget & LTFP)

Reduced services and minimizing collection management administration would enable existing staff to focus on core service provision in line with State Library guidelines.

Our Community No. 11 Cont...

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Based on low borrower usage the closure of the branches would be minimal impact on overall performance measures but provide greater capacity to sustain primary high use services at the main Tenterfield Public Library branch.

8. Project Management

Nil.

Daryl Buckingham
Chief Executive

Prepared by staff member:	Lee Mathers
Approved/Reviewed by Manager:	Daryl Buckingham, Chief Executive
Department:	Office of the Chief Executive
Attachments:	There are no attachments for this report.

Department:	Office of the Chief Executive
Submitted by:	Manager HR Workforce Development & Safety
Reference:	ITEM COM12/22
Subject:	RISK MANAGEMENT POLICY

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Community - COMM 1 - Tenterfield Shire is a vibrant, welcoming and safe community.
CSP Strategy:	Provide effective regulatory, compliance and enforcement services that keep our community safe.
CSP Delivery Program	Provide systems and processes to ensure compliance with legislation and standards.

SUMMARY

The purpose of this report is for Council to adopt the Risk Management Policy and Risk Appetite Statement so as to ensure compliance with the requirements of the Local Government Act 1993 and expectations of the Office of Local Government (OLG).

OFFICER'S RECOMMENDATION:

That Council adopts the revised Risk Management Policy (Attachment 1) and the associated Risk Appetite Statement (Attachment 2).

BACKGROUND

The Office of Local Government NSW expects all Councils to have a documented risk management system in place to address risks involved in the day-to-day operations of Councils. Risk Management Framework reinforces the need for risk management to be an embedded part of mainstream Council activities.

REPORT:

Council is subject to increasing levels of governmental and public scrutiny, as well as responsibility and accountability for decisions made and service delivery methods. This level of scrutiny also involves increased levels of personal legal liability (professional indemnity and reputation issues). It is therefore essential for a consistent approach to the recognition and management of risk across Council to be practiced. To ensure a consistency of approach a Risk Management Policy and defined Risk Appetite are crucial components of Councils Risk Management framework and principles.

Councils Risk Management Policy aims to drive risk informed decision making, ensuring that Councils operations and activities are aligned with Council's Risk Appetite statement. This policy will clearly communicate Councils commitment to maintaining an effective and efficient risk management framework.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)
Nil.

2. Policy and Regulation

- Local Government Act 1993 No30

Our Community No. 12 Cont...

- The Workplace Health and Safety Act 2011
- The Australian standard for risk management ISO 31000:2018
- Tenterfield Shire Council Risk Management Procedure
- Risk Management Procedure
- Risk Register
- Risk Management Action Plan
- Integrated Strategic Planning Documents
- Audit and Risk Committee Charter
- Business Continuity Plan

3. Financial (Annual Budget & LTFP)

Improving risk performance encourages innovation and supports achievement of the organisations financial objectives.

4. Asset Management (AMS)

Improving risk performance encourages innovation and supports achievement of the organisations asset management objectives.

5. Workforce (WMS)

Improving risk performance encourages innovation and supports achievement of the organisations workforce management objectives

6. Legal and Risk Management

Recognising risks in provision of services, allows Council to make better decisions, maximise benefits and minimise threats.

7. Performance Measures

Nil.

8. Project Management

Nil.

Daryl Buckingham
Chief Executive

Prepared by staff member:	Wes Hoffman	
Approved/Reviewed by Manager:	Daryl Buckingham, Chief Executive	
Department:	Office of the Chief Executive	
Attachments:	1 Attachment 1 - Risk Management Policy	3 Pages
	2 Attachment 2 - Risk Appetite	1 Page

Attachment 1



RISK MANAGEMENT POLICY

Summary:

The purpose of this policy is to ensure that all stakeholders are informed of Council's position and approach with regard to the management of risk, and further aims to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes.

Policy Number	1.186
File Number	(Insert)
Document version	(Insert)
Adoption Date	(Insert)
Approved By	Council; (Insert Committee if applicable)
Endorsed By	Chief Executive
Minute Number	(Insert)
Consultation Period	(Insert dates) – 14 days unless statutory period
Review Due Date	(Insert date) – X years
Department	HR, Workforce Development & Safety
Policy Custodian	Manager HR, Workforce Development & Safety
Superseded Documents	1.186 Risk Management Policy (V2.0)
Related Legislation	ISO AS/NZS 31000:2018 – Risk Management Risk Management Plan Risk Register Risk Management Action Plan Integrated Strategic Planning Documents Audit and Risk Committee Charter Business Continuity Plan Risk Management templates and procedures
Delegations of Authority	Chief Executive, Chief/Director, Managers, Staff

1. Overview

Tenterfield Shire Council recognises that Risk Management is the systematic application of management practices for the identification, analysis, control and monitoring of certainties and uncertainties that may impact on Council's ability to achieve its objectives.

The implementation of enterprise risk management across the organisation will be in accordance with the risk management methodology established in AS/NZS ISO 31000:2018 Risk Management - Guidelines.

2. Scope

Tenterfield Shire Council will ensure an effective framework of risk management integration into Council's strategic and operational planning processes along with all systems planning, reviewing, reporting, governance, policies, value and culture and by doing so ensure that risks are identified at a corporate and operational level and that these risks are managed and reported on regularly.

Risks considered may include those impacting on Council's reputation and its operational, financial, technological, environmental, compliance, product/service quality, human resources and financial reporting performance.

Additionally, Council shall foster a culture of risk management across all its operations and responsibilities. This shall include the use of risk analysis and evaluation as part of most operational decisions.

This Policy will be supported by a complementary Risk Management Framework.

Between them, these documents will ensure that:

- Establish and maintain Risk Registers of all known risks affecting or likely to affect Council at a Corporate and Business Unit level;
- Record the output of risk assessments; and
- Annually review operational and compliance risks.
- Safe and secure systems of work are implemented and maintained.
- All incidents and hazards are reported and investigated.
- Council staff members with specific risk management responsibilities are aware of and effectively exercise those responsibilities.
- Adequate information, training and supervision are provided to all staff, contractors, committees and volunteers.

3. Accountability, Roles & Responsibility

All Council staff are responsible for managing risk associated with the activities and functions under their control. Risk management processes should be integrated with normal planning processes and management activities.

4. Definitions

ISO 31000:2018 – Risk Management – provides principles and generic guidelines on risk management.

5. Related Documents, Standards & Guidelines

ISO 31000:2018

Risk Management Protocol

6. Version Control & Change History

Version	Date	Modified by	Details
V1.1	22/08/2007	Council	Adoption of Policy
V1.2	25/11/2009	Council	Policy Revision
V1.3	27/03/2013	Council	Policy Revision
V2.0	11/08/2016	GM	Reconstruction of Policy – (Draft)
V2.0	14/09/2016	Council	Adoption of Policy

Risk Appetite Statement

Tenterfield Shire Council recognises that its strategic objectives and goals can only be achieved by effectively managing the key risks that are identified. The Council accepts that there is an element of risk in almost every activity it undertakes. Council's Risk Appetite is defined as "the amount and type of risk it is willing to pursue or retain" in the achievement of goals and objectives. The establishment of the Risk Appetite Statement is intended to guide staff in their actions and ability to accept and manage risks. Through the risk management framework and its risk appetite statement, the council will formally establish and communicate its risk appetite.

To assist in the management of risk the following criteria table has been established for the guidance of all staff involved in the achievement of corporate objectives, and the consequent management of associated risks.

Attachment 2

		Willingness to Accept Risk				
		Zero	Low	Modest	Moderate	High
		The council is <u>not willing to accept risks under any circumstances</u> that may result in reputation damage, financial loss or exposure, disruptions in service delivery or breakdown in information systems or information integrity, incidents(s) of regulatory non-compliance, risk of injury to staff and/or the public	The council is <u>not willing to accept risks in most circumstances</u> that may result in <u>minor</u> reputation damage, financial loss or exposure, <u>minor</u> disruption in service delivery or breakdown in information systems or information integrity, <u>minor</u> incidents(s) of regulatory non-compliance, risk of <u>minor</u> injury to a staff member and/or the public.	The council is <u>willing to accept some risks in certain circumstances</u> that may result in <u>significant</u> reputation damage, financial loss or exposure, <u>significant</u> disruption in service delivery or breakdown in information systems or information integrity, <u>serious</u> incidents(s) of regulatory non-compliance, risk of <u>significant</u> injury to a staff member and/or the public.	The council is <u>willing to accept risks</u> that may result in <u>major</u> reputation damage, financial loss or exposure, <u>major</u> disruption in service delivery or breakdown in information systems or information integrity, <u>significant</u> incidents(s) of regulatory non-compliance, potential litigation and risk of <u>serious</u> injury to a staff member and/or the public.	The council <u>accepts opportunities that have an inherent high risk</u> that may result in <u>extensive</u> reputation damage, financial loss or exposure, <u>extensive</u> disruption in service delivery or breakdown in information systems or information integrity, <u>significant</u> incidents(s) of regulatory non-compliance, potential litigation and risk of <u>serious trauma</u> injury to members of staff and/or the public.
Detail			Preference for options that avoid risk or have low inherent risk	Preference for safe options with low degree of residual risk and limited potential for reward	Willing to consider all options with a preference for prudent options and an acceptable level of reward	Enthusiasm for innovation leading to preference for higher rewards despite greater inherent risk
Asset				✓		
Legal			✓			
Financial				✓		
Business Systems & Processes				✓		
Reputation			✓			
People			✓			
Environmental				✓		

Department:	Engineering Department
Submitted by:	Manager Asset & Program Planning
Reference:	ITEM COM13/22
Subject:	AM White Drive reserve dedication

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Transport - TRSP 15 - We have an effective interconnected transport system that is safe, efficient and affordable for us as a community.
CSP Strategy:	We have a well-designed and functioning road network suitable for all users now and take into consideration future network consumption and demand.
CSP Delivery Program	Asset Planning, Policy and Management provide strategic direction and information to Council enabling the sustainable management of its asset portfolio as a whole.

SUMMARY

The purpose of this report is to inform Council of the result of enquiries to the status of A M White Drive and seek to continue with the dedication of the section of land as a public road reserve.

OFFICER'S RECOMMENDATION:

That Council proceed with action to formally dedicate Part of Lot 2 DP 815097 as a Public Road Reserve along A M White Drive from New England Highway to Bolivia Hall.

BACKGROUND

The length of A M White Drive between the New England Highway and the Bolivia Hall is freehold land in Part Lot 2 DP 815097 held in ownership of Transport Asset Holding Entity of NSW. This road is maintained by Council as a road asset.

REPORT:

Council noted in February a status search of A M White Drive between the New England Highway and the Bolivia Hall had been undertaken identifying that the land the road was situated upon is freehold land being Part Lot 2 DP 815097 in the ownership of Transport Asset Holding Entity of NSW.

Enquiries with TAHE have revealed that in 2008 the owner of the subject land at the time being Rail Infrastructure Corporation, had approved the dedication of the land for the purposes of a public road, and suggesting that Council might initiate actions to formally dedicate the subject road.

In May 2008, Council wrote to the Department of Lands asking if arrangements could be made to dedicate this lot to Council as a Public Road, however no further correspondence or action has been found through a search of Council's past records.

This matter would need to be recommenced and may require revised documents to be prepared for the Public Road dedication to proceed. As Council already maintains the road and it serves the purpose of access for the local community to access the hall, it is suggested that the dedication be recommenced.

Our Community No. 13 Cont...

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Nil.

2. Policy and Regulation

- Public Roads Act 1993

3. Financial (Annual Budget & LTFP)

Costs would be incurred through the Road Reserve Formalisation budget to process the legal dedication of the land as a Public Road. No physical construction would be required beyond Council's routine maintenance of A M White Drive.

4. Asset Management (AMS)

This section of AM White Drive is already included as a Class D road 498 metres in length in Council's Road Asset Management Plan.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

The land status is freehold title and should be formalized as a public road reserve for Council to continue maintenance and control of A M White Drive.

7. Performance Measures

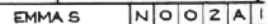
Nil.

8. Project Management

Council's Engineering staff will need to manage the formal dedication process.

Fiona Keneally
Director Infrastructure

Prepared by staff member:	David Counsell
Approved/Reviewed by Manager:	Fiona Keneally, Director Infrastructure
Department:	Engineering Department
Attachments:	1 AM White Drive Plan 1 Page



Department:	Engineering Department
Submitted by:	Manager Asset & Program Planning
Reference:	ITEM COM14/22
Subject:	McLeods Creek Road

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Transport - TRSP 15 - We have an effective interconnected transport system that is safe, efficient and affordable for us as a community.
CSP Strategy:	We have a well-designed and functioning road network suitable for all users now and take into consideration future network consumption and demand.
CSP Delivery Program	Asset Planning, Policy and Management provide strategic direction and information to Council enabling the sustainable management of its asset portfolio as a whole.

SUMMARY

The purpose of this report is to consider any further action to formalise a Road Reserve over McLeods Creek Road through the Girard State Forest and beyond.

OFFICER'S RECOMMENDATION:

That Council:

- (a) Take no further action in relation to dedication of a formal Road Reserve along McLeods Creek Road through the Girard State Forest.**
- (b) Take no further action in relation to dedication of a formal Road Reserve on any formation referred to as McLeods Creek Road beyond the Girard State Forest where Council does not maintain the road.**

BACKGROUND

Council maintains McLeods Creek Road for a distance of 6.82 km, the last section being through the Girard State Forest 2.7km long. The forest section of the road does not have a Road Reserve dedicated over the formation.

Beyond the limit of Council maintenance on the road, the continuation of the road formation deviates from a Public Road Reserve for at least a further 2.1 km and continues onwards.

Council had previously considered commencing action to formalise a Road Reserve over these two sections of McLeods Creek Road.

At the Ordinary Council Meeting on the 23 February 2022, it was resolved (RES 23/22):

Resolved that Council

- (1) Note the estimated costs in relation to the survey of McLeods Creek Road Reserve; and*

Our Community No. 14 Cont...

- (2) *Defer the matter to the next Council meeting to enable more information to be provided to allow for further consideration*

REPORT:

Council maintains McLeods Creek Road for a distance of 6.82 km, the last section being through the Girard State Forest 2.7km long. The forest section of the road does not have a Road Reserve dedicated over the formation.

Beyond the limit of Council maintenance on the road, the continuation of the road formation deviates from a Public Road Reserve for at least a further 2.1 km and continues onwards.

An estimate to undertake the survey of the road through just the Forest section and preparation of a Road Acquisition Plan has been received at \$15,000. There would also be costs involved in processing of the Application, and other legal fees, hence the total cost could be in the order of \$ 30,000. As Council has a number of other Road Reserve formalisation matters that are of priority due to capital works, it is recommended that no further action be taken in respect to McLeods Creek Road.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Nil.

2. Policy and Regulation

- Roads Act 1993

3. Financial (Annual Budget & LTFP)

The cost to formalise Road Reserves where not necessary or where Council does not maintain the road would be an unnecessary financial burden to the community.

4. Asset Management (AMS)

Council maintains McLeods Creek Road for a distance of 6.82 kilometres.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Girard State Forest is available to the general public to visit, although use of the Forest is subject to Forest Corporation advice and rules.

7. Performance Measures

Nil.

8. Project Management

Nil.

Fiona Keneally
Director Infrastructure

Our Community No. 14 Cont...

Prepared by staff member:	David Counsell
Approved/Reviewed by Manager:	Fiona Keneally, Director Infrastructure
Department:	Engineering Department
Attachments:	There are no attachments for this report.

Department:	Office of the Chief Corporate Officer
Submitted by:	Casual Administration & Customer Service Assistant
Reference:	ITEM GOV57/22
Subject:	MONTHLY OPERATIONAL REPORT JUNE 2022

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 12 - We are a well engaged community that is actively involved in decision making processes and informed about services and activities.
CSP Strategy:	Council's decision making processes are open, accountable and based on sound integrated planning.
CSP Delivery Program	Promote and support community involvement in Council decision making process.

SUMMARY

The purpose of this report is to provide a standing monthly report to the Ordinary Meeting of Council that demonstrates staff accountabilities and actions taken against Council's 2021/2022 Operational Plan.

OFFICER'S RECOMMENDATION:

That Council receives and notes the status of the Monthly Operational Report for June 2022.

Kylie Smith
Chief Corporate Officer

Prepared by staff member:	Lee Sisson	
Approved/Reviewed by Manager:	Kylie Smith, Chief Corporate Officer	
Department:	Office of the Chief Corporate Officer	
Attachments:	1 Monthly Operational Report - June 2022	150 Pages

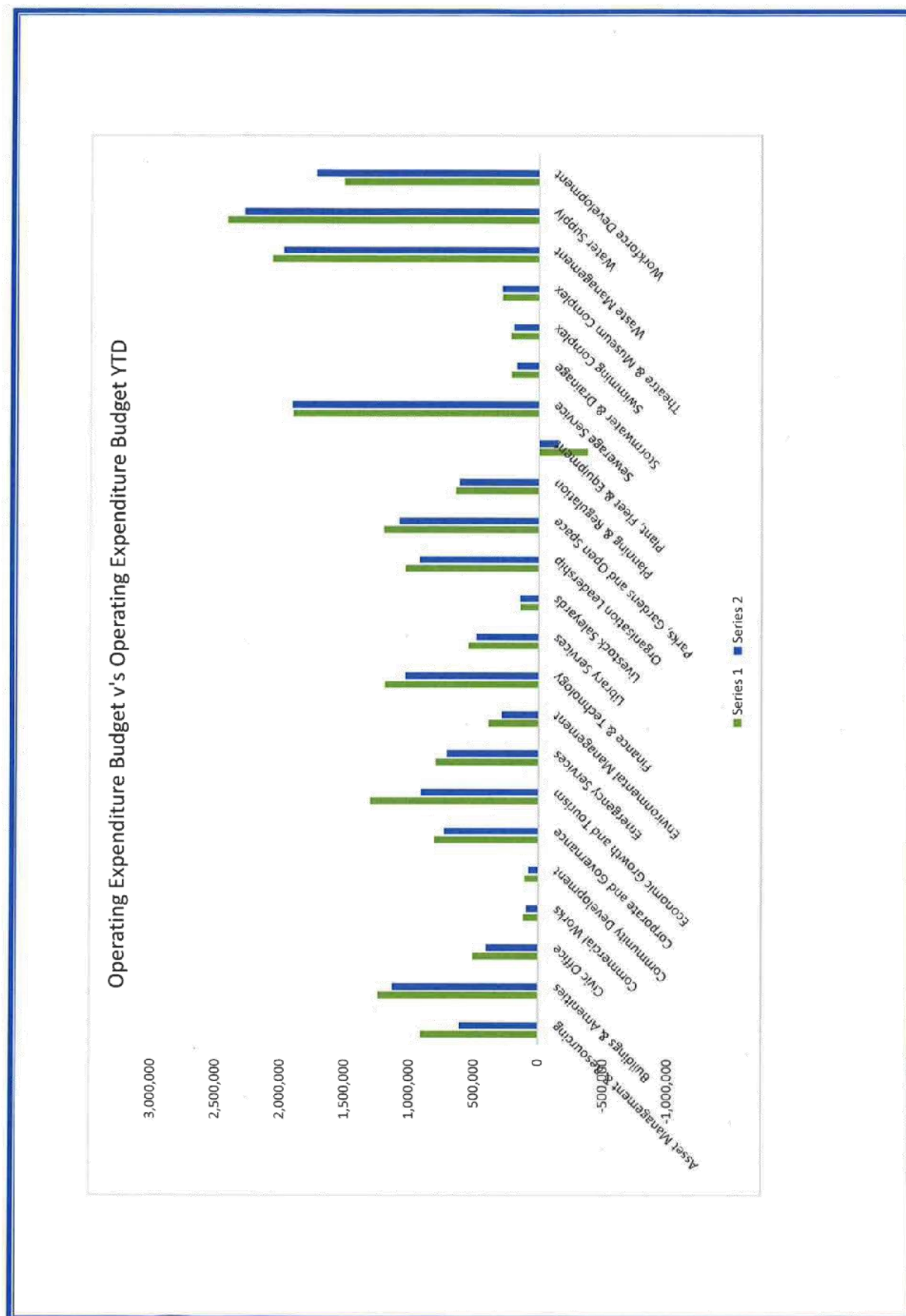
Monthly Operational Report

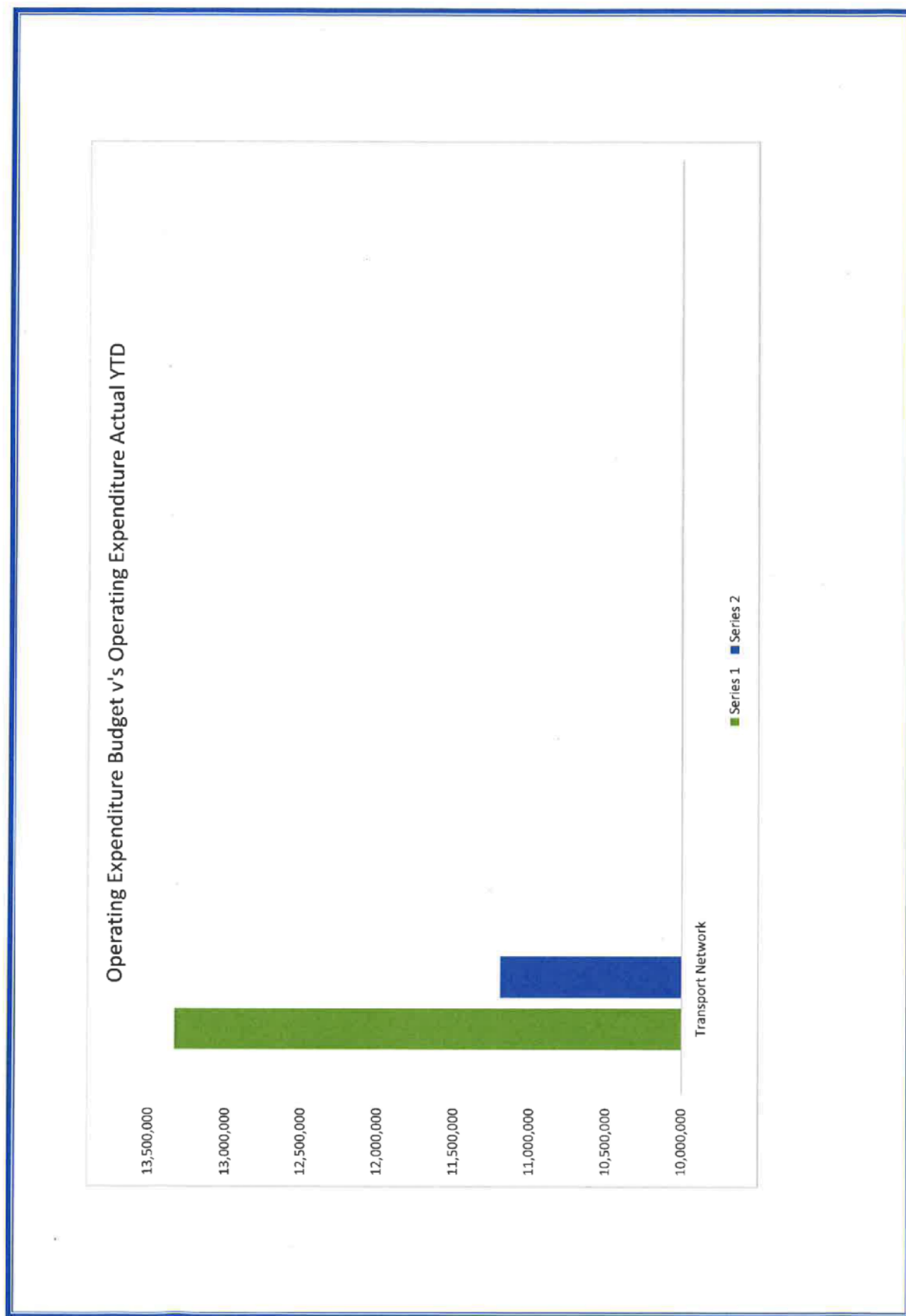
Tenterfield Shire Council JUNE 2022

Council Meeting 27 JULY 2022



TENTERFIELD





1. CIVIC OFFICE

ACTION STATUS



ACTION PERFORMANCE





Actions reported on	9
At least 80% of action target achieved	9
Between 50% and 80% of action target achieved	0
Less than 50% of action target achieved	0
Actions with no target set	0

ACTION SUMMARY


Business Unit: Civic Office

Service Profile: Civic Office

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.7.1 Advocate for health services throughout the Region and ensure future government planning aligns with community needs.	Daryl Buckingham - Chief Executive	June - 2022: We are currently in further discussions with other regional councils (NEJO member councils) to form a joint lobby group it has been agreed that the Mayors will work together for the common cause.	In Progress	01/07/21	30/06/22	80.00	100.00	
4.1.1.1 Continue to develop the professional relationship between Council's elected body and Council's operational organisation.	Daryl Buckingham - Chief Executive	June - 2022: The administration are continuing to workshop and build a consensus and accord in terms ongoing financial stability. At the time of writing the moratorium on staff appointments has now reached 22 vacant positions. The question of sustainability is now an agenda item, particularly concerning is the wellbeing of staff who are now being asked to do more with less. I am proud to report that the team has lifted and most are taking on more and more responsibility, and maintaining services. The question is how sustainable is this environment. I suspect that in the longer term we will need to drill down and look at service reductions and possible service losses. This may trigger discussions in terms of more radical solutions such as a four day week.	In Progress	01/07/21	30/06/22	80.00	100.00	

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.1.1.2 Ongoing through publication of fortnightly Your Local News, regular media releases and publications.	Daryl Buckingham - Chief Executive	June - 2022: Nothing to report other than a report recommending a trial of further social media options tabled in the June council meeting.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.1.2.1 Influence and engender support from Federal and State Governments in relation to grants funding, advocacy and ongoing maintenance and improvement to social, economic and environmental fabric of the community.	Daryl Buckingham - Chief Executive	June - 2022: This topic was the main subject matter at the Recent Australian Local Government Association conference in Canberra. It was moved that ALGA lobby the feds for an increase in the FAGs to at least 1% (its current 0.5%) Regional councils (comprising 55%) of all local government bodies in Australia) reported high incidence of operating deficits across the last five years, with depreciation greater than 24% of total revenue. Any impact to the Financial Assistance Grants that increases the rate burden is likely to worsen the mortgage stress and rental stress and the cumulative impact of freezing FA grants for three years is estimated to be 253.3 million or a 9% effective reduction in funding to local government in the next three years (source AEC). The fact is that untied grants have undergone a structural decline over the past 40 years compared to Commonwealth revenue this is because the escalation factor doesn't pick up real economic growth. Note, Council's has paid its fee's to maintain its membership of the Murray-Darling Association 2022/23.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Civic Office

Tenterfield Shire Council



Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.1.3.1 Deliver business improvements, recognising emerging risks and opportunities.	Daryl Buckingham - Chief Executive	June - 2022: At the time of writing, due to my appointment moratorium, we now have 22 vacant positions. Although sustainable in the short term, this resource reduction affects our ability to deliver services and will affect staff morale, health and ability to deliver in the Medium to long term. This challenge means there is an emerging risk that we will need to develop strategies that lets us keep the service without losing it. These strategies may include a realignment of our current staff, including a review of our deliverables and core business. We will also explore other options, such as a four-day forward-facing week for some services. The mission is to squeeze out greater efficiency while ensuring ratepayers are affected negatively as little as possible. Several factors outside of our control are driving this. As previously highlighted, the requirement for the council to generate more own-source revenue is a factor; however, the extraordinary increase in inflation, a looming recession and increasing interest rates and our ability to absorb these unforeseen increases in costs of operations are more concerning. These factors are all having a negative influence on operational expenses. This means we will need to explore outside-of-the-box solutions to ensure long-term sustainability.	In Progress	23/11/21	30/06/22	80.00	100.00	 ON TRACK
4.1.3.2 Manage the Civic Service of Council in a financially responsible manner in line with budget allocations.	Daryl Buckingham - Chief Executive	June - 2022: We are continuing to operate in a lean manner and implementing continuous improvement strategies, including taking an agile approach realigning resources and resource sharing, nothing further to report.	In Progress	23/11/21	30/06/22	80.00	100.00	 ON TRACK

Civic Office

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.1.3.3 Guide the decisions of the community to align with the Local Government Act and the Office of Local Government.	Daryl Buckingham - Chief Executive	June - 2022: My team is developing a more personable and effective community consultation strategy due to feedback from the councillors and ratepayers. Our biggest challenge is to ensure that we get facts in front of the community and annul some of the incorrect, misinformed and fake narratives that are a factor of contemporary times and hidden agendas. We also intend to try other social media channels, our mission being to use every available information distribution channels.	In Progress	30/11/21	30/06/22	80.00	100.00	 ON TRACK
4.2.1.1 Advocate for continuing development of grant opportunities at the Federal and State levels.	Daryl Buckingham - Chief Executive	June - 2022: We are working with ALGA and other councils and continuing to lobby state and federal politicians. The mission objective is to seek the de-politicisation of grants and to remove restrictions that limit the effective and efficient use of grants to ensure the best outcomes for the community. It is not generally known that local government delivers 26% of all public services with just 4.5% of the budget. There has also been an ongoing erosion of federal assistance grants from 4% of GDP to the current 0.47 %. Data shows that over the last decade, council resources and revenue has been continually declining in actual terms; however, service delivery has been flattening; what this shows is that council has been continuously delivering and maintaining services whilst getting less and less to work with. Unfortunately, this efficiency is now past sustainability, so hopefully, we as an industry will see some traction in terms of how the feds and state fund ongoing operations in a sustainable manner. The mission is ongoing	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Civic Office

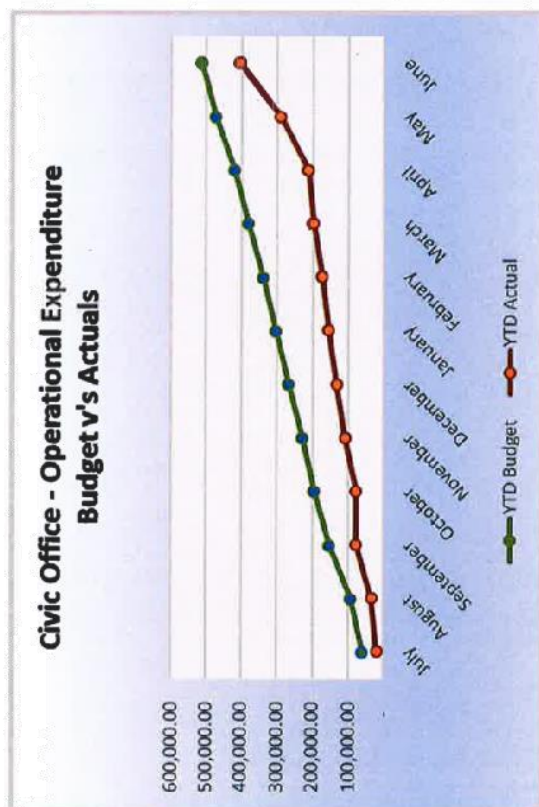
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.2.1.1 Lobby State and Federal Governments for funding to: * Reconstruct and realign Bruxner Way from the New England Highway to Sunnyside Loop Road * Complete the Tenterfield bypass. * Upgrade the western segment of the Bruxner Way to Bruxner Highway * Seal the Mount Lindesay Road * Rehabilitate and upgrade Tooloom Road from Paddy's Flat Road to Mt Lindesay Road.	Daryl Buckingham - Chief Executive	June - 2022: No change nothing further to report we are still waiting for the result of our application.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

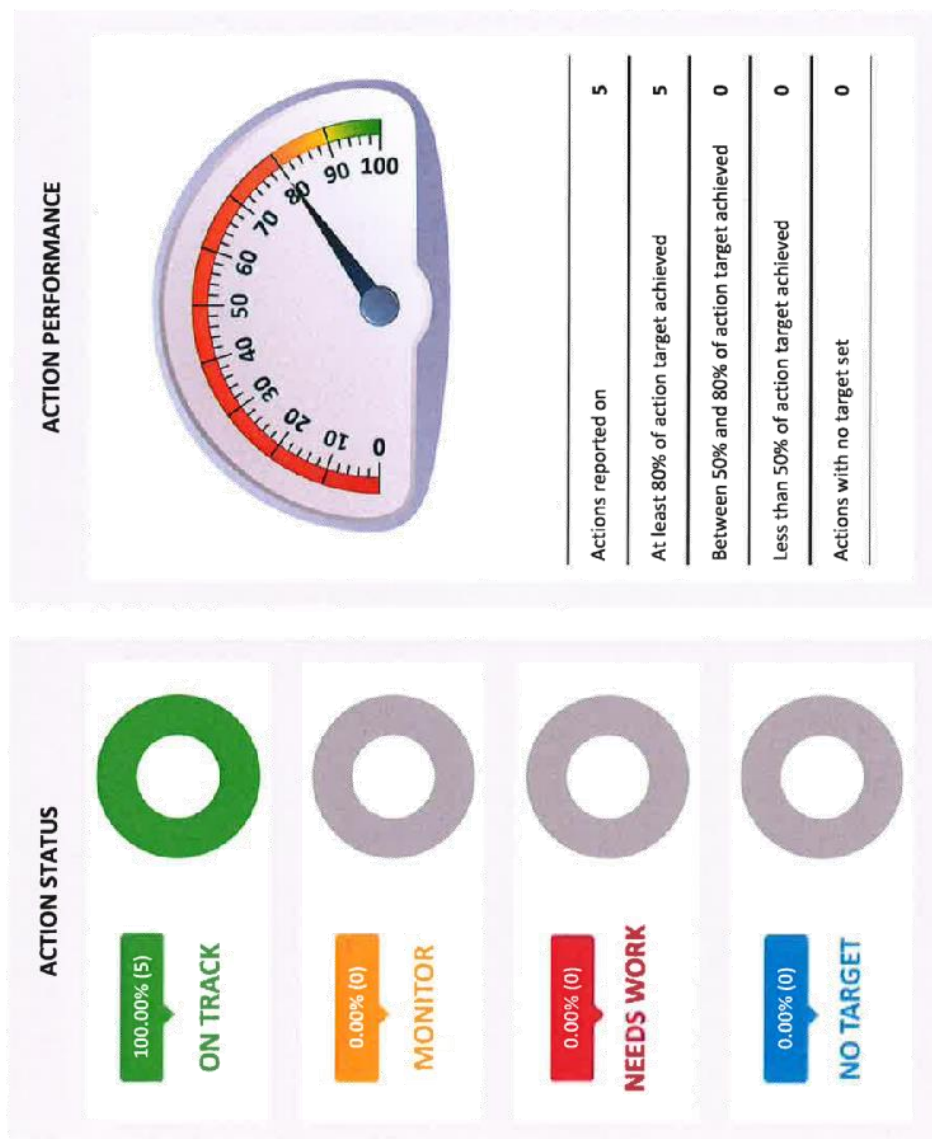
Civic Office

1. Civic Office



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Civic Office	472,555	371,557	78.63%
1. Operating Income	(39,772)	(33,581)	84.43%
2. Operating Expenditure	512,327	405,138	79.08%




2. ORGANISATION LEADERSHIP




ACTION SUMMARY

Business Unit: Organisation Leadership


Service Profile: Organisation Leadership

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.2.2.1 Advocacy on issues of strategic importance to Council including submissions to various Government processes and participation in consultative opportunities.	Daryl Buckingham - Chief Executive	June - 2022: As reported this is ongoing.	In Progress	30/11/21	30/06/22	80.00	100.00	 ON TRACK
4.3.5.1 Implement a long-term financial strategy pursuant to the community strategic planning legislation, with special emphasis of aligning the Long-Term Financial Plan with the Asset Management Plan.	Daryl Buckingham - Chief Executive	June - 2022: This is ongoing I can report that the Administration has been working on several long term sustainable financial strategies and scenarios, we will workshop these with council.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.3.6.4 Guide the transformation of the Organisation culturally and technically from database to geospatially based management systems highlighting interconnectivity	Daryl Buckingham - Chief Executive	Given the current moratorium and review of staff and positions any further enhancements are on hold. June - 2022: ongoing nothing further to report.	In Progress	24/11/21	30/06/22	80.00	100.00	 ON TRACK

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.6.5 Deliver business improvements, recognising emerging risks and opportunities.	Daryl Buckingham - Chief Executive	June -2022 As reported as an organisation we are now as lean as we can be and to the point where services are being affected. It is anticipated that we will need to look at how we deliver our legislative commitments and this will likely require us to fill strategic roles. It will also require a staff realignment that will assist our holding pattern whilst council decides its position in terms of an SRV and what services it wants to reduce or annul to meet its financial limitations.	In Progress	24/11/21	30/06/22	80.00	100.00	

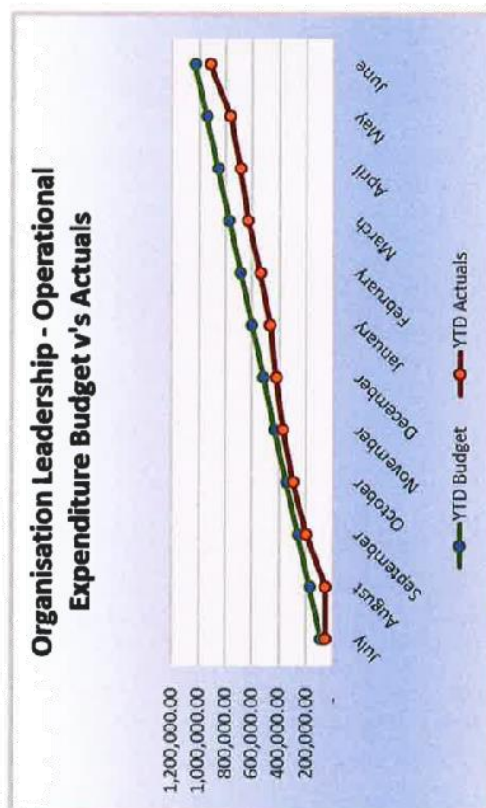
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.6 Manage the Organisational Leadership Service of Council in a financially responsible manner in line with budget allocations.	Daryl Buckingham - Chief Executive	June - 2022: At the time of writing, due to my appointment moratorium, we now have 22 vacant positions. Although sustainable in the short term, this resource reduction affects our ability to deliver services and will affect staff morale, health and ability to deliver in the medium to long term. This challenge means there is an emerging risk that we will need to develop strategies that lets us keep the service without losing it. These strategies may include a realignment of our current staff, including a review of our deliverables and core business. We will also explore other options, such as a four-day forward-facing week for some services. The mission is to squeeze out greater efficiency while ensuring ratepayers are affected negatively as little as possible. Several factors outside of our control are driving this. As previously highlighted, the requirement for the council to generate more own-source revenue is a factor; however, the extraordinary increase in inflation, a looming recession and increasing interest rates and our ability to absorb these unforeseen increases in costs of operations are more concerning. These factors are all having a negative influence on operational expenses. This means we will need to explore outside-of-the-box solutions to ensure long-term sustainability.	In Progress	25/11/21	30/06/22	80.00	100.00	 ON TRACK

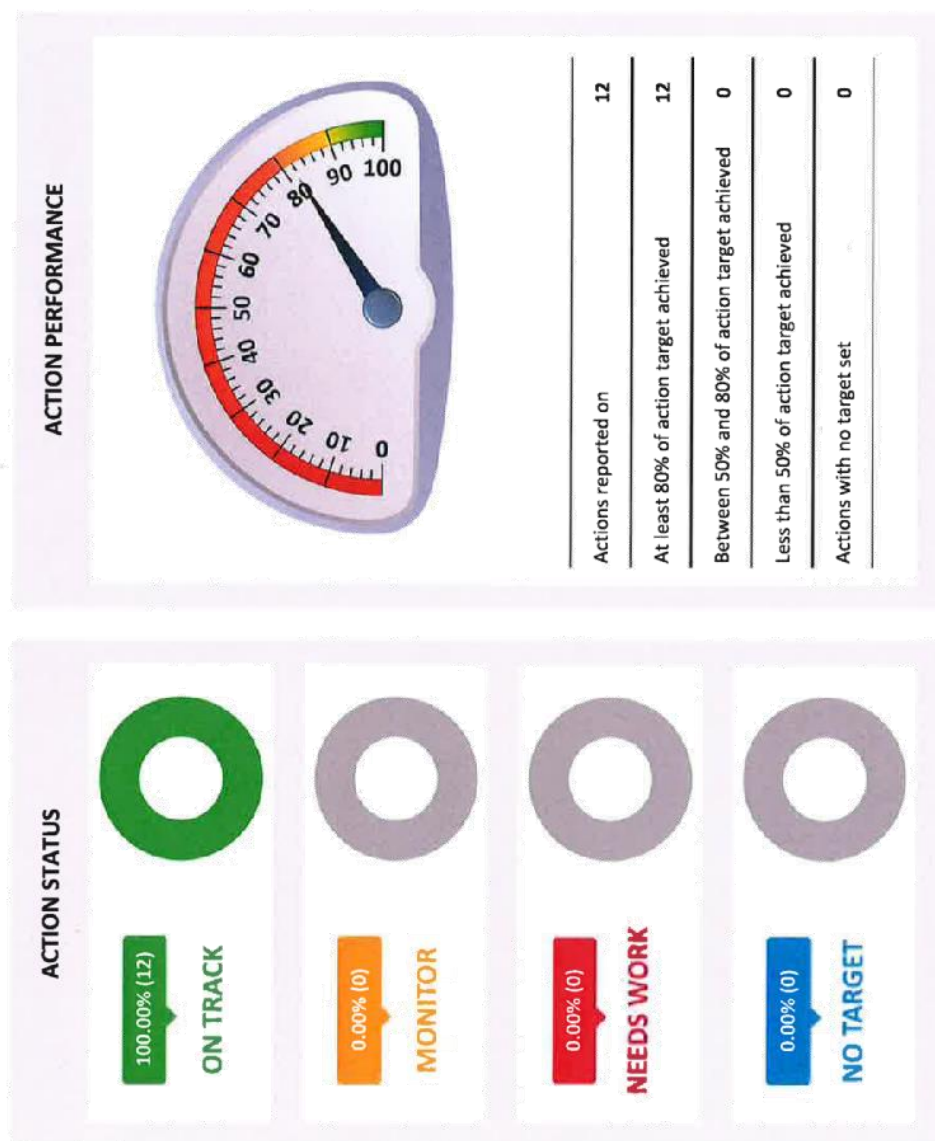
Organisation Leadership

2. Organisation Leadership



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Organisation Leadership	1,030,747	920,639	89.32%
2. Operating Expenditure	1,030,747	920,639	89.32%

3. COMMUNITY DEVELOPMENT



ACTION SUMMARY

Business Unit: Community Development

Service Profile: Community Development

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.1.1.2 Implementation of the Community Engagement Strategy.	Natalia Londono - Community Development Officer	June 2022 - Continued community engagement and development of partnerships.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
1.1.2.1 Support community safety and crime prevention partnerships.	Natalia Londono - Community Development Officer	June 2022 - Collaboration and partnership continue.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
1.1.2.2 Support community organisations, groups and events to provide a wide range of activities.	Natalia Londono - Community Development Officer	June 2022 - Support and advocacy continue with various services. We support all different Youth Organisations in town such as the Benevolent Society, TSDC. This month meetings with TenterLIFE, Park Run, Back Track, and Drake Community Hall were held to increase community participation.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
1.1.3.1 Maintain communication and relationships with various community organisations.	Natalia Londono - Community Development Officer	June 2022 - Continued advocacy. During the current period assisted to different meetings with the high school, Moombahlene, TAFE, Interagency monthly meeting, Primary School, BackTrack, The Benevolent Society, New England North West NSW Services, Saddlers Mountain Bike Club, Women's Shed Torrington and Drake, Auscycling, New England High Country, RAP group meeting, Jubillum Project, Tenterfield Play Arts Group, Make it, Let's Collaborate to Build Connected Communities: Information session, Regional NSW - Business Case and Strategy Development Fund - Meeting.	In Progress	24/11/21	30/06/22	80.00	100.00	 ON TRACK

Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.1.3.2 Manage the Community Development Service of Council in a financially responsible manner in line with budget allocations.	Natalia Londono - Community Development Officer	June 2022 - Continues. The budget has been managed accordingly.	In Progress	24/11/21	30/06/22	80.00	100.00	ON TRACK
1.1.3.3 Deliver business improvements, recognising emerging risks and opportunities.	Natalia Londono - Community Development Officer	June 2022 - Continues.	In Progress	25/11/21	30/06/22	80.00	100.00	ON TRACK
1.2.6.2 Support facilities and activities to improve the physical and mental health of the community.	Natalia Londono - Community Development Officer	June 2022 - Meeting different organisations to improve the physical and mental health of the community.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
1.3.2.1 Advocate for accessibility in partnership with community organisations.	Natalia Londono - Community Development Officer	June 2022 - Constantly sharing information in regard to workshops and community activities that give the community accessibility to services.	In Progress	01/07/21	30/06/22	80.00	0.00	ON TRACK
1.3.4.1 Support accessibility for people in our Shire	Natalia Londono - Community Development Officer	June 2022 - Continued support and accessibility for people in our shire.	In Progress	30/11/21	30/06/22	80.00	100.00	ON TRACK
1.3.5.1 Deliver the Disability Inclusion Action Plan in accordance with legislative guidelines.	Natalia Londono - Community Development Officer	June 2022 - The Disability Inclusion Action Plan has been delivered in accordance with legislative guidelines.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
2.2.2.1 Promote and support activities that highlight community wellbeing.	Natalia Londono - Community Development Officer	June 2022 - This period has been organised and attend different meetings that look for the community wellbeing.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK

COMMUNITY DEVELOPMENT

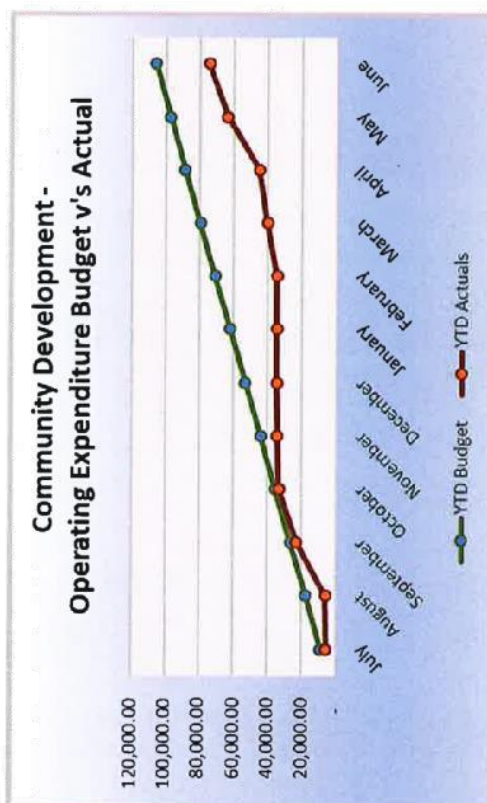
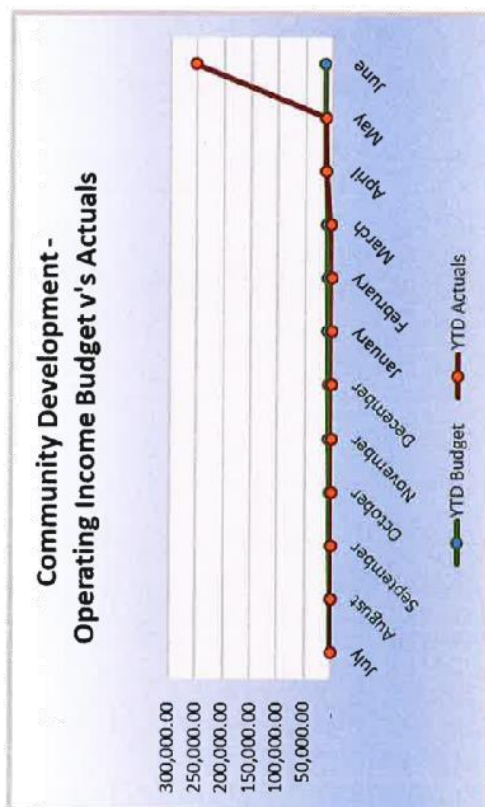
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.2.3.1 Partner with the Aboriginal Advisory Committee in the implementation of programs and activities that enhance the wellbeing of Aboriginal and Torres Strait Islander People in our Shire.	Natalia Londono - Community Development Officer	June 2022 - Continued work with the wellbeing of Aboriginal and Torres Islander people in our Shire s the Reconciliation Action Plan.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

COMMUNITY DEVELOPMENT

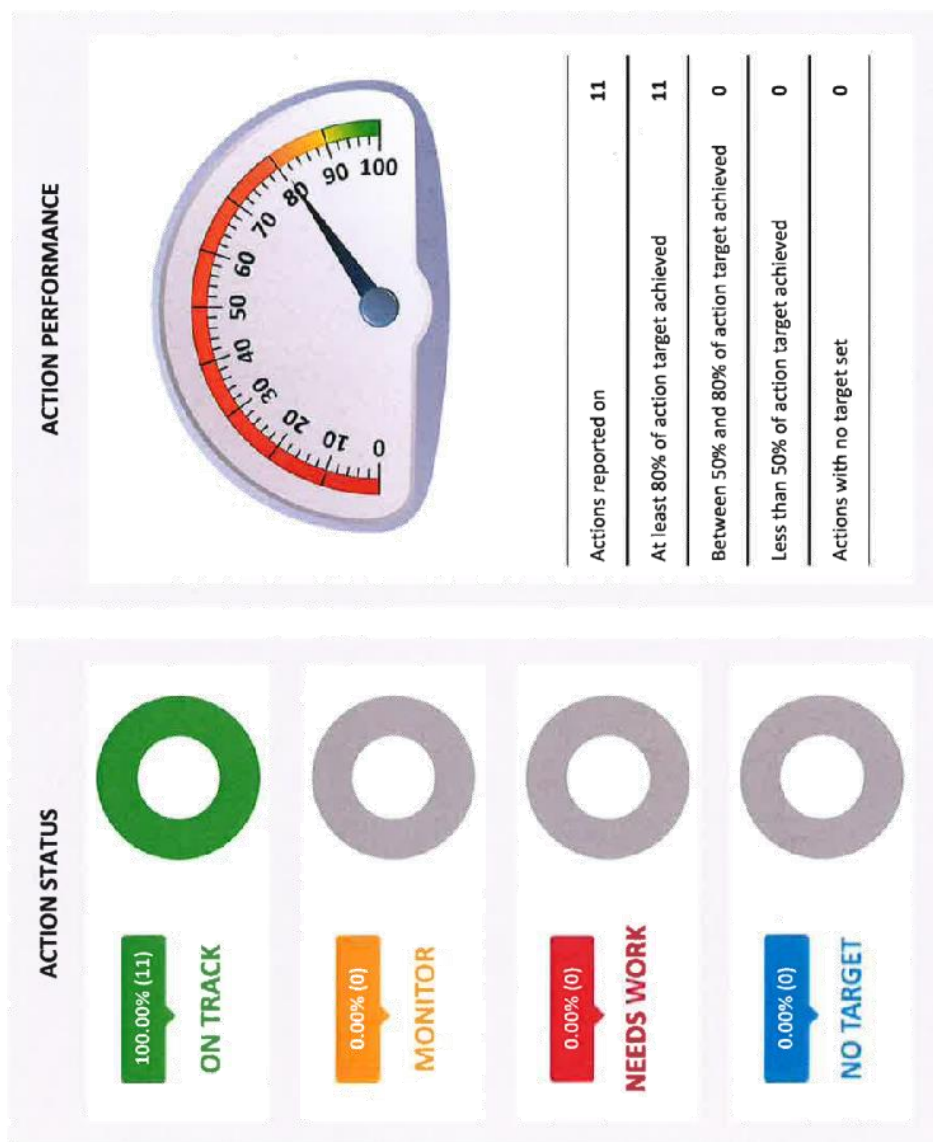
3. Community Development



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Community Development	92,257	(178,324)	-193.29%
1. Operating Income	(13,763)	(252,777)	1836.64%
2. Operating Expenditure	106,020	74,453	70.23%

Note – increased income is due to an invoice for a new grant raised at end of June 2022 - Reconnecting Regional NSW Community Events Program \$241,366 (expenditure budget will be included in September 2022 QBR)


4. ECONOMIC GROWTH & TOURISM



ACTION SUMMARY

Business Unit: Economic Growth & Tourism

Service Profile: Economic Growth & Tourism

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.4.3.1 Deliver marketing activities and events to promote Tenterfield as a place to live, work and visit.	Bruce Mills - Manager Economic Development & Special Projects	Demand for information at the Visitor Information Centre has been strong in June. Visitors to Visitor Centre: 1,202 Website Visitors Visit Tenterfield: 2022: 3,381 Facebook Reach: 228,651 Facebook Page Likes: 6,592 (+331 new) Instagram Reach: 11,971 Instagram Followers: 2,721 (+74 new) Key June activities: <ul style="list-style-type: none"> Reconnecting Regional NSW – Community Events Program: Councillor Workshop, Councillor Meeting & grant application Regional Economic Development Strategy Consultation Ongoing: business and event updates on the Visit Tenterfield website, social media posts on Instagram and Facebook. New England High Country – updating maps (motorcycling map, car touring & visitors guide map) and finalising route for NEHC1000 (1000km of bike trails throughout the New England High Country). 	In Progress	01/07/21	30/06/22	80.00	100.00	

The VIC continues to provide good service despite lack of staff resources and heavy reliance on a core group of volunteers.

Two new volunteers have been inducted, however initial enthusiasm has not resulted in two additional people on the roster.

Of note to Councilors - manager has discussed operating hours for the VIC with the CE and the full-time casual and decided the VIC should close 2pm Saturdays during winter to save operating costs. Numbers of visitors coming to the VIC after lunch on Saturdays are minimal. Also need to review opening the VIC on public holidays - when staffing costs are high and volunteers are not available.
Will review opening hours come Spring.

2.1.1.1 Implement the Economic Development Strategy, promoting growth and new development.

Bruce Mills -
Manager Economic
Development &
Special Projects

As reported last month, work has progressed on DRAFT economic development and tourism strategy. Draft has been delivered to chief executive for checks prior to presenting to Council workshop.

Manager has spoken with spoken with Mark Fritschy re Circular Economy (June 20) and what opportunities there might be for Tenterfield. Mark will be speaking with other Councils in the region - Glen Innes, Inverell and Southern Downs about what might be possible. Manager said TSC could be interested in joining neighboring councils on what might be possible, depending very much on costs.



ON TRACK

100.00

84.00


30/06/22

01/07/21

In Progress

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.1.1.2 Deliver Business improvements, recognising emerging risks and opportunities.	Bruce Mills - Manager Economic Development & Special Projects	<p>As reported last month (May) business outlook continues to be positive. Tourism numbers strong with good hotel/motel bookings.</p> <p>Three Obvious emerging risks to business include:</p> <p>Rising interest rates and the end of the halving of the Federal fuel tax on 28 September which add 22.2c/litre to petrol and diesel prices.</p> <p>With RBA lifting the official cash rate to 1.35% on 5 July, interest on the average home mortgage of \$500,000 will have increased by at least \$300/month since April.</p> <p>Add to this higher food and power prices and individuals and families simply have less to spend - including less disposable income for holidays and travel.</p> <p>Foot and Mouth Disease (FMD) outbreak in Bali. While of little to no consequence to humans, FMD is the most contagious animal disease and should it find its way to Aust would throw beef, sheep, goat industries into chaos with lock-downs, far worse than anything seen with COVID. A major outbreak would see stock destroyed and would literally shut down our beef and sheep industries. Non-essential travel to Bali/Indonesia should have been suspended immediately. Federal Govt seems asleep at the wheel. Questionable if Fed and State agencies have anywhere near the capacity to handle any outbreak.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Economic Growth & Tourism

Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.1.1.3 Manage the Economic Growth and Tourism Service of Council in a financially responsible manner in line with Budget allocations.	Bruce Mills - Manager Economic Development & Special Projects	Economic Development and Tourism is operating within budget. Savings continue to be made and some modest income is being derived from room hire at the VIC. Also, the VIC is now selling cast-off books from the TSC Library with 5000 (five thousand) books to be delivered to the VIC to be sold at \$2 each.	In Progress	24/11/21	30/06/22	80.00	100.00	 ON TRACK

Economic Growth & Tourism

Tenterfield Shire Council

Monthly Operational Report - June 2022



100.00

80.00

30/06/22

01/07/21

In Progress

Manager has discussed future of NRMA charging station at VIC.

Bruce Mills - Manager Economic Development & Special Projects

2.1.2.1 Advocate transport options for the community.

So far this year the site has average 65 charges a month with 95 charging sessions in April.

NRMA has 46 EV charging sites in NSW and Tenterfield ranks 30th in terms of average use.

The NRMA charger at the VIC is a fast charger and is able to add 100km of range in about 15mins.

Destination chargers at motels/hotels are usually Level 2 and are slower to charge – taking about an hour to add 100km range.

NRMA says it is getting close to developing its App to start charging for use – and is looking to start charging later this year – but no firm date.

Council has been approached by a company which acts as agent for State Government grants to EV charger installation.

Should Council wish to explore funding opportunities – a grant could be available for installing up to four chargers – the grant would cover approximately 75% of the cost of the units and installation.



For example, should Council wish to have four Level 1 fast chargers installed the cost to Council would be in the order of \$10K. This would be for user-pays, which would cover the cost of electricity and repay the initial outlay of \$10K.

NRMA is unable to tell if local EV owners are the main ones using the NRMA unit at the VIC – and this would only become clearer, once they fully develop their payment app and collect the data.

Economic Growth & Tourism

Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.2.1.1 Maintain partnerships with neighboring Councils and industry.	Bruce Mills - Manager Economic Development & Special Projects	Minimal interaction with bordering councils - still waiting for a call back from Glen Innes Council regarding standalone solar/power development which Glen Innes is apparently looking at and which has also been offered to Tenterfield.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
2.2.3.1 Collaborate and liaise with State, regional and local organisations and businesses on marketing projects and promotions.	Bruce Mills - Manager Economic Development & Special Projects	Economic and tourism managers and community engagement officer joined the Tue, June 14 teleconference of the Northern New England High Country FER (Functional Economic Region) Workshop with other reps from the region to discuss key issues for possible inclusion in updated development strategy. Manager noted that Tenterfield was not included in the REZ renewable energy zone, and wondered why – no comment from the other reps or the organisers. Also noted that the population decline numbers presented for the region were likely to be wrong – given what's happening locally with the housing shortage and strong demand for skilled and unskilled workers in the local aged care, health, hospitality and construction sectors. High demand for housing and rental accommodation and interest noted in Council chambers from the inquiry from coastal residents (Lismore in particular) looking to relocate. RED staff noted this. Manager noted jobs, housing, affordable/reliable power and access to reasonable health/education services were main factors new businesses and residents were after, not necessarily rail trails which seemed to be the focus of Armidale reps. Meeting noted good seasonal conditions, buoyant ag commodity prices and plenty of tourists were key drivers of local economies. Also noted that ALL governments were under	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Economic Growth & Tourism



pressure to cut waste and provide more with less. Regions (Councils), State and Federal governments were having to deal with rising inflation, wage and material costs and rising interest rates. There's simply going to be less to go round and local governments and their communities needed to recognize the need for belt-tightening.

Of note, the latest Census figures show higher population figures for the Shire - 6810 compared with 6397 (State Regional Development department) and while young people are under-represented in the Shire compared with State averages, the latest Census figure for 25-29 years is 225, compared with the department's figure of 151. The Census also shows 265 aged 0-4 years, so we do have youngsters coming through.

2.2.4.1 Development, management and delivery of Destination Marketing Plan and marketing campaigns and activities under Tenterfield Shire Council's Visit Tenterfield and the Tenterfield True tourism brand.	Bruce Mills - Manager Economic Development & Special Projects	As previously reported, the DRAFT economic and tourism strategy is completed and ready for work-shopping by Council prior to broader distribution for comments.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
2.3.1.4 Support local agricultural events and investigate an appropriate event that showcases the Tenterfield agricultural district and industries.	Bruce Mills - Manager Economic Development & Special Projects	Nothing to report.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

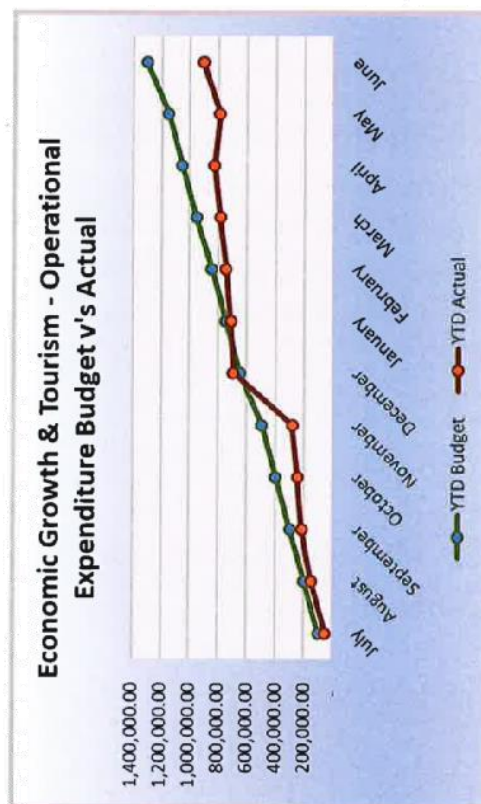
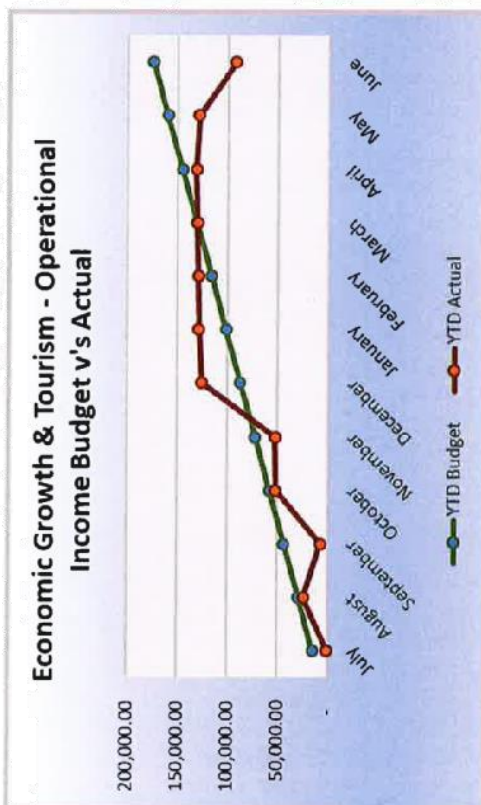
Tenterfield Shire Council

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.3.2.1 Support future proposals for improved telecommunications infrastructure.	Daryl Buckingham - Chief Executive	Nil to report in this area.	In Progress	23/11/21	30/06/22	80.00	100.00	 ON TRACK
2.3.3.1 Facilitate and support the delivery of business training, workshops and forums in conjunction with the Tenterfield Chamber of Tourism, Industry and Business.	Bruce Mills - Manager Economic Development & Special Projects	Nothing much to report here and realistically given staffing and funding unlikely to see much happening in this area in foreseeable future. That said, there is the potential for a Live, Inspire Lead conference to be held in Tenterfield as part of the package of community events in TSC's application to the State Government for Reconnecting Regional NSW Community Events Program - \$301,708 has been allocated TSC. Report on this was presented and adopted at Council's June meeting.	In Progress	01/07/21	30/06/22	84.00	100.00	 ON TRACK

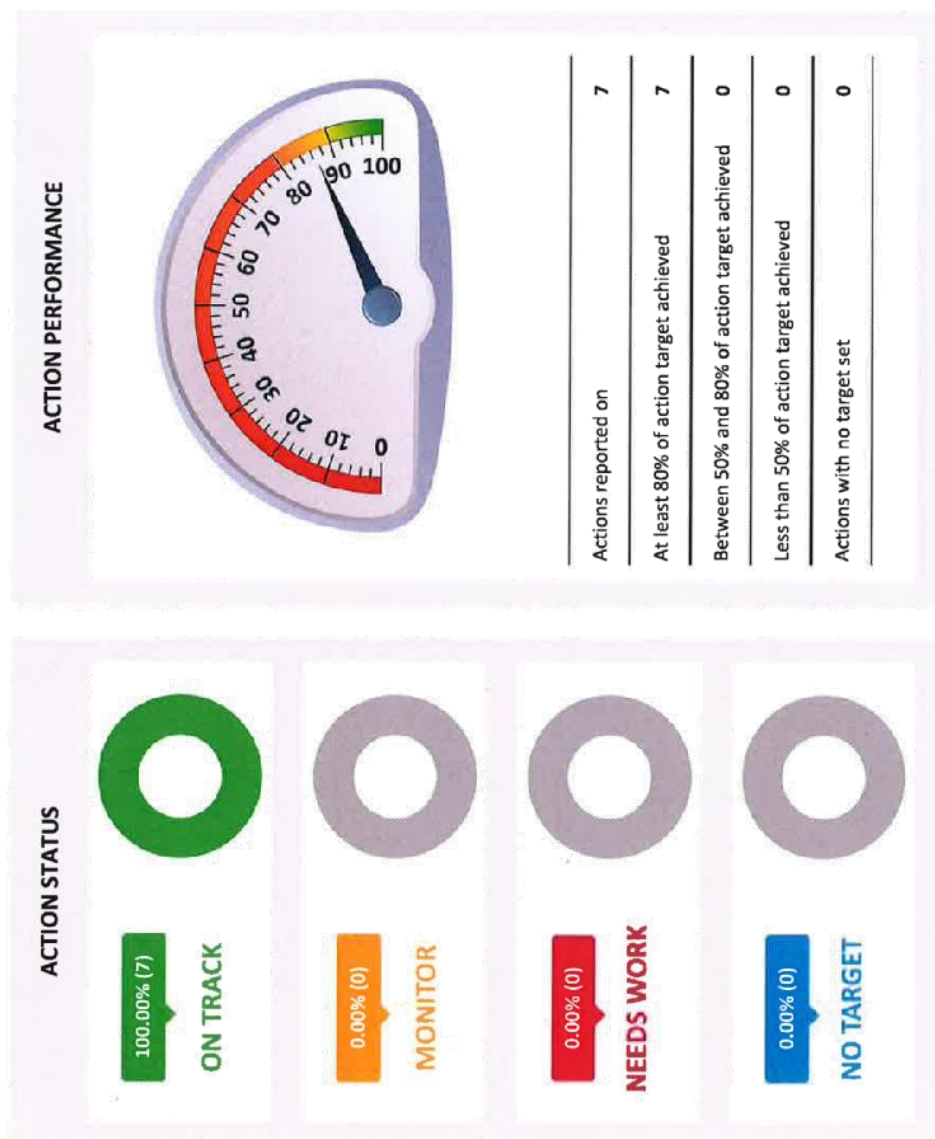
Economic Growth & Tourism

4. Economic Growth and Tourism



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Economic Growth and Tourism	1,126,999	(328,968)	-29.19%
1. Operating Income	(174,500)	(92,629)	53.08%
2. Operating Expenditure	1,301,499	908,200	69.78%
3. Capital Income	(2,070,000)	(1,245,370)	60.16%
4. Capital Expenditure	2,070,000	100,831	4.87%
4235004. PSLP - Tenterfield Youth Precinct & Mountain Bike Trailhead	1,750,000	35,407	2.02%
5400509. RTBR - Art Installations Tenterfield Creek	70,000	65,000	92.86%
5400510. LF027 Tenterfield Dam Recreational Precinct - Stage 1	250,000	424	0.17%



5. THEATRE & MUSEUM COMPLEX



ACTION SUMMARY





Business Unit: Theatre & Museum Complex

Service Profile: Theatre & Museum Complex

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.1.1.1 Development, management and delivery of a Cinema Program, theatre education and youth related programs.	Lee Mathers - Manager Arts, Culture and Library Services	The Cinema program showcased 24 screenings during the June reporting period welcoming over 800 patrons. The Top Gun Maverick blockbuster attracted 128 admissions to the first screening and over 300 admissions across all 5 screenings. The Museum also welcomed over 300 visitors during the June reporting period. The final month of the NSW Dine and Discover voucher redemptions attracted \$12k in revenue for Cinema and Theatre ticket sales for the June reporting period.	In Progress	01/07/21	30/06/22	99.00	100.00	 ON TRACK
1.2.4.1 Marketing and promotion of the Sir Henry Parkes Memorial School of Arts Complex programs and activities facilitating cultural development opportunities for individuals and groups.	Lee Mathers - Manager Arts, Culture and Library Services	All SoA programs are promoted via the SHPMSoA digital channels including website, Facebook and Councils communication channels including 'Your Local News' newsletter.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Tenterfield Shire Council


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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.5.1 Manage and operate all aspects of the Sir Henry Parkes Memorial School of Arts (Cinema, Theatre, and Museum).	Lee Mathers - Manager Arts, Culture and Library Services	The internal audit and review of SOA systems and procedures is ongoing. During the June reporting period new digital point of sales and facility management systems are being reviewed to streamline facility hire and inventory management and sales systems and procedures. Solutions and estimates are continuing for the upgrade of the emergency exit door alarm keypad at the rear of the Museum. Replacement of the emergency 'spitfire' light in the theatre above the tiered seating and library are scheduled late July.	In Progress	01/07/21	30/06/22	93.00	100.00	
1.2.5.2 Deliver business improvements, recognising emerging risks and opportunities.	Lee Mathers - Manager Arts, Culture and Library Services	Due to current austerity measures – the operational plan as noted in the April reporting period has not progressed during the June reporting period. A new digital point-of-sales system and venue hire management systems are currently being reviewed to streamline business functions.	In Progress	24/11/21	30/06/22	80.00	100.00	
1.2.5.3 Manage the Theatre and Museum Complex in a financially responsible manner in line with budget allocations.	Lee Mathers - Manager Arts, Culture and Library Services	Operations continued to be managed within the available budgets with no overspend during the June reporting period.	In Progress	24/11/21	30/06/22	80.00	100.00	
1.5.1.1 Provide volunteer training and upskilling in a safe and engaging work environment.	Lee Mathers - Manager Arts, Culture and Library Services	Hands-on support and training is provided to all Volunteers ongoing.	In Progress	01/07/21	30/06/22	94.00	100.00	

THEATRE & MUSEUM COMPLEX

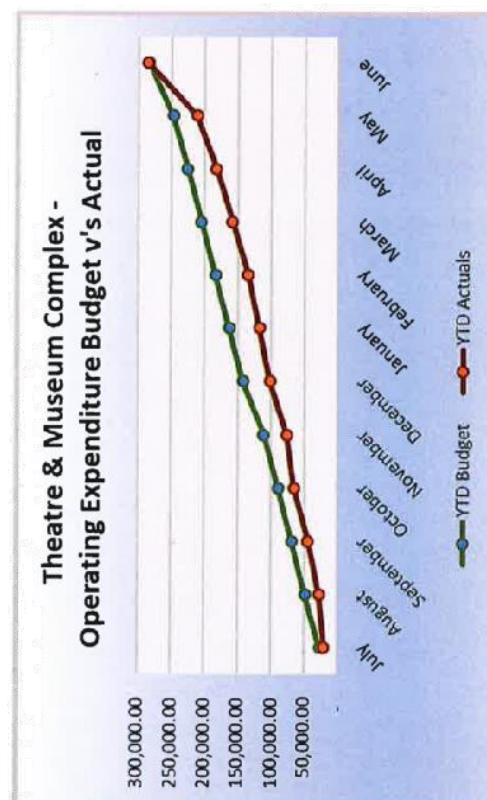
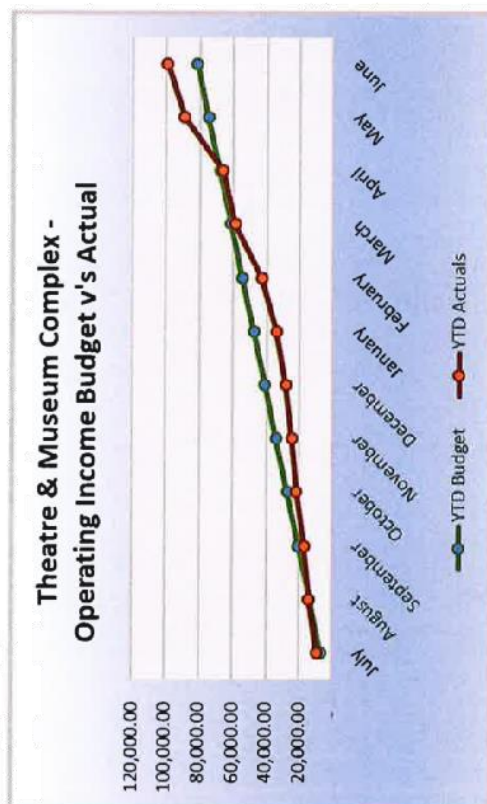
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.5.2.1 Maintain a collaborative working relationship with National Trust Australia (NSW) and Friends of the School of Arts.	Lee Mathers - Manager Arts, Culture and Library Services	Liaison with the National Trust established in relation to developing integrated digital collection management practices. SHPMSoA will investigate subscription of e-hive collection catalogue system, a light version of the National Trust catalogue system 'Vernon'. The National Trust has confirmed capability to provide digital access to transfer the SHPMSoA collection database when the e-hive system is in place. The Friends of the School of Art hold monthly board meetings on-site at the School of Arts. No other Friends events, activities reported during the June reporting period.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

THEATRE & MUSEUM COMPLEX

5. Theatre and Museum Complex



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Theatre & Museum Complex	206,362	189,002	91.59%
1. Operating Income	(81,679)	(99,410)	121.71%
2. Operating Expenditure	283,235	284,511	100.45%
4. Capital Expenditure	4,806	3,901	81.16%
5005512. Memorial School of Arts Air-Conditioning Project	3,306	3,560	107.68%
5005513. School of Arts - Computer Equipment	1,500	341	22.73%

6. LIBRARY SERVICES

ACTION STATUS



ACTION PERFORMANCE



Actions reported on	5
At least 80% of action target achieved	5
Between 50% and 80% of action target achieved	0
Less than 50% of action target achieved	0
Actions with no target set	0

Tenterfield Shire Council

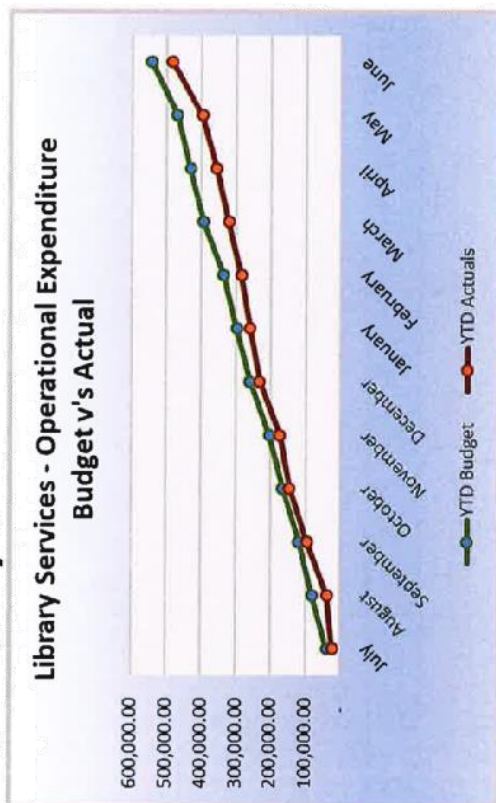
Monthly Operational Report - June 2022

Service Profile: Library Services

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.5.3.1 Provide a relevant range of facilities and activities to support the physical and mental health of the community.	Lee Mathers - Manager Arts, Culture and Library Services	Weekly story time continued in the library for parents and children during the June reporting period and the home library service to local nursing facilities and community. A grant to deliver a Tech Savvy Seniors workshop program over a 12 month period has been submitted to the State Library. If funding successful the programs are scheduled to commence in September 2022.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
1.5.3.2 Deliver business improvements, recognising emerging risks and opportunities	Lee Mathers - Manager Arts, Culture and Library Services	As previously reported Library collection management is ongoing to delete 5,000 old items – during the June reporting period 1,200 collection items were reviewed and deleted. Sourcing of estimates has commenced for the Library refurbishment grant funded project from two Local Government registered suppliers.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
1.5.3.3 Manage the Library Service of Council in a financially responsible manner in line with budget allocations.	Lee Mathers - Manager Arts, Culture and Library Services	Operations continue to be managed in-line with budget allocations. No overspend of operational budgets occurred during the June reporting period.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
2.1.4.1 Provide spaces and opportunities for individuals and small community groups to meet and access technology and resources.	Lee Mathers - Manager Arts, Culture and Library Services	The Library continues to provide adequate space and resources for groups and community to access technology and resources. The Library welcomed 1,220 visitors during the June reporting period.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
2.1.4.2 Manage all corporate art, artefacts, honour boards and memorabilia (including audit and security).	Lee Mathers - Manager Arts, Culture and Library Services	The Museum Advisor has commenced an audit of the SHPMSoA Museum including collection records, collection items, exhibition, facilities and operations as part of the review process. The completion of the Audit report is being scoped for submission September 2022.	In Progress	01/07/21	30/06/22	86.00	100.00	ON TRACK

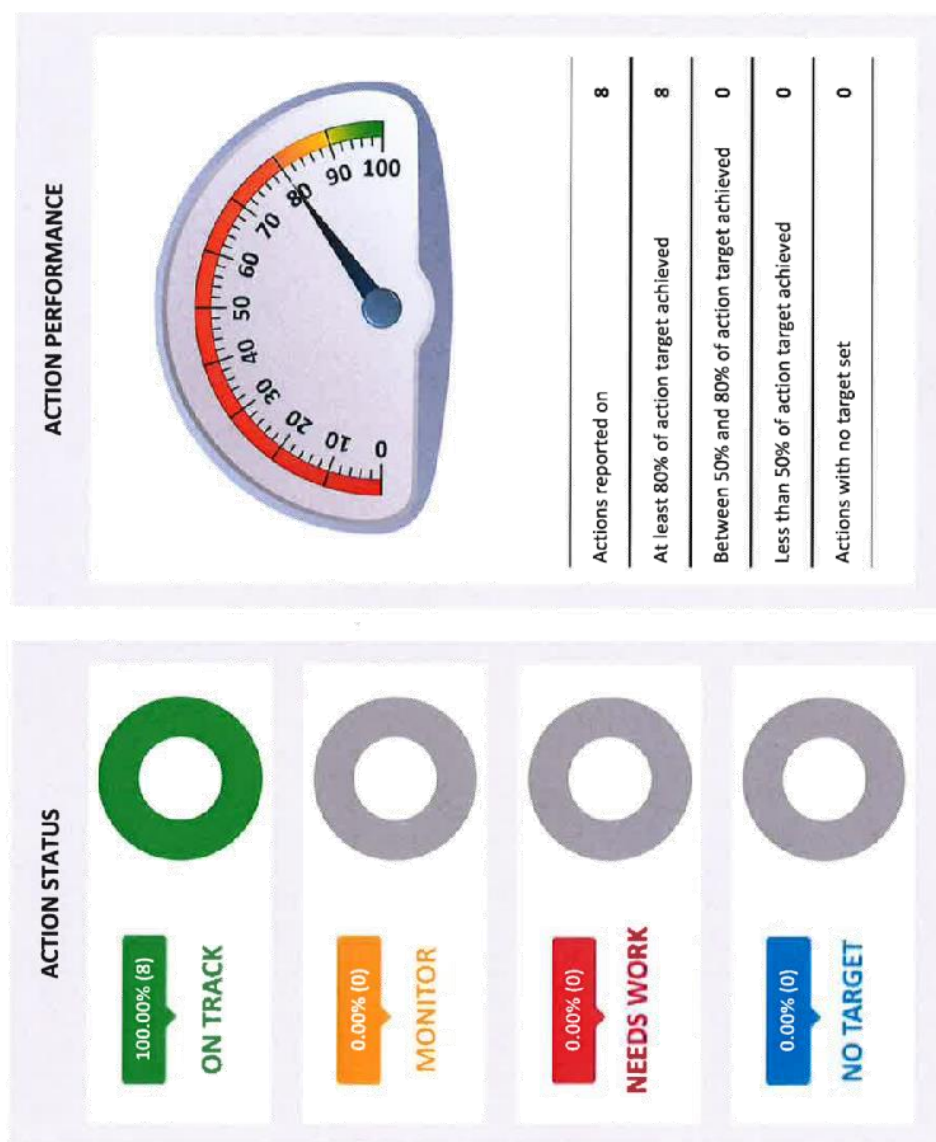
LIBRARY SERVICES

6. Library Services



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Library Services	510,755	212,833	41.67%
1. Operating Income	(68,692)	(68,379)	99.54%
2. Operating Expenditure	543,676	484,832	89.18%
3. Capital Income	(216,215)	(216,215)	100.00%
4. Capital Expenditure	251,986	12,594	5.00%
5000515. Local Priority Grant 2019/20	16,442	12,594	76.60%
5000520. Local Priority Grant 2020/21	19,329	0	0.00%
5000522. Local Priority Grant 2021/22	19,329	0	0.00%
5000523. Public Library Infrastructure Grant - Refurbishment of the Tenterfield Library	196,886	0	0.00%

7. WORKFORCE DEVELOPMENT



ACTION SUMMARY



Business Unit: Workforce Development

Service Profile: Workforce Development

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.2.1 Facilitate worker health and wellbeing consultation communication, and participation processes.	Wes Hoffman - Manager HR & Workforce Development	Consultation communication, and participation processes in line with legislative requirements. Financial, operational and wellbeing concerns continue to be discussed with staff following the current workplace environment of restricted resourcing and the effects on staff moral, output, health and wellbeing and service level expectations. Capital Health Care attended Council in June, providing full health awareness checks for staff. A total of 42 staff attended. Skin Checks have been organised for staff through HCA Healthcare Australia who are in partnership with StateCover Wellbeing, and are being delivered to staff in August. Flu vaccinations were organised and provided to staff in June.	In Progress	01/07/21	30/06/22	80.00	100.00	
4.3.2.2 Develop, implement, monitor and review systems, processes and practices required for continual improvement, regulatory compliance and employee satisfaction.	Wes Hoffman - Manager HR & Workforce Development	Statutory requirements are being met. Manager HR, Workforce Development & Safety is working with the Community Development Advisor on the Reconciliation Action Plan. Consultative Committee Meeting attended. Workforce Annual Performance Appraisal process has begun for roll out in July.	In Progress	01/07/21	30/06/22	80.00	100.00	

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.3.1 Develop, manage and deliver the skills targeted training plan and opportunities for staff to excel.	Wes Hoffman - Manager HR & Workforce Development	Regulatory training has remained a focus. Skill enhancement and career development training is still being curtailed due to the current financial environment. If left unchecked this will have a negative impact on succession planning, staff development and employee moral. Elevated Work Platform under 11 meters (Yellow Card) has been organised for execution in July. Training is being organised through TAFE NSW following available funding for targeted regulatory training. Some of these courses are ChemCert, Working at Heights, Basic Chainsaw (Fell Trees). Delivery of training is yet to be advised. Small leadership training program has been initiated for selected staff within the Arts, Culture & Library Services section.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.3.3.2 Develop, manage and deliver the Workforce Management Strategy.	Wes Hoffman - Manager HR & Workforce Development	June - moratorium still on all vacancies. An Expressions of Interest for Casual or Temporary Work roles to assist in the areas of Library Services, Digital Marketing and Communications, Customer Service & Administration, Venue & Events Staff, Varied Plant Operators and Technical Officers (Assets), was advertised in June and is within the final recruitment process. This process was required to bolster backfill, leave and sick leave service requirements as reflected in the current staffing level of 101. Current FTE 112, However current staffing headcount is only 101.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Workforce Development

Tenterfield Shire Council



Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.3.3 Deliver business improvements, recognising emerging risks and opportunities.	Wes Hoffman - Manager HR & Workforce Development	Current workforce management strategies are being reassessed and aligned with the current financial environment and expectations of Council. Recruitment requirements, positional vacancies, positional redeployment, higher duties, casual conversion and budgetary initiatives are all being reviewed or modified in line with the current requirements of the organisation. Ongoing until until Council meeting outcomes. Financial risks applicable with increases in workers compensation and insurance declaration costs, Training costs increases and budgetary constraints has impacted Councils delivery of learning and development. Staff health and wellbeing is being negatively impacted by reduced resourcing, current environment and organisational constraints. Council is now seeing the effects of the current restraints, workloads and pressures through and increase in longer work hours, absenteeism, heightened employee emotions and resignations. A review of all Annual Leave, Long Service Leave and Toil is being conducted in line with Local Government (State) Award requirements.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.3.3.4 Manage the Workforce Development service of Council in a financially responsible manner in line with budget allocations.	Wes Hoffman - Manager HR & Workforce Development	Effectively maintaining the current projected expenditure although current financial constraints are impacting critical operational functions. A complete financial review and update on the staffing remuneration data has been conducted.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Workforce Development

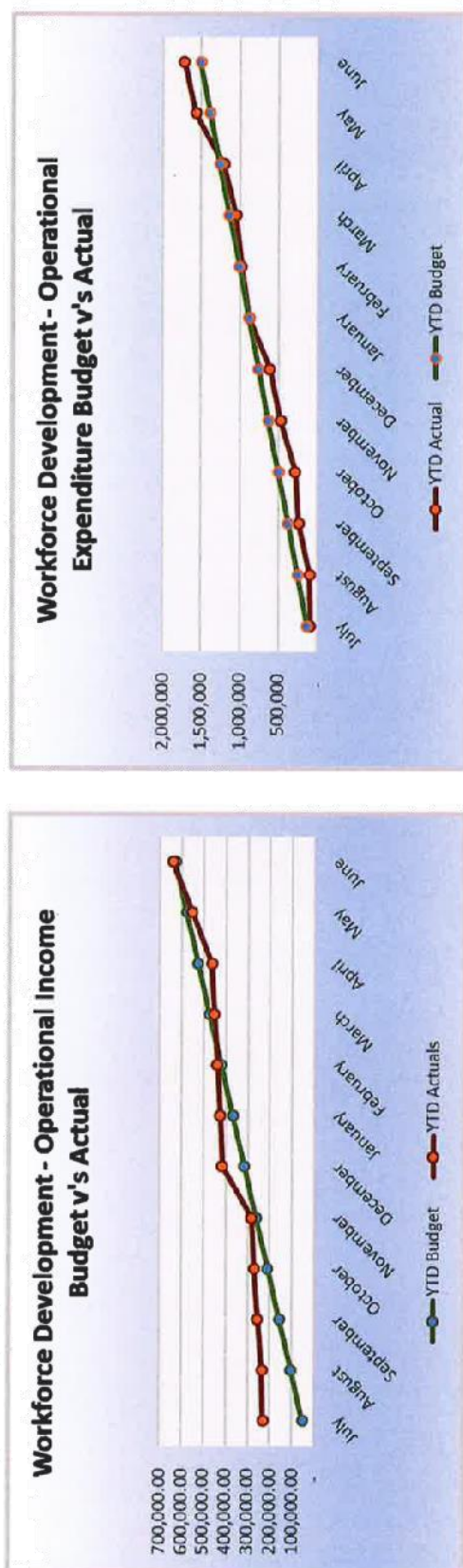
Tenterfield Shire Council

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.3.5 Develop, manage and deliver Employer of Choice recruitment and retention services.	Wes Hoffman - Manager HR & Workforce Development	In the current environment, employee retention, higher duties, secondment and possible job redeployment continue to be high focus. A spike in staff resignations has been seen this month which in most instances can be attributed to the current organisational environment. Continued pressure will likely exacerbate this.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.3.3.6 Manage and deliver Work Health and Safety and Risk Management Services.	Wes Hoffman - Manager HR & Workforce Development	Public liability claims being dealt with in line with councils obligations, insurer requirements and civil liability Act. Council has finalised the draft Risk Management Policy. Statewide Mutual's Risk Manager attended Council to assist with risk exposure controls for the organisation. Council's Manager HR, Workforce Development & Safety and WHS & Risk Management Coordinator attended the Northern Risk Management meeting held in Bingara.	In Progress	25/11/21	30/06/22	80.00	100.00	 ON TRACK

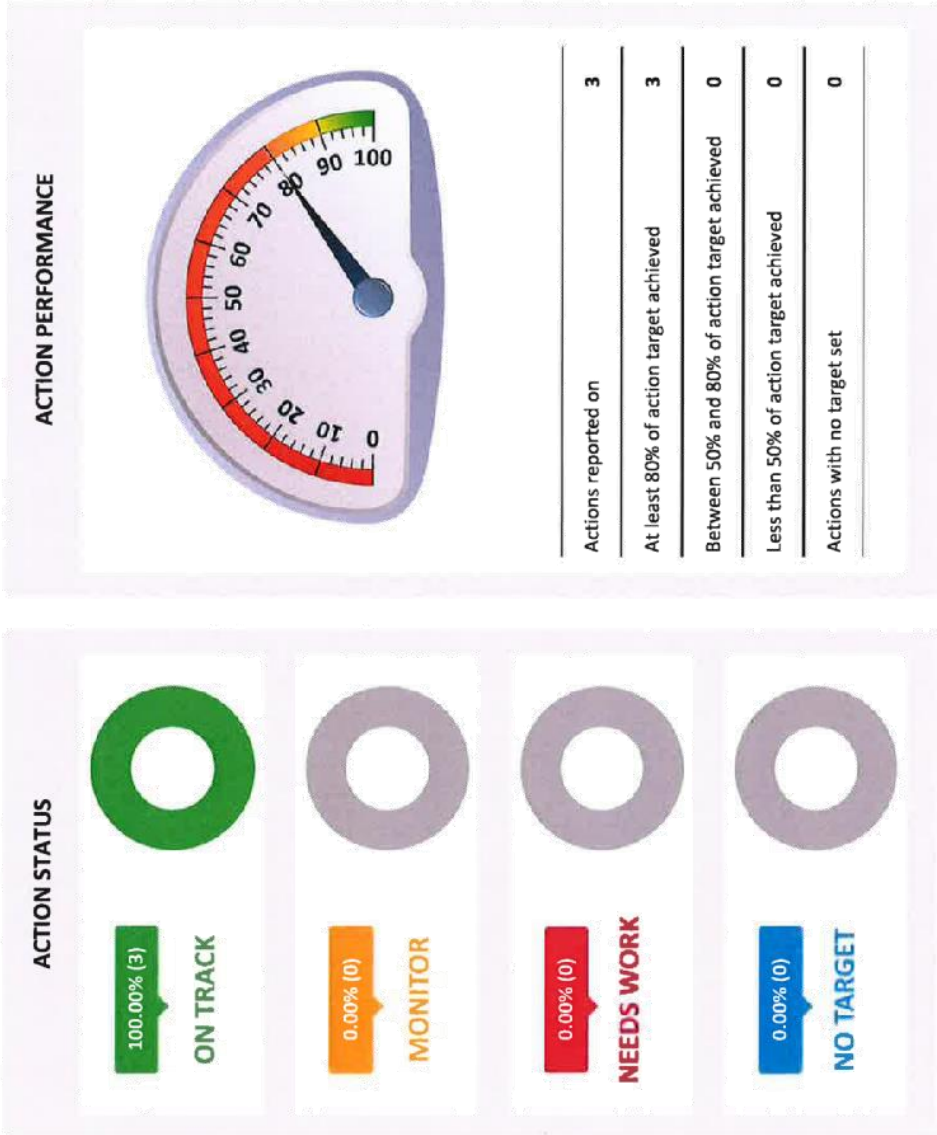
Workforce Development

7. Workforce Development



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Workforce Development	880,718	1,085,868	123.29%
1. Operating Income	(630,147)	(642,404)	101.95%
2. Operating Expenditure	1,510,865	1,728,272	114.39%




8. EMERGENCY SERVICES



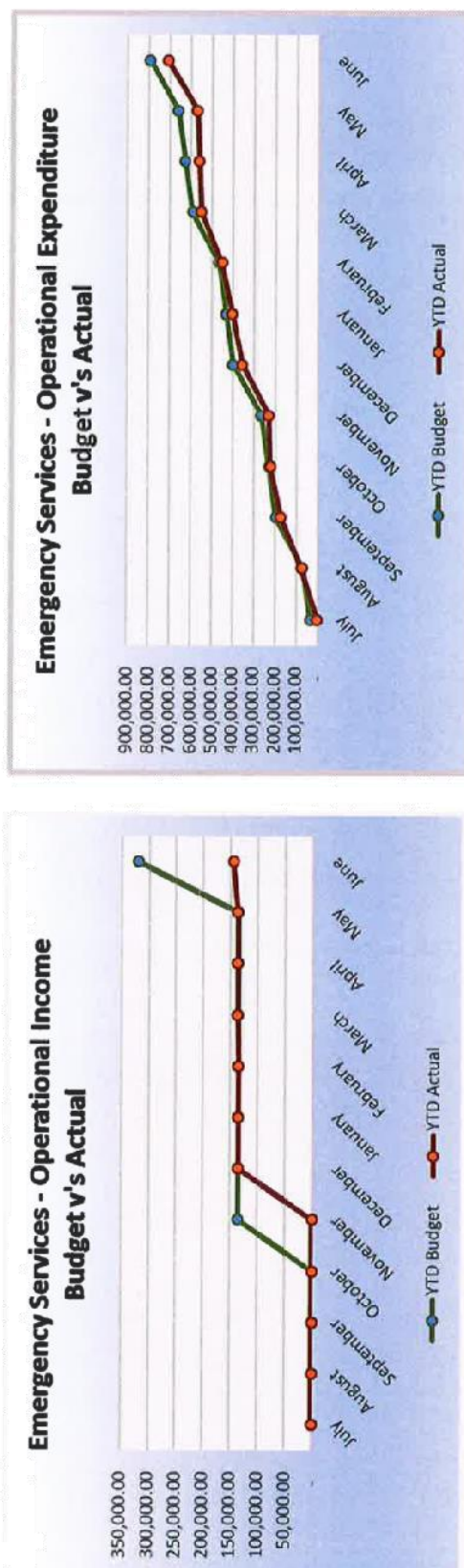
ACTION SUMMARY

Business Unit: Emergency Services

Service Profile: Emergency Services

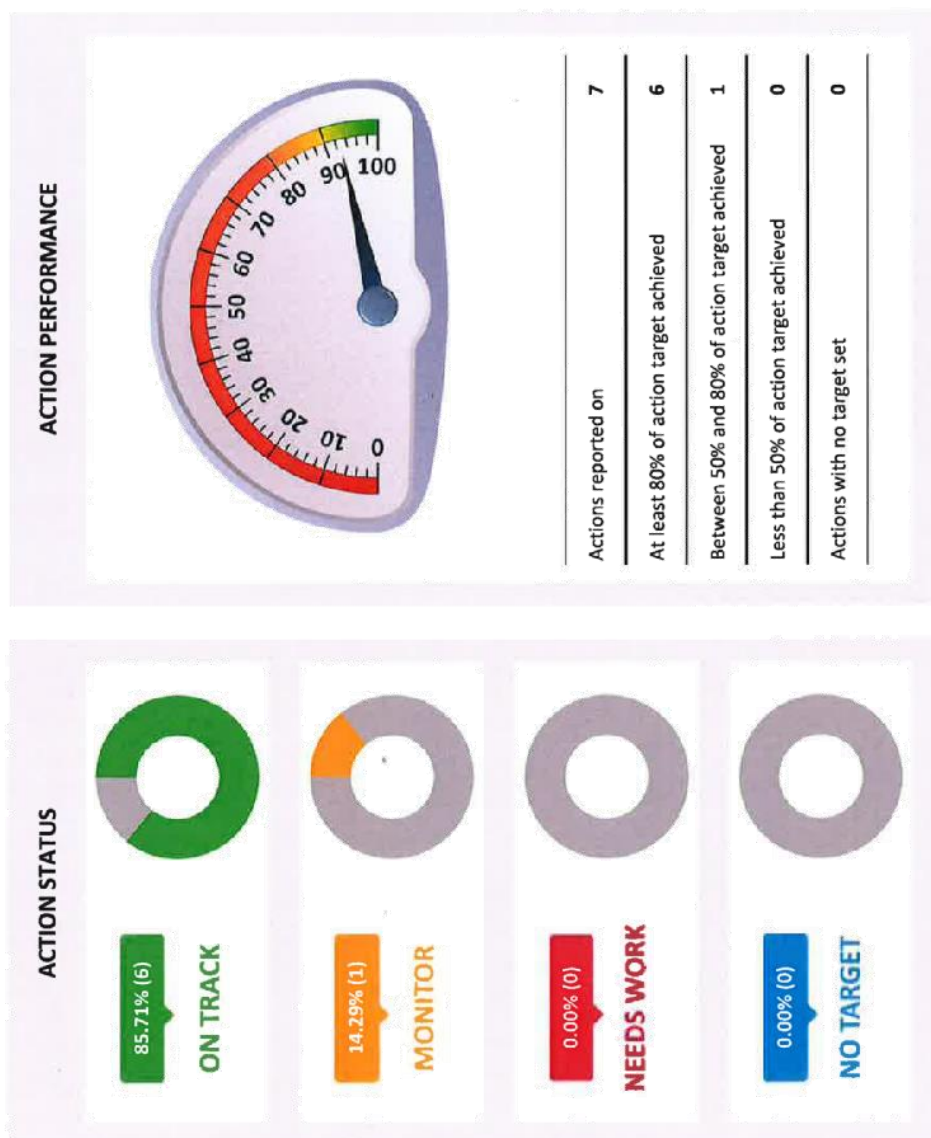
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.2.4.1 Develop, manage and deliver Emergency Management functions and facilities.	Wes Hoffman - Manager HR & Workforce Development	LEMC meetings functioning effectively. Regional Emergency Management Committee (REMC) meeting attended in Tamworth. Helpad update. As a result of continued consultation with AVIPRO an ex gratia meeting has been arranged in July onsite with the senior infrastructure consultant as to suitability of the RFS site at Tenterfield. A report nominating the costs will be prepared from this inspection.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
3.2.4.2 Deliver business improvements, recognising emerging risks and opportunities.	Wes Hoffman - Manager HR & Workforce Development	A disaster risk reduction grant application has been submitted for Village Emergency Management Plans (EMPLAN).	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
3.2.4.3 Manage the Emergency Service of Council in a financially responsible manner in line with budget allocations.	Wes Hoffman - Manager HR & Workforce Development	Working with RFS & SES with service level briefings. Operating within budget	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

8. Emergency Services



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Emergency Services	475,289	565,691	119.02%
1. Operating Income	(319,479)	(145,371)	45.50%
2. Operating Expenditure	794,768	711,062	89.47%




9. FINANCE & TECHNOLOGY



ACTION SUMMARY




Business Unit: Finance & Technology

Service Profile: Finance & Technology

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.4.1 Deliver business improvements, recognising emerging risks and opportunities.	Roy Jones - Manager Finance and Technology	A number of improvements particularly around IT Systems have been identified and will be implemented going forward. Staff training has been held in Council's mapping software. Work is ongoing to identify opportunities for further IT efficiencies and budget savings as of June 2022. Council continuously updates and monitor any external risk and vulnerability by updating risks identified by Cyber Security NSW.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK
4.3.4.2 Manage the Finance and Technology Service of Council in a financially responsible manner in line with Budget allocations.	Roy Jones - Manager Finance and Technology	The Finance and Technology Service is managed within budget as of June 2022. The internal overheads between the General fund and the Waste, Water and Sewer Funds have been completed and in line with our Long Term Financial Model as at June 2022. This will be updated each month from now.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK
4.3.4.3 Manage investments in the long term interest of the community and within regulatory requirements - Plan develop and manage Council's investment portfolio.	Roy Jones - Manager Finance and Technology	Investments are managed within Council's Investment Policy guidelines. Current investments are reported to Council every month as part of the Finance & Accounts report, with the latest update being provided for June 2022. A review of the Investment Policy will be presented to Council in August-September for adoption. Detailed information regarding external restrictions forming part of Council Cash and Investments have now been completed and incorporated in the monthly Finance and Account Report.	Completed	25/11/21	30/06/22	100.00	100.00	 ON TRACK

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.6.1 Develop, manage and deliver processes and systems to meet recommendations of external and internal reviews, investigations or findings.	Roy Jones - Manager Finance and Technology	Processes and systems are being developed, managed and delivered in line with external reviews, investigations and findings as of June 2022.	In Progress	01/07/21	30/06/22	90.00	100.00	 ON TRACK
4.3.6.2 Develop, manage and deliver Council's Technology Strategic Plan.	Roy Jones - Manager Finance and Technology	Work is continuing on the development of the IT Strategic Plan and additional policies are in the process of being developed to comply with relevant legislative requirements. There have been a number of enhancements to Councils systems including Payroll, Bank Rec, Records, Risk and Credit Card Management systems with others on the horizon including Asset Management and Development Applications. The new Asset Management System Implementation Group has commenced with initial trial data uploaded into AssetFinda in January 2021. As at June, stakeholder meeting has been conducted with the supplier and emphasised the importance of timely service delivery. Data of stormwater, building, bridges and kerb has been exported into the system with financial details and remaining asset classes a work in progress.	In Progress	01/07/21	30/06/22	70.00	100.00	 MONITOR
4.3.7.1 Manage and deliver Council's Long-Term Financial Plan in line with statutory requirements.	Roy Jones - Manager Finance and Technology	Statutory requirements were met for the June 2022 period. The Long Term Financial Plan has been updated for the new term of Council and presented as part of the Integrated Planning and Reporting documents. The Long Term financial Plan is subject to change depending on the outcome of Council's view on Special Rate Variation and acceptance by IPART.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK

Finance & Technology

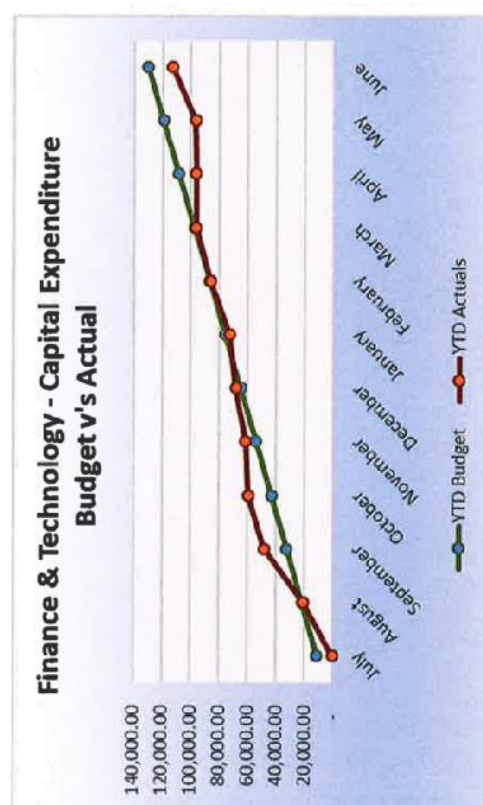
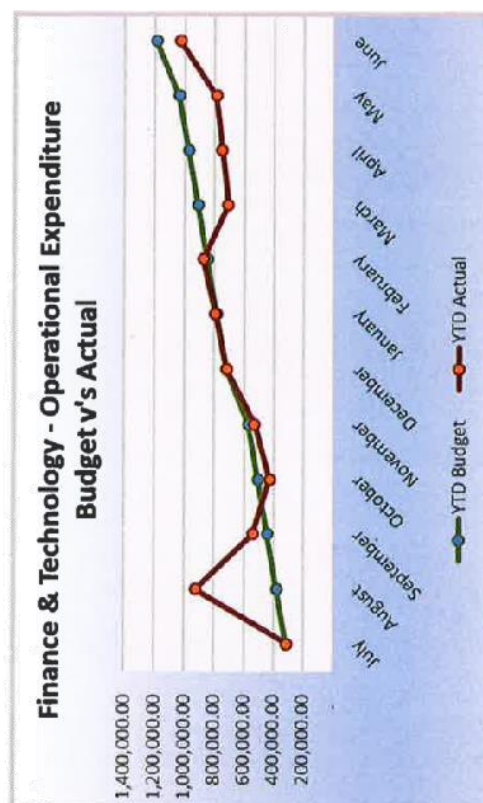
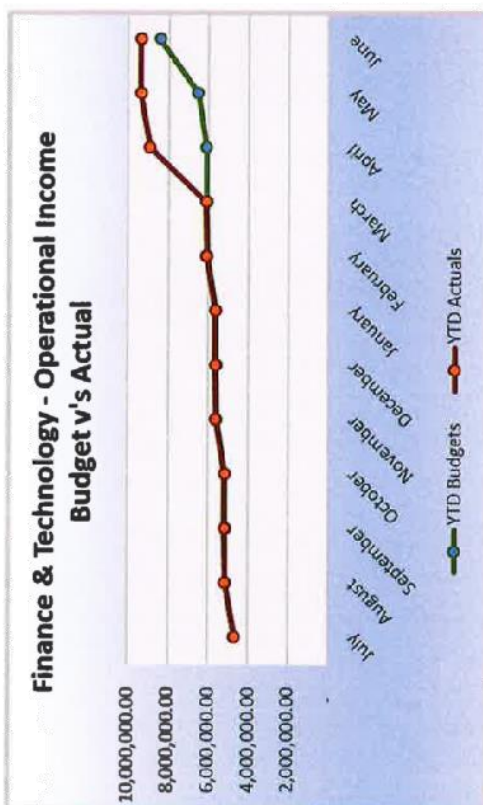
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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.7.2 Manage and deliver financial services in line with statutory requirements.	Roy Jones - Manager Finance and Technology	Statutory requirements were met for the June 2022 period. Council interim financial audit has now been completed.	In Progress	01/07/21	30/06/22	90.00	100.00	 ON TRACK

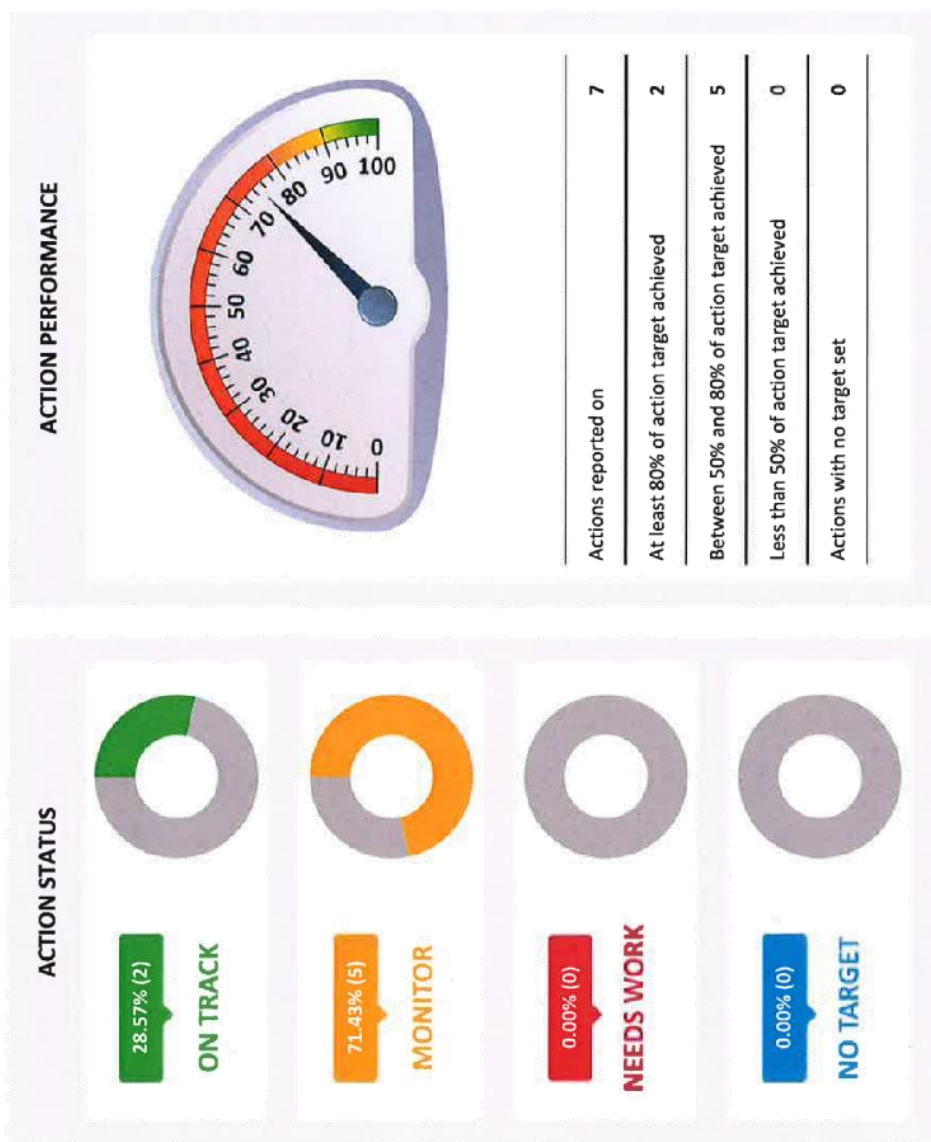
Finance & Technology

9. Finance and Technology



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Finance & Technology	(7,102,994)	(8,279,168)	116.56%
1. Operating Income	(8,423,816)	(9,426,189)	111.90%
2. Operating Expenditure	1,190,822	1,034,102	86.84%
4. Capital Expenditure	130,000	112,920	86.86%
1810501. Computer Equipment - Finance	40,000	33,001	82.50%
1810508. Capitalised Software	90,000	79,919	88.80%




10. CORPORATE & GOVERNANCE



ACTION SUMMARY





Business Unit: Corporate & Governance

Service Profile: Corporate & Governance

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.1.1.3 Manage the Corporate and Governance Service of Council in a financially responsible manner in line with budget allocations.	Erika Bursford - Manager Customer Service, Governance & Records	No capital budgets allocated in 2021/22. Operational expenditure remained slightly under budget as at 30 June 2022.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK
4.1.1.4 Manage and deliver services for community involvement in Council decision making processes.	Erika Bursford - Manager Customer Service, Governance & Records	Community consultation undertaken in January and April 2022 for development of Integrated Planning and Reporting framework. Further consultation to be undertaken in 2022/2023.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
4.3.1.1 Develop, manage and deliver Customer Services.	Erika Bursford - Manager Customer Service, Governance & Records	Delivery of frontline customer service continues to be impacted by austerity measures during June 2022. The impact of the reduction of staff numbers and hours is that when there are no suitably trained customer service and administration officers on duty, limited services can be delivered. This occurred again on 3 June 2022, with no in-person customer service staff and so the front doors were locked. Records staff have provided limited backup with answering phones and occasional customer service tasks at the front counter, but this has had a knock on effect on progressing Records Management tasks. Records staff will not be able to continue this level of support from July 2022 due to outstanding records digitisation and categorisation tasks.	In Progress	01/07/21	30/06/22	70.00	100.00	 MONITOR

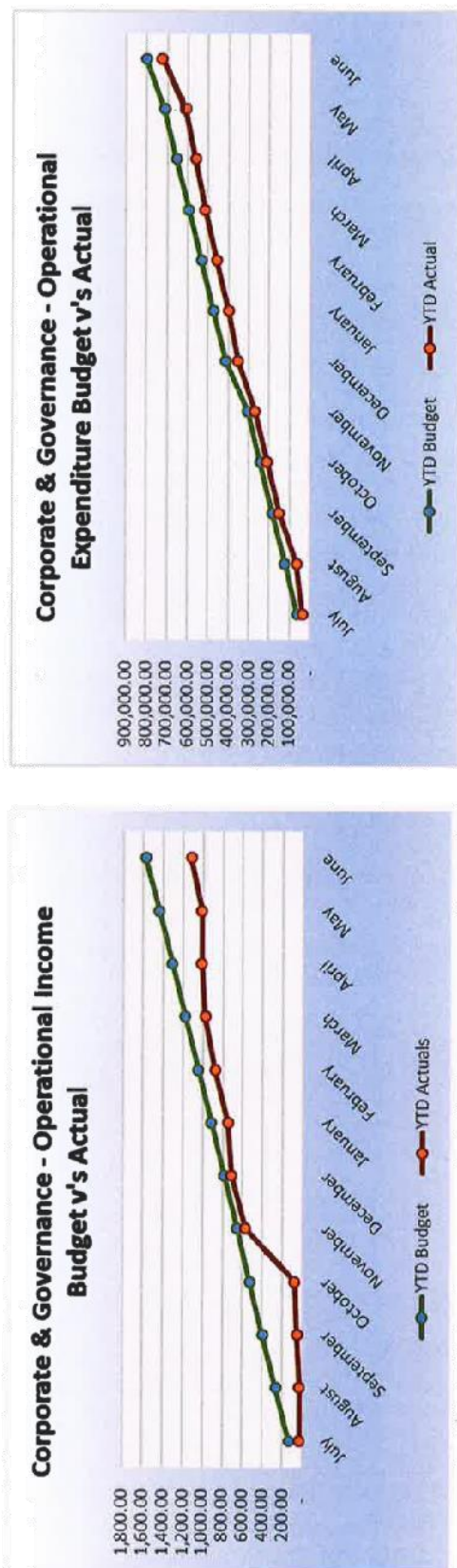
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.1.2 Deliver business improvements, recognising emerging risks and opportunities.	Erika Bursford - Manager Customer Service, Governance & Records	Manager and Governance Casual Officer developed workplan for the next six months, from July to December 2022. This includes preparation of activities and information notes for further community engagement sessions.	In Progress	01/07/21	30/06/22	70.00	100.00	
4.3.1.3 Develop, manage and deliver Governance Services.	Erika Bursford - Manager Customer Service, Governance & Records	Audit, Risk and Improvement Committee meeting of 8 June 2022 commenced review of the draft ARIC Charter and Internal Charter as defined by the draft model charters provided in the draft Risk Management Framework. The committee also reviewed the ARIC Annual Calendar, and this will be updated to reflect the committee's review requirements in the updated charter, for this term of council. The two charters will then be submitted to council for adoption.	In Progress	01/07/21	30/06/22	70.00	100.00	
4.3.1.4 Develop, manage and deliver Customer and Stakeholder Services.	Erika Bursford - Manager Customer Service, Governance & Records	Customer Service General Enquiries via email for June 2022 - 144 Phone Call Summary average for June 2022 - approximately 2030 calls received approximately 1500 calls answered (System/technology failure being investigated)	In Progress	01/07/21	30/06/22	70.00	100.00	
4.3.4.4 Develop, manage and deliver Records Services.	Erika Bursford - Manager Customer Service, Governance & Records	Assessment of the remaining records to be digitised at Records House was undertaken in June 2022. An assessment of the School of Arts and Library records has identified deficiencies in record keeping. Records Coordinator is assisting the Manager of these services in locating critical documents.	In Progress	01/07/21	30/06/22	65.00	100.00	

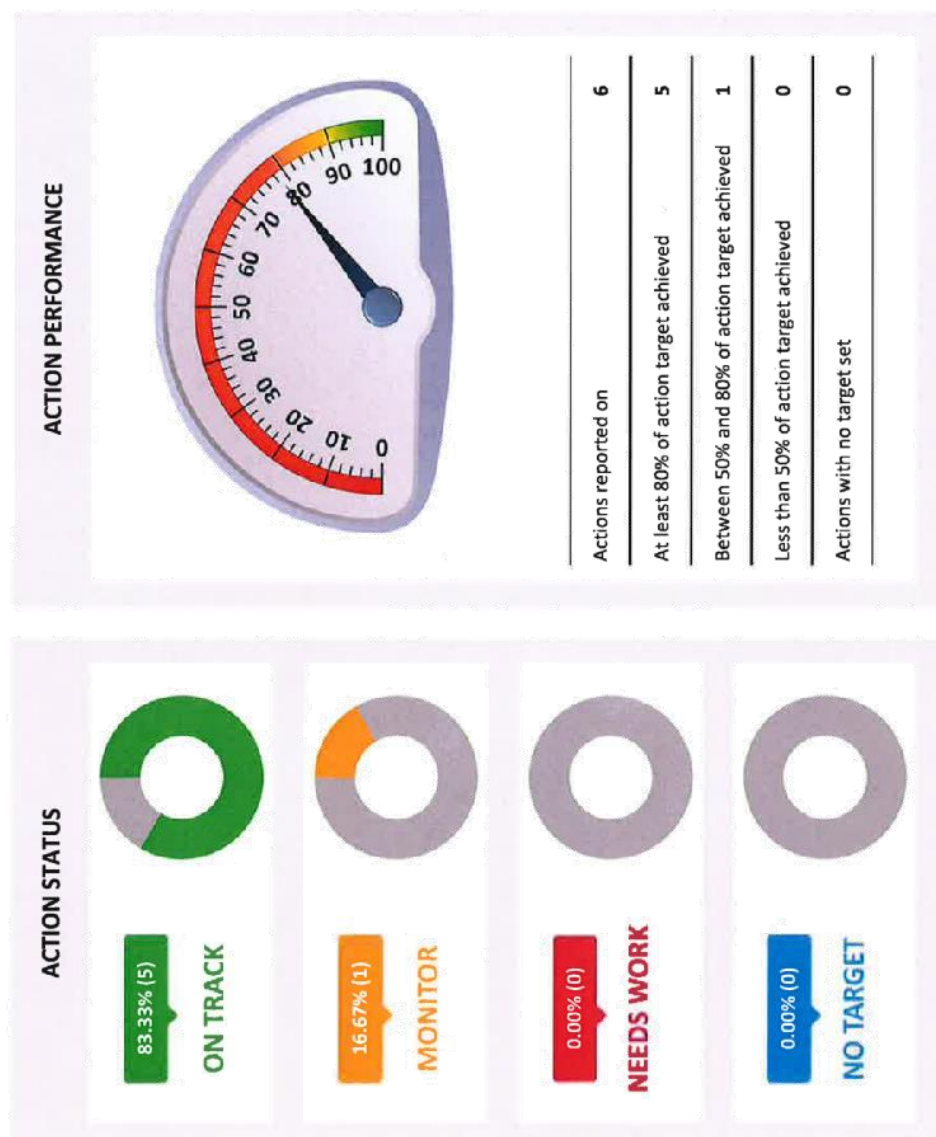
Corporate & Governance

10. Corporate and Governance



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Corporate and Governance	802,854	726,373	90.47%
1. Operating Income	(1,576)	(1,124)	71.30%
2. Operating Expenditure	804,430	727,497	90.44%

11. ENVIRONMENTAL MANAGEMENT



ACTION SUMMARY

Business Unit: Environmental Management

Service Profile: Environmental Management

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.1.4.2 Develop and manage systems and processes to deliver Companion Animals requirements Illegal Dumping and Parking Control.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<p>June - 2022: Companion Animals Impounds: Two dogs were surrendered in June. Both animals were deemed unsuitable for rehoming and euthanased. One dog was seized by the Tenterfield Police and later surrendered by the owner. The animal was not suitable for rehoming. One feral cat was trapped, impounded in June and euthanased. Patrols continue to be conducted and action taken where breaches have been sighted.</p> <p>Dog Attack Investigations: Council received a complaint regarding an alleged dog attack after hours. Further investigation found that the dogs had rushed at the complainant and knocked her over. Council did not have the resources to investigate the matter after hours (no on-call officer) So no further action could be taken at the time of the incident. Patrols were conducted during business hours however Council was unable to establish the location of the offending animals and the owner.</p> <p>Management of dead animal pit Boonoo Boonoo: Due to ongoing wet weather Council has incurred additional costs for the operation of the dead animal pit at Boonoo Boonoo landfill site. At additional costs to Council the</p>	In Progress	30/11/21	30/06/22	80.00	100.00	 ON TRACK

Environmental Management

dead animal pit has been re dug due to it filling with water on several occasions.

Parking:

Regular patrols are undertaken, and Officers have noted that vehicles are not exceeding the allowable time frame.

Council is still awaiting access to Transport NSW Drives 24 database.

3.2.2.1 Manage and deliver the Weeds Management Program, Council's Weeds Action Plan and regional weeds management plans.

Mark Cooper - Manager Open Space, Regulatory & Utilities

In Progress

01/07/21

30/06/22

80.00

100.00



ON TRACK

June - 2022: Regular inspections are carried out on private and government lands for all weeds but specifically the regional priority weeds outlined in the Northern Tablelands Regional Strategic Weed Management Plan 2017-2022 that set the guidelines for councils weed management.
 • 96 property inspections done for June.
 Ongoing

Council inspect properties by the following means:

- Drone
- Accompanied by the land owner
- Privately, with the permission of the land owner
- ATV vehicle
- Council owner 4WD vehicle
- On foot

Tenterfield Shire Council



Monthly Operational Report - June 2022

		01/07/21	30/06/22	72.00	100.00
3.2.2.2 Deliver business improvements, recognising emerging risks and opportunities.	Mark Cooper - Manager Open Space, Regulatory & Utilities	In Progress			
	June - 2022: High Risk Pathways and Waterways are inspected regularly for new weed incursions. High risk inspections are being carried out on properties within the Tenterfield LGA for priority weeds.				
	Weed Control June:				
	Black Knapweed – Aldershot and Bellevue Rds. and private property Tenterfield.				
	Tropical Soda Apple				
	Yabba State Forest (Bryant's Plantation) for a week, this was funded by the Bushfire recovery grant.				
	Beaury Creek Rd				
	Lantana				
	Mt Lindsey Highway from , Legume to Woodenbong and Plain Station rd.				
	Cape Broom				
	Scrub Rd, Billarimba rd, Ballendean st Jennings.				
	Mother Of Millions				
	Mt Lindsey Hwy Maryland, Legume and Cullendore Rd				
	Inspections				
	• Private Property Inspections – 96 Property inspections for June				
	• High-risk pathway Inspections – Mt Lindsey Hwy Tenterfield to Woodenbong, New England Highway Deepwater to Jennings, Bruxner Way and Tooloom Road				
	Meetings				
	• Regional Weeds Committee Meeting in Tenterfield.				

Environmental Management

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.2.2.3 Manage the Environment Service of Council in a financially responsible manner in line with budget allocations.	Mark Cooper - Manager Open Space, Regulatory & Utilities	June - 2022: All works are carried out within Budget allocations.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
3.2.3.1 Develop, manage and deliver community weed and pest management reduction programs.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<p>June - 2022:</p> <p>Weeds officer attends local agricultural shows, field days and includes a weed of the month in the council newsletter. Weed information and books are handed out to landholders during inspections. Parthenium weed signs are installed roadside in high risk areas throughout the shire.</p> <p>Weeds Officer attended the Regional weeds committee meeting in Tenterfield</p> <p>Weed officer was successful in securing a \$80,000 grant for Environmental and Priority weeds through the Bushfire recovery project funded by the Northern Tablelands local Land Services for the next financial year.</p> <p>Fewer complaints received about the rabbit population within town.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Environmental Management

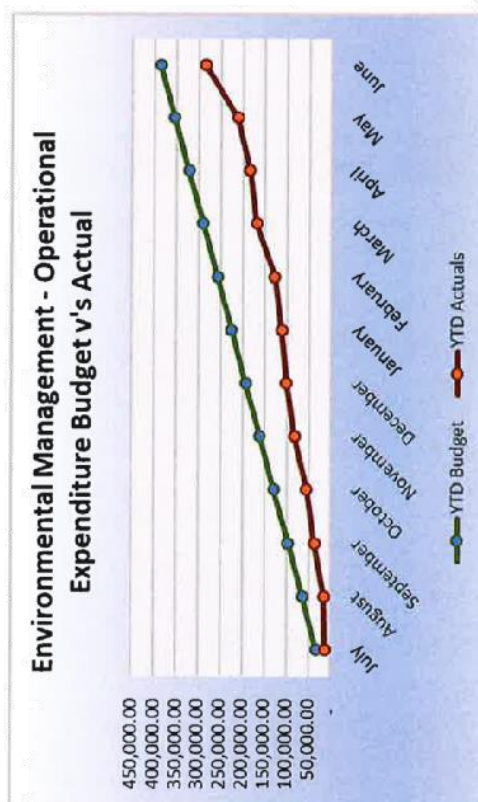
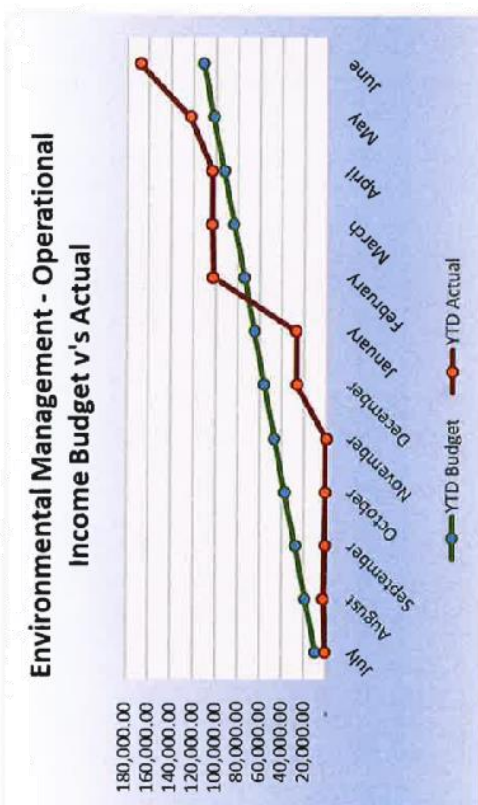
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.2.3.2 Notices and Orders to be issued or served where necessary as per the Local Government Act, EPA Act and POEO Act and Associated Regulations.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<p>June - 2022: Where Council receives complaints regarding overgrown unsightly lots. Notices are issued requiring the owner to undertake work to comply.</p> <p>No weed notices sent out in June.</p> <p>Two (2) complaints regarding Untidy/Unsightly premises have been received in June. Inspections of the properties have been carried out and correspondence forwarded to the property owners requiring they bring the property in compliance. Property owners have begun work to bring the properties into compliance.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	

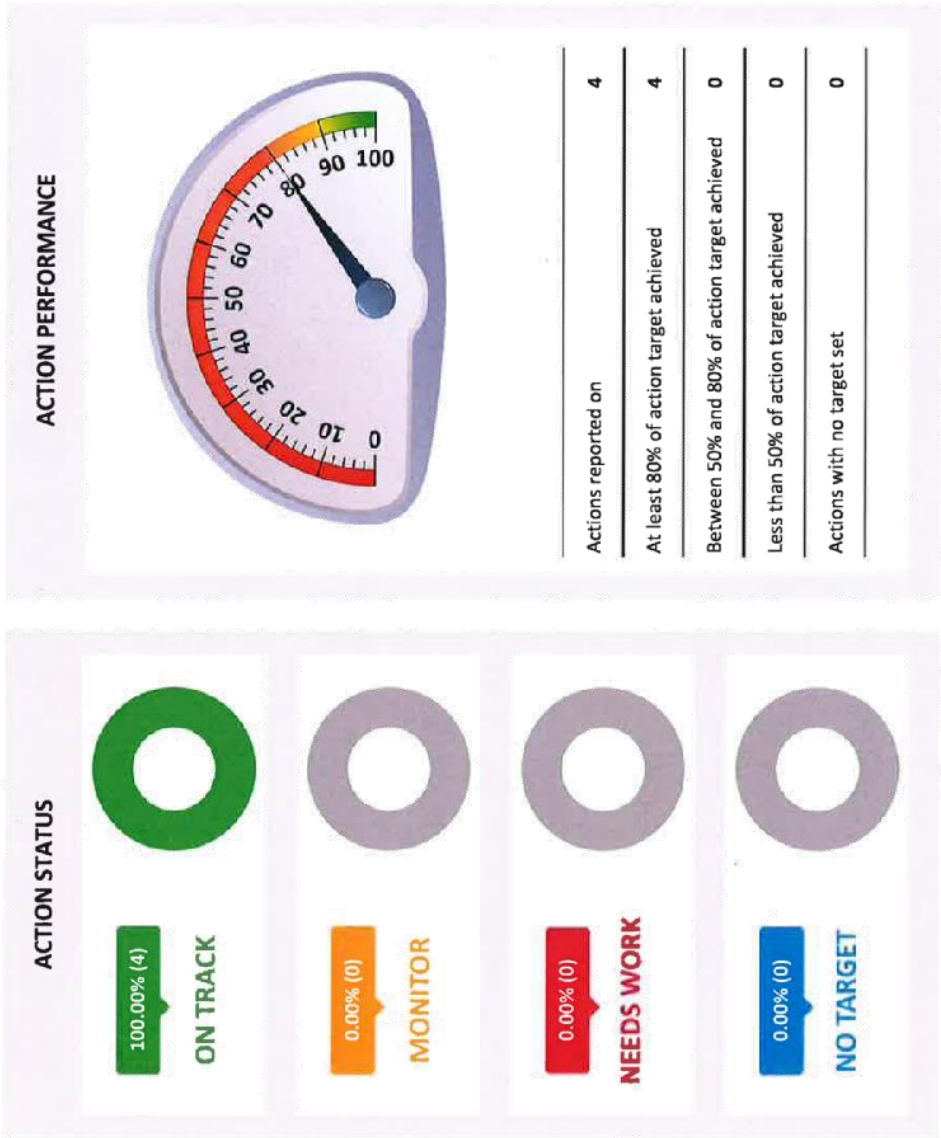
Environmental Management

11. Environmental Management



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Environmental Management	276,667	118,685	42.90%
1. Operating Income	(111,600)	(168,423)	150.92%
2. Operating Expenditure	386,204	285,733	73.98%
4. Capital Expenditure	2,063	1,375	66.67%
4235501. Covid-19 Council Pound Grant Expenditure	2,063	1,375	66.67%

12. LIVESTOCK SALEYARDS



ACTION SUMMARY



Business Unit: Livestock Saleyards

Service Profile: Livestock Saleyards

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.1.3.1 Develop, manage and deliver Asset Management, Strategic and Management Plans for Saleyards.	Mark Cooper - Manager Open Space, Regulatory & Utilities	June - 2022: Saleyard Management Plan Adopted. Saleyard induction now on the web site, with many users having completed the induction.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
2.3.1.1 Manage and deliver Saleyards Services.	Mark Cooper - Manager Open Space, Regulatory & Utilities	June - 2022: Cattle Numbers for June 2022 Prime Sale – 361 Head Feature Weaner Sale - 796 Head Private Weighing – 47 Head Total - 1,204 Head - \$1,853,106.71 Financial Year 2021/2022 10,963 Head - \$39,822,442.40 Financial Year 2020/2021 8,963 Head - \$14,127,684.48 Financial Year 2019/2020 9,247 Head - \$8,441,858.64 Financial Year 2018/2019 21,656 Head - \$12,517,711.39 Financial Year 2017/2018 19,027 Head - \$15,984,517.65 Financial Year 2016/2017 24,151 Head - \$23,233,573.17 Financial Year 2015/2016 22,654 Head - \$19,613,572.47	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

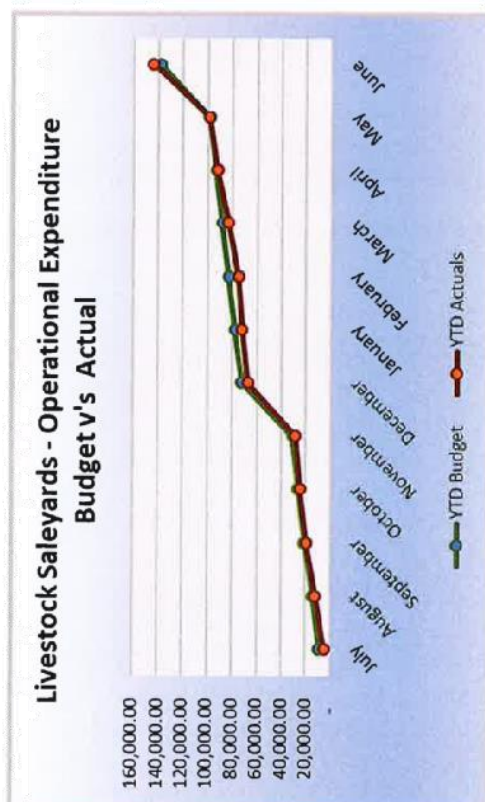
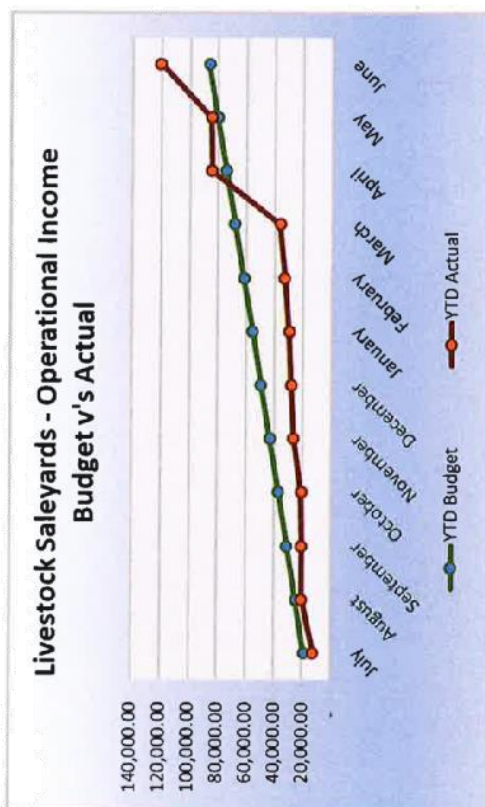
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.3.1.2 Deliver business improvements, recognising emerging risks and opportunities.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<p>June - 2022:</p> <p>Obtaining design and quotes for the installation of the Double Height loading ramp and proposing a new location within the saleyards.</p> <p>One quote received.</p> <p>Truck wash no longer to proceed. It was resolved in the May council meeting to return the funds to the funding body.</p> <p>Funding sign has been removed.</p> <p>Biggest risk being further reduction in throughput and loss of income as to whether the saleyards will remain viable, however throughput has improved on previous years.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
2.3.1.3 Manage the Saleyards Service of Council in a financially responsible manner in line with budget allocations.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<p>June - 2022:</p> <p>Working and operating within budget.</p> <p>Major financial impact being the very low numbers of cattle being processed through the saleyards.</p> <p>On a positive note, throughput for this financial year has increased by 2000 head.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

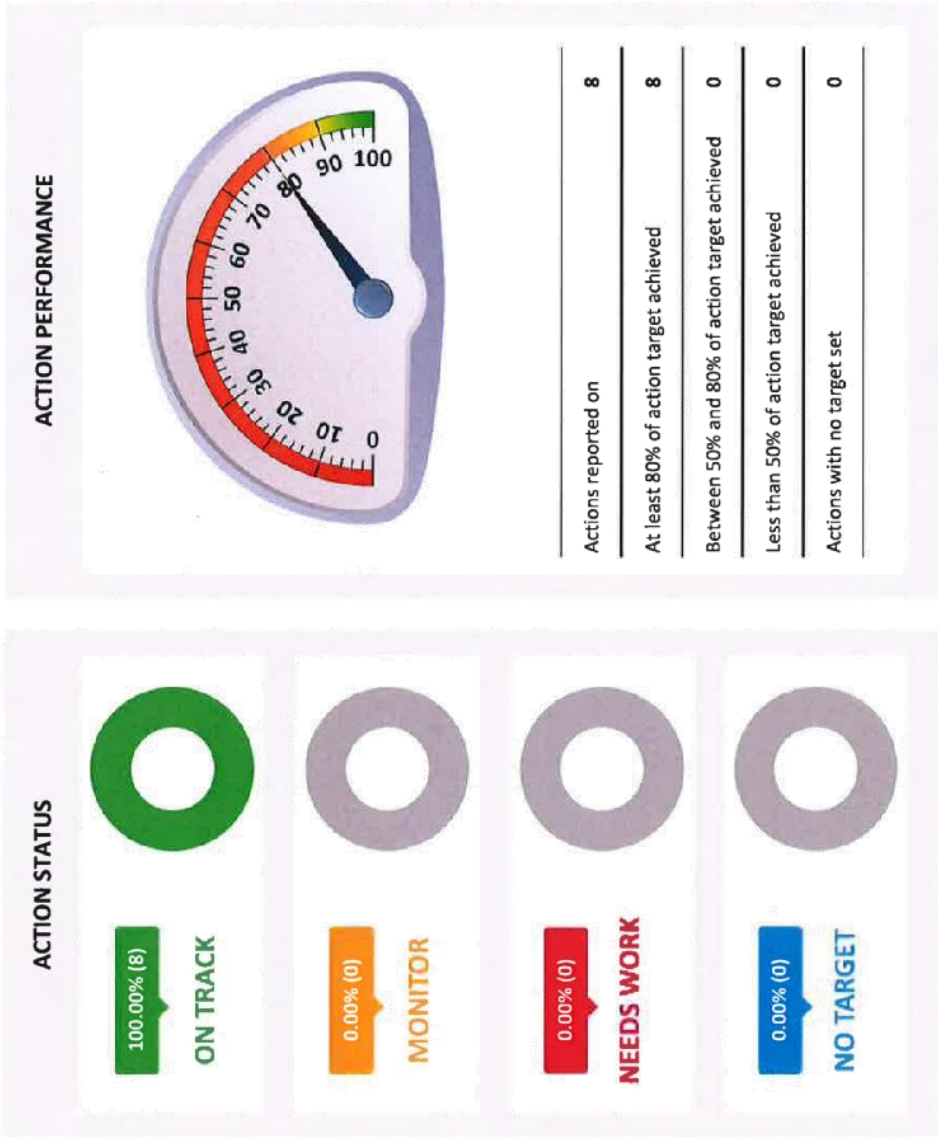
Livestock Saleyards

12. Livestock Saleyards



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Livestock Saleyards	232,942	23,995	10.30%
1. Operating Income	(86,594)	(120,116)	138.71%
2. Operating Expenditure	138,753	144,111	103.86%
4. Capital Expenditure	180,783	0	0.00%
4220504. Improvements to Loading Ramps & Traffic Facilities	180,783	0	0.00%

13. PLANNING & REGULATION



Tenterfield Shire Council

Monthly Operational Report - June 2022

ACTION SUMMARY

Business Unit: Planning & Regulation





Service Profile: Planning & Regulation

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.3.3.1 Monitor and assess application of Tenterfield Local Environmental Plan 2013 and Development Control Plan 2014 (as amended).	Tamai Davidson - Manager Planning & Development Services	June 2022 - All Development Applications assessed under the provisions of Tenterfield LEP 2013 and Tenterfield DCP 2014. Each DA subject to an assessment under the provisions of Section 4.15 of the Environmental Planning & Assessment Act, 1979. Eighteen (18) DA's lodged, sixteen (11) determined.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
1.4.1.1 Management and delivery of heritage advisory services including management of the Heritage Advisor and community in the development and upgrade of heritage assets.	Tamai Davidson - Manager Planning & Development Services	June 2022 - Heritage advisor provides phone, email and in person advice for free. Local Places Heritage fund applications are now open - closing date for applications is 29 July 2022.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
2.1.6.1 Manage and deliver building and construction regulatory services.	Tamai Davidson - Manager Planning & Development Services	June 2022 - Council is required to provide accreditation services for the issuing of Construction Certificates and Complying Development Certificates under the provisions of the Environmental Planning & Assessment Act, 1979. Council currently has one (1) accredited certifier.	In Progress	24/11/21	30/06/22	80.00	100.00	ON TRACK
3.1.1.1 Assess and determine regulatory applications, including Development Applications, Complying Development Certificates, Construction Certificates, Section 68 Certificates and Conveyancing Certificates.	Tamai Davidson - Manager Planning & Development Services	June 2022 - All applications assessed and determined in accordance with legislative requirements - DA's are required to be assessed in line with legislation and policies in place at the time of lodgment, all DA's for subdivision made under the stimulus package will retain the discount benefits regardless of the determination date of the DA.	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK

Planning & Regulation

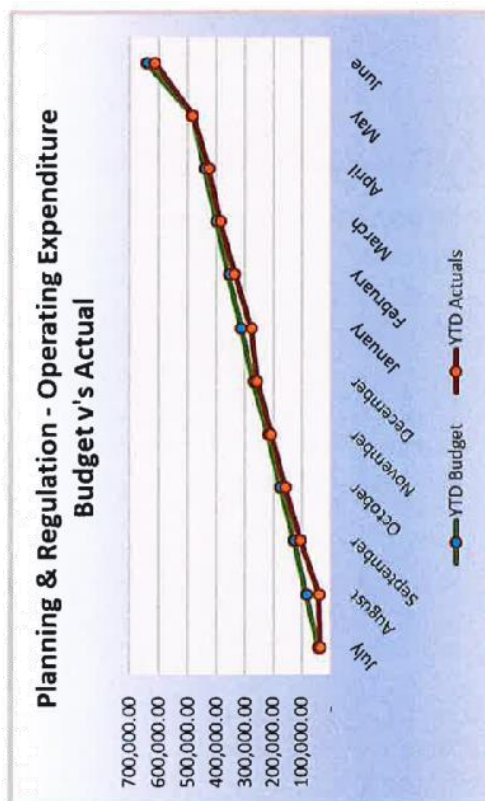
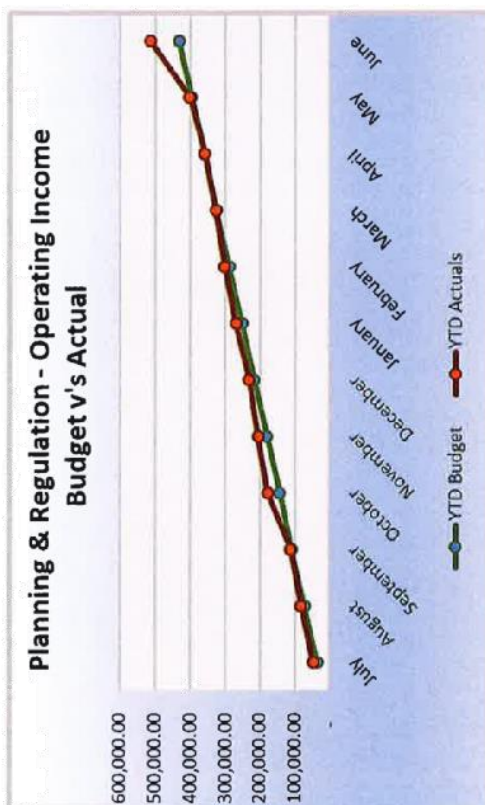
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.1.3.1 Local Strategic Planning Statements are implemented and provide guidance for actions to support the desired outcomes.	Tamai Davidson - Manager Planning & Development Services	June 2022 - Objectives and principles of the LSPs are actively implemented during assessment of applications.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
3.1.3.2 Deliver business improvements, recognising emerging risks and opportunities.	Tamai Davidson - Manager Planning & Development Services	June 2022 - Ongoing use of the NSW Planning Portal. Council's proposed integrated system - Greenlight - undergoing modifications - on site training to be scheduled for July - expected efficiencies in processing to be in the order of 40-50% - reduction in manual download of documents from Portal to Council's Altus records system.	In Progress	24/11/21	30/06/22	80.00	100.00	 ON TRACK
3.1.3.3 Manage the Planning and Regulation Service of Council in a financially responsible manner in line with budget allocations.	Tamai Davidson - Manager Planning & Development Services	June 2022 - All projects on budget.	In Progress	24/11/21	30/06/22	80.00	100.00	 ON TRACK
5.2.2.1 Facilitate cross department meetings reviewing development applications and opportunities for supportive strategies and actions.	Tamai Davidson - Manager Planning & Development Services	June 2022 - Cross department communications continue during assessment of DA's.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Planning & Regulation

13. Planning and Regulation



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Planning & Regulation	36,772	(32,751)	-89.06%
1. Operating Income	(433,205)	(514,501)	118.77%
2. Operating Expenditure	643,600	615,195	95.59%
3. Capital Income	(176,771)	(136,731)	77.35%
4. Capital Expenditure	3,148	3,287	104.42%
3001001. Drought Communities Extension - Shire Entry Signs	3,148	3,287	104.42%

Applications Lodged June 2022

DA Number	Applicant	Property Address	Description of Work
2022.072	RUBIN Alexander Charles	259 Rouse Street, Tenterfield	Health Services Facility
2022.073	DALEY Paul	52 Sunnyside Hall Road, Tenterfield	Dwelling
2022.074	HOLLEY Bradley (Tenterfield Showground Trust)	62 Miles Street, Tenterfield	Storage Shed
2020.075	GIAMMICHELE Karyn	2226 Billirimba Road, Tenterfield	Alterations & Additions to Existing Dwelling
2022.076	CHURCHIN Mark Warwick	112 Mole Station Road, Woodside	Installation of a Previously Used Residence
2022.077	BROWN David Joseph	97 Rouse Street, Tenterfield	Extension to existing shed
2022.078	WRIGHT (Goodwin)	165 Washpool Creek Road, Tenterfield	Deck & Pool
2022.079	Tenterfield Surveys (Venes)	Duncan Street, Tenterfield	Two (2) Lot Urban Subdivision
2022.080	Tenterfield Surveys (Cunningham)	504 Bryans Gap Road, Tenterfield	Three (3) Lot Rural Subdivision
2022.081	Tenterfield Surveys (Hill)	67 Leechs Gully Road, Tenterfield	Two (2) Lot Rural Subdivision
2022.082	LANCASTER Christopher John	193 East Street, Tenterfield	130,000 Litre Above Ground Rainwater Tank
2022.083	Tenterfield Surveys (Lawrence)	Bryans Gap Road, Tenterfield	Three (3) Lot Subdivision
2022.084	Tenterfield Surveys (Sattolo)	27 Casino Road, Tenterfield	Two (2) Lot Subdivision
2022.085	ZIEBELL Timothy	57A Haddocks Road, Tenterfield	Dwelling & Shed
2022.086	PAGE Emma	11 Riley Street, Tenterfield	Recreation Facility (Indoor) Gym
2022.087	COWIN Steven	155 Manners Street, Tenterfield	Shed

2022.088	Tenterfield Surveys (Kasmra)	179 Cowper Street, Tenterfield	Five (5) Lot Subdivision
2022.089	SMITH Brian	129 Wood Street, Tenterfield	Shed

Applications Determined June 2022

DA Number	Applicant	Address	Description of Work
2022.021	Tenterfield Surveys (Sherry)	305 Washpool Creek Road, Tenterfield	Four (4) Lot Rural Subdivision
2022.053	Tenterfield Surveys (Venes & Ho)	2-4 Aldershot Road, Tenterfield	Four (4) Lot Urban Subdivision
2022.059	HOLLEY Bradley	332A Mt Lindesay Road	Shed
2022.065	Tenterfield Surveys Pty Ltd	146 East Street TENTERFIELD	Three (3) Lot Urban Subdivision
2022.067	Tenterfield Surveys Pty Ltd	124 East Street TENTERFIELD	Two (2) Lot Urban Subdivision
2022.069	COWIN Steven Leslie	82 Pelham Street TENTERFIELD	Two (2) Lot Urban Subdivision
2022.070	SMITH Antony	1027 Bruxner Way TENTERFIELD	Alteration/Addition to Existing Dwelling
2022.074	Tenterfield Showground Trust	62 Miles Street, Tenterfield	Storage Shed
2022.076	CHURCHIN Mark	112 Mole Station Road, Woodside	Installation of a Previously Used Residence
2022.077	BROWN David	97 Rouse Street, Tenterfield	Extension to existing shed
2022.082	LANCASTER Christopher	193 East Street, Tenterfield	130,000 Litre Above Ground Rainwater Tank

Applications Outstanding – June 2022

DA Number	Applicant	Property Address	Description of Work	Status of Application/Comment
2018.072	Tenterfield Shire Council	66-80 Boundary Road, Tenterfield	Truck Wash Facility	Information Required from Applicant
2019.055	RAWNSLEY Derek & PAINE Janine	632 Sugarbag Road, Drake	Tourist & Visitor Accommodation (Backpackers Accommodation)	Insufficient Information provided to complete assessment
2019.104	Wilshire & Co Superannuation Fund (Todd Wilshire)	1-9 Manners Street, Tenterfield	New Shed & Extension to Existing Shed (Awning)	Insufficient Information provided to complete assessment
2020.033	MOSER Eric (Marian Hansson)	332B Mount Lindesay Road, Tenterfield	Manufactured Building	Information Required from Applicant
2021.012	CORBETT Arran	Bluff River Road, Tenterfield	Primitive Camp Ground	Insufficient Information provided to complete assessment
2021.080	Cracker Quarry & Ag Supplies Pty Ltd	98 Pyes Creek Road, Bolivia	Storage premises, distribution centre and industrial activity - including stockpiling, processing & distribution of quarry products, weighing, dispatch, maintenance & repair of equipment, administration	Information Required from Applicant

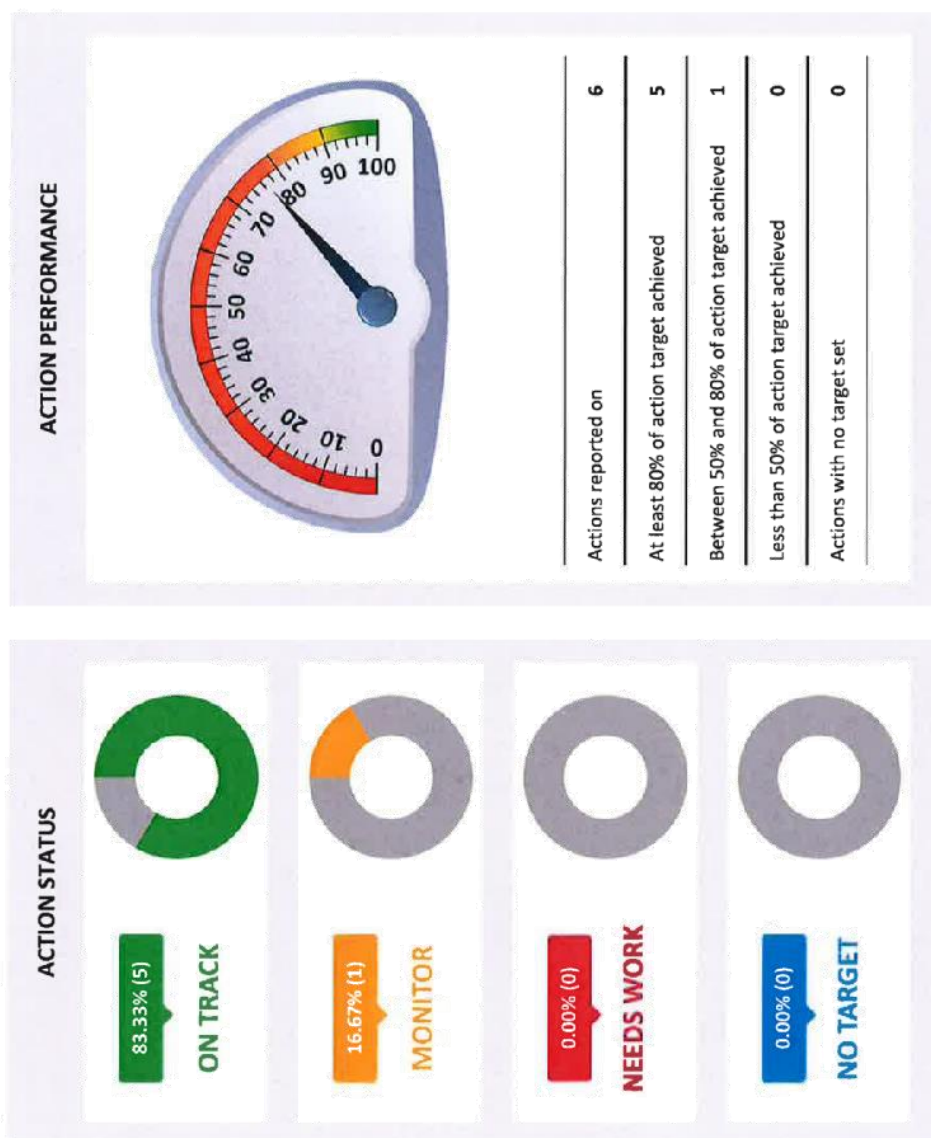
2021.153	Stephen P McElroy & Associates (Burtenshaw)	7841 Bruxner Highway, Drake	building & amenities	Insufficient Information provided to complete assessment
2021.158	SACCON Giana	49 Duncan Street, Tenterfield	Dual Occupancy, Detached Garage & Studio	Information Required from Applicant
2022.038	Tenterfield Surveys (Attard)	8196 Mt Lindesay Road, Lower Acacia Creek	Two (2) Lot Rural Subdivision	Awaiting RFS recommendations
2022.039	Tenterfield Surveys (Searle)	Bruxner Road, Drake	Four (4) Lot Rural Subdivision	Awaiting NSW RFS Recommendations
2022.040	Tenterfield Surveys (Acacia Downs Custodian Pty Ltd)	Mt Lindesay Road, Lower Acacia Creek	Two (2) Lot Rural Subdivision	Awaiting NSW RFS Recommendations
2022.043	Tenterfield Surveys (Taylor)	60 Derby Street, Tenterfield	Five (5) Lot Staged Urban Subdivision	Information required from applicant
2022.048	Tenterfield Surveys (Uhrig)	17 Naas Street, Tenterfield	Eleven (11) Lots Staged Urban Subdivision	Information required from applicant
2022.049	SOER Richard & Sharon (George Inn Custodian Pty Ltd)	130 High Street, Tenterfield	Alteration/Extension to Existing Hotel	Under assessment
2022.052	Tenterfield Surveys (Spark)	439 Rouse Street, Tenterfield	Three (3) Lot Urban Subdivision	Information required from applicant
2018.089/1	Christopher Jones & Anne Mary Brennan	84 Robinsons Lane Tenterfield	Function Centre & Boundary Adjustment - Modification	Under assessment
2022.057	Tenterfield Surveys Pty Ltd	8038 New England Highway	Three (3) Lot Rural Subdivision	Awaiting NSW RFS Recommendations

2022.064	Tenterfield Surveys Pty Ltd	83 Douglas Street, Tenterfield	Two (2) Lot Subdivision	Awaiting NSW RFS Recommendations
2022.068	Tenterfield Surveys Pty Ltd	531A Long Gully Road, Drake	Two (2) Lot Subdivision	Awaiting NSW RFS Recommendations
2022.071	Brad Holley Contracting	182B Logan Street, Tenterfield	Shed	Applicant indicates DA to be withdrawn
2022.072	RUBIN Alexander Charles	259 Rouse Street, Tenterfield	Health Services Facility	Under assessment
2022.073	DALEY Paul	52 Sunnyside Hall Road, Tenterfield	Dwelling	Under assessment
2020.075	GIAMMICHELE Karyn	2226 Billirimba Road, Tenterfield	Alterations & Additions to Existing Dwelling	Under assessment
2022.078	WRIGHT (Goodwin)	165 Washpool Creek Road, Tenterfield	Deck & Pool	Under assessment
2022.079	Tenterfield Surveys (Venes)	Duncan Street, Tenterfield	Two (2) Lot Urban Subdivision	Under assessment
2022.080	Tenterfield Surveys (Cunningham)	504 Bryans Gap Road, Tenterfield	Three (3) Lot Rural Subdivision	Under assessment
2022.081	Tenterfield Surveys (Hill)	67 Leechs Gully Road, Tenterfield	Two (2) Lot Rural Subdivision	Under assessment
2022.083	Tenterfield Surveys (Lawrence)	Bryans Gap Road, Tenterfield	Three (3) Lot Subdivision	Awaiting RFS recommendations
2022.084	Tenterfield Surveys (Sattolo)	27 Casino Road, Tenterfield	Two (2) Lot Subdivision	Awaiting RFS recommendations
2022.085	ZIEBELL Timothy	57A Haddocks Road, Tenterfield	Dwelling & Shed	Under assessment

2022.086	PAGE Emma	11 Riley Street, Tenterfield	Recreation Facility (Indoor) Gym	Notification/under assessment
2022.087	COWIN Steven	155 Manners Street, Tenterfield	Shed	Under assessment
2022.088	Tenterfield Surveys (Kasmra)	179 Cowper Street, Tenterfield	Five (5) Lot Subdivision	Under assessment
2022.089	SMITH Brian	129 Wood Street, Tenterfield	Shed	Under assessment

FY 21/22 Development Statistics									
	Dwellings	Additions/ Renovations to Existing Dwellings	Garages, Carports & Sheds	Commercial or Industrial Works	Subdivision	Recreation/ Tourism	FY 21/22 Monthly Total	FY 20/21 Monthly Total	
Jul-21	No. 4 Value \$1,227,501.00	0 \$0.00	1 \$14,000.00	0 \$0.00	3 \$0.00	1 \$70,000.00	9 \$1,311,501.00	10 \$1,168,890.00	
Aug-21	No. 3 Value \$484,537.00	0 \$0.00	10 \$360,994.00	1 \$90,000.00	2 \$0.00	0 \$0.00	16 \$935,531.00	17 \$3,132,224.00	
Sep-21	No. 8 Value \$1,736,219.00	2 \$50,000.00	5 \$204,131.00	1 \$2,000.00	3 \$0.00	0 \$0.00	19 \$1,992,350.00	6 \$1,171,443.00	
Oct-21	No. 6 Value \$1,053,180.00	3 \$215,000.00	2 \$115,000.00	1 \$6,251,581.00	0 \$0.00	0 \$0.00	12 \$7,634,761.00	19 \$2,262,845.00	
Nov-21	No. 3 Value \$775,944.00	0 \$0.00	4 \$72,015.00	1 \$5,000.00	8 \$0.00	0 \$0.00	16 \$852,959.00	15 \$1,626,754.00	
Dec-21	No. 3 Value \$834,500.00	1 \$480,000.00	3 \$308,072.00	0 \$0.00	0 \$0.00	1 \$300,000.00	8 \$1,922,572.00	5 \$654,000.00	
Jan-22	No. 7 Value \$1,940,797.00	0 \$0.00	1 \$9,900.00	2 \$316,000.00	3 \$0.00	0 \$0.00	13 \$2,266,697.00	11 \$1,042,460.00	
Feb-22	No. 6 Value \$1,426,232.00	0 \$0.00	6 \$199,800.00	1 \$120,000.00	2 \$0.00	0 \$0.00	15 \$1,746,032.00	12 \$1,689,889.00	
Mar-22	No. 3 Value \$640,000.00	2 \$41,000.00	5 \$159,500.00	0 \$0.00	7 \$0.00	0 \$0.00	17 \$840,500.00	19 \$1,222,217.00	
Apr-22	No. 3 Value \$828,435.00	1 \$75,000.00	2 \$39,000.00	1 \$450,000.00	5 \$0.00	0 \$0.00	12 \$1,392,435.00	13 \$2,315,779.00	
May-22	No. 2 Value \$734,587.00	1 \$65,000.00	8 \$358,796.00	0 \$0.00	6 \$0.00	1 \$0.00	18 \$1,158,383.00	14 \$1,646,918.00	
Jun-22	No. 3 Value \$1,194,000.00	3 \$40,000.00	4 \$83,750.00	2 \$236,000.00	6 \$0.00	0 \$0.00	18 \$1,553,750.00	13 \$1,711,617.00	
No. (Year to Date)	51	13	51	10	45	3	173	154	
FY 21/22 Total Value (Year to Date)	\$12,875,932.00	\$966,000.00	\$1,924,958.00	\$7,470,581.00	\$0.00	\$370,000.00	\$23,607,471.00		
FY 20/21 Total Value	\$16,394,602.00	\$972,180.00	\$1,057,534.00	\$944,200.00	\$0.00	\$276,500.00		\$19,645,016.00	

14. BUILDINGS & AMENITIES



ACTION SUMMARY

Business Unit: Buildings & Amenities

Service Profile: Buildings & Amenities

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.4.4.1 Deliver the Property Management Strategy, including maintenance and upgrades in line with Council needs.	Jodie Condrick - Administration Officer	<ul style="list-style-type: none"> Administration Building Roof – scope is being prepared for competitive pricing and engineering plans are being organised with the engineer measuring on site in March 2022 and a scope of work will be developed once the plan has been supplied to Council – Still awaiting a copy of this plan from LEGS. In January, Council applied for an Extension of time for Streetscape Recovery Project through the Drought Communities Programme Extension we have been advised in March 2022 that an extension was possible and in April a response was provided to the Department of Industry, Science, Energy and Resources and have been advised that the extension has been granted, waiting on the executed deed to be issued, prior to advising project managers. Receiving a quote to install hand rail for the outdoor stairs at the Drake Hall hoping to be installed in July 2022, with the price of steel continually going up the original quote has increased and expected to add extra \$50-\$100 to the invoice. The I-Beams in the Memorial Hall ceiling have been installed by contractor Installation & electrical work for the basketball hoop at the Memorial Hall have been completed in June 2022. The Stronger Countries Communities Funding Round 2 can now be completed with funding body. Fire System has been booked in for installation at the Memorial Hall during July 2022, this is the final project to complete the 	In Progress	01/07/21	30/06/22	80.00	100.00	

Buildings & Amenities

Local Drought Stimulus Funding that remained outstanding – this part of the project was delayed due to the roof structure needing to be strengthened first.

- The Drake Footpath acquittal has been drafted and sitting with engineering to assist in questions that I am unable to answer. Once received the Local drought Stimulus Funding project can be completed.
- The Urbenville beautifications and restorations to Pioneer Cottage Project has now been completed and signed off with the Local Drought Stimulus Package Funding under Regional NSW.
- The upgrades to the Drake Resource Centre is nearing completion and through the Drought Community Programme Extension and expected to receive an extension for the funding for the delays.
- Damage to the Amenities at Jubilee Park, School or Arts Building and Bruxner Park continue to happen – report has been completed and damage has been reported to Police.
- Awaiting for quotes to repair the foyer, toilets and kitchen from 2 local builders at Memorial Hall due to flooding in May 2022.
- Received the executed deed of variation for SCCF2-1023 (Memorial Hall Sporting Complex and SCCF2-1069 (Tenterfield Shire Vibrant and Connected) and Council is just awaiting Regional NSW to sign off the vibrant and connected project.
- Applied for a Variation deed to extend the time for the Acquittal in relation to the Memorial Hall Project (SCCF2-1023) to install the Basketball hoops through Stronger Countries Communities Funding – Round 2. This extension was due to the roof having to be strengthened and trying to fit contractors in to complete the installation. Once this has been received staff can apply for the acquittal of this project which will complete all projects approved under round 2 of the

Stronger Country Communities Funding that was received from Regional NSW in 2019.

- Extension for time has been applied for one (1) outstanding project to the Resilience NSW for the National Bushfire Funding (RES 40/20) in June 2022, Council is expected to hear the outcome in July-August 2022.

- The Funding acquittal for the covered exercise area and cricket nets has now been completed and submitted to Regional NSW for the Stronger Country Communities Funding Round 3.

- Gathering information in June to complete the acquittal for five (5) projects that sit under the Bushfire Community Recovery & Resilience Funding Phase 2 Stream 1 – Resilience NSW.

- Cleaning Contract for all Council buildings and RFS Control Centre is currently been drafted and will be put out to tender in August 2022.

- Extension to the deed for Public Spaces Legacy program has been submitted to push both the Youth Park and Jennings Playground to be completed in March 2023 instead of December 2022.

- Dealing with licence, over part of Lot 1 Sec. 37 DP 758959, 50 Francis Street. MOU has been negotiated. DA and CC have been approved. A draft licence has been prepared over part of 1/37/DP758959 and has been provided to the applicants.

- Urbenville Medical Centre lease expired from 01 April 2022. The tenants have advised in writing that they wish to continue occupancy on a 3 month basis.

- Internal flooding issues continue at the Urbenville Medical Centre. A further inspection has been completed however the cause of the issue is indeterminate and will require more investigations by builder/plumber to determine the issue and complete repairs.



100.00

80.00

30/06/22

01/07/21

In Progress

• Staff are currently trying to manage Council property in June 2022 understaffed and with a reduced budget. At present staff are trying to reduce ongoing maintenance and depreciation costs by investigating the selling of Council assets.

• Regular discussion during the month of June 2022 with builders and contractors delivering projects to ensure delays are kept to a minimum or identify an alternative solution.

• Draft agreement has been completed for the Sunnyside Hall Committee to manage the Stronger Country Communities Funding Round 4 project, due to staff commitments already at full capacity. Council will still complete the reporting to the funding body and oversee the project. Currently sitting with the Committee for signing.

• Security Audit has commenced on all Council buildings and park land with a clean-up of security codes and drafting a letter for the return of excess keys from community groups.




• Replacement of 50L Hot Water System in the roof of Tenterfield Total Care (HACC) building - 134 Manners Street Tenterfield. Investigations into quotes for painting and repair/replacement of air conditioning unit for the front room is currently being explored, staff will need to evaluate urgent future projects for the building and review the 2022/23 budget prior to accepting quotes.

Jodie Condrick -
Administration
Officer


1.4.4.2 Deliver business improvements, recognising emerging risks and opportunities.

Tenterfield Shire Council

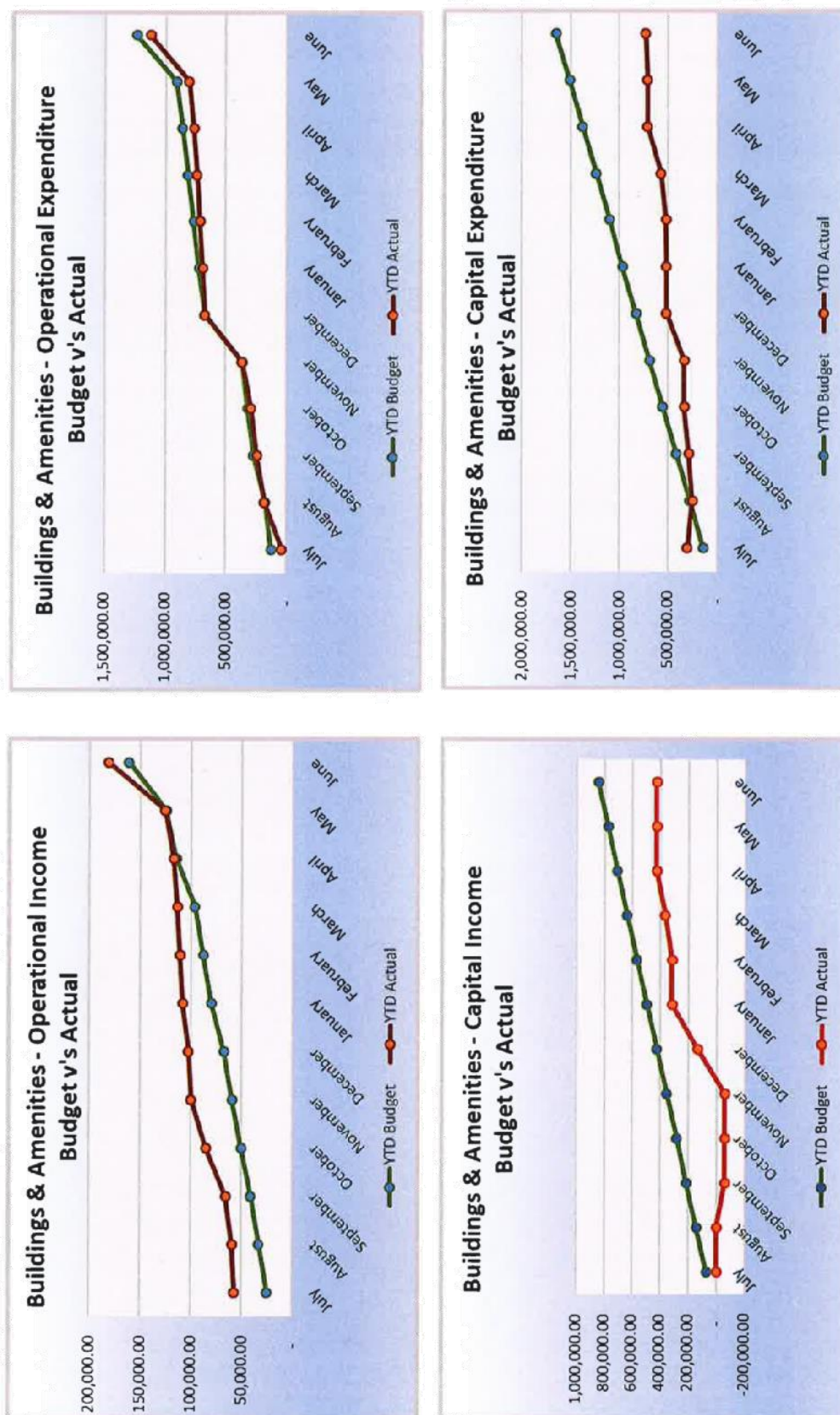
Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.4.4.3 Manage the Buildings and Amenities of Council in a financially responsible manner in line with budget allocations.	Jodie Condrick - Administration Officer	<ul style="list-style-type: none"> There are number of projects currently being organised in June 2022 with quotes and plans being revised in accordance with the 21/22 financial budget to repair ongoing maintenance, damages and future funding. Staff are continually having issues with insufficient budgeted allocations to properly maintain the commercial buildings in accordance with Council obligations as landlord under lease agreements. Due to essential work commitments and staff shortages, staff are struggling to complete a review of Council land and buildings in the shire for the consideration of Council, identifying assets to assist that through disposal may reduce ongoing maintenance and depreciation costs in a material way. 	In Progress	01/07/21	30/06/22	80.00	100.00	
1.4.4.4 Develop a Property Strategy for adoption by Council to guide property related transactions.	Jodie Condrick - Administration Officer	<ul style="list-style-type: none"> Property Strategy - Under review investigations into seeking copies of similar size Councils property strategy- This may not get drafted until 2022/2023 due to work requirements and being understaffed within the department. 	In Progress	24/11/21	30/06/22	60.00	100.00	
1.4.4.5 Manage Land and Property Register and actions.	Jodie Condrick - Administration Officer	<ul style="list-style-type: none"> Land and Property register is currently being managed as required. Budget has been organised for a new Building Conditions Assessment to be completed in 2022/2023. 	In Progress	24/11/21	30/06/22	80.00	100.00	

Buildings & Amenities

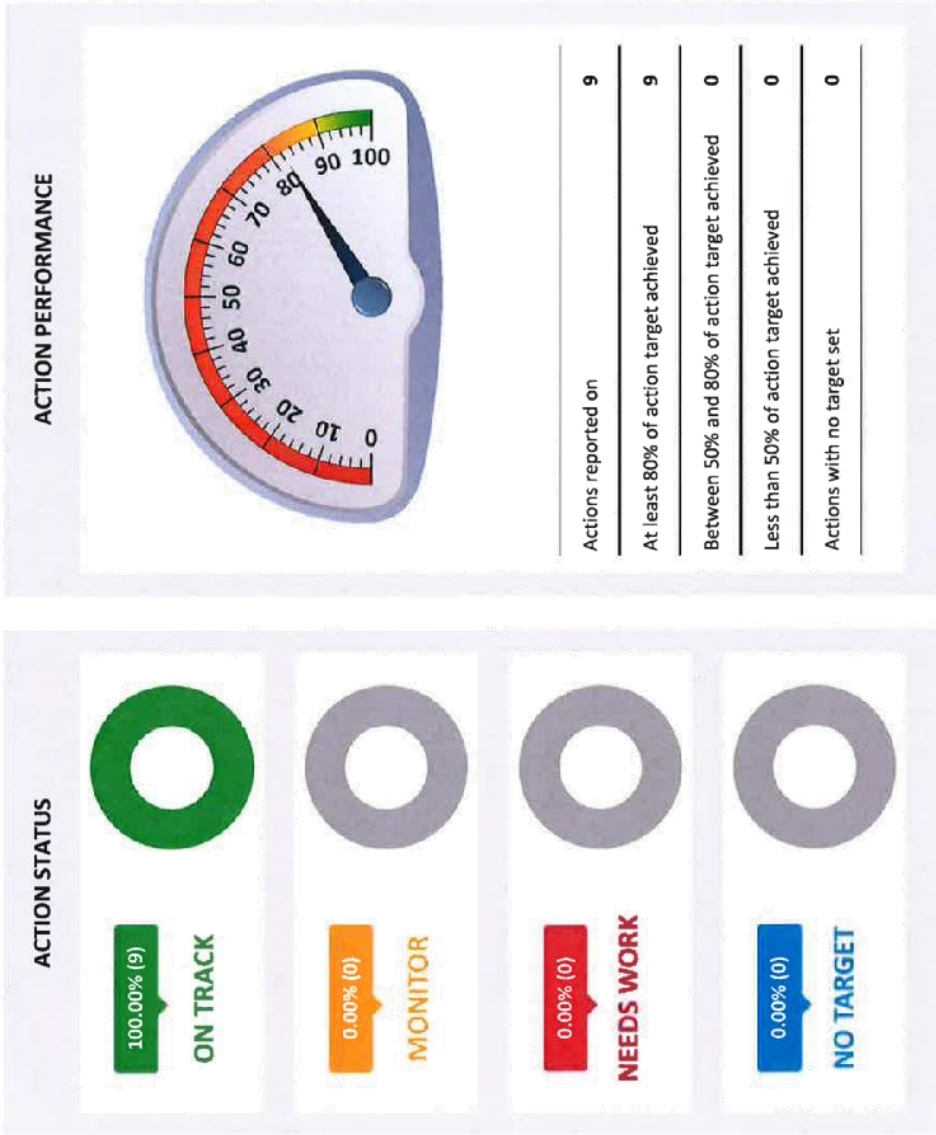
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.1.2.1 Development and delivery of the Building and Amenities Asset Management plan.	Jodie Condrick - Administration Officer	<ul style="list-style-type: none"> Cleaning Contract for all Council buildings and RFS is currently been drafted and will be put out to tender in August 2022. Current Capital Works <ul style="list-style-type: none"> Memorial Hall —Beams for the hoop completed installation in June 2022. Scope of work has been developed for the Memorial Hall Foyer, Toilets and Kitchen and currently waiting for quotes to complete flood damage from May 2022. Installation of Basketball Hoops have been installed in the Memorial Hall in June 2022. Still awaiting for the plans to be finalised for the replacement of the Administration building roof. Band Hall relocation to Leechs Gully. In February 2022, Heritage consultant inspected the property and is in the process of preparing the heritage report as part of DA process. Gem Club has stored the past committee board/ honour board for safe keeping. The gem Club have verbally agreed to return the items to the Admin building however are yet to do so. 	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

14. Buildings and Amenities



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Buildings & Arrenities	1,883,098	1,248,975	66.33%
1. Operating Income	(161,338)	(181,696)	112.62%
2. Operating Expenditure	1,237,420	1,126,137	91.01%
3. Capital Income	(846,603)	(426,578)	50.39%
4. Capital Expenditure	1,653,619	731,112	44.21%
4200501. Admin Building -- Refurbishment	268,540	219,016	81.56%
4205504. Housing - 268 Douglas St - Replace Water-Damaged Carpet	15,000	0	0.00%
4230510. SCCF4-0858 Upgrades to Drake Hall	113,000	3,723	3.30%
4230512. SCCF4-0948 Improvements to Sunnyside Hall	138,116	0	0.00%
4230513. BSBRO00689 - Mingoala Hall Improvements	120,000	0	0.00%
4235000. Tenterfield Memorial Hall Sporting Complex - SCCF-1023	120,290	55,623	46.24%
4235001. Memorial Hall Internal Acoustic, Ventilation & Insulation Treatments	103,145	6,126	5.94%
4235002. Restorations to Pioneer Cottage	14,131	0	0.00%
4235003. BCRRF Stream 1 Memorial Hall	288,990	257,698	89.17%
4235005. BSBRO00682 - Installation of Ceiling Fans & Emergency Lighting at Memorial Hall	154,000	0	0.00%
4235006. SCCF4-0949 Floor Refurbishments to Memorial Hall	131,117	0	0.00%
4235008. Memorial Hall Tenterfield - Roof Repair	158,675	158,675	100.00%
4610508. Toilet Block Enhancements at Urbenville and Legume - SCCF-1105	28,615	30,251	105.72%

15. PARKS, GARDENS & OPEN SPACE



ACTION SUMMARY

Business Unit: Parks, Gardens & Open Space						
Service Profile: Parks, Gardens & Open Space						
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	Status
1.1.5.1 Ensure maintenance standards are conducted and delivered efficiently through Parks, Gardens and Open Space Committee and Village Progress Associations.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<ul style="list-style-type: none"> • Work commenced on the gardens at the SOA, with turf to be laid on a section of the garden to reduce maintenance – ongoing • Staff have been pruning street trees in Rouse Street after complaints about trees hitting buildings and blocking shop signage. • Petunias removed in gardens along Rouse Street, new flowers have been planted. • 12 x new pin oaks to be planted along the Casino Rd replacing trees removed is yet to be done. • Storm clean-up has been extreme with all park staff on clean up duties • Three pin oaks are still to be removed in Logan Street this will be a winter job when staff have time • Several Pin oaks are yet to be removed along Cowper Street • Mowing and brush cutting is a major work factor to staff duties but starting to slow down in the cooler months. • General cleaning of amenities and rubbish removal. • Damage to public toilets in Tenterfield and villages still a major concern. Each day staff spend an extra 30 mins cleaning the damage/vandalism in the Jubilee Park Toilets. • Playground maintenance under taken. The Jubilee Park Gates and fencing panels are continually being broken and panels are being ripped off and thrown in the Tenterfield creek • One staff member consistently working at 	In Progress	01/07/21	30/06/22	80.00
						100.00
						ON TRACK

<p>the cemetery.</p> <ul style="list-style-type: none"> • Jennings Park is having water issues with water and investigations to connecting to mains • No brush cutting or road verges have been maintained since April due to staff shortage. • Tenterfield Tree Maintenance program is way behind schedule due to deficiency of staff on Parks and Gardens. • Jubilee Park Toilet block and Baby change room facilities will now be closed at 5pm and opened at 6am until further notice due to repeated vandalism within the facility. 	<p>1.1.6.1 Work with the Tenterfield Shire Village Progress Associations and the Parks, Gardens and Open Space Committee to deliver individual town and village themes, promoting the unique aspects of each locality.</p>	<p>Mark Cooper - Manager Open Space, Regulatory & Utilities</p>	<p>• Parks Gardens and Cultural Committee met in the Chambers for the first time this year. It is the first time the Parks Garden & Open space committee and Arts Committee has been merged to form one Committee. It was a good turn out with good issues raised.</p> <ul style="list-style-type: none"> • Village Concept Designs have now been adopted and on Council website. • Village Progress Associations have received funding from several grants to assist with maintenance and projects around each village. • Purchase orders raised for the upgrade to the Jennings Park playground, landscaping, and car park. Work to commence late July early August on the playground, the shade structure has commenced. • Shade structure ready over the exercise equipment at the Hockey field, has now been completed. <p>Both the cricket nets and exercise equipment grants have been acquitted. Contacting suppliers in relation to the upgrade of the netball courts.</p>	<p>01/07/21</p>	<p>30/06/22</p>	<p>80.00</p>	<p>100.00</p>
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ON TRACK

Tenterfield Shire Council



Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.2.1 Implement and deliver maintenance programs for Parks, Gardens and Open Spaces.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<ul style="list-style-type: none"> With staff shortages – Training is needed for new or upgrading of tickets for truck licence, chemical ticket, chainsaw ticket and traffic control tickets. 	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK
1.2.2.2 Deliver business improvements, recognising emerging risks and opportunities.	Mark Cooper - Manager Open Space, Regulatory & Utilities	<ul style="list-style-type: none"> Continuing to investigate ways to reduce cost of maintenance within parks and still maintaining levels of service. Further slabs at the cemetery are currently being quoted. Larger trees throughout the town and along Cowper Street are becoming a major concern due to ageing and structural problems. Parks & Garden programs are increasingly becoming overdue, this is due to insufficient budget to maintain and repair existing assets and staff positions not being engaged. With the increase of vandalism and damages to community facilities, there is major concern with minimal budget these facilities may fall into disrepair and need to be closed until funds are located. 	In Progress	01/07/21	30/06/22	80.00	100.00	ON TRACK

Parks, Gardens & Open Space

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.2.3 Manage the Parks, Gardens and Open Space Service of Council in a financially responsible manner in line with budget allocations.	Mark Cooper - Manager Open Space, Regulatory & Utilities	Continuing to provide amenities and park facilities to the public with high levels of service within the current budget constraints. Daily cleaning of Tenterfield township public toilets with rubbish removal and park inspections adding to the cleanliness and appearance to the town. Several toilets have had graffiti painted on the inside walls and extensive damage done daily – this is an ongoing concern as it is increasing staff time to clean up and repair with a reduced budget. Completed installation of the exercise equipment for Hockey Park near completed, with shade structure to be installed in June 2022. Work undertaken in Bruxner Park to have the area around the toilet block turfed to increase visibility within the park – there is ongoing maintenance to the turf.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
1.2.6.1 Engage with the Parks, Gardens and Open Space Committee and the Tenterfield Shire community to assist in identifying further ideas to increase open space usage throughout the Shire.	Mark Cooper - Manager Open Space, Regulatory & Utilities	Forms part of the (ongoing) agenda for all Parks and Garden and soon to be Arts and Culture Committee meetings. Successful grant funding for further upgrading projects within Tenterfield and villages.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Parks, Gardens & Open Space

Tenterfield Shire Council


Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.3.1.1 Ensure all Parks, Gardens and Open Space amenities maintenance programs are delivered to a high standard.	Mark Cooper - Manager Open Space, Regulatory & Utilities	Continuing to provide amenities and park facilities to the public with high levels of service within budget constraints. Daily cleaning of Tenterfield township public toilets with rubbish removal and park inspections adding to the cleanliness and appearance to the town. Several toilets have had graffiti painted on the inside walls - ongoing concern Completed installation of the exercise equipment and shade structure for Hockey park. Work undertaken in Bruxner Park to have the area around the toilet block turfed to increase visibility within the park.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
1.3.1.2 Implementation of the tree management strategy.	Mark Cooper - Manager Open Space, Regulatory & Utilities	Tree Management Plan approved by the Parks and Gardens Committee, to adopt the plan excluding Logan Street and tree species replacement planting. No street trees have been ordered for next spring due to budget restraints 12 New pin oaks will soon be planted along the Casino Road	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Parks, Gardens & Open Space

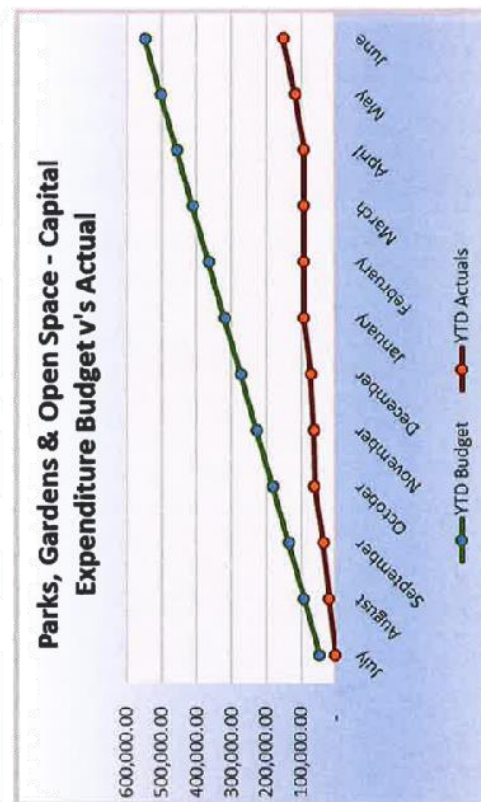
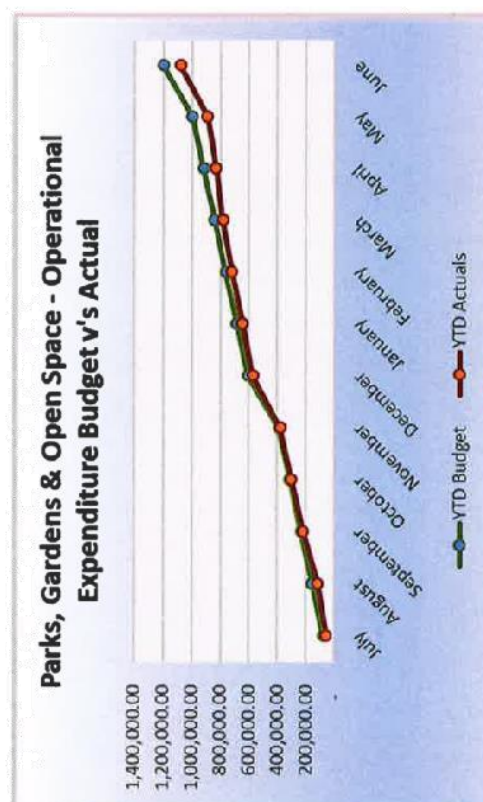
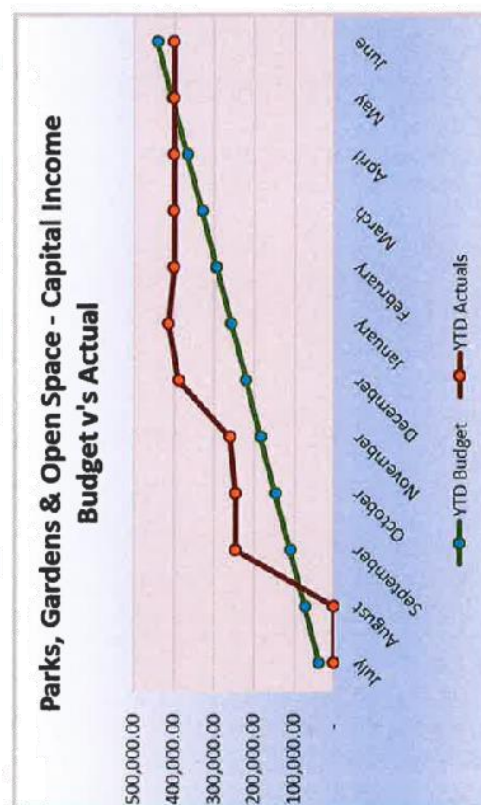
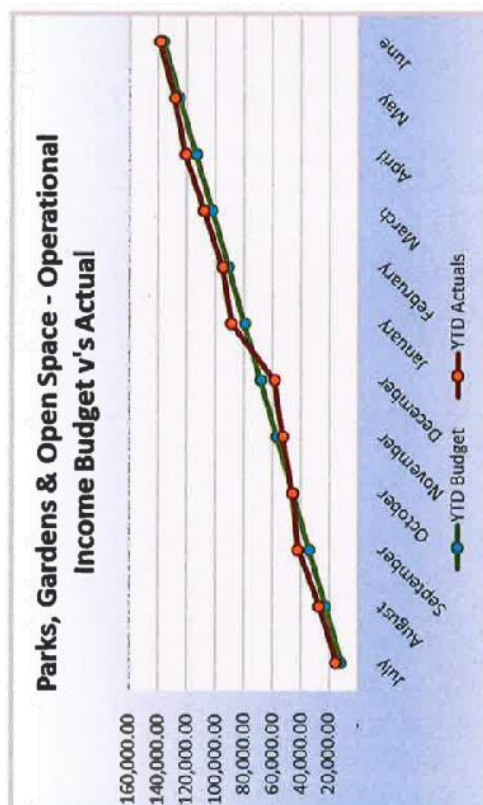
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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.4.4.6 Investigate options for further exercise stations sited along existing cycleway.	David Counsell - Manager Asset & Program Planning	Council received grant funding for a covered area to include up to ten pieces of exercise equipment. The grant funded equipment constructed within the Hockey Field adjacent to the pathway, and has been installed awaiting the soft fall. July - equipment is now available for general use.	Completed	01/07/21	30/06/22	100.00	100.00	

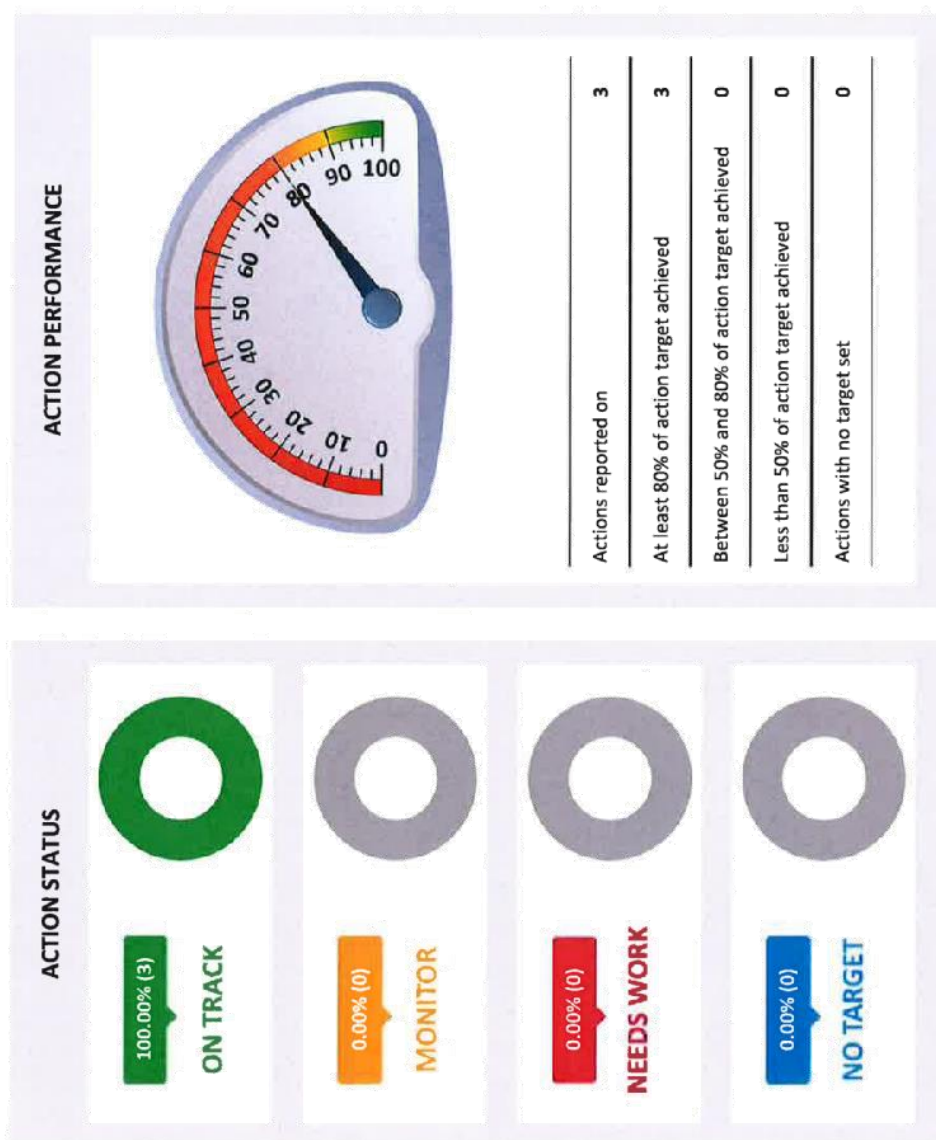
Parks, Gardens & Open Space

15. Parks, Gardens and Open Space



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Parks, Gardens and Open Space	1,170,066	693,006	59.23%
1. Operating Income	(136,500)	(139,043)	101.86%
2. Operating Expenditure	1,199,993	1,081,385	90.12%
3. Capital Income	(441,567)	(400,809)	90.77%
4. Capital Expenditure	548,140	151,474	27.63%
4215502. Cemeteries - Earthworks Preparation for Stage 1 Expansion	18,808	3,380	17.97%
4605510. Shade Structure over Rotary Park Playground	24,766	24,914	100.60%
4605511. Installation of Covered Exercise Area at Hockey Park	83,641	79,015	94.47%
4605512. Shirley Park Cricket Net Replacement	10,925	11,073	101.36%
4605514. PSLP - Jennings Playground Precinct	250,000	33,091	13.24%
4605516. SCCF4-0951 Revitalisation of Tenterfield Netball Courts	160,000	0	0.00%


16. SWIMMING COMPLEX



ACTION SUMMARY



Business Unit: Swimming Complex

Service Profile: Swimming Complex

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.3.1 Deliver business improvements, recognising emerging risks and opportunities.	Jodie Condrick - Administration Officer	<p>Business improvements identified in preparation of the commencement of the 2022/2023 summer season. Action being taken to improve entry and exit to facility and increase patronage for the 2022/2023 season.</p> <p>Meetings will be conducted with pool contractors prior to the next season commencing.</p> <p>Discussions in relation to the maintenance needed prior to the new season:</p> <ul style="list-style-type: none"> • All plant room equipment will need to be serviced. • Pool needs to be painted with fibreglass pool paint lining, as the concrete shell is visible in many places and increasing running cost. • The chlorine/acid doser control panel still needs replacing. • Concrete grinding proves on the pool deck and throughout the change room's needs to be completed, as it is in very poor condition and is slippery and a major hazard. <p>Contract renewed between Just Sports n Fitness and Council and has been extended for another four (4) years 17 September 2024.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

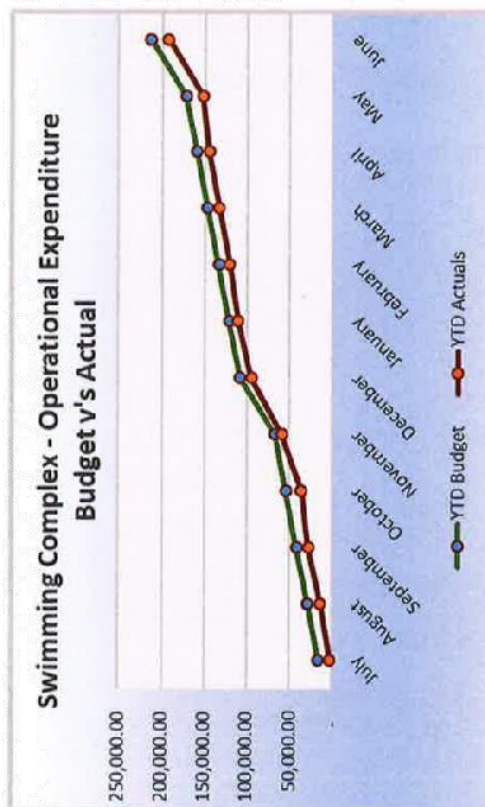
Tenterfield Shire Council

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.2.3.2 Manage the Swimming Complex Service of Council in a financially responsible manner in line with budget allocations.	Jodie Condrick - Administration Officer	Total Attendances YTD • 2018/19 – 14756 • 2019/20 – 14530 • 2020-21 – 16377 • 2021/22 – 13406	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
Discussions for maintenance of the pool facility and commencement of the new season are underway.								
1.2.3.3 Implement Tenterfield War Memorial Baths (TWMB) Management Plan, review and update as necessary.	Jodie Condrick - Administration Officer	Current Management Plan to be implemented in the 2023 summer season. This plan is currently under review. Pool contract has been extended for a 4 year period from 18 September 2020 to 17 September 2024 has been endorsed by both the pool contractors and Council.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

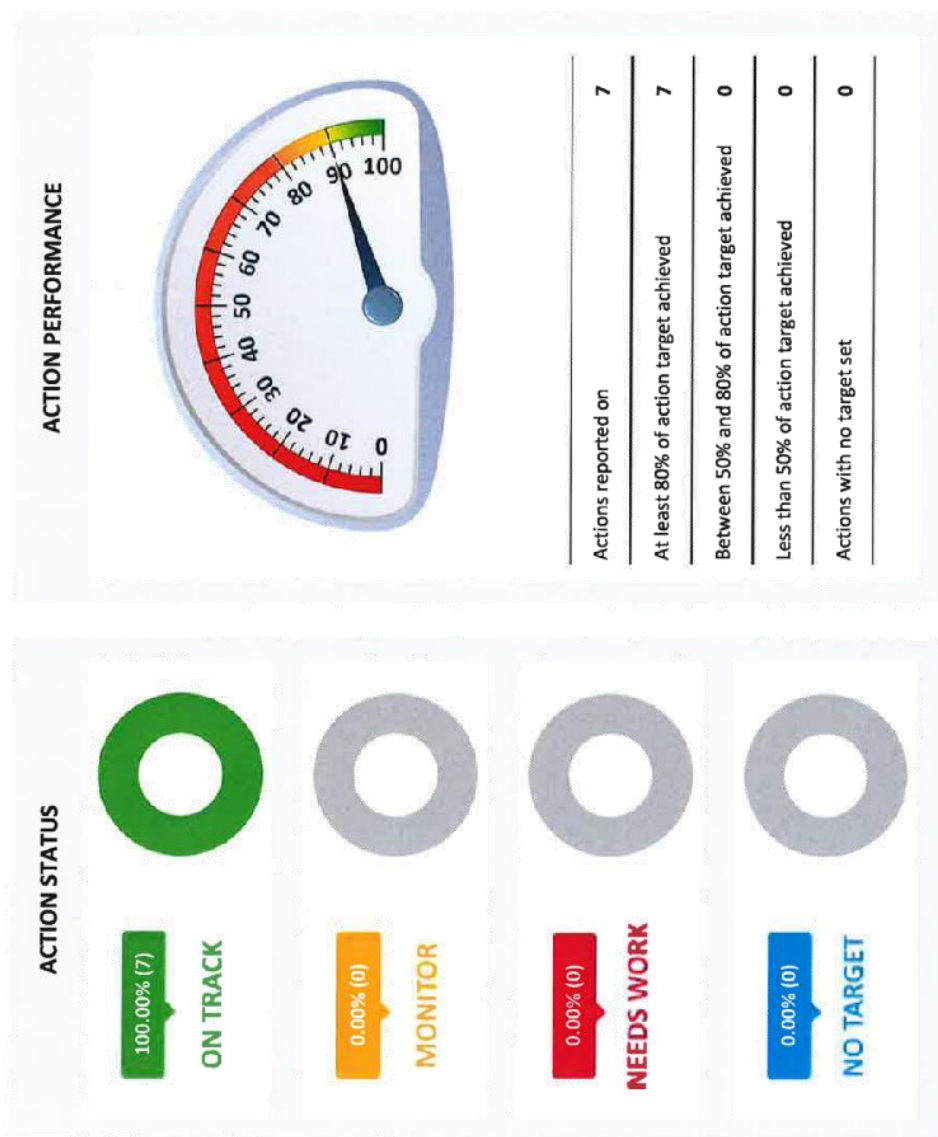
Swimming Complex

16. Swimming Complex



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Swimming Complex	218,043	197,873	90.75%
2. Operating Expenditure	213,083	192,913	90.53%
4. Capital Expenditure	4,960	4,960	100.00%
4600506. Shade Structure Over BBQ at Pool	4,960	4,960	100.00%

17. ASSET MANAGEMENT & RESOURCING






ACTION SUMMARY

Business Unit: Asset Management & Resourcing						
Service Profile: Asset Management & Resourcing						
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	Target
2.3.4.1 Ensure that asset management, project planning and design activities meet agreed quality and industry standards.	David Counsell - Manager Asset & Program Planning	Project delivery of projects is undertaken to industry standards. Upgrades are focused on improving efficiency of structures. June - Reduced staff resource levels limit the ability to focus on the delivery of improved efficiencies and still provide regular services to other sectors of the community. Restraints also occur on the ability of the Assets section to review all assets across the operation of Council to examine service potential and long term affordability.	In Progress	01/07/21	30/06/22	100.00
2.3.4.2 Deliver business improvements, recognising emerging risks and opportunities.	David Counsell - Manager Asset & Program Planning	Project documents are prepared for major projects adopted under the 21/22 works program that include assessing risks and opportunities on major projects. June - Asset and Program Planning section has a 50% reduction in staff resources over the past year that significantly reduces the ability for business improvement. Opportunities are being taken to incorporate improved processes into projects where they arise, such as in-situ pavement stabilisation in lieu of full pavement replacements that required expansive quarrying operations.	In Progress	24/11/21	30/06/22	100.00

Monthly Operational Report - June 2022

Tenterfield Shire Council

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.3.4.3 Manage the Asset Management and Resourcing service of Council in a financially responsible manner in line with budget allocations.	David Counsell - Manager Asset & Program Planning	Asset replacement projects are scoped in line with the adopted annual budget. Opportunities are being taken up with grant funds to accelerate asset replacement. June - A number of grant funded projects have been completed or are underway that will enhance Council's asset replacement program. A number of grants have been obtained for timber bridge replacements that would otherwise have been required to have load limits applied until such time as Council could fund the works with its own reserves. Examples include Emu Creek Bridge on Hootons Road, Deepwater River Bridge on Torrington Road, and Boonoo Boonoo Bridge on Mt Lindesay Road. The scoping of future programs has been significantly limited by the reduced level of staff resources in the Asset and Program Planning section that has been at 50% for almost all of the past year.	Completed	24/11/21	30/06/22	100.00	100.00	 ON TRACK
5.1.1.1 Develop and implement the Strategic Asset Management Plan and associated systems.	David Counsell - Manager Asset & Program Planning	Asset Management Policy 1.014 has been reviewed and adopted by Council to ensure the document is current. June - Asset Management Strategy has been revised by Council and action to implement an Asset Management system is ongoing. Assets Team, IT and Finance Team are working together with the system provider to continue progressing the delivery of the system (currently at 75%) with completed up to date financial information by the end of 2022.	In Progress	01/07/21	30/06/22	90.00	100.00	 ON TRACK
5.1.2.1 Review the Pedestrian Access and Mobility Plan (incorporating the Disability Action Plan) and Bike Plan to identify any priority gaps in connectivity in our Towns and Villages.	David Counsell - Manager Asset & Program Planning	The Pedestrian Access Mobility Plan and the Bike Plan have been reviewed and adopted by Council. June - some works have been undertaken in accordance with the PAMP and a review of the listed future PAMP projects may be undertaken during 22/23 as resources allow.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK
5.1.4.1 Undertake annual inspections (or	David Counsell -	Drainage culvert structures are being	In Progress			80.00	100.00	

Asset Management & Resourcing

Tenterfield Shire Council

Monthly Operational Report - June 2022

as deemed appropriate) for condition assessment of Council infrastructure and assets.

Manager Asset & Program Planning

01/07/21

30/06/22



assessed on individual specific site basis for renewals a focus to improve efficiency of storm water drainage flows and safety in public areas.

June - Drainage pipe inspections have been undertaken on selected structures and some urban pipes have been included with CCTV works. These inspections are used to program future works programs. Complete network inspections are limited by availability of staff resources and budget in the Asset and Programming section.

June Grading Report 2022

Council is responding to the ongoing February and now May rain events. Council will respond to most roads over the next two months to keep roads safe. This will include each crew (North, East, West and Central) having a drainage item of plant with them to conduct drainage repairs and tidy up the running surface of the road. Council will see items of plant do enough on a road to keep it safe and move on to the next road. Council is beginning to return to normal grading routine maintenance and full DRFA works (where funded) on roads according to road maintenance funding constraints, in some districts.

At times Council resources are responding multiple times to the same defect due to the ongoing onslaught of wet weather.

- Grading Schedule

o Eastern Grader –drainage crew will work with the grader which is currently grading Paddy's Flat Rd South and tributaries. This crew has conducted minor repairs Hootens Road bridge approaches on the boundary with Kyogle shire. This crew will go to Bruxner Rd, followed by Fairfield and Leslie Ck Rd.

o Northern Grader –This grader is grading and conducting DRFA repairs on Paddy's Flat North and other tributary roads, followed by

Asset Management & Resourcing

Beaury Ck Rd. Contractors have repaired Wallaroo Range, Rivertree and Cullens Ck bridge approaches again.

- o Western Grader – This crew patrolled Geyers Rd, Sawyers Gully Rd, Mountain Ck Rd, New Mole Rd, Darthulla Road and the Loop Road. Currently grading Woodside Rd followed by (subject to staffing availability, currently stood down) Upper Mole Rd, Mole River Rd and New Mole Rd. Following this, the grader will commence flood damage repairs and full grading to Silent Grove Rd.
- o Central Grader – This grader has completed LRCI, low cost pavement preparation and sealing of Silent Grove Rd out to the Waste Transfer Station and Sherratt Rd. This grader has attended to all roads in the Torrington district and will return to the Central district, to attend to roads in the Central district – and commence Robinson's Lane and Washpool low cost pavement preparation for LRCI seals to these roads.
- o Bridge Crew have replaced sections of concrete footpath in Rouse St between Martin to Molesworth; and Miles to Douglas Streets. In between rain events, this crew is replacing a bridge on Boorook Rd, awaiting dry weather. This crew have conducted repairs to the causeways on Rockdale Rd, to hold the causeways until Council can get a fisheries approved design to replace these structures.
- o Plains Stn Rd at Frasers Cutting continues to allow traffic access under lights.
- o After recent rains and winds, Council had to divert resources to remove trees from the roads.

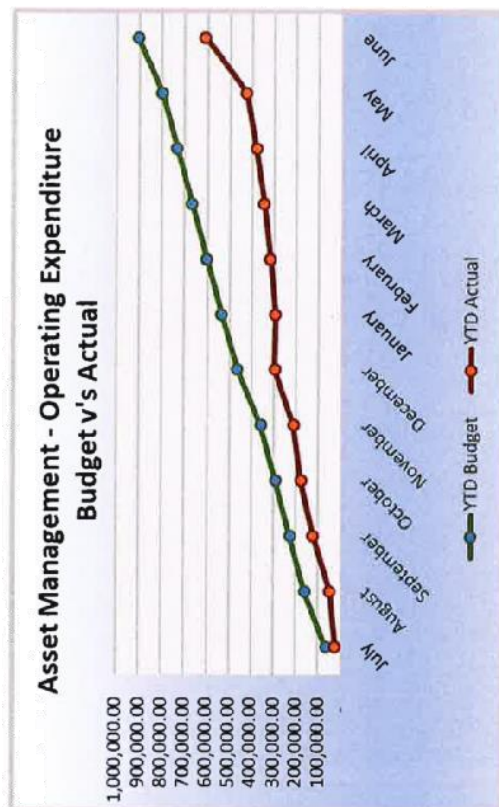
Tenterfield Shire Council

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Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.1.6.1 Review and update Council's Risk Register and intervention programs on an ongoing basis in accordance with inspection schedules.	David Counsell - Manager Asset & Program Planning	Asset risks are being monitored the Risk Management system. Inspections are scheduled where resources allow to aid this process. June - Risk register has been updated with regard to assets. Inspection of assets continues, however this task has been significantly restricted due to the absence of a dedicated Asset Inspector for over a full year.	In Progress	01/07/21	30/06/22	90.00	100.00	

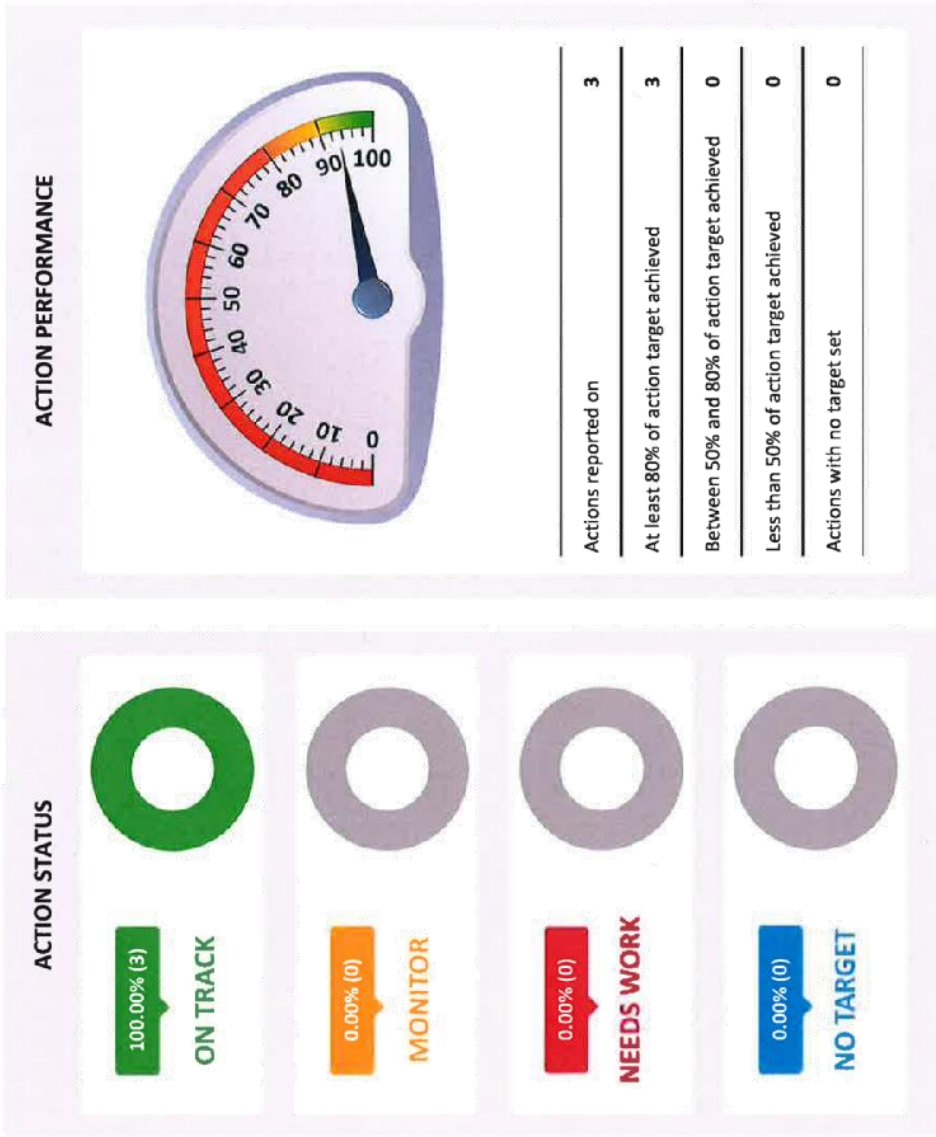
Asset Management & Resourcing

17. Asset Management and Resourcing



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Asset Management & Resourcing	989,417	620,832	62.75%
1. Operating Income	(3,000)	(1,657)	55.25%
2. Operating Expenditure	906,613	611,463	67.44%
4. Capital Expenditure	85,804	11,026	12.85%
6250501. Tenterfield Depot - Refurbishment Stage 1	25,804	9,780	37.90%
6250505. Tenterfield Depot - WHS & Environmental Initiative Enhancements	50,000	0	0.00%
6250506. Tenterfield Depot - Fuel Tank Replacement/Remediation	10,000	1,246	12.46%




18. COMMERCIAL WORKS



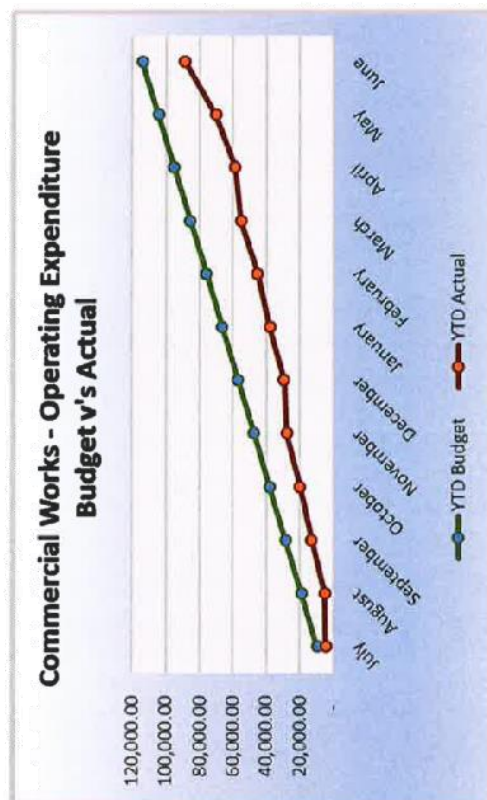
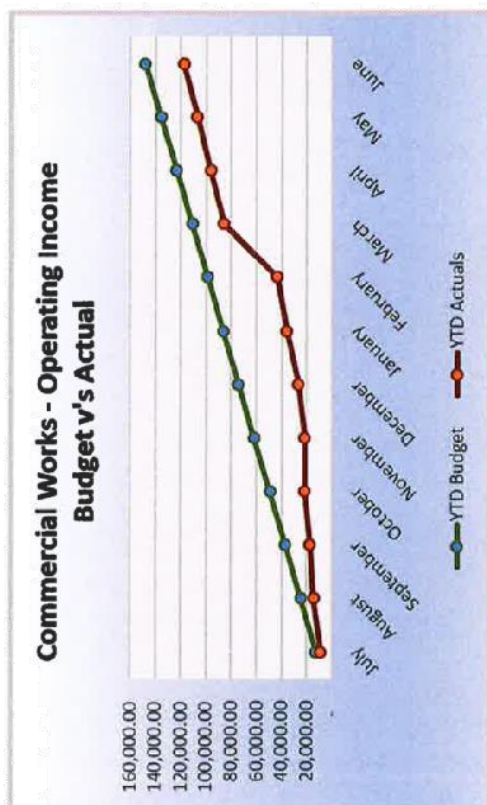
ACTION SUMMARY

Business Unit: Commercial Works

Service Profile: Commercial Works

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.3.5.1 Commercial Works undertaken in accordance with demand.	James Paynter - Manager Works	Works are undertaken on demand, with scheduled work and operational priorities a consideration. June 2022 - Council continues to demonstrate commercial sustainability when completing Commercial works.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
2.3.5.2 Deliver business improvements, recognising emerging risks and opportunities.	David Counsell - Manager Asset & Program Planning	Delivery of commercial work is scheduled with the aim to gain efficiencies alongside operational and capital projects. June 2022 - Commercial works are undertaken only where priorities on other Council works allow. The significant damage to roads due to weather events has limited the ability to undertake commercial works. Staff limitations are also impacting the ability to provide external services with 25% of outdoor transport team positions currently vacant.	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK
2.3.5.3 Manage the Commercial Work Service of Council in a financially responsible manner in line with budget allocations.	David Counsell - Manager Asset & Program Planning	Works are delivered within projected estimates and quotations. June 2022- The Works Manager arranges commercial works as resources permit given the priorities of Councils own works program.	Completed	24/11/21	30/06/22	100.00	100.00	 ON TRACK

18. Commercial Works



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Commercial Works	(34,071)	(29,295)	85.98%
1. Operating Income	(148,138)	(118,101)	79.72%
2. Operating Expenditure	114,067	88,806	77.85%

19. STORMWATER DRAINAGE

ACTION STATUS



ACTION PERFORMANCE



Actions reported on	3
At least 80% of action target achieved	3
Between 50% and 80% of action target achieved	0
Less than 50% of action target achieved	0
Actions with no target set	0

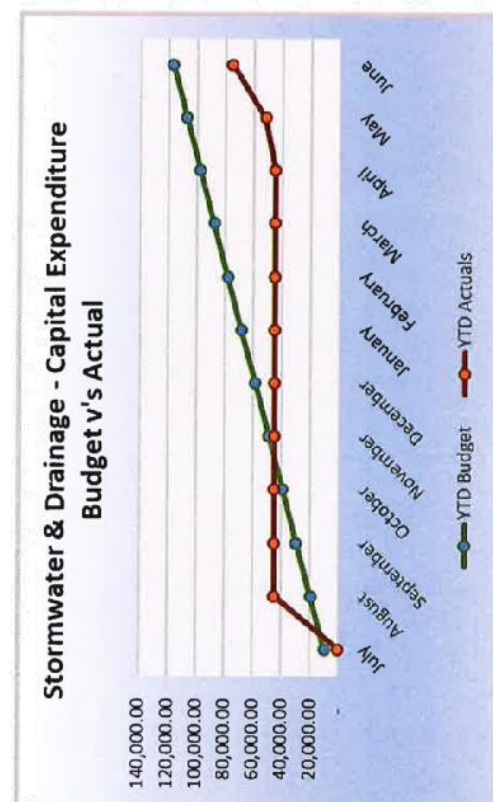
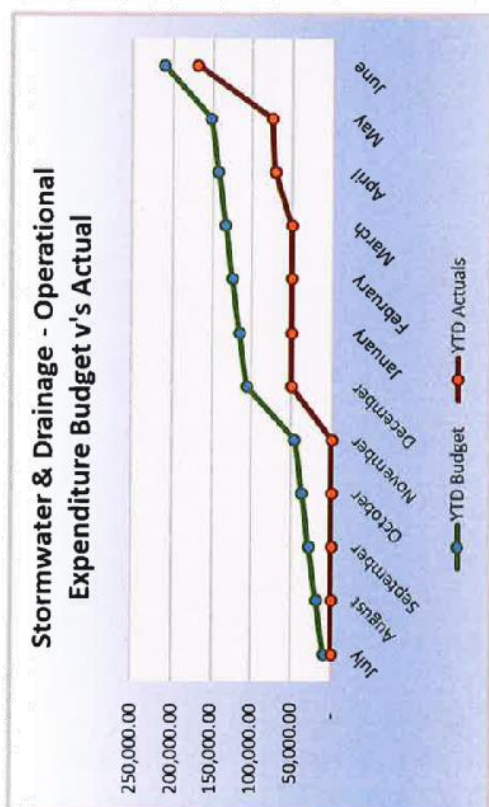
Monthly Operational Report - June 2022

ACTION SUMMARY

Business Unit: Stormwater Drainage						
Service Profile: Stormwater Drainage						
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	Status
3.3.1.1 Implement the Stormwater Asset Management Plan.	David Counsell - Manager Asset & Program Planning	Further storm water asset renewals works are being arranged to upgrading drainage pits and pipe inlets. June 2022 - Improvements to some existing pits have been undertaken and further review of the Plan will be commenced during 22/23 where staff resources allow.	Completed	25/11/21	30/06/22	100.00
3.3.1.2 Deliver business improvements, recognising emerging risks and opportunities.	David Counsell - Manager Asset & Program Planning	Project delivery is scheduled to gain efficiencies where possible, considering site risks and to seek opportunities to improve the performance of the asset. June 2022 - Demand upon resources and significant weather events during the year have limited the ability to seek opportunities in some areas.	In Progress	25/11/21	30/06/22	90.00
3.3.1.3 Manage the Stormwater and Drainage of Council in a financially responsible manner in line with budget allocations.	David Counsell - Manager Asset & Program Planning	Asset replacement projects are in accordance with the adopted annual budget limitations. June 2022 - action has also been undertaken to inspect pipes for planning of future works.	In Progress	25/11/21	30/06/22	90.00

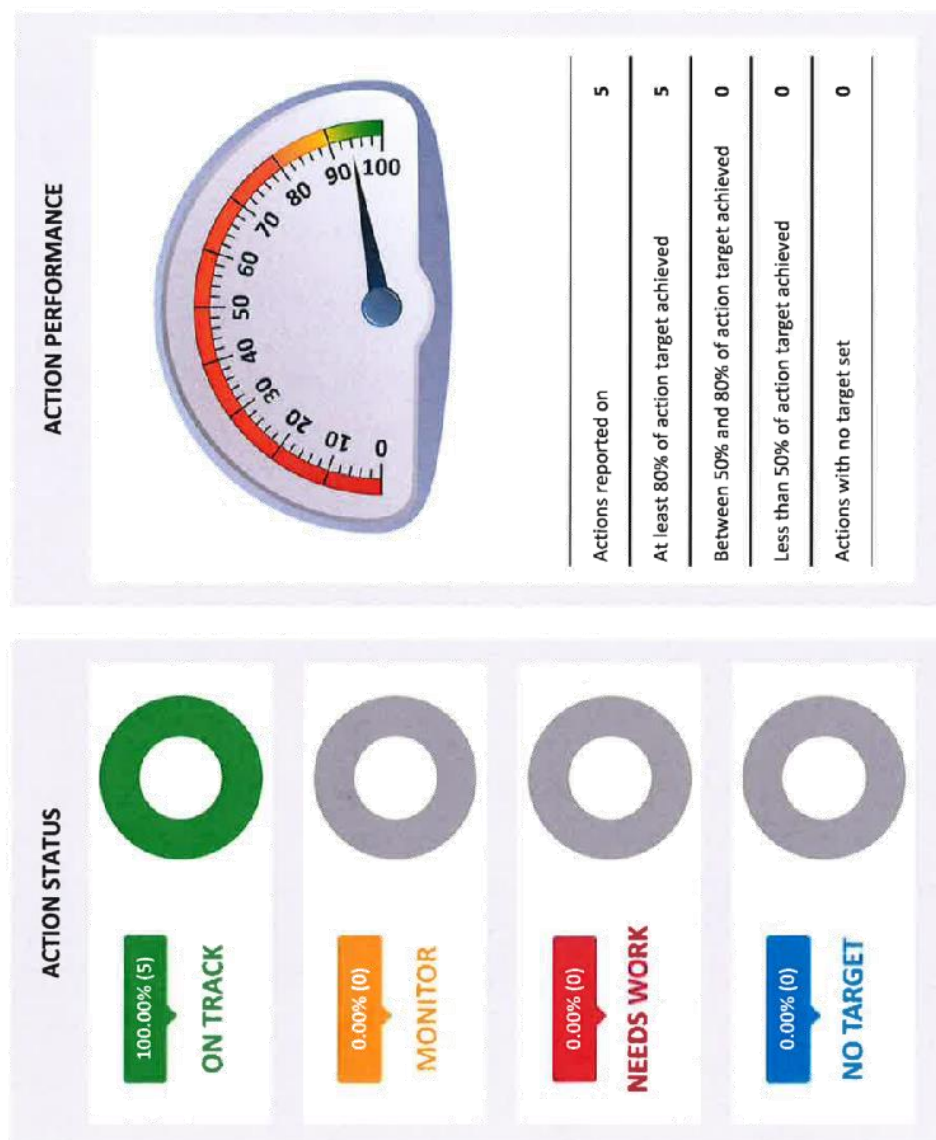
Stormwater Drainage

19. Stormwater and Drainage



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Stormwater & Drainage	257,550	170,886	66.35%
1. Operating Income	(70,921)	(71,385)	100.65%
2. Operating Expenditure	211,271	168,904	79.95%
3. Capital Income	0	(2,154)	0.00%
4. Capital Expenditure	117,200	75,521	64.44%
8252502. Drainage Pits - Upgrade	50,000	12,903	25.81%
8252523. Urban Culverts Renewal	27,200	22,617	83.15%
8252526. Stormwater Pipe Renewal	40,000	40,000	100.00%

20. TRANSPORT NETWORK





ACTION SUMMARY


Business Unit: Transport Network						
Service Profile: Transport Network						
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	Status
5.1.3.1 Implement the Road Network Management Plan and the Road Network Asset Management Plan.	David Counsell - Manager Asset & Program Planning	The Road Asset Management Plan and the Road Network Asset Management Plan have been adopted by Council in July 2021. July - The RAMP is the guide for maintenance works across the road network subject to resource availability. Based upon the adopted 2022/23 financial budget, the RAMP service levels are unlikely to be affordable and the RAMP be revised for Council's consideration early in the financial year.	Completed	01/07/21	30/06/22	100.00
						100.00
						ON TRACK

Tenterfield Shire Council

Monthly Operational Report - June 2022


Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.1.3.2 Deliver business improvements, recognising emerging risks and opportunities.	James Paynter - Manager Works	<p>Project delivery is scheduled to gain efficiencies. Projects are undertaken utilizing internal teams and external contractors to deliver projects within grant funding and internal funding restraints.</p> <p>June - Council resources are stretched due to ongoing weather events combined with human resource shortages. Council's mandate to not replace staff is having a devastating affect on Council's grader deliver services. One of Council's grader crews will need to be stood down. Works effectively has six "orange shirt" staff positions on hold/ not filled - and two positions on secondment which are not backfilled internally or externally; and one position on six months leave, not backfilled - effectively cumulating to nine positions. This is almost a third of Council's works "orange shirt" workforce, during the wettest years in recent times. Of these listed vacant fulltime positions, four are working supervisory type positions. Some of the best money an organization can spend is on supervision.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
5.1.3.3 Manage the Transport Network Service of Council in a financially responsible manner in line with budget allocations.	David Counsell - Manager Asset & Program Planning	<p>Asset replacement projects are scoped in line with the adopted annual budget. Where external grant opportunities are available, successful grants are assisting with the asset renewal program.</p> <p>June - A number of grant funded projects have been completed or are underway that is assisting with Council's asset replacement program.</p>	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK

Transport Network

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.1.7.1 Manage and deliver maintenance services for transport infrastructure.	David Counsell - Manager Asset & Program Planning	<p>Transport assets, which are mainly roads, are maintained in accordance with the adopted annual budget.</p> <p>June - The road network has been maintained within the annual budget, however the impacts of prolonged wet weather events has led to deterioration along large sections of the network. Claims for disaster relief funding are being compiled for submission to assist Council in the recovery of its essential public assets. Interim measures have been undertaken to address safety for road users until more permanent rehabilitation can be resourced and completed. Internal works staff resourcing levels are currently approximately at 70% of normal operating levels.</p>	Completed	01/07/21	30/06/22	100.00	100.00	 ON TRACK

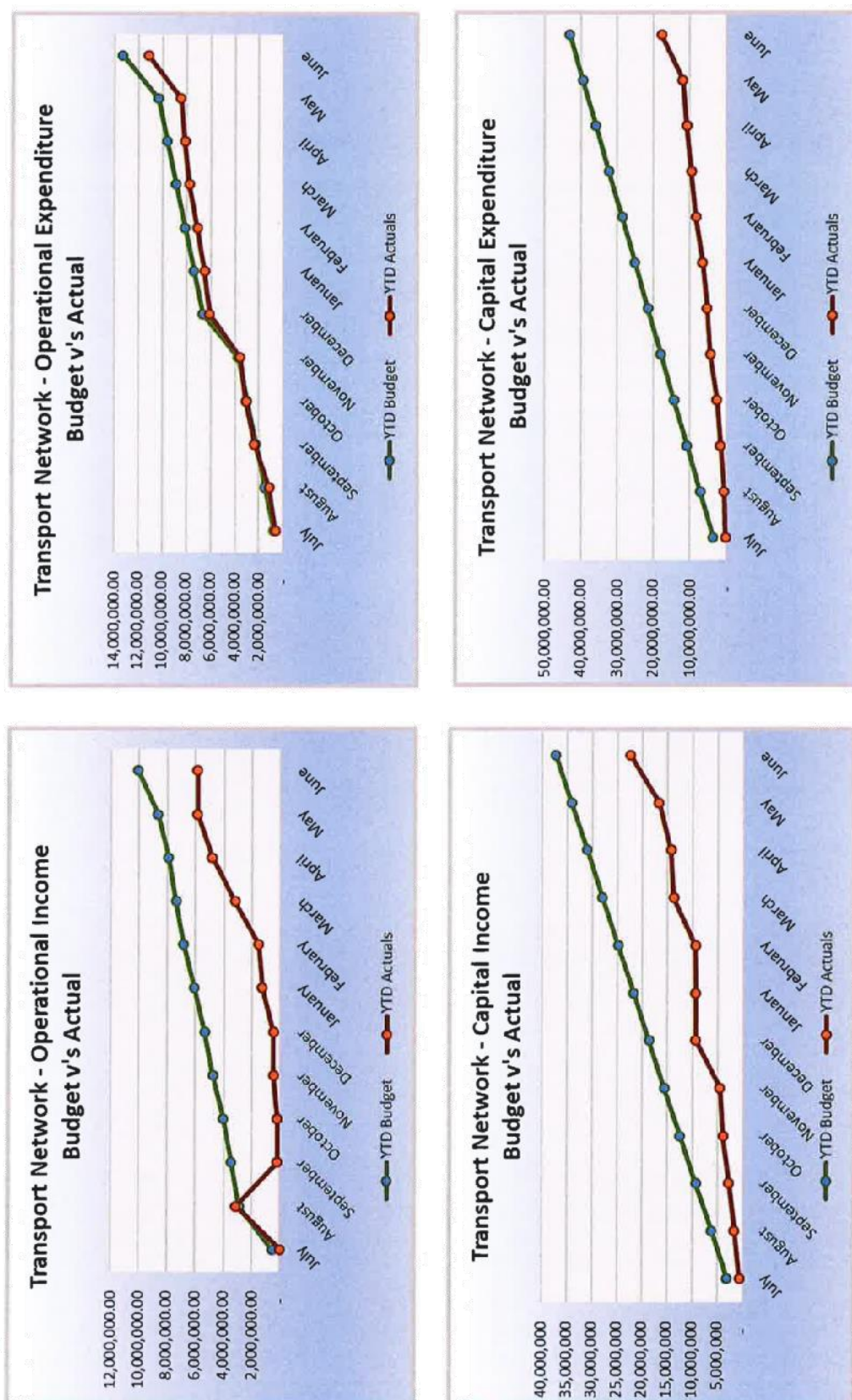
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.2.3.1 Manage and deliver construction services for transport infrastructure.	David Counsell - Manager Asset & Program Planning	Capital projects are being delivered with additional works funded through grant funding for road upgrading and timber bridge replacements. June - A number of projects are underway on Mt Lindesay Road to upgrade the network and planned completion of the sealed surface along the entire route. Bridge replacements have been delayed during 21/22 due to rain events that flooded work sites and limited access for works teams. Roadworks have progressed on Sunnyside Platform Road, Kildare Road, Tooloom Road, Silent Grove Road and Amosfield Road. Bridgeworks have commenced on Kangaroo Creek on Paddys Flat Road North, Unnamed Creek on Paddys Flat Road South, Boorook Creek on Boorook Road, Washbrook Creek on Leeches Gully Road. With more favourable weather conditions expected over coming months, these projects are anticipated to be delivered at a faster pace than has been possible recently.	In Progress	01/07/21	30/06/22	90.00	100.00	 ON TRACK

Transport Network

20. Transport Network

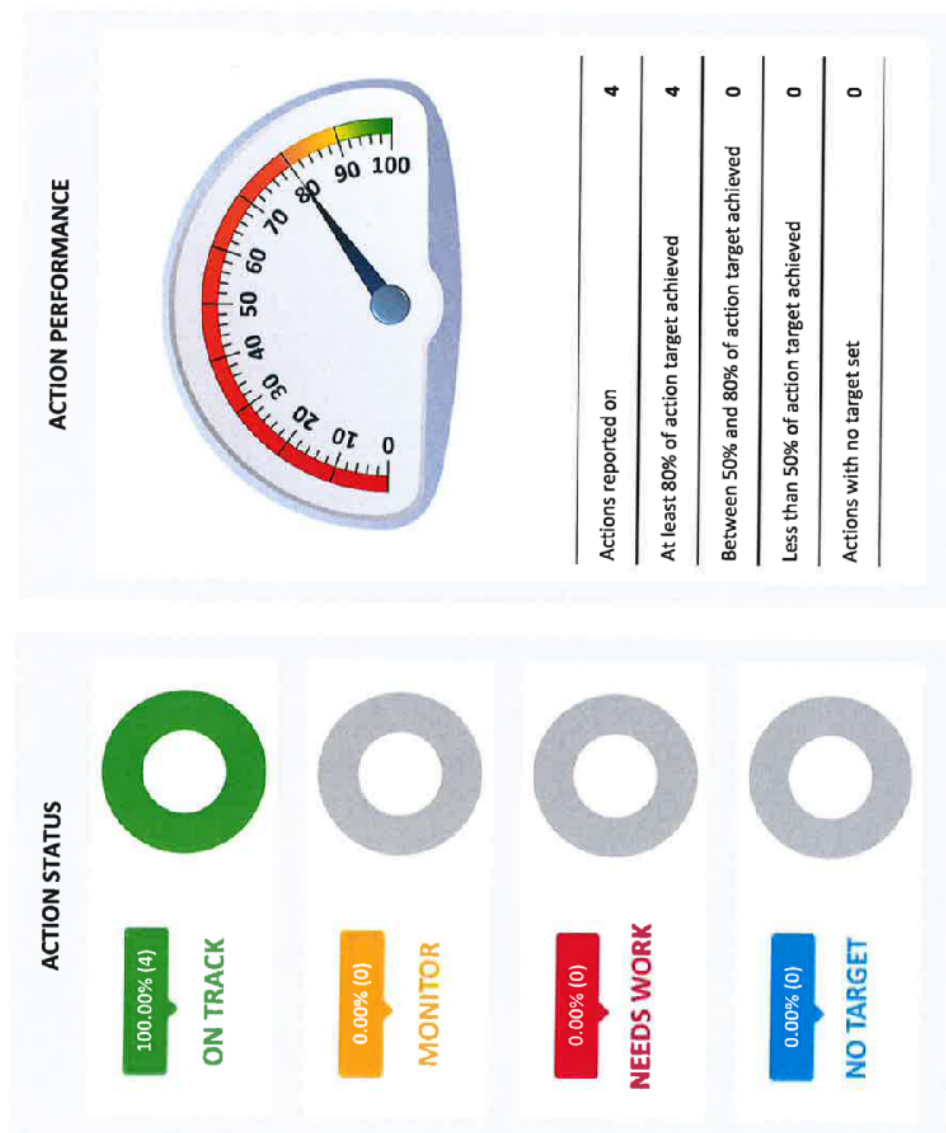


COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Transport Network	9,041,350	656,459	7.26%
1. Operating Income	(10,072,983)	(5,894,908)	58.52%
2. Operating Expenditure	13,327,599	11,190,467	83.96%
3. Capital Income	(37,240,721)	(22,422,544)	60.21%
4. Capital Expenditure	43,027,455	17,783,444	41.33%
4210500. Mt McKenzie Tower Construct Access Road (SRV)	70,000	0	0.00%
6215110. Regional & Local Roads Traffic Facilities	66,000	66,544	100.82%
6215510. Regional Roads Block Grant - Reseals Program.	556,388	524,080	94.19%
6215531. Special Grant Mt Lindesay Road (RMS/Fed)	14,124,630	8,815,117	62.41%
6215543. Repair Program 2021/22	565,572	584,771	103.39%
6215544. BLERF - 0737 - Improve Mt Lindesay Road	5,746,545	448,837	7.81%
6215550. Footpaths Capital Works	100,000	29,786	29.79%
6215552. Roads to Recovery 2019-24	1,044,335	1,080,681	103.48%
6215553. MFR 462 Bruxner Way Curve Improvements (Segments 7010, 7020 & 7030)	25,981	25,982	100.00%
6215556. Regional Roads Block Grant - Rehabilitation	350,000	221,702	63.34%
6215561. Fixing Local Roads - Tooloom Road Heavy Vehicle Access	152,887	153,881	100.65%
6215562. Repair Program 2020/21	127,163	127,163	100.00%
6215563. Federal Stimulus Safety Project 2299 Mt Lindesay Rd	30,046	28,121	93.59%

COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
6215564. Mt Lindesay Rd & Boundary Rd Intersection Safety Signposting	8,773	20	0.22%
6215565. Local Roads & Community Infrastructure Program - Round 2 Extension	806,294	806,414	100.01%
6215566. Developer Contribution Road Works	16,157	14,984	92.74%
6215568. FLR200241 - Kildare Road (Tenterfield Tourist Route 9)	3,359,155	692,830	20.63%
6215570. DRFA AGRN960 EPAR Bruxner Way - Bridge 7325 Dumaesq River Overflow Channel	150,000	104,507	69.67%
6215572. FLR300128 - Tooloom Road West Rehabilitation	2,999,566	29,542	0.98%
6215575. ROSI - Sunnyside Platform Road Upgrade	1,905,120	153,045	8.03%
6215576. BSB000641 - Drake Village Revitalisation	2,900,300	0	0.00%
6220270. Boonoo Boonoo Bridge, Mt Lindesay Road - Restart NSW Funding	541,603	541,603	100.00%
6220271. Bridges Renewal Program - Deepwater River Bridge Renewal - Torrington Road	1,156,209	862,598	74.61%
6220272. Bridges Renewal Program - Kangaroo Creek Bridge Replacement - Paddys Flat Road Nth	1,187,433	86,859	7.31%
6220273. Contribution to Clarence River Bridge (Kyogle Shire)	377,550	377,550	100.00%
6220274. Bridges Renewal Program - Unknown Creek Bridge (67203) Replacement, Paddy's Flat Rd Nth	728,899	6,485	0.89%
6220275. Emu Creek Bridge Replacement - Hootons Road - Restart NSW Funding	149,063	149,063	100.00%
6220276. Bridges Renewal Program - Unknown Creek Bridge (67161) Replacement, Paddy's Flat Rd Sth	619,639	86,684	13.99%
6220277. Fixing Country Bridges - Grahams Creek Bridge Replacement, Grahams Creek Rd	654,589	9,682	1.48%
6220278. Fixing Country Bridges - Washpool Creek Bridge Replacement, Leechs Gully Rd	369,258	62,391	16.90%
6220500. Urban Streets - Reseal Program	122,000	101,883	83.51%

COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
6220501. Road Renewal - Gravel Roads	635,628	504,673	79.40%
6220503. Gravel Resheets	632,452	646,948	102.29%
6220506. Bridges / Causeways (SRV to 2023/24)	125,000	72,069	57.66%
6220507. Rural Roads - Reseal Program	266,146	264,536	99.40%
6220512. Rural Culverts & Pipes	100,000	83,652	83.65%
6220513. Concrete Bridges	60,223	564	0.94%
6240101. Gravel Pit Rehabilitation	10,445	0	0.00%
6240502. Main Street - Complete Final Stage	1,406	1,884	134.01%
6240509. SCCF4-0946 Extension to Urbenville Footpath	160,000	186	0.12%
6240510. Logan Street Footpath Replacement Grant	15,000	16,127	107.51%
6240511. Molesworth Street Footpath Replacement Grant	10,000	0	0.00%





21. PLANT, FLEET & EQUIPMENT



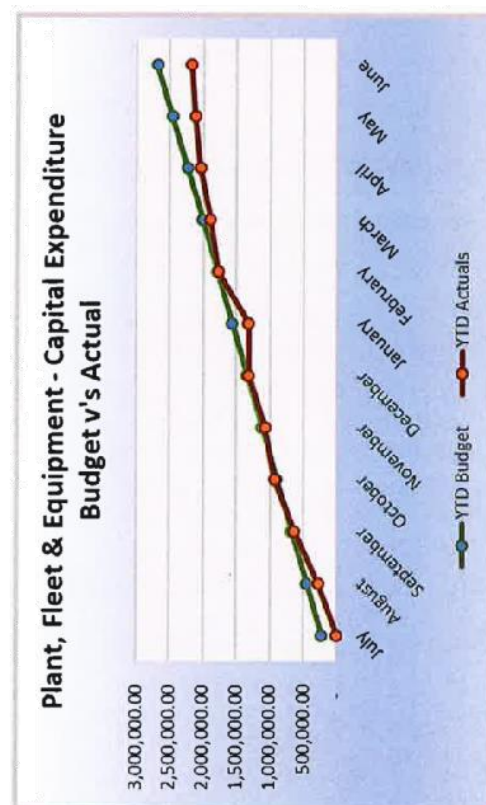
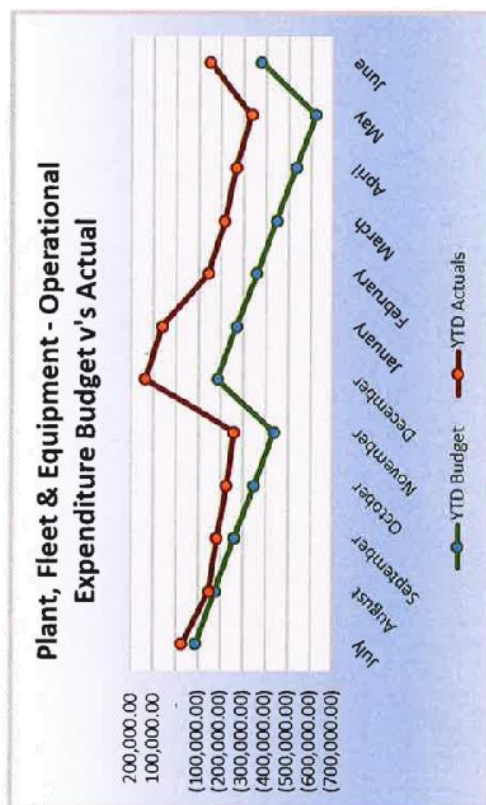
ACTION SUMMARY

Business Unit: Plant, Fleet & Equipment

Service Profile: Plant, Fleet & Equipment

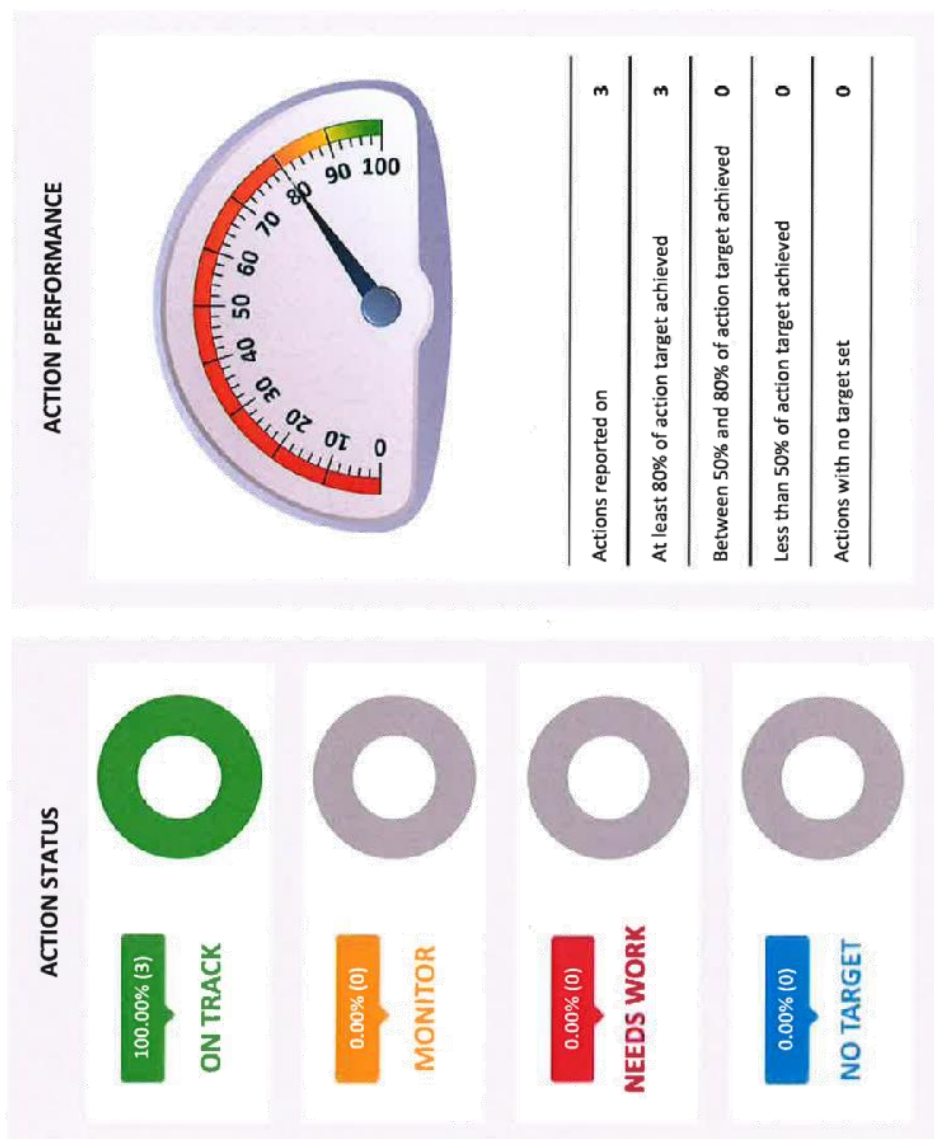
Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
5.1.3.4 Implementation and delivery of the Fleet Asset Management Plan and the Plant Replacement Program.	Brad Foan - Manager Fleet	Review of Fleet Asset Management Plan is complete, including LTFP and hire rate review. However with the current financial restrictions on capital renewals most replacements will now not occur until well past their useful life. Operational costs are expected to rise sharply until overdue renewals are addressed.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
5.1.3.5 Develop and implement the Depot Master Plan.	Brad Foan - Manager Fleet	An emulsion storage tank is installed replacing the existing tank which has reached the end of its useful life. Fuel bowers have recently been repaired and a report will be prepared addressing the future viability of the fuel storage tanks.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
5.1.3.6 Deliver business improvements, recognising emerging risks and opportunities.	Brad Foan - Manager Fleet	The Fleet operational expenditure is 1.57% above forecast, a good result given the massive increases in parts and fuel costs over the course of the year. Utilisation remains down at 3.98% under target due reduced staff numbers, leave and poor weather.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK
5.1.3.7 Manage the Plant, Fleet and Equipment Service of Council in a financially responsible manner in line with budget allocations.	Brad Foan - Manager Fleet	Approximately 75% of Fleet asset maintenance is conducted within a week of falling due; maintenance is falling behind industry best practice. 75% of general Fleet safety inspections completed with the 90-day target. This is impacted heavily by the workshop currently having one less plant mechanic.	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

21. Plant, Fleet and Equipment



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Plant, Fleet & Equipment	(17,113)	93,551	-546.66%
1. Operating Income	(74,500)	(60,333)	80.98%
2. Operating Expenditure	(379,056)	(148,717)	39.23%
4. Capital Expenditure	2,684,406	2,183,316	81.33%
6210500. Public Works Plant - Purchases	2,616,617	2,115,527	80.85%
6210502. Minor Plant Purchases	67,789	67,789	100.00%
8. WDB of Asset Disposals	(2,247,963)	(1,880,716)	83.66%


22. WASTE MANAGEMENT



ACTION SUMMARY

Business Unit: Waste Management

Service Profile: Waste Management

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
2.1.5.1 Delivery of the Waste Management Strategy.	Gillian Marchant - Manager Water & Waste	Ongoing operations with delivery in-line with Waste Management strategy. June 2022 - Expansion of the future cell (cell 5) to aid in the fire restoration work, with EPA approval has been completed with thanks to works staff. Rock drainage and finalisation of moving leachate pipe have commenced which are required before installation of geotextile liner. Finalisation of storm water sediment basins have been completed. Leachate management plan, is completed and sent to EPA. Surface water management plan has been received in draft, under review. Further surveys have been undertaken which are required for masterplan update delayed due weather conditions, completed this month of April. Master plan entering final phase awaiting draft. Request by EPA for an investigation into peizo-wells commenced with initial checking of water levels and depths utilising a electrometer, further investigations have been awarded and were undertaken in June 2022, awaiting final report. Rainfall in April as for last month where higher than average at 124mm for this year the total rainfall for 4 months has been 838mm, this has lead to some seepage in the wall of the pit that where emergency repairs from fire damage. To repair the seepage, 1.5	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

ton of bentonite was deployed inside the pit to stem the seepage problem. Additional 1.5 ton of bentonite was deployed in May 2022.

2.1.5.2 Deliver business improvements, recognising emerging risks and opportunities.
Gillian Marchant - Manager Water & Waste



100.00

80.00

30/06/22

01/07/21

In Progress

Ongoing assessments and improvements to the business program ensuring risks are undertaken as priorities.

June 2022 Opportunity to apply for green waste processing grant, with application completed and sent, unsuccessful notification received.

Risks have emerged for incorrect disposal of asbestos in recycling collections, advertising has commenced with correct disposal requirements. When contaminated recycling is then rejected and disposed of at asbestos prices costing Council and ratepayers. To try to reduce the contamination an advertising campaign was undertaken as well as staff have conducted audits and continue to audit recycling bins for contamination with over 55 initial contaminated bins identified, letters where sent to residents, subsequent inspections reduced the number of contaminated bins to 10. These continued offenders will be charged the audit will continue. A revision of recycling policy is in final version with research included from other Councils, the new policy is expected to be provided in August 2022.

An Audit of Recycling bins was conducted in May 2022 with various contamination found, loads where rejected, with residents notified.

Risk for transfer stations with flares disposed to Tenterfield, notably these need to adequately disposed of and Northern Inland regional Waste (NIRW) group is assisting as, generally an issue for coastal regions with water craft as safety regulations.

Green waste and food waste, joint report with Northern Rivers Regional Waste has commenced which will assist Council with new mandatory FOGO (Food Organics and Green Organics) legislation scheduled to commence in 2030.

Due to issues with the public utilising the transfer stations and lifting rubbish bins into the industrial bins, Council has purchased new hydraulic bin lifters to be deployed at Drake, Urbenville and Liston. These lifters will be operated by trained waste staff on request from patrons.

2.1.5.3 Manage Waste Services of Council in a financially responsible manner in line with budget allocations.

Gillian Marchant - Manager Water & Waste

June 2022 Opportunity to continue the application for funding from the bushfires in 2019 has continued from expressions of interest to phase 1 reports and currently in phase 2 application under the smarty grants system. The announcement occurred on Wednesday the 1st December, with Council to receive \$773,692 for improvements at Boonoo Boonoo and Torrington, deeds have been signed, works have commenced onsite for office deployment, truck shelter is now erected with sewer nearing completion and planning continues with quotations called, surveys completed awaiting drawings.

In Progress

01/07/21

30/06/22

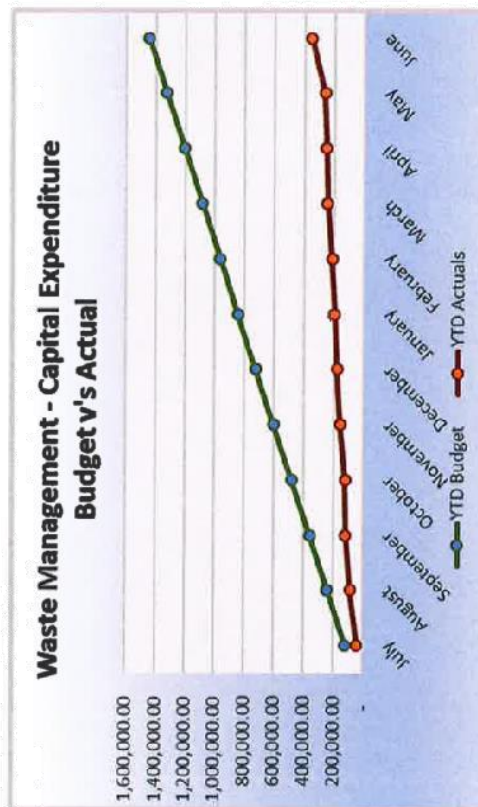
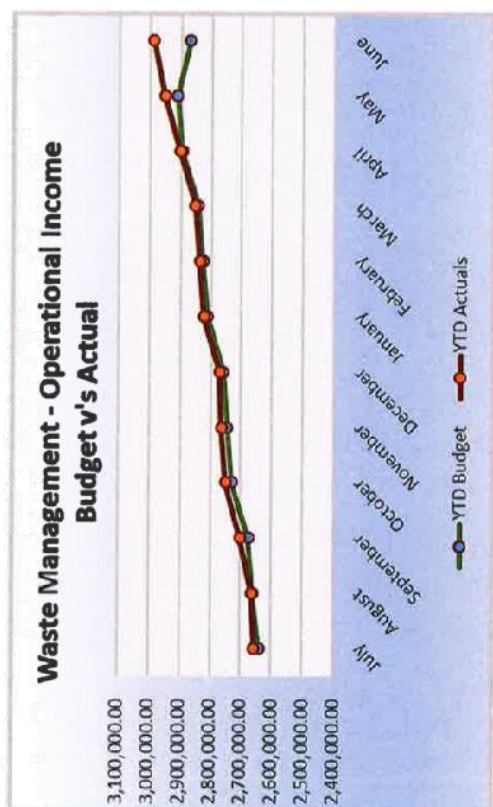
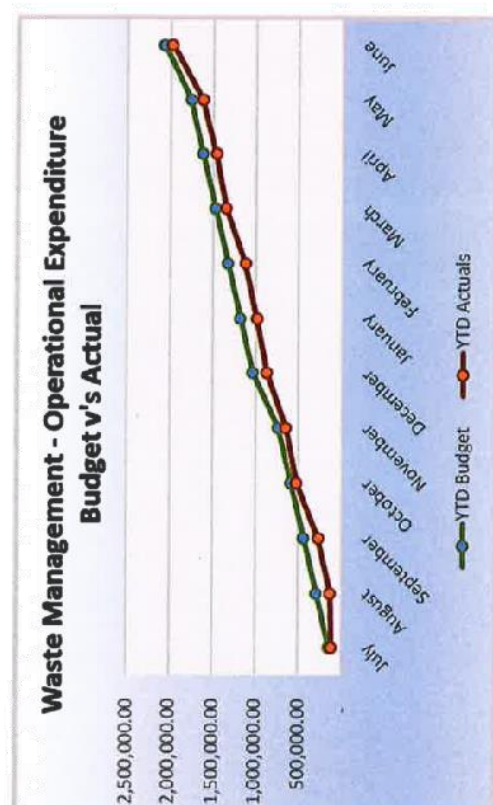
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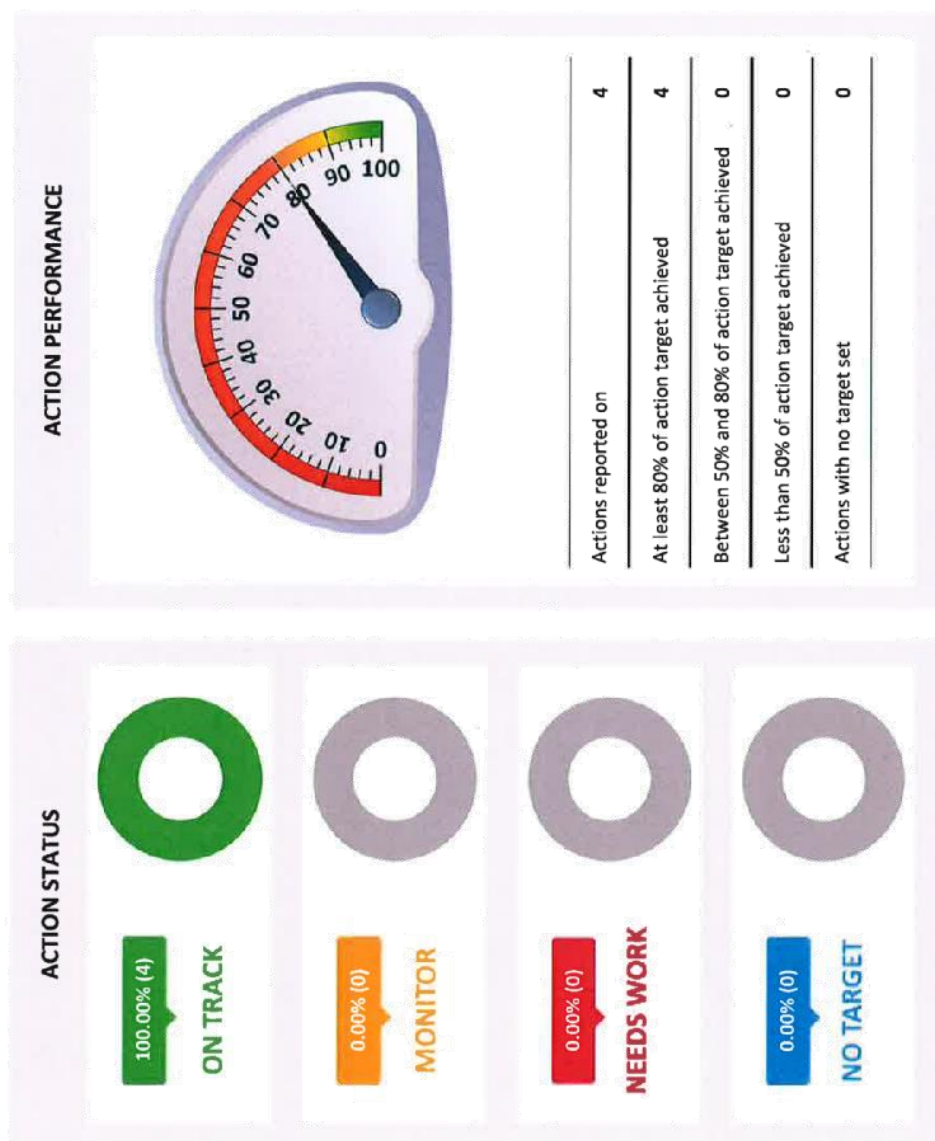
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22. Waste Management



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Waste Management	(135,003)	(727,657)	538.99%
1. Operating Income	(2,870,251)	(2,986,929)	104.07%
2. Operating Expenditure	2,067,434	1,982,264	95.88%
3. Capital Income	(781,012)	(80,756)	10.34%
4. Capital Expenditure	1,448,826	357,764	24.69%
7080500. 240L Wheelie Bins	10,000	31,437	314.37%
7080503. Industrial Bins	6,150	2,109	34.29%
7080554. Boonoo Boonoo - Landfill Cover	10,000	0	0.00%
7080555. Boonoo Boonoo - Cell Remediation Asset	50,000	0	0.00%
7080558. Tip shop - Drake, Liston & Tenterfield	46,500	46,454	99.90%
7080559. Green Waste Hungry Bin - School Trial	2,000	0	0.00%
7080560. EPA Bushfire Recovery Program for Council Landfills	773,692	4,500	0.58%
7080561. Boonoo Boonoo Landfill - Environmental Improvements	12,020	25,047	208.38%
7080563. Torrington - Landfill Closure & Transfer Station Construction	25,000	19,374	77.49%
7080564. Boonoo Boonoo - Develop Stage 5	200,000	130,248	65.12%
7080568. Boonoo Boonoo - WHS Facilities & Amenities Upgrade	91,006	83,983	92.28%
7080720. Mingoola - Open Transfer Station	70,000	0	0.00%
7080731. Torrington Landfill - Access Road	1,000	522	52.24%
7080732. Torrington Landfill - Convert to Transfer	30,000	12,512	41.71%
7080811. Tenterfield WTS Groundwater Bores	120,000	121	0.10%
7080821. Tenterfield WTS Bailer Bay Structure	1,458	1,458	100.00%

23. WATER SUPPLY



ACTION SUMMARY

Business Unit: Water Supply

Service Profile: Water Supply

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
1.1.4.1 Implementation of Water Service Strategic Plan in accordance with NSW Office of Water Guidelines.	Gillian Marchant - Manager Water & Waste	Ongoing operations with implementation in-line with Water Service Strategic plan as provided by NSW Office of Water Guidelines. June 2022 - The RMS works continued through December and February 2021 ensuring schedule and amenity of the town through re-instatement of garden beds which where redesigned to narrow the beds, as originals where too wide for the Parks and Gardens staff creating some safety traffic concerns. Due to the works undertaken on the New England Highway and the traffic load all works are required to be finalised by the end of day including restoring pavement works completed in March and finalised in July 2021, Guttering completed on planter boxes raising of valves required before RMS works completed in October with December re-seal completion of main road. Opportunity to continue the Urbenville flood study now completed February 2022, to undertake a risk assessment has gained OEH endorsement, the grant has been prepared awaiting submission. Tenterfield update of the flood risk study has also gained endorsement and has been shortlisted, grant has been applied for awaiting decision. NSW Dam Safety regulation changes have ensured a suite of additional works including undertaking and implementing the new Dam Safety Management System (DSMS),	In Progress	01/07/21	30/06/22	80.00	100.00	 On Track

Water Supply


completed in August 2021. Additional requirements to complete an Annual Dams Safety Standards Report for Tenterfield Creek Dam completed March 2022. RFQ completed and awarded in May to undertake compulsory risk assessment for the dam under NSW Dam Safety requirements.

A Grant has been submitted to aid in improvements to the dam, as a disabled fishing platform October 2020, grant successful and awarded, planning underway for delivery of the floating platform to be located inside the Dam compound at Otterburn park. Quotations for the fishing platform have been received and reviewed with award imminent for the end of January 2022. A walkway for the platform and fencing are under investigation, plans have been undertaken quotations for concrete paths received and provided to Fisheries for approval, awaiting decision. Adjustment of fencing will be required for installation of the new platform, quotes received, and contractor engaged June 2022. A new opportunity to further the masterplan development with application for grant.

Arrival of new weather stations occurred this month May 2022, deployment pending.

Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.3.2.1 Implementation of the Water and Drought Management Plans.	Gillian Marchant - Manager Water & Waste	June 2022 The Tenterfield Sustainable and Disaster Resilient Communities program will provide a water source, and minor reticulation activities, for the villages of Drake, Liston, Legume, and Torrington. The reticulation will predominantly service pumps for groundwater/river water holding tanks and standpipe delivery systems, including solar systems. The project will improve the community's resilience and ability to prepare and respond to future disasters. Council applied and was awarded \$960,000 to deliver the Villages bore program. The Village bore program for Liston, Legume, Drake and Torrington has progressed with deeds signed and RFQ released in December 2021 for hydrogeologist water search extended closing in March 2022 (awarded), initial meetings completed, data provided. RFQ for drilling completed and expected to be sent in July 2022.	In Progress	01/07/21	30/06/22	80.00	100.00	
3.3.2.2 Deliver business improvements, recognising emerging risks and opportunities.	Gillian Marchant - Manager Water & Waste	June 2022 A Grant has been submitted to aid in improvements to the dam, as a disabled fishing platform October 2020, grant successful and awarded, planning underway for delivery of the floating platform to be located inside the Dam compound at Otterburn park. Quotations for the fishing platform have been received and reviewed with award imminent for the end of January 2022. A walkway for the platform and fencing are under investigation, plans have been undertaken quotations for concrete paths received and provided to Fisheries for approval, awaiting decision. Adjustment of fencing will be required for installation of the new platform, quotes received, and contractor engaged June 2022. A new opportunity to further the masterplan development with application for grant.	In Progress	01/07/21	30/06/22	80.00	100.00	

Water Supply

Arrival of new weather stations occurred in May 2022, deployment pending.

Mobile booster platform installation at Urbenville WTP, and Compressor services including replacement of air dryer have been installed.

A grant for water treatment improvement, increased storage capacity and secondary supply at Urbenville has been awarded to Council through New Grid & Water Infrastructure NSW, deeds sent 29/04/2022 for signing and returned 1st milestone completed payment pending.

The Integrated water catchment management grant (IWCM) deeds have been signed February 2022, has progressed with secure yield studies awarded, with draft report received. Additional surveys required, including extended benthic survey of Urbenville, quotations received and awarded in May 2022.



80.00 100.00

30/06/22

01/07/21

In Progress

June 2022 -Bore line project is continuing with second pad formed at Archery, well head and controller installed. Shirley Park has been formed with new flood tower. East Street has new well head constructed with installation of pump and controller. The water and Sewer crew thanks the Works, Bridging crew for assisting with installation as well as Council's contractors MB industries and Mini Earthworx. Testing of the main controller at Museum/RFS is complete with electrical and electronic components working efficiently. Bore for the Rugby club has progressed with well head construction.

Gillian Marchant -
Manager Water &
Waste

3.3.2.3 Manage the Water Supply
Service of Council in a financially
responsible manner in line with budget
allocations.

Metering for archery field is completed. Fencing the compounds for the bores and finalisation of the bore on the common with Shirley park connection to new line remain. Testing requirements by NWS Health are pending waste disposal requirements by EPA have been finalised, reports required to recommence program testing. Reports completed and testing program completed, reviewed by NSW Health, DPE Water and EPA, commenced program February 2022, 4 runs completed in April 2022. Flooding in Lismore have delayed sample transport, additionally bore sampling program is complete awaiting finalisation of analysis results. Reverse Osmosis unit was return to Osmoflow this month. Council thanks Osmoflow for their assistance during the drought.

Works have commenced for the New Water Filtration Plant on Scrub Road, the project was awarded to contractors LC Water. Final designs have progressed with most plans at 100%, DPE section 60 plans reviewed and meeting for responses to comments completed January 2022, section 60 granted. To ensure the timeframes for the project initial site establishment and preliminary groundwork has commenced. Councillors, Staff, Minister Melinda Pavey and Council's Major Peter Petty conducted a Sod-turning event to commemorate the commencement of the program in June 2021 for the New Water Treatment Plant. Preliminary earth works including rock breaking have been completed. Installation of the new power pole has also occurred in March 2022. Filling the site commenced in April and continued in May, with installation of geofabric. Pipework commenced in June, 2022 with preparation of sump areas for concreting for the new Water Filtration Plant.

NSW Dam Safety regulation changes have ensured a sweet of additional works including undertaking and implementing the new Dam Safety Management System (DSMS), completed in August 2021.

Additional requirements to complete an Annual Dams Safety Standards Report for Tenterfield Creek Dam completed March 2022. RFQ completed and awarded in May to undertake compulsory risk assessment for the dam under NSW Dam Safety requirements.

Tenterfield Dam Level is 100%-new data loggers place level at 100%; Urbenville Tooloom Creek Level is 100% receiving 33mm for the month of June.

Meter Reading completed in May/June water meter readings commenced November/December.

- Tenterfield 0 major main; 7 new meter; 0 new service connections; 0 water limiters installed; 1 disconnection, 10 broken services repaired; 0 valve replacements and 0 hydrant replacements. Note Tenterfield WTP repairs including 20m poly pipe installed in April 2022, Fluoride tank maintenance and prominent service inspections May 2022. 1 section 67 private works jobs completed (major repair of Mt Lindsay main). Clive street main replacement progressing.

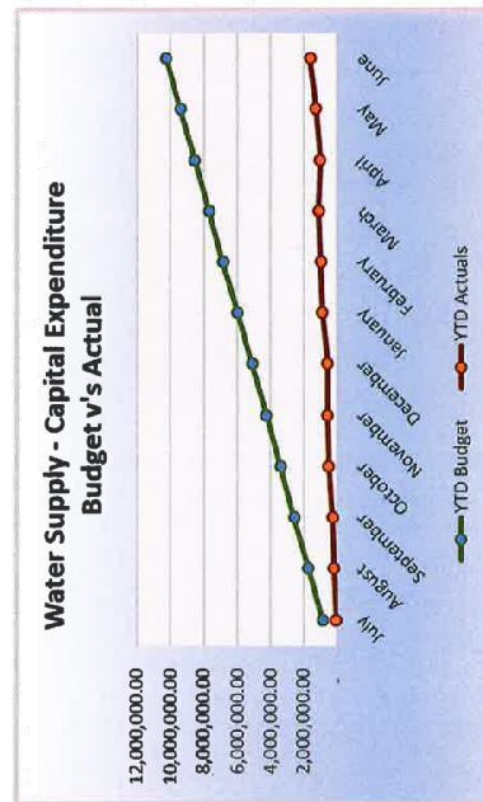
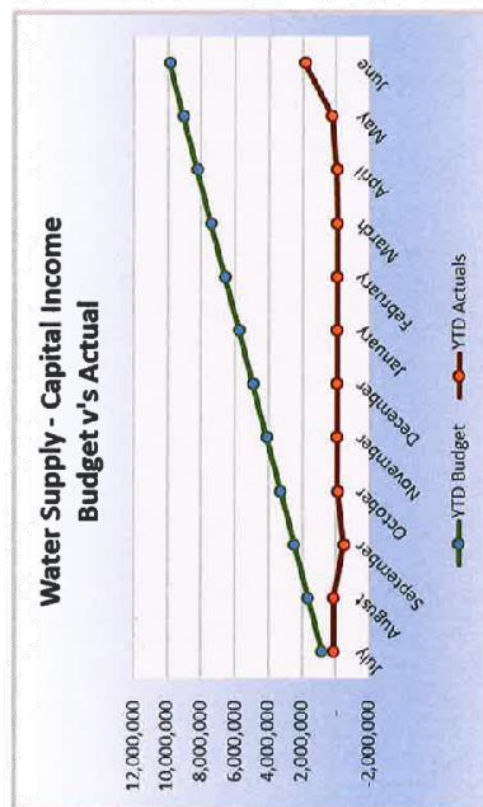
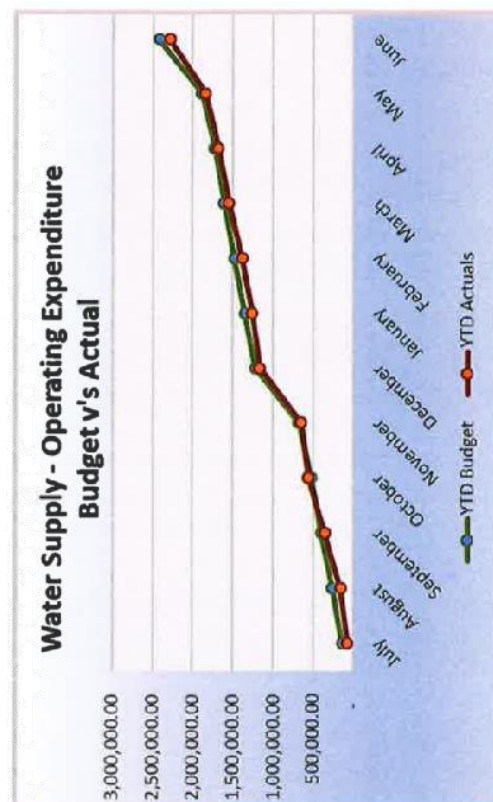
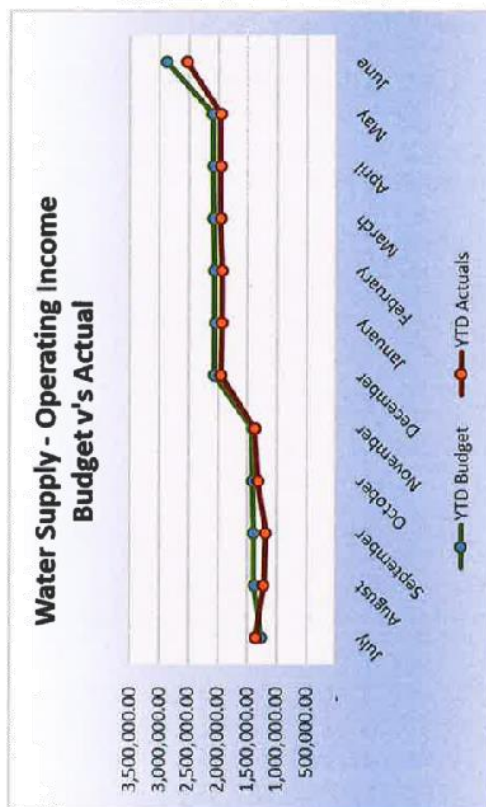
- Jennings 0 including meter; 0 meter replacements; Major main break (Southern Downs) left community without water Staff supplied water bottles to the community in response to the shortage, mains where flushed to clear debris from repair and return of water.

- Urbenville had 0 major main broken main repairs, mains flushing occurred in 5 location, 0 new meter, 0 meter

replacements, 0 water limiters installed and 1 broken service repaired 0 hydrant replacement from damage. Valve testing and hydrant cleaning and checking continues. Urbenville pressure testing for fire suppression system at hospital, Repairs to DAFF system in April 2022, repairs to service line at WTP and prominent service inspections May 2022.

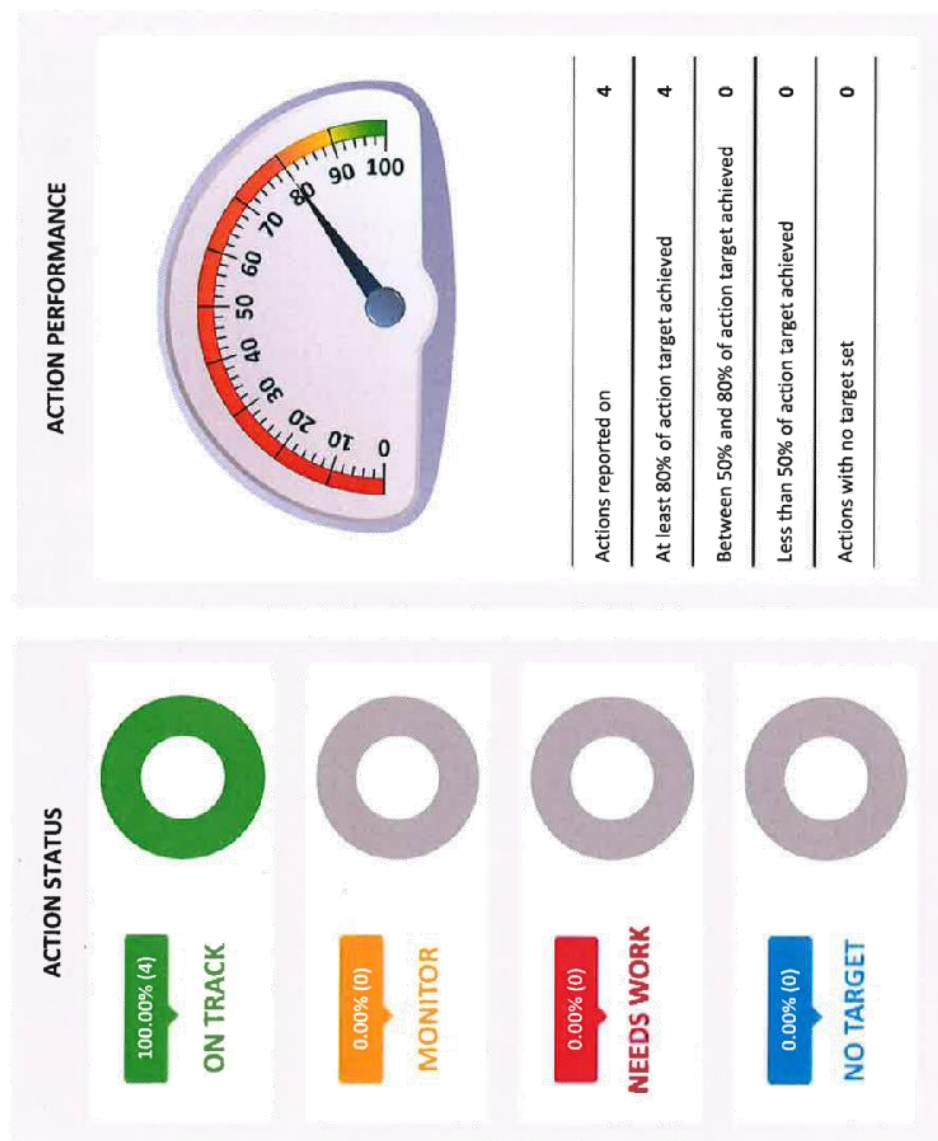
Tenterfield Dam capacity and consumption graphs are provided below (Graph 1); the new data logging probes to assist with raw water information are on-line and delivering a variety of information including a more precise depth measure, allowing dam percentage to be measured more accurately (Graph 2) issues with telemetry have stopped retrieval of information. Installation and testing periods are demonstrated by gaps in information (Graph 2); Tooloom Creek capacity and consumption graph is provided below (Graph 3). Water quality information is also available in monthly water health cards available at Water Health Cards | Tenterfield Shire Council (nsw.gov.au)

23. Water Supply



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Water Supply	(95,282)	(485,457)	509.50%
1. Operating Income	(2,879,897)	(2,540,499)	88.21%
2. Operating Expenditure	2,419,323	2,287,299	94.54%
3. Capital Income	(9,879,500)	(1,857,022)	18.80%
4. Capital Expenditure	10,244,792	1,624,765	15.86%
7484502. Tenterfield Valve Renewal	5,000	4,582	91.64%
7484505. Tenterfield Mains Replacement	276,000	257,456	93.28%
7484506. Tenterfield Meter Replacement	22,000	11,163	50.74%
7484522. Tenterfield Water Treatment Plant Construction	8,878,242	1,263,859	14.24%
7484532. Tenterfield Water Supply - Drought Augmentation	0	35,600	0.00%
7484533. Water Network Mapping Improvements	20,000	0	0.00%
7484534. Tenterfield Apex Park Bore Dispenser	10,000	2,229	22.29%
7484537. Tenterfield Reservoir - Outlet Works	20,000	0	0.00%
7484538. BLERF 0377 - Tenterfield Villages Emergency Water Program	980,000	9,847	1.00%
7484811. Urbenville Water Treatment Plant Upgrade	20,000	13,479	67.40%
7484812. Scada Renewal	8,550	8,550	100.00%
7484950. Legume Catchment - Water Supply Options Study	5,000	18,000	360.00%


24. SEWERAGE SERVICES



ACTION SUMMARY



Business Unit: Sewerage Services

Service Profile: Sewerage Services

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.3.3.1 Maintenance and operation of sewerage network, in line with the Asset Management Strategy.	Gillian Marchant - Manager Water & Waste	<p>June 2022- Flooding occurred again this month and saw increases in water received at the Sewage Treatment Plant (STP), a smoke testing program has been reviewed and expected to commence in July 2022 to rectify illegal storm connections, information was included in the fortnightly our local news.</p> <p>Smoke testing Diagram 2022</p> <p>To ensure the best performance of the Tenterfield STP, Handos Contracting where engage to clean the pump stations and de-sludge the STP sludge lagoons and finishing ponds. These commenced in December and concluded in January. Storms in January provided the source for fault in the pontooned sludge lifter. The lifter exploded and caught fire, with thanks to the local Tenterfield Fire Service for their prompt. Urbenville de-sludging of finishing ponds commenced in February 2022, however due to flooding finalisation of cleaning could not occur and equipment was removed from site until conditions are dryer.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	 ON TRACK

Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
3.3.3.2 Deliver business improvements, recognising emerging risks and opportunities.	Gillian Marchant - Manager Water & Waste	<p>June 2022 - Our customer base is the public, other Council departments and contractors. Tenterfield</p> <p>Sewer connections 0; Major pump station clearing 1; Blockages were reported and cleared at 4 locations; 0 broken main repair; with 3 mains visually checked with new CCTV. Large tree roots in Tenterfield and 0 major manhole repair, 0 broken main repairs and 0 section 67 private works jobs completed in this reporting period. Auger replacement on Step Screens at STP June 2022</p> <p>Urbenville</p> <p>Sewer connections 0; Major pump station clearing 1; Blockages were reported and cleared at 2 locations; 0 broken main repair; with 0 mains visually and 0 major manhole repair, 0 broken main repairs and 0 effluent line repair. Major pump station refurbishment June 2022 and lid replacement May 2022 (PS1) in Urbenville and 0 section 67 private works jobs completed, in this reporting period. Average time for response to sewer chokes remained at 20 minutes while the median response time is at 30 minutes.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	
3.3.3.3 Manage the Sewerage Services of Council in a financially responsible manner in line with budget allocations.	Gillian Marchant - Manager Water & Waste	<p>June 2022- Manhole refurbishment quotations received and under review. RFQ under development, additional manhole assessment has commenced with council's contractor FITT undertaking a review of 400 inspections. Manhole inspections completed, with some high risk replacement manholes identified, these will be added to the RFQ. Molesworth/Miles Street pumping station review and design amendment under development.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	

Sewerage Services

RFQ for manhole refurbishment released assessed and reviewed for budgetary constraints; re-released finalisation occurred in June with Council Contractors Fitt commenced works in July 2021 with completion in August 2021. Example of manhole re-lining report provided below

Manhole asset inspections and assessment for 300 manholes has been awarded with work commencing in completed in October 2021.

Planning has commenced to extend the sewer system to the new water filtration plant council will engage designers to develop plans. New main to the water filtration plant has commenced with surveyors engaged and completed long section plans for detailed designs to occur. An onsite meeting occurred in March design completion in approximately 8 weeks.

RFQ for sewer mains relining has been released in July, Tender submissions received August, assessment and awarded in September 2021. Works commenced in November and continued to December delayed by COVID restrictions, now completed, project book and EPA reports have been finalised and sent May 2022.


Reporting for Sewerage Treatment Plant (STP) licences are now completed and forwarded to EPA.

Additional performance reporting, and infrastructure reporting are also completed.

Urbenville major Pump Station replacement June 2022.

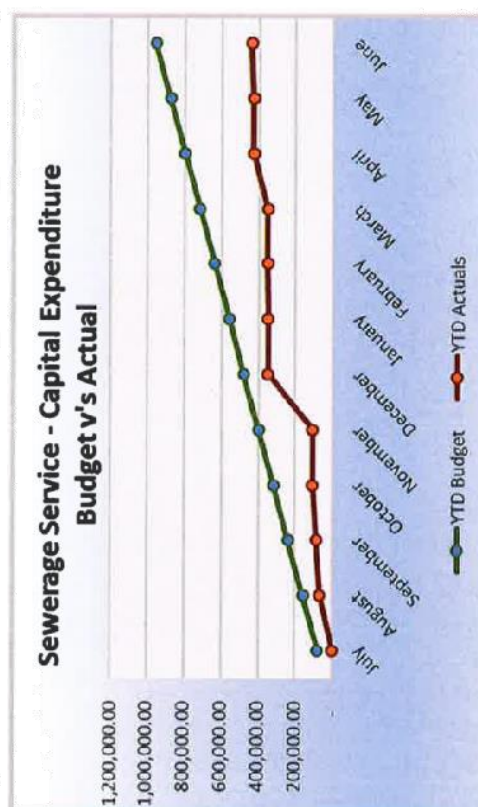
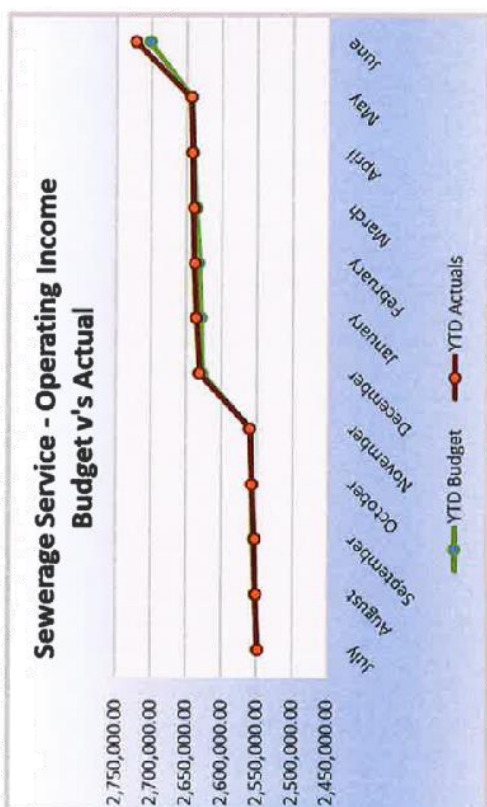
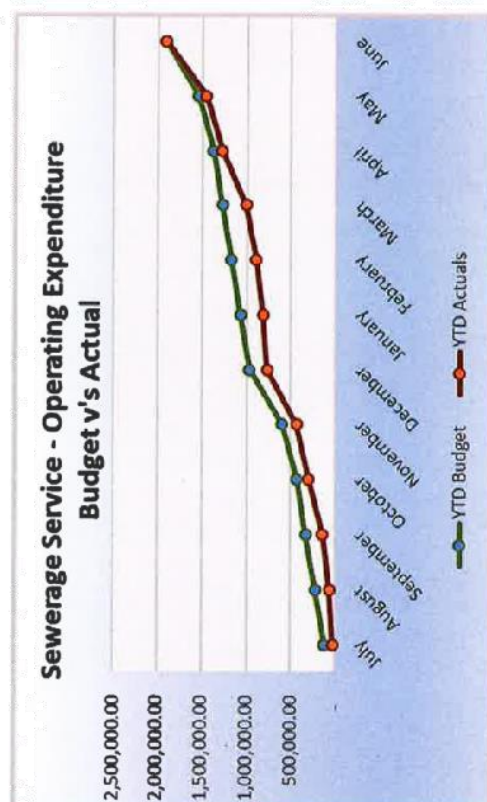
Tenterfield Shire Council

Monthly Operational Report - June 2022

Action	Responsibility	Progress Comment	Action Status	Start Date	End Date	% Complete	Target	Status
4.3.6.3 Council sewerage network upgrades and maintenance conducted in accordance with demand and affordability constraints.	Gillian Marchant - Manager Water & Waste	<p>June 2022 - Due to increasing demands for infrastructure renewals and replacements utilising poly pipe a new butt-welding larger unit is expected to be purchased quotations have been requested and awarded with purchase order raised, delivered and in use June 2022.</p> <p>Arrival of new weather stations occurred this month May 2022, deployment pending.</p> <p>Verification mapping for Councils Water and Sewer assets is expected to commence in July with contractors utilising GPS equipment for locations in Tenterfield then Urbenville.</p>	In Progress	01/07/21	30/06/22	80.00	100.00	

Sewerage Services

24. Sewerage Service



COA	21/22 Review 3 Budget	21/22 YTD Actuals June	21/22 Percentage Spent
Sewerage Service	147,089	(398,144)	-270.68%
1. Operating Income	(2,701,982)	(2,722,277)	100.75%
2. Operating Expenditure	1,903,644	1,909,876	100.33%
3. Capital Income	(10,000)	(25,122)	251.22%
4. Capital Expenditure	955,427	439,379	45.99%
7872502. Tenterfield Mains Relining (1km Year)	291,000	140,733	48.36%
7872503. Tenterfield Mains Augmentation	67,900	0	0.00%
7872505. Tenterfield Man Hole Level Alterations (Water Infiltration)	158,500	91,398	57.66%
7872515. Tenterfield Upgrade Road to Tertiary Ponds	5,000	0	0.00%
7872517. Tenterfield Scada System Upgrade	31,600	9,748	30.85%
7872519. Tenterfield Network Renewal	189,100	120,249	63.59%
7872529. Sewer System Mapping Improvements	20,000	0	0.00%
7872531. Brine Disposal Infrastructure	49,354	49,754	100.81%
7872800. Urbenville Dehydrator	10,000	0	0.00%
7872801. Removal Sludge from Tertiary Ponds/Renewal of Capacity	10,600	0	0.00%
7872804. Urbenville Telemetry Upgrade	15,000	0	0.00%
7872807. Urbenville Telemetry From PS to STP	10,000	0	0.00%
7872810. Surface Aerator/Mixer sized for Urbenville	6,280	6,280	100.00%
7872813. Urbenville Sewer Pump Station Emergency Works - Replacement	91,093	21,217	23.29%

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV58/22
Subject:	REPORT ON LOAN BALANCES

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Ensure that financial sustainability and the community's capacity to pay inform adopted community service levels.

SUMMARY

The purpose of this Report is to inform Council of its loan balances as at 30 June 2022.

OFFICER'S RECOMMENDATION:

That Council notes the loan balance as at 30 June 2022 was \$18,848,630.12 (\$19,016,929.35 as at 31 March 2022).

BACKGROUND

Council resolved at its meeting on 24 August, 2011 (Resolution 380/11) that a Report be provided every three (3) months summarizing Council's debt levels and that the report should include the date the loan is taken out, the amount of the original loan, the current balance owing, the term of the loan, the interest rate and the payment details.

REPORT:

Loan payments are being made in accordance with the loan agreements. Council's loan balance as at 30 June 2022 was \$18,848,630.12 (\$19,016,929.35 as at 31 March 2022).

New Loans Taken Out between reporting periods 31 March 2022 to 30 June 2022.

No new loans were taken out during the quarter ending 30 June 2022.

Loan Refinance – Dam Wall Construction

Council on 22 June 2022 resolved (resolution 132/22) to refinance an existing loan of \$2,684,880.00 with the Commonwealth Bank of Australia for a period of 20 years. On 23 June 2022 an interest rate of 5.73% was confirmed (comparative rates avg. 6.53%).

Council Loan Register as at 30 June 2022 attached.

Bridging Finance

At the Council Meeting held on 12 January 2022, Council approved the establishment of a Corporate Markets Loan with the National Australia Bank, with a drawdown facility limit of \$5,000,000 for a rollover period of 90 days, to function as a cash reserve to fund external restrictions when required.

Our Governance No. 58 Cont...

As at 30 June 2022 Council has not required to use the drawdown facility and managing its cash flow. The Office of Local Government will also be notified once Council decides to use this facility.

The Debt Service Cover Ratio based as at 30 June 2022 is 7.47x (the benchmark is >2.00x). This ratio improved slightly from the financial year ending 30 June 2021 (when the ratio was 6.98x).

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Council's projected loan borrowings are included in the 2021/22 Operational Plan.

2. Policy and Regulation

- Section 621 of the Local Government Act allows a Council to borrow at any time for any purpose allowed under the Act subject to any restrictions imposed by the Minister in accordance with Section 624 of the Act.
- Borrowing Policy

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith
Chief Corporate Officer

Prepared by staff member:

Roy Jones

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Corporate Officer

Attachments:

1 Loan Register as at 30 June 2022 1 Page

Tenterfield Shire Council
Loans Schedule
As at 30 June 2022

Loan Details								Principal \$
FUND	PURPOSE	AMOUNT \$	OBTAINED FROM	DATE OBTAINED	DUE DATE	RATE OF INTEREST	INTERVALS AT WHICH PAYABLE	Principal Balance as at 30 June 2022
General Fund	Transport Infrastructure (and supportive plant items)	2,604,612	Commonwealth Bank of Australia	31/03/2022	31/03/2042	4.40%	Half Yearly	2,604,612.00
General Fund	Infrastructure 2020/21	4,048,952	Commonwealth Bank of Australia	31/03/2021	29/03/2041	2.69%	Half Yearly	3,893,708.30
General Fund	Infrastructure 2019/20	1,000,000	Commonwealth Bank of Australia	15/06/2020	15/06/2040	2.90%	Half Yearly	923,849.36
General Fund	Main Street Upgrade	1,200,000	National Australia Bank	25/02/2015	25/02/2025	3.70%	Half Yearly	407,248.29
Sewer Fund	Tenterfield Sewerage Treatment Plant	2,500,000	National Australia Bank	30/05/2008	30/05/2033	7.81%	Half Yearly	1,669,783.32
Water Fund	Dam Wall Construction (1)	3,087,672	CBA (Refinanced from ANZ)	29/09/2021	30/09/2041	2.59%	Half Yearly	3,028,168.68
Water Fund	Dam Wall Construction (2)	2,684,880	CBA (Refinanced from CBA)	6/07/2022	7/07/2042	5.73%	Half Yearly	2,684,880.00
Water Fund	Urbenville Water Treatment Plant	375,000	National Australia Bank	5/02/2009	5/02/2033	6.47%	Half Yearly	256,526.09
Waste Fund	Rehabilitation	1,250,000	National Australia Bank	21/12/2012	21/12/2022	5.45%	Quarterly	79,854.08
Waste Fund	Waste Management - Boonoo Boonoo Landfill (Develop Stage 5)	3,300,000	Commonwealth Bank of Australia	31/03/2022	31/03/2042	4.40%	Half Yearly	3,300,000.00
TOTAL Principal Balance as at 30 June 2022								18,848,630.12

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV59/22
Subject:	FINANCE & ACCOUNTS - PERIOD ENDED 30 JUNE 2022

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Ensure that financial sustainability and the community's capacity to pay inform adopted community service levels.

SUMMARY

The purpose of this Report is for the Responsible Accounting Officer to provide, in accordance with Clause 212 of the Local Government (General) Regulation 2005 a written report setting out details of all money that the Council has invested under Section 625 of the Local Government Act 1993. The Report must be made up to the last day of the month immediately preceding the meeting.

OFFICER'S RECOMMENDATION:

That Council receive and note the Finance and Accounts Report for the period ended 30 June 2022.

BACKGROUND

In accordance with Clause 212 of the Local Government (General) Regulation 2005 the Responsible Accounting Officer must provide a written report setting out details of all money that the Council has invested under Section 625 of the Local Government Act 1993. The Report must be made up to the last day of the month immediately preceding the meeting.

REPORT:

A reconciliation of cash books of all funds has been carried out with the appropriate bank statements. A certified schedule of all Council's investments showing the various amounts invested is shown as an attachment to this report.

(a) Reconciliation of Accounts

A reconciliation of the cash books of all funds have been carried out with the appropriate bank statements as at 30 June 2022.

Cash Book Balances on this date were as follows:-

General (Consolidated)	\$ 30,790,803.13	Credit
General Trust	\$ 382,340.85	Credit

(b) Summary of Investments

Our Governance No. 59 Cont...

The attachment to this report is a certified schedule of all Council's investments as at 30 June 2022 showing the various invested amounts and applicable interest rates.

Concealed Water Leakage Concession Policy Update

For the month of June 2022- two (2) concessions totaling \$1,125.75 were granted under Council's Concealed Water Leakage Concession Policy.

603 Certificates

During the sale of a property a 603 Certificate is usually requested to identify if there are any outstanding or payable fees to Council by way of rates, charges or otherwise in respect of a parcel of land. There were 17 applications for 603 Certificates in June 2022.

In the calendar year to date, there have been 178 applications compared to 243 applications for the same period last year.

Cash and Investments – Detailed Analysis of External Restrictions

Restricted Cash Analysis	As at 30 June 2022	As at 30 June 2021
Total Cash & Investments	\$37,173,144	\$13,383,556
Externally restricted Cash	\$33,635,621	\$14,605,245
<i>Included in grant related (excl developer contributions & RFS reserve)</i>	\$17,805,050	\$4,766,559
Grant-related – GENERAL	\$15,829,477	\$4,766,559
Grant-related – WATER	\$1,898,204	-
Grant-related – SEWER	-	-
Grant-related – WASTE	\$77,369	-
Grant-related – STORMWATER	-	-
<i>Included in developer contributions</i>	\$467,232	\$222,112
Developer contributions - GENERAL	\$347,608	\$171,391
Developer contributions - WATER	\$37,565	\$14,743
Developer contributions - SEWER	\$41,455	\$16,333
Developer contributions - WASTE	\$36,595	\$17,790
Developer contributions - STORMWATER	\$4,009	\$1,855
<i>Included in RFS reserves</i>	\$103,542	\$90,125
RFS reserves	\$103,542	\$90,125
<i>Included in cash at bank and investment leftovers (after excl grant related, DC and RFS above)</i>	\$15,259,797	\$9,526,449
WATER	\$814,117	\$575,381
SEWER	\$5,794,328	\$4,830,124
WASTE	\$7,255,235	\$3,091,232
STORMWATER	\$1,013,776	\$1,029,712

Our Governance No. 59 Cont...

Trust Fund	\$382,341	-
Internal restrictions		
Plant and vehicle replacement	-	-
Employees leave entitlements	-	-
Special projects	-	-
Unrestricted funds	\$3,537,523	-\$1,221,689

The increase in the unrestricted funds is attributed to the 75% of the 2022-23 Financial Assistance Grant (FAGs) provided to Council.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Nil.

2. Policy and Regulation

- Investment Policy (Policy Statement 1.091)
- Local Government Act 1993
- Local Government (General) Regulation 2005
- Ministerial Investment Order
- Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards
- Office of Local Government Circulars

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith

Chief Corporate Officer

Prepared by staff member:

Roy Jones

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Corporate Officer

Attachments:

1 Investment Register as at 30 June 2022

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TENTERFIELD SHIRE COUNCIL - SUMMARY OF INVESTMENTS 30 JUNE 2022

Financial Institution	Issuer Rating	Investment Term	Maturity Date	Interest Rate	Amount	Percentage Exposure
NAB	AA-	90 Days	26/Sep/22	2.25%	1,500,000.00	25.00%
<u>TOTAL NAB INVESTMENTS</u>					<u>1,500,000.00</u>	<u>25.00%</u>
Commonwealth Bank	AA-	3 Months	26/Sep/22	2.44%	3,000,000.00	50.00%
<u>TOTAL CBA INVESTMENTS</u>					<u>3,000,000.00</u>	<u>50.00%</u>
Westpac	AA-	3 Months	27/Jul/22	0.93%	1,500,000.00	25.00%
<u>TOTAL WESTPAC INVESTMENTS</u>					<u>1,500,000.00</u>	<u>25.00%</u>
INVESTMENTS TOTAL					6,000,000.00	100.00%

Summary

I hereby certify that the investments as shown herein, have been invested in accordance with Section 625 of the Local Government Act 1993, and associated Regulations, and in accordance with Council policy and procedures.

Responsible Accounting Officer

By:

R.Jones

* Except as highlighted in the associated Council Report.

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV60/22
Subject:	CAPITAL EXPENDITURE REPORT AS AT 30 JUNE 2022

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Collaborate and deliver resources with other organisations to ensure a variety of cost effective services across the service area.

SUMMARY

The purpose of this Report is to show the progress of Capital Works projects against the Year to Date (YTD) budget each month. This Report outlines Council's financial progress against each project.

OFFICER'S RECOMMENDATION:

That Council receive and note the Capital Expenditure Report for the period ended 30 June 2022.

BACKGROUND

The Capital Expenditure Report indicates to Council the financial progress of each project against the forecast expenditure for that project. The information has also been set out to show which Council service the expenditure relates to.

REPORT:

The carry-forward budgets for capital projects not completed in the 2020/21 year were adopted in the first Quarterly Budget Review at the November 2021 meeting. The budgets for a number of new grants received in the current financial year have also been adopted in the September and December 2021, and March 2022 budget reviews. The Capital Expenditure Report has been updated to show the current list of approved capital projects.

Projects that are ongoing at the end of June 2022, in particular grant-funded works, will be carried-forward to the next financial year in the first quarterly budget review for September 2022.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Nil.

2. Policy and Regulation

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards
- Office of Local Government Circulars

Our Governance No. 60 Cont...

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith
Chief Corporate Officer

Prepared by staff member:

Roy Jones; Jessica Wild

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Corporate Officer

Attachments:

1 Capital Expenditure Report as at
30 June 2022

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Pages

Placeholder for Attachment 1

CAPITAL EXPENDITURE REPORT AS AT 30 JUNE 2022

Capital Expenditure Report as at 30 June 2022

3 Pages

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV61/22
Subject:	Commencement of Further Community Consultation - Special Rate Variation 2023/24 and 2024/25

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Ensure that financial sustainability and the community's capacity to pay inform adopted community service levels.

SUMMARY

To recommend that Council proceed with commencement of further community consultation for a Section 508 A (Permanent) Special Rate Variation commencing in the 2023/2024 financial year to ensure council maintains and renews assets notwithstanding the constant upward cost pressure and addresses financial sustainability.

The proposed Special Rate Variation comprises a permanent Special Rate Variation of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49%.

Community consultation is planned to be undertaken during August-September 2022 with a final report brought back to Council to submit an application following any revision required following the consultation.

OFFICER'S RECOMMENDATION:

That Council:

- (1) Receive the report on Commencement of Further Community Consultation relating to an application for a Special Rate Variation 2023/2024 and 2024/2025.**
- (2) Commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.**
- (3) Receive a further report in November 2022 that will include:**
 - a. A report on the additional community consultation,**
 - b. A draft Application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government**

Our Governance No. 61 Cont...

Act 1993 for an increase to the ordinary rate income, following the finalisation of the community engagement process.

BACKGROUND

Council recognises it must address its current financial sustainability and level of service to address community expectation. Over the last several years, and as recently as March 2022 as part of the quarterly budget review process Council resolved:

"(e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports, may include a Special Rates Variation request with a view to returning Council's operating position to surplus." (resolution 103/22).

The new Council was elected in December 2021 and inducted in mid – January 2022 and initially conducted community consultation process as part of the Community Strategic Plan in late January 2022, to understand community needs and expectation of Council. Following this a second round of community consultation was held in April 2022 across the Shire with attendance at these events higher than at previous consultations due to the inclusion of the Special Rate Variation scenario in the Long Term Financial Plan to address community expectations.

Several Councillor Workshops have been held between January 2022 and June 2022 discussing community feedback and the impact of Special Rate Variation on Council finances and sustainability and the impact on community.

The SRV is focused on Council being able to maintain existing services, ensure Council's financial sustainability, and fund infrastructure maintenance and renewal.

Two scenarios were presented as part of the consultation process and form part of the Long Term Financial Plan and the Integrated Planning and Reporting Framework documents on public display.

Scenario (a) – A Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%.

Scenario (b) – A Special Rate Variation (SRV) of 28% in FY 2023/2024, 28% Special Rate Variation in Financial Year 2024/2025 and a Special rate variation of 28% in Financial Year 2025/2026, resulting in a compound (accumulative) impact of 109.715%.

The SRV timeframe proposed has been driven by the need to achieve an increase in revenue in a short period. This is to ensure that Council has sufficient cash to fund renewal and maintenance of its assets that have been under pressure due to natural disaster in recent years. The cash management difficulties associated with grant expenses compared to the timing of the income and Councils lack of reserves. The extra financial burdens include but are not limited to:

1. The rate peg for the 2023/24 financial year (currently 0.7% for the FY 2022/23) which does not even cover Councils award required wage increase – regulated/administered by NSW Local Government Sate Award),
2. The additional audit and internal costs,

Our Governance No. 61 Cont...

3. The rising emergency services levy costs,
4. Cost shifting proposed by State Government to Tenterfield Shire Council by transferring Rural Fire Service assets and associated depreciation to Council.
5. Increasing inflationary pressures, including but not limited to cost of materials, transport and contract cost,
6. Reduced contribution of Financial Assistance Grants by the Commonwealth to Council.

From the above two scenarios, Scenario (A) – 43% increase over two years has been short listed to address the current financial situation and requires further consideration and consultation to determine an application for the SRV.

REPORT:

The Local Government Act requires Council to sustainably manage its assets, resources, and finances.

Council on 25 May 2022 adopted its ten year long term financial plan as part of the Integrated Planning and Reporting Framework (Resolution 98/22). The plan forecasts a 'Net Operating Result before Grants and Contributions provided for Capital purposes' a deficit between \$3.5M and \$5.7M in the general fund for the next ten years without a special rate variation.

With this in mind, and noting Council's current financial position, Council has little option but to increase its revenue or significantly reduce costs through service reductions to close the financial gap of continuing operational deficits. However, the community engagement undertaken through Councils CSP process has shown strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates. In combination, these views result in a financially unsustainable Council. Even with additional income proposed, the current inflationary environment may make it difficult to achieve current service levels used to forecast the increase in income for the application.

This significant change is forecasted as a result of:

1. Upgraded core infrastructure assets for Council as a result of grant funded works (e.g. replacing timber bridges with concrete bridges, and widening and sealing of Mount Lindsay Road),
2. New and upgraded community assets (e.g. public toilets, playgrounds and community halls),
3. The increased cost of asset replacement,
4. Increasing cost of managing grants applications and acquittals, and
5. Increased costs due to meeting regulated requirements (e.g. audit costs, emergency services levy, and ongoing disaster recovery management).

For Council to address this type of operating result it has four options available to it. These are:

1. Reducing service levels,
2. Sell and/or dispose of assets that will reduce the associated on-going expenses,
3. Increase income raised through rates, user fees and charges,
4. A combination of the above options.

Our Governance No. 61 Cont...

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which council may increase its general income, which mainly comprises rate income. This increase is known as the rate peg.

Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government of between 1.5% and 2.5%. The rate peg for 2022/23 is 0.7% which is much lower than obligated expense increases (e.g. award wage increases). In real terms, the cost to deliver services and maintain community assets to current service levels increases above the rate peg amount each year, compounding the impact on Council's financial position over a number of years leading to the need for additional income.

Councils are under constant pressure to deliver the same services for less which is an unsustainable model. Tenterfield Shire Council has very limited opportunity to increase own source revenue and as a result an increase in rates, combined with further operational efficiencies, is the most viable solution for a financially sustainable Council.

How much does Council need:

Based on current service levels, known asset data and Council's current estimated forecast operating result the gap in the General Fund between what Council should be spending on assets compared to current budgets is currently approximately \$4.5m per annum.

This deficit has the potential to be reduced by capital grant income that can be used to offset any operational works, but currently grant funds do not generally allow for undertaking operational works.

This value does not include any funds to address the backlog of works (approximately \$15 million, with the largest areas being roads and buildings).

Council applied for and received an SRV in 2013/14. This application made allowances for \$47 million+ of service level reductions and deferrals of renewals. As a result of this, adjusting service levels will adjust the value of increased income required, however based on current known data there is not enough capacity to cover the full amount through efficiency gains alone.

The Proposed Scenario:

A Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%.

This will result in an additional income of approximately \$2.081M in the financial year 2023/24 and a further \$2.976M in financial year 2024/25 providing an additional income from rates of \$5.057M over two years. This will be in addition to Council's current rate income of approximately \$4.8M per year.

Attachment -1) Proposed rate model outlining Average Rates per assessment.

This additional income will be spent on the maintenance of Council assets. Based on the current information at hand the distribution of this additional income will be as:

75% of additional income – Roads, Transport, Stormwater and Drainage.

Our Governance No. 61 Cont...

15% of additional income – Buildings Renewal and Maintenance

10% of additional income – Other assets (e.g. swimming pool, parks and open spaces)

With this Council will ensure:

- Improve financial sustainability by reducing the General Fund operating deficit,
- Provide additional funding to meet asset renewal funding requirements,
- Improve Council current cash position (unrestricted cash), and
- Meet compliance obligations under the Local Government Act 1993 and other forms of legislation.

In addition to above, Council has already commenced efficiency measure and reduction in operational expenses. Council currently has 22 vacancies within its current organizational structure and has put a moratorium on filling these unless identified as critical to mandatory service requirements.

Council has kept the concerns of ratepayers at the forefront of transparent decision making whilst balancing the challenging financial situation council currently faces and will face in the future. In March 2022, IPART allowed Council to conduct an Additional Special Variation for 2022-23 of 1.8%. However Council on 27 April 2022 resolved not to proceed with the additional special rate variation of 1.8% for 2022/23 financial year (Resolution 81/22) allowed under IPART considering that the community engagement had commenced through the IPR Process and flagged the need for the SRV for FY2023-24 onwards.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Commence engagement on the impacts of a Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%, to formulate an application to IPART.

Council will be conducting Special Rate Variation specific community engagement sessions, in the format of drop in sessions. These will be held from Monday 8 August 2022 to Friday 19 August 2022 at Council's Administration Building at 247 Rouse Street Tenterfield. Residents, and business, community and other interest groups will be able to book an appointment to meet with Councillors, the Chief Executive Officer, the Chief Corporate Officer and the Director of Infrastructure to discuss the Special Rate Variation and provide views and feedback. Sessions will be booked in segments of 15 minutes to 1 hour, depending on the requirements of those booking appointments.

Council's biannual Community Satisfaction Survey will also be conducted from 8 August 2022 to 19 August 2022. Survey questions this year will include a section of questions on the requirement for a Special Rate Variation. Final results of the survey will be provided to Council by end September 2022.

Feedback from both the drop in sessions and the survey will be collated with community feedback from Council's January 2022 and April 2022 community engagement sessions, for inclusion in Council's Special Rate Variation application.

Initial Community Engagement took place in January 2022 (excluding SRV).
Community Engagement regarding SRV took place in April 2022 across Shire.

Our Governance No. 61 Cont...

2. Policy and Regulation

- Local Government Act 1993
- Local Government (General) Regulation 2005
- NSW Local Government State Award
- An SRV requires compliance with S508(a) of the Local Government Act 1993 and associated guidelines and regulations.
- Independent Pricing and Regulatory Tribunal (IPART) processes

3. Financial (Annual Budget & LTFP)

Nil at the time of the writing of the report, however significant work and staff time is required to consult and develop the proposed application. These costs will be absorbed in current operational budgets through deferral of non-urgent tasks.

Council delayed a consideration for an SRV in FY 22-23, which resulted in borrowings in current operational plan. Council continues to borrow funds from external sources to fund a number of its current Capital Projects as per Council Borrowing Policy however this is not a viable solution in the long run and will impact council financial sustainability and Office of Local Government benchmark against the debt service coverage ratio.

4. Asset Management (AMS)

Nil at the time of the writing of the report, however significant work would be required subject to the outcome of the proposed application as it is all focused on meeting the Asset Maintenance and Renewal outlined in the Asset Management Strategy.

5. Workforce (WMS)

Nil at the time of the writing of the report, however significant work would be required subject to the outcome of the proposed application.

6. Legal and Risk Management

Councils' operations and rating structure are quite complicated and detailed. There is a risk that SRV information is not well understood by the community. Councils' communications and engagement methods will require for information and engagement to be undertaken in a manner that makes the situation able to be understood by the majority of people, however, it is extremely difficult to eliminate the intended understanding of the options compared to the perception of the options. Impacts of reputational risk and financial sustainability.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith

Chief Corporate Officer

Prepared by staff member:

Roy Jones

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Corporate Officer

Attachments:

1 Proposed Rating Structure SRV
43% with weekly increase data

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Pages

TENTERFIELD SHIRE COUNCIL
Ordinary Rating Structure 2022-2023 - 0.7% INCREASE

Rate Code	Rate Category	Total No of Assess	Land Value	Percentage of Total Land Value	Base Rate	Total Base Amount	Ad Valorem Dollar Rate	Total Ad Valorem	Total Rate Levy	Average Rates Per Assessment	% of income from the base	Actual % Yield per Category
1	Residential Tenterfield	1595	89,316,460	9.34%	\$329.00	\$524,755.00	\$0.00599576	\$ 535,520.06	\$ 1,060,275.06	\$ 664.75	49.49%	21.91%
4	Residential Tenterfield (Urban)	8	1715000.00	0.18%	\$329.00	\$2,632.00	\$0.00494219	\$ 8,475.86	\$ 11,107.86	\$ 1,388.48	23.69%	0.23%
5	Residential Other	1452	140435713.00	14.69%	\$155.00	\$225,060.00	\$0.00459599	\$ 645,441.13	\$ 870,501.13	\$ 599.52	25.85%	17.98%
6	Residential Urbenville	130	5152200.00	0.54%	\$294.00	\$38,220.00	\$0.00781108	\$ 40,244.25	\$ 78,464.25	\$ 603.57	48.71%	1.62%
7	Residential Jennings	106	3886300.00	0.41%	\$294.00	\$31,164.00	\$0.00827829	\$ 32,171.92	\$ 63,335.92	\$ 597.51	49.20%	1.31%
8	Residential Drake	80	2420280.00	0.25%	\$294.00	\$23,520.00	\$0.01005773	\$ 24,342.52	\$ 47,862.52	\$ 598.28	49.14%	0.99%
9	Farmland General	1464	698413770.00	73.04%	\$423.00	\$619,272.00	\$0.00250159	\$ 1,747,144.90	\$ 2,366,416.90	\$ 1,616.40	26.17%	48.89%
10	Business Tenterfield	193	10920010.00	1.14%	\$567.00	\$109,431.00	\$0.01749100	\$ 191,001.89	\$ 300,432.89	\$ 1,556.65	36.42%	6.21%
11	Business Other	16	2695070.00	0.28%	\$288.00	\$4,608.00	\$0.00500483	\$ 13,488.37	\$ 18,096.37	\$ 1,131.02	25.46%	0.37%
12	Business Urbenville	14	563400.00	0.06%	\$270.00	\$3,780.00	\$0.00731999	\$ 4,124.08	\$ 7,904.08	\$ 564.58	47.82%	0.16%
13	Business Jennings	2	124200.00	0.01%	\$270.00	\$540.00	\$0.00499813	\$ 620.77	\$ 1,160.77	\$ 580.38	46.52%	0.02%
14	Business Drake	8	272000.00	0.03%	\$270.00	\$2,160.00	\$0.00839407	\$ 2,283.19	\$ 4,443.19	\$ 555.40	48.61%	0.09%
15	Mining	10	279640.00	0.03%	\$459.00	\$4,590.00	\$0.01999700	\$ 5,591.96	\$ 10,181.96	\$ 1,018.20	45.08%	0.21%
	TOTALS	5078	956,194,043	100%		\$1,589,732.00		\$ 3,250,450.90	\$ 4,840,182.90			100.00%

Permissible income for 2021/2022 \$ 4,821,748.15
 Catchup/over \$ (15,211.00)
\$ 4,806,537.15 x 0.7% = \$4,840,182.91
 2022-2023 0.7% **\$ 4,840,182.91**

TENTERFIELD SHIRE COUNCIL
SRV Ordinary Rating Structure 2023-2024 - 43.0% INCREASE INCLUDING RATE PEG

Rate Code	Rate Category	Total No of Assess	Land Value	Percentage of Total Land Value	Base Rate	Total Base Amount	Ad Valorem Dollar Rate	Total Ad Valorem	Total Rate Levy	Average Rates Per Assessment	% of income from the base	Actual % Yield per Category	Average Increase from 2022/2023	Average increase weekly from 2023/2024
1	Residential Tenterfield	1598	89,687,760	9.36%	\$465.00	\$743,070.00	\$0.00857394	\$ 768,977.19	\$ 1,512,047.19	\$ 946.21	49.14%	21.85%	\$ 281.46	\$ 5.41
4	Residential Tenterfield (Urban)	8	1715000.00	0.18%	\$465.00	\$3,720.00	\$0.00706733	\$ 12,120.47	\$ 15,840.47	\$ 1,980.06	23.48%	0.23%	\$ 591.58	\$ 11.38
5	Residential Other	1474	142074038.00	14.83%	\$220.00	\$324,280.00	\$0.00657227	\$ 933,748.33	\$ 1,258,028.33	\$ 853.48	25.78%	18.18%	\$ 253.96	\$ 4.88
6	Residential Urbenville	130	5152200.00	0.54%	\$417.00	\$54,210.00	\$0.01116984	\$ 57,549.27	\$ 111,759.27	\$ 859.69	48.51%	1.61%	\$ 256.12	\$ 4.93
7	Residential Jennings	105	3874200.00	0.40%	\$417.00	\$43,785.00	\$0.01183795	\$ 45,862.60	\$ 89,647.60	\$ 853.79	48.84%	1.30%	\$ 256.28	\$ 4.93
8	Residential Drake	82	2463880.00	0.26%	\$417.00	\$34,194.00	\$0.01438255	\$ 35,436.89	\$ 69,630.89	\$ 849.16	49.11%	1.01%	\$ 250.88	\$ 4.82
9	Farmland General	1463	698419270.00	72.89%	\$602.00	\$880,726.00	\$0.00357727	\$ 2,498,436.89	\$ 3,379,162.89	\$ 2,309.75	26.06%	48.82%	\$ 693.34	\$ 13.33
10	Business Tenterfield	192	10835610.00	1.13%	\$806.00	\$154,752.00	\$0.02501213	\$ 271,021.69	\$ 425,773.69	\$ 2,217.57	36.35%	6.15%	\$ 660.92	\$ 12.71
11	Business Other	16	2695070.00	0.28%	\$409.00	\$6,544.00	\$0.00715691	\$ 19,288.37	\$ 25,832.37	\$ 1,614.52	25.33%	0.37%	\$ 483.50	\$ 9.30
12	Business Urbenville	14	563400.00	0.06%	\$382.00	\$5,348.00	\$0.01046759	\$ 5,897.44	\$ 11,245.44	\$ 803.25	47.56%	0.16%	\$ 238.67	\$ 4.59
13	Business Jennings	2	124200.00	0.01%	\$382.00	\$764.00	\$0.00714733	\$ 887.70	\$ 1,651.70	\$ 825.85	46.26%	0.02%	\$ 245.47	\$ 4.72
14	Business Drake	8	272000.00	0.03%	\$382.00	\$3,056.00	\$0.01200352	\$ 3,264.96	\$ 6,320.96	\$ 790.12	48.35%	0.09%	\$ 234.72	\$ 4.51
15	Mining	10	279640.00	0.03%	\$652.00	\$6,520.00	\$0.02859571	\$ 7,996.50	\$ 14,516.50	\$ 1,451.65	44.91%	0.21%	\$ 433.45	\$ 8.34
	TOTALS	5102	958,156,268	100%		\$2,260,969.00		\$ 4,660,488.28	\$ 6,921,457.28			100.00%		

Permissible income for 2022/2023 \$ 4,852,132.92
 catch-up/over \$ (11,950.02)
 \$ 4,840,182.90 x 43.0% = \$6,921,461.55
 2023-2024 43% **\$ 6,921,461.55**

TENTERFIELD SHIRE COUNCIL
SRV Ordinary Rating Structure 2024-2025 - 43.0% INCREASE INCLUDING RATE PEG

Rate Code	Rate Category	Total No of Assess	Land Value	Percentage of Total Land Value	Base Rate	Total Base Amount	Ad Valorem Dollar Rate	Total Ad Valorem	Total Rate Levy	Average Rates Per Assessment	% of income from the base	Actual % Yield per Category	Average Increase from 2023/2024	Total average increase of rates over the 2 years	Average increase weekly of 2024/2025
1	Residential Tenterfield	1598	89,687,760	9.36%	\$666.00	\$1,064,268.00	\$0.01226073	\$ 1,099,637.38	\$ 2,163,905.38	\$ 1,354.13	49.18%	21.86%	\$ 407.92	\$ 689.38	\$ 7.84
4	Residential Tenterfield (Urban)	8	1715000.00	0.18%	\$666.00	\$5,328.00	\$0.01010628	\$ 17,332.28	\$ 22,660.28	\$ 2,832.53	23.51%	0.23%	\$ 852.48	\$ 1,444.05	\$ 16.39
5	Residential Other	1474	142074038.00	14.83%	\$316.00	\$465,784.00	\$0.00939834	\$ 1,335,260.11	\$ 1,801,044.11	\$ 1,221.88	25.86%	18.20%	\$ 368.40	\$ 622.36	\$ 7.08
6	Residential Urbenville	130	5152200.00	0.54%	\$596.00	\$77,480.00	\$0.01597288	\$ 82,295.46	\$ 159,775.46	\$ 1,229.04	48.49%	1.61%	\$ 369.36	\$ 625.47	\$ 7.10
7	Residential Jennings	105	3874200.00	0.40%	\$596.00	\$62,580.00	\$0.01692828	\$ 65,583.52	\$ 128,163.52	\$ 1,220.60	48.83%	1.29%	\$ 366.82	\$ 623.10	\$ 7.05
8	Residential Drake	82	2463880.00	0.26%	\$596.00	\$48,872.00	\$0.02056705	\$ 50,674.75	\$ 99,546.75	\$ 1,213.98	49.09%	1.01%	\$ 364.83	\$ 615.70	\$ 7.02
9	Farmland General	1463	698419270.00	72.89%	\$858.00	\$1,255,254.00	\$0.00511550	\$ 3,572,764.75	\$ 4,828,018.75	\$ 3,300.08	26.00%	48.78%	\$ 990.33	\$ 1,683.68	\$ 19.04
10	Business Tenterfield	192	10835610.00	1.13%	\$1,155.00	\$221,760.00	\$0.03576735	\$ 387,561.01	\$ 609,321.01	\$ 3,173.55	36.39%	6.16%	\$ 955.98	\$ 1,616.90	\$ 18.38
11	Business Other	16	2695070.00	0.28%	\$586.00	\$9,376.00	\$0.01023438	\$ 27,582.36	\$ 36,958.36	\$ 2,309.90	25.37%	0.37%	\$ 695.37	\$ 1,178.87	\$ 13.37
12	Business Urbenville	14	563400.00	0.06%	\$548.00	\$7,672.00	\$0.01496865	\$ 8,433.34	\$ 16,105.34	\$ 1,150.38	47.64%	0.16%	\$ 347.14	\$ 585.80	\$ 6.68
13	Business Jennings	2	124200.00	0.01%	\$548.00	\$1,096.00	\$0.01022068	\$ 1,269.41	\$ 2,365.41	\$ 1,182.70	46.33%	0.02%	\$ 356.86	\$ 602.32	\$ 6.86
14	Business Drake	8	272000.00	0.03%	\$548.00	\$4,384.00	\$0.01716503	\$ 4,668.89	\$ 9,052.89	\$ 1,131.61	48.43%	0.09%	\$ 341.49	\$ 576.21	\$ 6.57
15	Mining	10	279640.00	0.03%	\$933.00	\$9,330.00	\$0.04089187	\$ 11,435.00	\$ 20,765.00	\$ 2,076.50	44.93%	0.21%	\$ 624.85	\$ 1,058.30	\$ 12.02
	TOTALS	5102	958,156,268	100%		\$3,233,184.00		\$ 6,664,498.25	\$ 9,897,682.25			100.00%			

Permissible income for 2023/2024 \$ 6,921,461.55
 catch-up/over \$ -
 \$ 6,921,461.55 x 43.0% = \$9,897,690.01
 2024-2025 43% **\$ 9,897,690.01**

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV62/22
Subject:	ACCEPTANCE OF A QUALIFIED OPINION FROM AUDIT OFFICE OF NEW SOUTH WALES FOR FINANCIAL STATEMENTS 30 JUNE 2022 - RE- TREATMENT OF RURAL FIRE SERVICE ASSETS

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Ensure that financial sustainability and the community's capacity to pay inform adopted community service levels.

:SUMMARY

The purpose of this Report is to inform Council regarding the implied intention of Audit Office of New South Wales to issue qualified audit opinions to Tenterfield Shire Council if Rural Fire Service (RFS) Assets are not incorporated in Council Financial Statements (Attachment 5, pg.13).

OFFICER'S RECOMMENDATION:

- 1. That Council receive and note the Final Management Letter from the Audit Office of New South Wales for the Final Phase of the 2020/2021 Audit.**
- 2. That Council receive and note Council – Response to Management to Letter regarding treatment of Rural Fire Service Assets.**
- 3. That Council adopts a firm position on the issue of Rural Fire Service assets, being that the Rural Fire Service Act 1997 should be amended to make it clear that control of its assets rests with the Rural Fire Service, and it should therefore have all assets relating to its activities on its Balance Sheet.**
- 4. That Council adopts an Acceptance of a Qualified Opinion from the Audit Office of New South Wales for Financial Statements 30 June 2022.**

BACKGROUND

The Audit Office of New South Wales provided Council with a Final Management Letter for the final phase of the 2020/2021 audit on 9 February 2022.

The letter provides information on matters of governance interest identified as a result of conducting the audit, unresolved matters from previous audits and matters the Auditor is required to communicate under Australian Auditing Standards.

One Low risk and two High risk assessment items were identified in the Final Management Letter, in relation to the following:

Our Governance No. 62 Cont...

- Infrastructure, Property, Plant and Equipment – Development of Asset Management System
- ***Rural Fire Service fire-fighting equipment not recognised in the financial statements.***
- Compliance with Local Government Act 1993 - use of externally restricted funds.

A copy of the Final Management Letter is attached for the information of Council (Attachment 1).

Council responded in detail to the issue of non - recognising of Rural Fire Service. A copy of the response is attached for the information of Council (Attachment 2, Page 3 of 9,).

Council has also prepared its Position Paper on accepting a qualified audit report (Attachment 3).

REPORT:

Over the past several years a number of Councils in New South Wales have a difference of opinion to the Audit Office of New South Wales regarding the treatment of Rural Fire Service Assets. The Audit Office without any supportive technical justification or reason requires Rural Fire Service assets to be recognised by local Councils. The NSW Audit Office believes Local Councils control NSW RFS Assets and therefore should record these assets in their financial statements.

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'

In the 2020 NSW Audit Office Report on Local Government (tabled to NSW Parliament on 27 May 2021), the NSW Audit office report states (Attachment 4, pg.14) 'In 2017, we recommend that *OLG should address the different practices across the Local Government sector in accounting for rural fire fighting equipment*'. 'In 2019-20, 68 councils did not record rural fire fighting equipment in their financial statements worth \$119 million'.

In the 2021 NSW Audit Office Report in Local Government (tabled to NSW Parliament on 22 June 2022), the report states (Attachment 5, pg.6)

"Sixty-eight councils (2020: 68 councils) did not record rural firefighting equipment in their financial statements worth an estimated \$145 million (2020: \$119 million). The NSW Government has confirmed these assets are not controlled by the NSW Rural Fire Service and are not recognised in the financial records of the NSW Government. We recommended that consistent with the OLG's role to assess council's compliance with legislative responsibilities, standards or guidelines, OLG should intervene where councils do not recognise rural firefighting equipment. Councils should perform a full asset stocktake of rural firefighting equipment, including a condition assessment for 30 June 2022 financial reporting purposes".

Further on (pg.11) the report states "In 2020-21, 68 (2019-20: 68) councils did not record rural firefighting equipment in their financial statements estimated to be \$145 million (2019-20: \$119 million). Forty-one councils recognise this

Our Governance No. 62 Cont...

equipment in their financial statements with a total value of \$162.8 million, highlighting the inconsistent recognition practices across the local government sector”

It is clear that there are more councils in NSW which have chosen not to recognise RFS assets than the ones that have and that this inconsistency needs to be properly addressed by providing accurate technical expertise and documentation by the Audit Office of New South Wales prior to any consideration of change in current practices.

Tenterfield Shire Council – Specific Management Letter Observations – Financial Year 30 June 2021.

Audit Office of NSW state that:

Rural fire fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the Rural Fire Act 1997 and service agreements between councils and the NSW RFS.

The following are indicators of ‘control’ by Council:

- The Rural Fire Service Act 1997 vests rural fire-fighting equipment to council, giving Council the legal ownership
- The service agreement governs how the RFS can use these assets for fire mitigation and safety works in a council are
- As land owners, Council has responsibility for fire mitigation and safety works under the Rural Fire Act 1997
- Council is responsible for maintaining the assets but has transferred this responsibility to the RFS through the service agreement
- In the event of the loss of an asset, the insurance proceeds are used to reacquire or build a similar assets which is again vested in Council.

Tenterfield Shire Council disagreed by the observation made by the Audit Office and further presented a detailed response on each of the sentence from the Management Letter explaining the lack of appropriate audit evidence to support recognition of RFS assets on council’s books – (Attachment 2, pg.3). Council to date has not received any form of communication from the Audit Office of New South Wales or Agent Audit firm - Forsyth’s regarding council’s response.

Further, Council derecognised RFS property, plant and equipment in its 2016 accounts followed by a formal position paper issued in 2018 to support lack of control from the perspective of Australian Accounting Standards (AAS).

Council is required to comply with Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

Extract from 2022 Local Government Code of Accounting Practice and Financial Reporting:

Our Governance No. 62 Cont...

Rural Fire Services (RFS) 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'.

The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards and recognise in their financial statements any material assets under their control and state the relevant accounting policy in relation to the treatment.

The current Local Government Accounting Code of Accounting Practice and Financial Reporting also provides for councils to determine whether they record the RFS assets as council assets or not. Councils are not breaching the Code by not reporting RFS assets.

Further, in support of Local NSW Council the President of the LGNSW in a newsletter titled "The Red Fleet Fight Comes to a Head" (Attachment 6) states

"In the Report, the Auditor General reiterates the State Government determination that Rural Fire Service (RFS) assets are the "property" of councils, who must therefore absorb all depreciation costs.

This Determination is nothing more than a financial sleight of hand, which would force councils to absorb significant depreciation costs for assets over which we have precisely zero management or control.

*Councils have **no** say in the acquisition of the assets, **no** involvement in their deployment, and **none** in their disposal".*

Tenterfield Shire Council if forced to incorporate RFS assets on its book will result in an estimated additional depreciation expense of \$345K per year impacting its already stretched operational cost and year end result, this figure is a conservative figure as Council has still not received a complete list of fleet from the RFS. This nonsensical approach by Audit Office of New South Wales is also inconsistent with the treatment of comparable assets of other emergency services such as Fire & Rescue NSW (FRNSW) and the State Emergency Services (SES) and appears to be more politically motivated rather than knowledge based justification on Accounting Standards.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)
Nil.

2. Policy and Regulation

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards
- Office of Local Government Circulars

3. Financial (Annual Budget & LTFP)

Nil.

Our Governance No. 62 Cont...

4. Asset Management (AMS)

Ongoing development of a new Asset Management System remains a priority as identified in the Management Letter.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

The preparation, audit and review of Council's Financial Statements ensure compliance with:

- The Local Government Act 1993, (as amended) and the Regulations made there under;
- The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board;
- The Local Government Code of Accounting Practice and Financial Reporting.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith
Chief Corporate Officer

Prepared by staff member:	Roy Jones	
Approved/Reviewed by Manager:	Kylie Smith, Chief Corporate Officer	
Department:	Office of the Chief Corporate Officer	
Attachments:	<ol style="list-style-type: none"> 1 Final Management Letter 30 June 2021 2 Management Letter 2021 - Tenterfield Shire Council Response regarding RFS equipment not recognised in financial statements 3 Position Paper - Acceptance of a Qualified Audit Opinion. 4 Report on Local Government 2020 - NSW Auditor General's Report 5 Report on Local Government 2021 - NSW Auditor General's Report 6 LGNSW - The Red Fleet Fight Comes to a Head 	<ol style="list-style-type: none"> 11 Pages 9 Pages 5 Pages 87 Pages 60 Pages 2 Pages



Mr Daryl Buckingham
Chief Executive Officer
Tenterfield Shire Council
PO Box 214
TENTERFIELD NSW 2372

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2123375/1794

9 February 2022

Dear Mr Buckingham

Management Letter on the Final Phase of the Audit
for the Year Ended 30 June 2021

The final phase of our audit for the year ended 30 June 2021 is complete. This letter outlines:

- matters of governance interest we identified during the current audit
- unresolved matters identified during previous audits
- matters we are required to communicate under Australian Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the organisation.

We have kept management informed of the issues included in this letter as they have arisen. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

The Auditor-General may include items listed in this letter in the Report to Parliament. If you would like to discuss any of the matters raised in this letter, please contact me on 02 9275 7374 or Geoff Allen on 02 6773 8400.

Yours sincerely

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

Chris Harper
Director, Financial Audit

cc: Cr Bronwyn Petrie, Mayor
Mr Geoff King, Chair of the Audit, Risk and Improvement Committee
Ms Kylie Smith, Chief Corporate Officer



Final management letter

for the year ended 30 June 2021

Tenterfield Shire Council



FINANCIAL AUDIT

INSIGHTS FOR BETTER GOVERNMENT

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We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur.

The risk assessment matrix used is broadly consistent with the risk management framework in [TPP12-03](#) 'Risk Management Toolkit for the NSW Public Sector'.

This framework may be used as better practice for councils.

		CONSEQUENCE			
		Low	Medium	High	Very high
LIKELIHOOD	Almost certain	M	M	H	E
	Likely	L	M	H	H
	Possible	L	M	M	H
	Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
⊗ Extreme:	E
! High:	H
— Moderate:	M
✓ Low:	L

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For each issue identified, we have used the consequence and likelihood tables from [TPP12-03](#) to guide our assessment.

Consequence levels and descriptors

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> Affects the ability of your entire entity to achieve its objectives and may require third party intervention; Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity; or May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion.
High	<ul style="list-style-type: none"> Affects the ability of your entire entity to achieve its objectives and requires significant coordinated management effort at the executive level; Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity; or May result in an inability for the auditor to issue an unqualified audit opinion.
Medium	<ul style="list-style-type: none"> Affects the ability of a single business unit in your entity to achieve its objectives but requires management effort from areas outside the business unit; or Arises from ineffective governance practices and/or internal controls affecting several parts of the entity.
Low	<ul style="list-style-type: none"> Affects the ability of a single business unit in your entity to achieve its objectives and can be managed within normal management practices; or Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity.

Likelihood levels and descriptors

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99 per cent
Likely	The event will probably occur once during the year	More than 20 per cent and up to 99 per cent
Possible	The event might occur at some time in the next five years	More than 1 per cent and up to 20 per cent
Rare	The event could occur in exceptional circumstances	Less than 1 per cent

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Summary of issues


Issue	Detail	Likelihood	Consequence	Risk assessment
Prior year matters not resolved by management				
1	<u>Infrastructure, Property, Plant and Equipment</u>	Rare	Medium	Low
Current year matters				
2	<u>Rural fire-fighting equipment not recognised in the financial statements</u>	Almost Certain	High	High
3	<u>Compliance with the Local Government Act 1993 - use of externally restricted funds for purposes other than their intended use</u>	Almost Certain	High	High

Appendix

Review of matters raised in prior year management letters that have been addressed or management have committed to addressing in future period.

Prior year matters not resolved by management

Issue 1: Infrastructure, Property, Plant and Equipment

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Rare	Medium	No	Operational/Compliance	 Low

Observation

In 2019-20, we reported the following deficiencies regarding Infrastructure, Property, Plant and Equipment (IPP&E):

- there is a lack of data relating to technical attributes of transport assets maintained in Synergysoft
- unapproved and outdated asset management plans (AMPs). Of the total 17 expected AMPs:
 - seven have been reviewed and are in draft format but have not yet been approved by Council
 - nine were not provided to audit as either draft or approved
 - one referred to in the asset management strategy for the road network (which was adopted by Council in March 2013) was also not provided. This is outdated and according to the most recent asset management strategy (2017-2027) it should be split into four asset management plans for transport assets.

These matters remain unrectified by management in 2020-21.

Implications

Council may be exposed to the following implications:

- absence of technical data maintained in a fit for purpose asset management system may result in error or loss of attribute data which may result in errors in the financial statements
- breaches of the *Local Government Act 1993* (section 403) and Integrated Planning and Reporting (IP&R). The IP&R manual details essential elements of Asset Management Plans to:
 - include all assets under council's control (essential element 2.15)
 - identify asset service standards (essential element 2.16)
 - contain long term projections of asset maintenance, rehabilitation and replacement costs (essential element 2.17)
- asset management plans and the asset strategy document provide critical data and inputs into asset recording, valuation and depreciation methodologies including:
 - definitions of service levels
 - condition assessment methodologies
 - demand projections
 - asset hierarchies
 - identification of critical assets.

Therefore, potential out of date and missing documents increase the risks of breakdown in long term asset planning and sustainability and errors in the financial statements.

Recommendation

Management should:

- ensure technical attributes for their Infrastructure network are recorded in a fit for purpose asset management system
- review and update key asset strategy documents to ensure they remain current
- communicate key changes to staff

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- track when policies were last reviewed and their next review date, to ensure policies remain up to date.

Management response

Agree

Council is still committed to the implementation of the new integrated Asset Management System and have been working with the selected System providers to implement the AssetFinda software. Final data uploading and verification of the database has presented some issues, particularly through operational limitations with the COVID issue, and the task of implementation is now planned for June 2022.

Council is currently working with an external consultant to provide assistance to update remaining Asset Management Plans for the current year with the aim to finish in May 2022.

Person responsible:	Date (to be) actioned:
David Counsell, Manager Asset & Program Planning	30 June 2022

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Current year matters

Issue 2: Rural fire-fighting equipment not recognised in the financial statements

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	High	Yes	Reporting	High

Observation

Council did not record rural fire-fighting equipment in the financial statements. This resulted in a \$2.2 million understatement of assets at 30 June 2021.

Rural fire-fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the NSW Rural Fire Service (the RFS).

The following are indicators of 'control' by Council:

- the *Rural Fires Act 1997* vests rural fire-fighting equipment to council, giving Council the legal ownership
- the service agreement governs how the RFS can use these assets for fire mitigation and safety works in a council area
- as land owner, Council has responsibility for fire mitigation and safety works under the *Rural Fires Act 1997*
- Council is responsible for maintaining the assets but has transferred this responsibility to the RFS through the service agreement
- in the event of the loss of an asset, the insurance proceeds are used to reacquire or build a similar asset, which is again vested in Council.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the RFS.

Implications

The financial statements are misstated as rural fire-fighting equipment is not recorded.

Recommendation

We recommend council should:

- perform a full asset stocktake of rural fire-fighting equipment that it controls, including assessing the condition of these assets
- record the rural fire-fighting equipment in the asset register and the financial statements.

Management response

Disagree

We disagree with the view that RFS assets (not only equipment) should be recognised on council's financial statements. Council has de-recognised RFS property, plant and equipment in its 2016 accounts followed by a formal position paper issued in 2018 to support lack of control from the perspectives of Australian Accounting Standards (AAS). At the moment, this position is also supported by majority of the councils in NSW who do not recognise RFS assets "vested" with them. Furthermore, the recently released technical analysis of this matter performed by an independent international Big 5 accounting, audit and advisory firm at the request of another council also supports a position that there should be no any values related to RFS assets in councils' books.

Since the Audit Office stepped in as an auditor five years ago, this matter has never been treated as high risk and was always reported as unadjusted audit difference... until now. Even though we always disagreed with the Audit Office's view on the subject matter, we accepted treating it as unadjusted audit difference. This was a

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compromise which satisfied both sides. However, given that this year Audit Office decided to change the course of action and consider the subject matter as high risk with the possibility of qualification of financial statements starting 2022, council has to respond accordingly.

The financial accounting under AAS is based on the predominant principal of the prevalence of substance over form in presenting facts in a fair and true manner. Council is accountable to the public through financial reporting. It is not possible for the management of the council to be accountable for something which can't be justified in the realm of the generally accepted accounting principles or in the common-sense perspectives.

We are surprised that after five years of acting as an official auditor of NSW local government, Audit Office has not made an in-depth assessment of the subject matter to support the conclusion the RFS assets are controlled by councils. The "indicators of control" mentioned in the MLP above are not sufficient audit evidence to say that council controls assets from the perspectives of the Australian Accounting Standards (AAS) and users of the financial statements.

We understand that the subject matter is highly judgmental. It is therefore possible to have different views on the same issues between councils and auditors. Furthermore, as practice shows, it is also possible to have different views on the same issue between different audit firms and other professional public practices. In this case the consensus should be based on the analysis supported by the most reliable and relevant evidence documented as required by the professional accounting and auditing standards. Plus, if the position is supported by other qualified accountants, then there is more support in favor of this position.

Therefore, in order to make it clear to the users of the financial statements and interested stakeholders, we prepared a detailed response (the Response) to your management letter points. The Response has been provided to the Audit Office.

The Response is considered as an integral part of the response provided here. It is divided into three main sections. In section one we quoted your MLP. In section two we provided detailed response to each of the "indicators of control" from your MLP. The Response ends with some critical aspects which needs to be taken into consideration in section three.


As was mentioned earlier, management is accountable for the stewardship of the council through reported financial statements. In case Audit Office would still stand on the same position and would insist on qualifications of FS should council disagree, we would kindly ask you to provide your insight to each of our response and comment presented in the Response - so management will be able to explain the position to councilors and other stakeholders.

Person responsible:	Date (to be) actioned:
Jessica Wild, Acting Manager Finance & Technology	No actions required

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Issue 3: Compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	High	No	Operational/Compliance	 High

Observation

Council's cash balance of \$13.4 million at 30 June 2021 comprised of externally restricted funds of \$14.6 million, resulting in a negative unrestricted cash balance of \$1.2 million at 30 June 2021.

The Council acknowledges it has used externally restricted funds for purposes other than their intended use during the year ended 30 June 2021. In doing so, it has not complied with section 409 of the *Local Government Act 1993* (the Act).

In addition, the Council is unable to verify that funds raised by special rates or charges were not used to pay for general fund expenses during the year ended 30 June 2021. The Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. Such unapproved use would not comply with section 410 of the Act.

Implications

Non-compliance with the LG Act.

Recommendation

We recommend management should:

- implement a funds management system to ensure it complies with the LG Act
- ensure there is sufficient unrestricted cash to meet day to day operational needs.

Management response

Agree

Council has developed an extended version of grants reconciliation to ensure accurate and timely calculation of grant-related restricted cash balances. The template is undergoing final quality checks and will go live in early February 2022. The template will allow to perform a complete grants reconciliation within 1-3 days. It is planned that the complete grants reconciliation will be performed using this template every quarter starting 31 December 2021.

In order to ensure sufficient unrestricted cash available to fund external restrictions when required, Council at its 12 January 2022 meeting approved the establishment of a Corporate Markets Loan with NAB with a drawdown facility limit of \$5 million for a rollover period of 90 days. This facility is currently in the process of being established with the NAB and as part of this process Council will notify the Office of Local Government of the new loan arrangements.

Person responsible:	Date (to be) actioned:
Jessica Wild, Acting Manager Finance & Technology	28 February 2022 - new grants reconciliation
	31 March 2022 - new loan facility establishment

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Appendix

Review of matters raised in prior year management letters that have been addressed or management have committed to addressing in future period

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined how management has addressed the issue in the current year.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
Addressed			
Lack of timely review of audit trail reports	— Moderate	Matter has been addressed by management	Nil as matter addressed
Daily cash reports not reviewed	— Moderate	Matter has been addressed by management	Nil as matter addressed
Plant hire charges	— Moderate	Matter has been addressed by management	Nil as matter addressed
Manual journals not reviewed	✓ Low	Matter has been addressed by management	Nil as matter addressed
Credit card transactions	✓ Low	Matter has been addressed by management	Nil as matter addressed
To be addressed			
Infrastructure, property, plant and equipment	✓ Low	Further issues noted	Refer to issue 1

Issue XX: Rural fire-fighting equipment not recognised in the financial statements

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	High	Yes	Reporting	 High

Observation

Council did not record rural fire-fighting equipment in the financial statements. This resulted in a \$2.2 million understatement of assets at 30 June 2021.

Rural fire-fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the NSW Rural Fire Service (the RFS).

The following are indicators of 'control' by Council:

- the *Rural Fires Act 1997* vests rural fire-fighting equipment to council, giving Council the legal ownership
- the service agreement governs how the RFS can use these assets for fire mitigation and safety works in a council area
- as land owner, Council has responsibility for fire mitigation and safety works under the *Rural Fires Act 1997*
- Council is responsible for maintaining the assets but has transferred this responsibility to the RFS through the service agreement
- in the event of the loss of an asset, the insurance proceeds are used to reacquire or build a similar asset, which is again vested in Council.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the RFS.

Implications

The financial statements are misstated as rural fire-fighting equipment is not recorded.

Recommendation

We recommend council should:

- perform a full asset stocktake of rural fire-fighting equipment that it controls, including assessing the condition of these assets
- record the rural fire-fighting equipment in the asset register and the financial statements.

Management response

Disagree

We disagree with the view that RFS assets (not only equipment) should be recognised on council's financial statements. Council has de-recognised RFS property, plant and equipment in its 2016 accounts followed by a formal position paper issued in 2018 to support lack of control from the perspectives of Australian Accounting Standards (AAS). At the moment, this position is also supported by majority of the councils in NSW who do not recognise RFS assets "vested" with them. Furthermore, the recently released technical analysis of this matter performed by an independent international Big 5 accounting, audit and advisory firm at the request of another council also supports a position that there should be no any values related to RFS assets in councils' books.

Since the Audit Office stepped in as an auditor five years ago, this matter has never been treated as high risk and was always reported as unadjusted audit difference... until now. Even though we always disagreed with the Audit Office's view on the subject matter, we accepted treating it as unadjusted audit difference. This was a compromise which satisfied both sides. However, given that this year

Audit Office decided to change the course of action and consider the subject matter as high risk with the possibility of qualification of financial statements starting 2022, council has to respond accordingly.

The financial accounting under AAS is based on the predominant principal of the prevalence of substance over form in presenting facts in a fair and true manner. Council is accountable to the public through financial reporting. It is not possible for the management of the council to be accountable for something which can't be justified in the realm of the generally accepted accounting principles or in the common-sense perspectives.

We are surprised that after five years of acting as an official auditor of NSW local government, Audit Office has not made an in-depth assessment of the subject matter to support the conclusion the RFS assets are controlled by councils. As will be demonstrated in the Attachment to this MLP, the "indicators of control" mentioned in the MLP above are not sufficient audit evidence to say that council controls assets from the perspectives of the Australian Accounting Standards (AAS) and users of the financial statements.

We understand that the subject matter is highly judgmental. It is therefore possible to have different views on the same issues between councils and auditors. Furthermore, as practice shows, it is also possible to have different views on the same issue between different audit firms and other professional public practices. In this case the consensus should be based on the analysis supported by the most reliable and relevant evidence documented as required by the professional accounting and auditing standards. Plus, if the position is supported by other qualified accountants, then there is more support in favor of this position.

Therefore, in order to make it clear to the users of the financial statements and interested stakeholders, we prepared a detailed response to your management letter points in the Attachment to this MLP. The Attachment is considered as an integral part of this response. It is divided into three main sections. In section one we quoted your MLP. In section two we provided detailed response to each of the "indicators of control" from your MLP. The Attachment ends with some critical aspects which needs to be taken into consideration in section three.

As was mentioned earlier, management is accountable for the stewardship of the council through reported financial statements. In case Audit Office would still stand on the same position and would insist on qualifications of FS should council disagree, we would kindly ask you to provide your insight to each of our response and comment presented in the Attachment - so management will be able to explain the position to councilors and other stakeholders.

Attachment to MLP 2021: Issue 2 – Rural fire-fighting equipment

Tenterfield Shire Council

Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2021

I. Rural fire-fighting equipment not recognised in the financial statements

Council did not record rural fire-fighting equipment in the financial statements. This resulted in a \$2.2 million understatement of assets at 30 June 2021.

Rural fire-fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the NSW Rural Fire Service (the RFS).

The following are indicators of 'control' by Council:

- the *Rural Fires Act 1997* vests rural fire-fighting equipment to council, giving Council the legal ownership
- the service agreement governs how the RFS can use these assets for fire mitigation and safety works in a council area
- as land owner, Council has responsibility for fire mitigation and safety works under the *Rural Fires Act 1997*
- Council is responsible for maintaining the assets but has transferred this responsibility to the RFS through the service agreement
- in the event of the loss of an asset, the insurance proceeds are used to reacquire or build a similar asset, which is again vested in Council.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the RFS.

II. Management's analysis and responses on each of the sentence from the above MLP

AO 1: "Council did not record rural fire-fighting equipment [including "red fleet"] in the financial statements."

TSC_1: AO refers to “equipment” only. This is surprising because RFS assets also include “premises”. Indeed, according to RFS Agreement (p.1(d)) the “District Equipment” means fire-fighting apparatus and other vehicles and equipment. The “Fire Fighting Apparatus” means all vehicles, equipment and other things used for or in connection with, the prevention or suppression of fire or the protection of life or property in case of fire, by the Members of the Rural Fire Service operating in the Districts (p. 1(g) of the RFS Agreement). The land and buildings used in RFS activity on the other hand lay under term “Premises” (p. 1(k)) of RFS Agreement. Why would premises not be included in the MLP as well? What is the difference in terms of the control from the perspectives of the AO?

AO_2: “...the Rural Fires Act 1997 vests rural fire-fighting equipment to council, giving Council the legal ownership”.

TSC_2: This statement represents the AO’s view that the term “vested” automatically leads to “legal ownership”. We can’t see rationale for this as well as we have never seen AO’s clear justification for such a conclusion. Instead, we can provide evidence when this is not the case. In particular,

- The RFS Service agreement refers to “District equipment” as “Owned by the State; Owned by the Council; or Vested in the Council” (p. 1(d) of the RFS agreement). That means that the term “owned” and “vested” are different in nature. Furthermore, we even can’t say that “vested in council” and “owned by council” have the same meaning in terms of legal ownership, because along with these two, there is also equipment “owned by the State”. So, the all three categories are “District equipment” but have different legal status. The only thing which is clear is that District equipment is an equipment which is characterised by the location.
- Finally, in light of the issue of Crown land accounting. Back in 2019 council prepared a sophisticated position paper on analysis of control of two different types of Crown land: Crown reserves managed by councils; and Crown land devolved to council. The purpose of the position paper was to justify not recognition of both categories of land on council’s books on the ground of lack of control from the perspectives of the Australian Accounting Standards (AAS). What is important is that, Crown Reserves managed by councils that are “vested” with councils (see TSC position paper on page 2) as well as land “devolved” to councils are legally owned by the Crown (s. 2.23(2); s 2.24 (4)(a); s. 5.3 of CLM Act 2016) (see TSC position paper on page 3). This is clear argument that term “vested” has nothing to do with legal ownership as per regulations.

AO_3: “...the service agreement governs how the RFS can use these assets for fire mitigation and safety works in a council area”.

TSC_3: we have no issues with this statement. However, we do not see how this statement indicates that council controls the RFS assets? In contrast, this would be rather a clear evidence that the assets are transferred to the RFS for their purposes (delivering RFS) which would lead to a conclusion that the assets are under finance lease where council is a lessor. This is analysed in more details in the BDO report (explained in section three under subsection “Leases”).

AO_4: “...as land owner, Council has responsibility for fire mitigation and safety works under the *Rural Fires Act 1997*”.

TSC_4: This statement is very confusing. According to AO, if council is a land owner (which, as we understand, is meant to be a “legal owner”) then council bears responsibility under the *Rural Fires Act 1997*. This statement would lead to the following critical questions:

- Some land where RFS assets are located are not owned by the council. They are on Crown land which is legally owned by the State Government as explained earlier in TSC_2. Does that mean that council does not have responsibility for fire mitigation here then?
- What clause of the *Rural Fires Act* 1997 Audit Office refers to? Where is in the *Rural Fires Act* 1997 this exact link and this responsibility is stipulated?
- What we clearly see in the *Rural Fires Act* 1997 is that the Commissioner is the only one who is responsible for the RFS. Indeed, based on *Rural Fires Act* 1997, cl. 12, "The Commissioner is responsible for managing and controlling the activities of the Service and has such other functions as are conferred or imposed on the Commissioner by or under this or any other Act". According to s. 12(A), without limiting S12, commissioner may enter into a rural fire district service agreement with any local authority or authorities responsible for a rural fire district. The agreement may specify functions and obligations imposed on the local authority or under this act that are to be exercised by the Commissioner. As you know, the RFS agreement does not imply any responsibilities on the council in regard to rural fire services. The only responsibilities and obligations for the council according to the RFS Agreement are:
 - ✓ provide certain administrative works (Recitals (E))
 - ✓ Allow commissioner to use district equipment and premises (Recitals (E) and (F))
 - ✓ have assets insured
 - ✓ granting licence to Commissioner to enter and use premises (cl. 6.5 (a))
 - ✓ maintain Premises (not equipment).
- Finally, council does not have an objective of providing RFS services. There is a special organisation which was specifically set up to deliver this - RFS. Just because its activity is spread across the state and is held on the property owned by the councils, the parties had to make some legal arrangements in the form of RFS Agreement. If providing rural fire services was one of council's objective, then you would see RFS line of service in the community strategic plan or annual report which is not the case.

AO_5: "...Council is responsible for maintaining the assets but has transferred this responsibility to the RFS through the service agreement".

TSC_5: This requirement is explicitly stipulated in the RFS Agreement for premises only. Indeed, based on cl. 6.5 (c) of the RFS Agreement, "Council will maintain Premises in good repair." However, there is nowhere in the agreement a legal requirement that Council has a responsibility for maintaining RFS "equipment". We found only that the commissioner agreed to maintain district equipment on behalf of the council (cl. 5.2). However, it is not enough to say that Council is "responsible" for that – there is no legal reference that council bears this responsibility.

AO_6: "...in the event of the loss of an asset, the insurance proceeds are used to reacquire or build a similar asset, which is again vested in Council."

TSC_6: First, council affects insurance on buildings only. As was confirmed with our manager responsible for communication with RFS, council has nothing to do with insurance of vehicles or "District Equipment". This change in insurance arrangements occurred long time ago and was also conformed by the Local Government Association of NSW (LGSA) as part of the "Review of Local Government Engagement with the NSW Rural Fire Service" Discussion Paper in 2012. The LGSA

specifically mentioned that: “ Previously, the insurance for vehicles was the responsibility of the council. Since July 2011, the Treasury Managed Fund (TMF) has taken over the insurance for council owned RFS vehicles. The new insurance arrangements are centralised and managed by the RFS with the insurance costs distributed to RFS areas where the vehicles are based. Councils contribute 11.7% to the insurance costs. This change has partially addressed the insurance problems referred to above.” (page 5). We attach this paper for your information and reference.

Second, the last part of the statement from AO_6 “...which is again vested in Council ...” is confusing. We believe that AO confuses term “vesting” with “control” and “legal ownership”. As we explained earlier, vesting is not defined in the legislation clearly. It is also not a legal ownership term. Vesting is more like an “assigned because of the physical location”. We can consider this only when AO provides enough evidence that term “vested” is the same as “legal ownership” from the perspectives of relevant law or “controlled” from the perspectives of Australian Accounting Standards.

AO_7: “The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the ‘Report on Local Government 2020’ (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.”

TSC_7: We are not sure what this statement relates to and what is the value of it in contribution to the AO’s position that RFS equipment is controlled by the council. It is not included in the list of indicators of control in the MLP. What was the purpose of mentioning it as a separate statement given that it does not have any legal authority over councils? This could be an indication of future action but until this is authorised, it can’t be referred to as an evidence or indicator. However, assuming that AO still considers it as an extra evidence of control, it has two critical issues.

First, it does not represent an appropriate and sufficient audit evidence that the control exists under AAS. Indeed, the report itself has following paragraphs in regard to the RFS (on page 14 of the Report to Parliament):

“In 2017, we recommended that OLG should address the different practices across the Local Government sector in accounting for rural fire fighting equipment.

In 2019–20, 68 councils did not record rural fire fighting equipment in their financial statements worth \$119 million.

The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets. NSW Treasury and the NSW Rural Fire Service have stated that rural fire fighting equipment is not controlled by the State.

The non-recording of rural fire fighting equipment in financial management systems increases the risk that these assets are not properly maintained and managed.

OLG should communicate the State’s view that rural fire fighting equipment is controlled by Councils in the Local Government sector; and therefore this equipment should be properly recorded in their financial statements.

The Department of Planning, Industry and Environment, which includes OLG, has confirmed that the NSW Rural Fire Service does not control rural fire fighting equipment. It is now the responsibility of

the OLG to determine what action will be taken to ensure that \$119 million of assets held by 68 councils are properly recorded and accounted for."

The response from the DPIE on the above statements is summarized in one paragraph:

"The Department will communicate to the local government sector the State position that the RFS should not recognize these assets notwithstanding that councils generally enter into agreements with the RFS for the management of this council owned fire fighting equipment."

As we see it, all these statements do not give any indication that there is a clear position on:

- Why RFS does not recognize the equipment; and
- Why councils should recognise it and on what grounds.

All we see is that there is a "view" of the Department that RFS assets should not be recognized by RFS. There were no any specific justifications for that. Furthermore, there were no authoritative issues to support recognition of RFS assets by councils.

Finally, we would like to draw your attention on the RFS policy note in the New Code 2022 which also quotes the Department's view followed by the following paragraph: *"Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards and recognise in their financial statements any material assets under their control and state the relevant accounting policy in relation to the treatment."*¹ Council's assessment has been done in 2018 followed by the detailed analysis above and more critical assessments performed in Section three below.

In this case, until clear legal directive on recognition of RFS assets by councils is issued as part of the LG Act, Regulations or the Code, there is no any justification for the recognition of RFS assets by councils.

III. Other critical matters

Control

The financial accounting under AAS is based on the predominant principal of the prevalence of substance over form in pursue to present facts in a fair and true manner to the users of financial statements. Council is accountable to the public through financial reporting. Council is not accountable to the Audit Office or State Government in particular, through general purpose financial statements. How council can explain users of the financial statements why RFS assets are recognised if there is no substantiated explanation in the form of substance. As was demonstrated in section two, the MLP points are questionable and in many cases inadequate.

In respect of the question of who controls the assets and, following the principle of the substance over the form, we need to answer the main question of who "controls the benefits which flow from the

¹ See page 54 of the new Code 2022 GPFS available on [Local Government Code of Accounting Practice and Financial Reporting - Office of Local Government NSW](#)

assets”². To answer this question, we need to keep in mind that, in respect of the not-for-profit entities, the benefits can be achieved by utilising service potential of assets in order to achieve entity’s objectives. Council’s objectives do not cover provision of Rural Fire Services. This is a responsibility and the objective of the RFS as an organisation under S12 of the *Rural Fires Act* 1997.

Due to restrictions imposed on those assets (equipment, vehicles and premises) to be used only for the purposes of delivering RFS, the only organisation which controls those benefits is RFS. Council does not have rights or power to direct the usage of those assets and hence does not control the benefits embodied in the service potential of those assets.

Finance Lease

If the above considerations are not enough for the Audit Office, then we encourage you to seriously consider Technical Advice prepared by BDO for the Leeton Shire Council. The Leeton Shire Council is under the same service district RFS agreement as Tenterfield Shire Council. BDO concluded that the subject agreement is in fact a finance lease agreement based on AASB 16. Given nominal fee RFS has to pay to the Council for the access to the premises and usage of equipment, the associated receivable will be zero. We also concur with this conclusion. Again, this is the substance over the form principle which is critical.

Industry practice

Audit Office should consider industry practice if the issue seems complicated. There are 68 councils which do not recognize RFS assets. We know for sure that many of them do have strong position papers similar to ours. We also know that many CFOs and finance managers are either CA or CPAs.

In sum, we have 68 councils³ plus support from an international Big-5 accounting and audit firm. Why would AO still stand on their insufficient grounds is a big question to us.

Materiality

Audit Office assigned a high risk to this issue with a potential for qualification in 2022 financial year in case the RFS assets are not recognised (as we were informed on one of our audit meetings).

No doubt that the subject matter is highly judgmental. That means council and auditors; various auditors may have different views depending on their professional judgement and evidence gathered to support that judgement. In this case, it is clear that the mutually acceptable approach to treatment should be achieved based on the most reliable and supportive evidence which can be gathered as well as industry practice.

²Under the AASB Revised Conceptual Framework (para 4.20) : “An entity controls an economic resource if it has the present ability to direct the use of the economic resource and obtain the economic benefits that may flow from it. Control includes the present ability to prevent other parties from directing the use of the economic resource and from obtaining the economic benefits that may flow from it.”

³ Page 7 of NSW Auditor-General's Report to Parliament | Report on Local Government 2020 | Audit results

Council has de-recognised RFS property, plant and equipment in its 2016 accounts followed by the formal position paper issued in 2018. The formal position paper demonstrated lack of control from the perspectives of AAS and common sense. Since the Audit Office stepped in as an auditor, this matter has never been treated as material and was always reported as unadjusted audit difference... until now. Now we see a dramatic change of the course from the Audit Office and treatment of this issue as a high risk with the potential of qualification of financial statements.

This can be considered only if Audit Office demonstrates us that there was new information or change of circumstances which would cause the change of the status of this matter as material. We are not aware of any changes occurred since 2011 when the RFS agreement was signed. We still operate within the same arrangement with RFS unless Audit Office tells us what has changed to say that the issue became material and would cause material misstatement to the financial statements.



Tenterfield Shire Council

Position Paper

Acceptance a risk of getting a qualified audit opinion issued
on financial statements for the year ended 30 June 2022
on the ground of not recognising RFS premises and equipment

Prepared by: Igor Ivannikov, financial consultant (VCG)

Reviewed by: Daryl Buckingham, Chief Executive Officer (TSC)
Kylie Smith, Director Corporate Services (TSC)
Roy Jones, Manager Finance & Technology (TSC)

May 2022

Executive Summary

Council was informed by the NSW Audit Office that it will issue a qualified audit opinion over the financial statements (FS) for the year ended 30 June 2022 if council won't recognise RFS assets. NSW Audit Office believes that the issue is a high risk and would cause material misstatement to the financial statements.

Council strongly disagrees with the view that it controls RFS assets for the purposes of financial reporting prepared under the *NSW Code of accounting practice and financial reporting* (the Code) and Australian Accounting Standards (AAS). Council's position for not recognising RFS assets is supported by the following documents:

- ✓ Note 20 "Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors" in the audited FS for the year ended 30 June 2016. Council de-recognised all RFS buildings and vehicles existed by that time in amount of \$2,203k with the effect debited through Asset Revaluation Reserve (\$1,873k) and Accumulated Surplus (\$330k). Council has not received any qualifications or governance letter points as well as no un-adjusted differences from the previous auditors (Forsyths).
- ✓ Formal position paper justifying lack of control of RFS assets as part of 2018 financial year audit.
- ✓ Detailed response and analysis of the audit management letter point raised by the NSW Audit Office as a result of 2021 financial year audit. The council's response provides for the reason why auditors' indicators of control are not sufficient appropriate audit evidences to justify recognition.

Council believes that evidence gathered on the subject matter from above sources indicates that there is no control of those assets by the council. It should also be noted that an uncorrected audit adjustment should consider that significant portion of the RFS assets (if recognised) would have to be brought back to financial report through Other Comprehensive Income, because majority of RFS assets were originally de-recognised through Other Comprehensive Income (Revaluation Reserve) in 2016 financial year financial statements.

With no formal or informal constructive response or counter arguments received from the NSW Audit Office on council's analysis, management is in a position to accept a qualified opinion of the financial statements for the year ended 30 June 2022 on the ground of not recognising RFS assets, if that would be necessary.

It seems that the issue can only be resolved once authoritative and clear position on the subject matter is issued as part of the Code.

Auditing Standard ASA 705

Auditing Standard ASA 705 *Modifications to the Opinion in the Independent Auditor's Report* (ASA 705) directs an independent auditor to issue a modified audit opinion if (a) auditor concludes that the financial report as a whole is not free from material misstatement; or (b) the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial report as a whole is free from material misstatement (para 4).

Qualification of an audit opinion is one of three possible modifications, namely, (1) a qualified opinion, (2) an adverse opinion and a (3) disclaimer of an opinion (para 2 of ASA 705). Both (2) and (3) are not options for the modification on the ground of the RFS assets due to the no pervasive effect of the issue (para 8 and 10 of ASA 705).

An issue would fall under the term pervasive if, in auditor's judgement it is (i) not confined to specific elements, accounts or items of the financial report; (ii) if so confined, represent or could represent a substantial proportion of the financial report; or in relation to disclosures, is fundamental to users' understanding of the financial report (para 5 of ASA 705). None of the listed criteria is applicable to the RFS issue.

Qualified opinion is the third option for modification of the opinion which can be issued by an auditor on the ground of materiality (but not pervasiveness) of the issue to the whole of the financial report. This is the option council was informed about by the NSW Audit Office.

Based on para 7 of ASA 705, an auditor can issue a qualified audit opinion if (a) auditor concluded the issue is material based on the evidence gathered; or (b) if the auditor was unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial report of undetected misstatements, if any, could be material (but not pervasive).

As a result, council does not need to spend time and resources on working out a potential amount of RFS related misstatement to get the audit opinion qualified. NSW Audit Office has already provided an estimated amount in the 2021 management letter point (\$2.2M). However, in order to avoid further arguments and save council's money; and council's and auditor's resources, management performed a detailed count and reconciliation of assets to determine complete and accurate value the RFS assets vested with council.

Value of the RFS assets

Based on the analysis performed, the carrying amount of RFS buildings and equipment as at 30 June 2022 is \$5.4M which is split between buildings (\$1.4M) and vehicles (\$4M). More details available in the Figure 1 below.

Figure 1: Summary of RFS vehicles and buildings not recognised by the council as at 30 June 2022

Class	Replacement Cost	Accumulated Depreciation	Carrying amount	Annual Depreciation
Fleet	7,540,193	3,541,375	4,027,165	301,608
Buildings	2,237,000	863,653	1,373,347	43,258
Total	9,777,193	4,405,028	5,400,512	344,866

Fleet

List of vehicles was originally obtained from the RFS zone manager. This list was then reconciled with the data available by the council's fleet manager. Existence of most of the vehicles was confirmed by the fleet manager and council's mechanic who oversees annual inspection (safety registration check). The annual safety registration check is a mandatory procedure which all RFS vehicles go through every year. All vehicles can't be observed at once because they are spread throughout the shire and always on specific RFS jobs. Therefore, all vehicles go through the inspection in portions based on the booked schedule. At the time of writing this position paper, management received pictures of three vehicles.

Zone manager's register did not have details about dollar values and age. Accordingly, replacement cost was determined from various independent resources: RFS budget allocations, car sales platform carsales.com.au and from other councils. Allocation of replacement cost to individual vehicles was done based on the categories of vehicles (1, 7, 9, 6, etc).

Accumulated depreciation for most of the vehicles was determined based on the age. Which is allowed by the Code. The useful life of each vehicle is 25 years: this is the normal lifecycle of RFS fleet based on an advice from the RFS zone manager. For those vehicles which lack information about age, the accumulated depreciation was determined based on the condition obtained from the council's fleet manager.

Buildings

Completeness of the building register was confirmed by the reconciliation performed between:

- last buildings revaluation from 2018¹;
- RFS service agreement (Schedule 1); and
- RFS facility register obtained from the RFS Zone manager.

As a result of the reconciliation performed, 17 buildings were identified.

Carrying amount of the buildings was determined by depreciating assets from 2018 revaluation to 2022 financial year.

Details available in Excel file "RFS recognition Plan B".

¹ 2018 comprehensive revaluation of buildings included RFS buildings. The RFS buildings were not recognised by the council in financial report.



Report on Local Government 2020

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT



THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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The Legislative Council
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In accordance with section 421D of the *Local Government Act 1993*, I present a report titled '**Report on Local Government 2020**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General
27 May 2021

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Report on Local Government 2020

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Section one













Report on Local Government 2020

This report analyses the results of our audits of local councils for the year ended 30 June 2020.

At a glance



At a glance

Internal controls and governance findings				
Summary			Extreme and high risk findings	
	2019	2020		
Findings raised	1,985	1,435	 Extreme risk finding One extreme risk finding reported at Central Coast Council relating to the spending of restricted funds for unrestricted purposes, without appropriate approval under the <i>Local Government Act 1993</i> .	
Extreme risk	0	1		
High risk	82	53	 High risk findings The highest number of high risk findings related to information technology, asset management and financial reporting.	
Moderate risk	1,323	951		
Low risk	580	430		
Common findings				
	Policies and procedures 110 councils have missing or outdated key policies and procedures.			Information technology Privileged users' activity not properly monitored at 68 councils.
	Fixed assets registers Fixed asset registers were incomplete or inaccurate at 64 councils.			Fixed asset revaluations Key inputs for asset revaluations and management review should be better documented at 63 councils.
	Cyber security Lack of appropriate cyber security controls at 58 councils.			Reconciliations Key account reconciliations were not prepared or reviewed at 55 councils.
	Data management Changes to key data (e.g. employee and creditor details) in IT systems were not reviewed at 53 councils.			New accounting standards Incorrect or incomplete impact assessment of new accounting standards at 47 councils.
	Procurement practices 35 councils have breaches of financial delegations or insufficient segregation of duties in procurement processes.			Financial statement preparation Poor quality or late submission of financial statements at 31 councils.

Introduction



1. Introduction

1.1 The local government sector

Local government is the third tier of government. It is established under state legislation, which defines the powers and geographical areas each council is responsible for.

At 30 June 2020, there were 128 local councils, nine county councils and 13 joint organisations in New South Wales.



Note: From 1 July 2019, the Central Murray County Council was dissolved. Its functions and operations were subsumed by Berrigan Shire Council, Edward River Council and Murray River Council.

Councils provide a range of services and infrastructure for a geographical area. Services include waste collection, planning, child and family day care and recreational services. Councils also build and maintain infrastructure, including roads, footpaths and drains and enforce various laws. While core functions such as waste collection are similar across councils, the range of services each council provides can vary depending on the needs of each community.

County councils are formed for specific purposes, such as to supply water, manage flood plains or to eradicate noxious weeds.

Joint organisations (JOs) are formed by councils in regional New South Wales. Core activities of JOs include regional strategic planning and priority setting, engaging in shared services with member councils and regional advocacy and collaboration with the State and Commonwealth Governments.

This report details the results of the:

- 2019–20 financial audits of 128 councils, nine county councils and 13 joint organisations
- 2018–19 financial audits of Hilltops Council, MidCoast Council and Murrumbidgee Council, which are now completed.

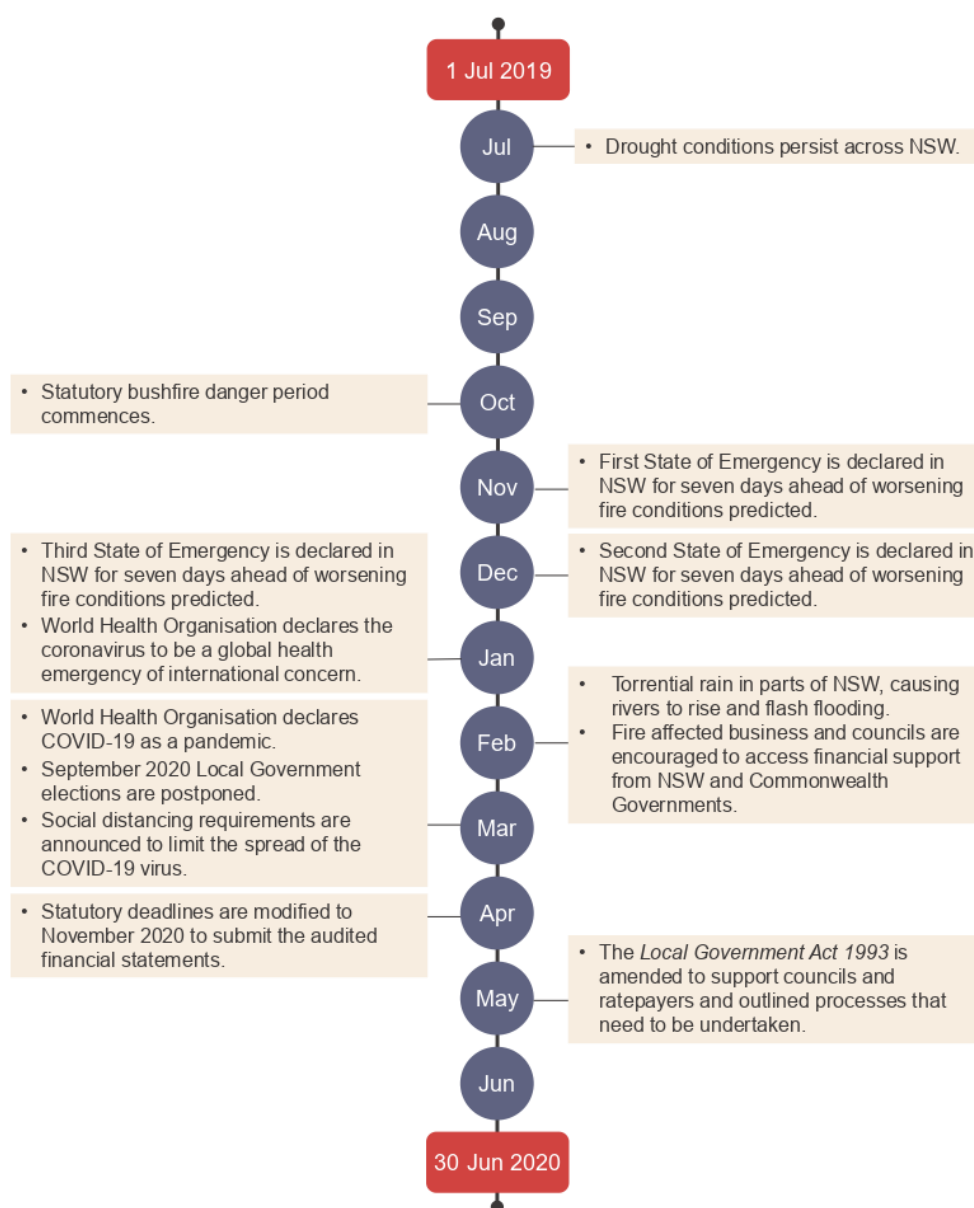
In preparing this report, the comments and analysis are drawn from:

- audited financial statements
- performance audit reports
- data collected from councils
- audit findings reported to councils in audit management letters.

Each local council has unique characteristics such as its size, location and services provided to their communities. To enable comparison, we divided councils into three categories – metropolitan, regional and rural. County councils and joint organisations are separately identified in the report. Details of councils grouped into categories are provided in Appendix four.

1.2 Impact of emergency events during 2019–20

Councils were significantly impacted by emergency events, including drought, bushfires, floods and the COVID-19 pandemic. At 30 June 2019, the NSW Department of Primary Industry reported that 97.6 per cent of New South Wales was drought affected. These dry conditions combined with intense heat over the 2019–20 summer sparked a catastrophic bushfire season, which caused extensive damage across New South Wales. Following on from the bushfires, torrential rain fell on parts of New South Wales in February 2020, resulting in widespread flooding. Then in March 2020, COVID-19 was declared a pandemic by the World Health Organisation, resulting in restrictions to suppress the spread of this virus.



The impacts of these emergency events on councils are explored further in Chapter 3 'In focus: response to recent emergency events'.

5

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1.3 Financial and performance audit key areas of focus

In addition to forming an opinion on the financial statements of councils, the 2019–20 audits also examined a number of specific topics across councils. The topics were selected based on the risks and challenges to councils, and consideration of opportunities to improve public-sector accountability, governance and administration.

The 2019–20 financial audits focused on:

- quality and timeliness of financial reporting (see Chapter 2)
- council response to recent emergency events (see Chapter 3), including:
 - financial implications
 - changes to operating models including processes and controls
 - accessibility to technology and the maturity of systems and controls to prevent unauthorised and fraudulent access to data
 - delivery of new or expanded projects, programs, or services at short notice
- information technology general controls (see Chapter 4)
- infrastructure, property, plant and equipment (see Chapter 4)
- landfill rehabilitation (see Chapter 4).

The 2019–20 performance audits focused on:

- governance and internal controls over local infrastructure contributions
- credit card management in Local Government
- procurement management in Local Government.



2. Audit results

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision making are enhanced when financial reporting is accurate and timely.

This chapter outlines audit observations related to the financial reporting of councils and joint organisations.

Highlights

- The Office of Local Government within the Department of Planning, Industry and Environment (OLG) extended the statutory deadline for councils and joint organisations to lodge their audited financial statements by an additional month to 30 November 2020 due to the COVID-19 pandemic.
- One hundred and thirty-three councils and joint organisations (2019: 117) lodged audited financial statements with the OLG by the revised statutory deadline of 30 November (2019: 30 October). Sixteen (2019: 30) councils received extensions to submit audited financial statements to OLG. Canberra Region Joint Organisation did not submit their audited financial statements by the statutory deadline and did not formally apply for extension before the deadline lapsed.
- Unqualified audit opinions were issued for 127 councils, nine county councils and 13 joint organisation audits in 2019–20. A qualified audit opinion was issued for Central Coast Council.
- Unqualified audit opinions were issued for the 2018–19 financial audits of Hilltops, MidCoast and Murrumbidgee Councils, which were not completed at the time of tabling the 'Local Government 2019' report in Parliament.
- The total number and dollar value of corrected and uncorrected financial statement errors increased compared with the prior year.
- Sixty-eight councils did not record rural fire fighting equipment in their financial statements worth \$119 million. The NSW Government has confirmed these assets are not controlled by the NSW Rural Fire Service and are not recognised in the financial records of the NSW Government.
- The total number of prior period financial statement errors increased from 59 in the prior year to 61, but the total dollar value of the errors decreased from \$1,272 million to \$813 million.
- Councils implemented three new accounting standards in 2019–20 relating to revenue and leases.

2.1 Quality of financial reporting

The Auditor-General is required under the *Local Government Act 1993* to issue an audit opinion on the following reports prepared by councils.



Indicators of quality financial reporting include:

- unqualified audit opinions
- number of errors in the financial statements
- timeliness in preparing financial statements.

Audit opinions

Unqualified audit opinions were issued for all but one council

Except for Central Coast Council, unqualified audit opinions were issued for all council and joint organisation audits in 2019–20. Sufficient audit evidence was obtained to conclude the financial statements were free of material misstatement and were prepared in accordance with accounting standards and the *Local Government Act 1993*.

Three unqualified opinions issued on the 2018–19 audits

Three financial audits from the previous year were not completed at the time of tabling the 'Local Government 2019' report in Parliament. We subsequently issued unqualified opinions for the 2018–19 financial audits of Hilltops, MidCoast and Murrumbidgee councils.

Bayside Council received an unqualified audit opinion for the first time in 2019–20

Council	Audit outcome
Bayside Council	Council was able to resolve the issues that resulted in disclaimed audit opinions in prior years, since the merger of the City of Botany Bay and Rockdale City councils on 9 September 2016. This included addressing significant control deficiencies in Council's financial systems and having sufficient evidence to support the completeness and accuracy of stormwater drainage assets.

Qualified audit opinion issued for Central Coast Council

A qualified audit opinion was issued for the 30 June 2020 financial statements of Central Coast Council. The audit opinion included two qualification matters:

Valuation of roads, bridges and footpath assets

Council recognised \$1.4 billion of roads, \$37.1 million of bridges and \$99.1 million of footpath assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2020. In the Statement by the Interim Administrator and Management, the council certified that they were unable to provide sufficient evidence to support the carrying value of these assets.

This is because the last valuation of these assets was in the year ended 30 June 2015, and the council has not conducted a more recent valuation in accordance with AASB 116 'Property, Plant and Equipment' (AASB 116). As a result, this is a limitation on the scope of the financial statement audit, which meant our audit was unable to obtain sufficient appropriate audit evidence to demonstrate the roads, bridges and footpath assets were measured at fair value in accordance with AASB 116 in the Statement of Financial Position at 30 June 2020, or determine the impact on the Statement of Comprehensive Income for the year ended 30 June 2020.

Correction of errors relating to a previous reporting period

Council disclosed a correction of error in Note 16(b) 'Correction of errors relating to a previous reporting period' of the financial statements. This disclosure resulted from a change in the council's interpretation of the relevant legislation. For the reasons described below, this is a change in accounting policy and not an error.

Accounting for water and sewerage restricted funds (restricted reserves)

The water, sewerage and drainage arrangements for Central Coast Council are unique compared to all councils in New South Wales, as they are regulated under the *Water Management Act 2000* (Water Management Act) when they operate as a water supply authority. For all other councils, these arrangements are regulated by the *Local Government Act 1993* (Local Government Act).

Prior to the 2017 merger, both the Wyong Shire and Gosford City Councils operated water supply authorities to deliver water, sewerage and drainage services. This continued when the councils were amalgamated, and the Central Coast Council was established as a water supply authority.

The former Wyong Shire and Gosford City Councils determined that cash, cash equivalents and investments associated with their Water Supply Authority's operations were 'unrestricted'. The former councils' final financial statements for the period ended 12 May 2016 disclosed these amounts as unrestricted cash, cash equivalents and investments in the relevant note disclosures.

The decision was based on the councils being regulated by the Water Management Act when operating as a water supply authority. The Water Management Act has no explicit restrictions stating how money raised through charges levied under the Water Management Act are to be used. This is in contrast to money raised through charges for water and sewerage levied under the Local Government Act.

On 21 December 2016, Central Coast Council formally adopted the audited 2015–16 financial statements for the former Wyong Shire Council and the former Wyong Shire Council Water Supply Authority. The resolution to adopt the financial statements included the following paragraph:

On review of Council's current restrictions for its water and sewer operations, Council has de-recognised certain cash, receivable and payable restrictions, in line with the current restriction disclosures recorded in the Financial Statements of Wyong Water. This change was corrected in the prior period in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

These financial statements were then submitted to OLG in their capacity as the regulator of local councils.

The interim administrator's 30-day interim report on 2 December 2020 stated that, in his opinion, the Water Fund Externally Restricted Reserves and the Sewer Fund Externally Restricted Reserves were both understated. He appears to have taken this view because he did not believe that the approach taken by the former administrator in 2016 and formally adopted by the merged council was lawful. Because of these two different views, the Audit Office asked the NSW Crown Solicitor to provide an opinion on the following question:

Is the money received under the Water Management Act considered 'externally restricted funds' under s. 409(3) of the Local Government Act?

The NSW Crown Solicitor's preferred view, noting that view is not without doubt, is that 'monies received by the Central Coast Council as a result of charges levied in its capacity as a water supply authority under the Water Management Act should be held in the Council's consolidated fund as 'externally restricted funds'. The NSW Crown Solicitor said:

Whilst not without doubt, I prefer the view that money received under the WM Act is within the scope of s. 409(3) of the LG Act. The Central Coast Council is, as noted above, a WSA under the WM Act and specifically it is a statutory body named in Part 2 of Schedule 3 of that Act as such. Per s.287(2) of the WM Act, it therefore 'becomes a water supply authority but still has its other functions'. That is, it retains its character as a council under the LG Act.

For monies received under the Water Management Act by the Central Coast Council to be considered as 'externally restricted funds', the money must be captured by the provision in either section 409(3)(a) or section 409(3)(b) of the Local Government Act.

In support of her preferred view, the NSW Crown Solicitor notes in respect of s409(3)(a):

Although not without doubt, I prefer the view that s. 409(3)(a) should be read in its full generality and not confined as relating only to special rates or charges levied under the Local Government Act.

On balance, I prefer the view that s. 409(3)(a) could apply to money received pursuant to the Water Management Act.

Further the NSW Crown Solicitor notes in respect of section 409(3)(b):

Section 409(3)(b) of the Local Government Act may apply to monies collected pursuant to the Water Management Act if the conditions in that paragraph are satisfied.

...it is difficult to envisage that there is very much scope for discretion in the spending of monies collected pursuant to the Water Management Act.....the whole legislative scheme as applying to the Central Coast Council in its capacity as a water supply authority acts to restrain and control the ways in which it raises money for its operations.

This means that the NSW Crown Solicitor's preferred view supports the position taken by the current administrator.

However, the NSW Crown Solicitor's advice reflects the complexity of this issue and notes that the 'preferred view' is not without doubt. In doing so, the NSW Crown Solicitor also noted that there is an alternative view.

The NSW Crown Solicitor says in respect of section 409(3)(a):

However, the contrary view that s. 409(3)(a) is confined to special rates and charges levied under the LG Act, is not without merit. In particular, I have considered that the concept of a 'special rate' is a creature of the LG Act and a term with a clear meaning in the context of that Act specifically. Whilst this is not also true of the concept of a 'charge', for which many provisions in other Acts provide, I am not sure that a charge in any other Act would necessarily be associated with use for a specific purpose, in the way that paragraph (a) assumes and which I consider applies in the context of the LG Act.

The NSW Crown Solicitor goes on to say in respect of section 409(3)(b):

I have not located any express provisions in the Water Management Act which restrict the way that money collected under the Water Management Act can be spent, in a way which is comparable to the effect of s. 409(3) of the Local Government Act.

As outlined by the NSW Crown Solicitor, there is merit to the argument that money received under the Water Management Act is not externally restricted for the purposes of the Local Government Act.

The NSW Crown Solicitor has confirmed that the 2016 position adopted by Council was not without merit and that there was an arguable position that the water and sewer funds were not restricted.

The Audit Office met with staff from OLG to confirm if there were any other legal instruments or directions that could influence the facts as presented in the NSW Crown Solicitor's advice. OLG has confirmed that there are no other legal instruments or directions that would alter the Crown Solicitor's advice.

The current administrator has advised that they have received a legal opinion from a private sector firm. The private sector firm's opinion has not been made available to the Audit Office.

The full opinion of the NSW Crown Solicitor can be found at Appendix two.

Accounting implications for the financial statements for the periods ended 12 May 2016 and 30 June 2017, and years ended 30 June 2018 and 2019

It is the responsibility of management, with the oversight of those charged with governance, to prepare financial statements in accordance with the relevant requirements. A misstatement in the financial statements can occur when there is a clear non-compliance with a prevailing law or regulation that impacts the reported amounts or disclosures.

In the final Wyong Shire Council and Gosford City Council financial statements for the period ended 12 May 2016, the councils reasonably argued that water, sewerage, and drainage funds collected by Wyong Shire Council and Gosford City Council as water supply authorities were not restricted. The then auditors accepted this position. This interpretation of the relevant Acts was also applied in the Central Coast Council financial statements for the period ended 30 June 2017 and years ended 30 June 2018 and 30 June 2019.

As there are reasonably arguable interpretations of the relevant legislation, as described by the NSW Crown Solicitor in the preferred and alternative views, there was, in our view, no 'non-compliance' with the prevailing laws and regulations when Wyong Shire Council and Gosford City Council determined to treat certain funds as not 'restricted'. Therefore, the treatment in prior years was not an 'error' as defined by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', and the externally restricted funds disclosed in the financial statements of the Central Coast Council for the period ended 30 June 2017 and years ended 30 June 2018 and 30 June 2019 were not materially misstated.

The uncertainty created by more than one reasonably arguable legal interpretation is acknowledged. However, oversight of compliance with legislative requirements highlights a continuing governance risk for the Central Coast Council. Our recent performance audit '[Governance and internal controls over local infrastructure](#)' highlighted that Central Coast Council also breached the *Environmental Planning and Assessment Act 1979* between 2001 and 2019 when it used developer contributions for administration costs.

The ambiguity that exists by having two reasonably arguable interpretations of the relevant legislation should be clarified

Recommendation

The OLG should clarify the legal framework relating to restrictions of water, sewerage and drainage funds (restricted reserves) by either seeking an amendment to the relevant legislation or by issuing a policy instrument to remove ambiguity from the current framework.

Errors identified through audits

Increase in the number and dollar value of errors identified

Our audits identified more errors, both in number and value, compared to the prior year. It is important that councils have robust review processes to minimise the number of errors identified in financial statements. There were 20 councils (2018–19: 23 councils) where no errors were identified in their financial statements.

Corrected errors

A corrected error is an error identified by the auditor or council, which is subsequently corrected by council in the financial statements.

✓ Year ended 30 June	Corrected errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Less than \$250,000	75	60	5	3	38	8	6
\$250,000 to \$500,000	20	25	7	2	15	--	1
\$500,000 to \$1 million	20	41	5	11	24	--	1
\$1 million to \$5 million	48	69	16	20	31	2	--
\$5 million to \$15 million	12	27	11	9	7	--	--
\$15 million to \$30 million	6	8	3	4	1	--	--
\$30 million to \$50 million	3	5	3	1	1	--	--
\$50 million and greater	1	3	--	1	2	--	--
Total number of errors	185	238	50	51	119	10	8
Total value of errors (\$ million)	547	1,070	345	392	327	4	2

Source: Engagement Closing Reports issued by the Audit Office.

Of the 238 corrected errors identified in the 30 June 2020 financial statements, eight were greater than \$30.0 million:

Council	Description of corrected error
Armidale Regional Council	Council incorrectly accounted for a \$40.4 million asset disposal as part of a boundary adjustment. It was recorded in retained earnings through other comprehensive income, rather than in the income statement.
Central Coast Council	Council did not update its crown and community land to reflect the most recent New South Wales Valuer-General's valuations as at 1 July 2019, resulting in an understatement of \$39.4 million.
City of Canada Bay Council	Council did not accurately assess the revenue recognition of a project in accordance with the Australian Accounting Standard, AASB 15 'Revenue from Contracts with Customers', resulting in an understatement of deferred revenue of \$41.5 million.
City of Parramatta Council	Council's revaluation of operational land was overstated by \$37.9 million as the incorrect methodology was used to value the land.
Gilgandra Shire Council	Council's revaluation of roads, bridges and footpaths was overstated by \$50.0 million due to the incorrect recording of revaluation journal entries into the financial system.
Narrandera Shire Council	Council's income statement was understated by \$30.2 million as the asset revaluation decrement for roads and footpaths was initially processed through the income statement rather than the asset revaluation reserve.
Upper Hunter Shire Council	Council's revaluation of bulk earthworks was overstated by \$72.6 million due to calculation errors identified in the asset revaluation workpapers.
Wingecarribee Shire Council	Council's revaluation of roads, bridges and footpaths was understated by \$117.0 million due to errors in recording asset information into the system.

The common areas where corrected errors were identified are outlined below.

Common corrected errors	Number of councils
Asset revaluation errors, such as:	49
<ul style="list-style-type: none"> incorrect data provided to the valuer valuation assumptions not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets) incorrectly recording of revaluation adjustments. 	
Incorrect application of the revenue accounting standards	42
Quality of asset records, such as:	32
<ul style="list-style-type: none"> unrecorded assets controlled by council asset recorded that are no longer controlled by council duplicate assets assets incorrectly classified. 	

Uncorrected errors

An uncorrected error is an error identified by the auditor or council in the financial statements, which has not been corrected by council. There are various reasons why errors are not corrected, the most common being it is not material to the financial statements taken as a whole.

! Year ended 30 June	Uncorrected errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Less than \$250,000	99	94	1	20	64	8	1
\$250,000 to \$500,000	31	43	3	14	25	1	—
\$500,000 to \$1 million	27	33	5	15	13	—	—
\$1 million to \$5 million	57	78	21	30	27	—	—
\$5 million to \$15 million	8	3	1	—	2	—	—
\$15 million to \$30 million	—	1	1	—	—	—	—
Total number of errors	222	252	32	79	131	9	1
Total value of errors (\$ million)	211	254	76	86	90	1	1

Source: Engagement Closing Reports issued by the Audit Office.

Twenty-seven per cent of uncorrected errors were due to unrecorded rural fire fighting equipment

In 2017, we recommended that OLG should address the different practices across the Local Government sector in accounting for rural fire fighting equipment.

In 2019–20, 68 councils did not record rural fire fighting equipment in their financial statements worth \$119 million.

The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets. NSW Treasury and the NSW Rural Fire Service have stated that rural fire fighting equipment is not controlled by the State.

The non-recording of rural fire fighting equipment in financial management systems increases the risk that these assets are not properly maintained and managed.


Recommendation

OLG should communicate the State's view that rural fire fighting equipment is controlled by Councils in the Local Government sector, and therefore this equipment should be properly recorded in their financial statements.

The Department of Planning, Industry and Environment, which includes OLG, has confirmed that the NSW Rural Fire Service does not control rural fire fighting equipment. It is now the responsibility of the OLG to determine what action will be taken to ensure that \$119 million of assets held by 68 councils are properly recorded and accounted for.

Number of prior year (prior period) financial statement errors increased, but the total dollar value has decreased compared to prior year

A prior period financial statement error is an error identified in the current year that relates to the previous year's audited financial statements.

	Prior period errors		By council type (2020 only)				
	2019	2020	Metro	Regional	Rural	County	JO
Year ended 30 June							
Less than \$250,000	2	2	—	2	—	—	—
\$250,000 to \$500,000	2	4	1	2	1	—	—
\$500,000 to \$1 million	9	1	—	1	—	—	—
\$1 million to \$5 million	13	18	4	9	5	—	—
\$5 million to \$15 million	16	21	8	6	7	—	—
\$15 million to \$30 million	7	9	3	5	1	—	—
\$30 million to \$50 million	3	1	—	1	—	—	—
\$50 million and greater	7	5	4	1	—	—	—
Total number of errors	59	61	20	27	14	—	—
Total value of errors (\$ million)	1,272	813	424	286	103	—	—

Source: Engagement Closing Reports issued by the Audit Office.

In addition to the monetary prior period errors, a disclosure prior period error was reported in Central Coast Council's financial statements.

Of the 61 prior period errors, six were greater than \$30.0 million. All these errors were asset related.

Council	Description of prior period error
Blacktown City Council	Council's revaluation of stormwater drainage, roads, footpaths and other road assets was understated by \$98.3 million as council owned assets were identified but not previously recognised in the financial statements, impacting the prior period.
Byron Shire Council	Council's revaluation of roads, bridges, footpaths, earthworks and stormwater drainage was understated by \$36.1 million as council owned assets were identified but not previously recognised in the financial statements, impacting the prior period. Council overstated operational land by \$9.1 million, as the land parcel was incorrectly split between operational and community land from the 2016 valuation, impacting the prior period.
Canterbury-Bankstown Council	The following errors impacting the prior period were identified from council's revaluation of land: <ul style="list-style-type: none"> council owned assets were identified but not previously recorded in the financial statements assets were incorrectly classified assets were duplicated in the financial system. <p>This resulted in a net decrease to land assets of \$60.4 million.</p>

Council	Description of prior period error
City of Parramatta Council	<p>The following errors impacting the prior period were identified from council's revaluation of stormwater drainage assets:</p> <ul style="list-style-type: none"> council owned assets were identified which had not been previously recorded in the financial statements assets were incorrectly classified assets were duplicated in the financial system. <p>This resulted in a net increase in stormwater drainage assets of \$86.8 million. The error dated back to the council amalgamation.</p> <p>Council's comprehensive revaluation of operational land was overstated by \$15.4 million as land assets were recorded but not owned by council.</p>
Dubbo Regional Council	<p>Council's revaluation of stormwater drainage assets was overstated by \$75.1 million due to incorrect rates applied upon amalgamation of the former councils, inconsistent depreciation methodology and inconsistent condition assessments, impacting the prior period.</p> <p>Council's revaluation of airport runways was understated by \$16.8 million due to the identification of bulk earthworks that should have been recognised previously, impacting the prior period.</p>
Wollondilly Shire Council	<p>Council's revaluation of roads, bridges, footpaths, earthworks, carparks and stormwater drainage performed in 2015 was understated by \$56.0 million due to:</p> <ul style="list-style-type: none"> council owned assets identified which had not been previously recorded in the financial statements assets were measured with incorrect units of measurement and consumption patterns assets were duplicated in the financial system.

There were no prior period errors identified at county councils and joint organisations.

The common areas where prior period errors were identified are outlined below. Ninety per cent of the total prior period errors were asset related.

Common prior period errors	Number of councils
<p>Quality of asset records, such as:</p> <ul style="list-style-type: none"> unrecorded assets controlled by council assets recorded that are no longer controlled by council duplicated assets assets incorrectly classified. 	38
<p>Asset revaluation errors, such as:</p> <ul style="list-style-type: none"> incorrect data provided to the valuer valuation assumptions not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets) incorrectly recording of revaluation adjustments. 	14

2.2 Timeliness of financial reporting

The *Local Government Act 1993* requires councils to submit their audited financial reports to OLG by the statutory deadline of 31 October or apply for an extension. Natural disasters, COVID-19 pandemic and other factors impacted the 2019–20 reporting timetable. OLG extended the statutory deadline for councils and joint organisations to lodge their audited financial statements by an additional month to 30 November 2020.

Eighty-nine per cent of councils lodged their audited financial statements by the amended statutory deadline

One hundred and thirty-three councils and joint organisations lodged their audited financial statements by the amended statutory deadline. Canberra Region Joint Organisation did not submit their audited financial statements by the statutory deadline and did not apply for extension before the deadline lapsed. This matter was reported to the Minister for Local Government.

Sixteen councils and joint organisations (2019: 30) applied for an extension to lodge their financial statements which were met by them. The reasons why councils required extensions are summarised below.

Council or joint organisation	Reason for seeking extension
Armidale Regional Council	Additional time was required to: <ul style="list-style-type: none"> support the interim administrator and general manager following council's suspension prepare a special rate variation application for year 2021–22.
Balranald Shire Council	In January 2020, the Minister for Local Government suspended the council following a public inquiry due to: <ul style="list-style-type: none"> loss of confidence by the community failure to apply sound and consistent financial principles absence of transparency in decision making failure to act as a responsible employer failure to comply with obligations under the <i>Crown Land Management Act 2016</i>. <p>Council's finance team were unable to find a suitable replacement for the Finance Manager role vacated in March 2020.</p>
Berrigan Shire Council	Council indicated that key staff were severely impacted by the COVID-19 border restrictions.
Central Coast Council	In October 2020, the Minister for Local Government suspended the council due to: <ul style="list-style-type: none"> lack of oversight and control over council's budget and expenditure loss of community trust in the effective functioning of council.
Central Darling Shire Council	Council's IT servers experienced a three-week outage.
Cootamundra-Gundagai Regional Council	Additional time was required to: <ul style="list-style-type: none"> undertake work relating to harmonisation of rating structures respond to Local Government Boundaries Commission inquiry revalue transport assets.

Council or joint organisation	Reason for seeking extension
Dungog Shire Council	Key finance staff went on unplanned leave.
Hilltops Council	Council continues to face on going issues and complexities associated with the 2016 merger. This includes implementation of a single IT system from three former council systems into one. The delay in preparation of council's 2018–19 financial statements meant the audit opinion was provided on 1 May 2020.
Illawarra Shoalhaven Joint Organisation	Delay in financial services transition from a member council. New finance team did not have the capacity to complete the financial statements on time.
Lithgow City Council	Delays in resolving financial statement disclosures.
Orana Joint Organisation	Timing of council meeting delayed due to mayor's unavailability.
Parkes Shire Council	Resolving accounting issues and providing evidence to support the financial statements.
The Council of the Municipality of Kiama	Additional time was required due to: <ul style="list-style-type: none"> new software implementation that delayed financial reporting delays in the asset revaluation change in council's finance team.
Walcha Council	Departure of key finance staff member and finance staff member going on extended leave.
Wollondilly Shire Council	Councils' review of asset valuations performed in 2015 identified material errors in the valuations.
Yass Valley Council	Delays in resolving financial data inconsistencies produced from a newly implemented IT system.

Source: Council extension letters submitted to OLG.

More councils performed early financial reporting procedures

Early close procedures allow financial reporting issues and risks to be addressed by management and audit early in the financial statement close process. This helps to improve the quality and timeliness of financial reporting.

This year, 76 per cent (2018–19: 62 per cent) of councils performed early financial reporting procedures, including:

- completing infrastructure, property, plant and equipment valuations before 30 June
- performing fair value assessment of infrastructure, property, plant and equipment
- preparing proforma financial statements and associated disclosures
- assessing the impact of material, complex and one-off significant transactions
- explaining all unresolved prior year audit issues, with a proposed action plan to resolve them
- assessing the impact of new accounting standards.

2.3 Implementation of new accounting standards

Councils and joint organisations implemented three new accounting standards for the first time in their 2019–20 financial statements. These impacted the financial position and operating results of councils.

AASB 16 'Leases' changed how councils and joint organisations treat operating leases in 2019–20

AASB 16 became effective for all councils and joint organisations from 1 July 2019.

Collectively, the implementation of AASB 16 increased councils' and joint organisations' assets by \$187.2 million and liabilities by \$189.4 million. This is because leases relating to operating activities were recognised in the financial statements for the first time. Common examples include building leases, waste management agreements, maintenance agreements, motor vehicles and photocopiers. Councils also recognised a liability for the current value of all lease payments.

AASB 16 'Leases' changed how lessees treat operating leases for financial reporting. Under AASB 16, operating leases are now recorded, with a few exceptions, in an entity's Statement of Financial Position through the recognition of a right-of-use asset and a corresponding lease liability. It also changes the timing and pattern of expenses recorded in the Statement of Comprehensive Income by recognising depreciation on the asset and the financing cost of the lease.

AASB 16 requires different and more extensive disclosures about an entity's leasing activities. The objective of the disclosures is to provide users of financial statements with a basis to assess the effect of leasing activities on an entity's financial position, performance and cash flows.

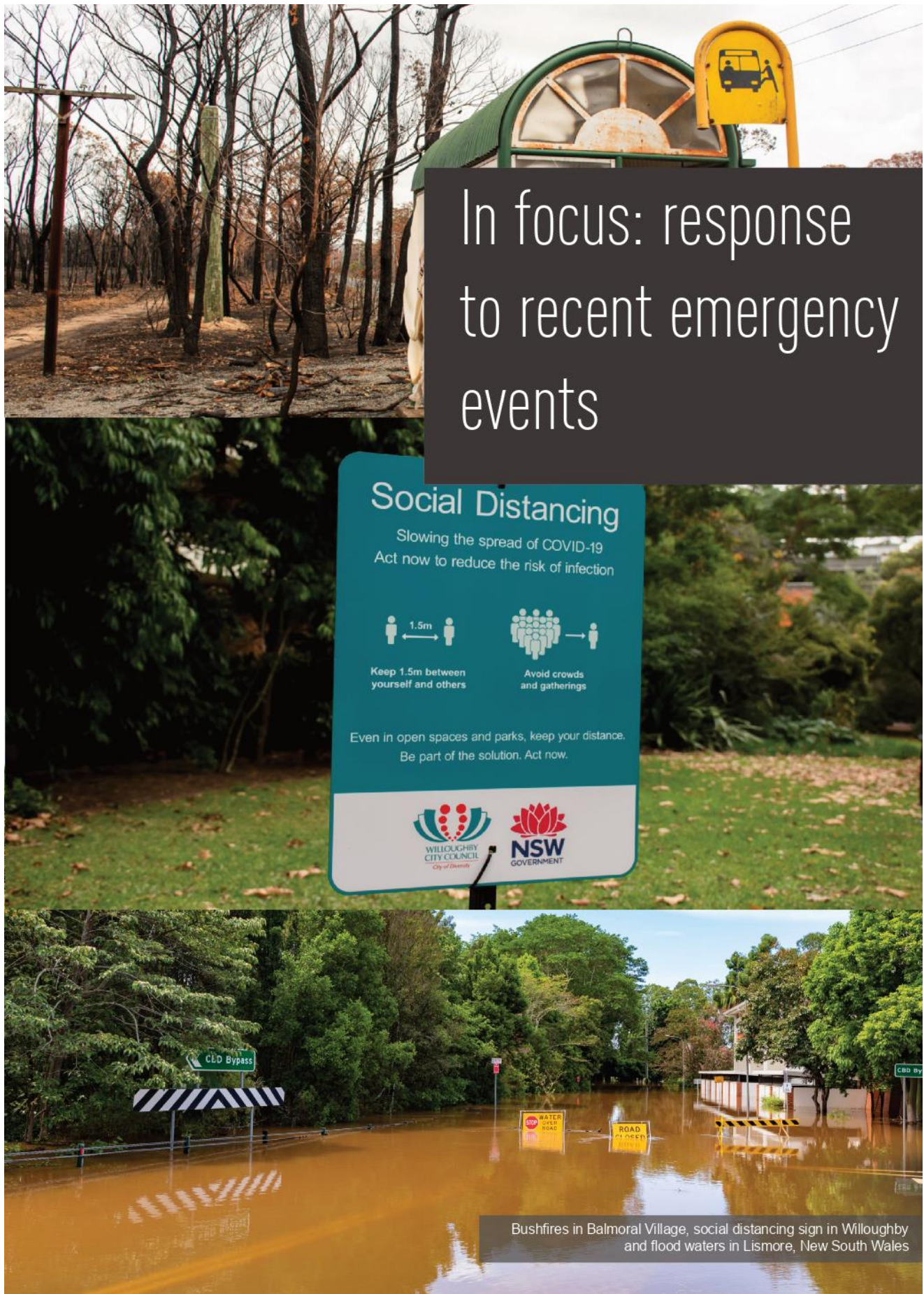
AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' changed how councils and joint organisations report income in 2019–20

AASB 15 and AASB 1058 became effective for councils and joint organisations from 1 July 2019.

Councils and joint organisations recorded the impact from the initial adoption of the new revenue standards, which in total amounted to a \$388.1 million adjustment to the opening retained earnings.

AASB 15 and AASB 1058 required councils and joint organisations to reassess the way they accounted for revenue, depending on whether it arises from contracts for sales of goods and services, grants and other contributions. Revenue from contracts for services is now recognised only when performance obligations have been satisfied.

The adoption of the new standards meant that councils and joint organisations reviewed their revenue contracts and adjusted how they had previously been accounted for. Councils and joint organisations were not required to restate their prior period figures. The cumulative effect of applying the standards on prior periods is presented as an adjustment to opening retained earnings at 1 July 2019.



3. In focus: response to recent emergency events

Recent emergency events, including drought, bushfires, floods and the COVID-19 pandemic have impacted councils.

This chapter will provide insights into how these events have impacted councils, including:

- financial implications of the emergency events
- changes to councils' operating models, processes and controls
- accessibility to technology and the maturity of councils' systems and controls to prevent unauthorised and fraudulent access to data
- receipt and delivery of stimulus packages or programs at short notice.

Highlights

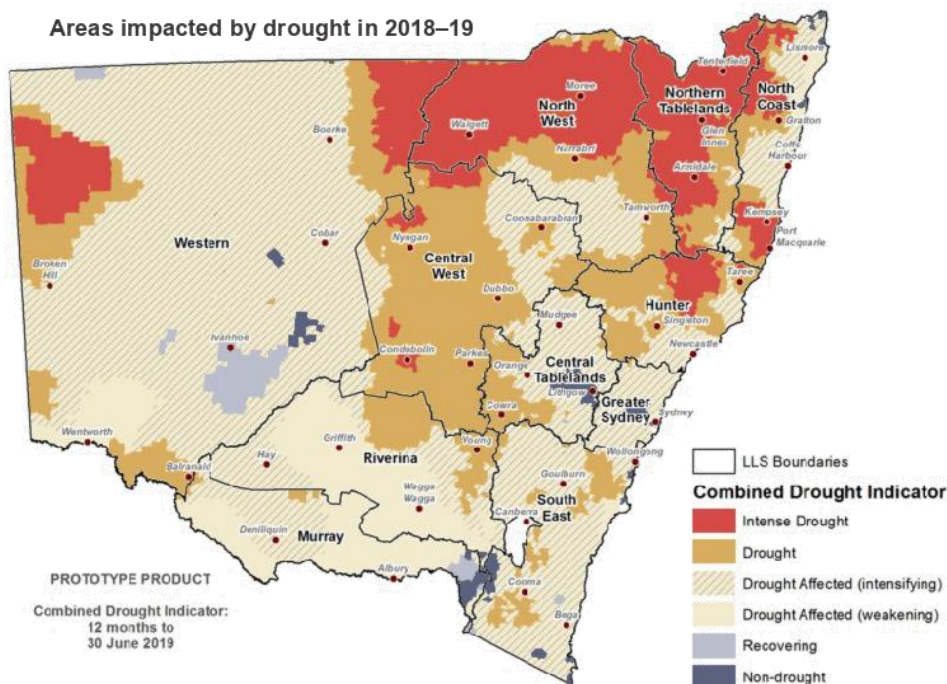
- All councils were impacted by the recent emergency events.
- Councils changed governance, policies, systems and processes to respond to the recent emergency events.
- Challenges were experienced adapting Information Technology (IT) infrastructure and controls to enable staff to work from home.
- Sixty-five per cent of councils updated business continuity plans and 42 per cent updated disaster recovery plans as a response to recent emergency events.
- Councils received various forms of assistance from government relating to the recent emergencies, which was used to provide support to local communities.

Recent emergency events significantly impacted councils

Recent emergencies, including drought, bushfires, floods and the COVID-19 pandemic have brought particular challenges for councils and their communities.



At the end of June 2019, the NSW Department of Primary Industries' Combined Drought Indicator showed that 97.6 per cent of New South Wales was in one of the three drought categories, 'intense drought', 'drought' and 'drought affected intensifying or weakening'. Intense drought conditions persisted in parts of western, south-east and northern New South Wales.



Source: The NSW Department of Primary Industries website (unaudited).

The dry vegetation and soil, combined with intense heat during the summer resulted in one of the worst bushfire seasons that New South Wales has ever experienced, with 55,230 square kilometres of land burnt, 11,566 structures damaged or destroyed, and 26 lives lost. This was followed by storms and torrential rain falling in parts of New South Wales, causing widespread flooding.

Local councils were included in 171 natural disaster declarations in 2019–20 (94 in 2018–19). Natural disasters are declared for events such as bushfires, floods or storms that cause significant damage or loss of life, where eligible state expenditure exceeds \$240,000.

Local Government areas impacted by bushfire, floods and storm declarations

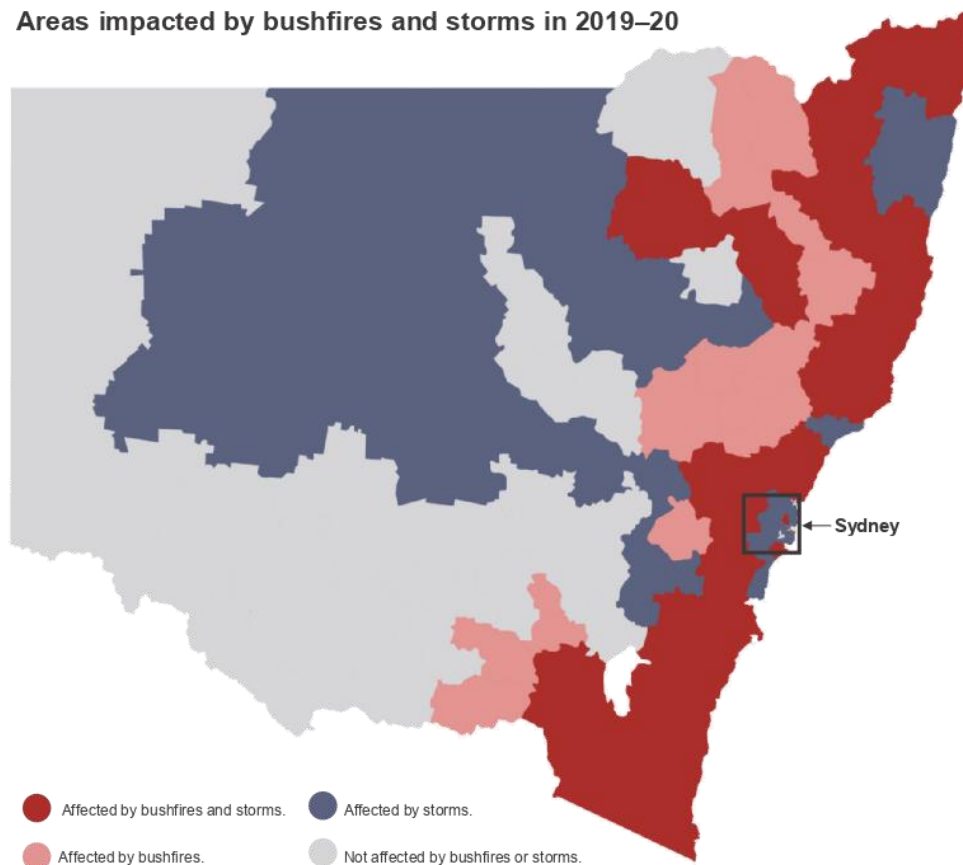
Year ended 30 June	2018	2019	2020
LGA included in bushfire declarations	36	29	57
LGA included in flood and storm declarations	18	65	114
Total LGA included in natural disaster declarations	54	94	171

Source: Provided by Resilience NSW (unaudited).

Declaration of bushfires, floods and storms enable councils to apply to recover costs associated with these disasters from Resilience NSW (the NSW Department of Communities and Justice prior to 1 May 2020), via administering agencies including Public Works Advisory and Transport for NSW. Resilience NSW now administers the NSW Disaster Assistance Arrangements.

The map below shows that 96 councils were impacted by bushfires and storms in 2019–20. Thirty-five councils were impacted by both bushfires and storms, with many of these councils in the North Coast and South East regions. Metropolitan councils were more impacted by floods and storms, while regional and rural councils were more impacted by bushfires.

Areas impacted by bushfires and storms in 2019–20



Source: Resilience NSW website (unaudited).

Following the natural disasters, the COVID-19 pandemic brought unprecedented challenges, impacting all councils. Infection control measures required by State Government Orders in response to COVID-19 disrupted the traditional means that councils use to deliver services to the community. Councils had to adapt to the new environment and make changes to how they operate as services were disrupted and facilities were closed.

3.1 Financial implications

The financial implications arising from the emergency events varied greatly across councils. We reviewed the impact on council operating results compared to original operating budgets¹, with consideration of both the revenue and expenditure impacts.

Metropolitan councils

The operating result for 56 per cent of metropolitan councils exceeded the original budget

Despite the recent emergency events, 56 per cent of metropolitan councils reported an operating result that was favourable compared with their operating budget set in May 2019.

For revenue, 91 per cent of metropolitan councils reported decreases in user charges and fees. This was due to councils cancelling public events, programs and closing revenue generating facilities and services during the lockdowns, including community halls, swimming pools, sports grounds, theatres, galleries, museums and other service centres.

This was offset by an increase in grants and contributions compared with budget for 68 per cent of councils, mainly due to:

- state and federal government stimulus packages and funding opportunities provided to councils in response to the emergency events
- some councils received more developer contributions than anticipated due to a higher volume of development activity occurring. The NSW Government offered incentives to encourage more homes to be built or to be substantially renovated to protect the construction sector during the pandemic.

For expenditure, 62 per cent of councils reported a decrease in employee costs and 74 per cent of councils reported a decrease in other expenses compared with budget. This was due to:

- a reduction in casual workers and contractors as services were suspended or delivered at a much-reduced capacity due to the restrictions
- a freeze on recruitment at some councils; vacant positions were put on hold and staff were redeployed to different areas of council
- reduction in costs for maintaining parks and other recreational facilities
- reduction in travel expenses for employees
- supply chain disruption as materials and products were more difficult to source.

This was offset by additional expenditure required for cleaning, upgrading facilities to be COVID-safe and IT equipment to enable staff to work from home.

¹ The original operating budget information is unaudited, and therefore no assurance is provided over the accuracy of this information.

Examples of the more significant impacts of the recent emergency events on individual metropolitan councils follow:

Council	Impact of emergency events
Council of the City of Sydney	Council provided rental relief to a large number of tenants in commercial properties who had suffered financial hardship due to the impacts of COVID-19 and applied for relief under the Federal Government Code of Conduct for commercial tenancies. This was largely responsible for a reduction in rental income of \$10.8 million or 14 per cent compared to the budget of \$66.9 million.
Blue Mountains City Council	User fees and charges were \$6.7 million less than the budget of \$21.0 million due to closure of council facilities.
Waverley Council	Council provided COVID-19 relief packages, including waiving various charges, rent reductions and a 'buy local' publicity campaign to encourage people to support local businesses during the downturn. This contributed to a \$4.7 million or 13 per cent reduction in income from user fees and charges. This impact was offset by the receipt of additional capital grants and contributions which were \$8.4 million or 66 per cent higher than budget.
Inner West Council	Due to the impact of COVID-19, council closed its aquatic centre and received less revenue from childcare. It also received less section 94 fees, parking fines and other fees. User fees and charges were \$32.7 million compared to the budget of \$46.0 million. However, this was partially offset by grants for childcare from the government. Council's operating grants and contributions were \$17.0 million compared to a budget of \$10.6 million.
Northern Beaches Council	Council was impacted by COVID-19 and storms. The damage from the storms were estimated by council to cost \$3.8 million and consisted of damage to seawalls, retaining walls and buildings including the Civic Centre. Council received \$74.5 million in user charges and fees income compared to a budget of \$84.0 million mainly due to the impact of COVID-19. Childcare revenue was significantly lower during the fee free period. However, council received additional grants to offset the fee free period from the government.

Regional councils

Fifty-four per cent of regional councils had an operating result that fell short of their original budget

Fifty-four per cent of regional councils reported an operating result that fell short of their original budget set in May 2019.

Regional councils were more impacted by bushfires than metropolitan councils. Regional councils also reported that certain revenue and expenditure items were directly impacted by the COVID-19 pandemic. Sixty-two per cent of regional councils reported a reduction in user fees and charges. While the services and facilities impacted were largely similar to metropolitan councils, regional councils with airports reported losses due to the disruption in airport operations, including a reduction in passengers and limited flight routes operating. Other decreases include a reduction in tourism related income, such as caravan parks, holiday parks and information centres.

This was offset by increases in grants and contributions as the Federal and State Governments provided a range of relief and funding opportunities. Seventy per cent of regional councils reported higher grants and contributions compared with budget.

Fifty-nine per cent of regional councils reported a reduction in other expenses as councils saved money on utility costs, such as electricity and water, due to operations being scaled back. Councils also saved money on costs due to projects being delayed as a result of the pandemic and supply chain issues.

Examples of the more significant impacts of the emergency events on individual regional councils follow:

Council	Impact of emergency events
Bega Valley Shire Council	<p>Council was impacted by numerous bushfire and flood natural disaster declarations.</p> <p>Council used an external expert to estimate the costs of restoring the damage done by these emergency events to be \$20.5 million for the damage caused by the bushfires and \$8.0 million for the flooding events in February, July and August 2020.</p> <p>Council received:</p> <ul style="list-style-type: none"> \$1.3 million from the Disaster Recovery Funding Arrangement with the Federal and State Governments \$250,000 from the Bushfire Community Resilience and Economic Recovery Fund \$6.5 million was received by council from Department of Regional NSW to clean up waste from the bushfires \$1.2 million from Resilience NSW for the Bega Valley Recovery Support Service which operated until April 2021.
Clarence Valley Council	<p>Council was impacted by the bushfires and floods, with a total estimated cost of \$19.0 million.</p> <p>Council had higher than budgeted operating grants and contributions of \$33.0 million compared to a budget of \$25.0 million. This was due to additional flood and storm damage grants of \$7.0 million and bushfire related grants of \$5.2 million.</p> <p>Council's material and contractor expenses was \$11.0 million higher than the budget of \$31.0 million, which is attributed to the response to the natural disasters.</p>
Eurobodalla Shire Council	<p>Council was impacted by the bushfires, with 79 per cent of the Local Government area directly impacted by the fires. Council lost 14 bridges, estimated to cost \$10.0 million to replace. Council reported it had already received \$6.8 million in additional funding and has made insurance claims.</p>
Coffs Harbour City Council	<p>The emergency events impacted airport operations, contributing to a decrease in income of \$1.9 million. Council also runs holiday parks which were impacted by the emergency events. This contributed to income decreasing by \$3.9 million. Council had to subsidise the airport and the holiday parks.</p>
Albury City Council	<p>Council was impacted by COVID-19 as it is on the border with Victoria where NSW Police implemented tight state border controls for various periods during the pandemic. The airport, run by the council, reported a loss of \$1.0 million, which had to be subsidised by council.</p>

Rural councils

Fifty-four per cent of rural councils had an operating result that fell short of their original budget

Fifty-four per cent of rural councils reported an operating result that fell short of their original budget set in May 2019.

Ninety-eight per cent of rural councils were impacted by one or more natural disasters. The higher costs of responding to bushfires, droughts and storms were offset by increases to grants and contributions for operating purposes. The Federal and State Governments offered assistance to councils impacted by the recent emergencies, along with a range of funding opportunities, which contributed to grants and contributions.

Rural councils' ability to collect user charges was impacted to a lesser degree compared with the metropolitan and regional councils. User charges and fees was less than budgeted for 40 per cent of councils. Seventy per cent of councils reported an increase in other expenses compared with budget to respond to natural disaster events.

Examples of the more significant impacts of emergency events on individual rural councils follow:

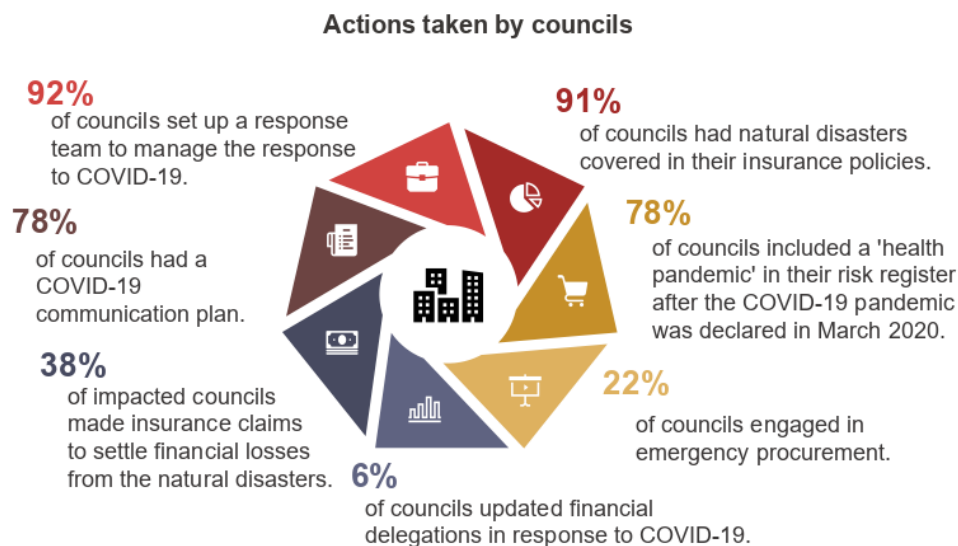
Council	Impact of emergency events
Glen Innes Severn Council	Council was impacted by bushfires and floods, with an estimated cost of damage of \$2.8 million. A bridge was destroyed in the fires, roads were damaged and a council building damaged. Council received \$1.3 million from the federal government through the Bushfire Community Resilience and Economic Recovery Fund. Council used the grant to fund initiatives to assist the community and businesses to recover from the bushfires.
Kyogle Council	Council was impacted by bushfires and floods. Council estimated the cost of damage to be \$3.5 million, due to a bridge and a culvert being damaged.
Tenterfield Shire Council	Council recognised \$1.4 million in impairment to infrastructure assets due to natural disasters that occurred during the year. Council received operating grants of \$14.3 million compared to a budget of \$8.7 million mainly due to grants for bushfires and storm damage repairs.
Narrabri Shire Council	Council experienced drought and flooding, with the town's water supply being contaminated by floodwaters. Council estimated the cost of the flood event to be \$0.9 million. Income from council's theatre was down approximately \$0.3 million due to the impact of COVID-19. This impact was offset by an additional \$0.78 million in grant funding for drought relief and economic stimulus.
Dungog Shire Council	Council experienced heavy storms in January 2020 and estimated the damaged caused by the storm to be \$1.2 million.

3.2 Controls and governance

Councils adapted their systems, policies and procedures to accommodate remote working environments. We considered how this affected the existing control environment and the mitigating controls established by councils to respond to these events.

Councils changed governance, policies, systems and processes to respond to the recent emergency events

Councils developed or changed their governance, policies, systems and processes to respond to the recent emergency events. Some of the actions taken by councils are summarised below.

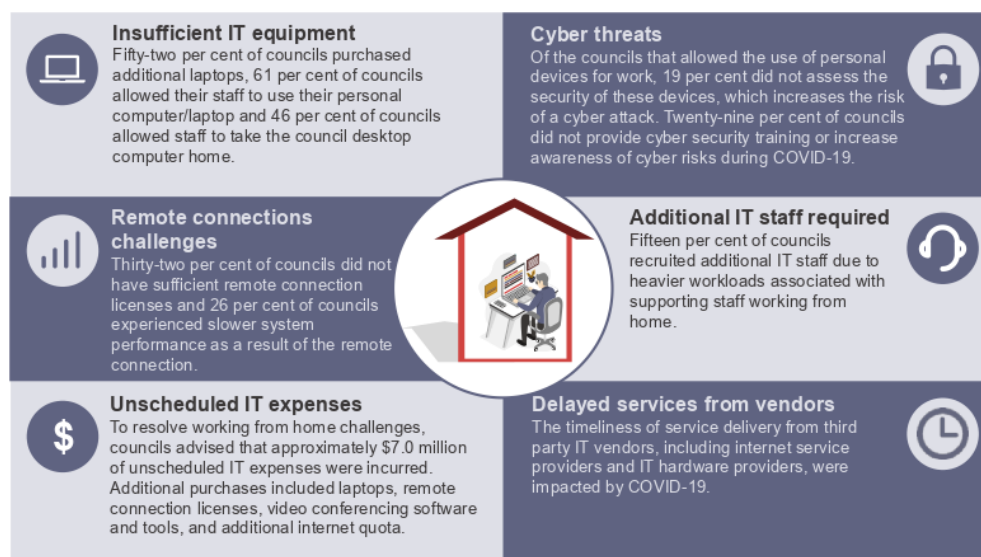


3.3 Technology

Councils experienced challenges adapting IT infrastructure and controls to enable staff to work from home

Many councils applied working from home arrangements during the COVID-19 lockdowns. Having a number of remotely connected employees for an extended period may strain council's IT infrastructure and control environment. It is important to ensure network connections and controls are secure to mitigate the data protection risk associated with communicating through mobile applications.

This new way of working resulted in some challenges during implementation and the impacts are described below.



3.4 Fraud and corruption risks

Past experience suggests that during economic downturns, the level of misconduct and corrupt conduct can increase. Recent emergency events have increased fraud and corruption risk as:

- there is less supervision and monitoring of staff in a working from home arrangement
- the effectiveness of controls may be compromised due to remote working
- the theft of assets is easier due to physical absence of employees in the workplace
- stimulus funding is delivered in a compressed timeframe
- it may be easier for employees to rationalise dishonest behaviour.

Twenty-two per cent of councils engaged in emergency procurement during the recent emergencies

In times of emergencies, there may be a need to engage in emergency procurement, using direct negotiations and other exemptions from the competitive procurement process to pay suppliers quickly, agree to contract variations and rely on staff to purchase items using purchasing cards. There is a risk that emergency procurement may not be processed appropriately.

Twenty-two per cent of councils engaged in emergency procurement during the recent emergencies. Of this, 15 per cent reported that the procurement could be better documented but was considered a lower risk as the goods or services being procured were not significant.

3.5 Business continuity and disaster recovery planning

Business continuity and disaster recovery planning assists organisations to prepare for and ensure they can respond to an incident or crisis. This includes natural disasters and pandemic events like COVID-19. Ideally, business continuity plans would ensure organisations are prepared to respond effectively to the impact of incidents or crises on a wide range of areas including service delivery, safety and availability of staff, availability of IT and other systems, financial management and governance.

Business continuity and disaster recovery plans need to be updated for recent emergency events

The recent emergency situations have highlighted the need for councils to have an updated business continuity and disaster recovery plans to capture lessons learned. Sixty-five per cent of councils updated their business continuity plan (BCP) and 42 per cent of councils updated their disaster recovery plan (DRP) to document how they would respond to a pandemic event. If these plans are not updated, councils may not adequately capture the lessons learned, and will not continuously improve the suitability, adequacy and effectiveness of business continuity and disaster recovery arrangements. While not all councils have updated their BCP and DRP, 80 per cent of councils have reviewed their system backup policy and practices.

The Audit Office is planning to undertake a performance audit over business continuity planning in 2021. This audit will examine the effectiveness of business continuity planning processes at a selection of local councils in preparing for emergency events.

3.6 Stimulus funding, programs and support for the community

Councils received funding from various sources for natural disasters

The government offered various forms of assistance to councils impacted by natural disasters. This included disaster relief funding and opportunities to apply for grants ranging from small projects to large infrastructure opportunities.

Resilience NSW administers the NSW Natural Disaster Assistance Arrangements through administering agencies including Public Works Advisory and Transport for NSW. Councils can apply for assistance to restore essential public assets damaged as a result of a natural disaster. In 2019–20, administering agencies reported total eligible expenditure of approximately \$81.7 million to Resilience NSW, for the restoration of Local Government essential public assets under the NSW Natural Disaster Assistance Arrangements. This amount represents the expenditure incurred and reported by councils to the administering agencies, and not total payments to the councils by the NSW Government.

The Commonwealth Government committed \$123 million under the Drought Communities Program to support 123 drought affected councils to invest in local community infrastructure, boosting local employment, addressing social and community needs and other projects such as emergency water supply.

There was also a NSW Drought Relief Heavy Vehicle Access Program where \$15.0 million of funds were allocated to improve local roads and communities through difficult drought conditions.

The Department of Regional NSW administered the Bushfire Community Resilience and Economic Recovery Fund (Phase 1) where \$7.6 million was provided to 49 bushfire affected local councils for immediate, locally led community and economic recovery activities. Phase 2 was administered by Resilience NSW, and the program was renamed to the Bushfire Community Recovery and Resilience Fund. Twenty-seven councils received \$250,000 grants and five councils received \$100,000 grants, with the total funding provided being \$7.3 million. These funds were used by councils to manage projects that support community recovery and help build resilience.

The NSW Rural Fire Service also provided funding to councils under the bushfire risk mitigation and resilience program. This funding was available to assist councils to perform bushfire mitigation works, provide access for firefighting and to deliver projects that increase the resilience of New South Wales communities to bushfires. In 2019–20, two councils received funding through this program to the value of \$388,000.

The State Government provided floodplain management grants to support Local Government to manage flood risk. The funding comes from two programs:

- NSW floodplain management program (funded by the NSW Department of Planning, Industry and Environment (DPIE))
- Floodplain grants scheme (funded by Resilience NSW).

In 2019–20, total funding of \$7.3 million was provided to 43 councils under the NSW floodplain management program and \$1.9 million was provided to four councils under the floodplain grants scheme.

Over half a billion dollars of stimulus funding was committed to councils to manage the impacts of COVID-19

To respond to the COVID-19 pandemic, the State Government announced a \$395 million Local Government economic stimulus package to safeguard jobs, services and infrastructure delivery.

The economic stimulus package included \$112.5 million job retention allowance, aimed at safeguarding jobs in the Local Government sector. Council employees were not eligible for the Commonwealth Government's Job Keeper payment. Eligible councils received \$1,500 per fortnight per employee for up to three months. Five councils received \$250,000 relating to the 2019–20 period. The program is still active and payments will continue to be made to eligible councils in the future.

The government also provided \$32.8 million to fully fund the increase in the emergency services levy in 2020–21 for all councils.

There was a further \$250 million increase to the NSW Treasury Corporation (TCorp) Local Government lending facility to make it easier for councils to access low interest loans to fund infrastructure. Three councils took out NSW Government TCorp loans worth \$25.5 million from this scheme. Councils were also able to obtain a NSW Government guarantee for commercial borrowings, subject to certain criteria being met.

On top of the \$395 million economic stimulus package, councils were provided with further relief and a range of funding opportunities. Some examples include:

- \$82.0 million to keep council operated childcare and family day care services running during the pandemic
- \$36.0 million to rebuild and refurbish infrastructure for up to 171 local showgrounds
- \$15.0 million to fund projects to benefit communities during COVID-19 by providing more space for the public to safely walk, cycle and exercise
- \$15.0 million to boost high street economic recovery, increase footfall and improve safety
- \$10.0 million to enhance ePlanning for councils, so that the community can lodge their development applications online
- COVID-19 Aged Care Workforce Retention Bonus Payment for residential and home care workers.

In 2020–21 Budget, the Commonwealth Government announced a new \$500 million Local Roads and Community Infrastructure Program to support councils to deliver priority local road and community infrastructure projects across Australia, supporting jobs and the resilience of local economies to help communities bounce back from the COVID-19 pandemic.

Councils supported their communities through the recent emergencies

The recent emergency events challenged local communities. Councils responded by providing support in different ways. Some examples include:

- helping local businesses, community groups and residents take simple steps to prepare for natural disasters through the 'Get Ready Local Councils' communications package
- providing emergency funding and grants to local communities to recover from the recent emergencies
- providing rental relief on commercial premises to support local businesses affected by the COVID-19 restrictions
- allowing ratepayers experiencing financial hardship to defer rate payments
- waiving or reducing fees for outdoor dining permit fees and food premise inspections and footpath usage for COVID-19 impacted businesses
- working with local businesses to be COVID-safe.



Key audit findings

4. Key audit findings

A strong system of internal controls enables councils to operate effectively and efficiently, produce reliable financial reports, comply with laws and regulations and support ethical government.

This chapter outlines the overall trends in governance and internal control findings across councils, county councils and joint organisations in 2019–20. It also includes the findings reported in the 2018–19 audits of Hilltops, MidCoast and Murrumbidgee councils as these audits were finalised after the [Report on Local Government 2019](#) was published.

Financial audits focus on key governance matters and internal controls supporting the preparation of councils' financial statements. Audit findings are reported to management and those charged with governance through audit management letters.

Highlights

- Total number of findings reported in audit management letters decreased from 1,985 in 2018–19 to 1,435 in 2019–20.
- One extreme risk finding was identified in 2019–20 (2018–19: nil).
- Total number of high-risk findings decreased from 82 in 2018–19 to 53 in 2019–20. Thirty per cent of the high-risk findings identified in 2018–19 were reported as high-risk findings in 2019–20.
- Forty-nine per cent of findings reported in audit management letters were repeat or partial repeat findings.
- Governance, asset management and information technology (IT) comprise over 61 per cent of findings and continue to be key areas requiring improvement.
- Fifty-six councils could strengthen their policies, processes and controls around fraud prevention and legislative compliance.
- Sixty-eight councils had deficiencies in their processes to revalue infrastructure assets.
- Fifty-eight councils have yet to implement basic governance and internal controls to manage cybersecurity.
- Sixty-four councils should formalise and periodically review their IT policies and procedures.

Total number of findings reported in audit management letters decreased

In 2019–20, 1,435 findings were reported in audit management letters (2018–19: 1,985 findings). An extreme risk finding was also identified this year related to Central Coast Council's use of restricted funds. The total number of high-risk findings decreased to 53 (2018–19: 82 high-risk findings).

Findings are classified as new, repeat or ongoing findings, based on:

- new findings were first reported in 2019–20 audits
- repeat findings were first reported in prior year audits, but remain unresolved in 2019–20
- ongoing findings were first reported in prior year audits, but the action due dates to address the findings are after 2019–20.

Findings are categorised as governance, financial reporting, financial accounting, asset management, purchases and payables, payroll, cash and banking, revenue and receivables, or information technology. The high-risk and common findings across these areas are explored further in this chapter.

4.1 Governance

Governance is the framework of rules, processes and systems that enables organisations to achieve goals and comply with legal requirements. Good governance promotes public confidence and satisfaction in councils' operations. Key governance areas include appropriate accountability mechanisms, operational and financial risk management and fraud prevention.

Governance findings decreased from 299 to 239

Audit management letters reported 239 findings relating to governance (2018–19: 299 findings). Fifty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

Extreme risk finding

One extreme risk finding was reported at Central Coast Council. Further analysis on this finding is detailed in Chapter 2.1 'Quality of financial reporting'.

Council	Description
2019–20 finding	
Central Coast Council (partial repeat finding)	Council spent restricted funds for unrestricted purposes during 2019–20, without the appropriate approvals under the <i>Local Government Act 1993</i> . This indicated the council's oversight of its current and forecast cash flow situation was not always effective. Council used a monthly 'Investment Report' to understand its historical cash and investment position compared to restricted funds. However, these reports did not include forecasts of expected cash and investment positions compared to restricted funds, impacting effectiveness of cash flow management.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Three of the 2018–19 high-risk findings were not resolved, including one finding elevated to extreme risk.

Council	Description
2019–20 findings	
Bellingen Shire Council (repeat finding)	Council did not comply with the Environment Protection Authority's requirements for quarry operations, and workplace health and safety legislation.
Central Coast Council (new finding)	Council did not have a policy document or framework setting out legislative and operational requirements for each category of externally restricted funds. Council was unable to provide the basis for some externally restricted funds.
Liverpool City Council (new finding)	Council decided to proceed with the Liverpool Civic Place development, with an estimated cost of \$195 million. Recommendations were made for council to perform a comprehensive assessment over the contract to ensure accounting implications are appropriately considered, and to update the projected cashflows for major events that impact cashflow assumptions.
Mid-Western Regional Council (repeat finding)	Council did not fully comply with its obligations under the <i>Unclaimed Money Act 1995</i> . \$178,000 held by council for more than six years should be assessed for remittance to Revenue NSW.
2018–19 finding[^]	
Murrumbidgee Council (repeat finding)	Council did not periodically review suppliers where the cumulative annual expenditure exceeded \$150,000. Council should consider whether these goods and services would be more efficiently procured under a contract. Council's contract register was not complete and accurate. Key information was not in the register, including council's contract manager and supplier contact details.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common governance findings reported in audit management letters related to deficiencies in fraud controls, legislative compliance and corporate governance policies.

Deficiencies in fraud control processes at 41 councils

The following fraud control deficiencies were reported in audit management letters.

Fraud control deficiencies	Number of councils
Council did not have a fraud and corruption prevention policy, or it was outdated	30
Council did not perform a fraud risk assessment	22
Council did not require staff to provide annual attestations to the Code of Conduct	20
Council did not provide fraud awareness training to staff	15

Effective fraud controls and ethical frameworks help protect councils from events that risk serious reputational damage and financial loss.

Lack of legislative compliance policies or register at 38 councils

Thirty-eight councils did not have a sufficient legislative compliance policy or register. Legislative compliance frameworks assist councils to monitor compliance with key laws and regulations. This is important as councils provide a broad range of services to the community and are subject to many legal requirements. A legislative breach can attract penalties, impact service delivery and cause significant reputational damage.

Other key corporate governance policies were not in place or regularly updated at 61 councils

The common areas where councils were missing governance policies are summarised below.

Area of corporate governance with absent or outdated policies	Number of councils
Risk management	31
Contract management	33
Public interest disclosures	12
Gifts and benefits	6

Corporate governance policies are essential for ensuring councils operate in accordance with external and internal requirements. It is important that the rules, standards and expectations are clearly outlined, and staff are provided adequate guidance to inform their actions.

Governance and internal controls over local infrastructure contributions could be improved

The Audit Office's recent performance audit '[Governance and internal controls over local infrastructure](#)' assessed the effectiveness of governance and internal controls over local infrastructure contributions (developer contributions) collected by four councils during the 2017–18 and 2018–19 financial years.

The audit identified that Blacktown City Council and City of Sydney Council provided effective governance over their developer contributions whereas Central Coast and Liverpool City councils' governance arrangements required improvement. Central Coast Council also breached the *Environmental Planning and Assessment Act 1979* between 2001 and 2019 when it used developer contributions for administration costs. These funds were repaid in late 2019.

4.2 Financial reporting

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision making is enhanced when financial reporting is accurate and timely.

Financial reporting findings decreased from 137 to 103

Audit management letters reported 103 findings relating to financial reporting (2018–19: 137 findings). Thirty-nine per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Four of the 2018–19 high-risk findings were not resolved, and four findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Berrigan Shire Council (repeat finding)	Due to the impact of border restrictions on key finance staff, the financial statements submitted for audit were incomplete. A number of errors and disclosure deficiencies were identified and corrected. Key documents to support infrastructure, property, plant and equipment balance were provided late.
Bland Shire Council (new finding)	Due to resourcing issues in the finance team, the financial statements submitted for audit were incomplete. A number of errors and disclosure deficiencies were identified and corrected. Some key documents including accounting position papers and reconciliations for key account balances were provided late.
Central Coast Council (repeat finding)	Council submitted the financial statements for the audit on 13 November 2020, one month after the initially agreed date. The financial statements included significant presentation issues, material misstatements and disclosure deficiencies. There was no documented evidence of timely quality review of the financial statements and associated supporting workpapers.
The Council of the Municipality of Kiama (new finding)	Council was significantly delayed in providing documentation for the interim audit due to resourcing issues, migration of financial information to the new accounting system and the impact of COVID-19 on council operations.
Mid-Western Regional Council (new finding)	Council submitted the accounting position paper for the impact assessment of the new accounting standards AASB 15 and AASB 1058 late. The failure to provide the assessment in a timely manner increases the risk that critical deadlines may not be met.
Murray River Council (repeat finding)	Council continues to experience issues in the financial statement preparation process and audit readiness. This has resulted in: <ul style="list-style-type: none"> multiple draft versions of the financial statements submitted for audit, requiring review, feedback and subsequent adjustments delayed submission of key accounting position papers to the audit team delays to the audit process and additional audit costs.
Murrumbidgee Council (repeat finding)	Council submitted draft financial statements for audit on 22 October 2020, one week after the scheduled due date. Council engaged an external contractor to assist with the preparation of the financial statements, but the financial statements required further updates after submission. Key documents including the accounting position paper on new accounting standards were not ready by agreed audit dates.

Council	Description
2018–19 findings[^]	
Hilltops Council (repeat finding)	<p>Council submitted draft financial statements for audit on 4 February 2020, three months after the statutory reporting deadline of 31 October 2019.</p> <p>The financial statements submitted for audit were based on draft financial information, were incomplete, and contained numerous errors and disclosure deficiencies. This included insufficient disclosures for new accounting standards and interpretations issued but not yet effective.</p>
MidCoast Council (new finding)	<p>Council submitted draft financial statements for audit on 16 October 2019, one month after the scheduled audit start date. Council advised the delay was due to:</p> <ul style="list-style-type: none"> the implementation of the new accounting system council resources redirected away from the financial statement preparation process due to the bushfires. <p>The financial statements contained numerous errors and disclosure deficiencies. Extensive consultation and direction were necessary to ensure that the financial statements were compliant with the Australian Accounting Standards and relevant directions prescribed by the OLG.</p>
Murrumbidgee Council (repeat finding)	<p>Council submitted draft financial statements for audit late. The audit was scheduled to start on 30 September 2019, but it was rescheduled several times as council was not prepared. Council advised the delay was due to inadequate resourcing in the finance team and migration of financial information to the new accounting system. This is a repeat finding first raised in the 2016–17 audit.</p>
Murrumbidgee Council (new finding)	<p>One staff member was responsible for the financial statement close process and audit preparation. This resulted in significant delays to the audit, and there is a key-person risk.</p>

[^] These audits were finalised after the 'Report on Local Government 2019' was published.

Common findings

Common findings across councils include:

- 47 councils did not appropriately apply or adequately assess the impact of the new accounting standards
- lack of preparation for the audit, such as having a financial reporting plan, impacted the timeliness of financial reporting at 22 councils
- financial statements submitted for audit for 21 councils contained numerous errors and disclosure deficiencies
- 14 councils did not have sufficient processes to ensure related party transactions were appropriately disclosed in the financial statements in line with AASB 124 'Related Party Disclosures'. A related party transaction involves the council and another party with a pre-existing relationship with the council.

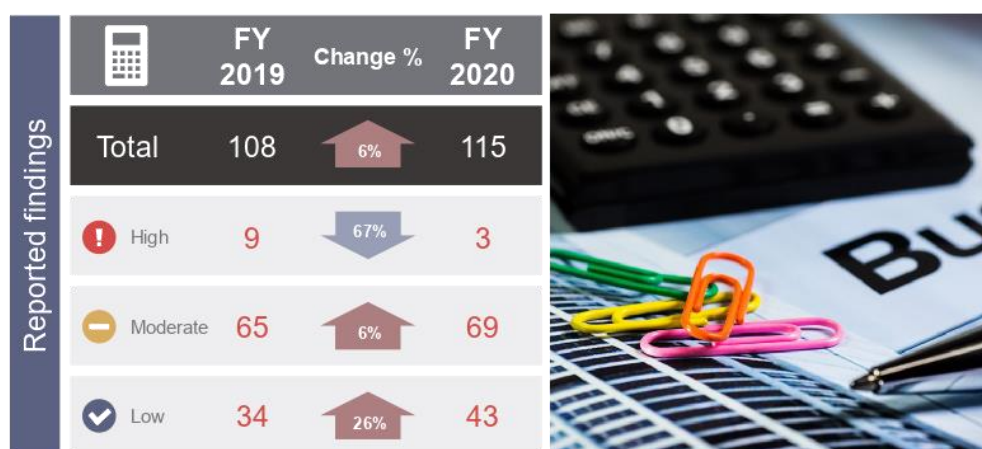
Further analysis and insights on financial reporting findings are detailed in Chapter 2 'Audit results'.

4.3 Financial accounting

Financial accounting is the processes adopted by management to record and review financial information across the business. Councils use a combination of manual and automated processes and digital information systems to process financial information. Effective processes support the accuracy and completeness of information presented in the financial statements.

Financial accounting findings increased from 108 to 115

Audit management letters reported 115 findings relating to financial accounting (2018–19: 108 findings). Fifty-three per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat findings, were reported at the following councils. Two of the 2018–19 high-risk findings were not resolved, and three findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Central Coast Council (new finding)	<p>Some monthly account reconciliations were not prepared and reviewed on a timely basis. Supporting documentation was not consistently attached to explain reconciling items, and some reconciling items were not explained.</p> <p>Council maintains several information systems for processing revenue transactions. Each day, the sub-ledger systems interface with the general ledger to transfer and update revenue data. Findings identified:</p> <ul style="list-style-type: none"> reconciliations were not performed between the general ledger and sub-ledger systems to ensure all transactions were reflected correctly in the general ledger the interface transfer often required manual intervention to ensure the transfer occurred. There is no audit trail, or evidence of review of changes made to these transfers.

Council	Description
Central Darling Shire Council (two repeat findings)	Two high-risk findings were reported: <ul style="list-style-type: none"> lack of segregation of duties as key finance officers have broad access to make changes in the finance system and have access to the bank account. There were limited independent reviews of finance officer functions to mitigate this risk manual journals were processed to adjust financial information without adequate supporting documentation. Furthermore, manual adjustments were not consistently signed off by the preparer and independent reviewer.
2018–19 finding[^]	
MidCoast Council (new finding)	Council's records management practices relating to information to support balances and disclosures in the 2019 financial statements were not sufficiently embedded to enable the timely preparation of the financial statements.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common financial accounting findings reported in audit management letters related to deficiencies in key account reconciliations and processing of manual journal adjustments.

Key account reconciliations were not prepared in a timely manner or independently reviewed at 55 councils

Regular reconciliation of financial information ensures timely identification of errors, and also facilitates a more efficient audit process. It was reported in audit management letters that:

- 36 councils did not reconcile all key balances in the financial statements in a timely manner
- there was no evidence of independent review of key account reconciliations at 33 councils.

Lack of segregation of duties with manual journal adjustments at 28 councils

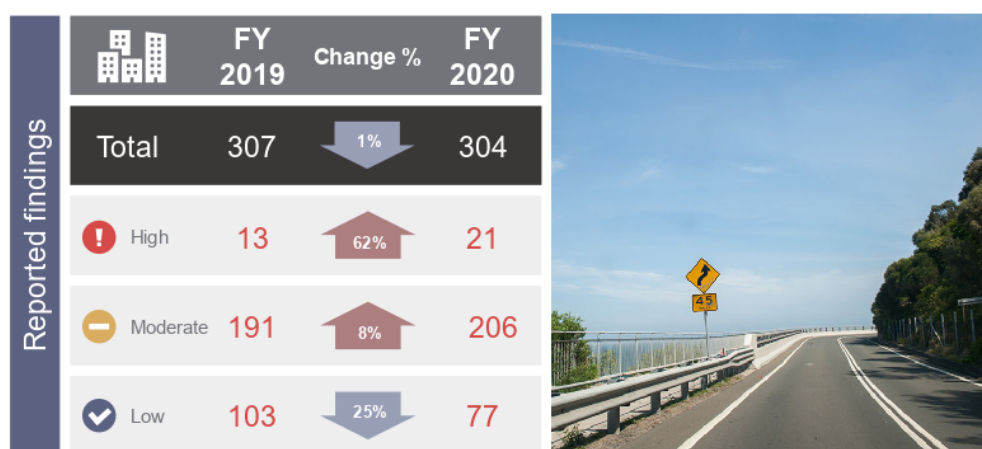
There was a lack of segregation of duties over the posting of manual journal adjustments to financial information at 28 councils. An independent review of manual journal adjustments is important to reduce the risk of fraud or error in the financial statements.

4.4 Asset management

Councils own and manage large infrastructure asset portfolios to support the delivery of community services. Asset management involves operational aspects such as maintenance and physical security, as well as accounting procedures such as valuing assets in accordance with accounting standards.

Asset management findings decreased from 307 to 304

Audit management letters reported 304 findings relating to asset management (2018–19: 307 findings). Forty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat and ongoing findings, were reported at the following councils. Five of the 2018–19 high-risk findings were not resolved, and four findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks. There was an increase in the number of high-risk findings reported this year in asset management.

Council	Description
2019–20 findings	
Bellingen Shire Council (new finding)	<p>Council identified road and bulk earthwork assets not previously recorded in the financial statements, resulting in prior period errors in:</p> <ul style="list-style-type: none"> roads assets of \$2.0 million associated bulk earthworks of \$4.4 million. <p>Council's fixed assets register (FAR) is not sufficiently secured from unauthorised changes as it is maintained in excel spreadsheet. The FAR did not include key information fields such as acquisition date.</p>

Council	Description
Berrigan Shire Council (repeat finding)	<ul style="list-style-type: none"> Council engaged an external valuer to perform a revaluation of other open space, other structure assets, water and sewerage, operational land, community land, and buildings. The revaluation excluded 41 other assets due to the timing of information provided to the external valuer. Work papers supporting the fair value of assets contained errors. \$1.9 million of road assets and capital work-in-progress (WIP) were incorrectly recorded as material and contract expenses. Disclosure deficiencies were reported in the financial statements, including transfers from capital WIP to completed assets not netting off.
Byron Shire Council (new finding)	<ul style="list-style-type: none"> The asset revaluation process for transport and stormwater infrastructure identified assets not previously recorded in council's asset registers. This resulted in a \$36.1 million prior period error. Duplicated land assets were recorded in the asset management system. This resulted in a \$9.1 million prior period error. There was limited quality control and documentation of management's review of the asset revaluation. Significant movements in the asset revaluations were not analysed.
Central Coast Council (two new findings)	<p>Two high-risk findings were reported:</p> <ul style="list-style-type: none"> Council certified that they were unable to provide sufficient evidence to support the carrying value of roads, bridges and footpath assets. This is because the last valuation of these assets was in the year ended 30 June 2015, and council has not conducted a more recent valuation in accordance with AASB 116 'Property, Plant and Equipment' (AASB 116). This qualification could have been avoided if council had performed a timely full revaluation of these asset classes. Council did not have a formal process to regularly review the carrying values of Community and Crown Land assets against valuations from the Valuer-General of New South Wales (VG). As a result, the carrying values of these assets did not reflect the most recent VG valuation as at 1 July 2019. Council processed an increment of \$39.4 million to correct the carrying values of these assets.
Dubbo Regional Council (partial repeat finding)	<p>The asset revaluation process identified prior period errors due to:</p> <ul style="list-style-type: none"> incorrect unit rates adopted for valuing stormwater assets in previous years, amounting to \$75.1 million non-depreciable bulk earthworks assets not previously recognised in council's asset register, amounting to \$16.8 million.
Gilgandra Shire Council (new finding)	<p>Council's revaluation process over roads, bridges and footpaths identified errors due to differences in the recorded length of the road network, amounting to \$11.8 million.</p> <p>Asset valuation reports were not available until late during the final audit.</p>
Inner West Council (ongoing finding)	<p>In 2018–19, council did not sufficiently complete a quality review of the asset revaluation process.</p> <p>In 2019–20, council was not required to perform a comprehensive revaluation for any asset classes, so council could not address the finding during 2019–20. The finding will remain ongoing until the next revaluation is performed.</p>

Council	Description
Kempsey Shire Council (new finding)	Council identified transport assets with a written down value of \$11.6 million not previously recorded in the financial statements, resulting in a prior period error.
Lane Cove Municipal Council (new finding)	Council did not have a robust process to review restrictions associated with land holdings in the prior year land revaluation process, resulting in a \$9.8 million prior period error.
Liverpool City Council (new finding)	Council controlled 61 parcels of community land valued at \$104 million that were contaminated but did not account for any impairment in the comprehensive revaluation. The subsequent impairment assessment resulted in an \$11.0 million reduction to the fair value of the land.
Lockhart Shire Council (new finding)	Council's valuation methodology for roads, bridges, footpaths and bulk earthworks: <ul style="list-style-type: none"> • was not documented until after the valuation was completed • comprised desktop procedures that are insufficient for comprehensive revaluations, and did not include condition assessments or update of all unit rates used to value infrastructure assets • did not include all relevant classes of assets.
Murray River Council (new and repeat finding)	<ul style="list-style-type: none"> • Asset reconciliation was not completed appropriately or independently reviewed. • On-costs were inappropriately capitalised, resulting in a corrected error of \$2.4 million. • The dates that assets were first in use were not recorded, resulting in incomplete records and errors in the depreciation expense. • Fair value assessment of transportation assets was not robust.
North Sydney Council (new finding)	Council prepared a position paper for the major redevelopment of North Sydney Olympic Pool assets. From the review of the position paper, it was recommended the council apply accelerated depreciation charges to account for the reduction in useful life of the assets, as required by AASB 116 'Property, Plant and Equipment'. Council subsequently applied appropriate depreciation rates for 30 June 2020.
Orange City Council (repeat finding)	<p>Council's revaluation process over roads, bridges, footpaths and stormwater assets identified errors with a net impact of \$14.8 million, subsequently corrected by council. The errors were due to:</p> <ul style="list-style-type: none"> • applying incorrect unit rates and useful lives • duplicated assets recorded in the asset register • including roads not controlled by council in the revaluation. <p>There was a lack of robust quality review of the asset revaluation to confirm the reasonableness of revaluation movements.</p>
Queanbeyan-Palerang Regional Council (new finding)	Council identified a number of developer contributed assets not previously recorded in the financial statements, resulting in a prior period error of \$18.2 million.
Strathfield Municipal Council (new finding)	<p>A high-risk finding was reported relating to council's comprehensive revaluation of road infrastructure assets, including:</p> <ul style="list-style-type: none"> • work papers submitted late to the auditor • inadequate documentation to support key assumptions including the condition assessments and unit rates applied to assets • no documented review of the fixed asset reconciliation and other calculations • no documented quality review of the revaluation process.

Council	Description
Willoughby City Council (new finding)	Council reported a \$5.4 million prior period error due to the overstatement of assets. This arose from: <ul style="list-style-type: none"> inability to verify the existence of open space and recreational assets in the fixed asset register buildings that were not previously included in the fixed asset register.
Wingecarribee Shire Council (new finding)	Council corrected a material misstatement of \$117 million arising from the comprehensive revaluation of roads, bridges and footpaths. The error arose primarily due to system limitations in council's asset management system in processing a revaluation of this size and nature.
Wollondilly Shire Council (new finding)	Council's revaluation process over roads, bridges, footpaths, drainage infrastructure, carparks and other infrastructure assets identified errors due to: <ul style="list-style-type: none"> applying incorrect unit rates and measurements since 2014–15 assets recorded in the asset register but not the general ledger duplicated assets volume errors application of inaccurate consumption pattern of the assets.
2018–19 finding[^]	
MidCoast Council (new finding)	<ul style="list-style-type: none"> Council lacked documentary evidence to support unit rates applied for assets revalued under the replacement cost method. There was insufficient documentation to support council's rationale, method and approach in conducting the revaluation. There was a lack of quality review performed over the valuation, resulting in an additional \$47.7 million error. Accounting implications for revaluation increments and decrements did not reflect the not-for-profit requirements of AASB 116 Property, Plant and Equipment. There were multiple versions of financial statements and supporting schedules provided to the audit team, as management adjusted information originally supplied.

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common asset management findings reported in audit management letters related to deficiencies in asset revaluation processes, maintenance of information in asset management systems and landfill rehabilitation accounting practices.

Deficiencies in infrastructure asset revaluation processes at 68 councils

Deficiencies were identified in infrastructure asset valuations at 68 councils, including:

- inadequate documentation to support key assumptions and judgements applied including:
 - useful lives and condition assessments
 - unit rates used to value infrastructure assets
- incorrect classification of assets
- incorrect exclusion of some assets from valuations
- management not documenting their quality review over the asset valuation.

Weak processes over maintenance and security of fixed asset registers at 68 councils

Maintaining accurate and up to date asset data helps councils to make appropriate decisions around asset management. The common issues reported in audit management letters relating to fixed asset registers are summarised below.

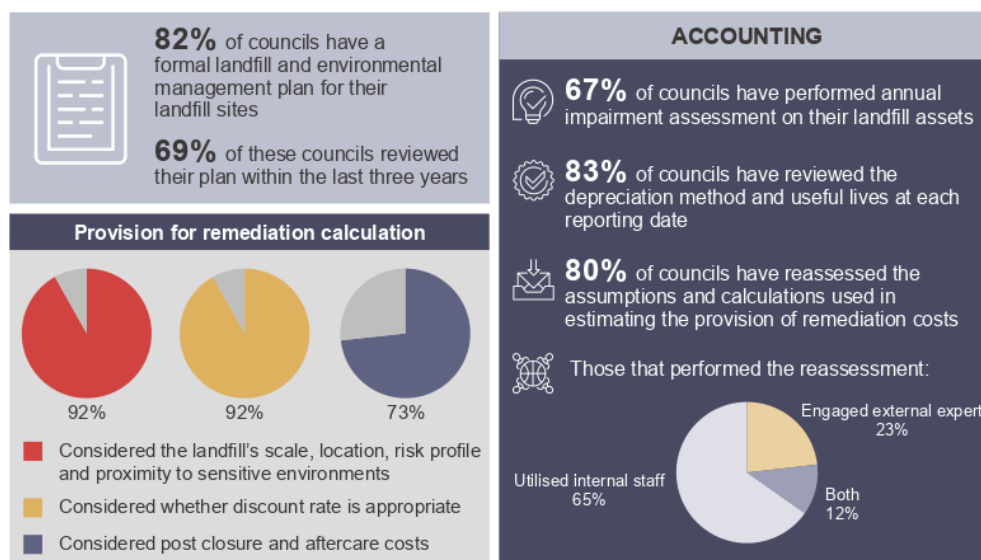
Fixed asset register issues reported in audit management letters	Number of councils
Council did not maintain an accurate and complete fixed register. This included: <ul style="list-style-type: none"> • issues with duplicated or missing assets • incorrect categorisation of assets • incorrect componentisation of assets. 	49
Council did not regularly update their fixed asset register for additions and disposals.	41
Asset registers were not maintained in a secure format (e.g. use of unlocked spreadsheets or multiple systems).	13

Improvements to council landfill rehabilitation accounting practices required at 44 councils

Common findings identified in council landfill rehabilitation accounting practices include:

- 12 councils did not formally assess the obligations required to rehabilitate landfill sites
- 11 councils could improve formal documentation of provision calculations to support inputs, assumptions and key data for accounting of the provisions
- 23 councils did not include costs associated with post-closure, aftercare and monitoring of landfill sites in their provisions.

Australian Accounting Standards require a provision for landfill remediation when the obligation to operate landfill sites would result in cash outflows for the council, and it can be reliably measured. Such provisions should be annually reassessed for changes in assumptions, legal requirements and emergence of new landfill remediation techniques.



4.5 Purchases and payables

Councils spend substantial funds each year to procure goods and services. It is important there is appropriate probity, accountability and transparency in procurement to reduce the risk of unauthorised purchases, corrupt and fraudulent behaviour and value for money not being achieved.

Purchases and payables findings decreased from 205 to 118

Audit management letters reported 118 findings relating to purchases and payables (2018–19: 205 findings). Forty-five per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings were reported at the following councils. Three of the 2018–19 high-risk findings were resolved, and three findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Gilgandra Shire Council (new finding)	A senior officer had superuser access to the finance system and was also an authorised signatory for the bank account. The lack of segregation of duties increases the risk of inappropriate transactions.
Lismore City Council (new finding)	The system-based workflows for approving purchase orders did not match the approved limits in the delegations manual. Some officers had the ability to revise purchase orders to amounts above their delegation without requiring further approval.
Mid-Western Regional Council (new finding)	Non-compliance with the <i>Local Government Act 1993</i> and the <i>Local Government (General) Regulation 2005</i> for one contract over \$250,000 in value for landfill management services. The contract was not subject to a competitive tender in accordance with procurement rules.

Common findings

The common purchases and payables findings reported in audit management letters related to controls around purchase orders, review of creditor information and deficiencies in credit card management practices.

Controls around purchase orders were not enforced or absent at 32 councils

At 11 councils, it was identified that employees could approve their own purchase orders. It is important there is segregation of duties in procurement to reduce the risk of fraud and misuse of public money.

Purchase orders were approved after the receipt of goods or services at 25 councils. Purchase orders should be issued before requesting goods or services to reduce the risk of unauthorised transactions.

Insufficient review of changes to creditor information at 32 councils

Thirty councils did not perform sufficient review of changes to creditor information, including bank account details. This increases the risk of transactions paid to incorrect accounts, resulting in financial losses for councils. Councils should review each change or perform regular collective review of changes.

Deficiencies in credit card management practices

The Audit Office's recent performance audit '[Credit card management in Local Government](#)' identified gaps in credit card management practices for all six audited councils, including:

- lack of explicit alignment between credit card limits and financial delegations
- no requirement to check purchases were for valid purposes in the process for reconciling credit card transactions
- card holders sharing credit cards with other employees
- incomplete or inaccurate record keeping.

Procurement processes do not fully support transparent use of public money

In December 2020, the '[Procurement management in Local Government](#)' performance audit assessed the effectiveness of procurement practices in six councils and identified:

- procurement needs were not consistently documented at the planning stage
- staff training on procurement was not adequate
- procurement outcomes were not required to be evaluated
- discrepancies in contract values between contract registers and annual reports.

4.6 Payroll

Effective payroll processes ensure councils manage their workforce in compliance with legislation, employment agreements and the Local Government Award. Payroll processes and information systems should protect the integrity of employee records and timesheet data, to ensure accurate payments to employees and leave entitlement calculations.

Payroll findings decreased from 136 to 112

Audit management letters reported 112 findings relating to payroll processes (2018–19: 136 findings). Thirty-nine per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

There were no high-risk findings related to payroll processes in 2019–20 (2018–19: Nil).

Common findings

The common payroll findings reported in audit management letters related to deficiencies in the review of employee payroll data and excessive annual leave balances.

Changes to employee payroll data are not reviewed at 35 councils

Thirty-five councils did not have adequate processes in place to review changes to employee payroll data. This includes instances where changes are reviewed, but not by an independent person. This increases the risk of unauthorised changes or errors remaining undetected, resulting in financial loss to councils.

Excessive annual leave balances were reported at 46 councils

Managing excess annual leave was a challenge for councils given the recent emergency events. Councils continued to deliver essential services in uncertain times and in a disrupted work environment. Many council employees, particularly in frontline roles, deferred leave plans and have taken little or no annual leave. To support council employees during the COVID-19 pandemic, legislative amendments were made to allow councils and their employees to agree to:

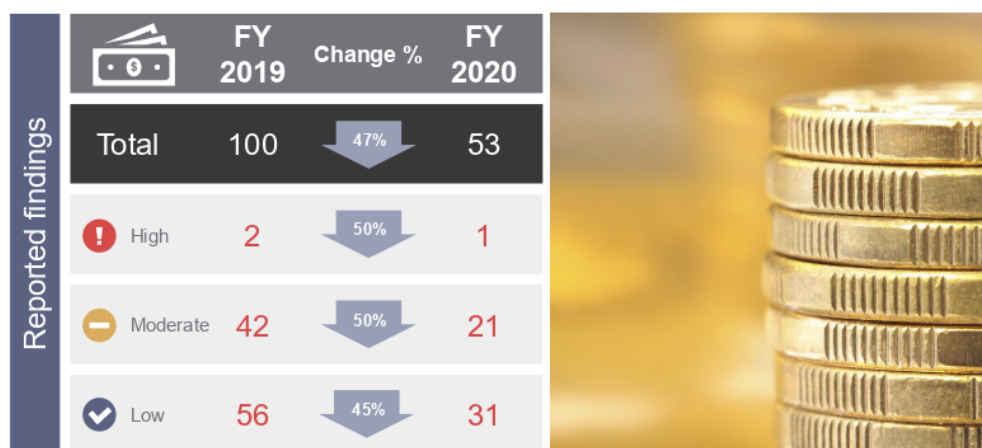
- council making a payment to an employee in lieu of annual leave, provided the employee will still have a balance of at least four weeks of leave remaining
- an employee taking annual leave at double or half pay.

4.7 Cash and banking

Councils process a high volume of transactions each year. Effective controls over cash collection, disbursements and reconciliations reduce the risk of fraud and error.

Cash and banking findings decreased from 100 to 53

Audit management letters reported 53 findings relating to cash and banking (2018–19: 100 findings). Twenty-six per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings related to cash and banking were reported at the following councils. All 2018–19 high-risk findings were resolved.

Council	Description
2019–20 finding	
Wingecarribee Shire Council (new finding)	Under section 355 of the <i>Local Government Act 1993</i> , council delegated the management of a number of its halls and sporting fields to volunteer committees. Committees' cash balances were reported to the council as at 31 May 2020, rather than 30 June 2020 and bank confirmations were not provided for committee bank accounts as at 30 June 2020 for the audit. Furthermore, council did not comply with their internal policy for at least one employee to be a signatory on committee bank accounts.
2018–19 finding[^]	
MidCoast Council (new finding)	Council did not reconcile external confirmations from financial institutions to their investment register. Furthermore, confirmations: <ul style="list-style-type: none"> were incomplete and did not cover all investments in council's register included balances that were not recorded in council's register. <p>From review of council's external confirmations, council did not record balances totalling \$110,000 as they were unaware of its existence. The bank account was for loan repayments made by a former constituent council (pre-amalgamation).</p>

[^] This audit was finalised after the 'Report on Local Government 2019' was published.

Common findings

The common cash and banking findings reported in audit management letters related to the lack of security of payment files and the lack of segregation of duties in the cash handling process.

Lack of security of payment files for pay runs at 12 councils

Twelve councils did not encrypt Electronic Funds Transfer (EFT) payment files from editing or sufficiently restrict access to payment files on the network before they were uploaded to online banking portals. This increases the risk of unauthorised or fraudulent transactions.

Lack of segregation of duties in the cash handling processes at 16 councils

There was a lack of segregation of duties in the cash handling process at 16 councils, including daily cashier balancing and recording mail remittances. There was no independent recount of balances or review of mailed cheque receipts. This increases the risk of undetected balancing errors and misappropriation of cash or cheques.

4.8 Revenue and receivables

Councils receive revenue from a range of different sources, including rates and annual charges, user charges and fees, operating and capital grants and contributions, and other revenue (such as interest, investments and asset disposals). It is important that councils have appropriate internal controls to accurately record revenue and receivables in compliance with accounting standards and legal requirements.

Revenue and receivable findings decreased from 109 to 55

Audit management letters reported 55 findings relating to revenue and receivables (2018–19: 109 findings). Forty-seven per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

There were no high-risk findings related to revenue and receivables processes in 2019–20. One of the high-risk findings reported in 2018–19 was resolved, and the other was reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Common findings

The common revenue and receivables findings reported in audit management letters related to deficiencies in the review of changes to fee tables and property data in council rates systems and inappropriate revenue recognition practices.

Lack of review of changes to fee tables and property data in the rating system at 18 councils

Council systems contain fee tables and property information, which is used to determine rates and annual charges levied on different properties. Eighteen councils do not adequately review changes for accuracy and appropriateness. This increases the risk of errors in recording rates and annual charges in the financial statements.

Inappropriate revenue recognition at 11 councils

Eleven councils had findings raised relating to their revenue recognition practices, including:

- recognising revenue in the financial statements for construction projects on receipt, rather than on progress
- use of cash accounting basis to recognise some revenue transactions, rather than accruals.

Deficiencies in revenue recognition practices resulted in 66 errors identified in council financial statements, totalling \$103.2 million.

4.9 Information technology (IT)

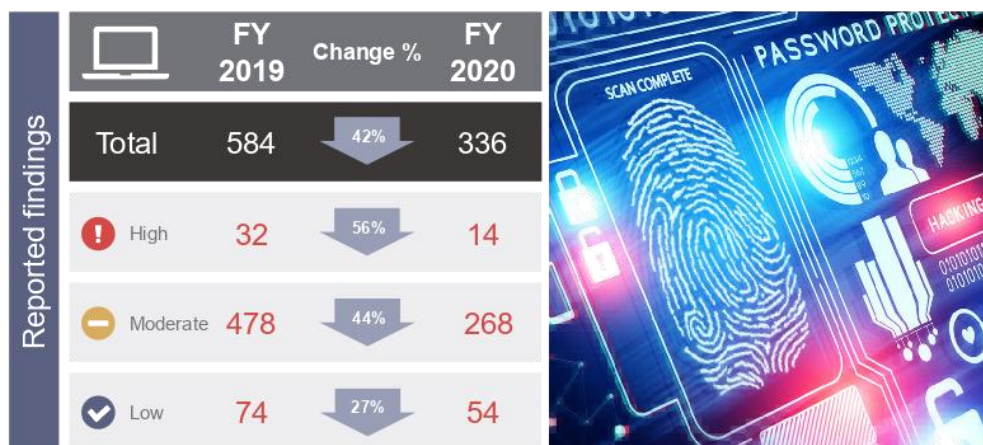
Councils rely on IT to deliver services and manage information. While IT delivers considerable benefits, it also presents risks that councils need to address. IT general controls relate to the procedures and activities designed to ensure confidentiality and integrity of systems and data. These controls underpin the integrity of financial reporting.

Financial audits involve the review of IT general controls relating to key financial systems supporting the preparation of council financial statements, addressing:

- policies and procedures
- IT risk management
- user access management
- privileged user access restriction and monitoring
- system software acquisition, change and maintenance
- disaster recovery planning.

IT findings decreased from 584 to 336

Audit management letters reported 336 findings relating to IT (2018–19: 584 findings). Sixty-eight per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2019 and 30 June 2020 audits.

High-risk findings

High-risk findings, including repeat and ongoing findings, were reported at the following councils. Ten of the 2018–19 high-risk findings were not resolved, and six findings were reclassified to moderate risk in 2019–20 as management has taken action to mitigate the risks.

Council	Description
2019–20 findings	
Bellingen Shire Council (three repeat findings)	Three high-risk findings were reported relating to: <ul style="list-style-type: none"> lack of cyber risk framework and policy no policies and procedures for IT security or change management enterprise wide business continuity and disaster recovery plan has not been reviewed and updated since 2016.
Central Coast Council (two new findings)	Two high-risk findings were reported relating to: <ul style="list-style-type: none"> privileged user access review was not performed for one of the key financial system privileged user accounts' activity logs were not reviewed.
Coolamon Shire Council (new finding)	There is no formal process to grant and remove access to financial systems. Privileged accounts' activity logs were not maintained and monitored.
Greater Hume Shire Council (repeat finding)	Privileged accounts' activity logs were not maintained and reviewed.
Hilltops Council (ongoing finding)	Council did not have an implemented IT strategic plan and IT policies and procedures over security, change management, backup, storage and retrieval, business continuity and disaster recovery plan.

Council	Description
Maitland City Council (one new finding and two repeat findings)	Three high-risk findings were reported relating to: <ul style="list-style-type: none"> lack of formal approval and implementation of IT policies and procedures over multiple areas, no cybersecurity awareness program, gaps in IT risk register and lack of Service Level Agreement (SLA) between IT and the business, communication of IT risks to the Audit Committee and resolution of the IT issues to be addressed during the planned restructure (repeat finding) independent review of changes to employee master data and invoice data entry were not consistently performed during 2019–20 (repeat finding) gaps in the cybersecurity controls (new finding).
Murrumbidgee Council (ongoing finding)	High-risk finding relating to the migration to a new financial system. See 2018–19 findings section below for more information.
Newcastle City Council (ongoing finding)	One ongoing (resolution date not due) high-risk finding reported relating to: <ul style="list-style-type: none"> no formal IT policies and procedures in place over multiple areas such as access management, incident management, cybersecurity, etc no cybersecurity awareness program which will include periodic training of users on cybersecurity IT risk register shows uncompleted and past due actions for certain risk items no documented SLA between IT and the business.
Woollahra Municipal Council (repeat finding)	Privileged user accounts' activity logs were not reviewed.
2018–19 findings[^]	
MidCoast Council (new finding)	Management could only provide limited evidence to demonstrate how it performs its oversight function for IT general controls over the key systems relevant to financial reporting. There were deficiencies in IT policies, IT risk management, user access management, segregation of duties, backup and monitoring and disaster recovery.
Murrumbidgee Council (one new finding and two repeat findings)	One new high-risk finding was reported, relating to the migration to a new financial system (Civica Authority). There was a lack of planning, project management and inadequate resourcing for the project. The internal audit review highlighted exceptions and scope limitations where they were unable to conclude on the accuracy and completeness of 31 October 2018 balances transferred from Jerilderie and Darlington Point standalone systems to Civica Authority. Council did not appropriately document the system conversion process, including the opening balances transfer. Two repeat high-risk findings were reported, relating to: <ul style="list-style-type: none"> lack of an IT risk assessment and IT risk register lack of formal policies and procedures across most IT processes.

[^] These audits were finalised after the 'Report on Local Government 2019' was published.

Common findings

The common IT findings reported in audit management letters related to deficiencies in IT policies and procedures, lack of a cybersecurity framework and controls and gaps in user access management processes.

IT policies and procedures were outdated or not in place at 64 councils

Sixty-four councils did not formalise and/or regularly reviewed their key IT policies and procedures. It is important for key IT policies to be formalised and regularly reviewed to ensure emerging risks are considered and policies are reflective of changes to the IT environment. Lack of formal IT policies and procedures may result in inconsistent and inappropriate practices and an increased likelihood of inappropriate access to key systems.

Cybersecurity frameworks and related controls were not in place at 58 councils

At a State Government level, the NSW Cybersecurity Policy states that 'strong cybersecurity is an important component of the NSW Digital Government Strategy. The term cybersecurity covers all measures used to protect systems and information processed, stored or communicated on these systems from compromise of confidentiality, integrity and availability'. While there is currently no requirement for councils to comply with the State Government's Cybersecurity Policy, councils may find it useful to refer to the policy for further guidance.

The Report on Local Government 2019 recommended for the Office of Local Government (OLG) within the Department of Planning, Industry and Environment to develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils. OLG have indicated that they are working with Cybersecurity NSW to develop a draft cybersecurity policy to share with councils by 30 June 2021. Refer to Appendix three.

Fifty-eight councils did not have the basic governance and internal controls to manage cybersecurity such as a cybersecurity framework, policy and procedure, register or cyber incidents, penetrations testing and training.

Poor management of cybersecurity can expose councils to a broad range of risks, including financial loss, reputational damage and data breaches. The potential impacts include:

- theft of corporate and financial information and intellectual property
- theft of money
- denial of service
- destruction of data
- costs of repairing affected systems, networks and devices
- legal fees and/or legal action from losses arising from denial-of-service attacks causing system downtime in critical systems
- third-party losses when personal information stored on government systems is used for criminal purposes.

Gaps in user access management process, including inadequate periodic review of user access at 43 councils and insufficient monitoring of privileged account activities at 68 councils

The following common access management findings were identified:

- 43 councils did not perform a periodic user access review to ensure users' access to key IT systems are appropriate and commensurate with their roles and responsibilities
- 68 councils did not monitor privileged accounts' activity logs.

Where robust access management processes are not in place, inappropriate access may exist, increasing the risk of unauthorised transaction or modification of sensitive data and transactions. The common findings above were rated high risk when there was mitigating controls to prevent or detect any unauthorised access.

Looking forward



Rural outback, New South Wales

5. Looking forward

Audit Office's work plan for 2020–21 onwards

Focus on local council's response and recovery from recent emergencies

Local councils and their communities will continue to experience the effects of recent emergency events, including the bushfires, floods and the COVID-19 pandemic for some time. The full extent of some of these events remain unclear and will continue to have an impact into the future. The recovery is likely to take many years.

The Office of Local Government (OLG) within the Department of Planning, Industry and Environment is working with other state agencies to assist local councils and their communities to recover from these unprecedented events.

These events have created additional risks and challenges, and changed the way that councils deliver their services.

We will take a phased approach to ensure our financial and performance audits address the following elements of the emergencies and the Local Government's responses:

- local councils' preparedness for emergencies
- its initial responses to support people and communities impacted by the 2019–20 bushfires and floods, and COVID-19
- the governance and oversight risks that arise from the need for quick decision making and responsiveness to emergencies
- the effectiveness and robustness of processes to direct resources toward recovery efforts and ensure good governance and transparency in doing so
- the mid to long-term impact of government responses to the natural disasters and COVID-19
- whether government investment has achieved desired outcomes.

Planned financial audit focus areas in Local Government

During 2020–21, the financial audits will focus on the following key areas:

- cybersecurity, including:
 - cybersecurity framework, policies and procedures
 - assessing the controls management has to address the risk of cybersecurity incidents
 - whether cybersecurity risks represent a risk of material misstatement to council's financial statements
- budget management
- financial sustainability
- quality and timeliness of financial reporting
- infrastructure, property, plant and equipment
- information technology general controls.



Audit, risk and improvement committees

All councils are required to have an audit, risk and improvement committee by March 2022

The requirement for all councils to establish an audit, risk and improvement committee was deferred by 12 months to March 2022 due to the COVID-19 pandemic.

Audit, risk and improvement committees are an important contributor to good governance. They help councils to understand strategic risks and how they can mitigate them. An effective committee helps councils to build community confidence, meet legislative and other requirements and meet standards of probity, accountability and transparency.

Local Government elections

Local Government elections were postponed for one year due to the COVID-19 pandemic

The Local Government elections were deferred for one year due to the COVID-19 pandemic and will now be held on 4 September 2021. As the statutory deadline for the 2020–21 financial statements is 30 October 2021, some of the newly elected councillors will be required to endorse them.

Implementation of AASB 1059

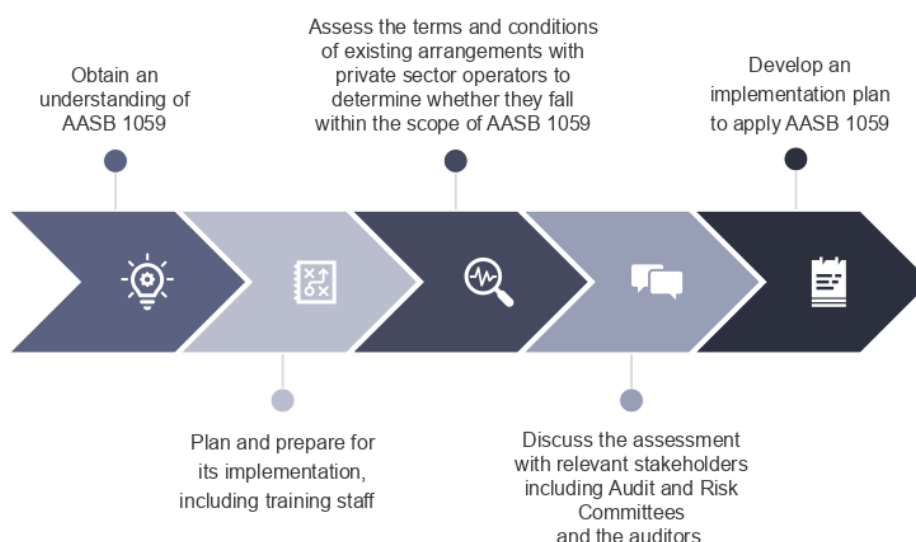
Accounting standards implementation continue next year

AASB 1059 is effective for councils for the 2020–21 financial year.

A service concession arrangement typically involves a private sector operator that is involved with designing, constructing or upgrading assets used to provide public services. They then operate and maintain those assets for a specified period of time and is compensated by the public sector entity in return. Examples of potential service concession arrangements impacting councils include roads, community housing, childcare services and nursing homes.

AASB 1059 may result in councils recognising more service concession assets and liabilities in their financial statements.

To effectively implement AASB 1059 councils will need to:



These tasks should be completed well before the balance date so that they do not impact on the timely preparation of the financial statements at year end.



Appendices

Appendix one – Response from the Department of Planning, Industry and Environment



Planning,
Industry &
Environment

Ms Margaret Crawford
Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

26 May 2021

Dear Ms Crawford

Thank you for your letter of 14 April 2021 and for the opportunity to respond to your *Report on Local Government 2020*. I would like to recognise the contribution of the Audit Office towards strengthening governance, financial management and reporting in the local government sector.

The Department notes the report's recommendation, that the Department 'should communicate the State's view that rural fire-fighting equipment is controlled by Councils in the local government sector, and therefore this equipment should be properly recorded in their financial statements'.

The Department will communicate to the local government sector the State position that the Rural Fire Service (RFS) should not recognise these assets notwithstanding that councils generally enter into agreements with the RFS for the management of this council owned fire fighting equipment.

I also note the recommendation that the Department should provide certainty regarding the legal framework relating to restrictions of water, sewerage and drainage funds (restricted reserves). It is also noted that the preferred view of the Crown Solicitor is that monies received under the *Water Management Act 2000* reside within the scope of s.409(3) of the *Local Government Act 1993*. The Department proposes to issue guidance consistent with the preferred view above, to support Councils in preparing their financial statements.

Throughout the past year the Department has worked towards addressing the recommendations from your *Report on Local Government 2019*, with particular regard to cyber security. The Department is continuing to work with Cyber Security NSW and the local government sector to identify the best way to address this issue.

I am encouraged by the constructive feedback provided by the Audit Office and look forward to continuing this important work to ensure that both local and state government work together to best serve local communities in NSW.

Yours sincerely

Jim Betts
Secretary

Appendix two – NSW Crown Solicitor's advice

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ADVICE



Crown
Solicitor's
Office

LOCAL GOVERNMENT RATES AND CHARGES

Executive summary

Question 1 Special rates and charges

1. The reference in s. 409(3)(a) of the *Local Government Act 1993* ("the *LG Act*") to a "special rate or charge" is a reference to a special rate or a 'charge' and not to a special rate or a 'special charge'.
2. I have identified, in the body of this advice, sections of the *LG Act* which provide for the making of charges and special rates.

Question 2 Central Coast Council

3. Money received pursuant to provisions of the *Water Management Act 2000* ("the *WM Act*") is received by the Central Coast Council in its capacity as a water supply authority ("WSA") under that Act.
4. Section 409(3)(b) of the *LG Act* may apply to monies collected pursuant to the *WM Act*, if the conditions in that paragraph are satisfied. Although not without doubt, I prefer a view that s. 409(3)(a) of the *LG Act* could also apply to such monies.
5. As a general proposition, monies received by the Central Coast Council as a result of charges levied in its capacity as a water supply authority under the *WM Act* should be held in the council's consolidated fund as "externally restricted funds" to be used only for purposes associated with the exercise of the council's functions as a water supply authority under the *WM Act* or purposes authorised under the *LG Act* (such as the payment of dividends under s.409(5) of the *LG Act*).
6. I have not located any provisions in the *WM Act* which expressly restrict the way that money collected under that Act may be spent.

Background

7. You seek my advice as to interpretation of provisions of the *LG Act* and the *WM Act*. I understand these to be questions of general application, although Question 2 relates to Central Coast Council specifically and has arisen in the broader context of that Council being under administration (though I am instructed no further as to any specific facts or circumstances).

Prepared for: AUD018 Auditor General of NSW
Client ref: Liz Basey D2030574
Author: Sally Johnston/Karen Smith

Date: 13 February 2021

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Analysis

Question 1 Special rates and charges

1.1 Do the provisions in s. 409(3) of the LG Act extend to 'any charges' levied by the council or only to 'special charges' levied by a council?

8. Chapter 13 of the *LG Act* is titled "How are councils made accountable for their actions?" and Part 3 of that Chapter "Financial management". Division 1 ("Funds"), provides at s. 408 that a council must have two separate funds: a consolidated fund and a trust fund (as to which, see s. 411). Section 409 provides for the consolidated fund as follows:

"409 The consolidated fund

(1) All money and property received by a council must be held in the council's consolidated fund unless it is required to be held in the council's trust fund.

(2) Money and property held in the council's consolidated fund may be applied towards any purpose allowed by this or any other Act.

(3) However—

(a) money that has been received as a result of the levying of a special rate or charge may not be used otherwise than for the purpose for which the rate or charge was levied, and

(b) money that is subject to the provisions of this or any other Act (being provisions that state that the money may be used only for a specific purpose) may be used only for that purpose, and

(c) money that has been received from the Government or from a public authority by way of a specific purpose advance or grant may not, except with the consent of the Government or public authority, be used otherwise than for that specific purpose.

(d) (Repealed)

(4) Pending its expenditure for the purpose for which it is held, money of the kind referred to in subsection (3)(a), (b) or (c) may not be held otherwise than in an account with a bank, building society or credit union or in an investment in which such money is, by or under this or any other Act, authorised to be invested.

(5) Despite subsections (3) and (4), a council may—

(a) deduct, from the money required by subsection (3) to be used only for the specific purpose of water supply or sewerage services, an amount in the nature of a return on capital invested payment (dividend), and

(b) apply that amount towards any purpose allowed for the expenditure of money by councils by this Act or any other Act.

(6) The Minister for Water, Property and Housing, with the concurrence of the Minister administering this Act—

(a) is to cause guidelines to be prepared and published in the Gazette relating to the management of the provision of water supply and sewerage services by councils, and

(b) may, if of the opinion that a council has not substantially complied with the guidelines, direct the council to comply with any particular aspect of the guidelines before making any further deduction under subsection (5).

(7) Before making a deduction under subsection (5), a council must—

(a) comply with the guidelines published under subsection (6) and any direction given under that subsection, and

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- (b) indicate in an open meeting of the council that the guidelines and any such direction have been complied with in relation to the making of the deduction.
- (8) Subsections (5)–(7) extend to a council that is a water supply authority within the meaning of the *Water Management Act 2000*.
- (9) This section does not affect the requirements of the *Fire and Emergency Services Levy Act 2017* with respect to the payment of collection instalments to the Treasurer.
9. You instruct me that the provisions in subsection (3), which are the focus of your question for advice, are known colloquially as “externally restricted funds”. The question for my advice is whether the reference in s. 409(3)(a) to a “special rate or charge” should be interpreted as ‘a special rate or (any) charge’ or as a ‘special rate or special charge’.
10. The task of statutory construction is to determine the meaning of the text of the statute whilst, at the same time, having regard to its context and purpose: see generally *SZTAL v Minister for Immigration and Border Protection* [2017] HCA 34 at [14] and the *Interpretation Act 1987* s. 33. Section 409(3) addresses the use, or ‘spending’, of monies that are associated with a “specific purpose”. The provisions of subparagraphs (a)–(c) are all concerned with the spending of monies for the purpose, also referred to as the specific purpose, for which they are received or kept.
11. In the context of that purpose, of restricting expenditure of monies to the purpose for which that money was received, the meaning of the reference to a “special rate” is clear, because of the nature of such a rate. A special rate is a rate for or towards the cost of any works, services, facilities or activities of the council, other than domestic waste management services: see s. 495. That work, service, facility or activity would constitute the purpose of the special rate for purposes of s. 409(3).
12. It is also clear, when considering the statutory scheme, that a “special rate” is a standalone concept in the *LG Act*. There are, throughout the *LG Act*, other references to “special rates”: see especially s. 492, which provides that councils can make ordinary or special rates, and s. 495 (“making and levying of special rates”). Broadly speaking, ordinary rates are levied annually on rateable land by reference to the categorisation of that land (see generally ss. 493, 494 and Part 3 of Chapter 15); whilst (as noted) special rates go “for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken... other than domestic waste management services” (at s. 495).
13. By contrast, there is no reference to or concept of a ‘special charge’ elsewhere in the *LG Act*. Many provisions of the Act refer to ‘charges’. These all relate to the provision of a service. For example, a charge may be made pursuant to s. 501 for services specified therein, which are to be provided by the council. The making and levying of annual charges for domestic waste management services, for stormwater management services and for coastal protection services are provided at ss. 496, 496A and 496B. Other provisions addressing charges are found generally in Chapter 15, especially in Part 3A (Charges), in Part 4 (Making of rates and charges) and in Part 5 (Levying of rates and charges). In particular, s. 539 is instructive in that it sets out the criteria relevant to determining the amount of a charge. Each of the criteria (albeit non exhaustive) referred to in s. 539(1) to which the council may have regard in setting the amount of the charge are referable to

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the "service" to which the charge relates: for example, the cost of providing the service, the area of land to which the service is provided, the frequency of the service etc. In that way, the section underscores that the charge must be linked directly to the provision of a service.

14. One instance of a 'charge' under the *LG Act* that less obviously evidences this link between provision of a service and a charge is s. 611. Section 611 provides for the making of a charge in relation to the possession, occupation or enjoyment of a rail, pipe, wire, pole, cable, tunnel or structure which pertains to a public place. In that instance, it is harder to identify a service and therefore the purpose for which that money is received, to employ the language of s. 409(3)(a). It seems to me arguable that the charge is for the purpose of the person's enjoyment of the benefit of possession, occupation or enjoyment of the rail etc. and therefore concerned with the maintenance or similar of that enjoyment. Alternatively, it may be an exceptional charge. Section 611(2) provides that the annual charge may be made, levied and recorded in accordance with the *LG Act* "as if it were a rate" but is not to be regarded as such for the purposes of calculating the council's general income. There are also specific and bespoke provisions about avenues of appeal for an aggrieved person to challenge the amount of the charge. To the extent that it might be necessary, I think that in the context of a large scheme such as the *LG Act*, the sui generis features of this section can set aside in settling a preferable construction of the terms of s. 409(3)(a).
15. I also note that at s. 543, there is a requirement that each form of rate and each charge have its own name. This section is organised in three subsections: for an "ordinary rate", a "special rate" and for "a charge". Again, that tells against the suggestion that there is a fourth category or a concept of a 'special charge' in the *LG Act*.
16. Considered against this background, it seems clear that a charge must relate to a service, and indeed be named and its amount determined by reference to that service. So too a special rate is for a work, service, facility or activity (see s. 495). By contrast, an ordinary rate is paid by reference to a parcel of rateable land. When so understood, s. 409(3)(a) is sensible when it is read on its plain terms as "a special rate" or a "charge". It makes sense to speak of both those types of council income by reference to their specific purpose. A charge under the *LG Act* is not a means of revenue raising for general purposes and appropriations. Rather, a charge under that Act is by its nature associated with a purpose. For this reason, it would be unnecessary to refer to a 'special charge', in the way that it is necessary to refer to a "special rate" which is associated with a purpose as distinct from an ordinary rate which is not associated with such a purpose.
17. I find further support for this construction in s. 503, which addresses the relationship between rates and charges. It provides that:
 - ~503 What is the relationship between rates and charges?
 - (1) A charge may be made:
 - (a) in addition to an ordinary rate, and
 - (b) in addition to *or instead of* a special rate.(emphasis added)

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18. In this section, the Act provides that a charge can be made "instead of" a special rate. Again, this suggests to me that the concept of a 'special charge' has no work to do in the legislative scheme of the *LG Act*; rather there are ordinary rates, special rates and charges, and it would be appropriate to speak of a "special rate" and a "charge" interchangeably, as occurs in s. 409(3)(a) and the phrase "special rate or charge".
19. Another consideration is that a construction of the words "special rate or charge" which promotes a harmonious interpretation of the same words and phrases throughout the legislation should be preferred: that is, words are assumed to be used consistently in the legislation (although this is readily rebutted, and, it should be noted, more frequently rebutted in large and extensively amended legislation such as the *LG Act*³). This principle can extend to interpretation of a phrase or expression: see, for example, the discussion as to interpretation of the phrase "property offence" in *McMillan v Pryce* (1997) 115 NTR 19 at 23. I have therefore considered the use of the expression "special rate or charge" as it appears in other provisions of the *LG Act*.
20. For example, s. 410 also applies to money that has been received by a council as a result of the levying of a "special rate or charge". Section 410 provides that where a special rate or charge has been discontinued and the purpose achieved, or no longer required to be achieved, any remaining money may be used by the council for other purposes providing that certain conditions specified in subsection (2) are met. It also provides that money which is not yet required for the purpose for which it was received may be lent (by way of internal loan) for use by the council for another purpose, if that purpose is approved by the Minister: see subsections (3) and (4).
21. Indeed, in s. 410(1) the reference is to "a special rate or a charge" (emphasis added), though subsection (2) refers to the "special rate or charge". Whilst this is far from determinative, it does indicate that the phrase "special rate or charge" is used interchangeably with "special rate or a charge" in at least one other provision of the Act, and so is supportive of my preferred construction.
22. The other places in the *LG Act* where the expression "special rate or charge" appears are in Division 2 ("Special rates and charges relating to water supply, sewerage and drainage") of Part 5 ("Levying of rates and charges") of Chapter 15 ("How are councils financed?"): see especially ss. 551, 552, 553, 553A. The phrase also appears in s. 565 ("capital contributions instead of payment of special rates or charges"). I find nothing in these sections which suggests that my preferred construction should be displaced, and that it was intended that the reference was to some concept of a 'special charge'.
23. Finally, I note an additional question about the interpretation of s. 409(3)(a), whether the reference to "special rate or charge" should be construed as a reference to a special rate or charge raised pursuant to the *LG Act*, or pursuant to the *LG Act* or any other Act. I will return to this question at [2.2] below.

³ See generally Pearce, D., *Statutory Interpretation in Australia* (9th ed, 2019), Reed International Books Australia at [4.9].

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1.2 If s. 409(3) is read as 'special charge', which sections of the LG Act provide for the making of special, as distinct from general, charges?

24. In light of my answer to question 1.1., this question does not arise.

1.3 If s. 409(3) is read as 'any charge', which sections of the LG Act provide for the making of such charges?

25. The making of rates and charges is addressed in Chapter 15 ("How are councils financed?"). Part 1 of that Chapter sets out general provisions about the making of rates and charges. In particular, s. 501 provides for the making of charges as follows:

"501 For what services can a council impose an annual charge?

(1) A council may make an annual charge for any of the following services provided, or proposed to be provided, on an annual basis by the council—

- water supply services
- sewerage services
- drainage services
- waste management services (other than domestic waste management services)
- any services prescribed by the regulations.

(2) A council may make a single charge for two or more such services.

(3) An annual charge may be levied on each parcel of rateable land for which the service is provided or proposed to be provided."

26. For the purposes of s. 501(1), the regulations currently prescribe emergency services within the area of the Blue Mountains City Council: see cl. 125 *Local Government (General) Regulation 2005*.

27. Other provisions which provide for the levying of charges are:

- (a) Sections 496, 496A and 496B which provide for the making of charges for domestic waste management services, stormwater management services and coastal protection services respectively,
- (b) Section 552 which provides for the making of charges relating to water supply, sewerage and drainage,
- (c) Section 553B(2) which provides for the making of a charge in relation to coastal protection services, and
- (d) Section 611 which provides for the making of a charge in relation to the possession, occupation or enjoyment of a rail, pipe, wire, pole, cable, tunnel or structure which pertains to a public place.

28. Other provisions relevant to the making of charges are in Part 3A (charges), Part 4 (making of rates and charges) and Part 5 (levying of rates and charges) of Chapter 15, which address matters such as the form of a charge, naming charges, and the priority of charges on land over other encumbrances on the land. Other parts of Chapter 15 address matters such as liability to pay charges and concessions for pensioners.

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1.4 Which sections of the LG Act provide for the making of 'special rates'?

29. As noted above, it is generally relevant to consider Chapter 15 as to the making of rates and charges. The making of special rates is provided for in s. 495, as follows:

"495 Making and levying of special rates

(1) A council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.

(2) The special rate is to be levied on such rateable land in the council's area as, in the council's opinion—

- (a) benefits or will benefit from the works, services, facilities or activities, or
- (b) contributes or will contribute to the need for the works, services, facilities or activities, or
- (c) has or will have access to the works, services, facilities or activities.

Note—

Under section 495, a council could, for example make and levy—

- different special rates for different kinds of works, services, facilities or activities
- different special rates for the same kind of work, service, facility or activity in different parts of its area
- different special rates for the same work in different parts of its area.

The amount of special rate will be determined according to the council's assessment of the relationship between the cost or estimated cost of the work, service, facility or activity and the degree of benefit afforded to the ratepayer by providing or undertaking the work, service, facility or activity."

30. Division 2 of Part 5 also provides for the making of special rates or charges relating to water supply, sewerage and drainage (see s. 552 for the making of the special rate).

Question 2 Central Coast Council

2.1 With regards to Central Coast Council established as a water supply authority under the WMA, who receives money collected under the WMA? It is the Central Coast Council (the Council) in its capacity as a water supply authority, or is it some other separate entity such as the Central Coast Council Water Supply Authority (CCCWSA)?

31. The *WM Act* provides for water supply authorities in s. 285 and Schedule 3. Gosford City Council and Wyong Council are each named as a water supply authority ("WSA"): see Part 2 of Schedule 3.

32. As you are aware, but for sake of completeness, I note that in 2016, pursuant to s. 4 and Schedule 3 of the *Local Government (Council Amalgamations) Proclamation 2016*, Gosford City Council and Wyong Council were amalgamated and renamed Central Coast Council. Section 6 of the Proclamation provides:

"6 References to former areas and councils

A reference in any Act or instrument to:

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- (a) a former council whose former area is incorporated in one new area by this Proclamation, or to a predecessor of the former council, is taken to be a reference to the new council, or
 - (b) a former area that is incorporated in one new area by this Proclamation, or to a predecessor of the former area, is taken to be a reference to that part of the new area that consists of the former area or the predecessor area incorporated in the new area."
33. Section 53(1) of the *Interpretation Act* also applies where the name of a body or office is altered by statute. It provides:
- "(1) If an Act or statutory rule alters the name of a body or office:
 - (a) the body or office continues in existence under its new name so that its identity is not affected, and
 - (b) a reference in any Act or instrument, or in any other document, to the body or office under its former name shall, except in relation to matters that occurred before the alteration took place, be read as a reference to the body or office under its new name."
34. Accordingly, the reference to the former Gosford City and Wyong Councils in the *WM Act* is to be read as a reference to Central Coast Council, which retains its status as a WSA. See also the *Water Management (General) Regulation 2018* ("the *WM Regulation*"), at cl. 117(2), by which Central Coast Council has and may exercise all the functions of a WSA.
35. As such, the Central Coast Council is both a council and a WSA. The Central Coast Council is constituted under the *LG Act* (s. 219) and is given the status of a WSA under the *WM Act*. There is not a separate legal entity such as the 'Central Coast Council Water Supply Authority'. The *LG Act* regulates the operations of the Council as a council, whilst the *WM Act* regulates the operations of the Council as a WSA.
36. In relation to any specific function, operation or activity of the Central Coast Council it will be important to identify in what capacity it acts. For example, in levying a charge or rate, it will be a question of statutory construction whether it is a council or a WSA which has the relevant power to levy that charge or rate, and that in turn will determine whether the Central Coast Council may act in its capacity as a council or as a WSA in so doing. In some cases, such as in relation to drainage services or the construction of water management works, both the *LG Act* and *WM Act* may make provision. It will be necessary to construe those Acts to determine which provisions apply.
37. I have not located any provisions of the *WM Act* which provide a statutory basis for a council (in its capacity as a council) to raise monies. However, the *WM Act* does contain financing provisions for WSAs in Division 6, Part 2 ("Water supply authorities") of Chapter 5. A WSA may levy service charges within its area of operations for the services listed in s. 310(1) and impose other fees and charges in accordance with the regulations. There are extensive provisions about such service charges and other charges in Division 7 of Part 9 of the *WM Regulation*. None of these arise specifically for my advice. Rather, the premise of the question for my advice is merely that money is collected pursuant to the *WM Act*.

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38. It seems reasonable therefore to assume that money received pursuant to provisions of the *WM Act* will almost certainly be received by the Central Coast Council in its capacity as a water supply authority under that Act.

2.2 Following on from the answer to question 2.1 above, is the money received under the WMA considered 'externally restricted funds' under s. 409(3) of the LG Act?

39. Whilst not without doubt, I prefer the view that money received under the *WM Act* is within the scope of s. 409(3) of the *LG Act*. The Central Coast Council is, as noted above, a WSA under the *WM Act* and specifically it is a statutory body named in Part 2 of Schedule 3 of that Act as such. Per s. 287(2) of the *WM Act*, it therefore "becomes a water supply authority but still has its other functions". That is, it retains its character as a council under the *LG Act*.
40. In my view, monies received by the Central Coast Council pursuant to the *WM Act* are within scope of s. 409(1) and (2) of the *LG Act*, being "money and property received by a council", which is required to be held in the council's consolidated fund. I am supported in this view in relation to the Central Coast Council because the *WM Act* and *WM Regulation* do not make provision for what is to be done with charges levied, as in s. 409(1) *LG Act*. The question then arises whether subsection (3) also applies to such money. Subsection (3) is comprised of three paragraphs, as extracted above. Despite the use of the conjunctive 'and' between each paragraph, it is plain on their terms in my view that each of these paragraphs operates independently in the sense that each contains a condition and then a requirement which follows if that condition is met.
41. It does not appear that paragraph (c), being for "money that has been received from the Government or from a public authority by way of a specific purpose advance or grant..." arises on the terms of the question, and so I will set that aside, although I would be happy to consider it in more detail on your further instructions.
42. I also think it is clear that paragraph (b) could apply, being for money "that is subject to the provisions of this or any other Act...". "Any other Act" would encompass the *WM Act*, so that if provisions of the *WM Act* state that the money may be used only for a specific purpose, then s. 409(3)(b) would apply to provide that it may only be used for that purpose.
43. It is less clear whether paragraph (a) applies in relation to monies received pursuant to the *WM Act*. The question is whether "money that has been received as a result of the levying of a special rate or charge" means money levied under the *LG Act*, or money levied under that or any other Act. Although not without doubt, I prefer the view that s. 409(3)(a) should be read in its full generality and not confined as relating only to special rates or charges levied under the *LG Act*.
44. Although express reference is made in s. 409(2) to a purpose allowed "by this or any other Act" and similarly s. 409(3)(b) refers to money subject to provisions of "this or any other Act" (as noted above), I do not think that the omission of such express reference in s. 409(3)(a) should be taken to confine the operation of that provision only to the *LG Act*. In my view, s. 409(3)(a) is intended to apply to monies held in the consolidated fund by virtue of subsection (1), with both sections applying to monies "received" by the council. As noted above, in my view s. 409(1) applies to all

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money received by a council under the *LG Act* or any other Act, and s. 409(3)(a) should have a corresponding scope. Thus, both sections refer, in my view, to the same concept of money received under 'this or any other Act'.

45. I note that this interpretation should also, in my view, be applied to s. 410(1), which provides for alternative use of money raised by special rates or charges and refers, in almost identical language to s. 409(3)(a), to "money that has been received by a council as a result of the levying of a special rate or a charge". In my view, there would similarly be no reason to imply a restriction or to read down the full generality of this section to confine it to money levied under the *LG Act*. Indeed, I think s. 410(1) is intended to address the situation where monies received by a council in its consolidated account are no longer required for the purpose for which they were levied, and the purpose of that section in ensuring that monies are not left in the council's consolidated account unable to be used suggests that the section should be read in its full generality.
46. However, the contrary view that s. 409(3)(a) is confined to special rates and charges levied under the *LG Act*, is not without merit. In particular, I have considered that the concept of a "special rate" is a creature of the *LG Act* and a term with a clear meaning in the context of that Act specifically. Whilst this is not also true of the concept of a "charge", for which many provisions in other Acts provide, I am not sure that a charge in any other Act would necessarily be associated with use for a specific purpose, in the way that paragraph (a) assumes and which I consider applies in the context of the *LG Act*. For example, it may be difficult in some cases to ascertain the purpose for which a charge is levied under the *WM Act*. In my view, although again this is not without doubt, the purpose for which a charge was levied might be found in the provisions as to the basis for levying charges, the assessment of those charges and the functions of the WSA which the charge supports (see, for example, s. 310(2) of the *WM Act*). I have also considered whether other provisions of the *LG Act* relating to special rates or charges apply to charges levied under other Acts, and found these of little assistance, although some provisions expressly refer to charges levied under "this Act" or "this Act and the regulations": see e.g. s. 496B, which suggests that such a restriction should not be read into a provision such as s. 409(3)(a) which is silent on that point. Equally, but contrary, the lack of express reference to "any other Act" in s. 409(3)(a) can be instead seen as a deliberate omission, in light of the use of those words elsewhere in the section (see subsections (2), (3)(b), (4) and (5)(b)). Such equivocal and contrary indicators incline me not to restrict the full generality of s. 409(3)(a) on its own terms.
47. I have also considered the effect of cl. 223 of the *WM Regulation*, which provides:
- "223 Central Coast Council
- (1) The provisions of the *Local Government Act 1993* (and the regulations under that Act) that apply to the reduction and postponement of rates and charges under that Act apply to the reduction and postponement of service charges and other charges levied or imposed by Central Coast Council under the *Water Management Act 2000*.
- (2) Subclause (1) does not extend to the requirement, under section 581 of the *Local Government Act 1993*, for councils to be reimbursed for a proportion of amounts written off under that Act."

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48. This provision has the effect of applying certain provisions of the *LG Act* to charges which are levied under the *WM Act*. For their part, the provisions of the *LG Act* referred to (Part 8 of Chapter 15) do not contain any express reference to their application under the *LG Act* or any other Act. In that way, it might be said to suggest that those provisions of the *LG Act* would not otherwise apply to charges levied under the *WM Act*, but for the operation of cl. 223 of the *WM Regulation*. However, in my view this provision is neither directly applicable nor persuasive enough indication to read the words of s. 409(3)(a) without their full generality.
49. Finally, I note that I have also considered the effect of s. 409(8), which was introduced in 2003, and provides:
- “(8) Subsections (5)–(7) extend to a council that is a water supply authority within the meaning of the *Water Management Act 2000*.”
50. In my view, subsection (8) proceeds from the position that s. 409(3) applies to money which has been received by a council in its capacity as a water supply authority, that is, received pursuant to provisions of the *WM Act*. Otherwise, in applying the exception in subsections (5)–(7), subsection (8) would have no work to do. Subsection (8) was introduced by the *Local Government Amendment (National Competition Policy Review) Bill 2003*, and in his second reading speech for that Bill Mr Tripodi (Parliamentary Secretary) said² –
- “There are conflicting interpretations of the scope of section 409, and legislative amendment is proposed to clarify the situation... [s. 409(3)(d) to be omitted]. The bill also proposes the insertion of subsections (5) to (7) into section 409 of the Act to define the proper relationship between restricted funds held under section 409 and a council's general funds, including the circumstances in which dividends may be paid by a council business activity.
- Under the amendments contained in the bill, a council may choose to deduct from the money which is restricted in its use for the purpose of water supply or sewerage services, an amount in the nature of a dividend, and to apply that money to any purpose under the Act or any other Act. That is, the dividend payment becomes available for use at council's discretion...
- A further amendment relates to the ability of councils which are water supply authorities under the *Water Management Act 2000* to also pay a dividend. The *Water Management Act* does not specifically constrain councils which are water supply authorities from paying a dividend. Nevertheless this ability needs to be put beyond doubt. The bill will specifically provide that the ability to pay a dividend as per the amendments to section 409(5) and the constraints on such a payment under section 409(6) and (7) also apply to local councils which are water supply authorities under the *Water Management Act*.”
51. The effect of this subsection therefore supports me in a view that s. 409(3) does apply to money received pursuant to the *WM Act*. However, it is not persuasive of whether s. 409(3) paragraphs (a) and (b) both apply. Given that in my view it is clear that (b) applies, I have not found subsection (8) particularly helpful in construing the proper scope of s. 409(3)(a).
52. On balance, I prefer the view that s. 409(3)(a) could apply to money received pursuant to the *WM Act*, as that section should be read in its full generality and with a corresponding scope to s. 409(1). Section 409(3)(b) would also apply if the conditions in that paragraph were satisfied.

² Hansard, Legislative Assembly, 28 May 2003.

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2.3 Are there any provisions in the WMA that restrict how the money collected under the WMA can be spent?

53. I have not located any express provisions in the *WMA* which restrict the way that money collected under the *WMA* can be spent, in a way which is comparable to the effect of s. 409(3) of the *LG Act*, for example.
54. I would observe, however, that the provisions by which money is collected under the *WMA* are in themselves restrictive of the way such money can be used. For example, many of the services for which charges can be levied under s. 310(1) of the *WMA* are services which have been declared to be "government monopoly services" under s. 4 of the *Independent Pricing and Regulatory Tribunal Act 1992* ("the *IPART Act*"); see the *Independent Pricing and Regulatory Tribunal (Water; Sewerage and Drainage Services) Order 1997*. Under s. 11 of the *IPART Act*, IPART has a standing reference to make determinations of the pricing for government monopoly services supplied by government agencies specified in Schedule 1, and Schedule 1 lists "water supply authorities" for that purpose.
55. Therefore, charges which relate to those government monopoly services will be subject to IPART determinations, by which a maximum price or a methodology for fixing the maximum price will be set. I understand these to be based generally on a cost-recovery model. In such a system, it is difficult to envisage that there is very much scope for discretion in the spending of monies collected pursuant to the *WMA*, as any surplus in one year would presumably be offset against the price determination in the following year. In the absence of a specific question arising for consideration, I will merely observe that in that way, the whole legislative scheme as applying to the Central Coast Council in its capacity as a WSA acts to restrain and control the ways in which it raises money for its operations. I would be happy to provide advice on any further question if you so wish.

Karen Smith

Karen Smith
Crown Solicitor



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Appendix three – Status of 2019 recommendations

Recommendation	Current status
Information technology	
The Office of Local Government within the Department of Planning, Industry and Environment (OLG) should develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils.	OLG are working with Cybersecurity NSW to develop a draft cybersecurity policy to share with councils by 30 June 2021. 
Key	 Fully addressed  Partially addressed  Not addressed

Appendix four – Status of audits

Below is a summary of the status of the 2019–20 financial statement audits, including the type of audit opinion and the date it was issued.

2019–20 audits

Key

Type of audit opinion		Date of audit opinion	
Unmodified opinion	✓	Financial statements were lodged by the statutory deadline of 30 November 2020	✓
Unmodified opinion with emphasis of matter	—	Extensions to the statutory deadline (and met)	✓
Modified opinion: qualified opinion, an adverse opinion, or a disclaimer of opinion	!	Financial statements were not lodged by the statutory deadline of 30 November 2020. No extension from OLG.	!

Council classifications

We adopted the following methodology when classifying councils in our report.

OLG classification	Audit Office grouping
Metropolitan	Metropolitan
Regional town/City	Regional
Metropolitan fringe	Metropolitan
Rural	Rural
Large rural	Rural

Source: OLG classifications and Audit Office.

Metropolitan councils

Council	Type of opinion		Date of audit opinion	
Bayside Council	Unmodified	✓	16 October 2020	✓
Blacktown City Council	Unmodified	✓	30 October 2020	✓
Blue Mountains City Council	Unmodified	✓	28 October 2020	✓
Burwood Council	Unmodified	✓	29 October 2020	✓
Camden Council	Unmodified	✓	27 November 2020	✓
Campbelltown City Council	Unmodified	✓	28 September 2020	✓
City of Canada Bay Council	Unmodified	✓	20 November 2020	✓
Canterbury-Bankstown Council	Unmodified	✓	27 November 2020	✓
Central Coast Council	Modified	!	10 May 2021	✓

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Council	Type of opinion		Date of audit opinion	
Cumberland Council	Unmodified	✓	30 October 2020	✓
Fairfield City Council	Unmodified	✓	28 October 2020	✓
Georges River Council	Unmodified	✓	6 November 2020	✓
Hawkesbury City Council	Unmodified	✓	11 November 2020	✓
Hornsby, The Council of the Shire of	Unmodified	✓	10 November 2020	✓
Hunters Hill, The Council of the Municipality of	Unmodified	✓	19 November 2020	✓
Inner West Council	Unmodified	✓	30 October 2020	✓
Ku-ring-gai Council	Unmodified	✓	23 September 2020	✓
Lane Cove Municipal Council	Unmodified	✓	23 October 2020	✓
Liverpool City Council	Unmodified	✓	25 November 2020	✓
Mosman Municipal Council	Unmodified	✓	13 November 2020	✓
North Sydney Council	Unmodified	✓	27 October 2020	✓
Northern Beaches Council	Unmodified	✓	30 September 2020	✓
Parramatta Council, City of	Unmodified	✓	5 November 2020	✓
Penrith City Council	Unmodified	✓	30 September 2020	✓
Randwick City Council	Unmodified	✓	14 September 2020	✓
Ryde Council, City of	Unmodified	✓	29 October 2020	✓
Strathfield Municipal Council	Unmodified	✓	19 November 2020	✓
Sutherland Shire Council	Unmodified	✓	21 October 2020	✓
Sydney, Council of the City of	Unmodified	✓	29 October 2020	✓
The Hills Shire Council	Unmodified	✓	7 September 2020	✓
Waverley Council	Unmodified	✓	21 October 2020	✓
Willoughby City Council	Unmodified	✓	11 November 2020	✓
Wollondilly Shire Council	Unmodified	✓	17 March 2021	✓
Woollahra Municipal Council	Unmodified	✓	14 October 2020	✓

Regional councils

Council	Type of opinion		Date of audit opinion	
Albury City Council	Unmodified	✓	23 November 2020	✓
Armidale Regional Council	Unmodified	✓	23 December 2020	✓
Ballina Shire Council	Unmodified	✓	22 October 2020	✓
Bathurst Regional Council	Unmodified	✓	6 November 2020	✓
Bega Valley Shire Council	Unmodified	✓	30 November 2020	✓
Broken Hill City Council	Unmodified	✓	16 November 2020	✓
Byron Shire Council	Unmodified	✓	30 November 2020	✓
Cessnock City Council	Unmodified	✓	6 November 2020	✓
Clarence Valley Council	Unmodified	✓	26 November 2020	✓
Coffs Harbour City Council	Unmodified	✓	27 October 2020	✓
Dubbo Regional Council	Unmodified	✓	26 November 2020	✓
Eurobodalla Shire Council	Unmodified	✓	30 November 2020	✓
Goulburn Mulwaree Council	Unmodified	✓	26 October 2020	✓
Griffith City Council	Unmodified	✓	26 November 2020	✓
Kempsey Shire Council	Unmodified	✓	24 November 2020	✓
Kiama, The Council of the Municipality of	Unmodified	✓	5 February 2021	✓
Lake Macquarie City Council	Unmodified	✓	28 October 2020	✓
Lismore City Council	Unmodified	✓	27 November 2020	✓
Lithgow City Council	Unmodified	✓	18 December 2020	✓
Maitland City Council	Unmodified	✓	11 November 2020	✓
Mid-Coast Council	Unmodified	✓	26 November 2020	✓
Mid-Western Regional Council	Unmodified	✓	6 November 2020	✓
Newcastle City Council	Unmodified	✓	20 October 2020	✓
Orange City Council	Unmodified	✓	30 November 2020	✓
Port Macquarie-Hastings Council	Unmodified	✓	29 October 2020	✓
Port Stephens Council	Unmodified	✓	22 October 2020	✓
Queanbeyan-Palerang Regional Council	Unmodified	✓	29 October 2020	✓
Richmond Valley Council	Unmodified	✓	23 October 2020	✓
Shellharbour City Council	Unmodified	✓	9 November 2020	✓
Shoalhaven City Council	Unmodified	✓	27 November 2020	✓
Singleton Council	Unmodified	✓	30 October 2020	✓
Snowy Monaro Regional Council	Unmodified	✓	23 November 2020	✓

Council	Type of opinion		Date of audit opinion	
Tamworth Regional Council	Unmodified	✓	6 November 2020	✓
Tweed Shire Council	Unmodified	✓	27 November 2020	✓
Wagga Wagga City Council	Unmodified	✓	26 October 2020	✓
Wingecarribee Shire Council	Unmodified	✓	29 October 2020	✓
Wollongong City Council	Unmodified	✓	5 November 2020	✓

Rural councils

Council	Type of opinion		Date of audit opinion	
Balranald Shire Council	Unmodified	✓	11 February 2021	✓
Bellingen Shire Council	Unmodified	✓	27 November 2020	✓
Berrigan Shire Council	Unmodified	✓	17 December 2020	✓
Bland Shire Council	Unmodified	✓	17 November 2020	✓
Blayney Shire Council	Unmodified	✓	17 November 2020	✓
Bogan Shire Council	Unmodified	✓	8 October 2020	✓
Bourke Shire Council	Unmodified	✓	30 September 2020	✓
Brewarrina Shire Council	Unmodified	✓	21 September 2020	✓
Cabonne Council	Unmodified	✓	11 November 2020	✓
Carrathool Shire Council	Unmodified	✓	29 October 2020	✓
Central Darling Shire Council	Unmodified	✓	17 February 2021	✓
Cobar Shire Council	Unmodified	✓	21 October 2020	✓
Coolamon Shire Council	Unmodified	✓	10 October 2020	✓
Coonamble Shire Council	Unmodified	✓	23 November 2020	✓
Cootamundra-Gundagai Regional Council	Unmodified	✓	18 December 2020	✓
Cowra Shire Council	Unmodified	✓	3 November 2020	✓
Dungog Shire Council	Unmodified	✓	29 January 2021	✓
Edward River Council	Unmodified	✓	19 November 2020	✓
Federation Council	Unmodified	✓	16 November 2020	✓
Forbes Shire Council	Unmodified	✓	30 November 2020	✓
Gilgandra Shire Council	Unmodified	✓	24 November 2020	✓
Glen Innes Severn Council	Unmodified	✓	30 November 2020	✓
Greater Hume Shire Council	Unmodified	✓	7 October 2020	✓
Gunnedah Shire Council	Unmodified	✓	28 November 2020	✓
Gwydir Shire Council	Unmodified	✓	2 November 2020	✓
Hay Shire Council	Unmodified	✓	9 October 2020	✓

Council	Type of opinion		Date of audit opinion	
Hilltops Council	Unmodified	✓	31 March 2021	✓
Inverell Shire Council	Unmodified	✓	26 November 2020	✓
Junee Shire Council	Unmodified	✓	9 November 2020	✓
Kyogle Council	Unmodified	✓	25 November 2020	✓
Lachlan Shire Council	Unmodified	✓	9 November 2020	✓
Leeton Shire Council	Unmodified	✓	29 October 2020	✓
Liverpool Plains Shire Council	Unmodified	✓	30 November 2020	✓
Lockhart Shire Council	Unmodified	✓	6 November 2020	✓
Moree Plains Shire Council	Unmodified	✓	26 November 2020	✓
Murray River Council	Unmodified	✓	27 November 2020	✓
Murrumbidgee Council	Unmodified	✓	26 November 2020	✓
Muswellbrook Shire Council	Unmodified	✓	27 November 2020	✓
Nambucca Shire Council	Unmodified	✓	26 November 2020	✓
Narrabri Shire Council	Unmodified	✓	30 November 2020	✓
Narrandera Shire Council	Unmodified	✓	4 September 2020	✓
Narromine Shire Council	Unmodified	✓	29 October 2020	✓
Oberon Council	Unmodified	✓	24 November 2020	✓
Parkes Shire Council	Unmodified	✓	3 December 2020	✓
Snowy Valleys Council	Unmodified	✓	19 November 2020	✓
Temora Shire Council	Unmodified	✓	10 November 2020	✓
Tenterfield Shire Council	Unmodified	✓	30 October 2020	✓
Upper Hunter Shire Council	Unmodified	✓	30 November 2020	✓
Upper Lachlan Shire Council	Unmodified	✓	17 November 2020	✓
Uralla Shire Council	Unmodified	✓	12 November 2020	✓
Walcha Council	Unmodified	✓	21 December 2020	✓
Walgett Shire Council	Unmodified	✓	27 November 2020	✓
Warren Shire Council	Unmodified	✓	4 November 2020	✓
Warrumbungle Shire Council	Unmodified	✓	23 November 2020	✓
Weddin Shire Council	Unmodified	✓	4 November 2020	✓
Wentworth Shire Council	Unmodified	✓	20 November 2020	✓
Yass Valley Council	Unmodified	✓	29 January 2021	✓

County councils

County council	Type of opinion		Date of audit opinion	
Castlereagh Macquarie County Council	Unmodified	✓	27 November 2020	✓
Central Tablelands County Council	Unmodified	✓	24 November 2020	✓
Goldenfields Water County Council	Unmodified	✓	1 October 2020	✓
Hawkesbury River County Council	Unmodified	✓	10 November 2020	✓
New England Weeds Authority	Unmodified	✓	27 August 2020	✓
Riverina Water County Council	Unmodified	✓	30 September 2020	✓
Rous County Council	Unmodified	✓	22 October 2020	✓
Upper Hunter County Council	Unmodified	✓	27 November 2020	✓
Upper Macquarie County Council	Unmodified	✓	11 August 2020	✓

Joint organisations

Joint organisation	Type of opinion		Date of audit opinion	
Canberra Region Joint Organisation	Unmodified	✓	12 January 2021	!
Central NSW Joint Organisation	Unmodified	✓	29 November 2020	✓
Far North West Joint Organisation	Unmodified	✓	30 October 2020	✓
Far South West Joint Organisation	Unmodified	✓	30 November 2020	✓
Hunter Joint Organisation	Unmodified	✓	30 November 2020	✓
Illawarra Shoalhaven Joint Organisation	Unmodified	✓	1 February 2021	✓
Mid North Coast Joint Organisation	Unmodified	✓	14 October 2020	✓
Namoi Joint Organisation	Unmodified	✓	23 October 2020	✓
New England Joint Organisation	Unmodified	✓	10 November 2020	✓
Northern Rivers Joint Organisation	Unmodified	✓	26 November 2020	✓
Orana Joint Organisation	Unmodified	✓	3 December 2020	✓
Riverina and Murray Joint Organisation	Unmodified	✓	30 November 2020	✓
Riverina Joint Organisation	Unmodified	✓	27 October 2020	✓

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FINANCIAL AUDIT

22 JUNE 2022

Local Government 2021

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT



THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

In accordance with section 421D of the *Local Government Act 1993*, I present a report titled '**Local Government 2021**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General for New South Wales
22 June 2022

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The Audit Office of New South Wales pay our respect and recognise
Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and
cultural connection with their lands and waters, and have made and continue
to make a rich, unique and lasting contribution to the State. We are committed
to continue learning about Aboriginal and Torres Strait Islander peoples' history
and culture.

We honour and thank the traditional owners of the land on which our office is
located, the Gadigal people of the Eora nation, and the traditional owners of
the lands on which our staff live and work. We pay our respects to their Elders
past and present, and to the next generation of leaders.

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Local Government 2021

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Auditor-General's foreword

Pursuant to the *Local Government Act 1993* I present my report Local Government 2021. My report provides the results of the 2020–21 financial audits of 127 councils, 13 joint organisations and nine county councils.

Unqualified audit opinions were issued for 126 councils, 13 joint organisation and nine county councils in 2020–21. My independent auditor's opinion was qualified for Central Coast Council who was unable to provide evidence to support the carrying value of \$5.5 billion of roads, bridges, footpaths, bulk earthworks, stormwater drainage, water supply and sewerage network assets.

The 2020–21 year was challenging from many perspectives, not least being the continuing impact of and response to the recent emergency events, including bushfires, floods and the COVID-19 pandemic. We appreciate the efforts of council staff and management right across local government and they must be congratulated for their responsiveness and resilience in meeting their financial reporting obligations in such challenging circumstances.

This report makes a number of recommendations to councils and to the regulator, the Office of Local Government within the Department of Planning and Environment. These are intended to support councils to further improve the timeliness, accuracy and strength of financial reporting and their governance arrangements. Arguably, when faced with challenges, it is even more important to prioritise and invest in systems and processes to protect the integrity of councils' operations and promote accurate and transparent reporting.

I look forward to continuing engagement and constructive dialogue with councils in 2022–23 and beyond.

Margaret Crawford
Auditor-General for New South Wales

Section one

Local Government 2021

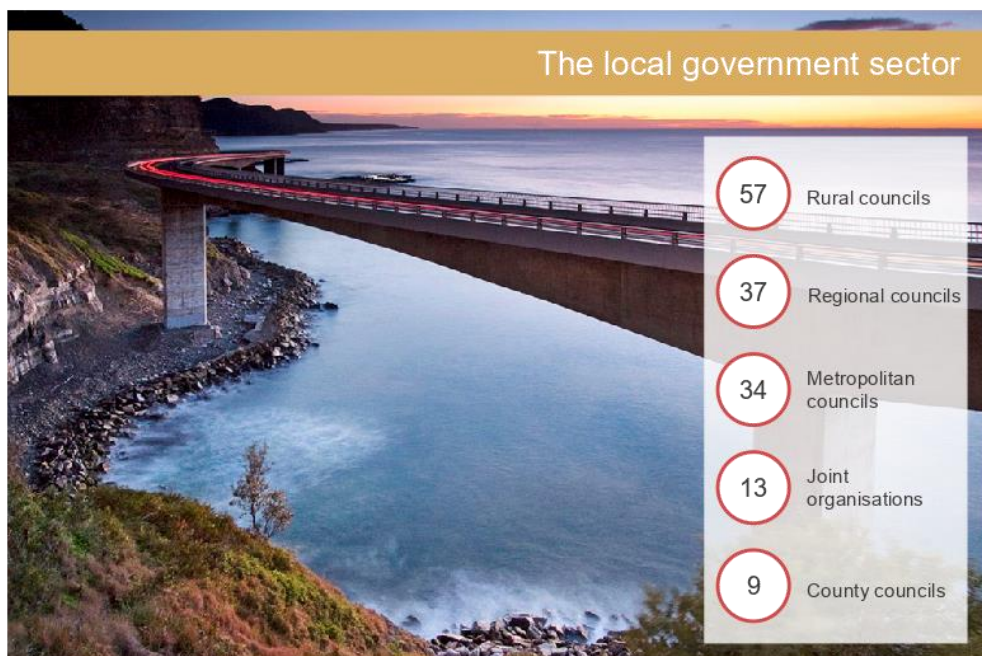
This report analyses the results of our audits of local councils for the year ended 30 June 2021.

1. Introduction

1.1 The local government sector

Local government is the third tier of government. It is established under state legislation, which defines the powers and geographical areas each council is responsible for.

At 30 June 2021, there were 128 local councils, 13 joint organisations and nine county councils and in New South Wales.



Councils provide a range of services and infrastructure for a geographical area. Services include waste collection, planning, child and family day care, and recreational services. Councils also build and maintain infrastructure, including roads, footpaths and drains, and enforce various laws. While core functions such as waste collection are similar across councils, the range of services each council provides can vary depending on the needs of each community.

County councils are formed for specific purposes, such as to supply water, manage flood plains or eradicate noxious weeds.

Joint organisations (JOs) are formed by councils in regional New South Wales. Core activities of JOs include regional strategic planning and priority setting, engaging in shared services with member councils, and regional advocacy and collaboration with the state and federal governments.

This report provides the results of the 2020–21 financial audits of 127 councils, 13 joint organisations and nine county councils.

In preparing this report, our observations and analyses were drawn from:

- audited financial statements
- performance audit reports
- data collected from councils
- audit findings reported to councils in audit management letters.

Each local council has unique characteristics such as its size, location and services provided to their communities. To enable comparison, we divided councils into three categories – metropolitan, regional and rural. County councils and joint organisations are separately identified in the report. Details of councils grouped into categories are provided in Appendix three.

1.2 Performance audit

Our performance audits assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Our mandate to conduct these audits is provided under the *Local Government Act 1993* (LG Act).

Performance audits relevant to the local government sector in 2021–22 included:

Integrity of grant program administration

The objective of [Integrity of grant program administration](#) was to assess the integrity of the assessment and approval processes for NSW Government grant programs. The audit focused on two grant programs:

- Stronger Communities Fund Round 2 (tied grants round), which was administered by the Office of Local Government (OLG) within the Department of Planning and Environment, and provided \$252 million to newly amalgamated councils and other councils that had been subject to a merger proposal during 2017–18 and 2018–19
- Regional Cultural Fund, which was administered by Create NSW (now within the Department of Premier and Cabinet) and awarded \$100 million for cultural projects in regional NSW.

We recommended the Department of Premier and Cabinet develop a model to use for all grant program administration in NSW. The Department of Planning and Environment should ensure that guidelines prepared are published and include a governance framework that includes accountabilities and key assessment steps.

Local government business and service continuity arrangements for natural disasters

[Local government business and service continuity arrangements for natural disasters](#) followed on from 'Report on Local Government 2020' with a detailed examination of the effectiveness of business and service continuity arrangements for natural disasters in two councils: Bega Valley Shire Council and Snowy Valleys Council.

In making this assessment, we considered whether the selected councils:

- had documented approaches for identifying, mitigating and responding to disaster-related risks to business and service continuity
- effectively implemented strategies to prepare for identified disaster-related impacts
- were effective in managing business and service continuity during their response to selected disasters.

We recommended:

- Bega Valley Shire Council should update and regularly review its business continuity plans, provide business continuity training, and improve its monitoring of risk controls and actions, including for natural disaster impacts.
- Snowy Valleys Council should document and monitor all disruption-related risks and controls, regularly review and update its business continuity plans, and progress planned actions to increase staff awareness of business continuity plans.
- Across both councils, we recommended that record keeping relating to service delivery during natural disasters should be adequate to inform post incident reviews and future updates to business continuity.

Building regulation: combustible external cladding

Building regulation: combustible external cladding focused on how effectively the Department of Customer Service (DCS) and Department of Planning and Environment (DPE) led reforms addressing the unsafe use of combustible external cladding on existing residential and public buildings.

Nine local councils were included in the audit because they have responsibilities and powers needed to implement the NSW Government's reforms.

We recommended the DCS and DPE should:

- address the confusion surrounding the application of the Commissioner for Fair Trading's product use ban for aluminium composite panels with polyethylene content greater than 30%
- develop an action plan to address buildings assessed as low-risk
- improve information systems to track all buildings from identification through to remediation.

The following local government performance audit reports are either planned or in progress with an expectation to complete them in 2022:

- **Development applications: assessment and determination stages**
This audit aims to assess whether selected councils are effectively assessing and determining development applications and whether selected councils and the Department of Planning and Environment are effectively supporting independent planning panels to determine development applications in compliance with relevant legislation, regulations and government guidance.
- **Effectiveness of financial management and governance in selected council(s)**
Under the LG Act, councils must apply sound financial management principles that require responsible and sustainable spending and investment, and ensure that future decisions consider intergenerational effects and equity. This audit will examine how these principles are effectively applied in councils' financial and asset management, funding decisions and risk management practices, and may examine how councils' expenditure and investment decisions have complied with legislative requirements.
- **The effectiveness of local government regulation and support**
This audit aims to assess whether the Office of Local Government within the Department of Planning and Environment is effectively monitoring and regulating the local government sector in NSW.
- **Audit Office Insights 2018–2022**
This report will analyse the key findings and recommendations from performance and other audits tabled in the New South Wales Parliament between 2018 and 2022, spanning varied areas of government activity, including local government. The report will present common findings and lessons from the past three years of audits with particular focus on issues relating to the integrity and transparency of decision-making and processes, as well as the fundamentals of good governance such as probity controls and record keeping.

2. Audit results

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision-making are enhanced when financial reporting is accurate and timely.

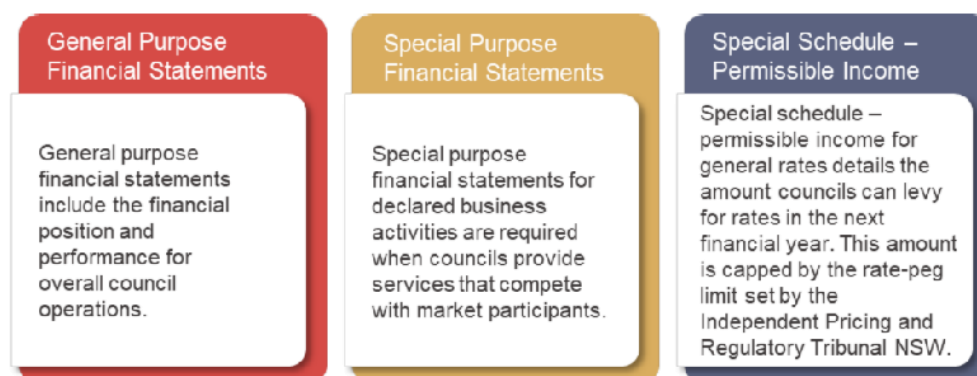
This chapter outlines audit observations related to the financial reporting of councils and joint organisations.

Highlights

- One hundred and nine councils and joint organisations (2020: 133) lodged audited financial statements with OLG by the statutory deadline of 31 October (2020: 30 November).
- Forty-one councils and joint organisations (2020: 16) received extensions to submit audited financial statements to OLG.
- Unqualified audit opinions were issued for 126 councils, 13 joint organisations and nine county councils in 2020–21. A qualified audit opinion was issued for Central Coast Council in both 2019–20 and 2020–21.
- The audit of Kiama Municipal Council is still in progress as at the date of this report due to significant accounting issues.
- Fifty-nine per cent of councils performed some early financial reporting procedures, less than the prior year. We recommended that OLG should require early close procedures across the local government sector by 30 April 2023.
- The total number and dollar value of corrected financial statement errors increased compared with the prior year, however uncorrected financial statement errors and prior period financial statement errors decreased compared to the prior year.
- Sixty-eight councils (2020: 68 councils) did not record rural firefighting equipment in their financial statements worth an estimated \$145 million (2020: \$119 million). The NSW Government has confirmed these assets are not controlled by the NSW Rural Fire Service and are not recognised in the financial records of the NSW Government. We recommended that consistent with the OLG's role to assess council's compliance with legislative responsibilities, standards or guidelines, OLG should intervene where councils do not recognise rural firefighting equipment. Councils should perform a full asset stocktake of rural firefighting equipment, including a condition assessment for 30 June 2022 financial reporting purposes.

2.1 Quality of financial reporting

The Auditor-General is required under the LG Act to issue an audit opinion on the following reports prepared by councils.



Indicators of quality financial reporting include:

- unqualified audit opinions
- the number of errors in financial statements
- timeliness in preparing financial statements.

Audit opinions

Unqualified audit opinions were issued for all but one council

Except for Central Coast Council, unqualified audit opinions were issued for all completed councils and joint organisations' 30 June 2021 financial statements audits. Sufficient audit evidence was obtained to conclude the financial statements were free of material misstatement and were prepared in accordance with Australian Accounting Standards and the LG Act.

Qualified audit opinion issued for Central Coast Council on carrying values of roads, bridges, footpaths, bulk earthworks, stormwater drainage, water supply network and sewerage network assets

A qualified audit opinion was issued for the 30 June 2021 financial statements of Central Coast Council. As disclosed in the financial statements of Central Coast Council, the council recognised \$5.5 billion of roads, bridges, footpaths, bulk earthworks, stormwater drainage, water supply network and sewerage network assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position as at 30 June 2021.

In the 'Statement by the Administrator and Management', Central Coast Council certified that they were unable to provide sufficient evidence to support the carrying values of these assets in the Statement of Financial Position as at 30 June 2021. This is because the asset data used by council to value these assets could not be reconciled by council to its financial records prior to the valuation. The asset data was sourced from a non-financial system that did not include financial information or reference data that could be used to identify assets in council's fixed asset register.

Due to this limitation in scope of our audit, we were also unable to obtain sufficient appropriate audit evidence to support the carrying value of these assets and determine its impact on the Income Statement, Statement of Comprehensive Income and relevant notes to the financial statements for the year ended 30 June 2021.

Emphasis of matter paragraphs were included in Tenterfield Shire Council and Central Coast Council audit opinions relating to non-compliance with the LG Act

An emphasis of matter paragraph was included in the Independent Auditor's Reports to draw attention to non-compliance with the LG Act which both councils self-disclosed in their financial statements.

Both councils breached sections 409 and 410 of the LG Act during the year ended 30 June 2021 by accessing restricted funds without the required approvals.

Council	Reason
Tenterfield Shire Council	<ul style="list-style-type: none">Council's negative unrestricted cash of \$1.2 million represents a breach of section 409(3) of the LG Act.Council is unable to verify that funds raised by special rates or charges were not used to pay for general fund expenses during the year ended 30 June 2021.Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use, without ministerial approval. Such unapproved use would not comply with section 410(3) of the LG Act.
Central Coast Council	<ul style="list-style-type: none">Council is of the view that monies received by the Water Supply Authority under the <i>Water Management Act</i> is within the scope of S409(3) of the LG Act and are therefore externally restricted.Council acknowledges it accessed restricted special rates and charges funds for purposes other than their intended use, without ministerial approval. Such unapproved use does not comply with section 409 and 410 of the LG Act.

Audit is still in progress for one council

The following audit remains outstanding and the outcome will be reported in next year's report to Parliament:

Council	Reason
Kiama Municipal Council	<p>Resolving issues including:</p> <ul style="list-style-type: none">weaknesses in supporting working papers and reconciliations of key accounts and sub-ledgerspresentation and disclosure deficiencies in the draft financial statementsfour prior period accounting errors in council's draft financial statements, for which we are seeking supporting documentation from councilliquidity and governance matters being considered by council.


Errors identified through audits

Increase in the dollar value of errors identified

Our audits identified more errors and the total dollar value of these errors was higher compared to the prior year. It is important that councils perform robust reviews to minimise errors identified in financial statements. There were 18 councils (2019–20: 20 councils) where no errors were identified in their financial statements.

Corrected errors

A corrected error is an error identified by the auditor or council, which is subsequently corrected by council in the financial statements.

	Corrected errors		By council type (2021 only)				
	2020	2021	Metro	Regional	Rural	County	JO
Year ended 30 June							
Less than \$250,000	60	66	5	9	41	5	6
\$250,000 to \$500,000	25	37	5	10	20	2	--
\$500,000 to \$1 million	41	38	10	18	10	--	--
\$1 million to \$5 million	69	69	18	32	19	--	--
\$5 million to \$15 million	27	19	9	9	1	--	--
\$15 million to \$30 million	8	4	2	1	1	--	--
\$30 million to \$50 million	5	6	3	3	--	--	--
\$50 million and greater	3	7	3	3	1	--	--
Total number of errors	238	246	55	85	93	7	6
Total value of errors (\$ million)	1,070	1,686	504	1,038	143	1	--

Source: Engagement Closing Reports issued by the Audit Office.

Of the 246 corrected errors identified in the 30 June 2021 financial statements, 13 were greater than \$30 million:

Council	Description of corrected error
Albury City Council	Council's financial statements were corrected by management following the commencement of the audit to reflect asset indexation movements amounting to \$33.2 million.
Camden Council	Council's revaluation of other structures/open space assets was overstated by \$37.1 million because incorrect cost unit rates were used to value the assets. This error was identified and corrected by management.
Carrathool Shire Council	Council's revaluation of road assets was understated by \$58.9 million because accumulated depreciation was incorrectly counted twice in the supporting calculation.
Central Coast Council	Council's financial statements were corrected to reflect fair value of its operational land amounting to a \$85.8 million increase to its carrying value.
Coffs Harbour City Council	Council, as the lessor, had incorrectly assessed the long-term lease of its airport assets as an operating lease, instead of a finance lease. This resulted in the following amendments: <ul style="list-style-type: none"> reversal of \$33.7 million in operating lease revenue and deferred lease premium reclassification of \$100.2 million in airport assets from investment properties to finance lease receivables totalling \$85.7 million and capital works in progress totalling \$14.5 million.
Council of the City of Sydney	Review of council's revaluation of land assets identified an inaccurate land area for a parcel of Crown land, one that is only partially within council's care and control, resulting in an overstatement of land revaluation by \$73.2 million.
Cumberland City Council	Council's roads and stormwater drainage assets decreased in value by \$71.6 million. This fair value adjustment was incorrectly adjusted to asset revaluation reserves instead of expenses in the income statement (given the council did not have sufficient reserves to offset against the decrease in value).
Georges River Council	Council's revaluation of stormwater drainage, specialised and non-specialised buildings asset classes was incorrectly overstated by \$38.2 million in the financial statements.
MidCoast Council	Council's revaluation of community and Crown land was understated by \$31.7 million due to a lack of management oversight in recording revaluation adjustments in the trial balance and the financial statements.
Shoalhaven City Council	Council's financial statements submitted for audit were not updated for the revaluation adjustments for roads, bridges, bulk earthworks and stormwater drainage amounting to \$466 million.
The Hills Shire Council	Council incorrectly applied AASB 1058 'Income of Not-for-Profit Entities' to certain capital grants, which resulted in revenue being overstated by \$31.2 million.

The common areas where corrected errors were identified are outlined below.

Common corrected errors	Number of errors
Poor record keeping of asset data, such as:	46
<ul style="list-style-type: none"> unrecorded assets controlled by council (including found assets) assets recorded that are no longer controlled by council duplicate assets assets incorrectly classified. 	
Asset revaluation errors, such as:	45
<ul style="list-style-type: none"> incorrect data provided to the valuer valuation assumptions that were not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets, or impairment indicators not assessed) inaccurate calculations derived from the revaluation work paper incorrect recording of revaluation or impairment adjustments. 	
Incorrectly accounting for liabilities and accruals	20

Uncorrected errors

An uncorrected error is an error identified by the auditor or council in the financial statements, which has not been corrected by council. There are various reasons why errors are not corrected, the most common being it is not material to the financial statements taken as a whole.

Year ended 30 June	Uncorrected errors		By council type (2021 only)				
	2020	2021	Metro	Regional	Rural	County	JO
Less than \$250,000	94	88	5	14	62	4	3
\$250,000 to \$500,000	43	44	8	9	26	1	—
\$500,000 to \$1 million	33	37	8	14	15	—	—
\$1 million to \$5 million	78	68	11	30	26	—	1
\$5 million to \$15 million	3	6	2	1	3	—	—
\$15 million to \$30 million	1	—	—	—	—	—	—
Total number of errors	252	243	34	68	132	5	4
Total value of errors (\$ million)	254	238	46	83	104	1	4

Source: Engagement Closing Reports issued by the Audit Office.

Sixty-one per cent of the total value of uncorrected errors was due to unrecorded rural firefighting equipment

In 2017, we recommended that OLG should address the different practices across the local government sector in accounting for rural firefighting equipment.

In 2020–21, 68 (2019–20: 68) councils did not record rural firefighting equipment in their financial statements estimated to be \$145 million (2019–20: \$119 million). Forty-one councils recognise this equipment in their financial statements with a total value of \$162.8 million, highlighting the inconsistent recognition practices across the local government sector.

The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets, as the State is of the view that rural firefighting equipment that has been vested to councils under section 119(2) of the *Rural Fires Act 1997* is not controlled by the State. In reaching this conclusion, the State argued that on balance it would appear the councils control the rural firefighting equipment that has been vested to them. It is important to note that there are only two parties to the agreements that govern the use of vested rural firefighting equipment, leaving only two parties who would be considered to control this equipment - the NSW Rural Fire Service in the State sector, or councils in the local government sector.

The Department of Planning and Environment (inclusive of the Office of Local Government) (the Department) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.

The Local Government Code of Accounting Practice and Financial Reporting confirms the State's view that it does not control these assets but provides that 'Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards'. It would seem however, given the State's view that it does not control these assets, that these assets can only be controlled and therefore recognised by councils in the local government sector.

Despite this, many councils do not report these critical assets in their financial statements.

The continued non-recording of rural firefighting equipment in financial management systems of some councils increases the risk that these assets are not properly maintained and managed. Councils who have rural firefighting equipment vested from the NSW Rural Fire Service should recognise these assets in their financial management systems and consider their condition and useful life.

Recommendation to councils

Councils should perform a full asset stocktake of rural firefighting equipment, including a condition assessment for 30 June 2022 financial reporting purposes.

Consistent with the requirements of the Australian Accounting Standards, councils should recognise this equipment as assets in their 30 June 2022 financial statements.

The Department should intervene where councils do not recognise rural firefighting equipment

The Department, through the Office of Local Government, requires each council to prepare financial statements in accordance with Australian Accounting Standards (accounting standards), as required by the LG Act. The State Government, through NSW Treasury (and in agreement with the Department), has concluded that under accounting standards rural firefighting equipment vested to councils is not controlled by the State, and further on balance that councils in the local government sector control this rural firefighting equipment.

The Department's role includes assessing whether intervention is appropriate with respect to council's compliance with and performance against legislative responsibilities, standards or guidelines. Given the State's clear position, it would appear that any council not recognising this equipment is non-compliant with the relevant accounting standards.

Having considered the accounting position papers prepared by the respective stakeholders, the Audit Office has advised councils and the Department that any council not recognising this equipment is not complying with the requirements of the Australian Accounting Standards.

The Department should now intervene to address this matter as a priority.

Recommendation to the Department

Consistent with the Department's role to assess council's compliance with legislative responsibilities, standards or guidelines, the Department should intervene where councils do not recognise rural firefighting equipment.

We acknowledge that the Department has committed to working closely with NSW Treasury to educate, guide and assist councils to understand the State's view regarding ownership and recognition of rural firefighting equipment in their financial statements.

Non-recognition of this equipment may impact the financial statements audit opinions of those councils

The NSW Rural Fire Service (NSW RFS), a state government entity, has spent in excess of \$1.1 billion over the past ten years on rural firefighting activities and equipment. While confirming the State Government's position that it does not control this equipment, the NSW RFS advised it has a complete listing of the rural firefighting equipment vested to councils under section 119(2) of the *Rural Fires Act 1997*, and has provided this to the Department. The NSW RFS also confirmed that as it does not control the equipment, it is unable to confirm its value or condition.

This raises two general questions: whether these assets are being properly managed as in some instances they are purportedly not controlled by any government sector and are not recorded in either the State or the local government sector financial records, and whether in these instances there is non-compliance with accounting standards if this equipment is not recorded in the financial statements of councils. This may impact audit opinions on the financial statements of councils.

The Audit Office is conducting performance audits of the NSW Rural Fire Service (Planning and managing bushfire equipment) and the Office of Local Government (The effectiveness of local government regulation and support).

Prior period errors

A prior period financial statement error is an error identified in the current year that relates to the previous year's audited financial statements.

	Prior period errors		By council type (2021 only)				
Year ended 30 June	2020	2021	Metro	Regional	Rural	County	JO
Less than \$250,000	2	4	1	—	3	—	—
\$250,000 to \$500,000	4	2	—	1	1	—	—
\$500,000 to \$1 million	1	4	2	—	2	—	—
\$1 million to \$5 million	18	11	5	1	4	1	—
\$5 million to \$15 million	21	19	9	8	2	—	—
\$15 million to \$30 million	9	6	6	—	—	—	—
\$30 million to \$50 million	1	4	3	1	—	—	—
\$50 million and greater	5	4	2	2	—	—	—
Total number of errors	61	54	28	13	12	1	—
Total value of errors (\$ million)	813	777	500	241	32	4	—

Source: Engagement Closing Reports issued by the Audit Office.

Of the 54 prior period errors, eight were greater than \$30 million. All these errors were asset related.

Council	Description of prior period error
Armidale Regional Council	Council's revaluation of roads, bridges, footpaths, stormwater drainage and transport ancillary assets identified errors relating to prior periods, such as: <ul style="list-style-type: none"> assets controlled by council that had not been recognised amounting to \$74 million assets that no longer exist or controlled by council, but were recorded in the asset registers, amounting to \$31.7 million.
Blacktown City Council	Council's revaluation of community land identified certain properties amounting to \$79.4 million that were no longer in council's ownership since previous years.
Blue Mountains City Council	Council identified duplicate road shoulder assets amounting to \$37.7 million in the asset records in previous years.
Georges River Council	Council's infrastructure, property, plant and equipment were overstated by \$32.1 million due to incorrect fair values used, found and duplicate assets recorded.
Ku-ring-gai Council	Council's community land was understated by \$49.7 million as newly discovered assets were identified but had not been recognised in previous years.
Penrith City Council	Council's revaluation of land under roads assets identified and corrected an overstatement of \$80.7 million due to duplication of certain sections of land and inclusion of assets not controlled by council at the time of the original recognition of the assets.
Tamworth Regional Council	Council's revaluation of roads identified infrastructure assets controlled by the council that had not been recognised in the financial statements amounting to \$53.9 million.

There were no prior period errors identified at joint organisations.

Of the 54 prior period errors, 45 were asset related that were identified in 28 councils. The common areas where prior period errors were identified are outlined below.

Eighty-three per centre of the total prior period errors were asset related

Common prior period errors	Number of errors
Poor record keeping of asset data, such as: <ul style="list-style-type: none"> unrecorded assets controlled by council assets recorded that are no longer controlled by council duplicate assets assets incorrectly classified. 	27
Asset revaluation errors, such as: <ul style="list-style-type: none"> incorrect data provided to the valuer valuation assumptions that were not appropriate (e.g. inappropriate unit rates applied, valuations did not reflect the physical and legislative restrictions on these assets, or impairment indicators not assessed) inaccurate calculations derived from the revaluation work paper incorrect recording of revaluation or impairment adjustments. 	18

2.2 Timeliness of financial reporting

The LG Act requires councils to submit their audited financial reports to OLG by the statutory deadline of 31 October or apply for an extension.

Seventy-three per cent of councils lodged their audited financial statements by the statutory deadline

Councils faced significant challenges responding to the impacts of the COVID-19 pandemic and natural disasters. In some cases, this impacted their ability to submit financial statements to OLG by the statutory deadline.

One hundred and nine councils and joint organisations lodged their audited financial statements by the statutory deadline.

Forty-one councils and joint organisations (2020: 16) applied for, and received, an extension to lodge their audited financial statements at a later date. Fifteen councils applied for more than one extension.

The common reasons why councils required extensions are summarised below.

Common reasons for seeking extension	Council or joint organisation
COVID-19 pandemic impacted council's ability to:	<ul style="list-style-type: none"> Camden Council
<ul style="list-style-type: none"> value its assets timely as valuers were unable to visit asset sites due to travel restrictions 	<ul style="list-style-type: none"> Oberon Council
<ul style="list-style-type: none"> recruit staff and contractors to fill vacant positions at short notice 	<ul style="list-style-type: none"> Gwydir Shire Council
<ul style="list-style-type: none"> work due to remote working challenges. 	<ul style="list-style-type: none"> Weddin Shire Council
	<ul style="list-style-type: none"> Cootamundra-Gundagai Regional Council
	<ul style="list-style-type: none"> Narrabri Shire Council
	<ul style="list-style-type: none"> Strathfield Municipal Council
	<ul style="list-style-type: none"> Murray River Council
	<ul style="list-style-type: none"> Snowy Monaro Regional Council
	<ul style="list-style-type: none"> Shellharbour City Council
	<ul style="list-style-type: none"> Lithgow City Council
	<ul style="list-style-type: none"> Georges River Council
Revaluation of infrastructure, property, plant and equipment required more time due to complexities involved.	<ul style="list-style-type: none"> Lockhart Shire Council
	<ul style="list-style-type: none"> Clarence Valley Council
	<ul style="list-style-type: none"> Wollondilly Shire Council
	<ul style="list-style-type: none"> Armidale Regional Council
	<ul style="list-style-type: none"> Blue Mountains City Council
	<ul style="list-style-type: none"> City of Canada Bay Council
	<ul style="list-style-type: none"> Murray River Council
	<ul style="list-style-type: none"> Queanbeyan-Palerang Regional Council
	<ul style="list-style-type: none"> Shoalhaven City Council
	<ul style="list-style-type: none"> Cumberland City Council
New IT system(s) implemented were not ready for financial reporting purposes.	<ul style="list-style-type: none"> Albury City Council
	<ul style="list-style-type: none"> Council of the Municipality of Kiama
	<ul style="list-style-type: none"> MidCoast Council
	<ul style="list-style-type: none"> City of Canada Bay Council

Common reasons for seeking extension	Council or joint organisation
Resourcing issues impacting council and audit due to staff shortages affecting year-end financial reporting and audit timeframes.	<ul style="list-style-type: none"> • Uralla Shire Council • Oberon Council • Albury City Council • Weddin Shire Council • Griffith City Council • Upper Hunter Shire Council • Balranald Shire Council • Council of the Municipality of Kiama • Cootamundra-Gundagai Regional Council • Hunter Joint Organisation • Hilltops Council • Armidale Regional Council • Yass Valley Council • Murray River Council • Bega Valley Shire Council • Warrumbungle Shire Council • Wollondilly Shire Council • Snowy Monaro Regional Council • Liverpool City Council • Illawarra Shoalhaven Joint Organisation • Georges River Council • Upper Lachlan Shire Council • Kempsey Shire Council • Tenterfield Shire Council
Accounting matters that required more time to resolve.	<ul style="list-style-type: none"> • Central Coast Council • Upper Hunter Shire Council • Moree Plains Shire Council • Shellharbour City Council
Councils' meeting times did not align with signing of the statements.	<ul style="list-style-type: none"> • Northern Rivers Joint Organisation • Kempsey Shire Council

Source: Council extension letters submitted to OLG.

Less councils performed early financial reporting procedures

Early close procedures allow financial reporting issues and risks to be addressed by management and audit early in the financial statement close process. Such procedures help to confirm that key controls over councils' balances are carried out and that there is early dialogue with councils and the Audit Office on significant issues. These procedures form good practice that should in any case be carried out at appropriate points in the financial year. This helps to improve the quality and timeliness of financial reporting.

Councils can work with the Audit Office to agree on key early close procedures and an agreed timetable to complete the procedures that will be audited before 30 June. This process will allow for audit observations and feedback on the early close outcomes in time for them to be considered in the year-end financial reporting process.

The intention of these procedures is to facilitate the earlier preparation of councils' financial statements as well as improve quality and minimise the risk of audit qualifications or errors in financial statements submitted to the Audit Office.

Early close plans should allow sufficient time for management review and involvement of Audit Risk and Improvement Committees.

Some early close procedures that councils should consider include:

- completing proforma financial statements and ensuring management has endorsed the statements and reviewed the supporting working papers
- performing and documenting an annual assessment of the fair value of infrastructure, property, plant and equipment, their useful lives, and the reasons why the carrying value was not materially different to the fair value. This assessment is performed between comprehensive revaluations
- completing the comprehensive revaluation of infrastructure, property, plant and equipment by an agreed early close date
- explaining all unresolved prior year audit issues, with a proposed action plan to resolve them
- documenting all significant management judgements and assumptions made when estimating transactions and balances
- reconciling all key account balances (including annual leave provisions) and clearing reconciling items
- supporting work papers evidencing how management has considered the requirements of new and updated accounting standards.

Recommendation

OLG should require early close procedures across the local government sector by 30 April 2023. Policy requirements should be discussed with key stakeholders to ensure benefits of the procedures are realised.

It is generally accepted that timely year-end financial reporting is an indicator of sound financial management processes. Accordingly, measures aimed at the earlier finalisation of annual reports to both council and the regulator should be a priority.

This year, 59% (2019–20: 76%) of councils performed some early financial reporting procedures, including:

- completing infrastructure, property, plant and equipment valuations before 30 June (42 councils)
- performing fair value assessment of infrastructure, property, plant and equipment (24 councils)
- preparing proforma financial statements and associated disclosures (25 councils)
- assessing the impact of material, complex and one-off significant transactions (26 councils)
- explaining all unresolved prior year audit issues, with a proposed action plan to resolve them (39 councils)
- assessing the impact of new accounting standards (58 councils).

2.3 Implementation of new accounting standards

AASB 1059 became effective for all NSW councils and joint organisations for the 2020–21 financial year. It applies to arrangements which may involve a private sector operator designing, constructing or upgrading assets used to provide public services, and operating and maintaining those assets for a specified period of time. In return, the private sector operator is compensated by the public sector entity (the grantor).

AASB 1059 did not result in councils and joint organisations recognising service concession assets and liabilities in their financial statements.

3. Key audit findings

A strong system of internal controls enables councils to operate effectively and efficiently, produce reliable financial reports, comply with laws and regulations, and support ethical government.

This chapter outlines the overall trends in governance and internal control findings across councils, county councils and joint organisations in 2020–21.

Financial audits focus on key governance matters and internal controls supporting the preparation of councils' financial statements. Audit findings are reported to management and those charged with governance through audit management letters.

Highlights

- Total number of audit findings reported in audit management letters decreased from 1,435 in 2019–20 to 1,277 in 2020–21.
- No extreme risk audit findings were identified in 2020–21 (2019–20: 1).
- Total number of high-risk audit findings increased from 53 in 2019–20 to 92 in 2020–21. Sixty of the high-risk findings in 2020–21 related to the non-recording of rural firefighting equipment in councils' financial statements. Twenty-six per cent of the high-risk findings identified in 2019–20 were reported as high-risk findings in 2020–21.
- Fifty-three per cent of findings reported in audit management letters were repeat or partial repeat findings. We recommend councils and those charged with governance should track progress of implementing recommendation from our audits.
- Governance, asset management and information technology comprise over 62% of findings and continue to be key areas requiring improvement.
- A number of recommendations were made relating to asset valuations and integrity of asset data records, in response to the findings that:
 - 67 councils had weak processes over maintenance and security of fixed asset registers
 - 58 councils had deficiencies in their processes to revalue infrastructure assets.
- Sixty-five councils have yet to implement basic governance and internal controls to manage cybersecurity. We recommended that OLG needs to develop a cybersecurity policy to be applied by councils as a matter of high priority.

Total number of findings reported in audit management letters decreased

In 2020–21, 1,277 audit findings were reported in audit management letters (2019–20: 1,435 findings). No extreme audit risk findings were identified this year. The extreme risk relating to Central Coast Council's use of externally restricted funds in 2019–20 was partially addressed by management and has been rated as a high-risk for 2020–21. The total number of high-risk findings increased to 92 (2019–20: 53 high-risk findings).

Findings are classified as new, repeat or ongoing, based on:

- new findings were first reported in 2020–21 audits
- repeat findings were first reported in prior year audits, but remain unresolved in 2020–21
- ongoing findings were first reported in prior year audits, but the action due dates to address the findings are after 2020–21.

Findings are categorised as governance, financial reporting, financial accounting, asset management, purchases and payables, payroll, cash and banking, revenue and receivables, or information technology. The high-risk and common audit findings across these areas are explored further in this chapter.

3.1 Sector-wide common audit findings

Councils can complete their asset valuations earlier

Councils manage a significant range and value of infrastructure, property, plant and equipment. These assets are significant to the financial statements of councils and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified expert valuer.

We identified a total of 288 findings that related to asset management. Further, we identified that 58 councils had deficiencies in their processes to revalue infrastructure assets.

Common issues identified include:

- inadequate documentation to support key assumptions and judgements applied including:
 - useful lives and condition assessments
 - unit rates used to value infrastructure assets
- incorrect classification of assets
- incorrect exclusion of some assets from valuations
- management not documenting their quality review over the asset valuation
- valuations commencing too late in the financial year and delaying the preparation of the financial statements.

Council's financial statements contained significant corrected errors relating to asset valuations:

- 35 councils corrected 45 errors relating to asset revaluations that amounted to \$1 billion
- 13 councils had 18 prior period errors relating to asset revaluations that amounted to \$253 million.

Performing asset valuations earlier gives time for management and auditors to complete all requirements before the financial statements are prepared and allows earlier sign offs to be achieved. The effective date of the valuation of any asset category can be at any point during the financial year subject to audit:

- 42 councils (28%) completed infrastructure, property, plant and equipment valuations before 30 June 2021
- 24 councils (16%) performed fair value assessments of infrastructure, property, plant and equipment.

Recommendation

Councils should have all asset revaluations completed by April of the financial year subject to audit.

Councils should:

- have a project plan in place to manage the asset valuation process
- include in the plan a timetable with deliverables and dates
- consider in the plan the scope of asset valuations, timing and engagement with internal and external stakeholders (e.g. using an expert) managing the timing of deliverables and quality review of the outputs.

Asset management and integrity/completeness of asset records

Asset management systems record key data on councils' infrastructure, property, plant and equipment. Maintaining accurate and up-to-date asset data helps council in making appropriate decisions around asset management.

Sixty-seven councils had weak processes over maintenance, completeness and security of fixed asset registers as reported in section 3.5 (refer to page 33). Common issues identified include:

- inaccurate and incomplete data in asset registers such as duplicate or missing assets
- fixed asset registers for additions and disposals were not regularly updated
- asset registers were not maintained in a secure format.

As reported in section 2.1 (refer to page 14), 19 councils had 27 prior period financial statement errors amounting to \$417.1 million. These were related to the quality of asset records, such as found and duplicate assets. In particular, growth councils have increased risk that developer contributed assets are not being recorded timely, resulting in incomplete asset records.

Forty-six corrected errors in the financial statements, amounting to \$102.1 million, relate to poor record keeping of asset data, such as:

- unrecorded assets controlled by council
- assets recorded that are no longer controlled by council
- duplicate assets
- assets incorrectly classified.

Recommendation

Councils need to improve controls and processes to ensure integrity and completeness of asset source records.

Councils should:

- **perform timely and regular reconciliations of the fixed asset register to source data records to the general ledger**
- **perform regular review of capital works in progress to identify assets ready for use and capitalise these timely**
- **improve communication and processes between finance and asset/engineering units as this will improve the accuracy and completeness of asset data and the understanding of asset movements required to be updated to councils' source records**
- **implement processes to ensure developer contributed assets are recorded and valued in a timely manner once controlled by the council.**

OLG should finalise a cybersecurity policy for the local government sector

Poor management of cybersecurity can expose councils to a broad range of risks, including financial loss, reputational damage and data breaches.

Our audits found that cybersecurity security frameworks and related controls were not in place at 65 councils. These councils have yet to implement basic governance and internal controls to manage cybersecurity such as having:

- a cybersecurity framework, policy and procedure
- register of cyber incidents
- system penetrations testing
- cybersecurity training and awareness program.

Refer to section 3.10 'Information technology (IT)' of this chapter for further details.

In 2019 we recommended that OLG should develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils. We understand a draft policy is in development.

Repeat recommendation

OLG needs to develop a cybersecurity policy to be applied by councils as a matter of high priority in order to ensure cyber security risks over key data and IT assets are appropriately managed across councils and key data is safeguarded.

Councils should monitor the implementation of recommendations

Fifty-three per cent of total findings reported in 2020–21 audit management letters were repeat or partial repeat findings from prior years.

Councils should establish policies on assigning, tracking and monitoring the progress of implementing recommendations from financial audits, as well as performance audits and public or parliamentary inquiries.

Councils should maintain a register of recommendations from financial audits, performance audits and public inquiries which include features such as:

- risk or priority rating to the issue or recommendation
- expected completion dates
- milestone due dates for larger implementation plans with multiple steps
- record of revisions to due dates
- comments to explain why due dates were changed
- assigned ownership with responsibilities.

Councils should consider performing acquittals and subsequent reviews to ensure the council's response to recommendations effectively address the issue and actions are still in place or operating as intended.

Councils should be reporting the status of recommendations on a regular basis to management and those charged with governance/audit, risk and improvement committee (ARIC).

Recommendation

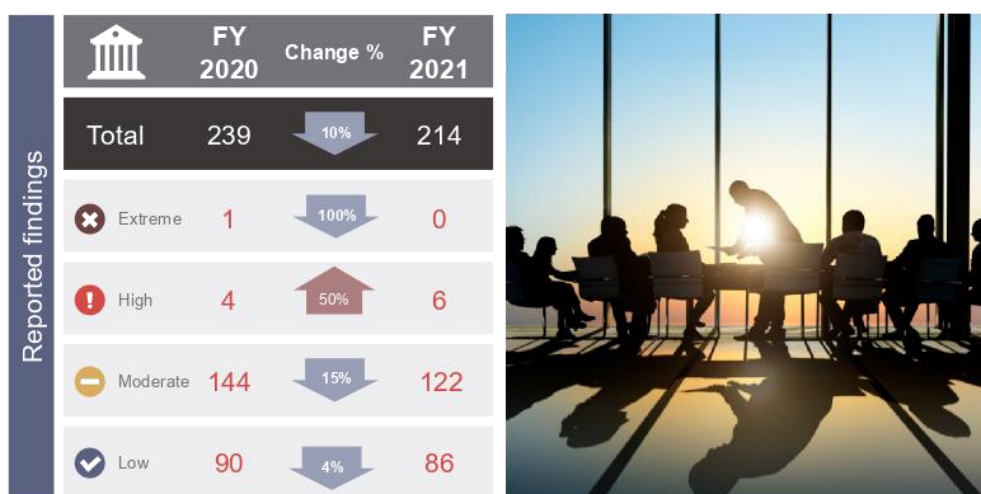
Councils and those charged with governance should track the progress of implementing recommendations from financial audits, performance audits and public inquiries.

3.2 Governance

Governance is the framework of rules, processes and systems that enables organisations to achieve goals and comply with legal requirements. Good governance promotes public confidence and satisfaction in councils' operations. Key governance areas include appropriate accountability mechanisms, operational and financial risk management, and fraud prevention.

Governance findings decreased from 239 to 214

Audit management letters reported 214 findings relating to governance (2019–20: 239 findings). Sixty-five per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

Extreme risk findings

No extreme risk findings were identified in 2020–21. Last year, one extreme risk finding was reported at Central Coast Council. The council spent restricted funds for unrestricted purposes during 2019–20, without the appropriate approvals under the LG Act. It was reclassified as a high-risk finding in 2020–21.

High-risk findings

Six high-risk findings were reported at the following councils, including three new findings, two repeat findings and one repeat finding reclassified from extreme risk in 2019–20. One of the 2019–20 high-risk findings was resolved and one finding was reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

Council	Description
2020–21 findings	
Hunter Joint Organisation (new finding)	Council has not complied with the requirements of section 55 of the Act which requires the council to invite tenders before entering into any contracts as prescribed in the LG Act.
Tenterfield Shire Council (new finding)	Council spent restricted funds for unrestricted purposes during 2020–21, without the appropriate approvals under the LG Act.
Central Coast Council (new finding)	A significant number of internal audit findings remained unresolved in 2020–21. Almost a quarter of these were related to calendar years 2018 and 2019.
Central Coast Council (repeat finding, reclassified from extreme risk in 2019–20 to high-risk in 2020–21)	Similar to last year, the council spent restricted funds for unrestricted purposes, without the appropriate approvals under the LG Act. As council pooled its restricted funds within a common bank account, it was not clear which category of restricted funds has been inappropriately spent. This indicates the council's oversight of the restricted funds was not always effective.
Central Coast Council (repeat finding)	Council did not have a policy document or framework setting out legislative and operational requirements for each category of externally restricted funds. Council was unable to provide the basis for some externally restricted funds.
Mid-Western Regional Council (repeat finding)	Council did not fully comply with its obligations under the <i>Unclaimed Money Act 1995</i> , as funds held by council for more than six years should be assessed for remittance to Revenue NSW.

Common findings

The common governance findings reported in audit management letters related to deficiencies in corporate governance policies, fraud controls and legislative compliance.

Key corporate governance policies were not in place or regularly updated at 70 councils

The common areas where councils were missing governance policies are summarised below.

Area of corporate governance with absent or outdated policies	Number of councils
Risk management	27
Contract management	19
Business continuity plan	21
Gifts and benefits	9
Public interest disclosures	4
Other policies not formally adopted or reviewed timely	29

Corporate governance policies are essential for ensuring councils operate in accordance with external and internal requirements. It is important that the rules, standards and expectations are clearly outlined, and staff are provided adequate guidance to inform their actions.

Further issues were identified in contract management for 30 councils. While contract management policies were in place for these councils, we identified deficiencies in their contract management practices or contract register management. There is an increased risk of non-compliance with the *Government Information (Public Access) Act* or contractual terms.

Deficiencies in fraud control processes at 34 councils

Thirty-four councils reported deficiencies in fraud control processes, reduced from 41 councils reported in 2019–20.

The following fraud control deficiencies were reported in audit management letters.

Fraud control deficiencies	Number of councils
Council did not provide fraud awareness training to staff	19
Council did not perform a fraud risk assessment	19
Council did not have a fraud and corruption prevention policy, or it was outdated	14
Council did not require staff to provide annual attestations to the Code of Conduct	12

Effective fraud controls and ethical frameworks help protect councils from events that risk serious reputational damage and financial loss.

Lack of legislative compliance policies or register at 25 councils

Twenty-five councils did not have a sufficient legislative compliance policy or register. This has improved from 38 councils reported in 2019–20.

Legislative compliance frameworks assist councils to monitor compliance with key laws and regulations. This is important as councils provide a broad range of services to the community and are subject to many legal requirements. A legislative breach can attract penalties, impact service delivery and cause significant reputational damage.

Twenty-seven councils do not have an internal audit function

Internal audit is an important element of an effective governance framework as it supports a risk and compliance culture. Internal audit provides assurance over council's governance practices and internal control environment, and identifies where performance can improve.

The LG Act also envisages the establishment of an internal audit function in each council to support the work of the audit, risk and improvement committee (ARIC). OLG released a discussion paper in September 2019 'A New Risk Management and Internal Audit Framework for Local Councils in NSW', detailing the proposed new framework.

In August 2021, OLG issued draft 'Guidelines for Risk Management and Internal Audit for Local Councils in NSW' to guide the operations of ARICs and to require councils to have a risk management framework and internal audit function to support and inform their operations. These guidelines are still in draft at the time of writing this report.

Under the proposed OLG guidelines, councils and joint organisations are not required to establish a risk management framework and internal audit function that complies with the guidelines until 30 June 2024.

In 2020–21, 101 councils have established an internal audit function, with majority of these functions outsourced from external providers. Twenty-seven councils do not have an internal audit function.

One hundred and eleven councils have established an audit, risk and improvement committee

The requirement for all councils and joint organisations to establish an audit, risk and improvement committee was further deferred to 4 June 2022 due to the COVID-19 pandemic. Councils and joint organisations are permitted under section 428B of the LG Act to enter into arrangements with other councils or joint organisations to share ARICs.

As at 30 June 2021, 111 councils have established an ARIC. Of the 111 councils, seven have a shared arrangement with other councils.

Councils and joint organisations that do not currently have an ARIC should take action to ensure they comply with legislative requirements

Audit, risk and improvement committees are an important contributor to good governance. They help councils to understand strategic risks and how they can mitigate them. An effective committee helps councils to build community confidence, meet legislative and other requirements, and meet standards of probity, accountability and transparency.

Opportunities could also exist for councils to gain efficiencies by increasing the number of shared ARICs where practical by scale or geographical location to do so.

ARICs can play an important role in providing feedback on financial statements before they are submitted to audit as part of management's quality review process.

Forty-four councils' (40%) ARICs reviewed financial statements before submission to the Audit Office, while 67 councils' (60%) ARICs did not review financial statements before submission to the Audit Office.

Only 16 (14%) ARICs obtained certification of effectiveness of internal controls from management to support the financial statements and information.

There is an opportunity for OLG to issue guidance to councils to develop an internal control certification process as better practice. In the NSW state sector, Chief Financial Officers provide an annual certification as to the effectiveness of its systems, processes and internal controls for ensuring that financial information is relevant and reliable.

3.3 Financial reporting

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision-making is enhanced when financial reporting is accurate and timely.

Financial reporting findings decreased from 103 to 83

Audit management letters reported 83 findings relating to financial reporting (2019–20: 103 findings). Forty-five per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

High-risk findings, including three repeat findings, one new finding and two repeat findings elevated from moderate risk in 2019–20, were reported at the following councils. Three of the 2019–20 high-risk findings were resolved, and another three were reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

Council	Description
2020–21 findings	
Albury City Council (new finding)	<p>The quality and timeliness of council's financial reporting process was significantly impacted by:</p> <ul style="list-style-type: none"> the recent organisational restructure resulting in a significant reduction of resources in the finance team addressing a technical issue with the indexation of council's building assets the implementation of a new general ledger structure where management faced challenges reconciling opening general ledger balances to the previous year's audited financial statements. <p>The quality of work papers supporting the financial statements requires improvement, as there were numerous misstatements and disclosure changes made to the financial statements.</p> <p>Council made multiple requests for extensions to lodge the audited financial statements. These requests were made before the existing deadlines (being both legislative deadline and approved extensions). The approval of two extension requests was not provided by OLG prior to the existing deadlines. Consequently, on two occasions, council did not submit audited financial statements to OLG within agreed deadlines. This was assessed as non-compliance with the LG Act. The minister backdated her approval of the extension to the date that council submitted the request.</p>

Council	Description
Armidale Regional Council (repeat finding elevated from moderate to high-risk in 2020–21)	<p>The financial statements and supporting work papers contained the following issues:</p> <ul style="list-style-type: none"> • Key documents including accounting position papers were provided late. This included the treatment of a material prior period error relating to the revaluation of transport network infrastructure assets. • Some key work papers provided did not reconcile to the financial statements. • Financial statements contained numerous errors, omissions and disclosure deficiencies.
Central Coast Council (repeat finding)	<p>The financial statements required significant amendments to correct material misstatements and disclosure deficiencies. The submitted financial statements did not:</p> <ul style="list-style-type: none"> • include complete and accurate infrastructure, property, plant and equipment revaluation results • consider the IFRIC 'Software as a Service' (SaaS) agenda decision published in April 2021 • correctly account for the fair value of operational land • correctly account for newly found assets. <p>There was no documented evidence of timely quality review of the financial statements and associated supporting work papers.</p>
MidCoast Council (repeat finding)	<p>The financial statements contained numerous misstatements and disclosure deficiencies. The financial statements' quality review processes and the quality of supporting work papers require significant improvements.</p>
Shoalhaven City Council (repeat finding)	<p>The financial statements presented for audit contained a significant number of misstatements and disclosure deficiencies. Multiple versions of the financial statements and trial balance were provided to the audit team and working papers did not satisfactorily reconcile to the financial statements.</p>
Wollondilly Shire Council (repeat finding elevated from moderate to high-risk in 2020–21)	<p>The quality and timeliness of council's financial reporting process was significantly impacted by the absence of several key staff due to the COVID-19 pandemic, flooding events and resignation of staff involved in the process.</p> <p>This also led to significant delays in the finalisation of infrastructure, property, plant and equipment comprehensive revaluation, resolving prior period errors relating to community land, work in progress and accounts payable, and the preparation of the financial statements.</p> <p>The financial statements contained numerous monetary misstatements and disclosure deficiencies.</p> <p>The council made multiple requests for extensions to lodge the audited financial statements within the extension deadlines. The council was last granted an extension to 27 April 2022. However, the council missed the revised extension deadline without an approved extension from OLG, which is a non-compliance with the LG Act.</p>

Common findings

Common findings across councils include:

- Financial statements submitted for audit for 30 councils contained numerous errors and disclosure deficiencies.
- Sixteen councils continued to not appropriately apply or adequately assess the impact of the new accounting standards that were effective in 2019–20.
- Lack of preparation for the audit, such as having a financial reporting plan, impacted the timeliness of financial reporting at 21 councils.
- Eleven councils have deficiencies in related parties' policies and disclosure.

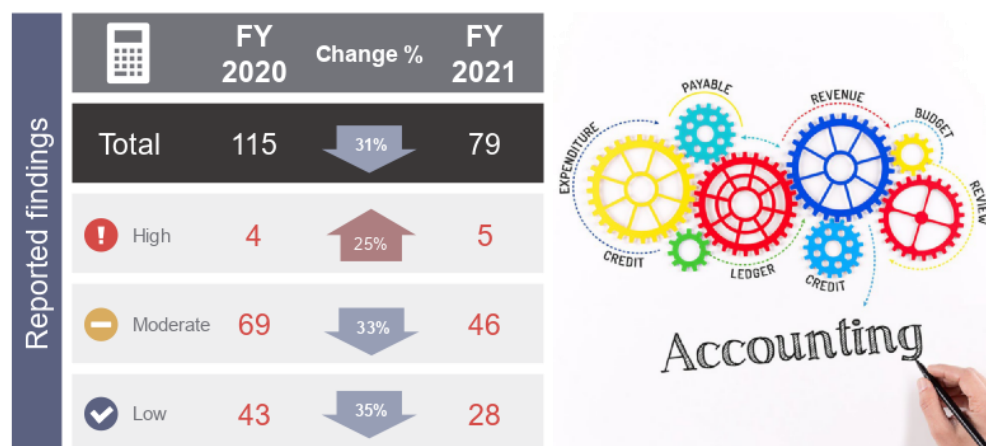
Further analysis and insights on financial reporting findings are detailed in Chapter 2 'Audit results'.

3.4 Financial accounting

Financial accounting refers to the processes adopted by management to record and review financial information across the business. Councils use a combination of manual and automated processes and digital information systems to process financial information. Effective processes support the accuracy and completeness of information presented in the financial statements.

Financial accounting findings decreased from 115 to 79

Audit management letters reported 79 findings relating to financial accounting (2019–20: 115 findings). Thirty-eight per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

Five high-risk findings, including one new finding, two repeat findings and two repeat findings elevated from moderate risk in 2019–20, were reported at the following councils. One of the 2019–20 high-risk findings was resolved, and another was reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

Council	Description
2020–21 findings	
Central Coast Council (repeat finding)	Some monthly account reconciliations were not prepared and reviewed on a timely basis. Council maintains several information systems for processing revenue transactions. Each day, the sub-ledger systems interface with the general ledger to transfer and update revenue data. Findings identified that: <ul style="list-style-type: none"> reconciliations were not performed between the general ledger and sub-ledger systems to ensure all transactions were reflected correctly in the general ledger the interface transfer often required manual intervention to ensure the transfer occurred. There is no audit trail or evidence of review of changes made to these transfers.
Dungog Shire Council (repeat finding)	Council lacks segregation of duties over the processing of manual journals. Manual journals can be prepared and posted to the system by the same employee without an independent review.
Hilltops Council (repeat finding elevated from moderate to high-risk in 2020–21)	Council was unable to identify the original source of unexplained bank reconciliation differences of \$0.2 million. In addition, the bank reconciliation contained cut-off errors which resulted in further audit adjustments to ensure cash and investments balance was not materially misstated at 30 June 2021.
MidCoast Council (repeat finding elevated from moderate to high-risk in 2020–21)	Since migrating to a single finance system in the second half of 2019, council had not formalised its month-end financial reporting procedures such as the reconciliations of key control accounts in 2020–21.
Snowy Monaro Regional Council (new finding)	Council continues to face financial pressures in 2020–21. Council reported nil unrestricted cash at 30 June 2021 and 30 June 2020. To meet the day-to-day operational requirements, council has been utilising internally restricted funds, which is decreasing. It was also recommended for management to improve the robustness of cashflows forecasting and to regularly monitor cash balances.

Common findings

The common financial accounting findings reported in audit management letters related to deficiencies in key account reconciliations and processing of manual journal adjustments.

Lack of segregation of duties with manual journal adjustments at 24 councils

There was a lack of segregation of duties over the posting of manual journal adjustments to financial information at 24 councils. An independent review of manual journal adjustments is important to reduce the risk of fraud or error in the financial statements.

Key account reconciliations were not prepared in a timely manner or independently reviewed at 23 councils

Regular reconciliation of financial information ensures timely identification of errors and facilitates a more efficient audit process. It was reported in audit management letters that:

- there was no evidence of independent review of key account reconciliations at 17 councils
- ten councils did not reconcile all key balances in the financial statements in a timely manner.

3.5 Asset management

Councils own and manage large infrastructure asset portfolios to support the delivery of community services. Asset management involves operational aspects such as maintenance and physical security, as well as accounting procedures such as valuing assets in accordance with accounting standards.

Asset management findings decreased from 304 to 288

Audit management letters reported 288 findings relating to asset management (2019–20: 304 findings). Thirty-nine per cent (112 findings) were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

High-risk findings increased from 21 to 69 in 2020–21, including 61 new findings, six repeat findings and two repeat moderate findings elevated to high-risk. They were reported at the following councils. The increase was mainly due to the 60 new high-risk findings in relation to the unrecorded rural firefighting equipment.

Seven of the 2019–20 high-risk findings were resolved, and eight findings were reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

Sixty councils had a high-risk finding reported in their audit management letter relating to unrecorded rural firefighting equipment

Chapter 2 'Audit results' reported 68 councils did not record rural firefighting equipment in their financial statements. This was reported as a high-risk finding for 60 councils, a moderate risk finding for seven councils, and was not reported for one council where the assets were clearly trivial. A moderate risk was reported when council performed additional procedures to demonstrate that the unrecorded amount was not material to the financial statements.

2020–21 councils with high-risk findings on unrecorded rural firefighting equipment

Albury City Council	Coolamon Shire Council	Lachlan Shire Council	Snowy Valleys Council
Armidale Regional Council	Coonamble Shire Council	Leeton Shire Council	Sutherland Shire Council
Balranald Shire Council	Cootamundra-Gundagai Regional Council	Lismore City Council	Tamworth Regional Council
Bathurst Regional Council	Edward River Council	Lithgow City Council	Temora Shire Council
Bellingen Shire Council	Federation Council	Liverpool Plains Shire Council	Tenterfield Shire Council
Berrigan Shire Council	Forbes Shire Council	Lockhart Shire Council	The Hills Shire Council
Bland Shire Council	Glen Innes Severn Council	Mid-Western Regional Council	Tweed Shire Council
Bogan Shire Council	Greater Hume Shire Council	Moree Plains Shire Council	Upper Hunter Shire Council
Bourke Shire Council	Griffith City Council	Murray River Council	Upper Lachlan Shire Council
Brewarrina Shire Council	Gunnedah Shire Council	Murrumbidgee Council	Wagga Wagga City Council
Byron Shire Council	Gwydir Shire Council	Narrabri Shire Council	Walgett Shire Council
Campbelltown City Council	Hilltops Council	Narrandera Shire Council	Warren Shire Council
Carrathool Shire Council	Junee Shire Council	Orange City Council	Weddin Shire Council
Central Darling Shire Council	Kempsey Shire Council	Queanbeyan-Palerang Regional Council	Wollondilly Shire Council
Clarence Valley Council	Kyogle Council	Snowy Monaro Regional Council	Yass Valley Council

Chapter 2 'Audit results' includes more information on the recognition of rural firefighting equipment.

Other high-risk findings

Nine other high-risk findings that related mainly to data integrity of asset registers, fair value assessments and the asset valuation process, were reported in the following councils.

Council	Description
2020–21 findings	
Bellingen Shire Council (repeat finding)	<p>In 2019–20, council identified a prior period error due to road and bulk earthwork assets not previously recorded in the financial statements.</p> <p>Council's fixed assets register (FAR) is not sufficiently secured from unauthorised changes as it is maintained in an excel spreadsheet. The FAR did not include key information fields such as acquisition date. Errors occur for some asset classes when they are capitalised to the FAR in one year and then componentised in the following year. Various asset registers were not fully integrated and reconciled to the FAR.</p>
Central Coast Council (two repeat findings)	<p>Two repeat high-risk findings were reported:</p> <ul style="list-style-type: none"> Council certified that they were unable to provide sufficient evidence to support the carrying value of roads, bridges, footpath, bulk earthworks, stormwater drainage, water supply network and sewerage network assets as at 30 June 2021. This is because asset data used by council to value these assets could not be reconciled by council to its financial records prior to the valuation. The asset data was sourced from a non-financial system that did not include financial information or reference data that could be used to identify assets in council's fixed asset register. Council's initial fair value assessment of operational land did not consider relevant market value movements in 2020–21. This led to an incorrect conclusion that the market value of operational land had not materially moved since the last valuation in 2018. Council reperformed its assessment and recognised a \$85.8 million increase in the fair value of operation land at 30 June 2021.
Kempsey Shire Council (new finding)	<p>The 2020–21 audit process identified a number of community land, land improvement and recreational assets of \$7.6 million that were not previously recorded in the financial statements.</p> <p>Other revaluation errors were also detected and corrected as part of the audit process. Quality control and documentation of management's review on asset revaluation was not sufficient.</p>
MidCoast Council (repeat finding)	<p>Issues identified throughout the asset valuations process:</p> <ul style="list-style-type: none"> Lack of preparedness on accounting for the impact of natural disasters and consequential impacts on the carrying values reported in the financial statements. Lack of documentary evidence to support assumptions and judgements used in the unit rates applied for assets revalued. Lack of documentary evidence to support council's rationale, methodology and approach in conducting its valuation process. Absence of a thorough and robust quality assurance review by management over the valuation. The quantum of newly identified assets highlighting deficiencies in asset recording by council.

Council	Description
Murray River Council (two repeat findings)	<ul style="list-style-type: none"> Material errors in the valuation process resulted in corrected errors in the financial statements. Omission and duplication of bridge assets identified during the valuation process. Asset reconciliation was not completed appropriately or independently reviewed. Capitalised work-in-progress ready for use assets were not depreciated. Asset management policy was not regularly reviewed and updated.
Queanbeyan-Palerang Regional Council (new finding)	<ul style="list-style-type: none"> Condition ratings for buildings and open space assets were incorrectly applied resulting in a \$20.6 million understatement. Found assets from transport infrastructure and buildings were not included in the general ledger resulting in a \$6.1 million understatement. Significant delays in providing valuation documents to the audit team.
Strathfield Municipal Council (repeat finding elevated from moderate to high-risk in 2020–21)	<p>Council did not have formal processes to record direct and indirect costs to capital projects in a timely manner. There were no formal procedures governing the direct and indirect costs capitalisation review to ensure they remain appropriate.</p> <p>This issue was raised in the 2019 management letter but remained unresolved by management in 2020–21.</p>

Common findings

The common asset management findings reported in audit management letters related to deficiencies in asset revaluation processes, maintenance of information in asset management systems and landfill rehabilitation accounting practices.

Weak processes over maintenance, completeness and security of fixed asset registers at 67 councils

Maintaining accurate and up-to-date asset data helps councils to make appropriate decisions around asset management. The common issues reported in audit management letters relating to fixed asset registers are summarised below.

Fixed asset register issues reported in audit management letters	Number of councils
Council did not maintain an accurate and complete fixed register. This included: <ul style="list-style-type: none"> issues with duplicate or missing assets incorrect categorisation of assets incorrect componentisation of assets. 	46
Council did not regularly update their fixed asset register for additions and disposals.	33
Asset registers were not maintained in a secure format (e.g. use of unlocked spreadsheets or multiple systems).	13

We continue to see weak processes over maintenance and security of fixed asset registers. There continues to be issues with accuracy and completeness of the asset register, duplication or missing assets, and asset registers not being reconciled with the asset management system.

Prior period errors continue to predominately relate to the quality of asset records and asset revaluation errors such as found and duplicate assets. In particular, completeness of developer contributions/gifted assets in growth councils needs improvement.

Deficiencies in infrastructure asset revaluation processes at 58 councils

Councils manage a significant range and value of infrastructure, property, plant and equipment. These assets are significant to the financial statements of councils and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified expert valuer.

Deficiencies were identified in infrastructure asset valuations at 58 councils, including:

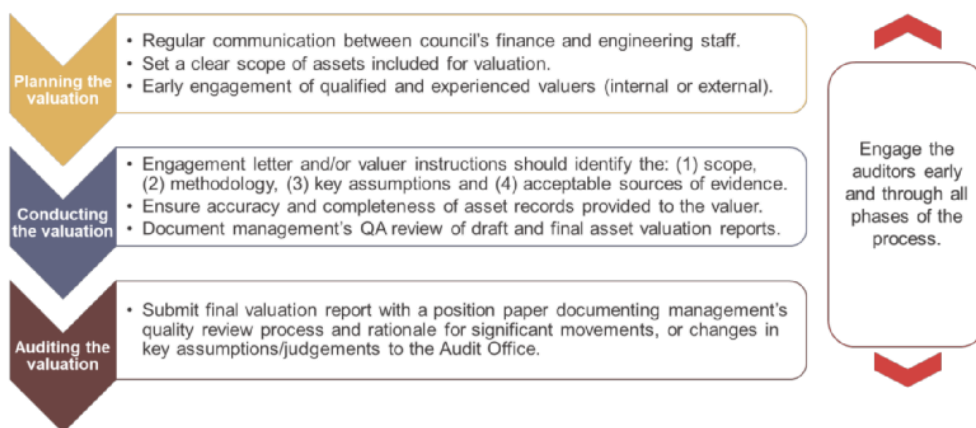
- inadequate documentation to support key assumptions and judgements applied including:
 - useful lives and condition assessments
 - unit rates used to value infrastructure assets
- incorrect classification of assets
- incorrect exclusion of some assets from valuations
- management not documenting their quality review over the asset valuation.

Opportunities for councils to improve the valuation process

Performing asset valuations earlier gives time for management and auditors to complete all requirements before the financial statements are prepared and allows earlier sign offs to be achieved.

Councils should have a project plan in place to manage the asset valuation process. Suggested deliverables to be included in a timetable for council valuations may include the following:

Project plan asset valuations



Improvements to council landfill rehabilitation accounting practices required at 26 councils

Australian Accounting Standards require a provision for landfill remediation when the obligation to operate landfill sites would result in cash outflows for the council, and when it can be reliably measured. Such provisions should be annually reassessed for changes in assumptions, legal requirements and emergence of new landfill remediation techniques.

Common findings identified in council landfill rehabilitation accounting practices include:

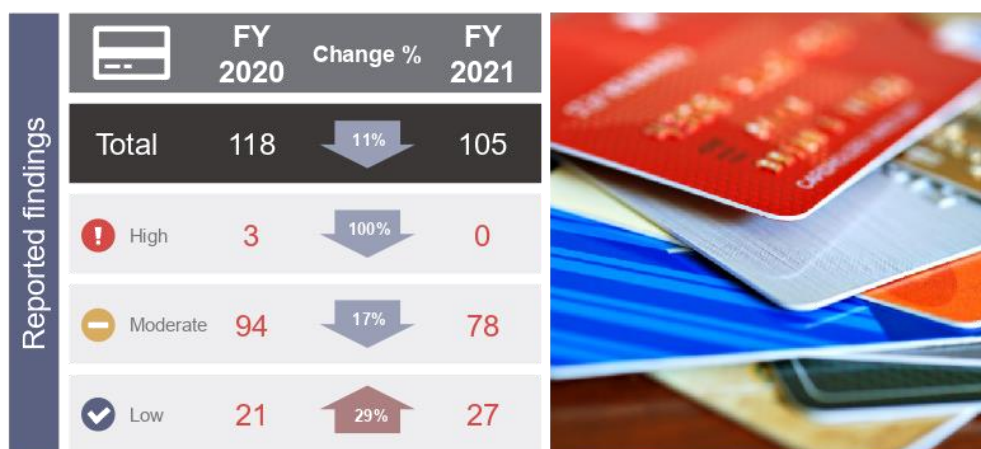
- no formal assessment of obligations made to rehabilitate landfill sites
- insufficient documentation of provision calculations to support inputs, assumptions and key data for accounting of the provisions
- costs associated with post-closure, aftercare and monitoring of landfill sites in their provisions not included in the assessment.

3.6 Purchases and payables

Councils spend substantial funds each year to procure goods and services. It is important there is appropriate probity, accountability and transparency in procurement to reduce the risk of unauthorised purchases, corrupt and fraudulent behaviour, and value for money not being achieved.

Purchases and payables findings decreased from 118 to 105

Audit management letters reported 105 findings relating to purchases and payables (2019–20: 118 findings). Fifty-five per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

There were no high-risk findings related to purchases and payables processes in 2020–21. Two of the 2019–20 high-risk findings were resolved, and one finding was reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

Common findings

The common purchases and payables findings reported in audit management letters related to controls around purchase orders, review of creditor information and deficiencies in credit card management practices.

Controls around purchase orders were not enforced or absent at 37 councils

At 12 councils, it was identified that employees could approve their own purchase orders. At five councils, it was identified that purchase orders were approved without appropriate delegation. It is important there is segregation of duties and appropriate delegation in procurement to reduce the risk of fraud and misuse of public money.

Purchase orders were approved after the receipt of goods or services at 28 councils. Purchase orders should be issued before requesting goods or services to reduce the risk of unauthorised transactions.

Insufficient review of changes to creditor information at 29 councils

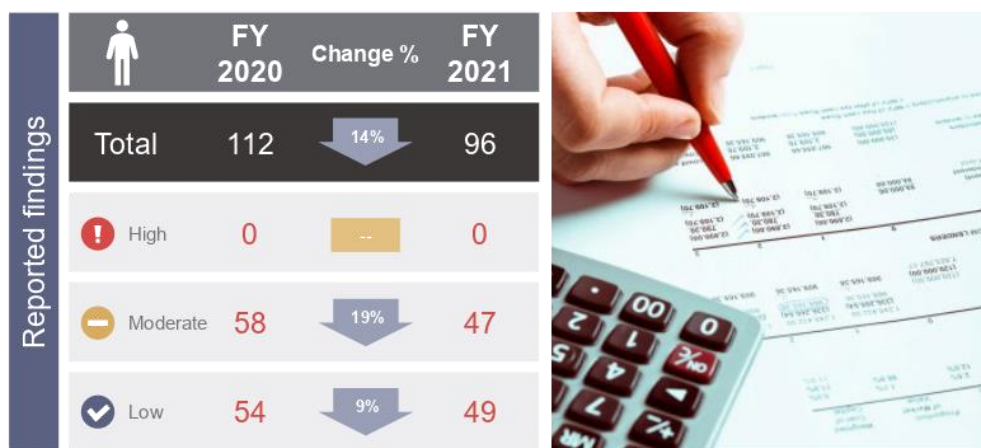
Twenty-nine councils did not perform sufficient review of changes to creditor information in the supplier master file, including bank account details. This increases the risk of transactions paid to incorrect accounts, resulting in financial losses for councils. Councils should review each change or perform regular collective review of changes.

3.7 Payroll

Effective payroll processes ensure councils manage their workforce in compliance with legislation, employment agreements and the Local Government Award. Payroll processes and information systems should protect the integrity of employee records and timesheet data to ensure accurate payments to employees and leave entitlement calculations.

Payroll findings decreased from 112 to 96

Audit management letters reported 96 findings relating to payroll processes (2019–20: 112 findings). Sixty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

There were no high-risk findings related to payroll processes in 2020–21 (2019–20: Nil).

Common findings

The common payroll findings reported in audit management letters related to deficiencies in the review of employee payroll data and excessive annual leave balances.

Excessive annual leave balances were reported at 49 councils

Managing excess annual leave was a challenge for councils given the recent emergency events. Councils continued to deliver essential services in uncertain times and in a disrupted work environment. Many council employees, particularly in frontline roles, deferred leave plans and have taken little or no annual leave. To support council employees during the COVID-19 pandemic, legislative amendments were made to allow councils and their employees to agree to:

- council making a payment to an employee in lieu of annual leave, provided the employee will still have a balance of at least four weeks of leave remaining
- an employee taking annual leave at double or half pay.

Changes to employee payroll data are not reviewed at 26 councils

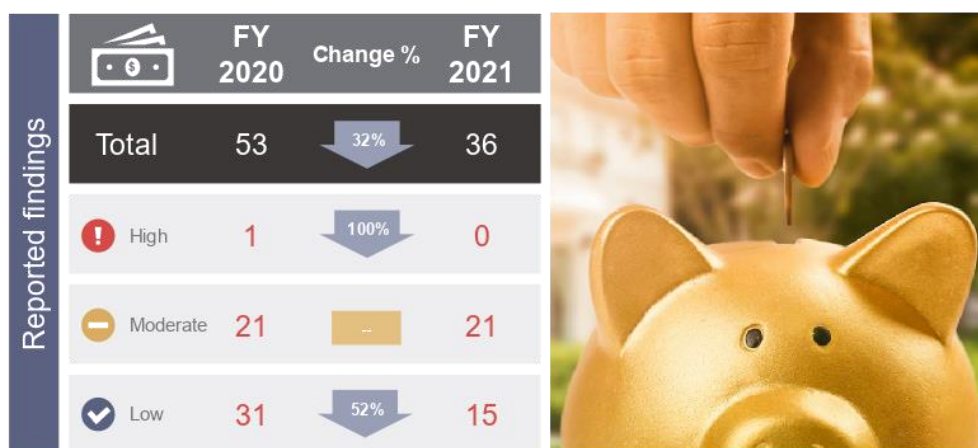
Twenty-six councils did not have adequate processes in place to review changes to employee payroll data. This includes instances where changes are reviewed, but not by an independent person. This increases the risk of unauthorised changes or errors remaining undetected, resulting in financial loss to councils.

3.8 Cash and banking

Councils process a high volume of transactions each year. Effective controls over cash collection, disbursements and reconciliations reduce the risk of fraud and error.

Cash and banking findings decreased from 53 to 36

Audit management letters reported 36 findings relating to cash and banking (2019–20: 53 findings). Thirty-six per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

There were no high-risk findings related to cash and banking processes in 2020–21. One high-risk finding was raised in 2019–20 and it was resolved.

Common findings

The common cash and banking findings reported in audit management letters related to the lack of security of payment files and the lack of segregation of duties in the cash handling process.

Outdated bank signatories at 14 councils

Bank signatories are not being removed on a timely basis. Fourteen councils still had their former employees listed as an account signatory for bank accounts. This increases the risk of unauthorised transactions.

Deficiencies in the cash handling processes at 12 councils

Deficiencies in the cash handling process were identified at 12 councils, including lack of daily cashier reconciliation and lack of segregation of duty. This increases the risk of undetected balancing errors and misappropriation of cash or cheques.

Lack of security of payment files for pay runs at nine councils

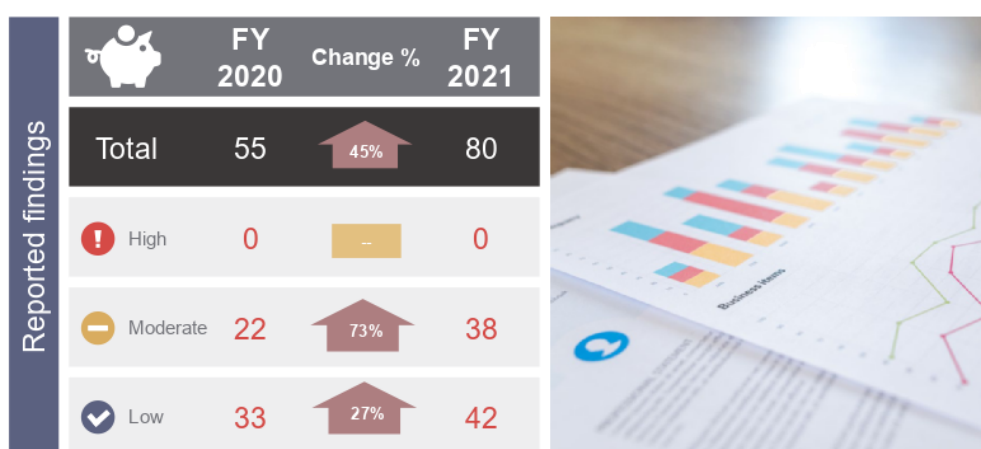
Nine councils did not encrypt Electronic Funds Transfer (EFT) payment files from editing or sufficiently restrict access to payment files on the network before they were uploaded to online banking portals. This increases the risk of unauthorised or fraudulent transactions.

3.9 Revenue and receivables

Councils receive revenue from a range of different sources, including rates and annual charges, user charges and fees, operating and capital grants and contributions, and other revenue (such as interest, investments and asset disposals). It is important that councils have appropriate internal controls to accurately record revenue and receivables in compliance with accounting standards and legal requirements.

Revenue and receivable findings increased from 55 to 80

Audit management letters reported 80 findings relating to revenue and receivables (2019–20: 55 findings). Forty per cent were repeat or partial repeat findings.



Source: Audit management letters for 30 June 2020 and 30 June 2021 audits.

High-risk findings

There were no high-risk findings related to revenue and receivable processes in 2020–21 (2019–20: Nil).

Common findings

The common revenue and receivables findings reported in audit management letters related to deficiencies in the review of changes to fee tables and property data in council rates systems, and inappropriate revenue recognition practices.

Lack of review of changes to fee tables and property data in the rating system at 26 councils

Council systems contain fee tables and property information, which is used to determine rates and annual charges levied on different properties. Twenty-six councils do not adequately review changes for accuracy and appropriateness. This increases the risk of errors in recording rates and annual charges in the financial statements.

Inappropriate revenue recognition at 15 councils

Twelve councils had findings raised relating to their revenue recognition practices, including:

- no effective internal controls to ensure the completeness of revenue activities recorded
- deficiencies in grants recognition that resulted in misstatement in the financial statements
- use of cash accounting basis to recognise some revenue transactions, rather than accruals.

Deficiencies in revenue recognition practices resulted in 57 errors identified in councils' financial statements, totalling \$93.4 million.

3.10 Information technology (IT)

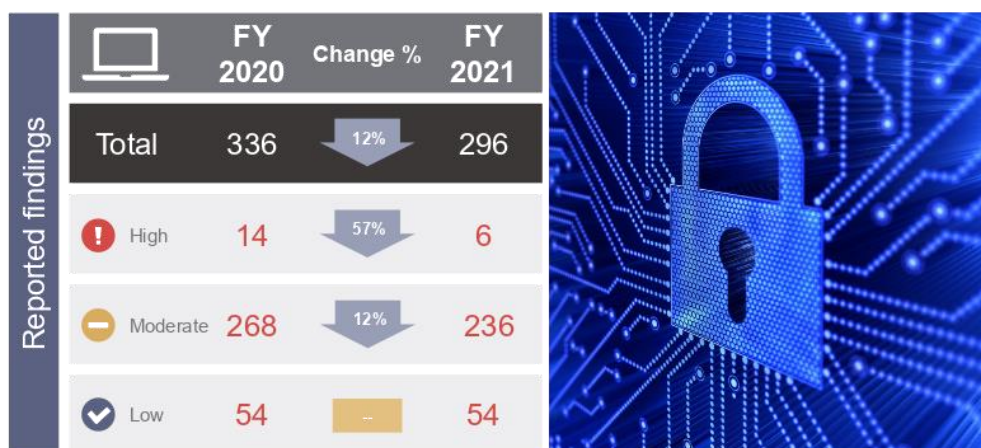
Councils rely on IT to deliver services and manage information. While IT delivers considerable benefits, it also presents risks that councils need to address. IT general controls relate to the procedures and activities designed to ensure confidentiality, and integrity of systems and data. These controls underpin the integrity of financial reporting.

Financial audits involve the review of IT general controls relating to key financial systems supporting the preparation of council financial statements, addressing:

- policies and procedures
- IT risk management
- user access management
- privileged user access restriction and monitoring
- system software acquisition, change and maintenance
- disaster recovery planning
- cybersecurity and patch management.

IT findings decreased from 336 to 296

Audit management letters reported 296 findings relating to IT (2020–21: 336 findings). Sixty-seven per cent were repeat, partial repeat or ongoing findings.



Source: Audit management letters for 30 June 2021 and 30 June 2022 audits.

High-risk findings

High-risk findings, including repeat and ongoing findings, were reported at the following councils. One 2019–20 high-risk finding was not resolved, and seven findings were reclassified to moderate risk in 2020–21 as management has taken action to mitigate the risks.

High-risk findings detailed below relate to gaps in system implementation and user access controls.

Council	Description
2020–21 findings	
Bayside Council (new finding)	One high-risk finding reported for gaps found in council's new financial system implementation process: <ul style="list-style-type: none"> Documentation of data migration testing lacked detail. User access rights were copied from the previous year and validated after the system go live date. Lack of segregation of duties as privileged access rights to the new system were given to the CFO to diagnose and resolve issues.
Dubbo Regional Council (repeat finding*)	One high-risk finding reported in relation to gaps found in council's information technology access controls: <ul style="list-style-type: none"> No formal periodic review of user access rights to ensure access levels are commensurate with job responsibilities. Audit logs of privileged account activity can be amended or deleted. Lack of evidence on monitoring of privileged user activity. There were gaps in the password configuration.
Greater Hume Shire Council (repeat finding)	Audit logs of privileged users are not maintained and reviewed.
Lismore City Council (repeat finding*)	One high-risk finding reported in relation to gaps found in council's information technology access controls: <ul style="list-style-type: none"> No periodic review of activities by generic user accounts. No periodic review of users who have the ability to purge access logs. Audit logs of privileged users are not periodically reviewed.
Nambucca Valley Council (repeat finding*)	One high-risk finding reported in relation to gaps found in council's information technology access controls: <ul style="list-style-type: none"> No formal periodic review of user access rights to ensure access levels are commensurate with job responsibilities. Audit logs of privileged users are not monitored by an independent employee.
Wagga Wagga City Council (repeat finding*)	One high-risk finding reported in relation to gaps found in council's information technology access controls: <ul style="list-style-type: none"> Generic accounts are being used and shared across users, with no formal process to remove access for generic accounts when it is no longer required. Payroll system's superuser is also responsible for processing payroll data. No formal policies and procedures for monitoring and managing privileged users. No formal periodic review of user access rights to ensure access levels are commensurate with job responsibilities. Audit logs of privileged users are not reviewed for the finance and payroll systems. Due to system limitations, audit logs or privileged access activities cannot be generated in the asset management system.

* The findings identified were previously reported as separated moderate-risk findings and yet to be resolved by management as part of the 30 June 2021 audit. Due to the aggregated risk of the findings, these have been reassessed as a high-risk finding.

Common findings

The common IT findings reported in audit management letters related to deficiencies in IT policies and procedures, lack of a cybersecurity framework, and controls and gaps in user access management processes. This is aligned with what we reported in the prior year's report.

IT policies and procedures were outdated or not in place at 59 councils

Fifty-nine councils did not formalise and/or regularly review their key IT policies and procedures. It is important for key IT policies to be formalised and regularly reviewed to ensure emerging risks are considered and policies are reflective of changes to the IT environment. Lack of formal IT policies and procedures may result in inconsistent and inappropriate practices and an increased likelihood of inappropriate access to key systems.

Lack of periodic user access review at 42 councils and insufficient control over privileged users at 73 councils

The following common access management findings were identified:

- Forty-two councils did not perform a periodic user access review to ensure users' access to key IT systems were appropriate and commensurate with their roles and responsibilities.
- Seventy-three councils had gaps in privileged users management process. This includes gaps in restriction of privileged users or monitoring of the privileged accounts' activity logs.

Where robust access management processes are not in place, inappropriate access may exist. This increases the risk of unauthorised transaction or modification of sensitive data and transactions. The common findings above may be rated high-risk when there are no mitigating controls to prevent or detect any unauthorised transactions.

Cybersecurity frameworks and related internal controls were not in place at 65 councils

The NSW Cybersecurity Policy states that the term cybersecurity covers all measures used to protect systems and information processed, stored or communicated on these systems from compromise of confidentiality, integrity and availability. Strong cybersecurity is an important component of the NSW Beyond Digital Strategy, enabling the effective use of emerging technologies and ensuring confidence in the services provided by NSW Government.

While there is currently no requirement for councils to comply with the NSW Government's Cybersecurity Policy, councils may find it useful to refer to the policy for further guidance.

Cybersecurity findings were reported in 65 councils as they did not have at least one of the following governance and internal controls to manage cybersecurity such as having a:

- cybersecurity framework, policy and procedure
- register of cyber incidents
- simulated cyber attack testing (penetration testing)
- cybersecurity training and awareness program.

The Report on Local Government 2019 recommended for the Office of Local Government (OLG) within the Department of Planning and Environment to develop a cybersecurity policy by 30 June 2021 to ensure cybersecurity risks over key data and IT assets are appropriately managed across councils, and key data is safeguarded. As at the date of this report, this policy has not been completed and published. Refer to Appendix two for more information.

OLG needs to develop a cybersecurity policy to be applied by councils as a matter of high priority in order to ensure cybersecurity risks over key data and IT assets are appropriately managed across councils, and key data is safeguarded.

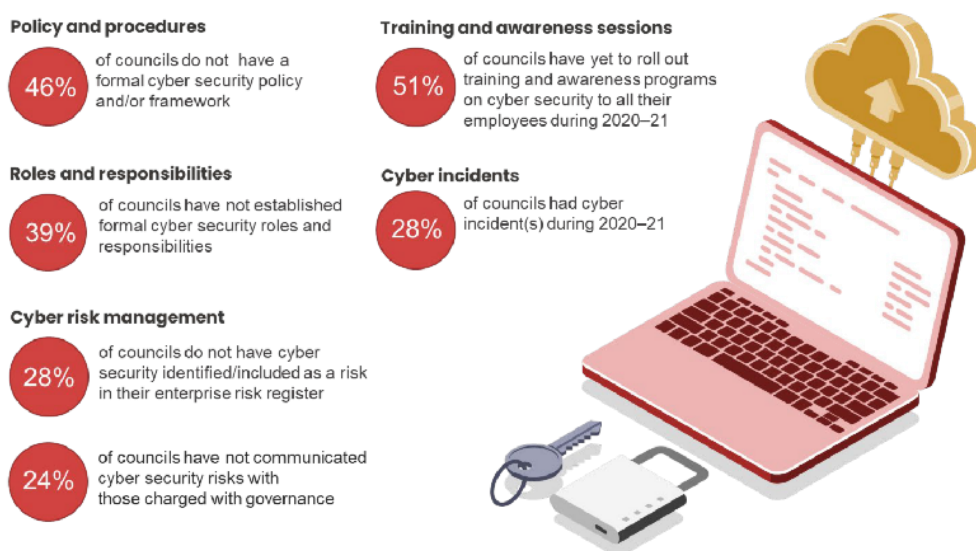
Formal cybersecurity frameworks/policy in place for at 80 councils

A cybersecurity framework consists of threat identification, protection, detection, response and recovery of IT systems.

In the absence of guidance from OLG, our additional data collection identified that 80 councils (54%) have developed a formal cybersecurity policy and/or framework. These councils have adopted guidance from the following sources to aid them in developing their cybersecurity policies/frameworks:

- Cybersecurity NSW
- The Australian Cybersecurity Centre (ACSC)
- International Organization for Standardization (ISO standards)
- The National Institute of Standards and Technology (NIST)
- Payment Card Industry Data Security Standard (PCI DSS)
- councils' internal/external experts' recommendations.

Based on data collected across all 150 councils and JOs:



Source: Additional data collection from 30 June 2021 audits.

Poor management of cybersecurity can expose councils to a broad range of risks, including financial loss, reputational damage and data breaches. Furthermore, without a formal policy and framework, formal roles and responsibilities, and involvement of those charged with governance, councils are at risk of inappropriate planning and execution of their cybersecurity responses, which may also lead to inefficient use of their cybersecurity budget.

Fifty-one per cent of councils have yet to roll out cybersecurity training and awareness programs

With 51% of councils yet to roll out cybersecurity training and awareness programs for staff, councils have an increased risk of being exposed to a cyber incident. In addition, of the 51% of councils that have not yet rolled out training and awareness programs, 57% did not cover their third parties who have access to the council's systems, in these training programs (i.e., contractors, consultants, vendors, partners).

Cyber criminals aggressively target certain staff by sending fraudulent emails, stealing credentials and sending malicious attachments, which deploy because they entice people to interact with them. The most targeted staff are those in senior positions and finance roles. Completion of cyber awareness training by all staff, contractors and third-party providers help them recognise potentially malicious emails and avoid inadvertently activating attachments and software designed to infect devices and steal data to be used by cyber criminals.

Twenty-eight per cent of councils advised that they had cyber incidents during the financial year, represented by 41 councils.

The Australian Cybersecurity Centre (ACSC) was established in 2014 to lead the Australian Government's work to improve cybersecurity. ACSC is part of the Australian Signals Directorate within the Defence portfolio. The ACSC reports that:

the focus on cybersecurity is increasing for government agencies as the digital footprint of government expands. Risks have been further amplified by the COVID-19 pandemic as governments increasingly transact and deliver services to citizens through online platforms. Cyber-attacks by criminals and state actors are becoming more sophisticated and complex and the attacks are more likely to be substantial in impact.

Further, the ACSC, through their 2020–21 Annual Cyber Threat Report, has revealed that they received over 67,500 cybercrime reports, a 13% increase on the previous financial year. ACSC also stated the self-reported losses from cybercrime during the 2021 financial year was totalling more than \$33 billion.

It is well known that cyber attacks are increasing, resulting in the need for councils to uplift their cybersecurity plans immediately.

The potential impacts from poor management of cybersecurity include:

- theft of corporate and financial information and intellectual property
- theft of money
- denial of service
- destruction of data
- costs of repairing affected systems, networks and devices
- legal fees and/or legal action from losses arising from denial-of-service attacks causing system downtime in critical systems
- third-party losses when personal information stored on government systems is used for criminal purposes.

4. Looking forward

Audit Office's annual work program for 2021–22 onwards

Focus on integrity of systems, good governance and good advice

We have a fundamental role in helping the Parliament hold government accountable for the use of public resources. In doing so, we examine whether councils' systems and processes are effective in supporting integrity, accountability and transparency. Key aspects of integrity that we expect to through conduct of our financial and performance audits over the next three years include the integrity of systems, good governance and good advice. These focus areas have arisen from the collation of key findings and recommendations from our past reports.

Focus on local councils' continued response to recent emergencies

The COVID-19 pandemic continues to have a significant impact on the people and the public sector of New South Wales. Local councils are continuing to assist communities in their recovery from the 2019–20 bushfires and subsequent and recent flooding. The full extent of some of these events remain unclear and will likely continue to have an impact into the future.

The Office of Local Government within the Department of Planning and Environment continues to work with other state agencies to assist local councils and their communities to recover from these unprecedented events.

The increasing and changing risk environment presented by these events has meant that we have recalibrated and focused our efforts on providing assurance on how effectively aspects of responses to these emergencies have been delivered.



This includes financial and governance risks arising from the scale and complexity of government responses to these events.

We will take a phased approach to ensure our financial and performance audits address the following elements of the emergencies and the Local Government's responses:

- local councils' planning and preparedness for emergencies
- local councils' initial responses to support people and communities impacted by COVID-19 and the 2019–20 bushfires and recent floods
- governance and oversight risks that arise from the need for quick decision-making and responsiveness to emergencies
- effectiveness and robustness of processes to direct resources toward recovery efforts and ensure good governance and transparency in doing so
- the mid to long-term impact of government responses to the natural disasters and COVID-19
- whether government investment has achieved desired outcomes.

Focus on the effectiveness of cybersecurity in local government

The increasing global interconnectivity between computer networks has dramatically increased the risk of cybersecurity incidents. Such incidents can harm local government service delivery and may include theft of information, denial of access to critical technology, or even hijacking of systems for profit or malicious intent.

Outdated IT systems and capability present risks to government cybersecurity. Local councils need to be alert to the need to update and replace legacy systems, and regularly train and upskill staff in their use. To add to this, cybersecurity risks have been exacerbated by recent emergencies, which have resulted in greater and more diverse use of digital technology.

Our approach to auditing cybersecurity across in the sector involves:

- considering how local councils are responding to the risks associated with cybersecurity across our financial audits
- examining the effectiveness of cybersecurity planning and governance arrangements within local councils
- conducting deep-dive performance audits of the effectiveness of cybersecurity measures in selected councils.

Local government elections

Local government elections took place in 2021–22

The local government elections were deferred for one year due to the COVID-19 pandemic and were held on 4 December 2021.

As part of our audits, we will consider the impact of any significant change on key decisions and activities for councils, county councils and joint organisations following the local government elections.

New rate peg methodology to support growing councils

The Independent Pricing and Regulatory Tribunal (IPART) has completed its review of the local government rate peg methodology to include population growth.

On 10 September 2021, IPART provided the final report on this review to the Minister for Local Government.

The minister has endorsed the new rate peg methodology and has asked IPART to give effect to it in setting the rate peg from the 2022–23 financial year.

As part of our audits, we will consider the impact of these changes on the financial statements and on key decisions and activities for councils, county councils and joint organisations.

Section two

Appendices

Appendix one – Response from the Office of Local Government within the Department of Planning and Environment

Strengthening local government



**Office of
Local Government**

5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

Our Reference: A822114
Your Reference: D2206464
Contact: Ally Dench
Phone: 02 4428 4100

Ms Margaret Crawford
Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

Email:

7 June 2022

Dear Ms Crawford

Thank you for the opportunity to review an updated draft of the report on Local Government 2021.

I have reviewed the changes in the draft report and would like to clarify my feedback in relation to the recognition of rural firefighting equipment (RFS Assets) for your consideration in finalising the report.

I acknowledge the State's position is that it does not control RFS assets. Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards. Councils need to recognise, in their financial statements, any material assets under their control and state the relevant accounting policy in relation to the treatment to the Audit Office.

The Minister for Local Government and the Department do not have legal authority to direct councils in this matter. However, we are working closely with Treasury to educate, guide and assist councils to understand the State's view regarding the ownership and recognition of the RFS assets in their financial reporting.

Should you require further assistance in relation to these matters, please do not hesitate to contact Ally Dench, OLG's Executive Director on email at olg@olg.nsw.gov.au or by

Yours sincerely









Michael Cassel
Secretary
Department of Planning and Environment

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A822114

Appendix two – Status of previous recommendations

Recommendation (year)	Current status
Legal framework (2020)	
OLG should clarify the legal framework relating to restrictions of water, sewerage and drainage funds (restricted reserves) by either seeking an amendment to the relevant legislation or by issuing a policy instrument to remove ambiguity from the current framework.	This recommendation has not been implemented. 
Accounting for rural fire equipment (2020)	
OLG should communicate the State's view that rural firefighting equipment is controlled by councils in the local government sector, and therefore this equipment should be properly recorded in their financial statements.	This recommendation has not been implemented.  OLG communicated the following to councils: 'The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State. Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards and recognise in their financial statements any material assets under their control and state the relevant accounting policy in relation to the treatment.' Refer to section 2.1 for further information on this issue.
Cybersecurity policy (2019)	
OLG should develop a cybersecurity policy by 30 June 2021 to ensure a consistent response to cybersecurity risks across councils.	This recommendation has not been implemented.  OLG are working with Cybersecurity NSW to develop a draft cybersecurity policy to share with councils.
Key:  Fully addressed  Partially addressed  Not addressed	

Appendix three – Status of audits

Below is a summary of the status of the 2020–21 financial statement audits, including the type of audit opinion and the date it was issued.

2020–21 audits

Key

Type of audit opinion	Date of audit opinion
Unmodified opinion	Financial statements were lodged by the statutory deadline of 30 October 2021
Unmodified opinion with emphasis of matter	Extensions to the statutory deadline (and met)
Modified opinion: Qualified opinion, an adverse opinion, or a disclaimer of opinion	Extensions to the statutory deadline (and not met)
	Financial statements not submitted as at tabling date

Council classifications

We adopted the following methodology when classifying councils in our report.

OLG classification	Audit Office grouping
Metropolitan	Metropolitan
Regional town/city	Regional
Metropolitan fringe	Metropolitan
Rural	Rural
Large rural	Rural

Source: OLG classifications and Audit Office.

Metropolitan councils

Council	Type of opinion	Date of audit opinion
Bayside Council	Unmodified	22 October 2021
Blacktown City Council	Unmodified	29 October 2021
Blue Mountains City Council	Unmodified	22 December 2021
Burwood Council	Unmodified	28 October 2021
Camden Council	Unmodified	5 November 2021
Campbelltown City Council	Unmodified	20 September 2021
Canterbury-Bankstown Council	Unmodified	28 October 2021
Central Coast Council	Modified	28 February 2022
City of Canada Bay Council	Unmodified	13 December 2021
Cumberland City Council	Unmodified	8 November 2021

Council	Type of opinion		Date of audit opinion	
Fairfield City Council	Unmodified	✓	20 October 2021	✓
Georges River Council	Unmodified	✓	31 January 2022	✓
Hawkesbury City Council	Unmodified	✓	26 October 2021	✓
Hornsby, The Council of the Shire of	Unmodified	✓	21 October 2021	✓
Hunters Hill, The Council of the Municipality of	Unmodified	✓	26 October 2021	✓
Inner West Council	Unmodified	✓	29 October 2021	✓
Ku-ring-gai Council	Unmodified	✓	22 September 2021	✓
Lane Cove Municipal Council	Unmodified	✓	21 October 2021	✓
Liverpool City Council	Unmodified	✓	25 November 2021	✓
Mosman Municipal Council	Unmodified	✓	29 October 2021	✓
North Sydney Council	Unmodified	✓	27 October 2021	✓
Northern Beaches Council	Unmodified	✓	29 September 2021	✓
Parramatta Council, City of	Unmodified	✓	27 October 2021	✓
Penrith City Council	Unmodified	✓	28 October 2021	✓
Randwick City Council	Unmodified	✓	15 September 2021	✓
Ryde Council, City of	Unmodified	✓	29 October 2021	✓
Strathfield Municipal Council	Unmodified	✓	24 November 2021	✓
Sutherland Shire Council	Unmodified	✓	26 October 2021	✓
Sydney, Council of the City of	Unmodified	✓	21 October 2021	✓
The Hills Shire Council	Unmodified	✓	27 September 2021	✓
Waverley Council	Unmodified	✓	29 October 2021	✓
Willoughby City Council	Unmodified	✓	22 October 2021	✓
Wollondilly Shire Council	Unmodified	✓	26 May 2022	—
Woollahra Municipal Council	Unmodified	✓	5 October 2021	✓

Regional councils

Council	Type of opinion	Date of audit opinion	
Albury City Council	Unmodified	31 March 2022	✓
Armidale Regional Council	Unmodified	23 December 2021	✓
Ballina Shire Council	Unmodified	29 October 2021	✓
Bathurst Regional Council	Unmodified	27 October 2021	✓
Bega Valley Shire Council	Unmodified	30 November 2021	✓
Broken Hill City Council	Unmodified	21 October 2021	✓
Byron Shire Council	Unmodified	28 October 2021	✓
Cessnock City Council	Unmodified	22 October 2021	✓
Clarence Valley Council	Unmodified	30 November 2021	✓
Coffs Harbour City Council	Unmodified	29 October 2021	✓
Dubbo Regional Council	Unmodified	28 October 2021	✓
Eurobodalla Shire Council	Unmodified	29 October 2021	✓
Goulburn Mulwaree Council	Unmodified	29 October 2021	✓
Griffith City Council	Unmodified	13 December 2021	✓
Kempsey Shire Council	Unmodified	9 November 2021	✓
Kiama Municipal Council	--	--	!
Lake Macquarie City Council	Unmodified	29 October 2021	✓
Lismore City Council	Unmodified	27 October 2021	✓
Lithgow City Council	Unmodified	16 November 2021	✓
Maitland City Council	Unmodified	22 October 2021	✓
Mid-Coast Council	Unmodified	30 November 2021	✓
Mid-Western Regional Council	Unmodified	22 October 2021	✓
Newcastle City Council	Unmodified	8 October 2021	✓
Orange City Council	Unmodified	31 October 2021	✓
Port Macquarie-Hastings Council	Unmodified	22 October 2021	✓
Port Stephens Council	Unmodified	8 October 2021	✓
Queanbeyan-Palerang Regional Council	Unmodified	20 December 2021	✓
Richmond Valley Council	Unmodified	26 October 2021	✓
Shellharbour City Council	Unmodified	15 November 2021	✓
Shoalhaven City Council	Unmodified	18 November 2021	✓
Singleton Council	Unmodified	26 October 2021	✓
Snowy Monaro Regional Council	Unmodified	30 November 2021	✓
Tamworth Regional Council	Unmodified	23 October 2021	✓

Council	Type of opinion	Date of audit opinion
Tweed Shire Council	Unmodified	29 October 2021
Wagga Wagga City Council	Unmodified	25 October 2021
Wingecarribee Shire Council	Unmodified	28 October 2021
Wollongong City Council	Unmodified	26 October 2021

Rural councils

Council	Type of opinion	Date of audit opinion
Balranald Shire Council	Unmodified	9 December 2021
Bellingen Shire Council	Unmodified	28 October 2021
Berrigan Shire Council	Unmodified	29 October 2021
Bland Shire Council	Unmodified	28 October 2021
Blayney Shire Council	Unmodified	11 October 2021
Bogan Shire Council	Unmodified	24 September 2021
Bourke Shire Council	Unmodified	14 September 2021
Brewarrina Shire Council	Unmodified	21 September 2021
Cabonne Council	Unmodified	22 October 2021
Carrathool Shire Council	Unmodified	25 October 2021
Central Darling Shire Council	Unmodified	29 October 2021
Cobar Shire Council	Unmodified	29 October 2021
Coolamon Shire Council	Unmodified	25 October 2021
Coonamble Shire Council	Unmodified	27 October 2021
Cootamundra-Gundagai Regional Council	Unmodified	28 February 2022
Cowra Shire Council	Unmodified	15 October 2021
Dungog Shire Council	Unmodified	29 October 2021
Edward River Council	Unmodified	29 October 2021
Federation Council	Unmodified	29 October 2021
Forbes Shire Council	Unmodified	1 November 2021
Gilgandra Shire Council	Unmodified	26 October 2021
Glen Innes Severn Council	Unmodified	28 October 2021
Greater Hume Shire Council	Unmodified	6 October 2021
Gunnedah Shire Council	Unmodified	26 October 2021
Gwydir Shire Council	Unmodified	15 December 2021
Hay Shire Council	Unmodified	29 October 2021
Hilltops Council	Unmodified	16 December 2021
Inverell Shire Council	Unmodified	28 October 2021

Council	Type of opinion	Date of audit opinion		
Junee Shire Council	Unmodified	✓	22 October 2021	✓
Kyogle Council	Unmodified	✓	27 October 2021	✓
Lachlan Shire Council	Unmodified	✓	26 October 2021	✓
Leeton Shire Council	Unmodified	✓	28 October 2021	✓
Liverpool Plains Shire Council	Unmodified	✓	28 October 2021	✓
Lockhart Shire Council	Unmodified	✓	9 December 2021	✓
Moree Plains Shire Council	Unmodified	✓	30 November 2021	✓
Murray River Council	Unmodified	✓	21 December 2021	✓
Murrumbidgee Council	Unmodified	✓	29 October 2021	✓
Muswellbrook Shire Council	Unmodified	✓	26 October 2021	✓
Nambucca Valley Council	Unmodified	✓	19 October 2021	✓
Narrabri Shire Council	Unmodified	✓	26 November 2021	✓
Narrandera Shire Council	Unmodified	✓	3 September 2021	✓
Narromine Shire Council	Unmodified	✓	26 October 2021	✓
Oberon Council	Unmodified	✓	30 November 2021	✓
Parkes Shire Council	Unmodified	✓	27 October 2021	✓
Snowy Valleys Council	Unmodified	✓	12 October 2021	✓
Temora Shire Council	Unmodified	✓	21 October 2021	✓
Tenterfield Shire Council	Unmodified	⚠	3 November 2021	✓
Upper Hunter Shire Council	Unmodified	✓	31 January 2022	✓
Upper Lachlan Shire Council	Unmodified	✓	3 November 2021	✓
Uralla Shire Council	Unmodified	✓	30 November 2021	✓
Walcha Council	Unmodified	✓	28 October 2021	✓
Walgett Shire Council	Unmodified	✓	30 October 2021	✓
Warren Shire Council	Unmodified	✓	7 October 2021	✓
Warrumbungle Shire Council	Unmodified	✓	8 February 2022	✓
Weddin Shire Council	Unmodified	✓	22 December 2021	✓
Wentworth Shire Council	Unmodified	✓	28 October 2021	✓
Yass Valley Council	Unmodified	✓	29 November 2021	✓

County councils

County council	Type of opinion	Date of audit opinion
Castlereagh Macquarie County Council	Unmodified	28 October 2021
Central Tablelands County Council	Unmodified	15 October 2021
Goldenfields Water County Council	Unmodified	30 September 2021
Hawkesbury River County Council	Unmodified	25 October 2021
New England Weeds Authority	Unmodified	20 October 2021
Riverina Water County Council	Unmodified	13 September 2021
Rous County Council	Unmodified	21 October 2021
Upper Hunter County Council	Unmodified	26 October 2021
Upper Macquarie County Council	Unmodified	13 August 2021

Joint organisations

Joint organisation	Type of opinion	Date of audit opinion
Canberra Region Joint Organisation	Unmodified	29 October 2021
Central NSW Joint Organisation	Unmodified	25 October 2021
Far North West Joint Organisation	Unmodified	14 October 2021
Far South West Joint Organisation	Unmodified	29 October 2021
Hunter Joint Organisation	Unmodified	1 December 2021
Illawarra Shoalhaven Joint Organisation	Unmodified	30 November 2021
Mid North Coast Joint Organisation	Unmodified	22 October 2021
Namoi Joint Organisation	Unmodified	11 October 2021
New England Joint Organisation	Unmodified	20 October 2021
Northern Rivers Joint Organisation	Unmodified	12 November 2021
Orana Joint Organisation	Unmodified	28 October 2021
Riverina and Murray Joint Organisation	Unmodified	18 October 2021
Riverina Joint Organisation	Unmodified	1 September 2021

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OUR VISION

Our insights inform and challenge
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for citizens.

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public resources.

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Curious and open-minded
Valuing people
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Courage (even when it's uncomfortable)

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The Red Fleet Fight Comes to a Head

As many of you would be aware, the accounting dispute over the Red Fleet is rapidly coming to a head following the release of the Auditor-General's latest Report on Local Government this week.

In the Report, the Auditor General reiterates the State Government determination that Rural Fire Service (RFS) assets are the "property" of councils, who must therefore absorb all depreciation costs.

This Determination is nothing more than a financial sleight of hand, which would force councils to absorb significant depreciation costs for assets over which we have precisely zero management or control.

Councils have **no** say in the acquisition of the assets, **no** involvement in their deployment, and **none** in their disposal.

In fact, the *only* connection between the two is the Government's nonsensical determination that the Auditor General has called out in this latest report.

Comparable assets held by Fire & Rescue NSW (FRNSW) and the State Emergency Service (SES) are not vested anywhere other than with the organisations that purchase, use, maintain and dispose of them.

The State Government's own *Local Government Accounting Code of Accounting Practice and Financial Reporting* states councils are able to choose whether or not to record this RFS equipment on their books.

Unsurprisingly, 68 impacted rural and regional councils have refused to record these assets just as they refuse to wear costs which last year stood at \$145 million.

The latest Audit Report tightens the screws on councils by:

- recommending them to undertake a stocktake of RFS assets and record the value in their financial statements;
- warning councils that do not recognise the assets will be found non-compliant; and
- calling on the NSW Department of Planning and Environment to intervene.

This latest development only compounds the farce, given the Government's 7 June letter – included in the Report and attached to this email – which states neither it nor the Local Government Minister have legal authority to direct councils to record the assets and assume the costs.

I have today written urgently to the NSW Treasurer Matt Kean, Minister for Emergency Services and Resilience Steph Cook, and Local Government Minister Wendy Tuckerman.

I have urged them to finally clear up this mess once and for all by ensuring the NSW Government acknowledges rural firefighting equipment is controlled by and the property of the RFS.

I am also appealing to you to join your fellow councils in rejecting this shameless financial chicanery.

Help restore financial transparency and integrity to the process by moving motions advising the Audit Office your council will not carry out the stocktakes, and will not record RFS assets on your financial statements.

This action is supported by resolutions passed at several LGNSW Conferences and meetings of the Country Mayors Association.

Local government in NSW stands together, and speaks with one voice. To help us amplify that voice, please let us know of the actions you intend to take by contacting our Chief Economist Shaun McBride via email at shaun.mcbride@lgnsw.org.au.

Kind Regards,
Cr Darriea Turley AM
President LGNSW

Questions?

Feel free to send us an enquiry regarding this member message.

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Department:	Engineering Department
Submitted by:	Manager Asset & Program Planning
Reference:	ITEM GOV63/22
Subject:	Policy 2.162 Public Gates and Vehicle Bypasses

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Transport - TRSP 15 - We have an effective interconnected transport system that is safe, efficient and affordable for us as a community.
CSP Strategy:	We have a well-designed and functioning road network suitable for all users now and take into consideration future network consumption and demand.
CSP Delivery Program	Asset Planning, Policy and Management provide strategic direction and information to Council enabling the sustainable management of its asset portfolio as a whole.

SUMMARY

The purpose of this report is to seek community input prior to reviewing Policy relating to Public Gates and Vehicle Bypasses on Council maintained roads.

OFFICER'S RECOMMENDATION:

That Council:

Place Policy 2.162 Public Gates and Vehicle Bypasses on public display for 28 days to seek community input prior to reviewing the policy.

BACKGROUND

Council will be asked to review this Policy later in the year and community input may assist with consideration to the Policy content.

REPORT:

As a review of Policy 2.162 is likely later in the year, it could be beneficial to provide the community with the opportunity to comment on the current Policy prior to considering the review.

Matters relating to the processing of applications for new installations, responsibility of maintenance, and the structure design requirements may be some aspects to be considered with any future review to enhance public safety for motorists using our road network.

There are over 500 Public Gates and Vehicle Bypasses located across roads maintained by Council. The monitoring and regulation of these structures is a cost borne by the community to ensure the respective landowners who require the structures maintain them appropriately.

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Our Governance No. 63 Cont...

While the current Policy is publicly available on Council's website, by advertising that it is on public display for review allows the community to provide comments for consideration.

2. Policy and Regulation

- Roads Act 1993
- Roads (General) Regulation 2000

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

These structures are not Council assets, however they do impact the safe operation of Council's road assets.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

The risk management of Council's roads needs to be considered with any review of the policy implications.

7. Performance Measures

Nil.

8. Project Management

Council's Engineering Staff manage the processing of Public Gates and Vehicle Bypasses.

Fiona Keneally
Director Infrastructure

Prepared by staff member:	David Counsell
Approved/Reviewed by Manager:	Fiona Keneally, Director Infrastructure
Department:	Engineering Department
Attachments:	There are no attachments for this report.

Department:	Engineering Department
Submitted by:	Manager Asset & Program Planning
Reference:	ITEM GOV64/22
Subject:	Policy 2.130 Construction & Maintenance of Property Access from Council Roads

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK	
CSP Goal:	Transport - TRSP 15 - We have an effective interconnected transport system that is safe, efficient and affordable for us as a community.
CSP Strategy:	We have a well-designed and functioning road network suitable for all users now and take into consideration future network consumption and demand.
CSP Delivery Program	Asset Planning, Policy and Management provide strategic direction and information to Council enabling the sustainable management of its asset portfolio as a whole.

SUMMARY

The purpose of this report is to seek community input prior to reviewing Policy relating to the construction and maintenance of property access to Council roads.

OFFICER'S RECOMMENDATION:

That Council:

Place Policy 2.130 Construction & Maintenance of Property Access from Council Roads on public display for 28 days to seek community input prior to reviewing the policy.

BACKGROUND

Council will be asked to review this Policy later in the year and community input may assist with consideration to the Policy content.

REPORT:

As a review of Policy 2.130 is likely later in the year, it could be beneficial to provide the community with the opportunity to comment on the current Policy prior to considering the review.

Matters relating to the processing of applications for new access construction, the responsibility of ongoing maintenance, and the requirements for compliant driveways are some aspects that may be worth considering with a review of the Policy.

The requirement for pipe culverts and headwalls to be either concrete or fibre reinforced concrete has become an issue for many individual landowners due to supply shortages and significant delivery delays across the construction industry.

It is also suggested that there may be opportunity to streamline the Application and Approval Consent Process, possibly with the assistance of enhanced standard drawings, so that applicants are able to understand the requirements for driveways early in the process.

Our Governance No. 64 Cont...

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

While the current Policy is publicly available on Council's website, by advertising that it is on public display for review allows the community to provide comments for consideration.

2. Policy and Regulation

- Roads Act 1993

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

These accesses are not Council assets, however they do impact the safe operation of Council's road network.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

The risk management of Council's roads needs to be considered with any review of the policy implications.

7. Performance Measures

Nil.

8. Project Management

Council's Engineering staff manage the processing of driveway access applications.

Fiona Keneally
Director Infrastructure

Prepared by staff member:	David Counsell
Approved/Reviewed by Manager:	Fiona Keneally, Director Infrastructure
Department:	Engineering Department
Attachments:	There are no attachments for this report.

Department:	Office of the Chief Executive
Submitted by:	Executive Assistant & Media
Reference:	ITEM GOV65/22
Subject:	EXECUTIVE POSITIONS - MURRAY DARLING ASSOCIATION

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 13 - Council recognises the diversity of the communities that make up the Tenterfield Shire Council Local Government Area.
CSP Strategy:	Council recognises the diversity of the communities that make up the Tenterfield Shire Council Local Government Area.
CSP Delivery Program	Identify, represent, advocate and lobby for inclusion of the Shire's needs in regional and state planning.

SUMMARY

The purpose of this report is to seek Council endorsement for Council delegates on the Murray Darling Association to nominate for the positions of Chair or as an Executive Committee member.

OFFICER'S RECOMMENDATION:

That Council:

- (1) Endorse the nomination of Council delegate Cr Greg Sauer for the position of Chair or Executive Committee member of the Murray Darling Association, Region 11;**
- (2) Note nominations to be lodged with the Returning Officer on the appropriate nomination form by 12.00 pm on Friday, 29 July 2022 for determination at the Annual General Meeting to be held on Friday, 12 August 2022 at the Gunnedah Shire Council.**

BACKGROUND

Councillor Greg Sauer currently represents Tenterfield Shire Council on the Murray Darling Association, Region 11. Councillor Greg Sauer currently holds an Executive position.

REPORT:

Guidelines and Notice of Annual General Meeting (attached) have been received inviting interested parties to nominate for the positions of Chair or Executive Committee member.

The Guidelines require a copy of the extract of Council Minutes including the resolution of Council to be included in the nomination.

COUNCIL IMPLICATIONS:

- 1. Community Engagement / Communication (per engagement strategy)**
Nil.
- 2. Policy and Regulation**
 - 2022/2023 Committee Register
 - Council Policy 1.160 – Councillor Expenses & Facilities

Our Governance No. 65 Cont...

3. Financial (Annual Budget & LTFF)

Travel and accommodation amounts for delegate attendance have been budgeted in the 2022/2023 Operational Budget.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith
Chief Corporate Officer

Prepared by staff member:

Elizabeth Melling

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Executive

Attachments:

- | | | |
|----------|---|-----------|
| 1 | Murray Darling Association - Notice of AGM | 1
Page |
| 2 | Murray Darling Association - Nomination Form 2022 | 1
Page |



Murray Darling Association Inc.

Region 11

Chairperson:
Cr Jamie Chaffey, Mayor
Ph: 0467 402 412

Hosting Council:
Gunnedah Shire Council
Ph: (02) 6740 2115

www.mda.asn.au
Ph: (03) 5480 3805
ABN: 64 636 490 493
P.O. Box 1268, Echuca VIC 3564
553 Kiewa St, Albury NSW 2640

MURRAY DARLING ASSOCIATION REGION 11

NOTICE OF ANNUAL GENERAL MEETING

FRIDAY 12 AUGUST 2022

The Murray Darling Association **Region 11 Annual General Meeting** will be held on

Friday 12 August 2022, commencing at **11:00am**
Gunnedah Shire Council, Council Chambers, 63 Elgin Street, Gunnedah
or **Via Zoom**

<https://us02web.zoom.us/j/88562889851?pwd=QnhjYnhFUWJZbUYvakpsMzZkZGNLZz09>

Meeting ID: 885 6288 9851

Passcode: 948383

Nominations are now invited for the position of Chair and Executive committee members for those wishing to serve on the **Region 11** Executive committee.

Nominations should include:

- a) a completed [Nomination Form](#);
- b) a copy of the extract of council minutes including the resolution of council acknowledging their commitment to and endorsement of their delegate's nomination;
- c) a brief biography or CV of the nominating delegate;
- d) a statement of commitment from council acknowledging the obligations of the Region Chair under Part 5, 16 (5) of the [MDA Constitution](#) (for nominations to Region Chair).

Nominations must be lodged with the Returning Officer by email to ceo@mda.asn.au **no later than 12.00pm on Friday 29 July 2022.**

All nominations will be distributed to member councils with the meeting papers and agenda on *Friday 5 August 2022*, for your consideration in advance of the election at the AGM.

All councils within MDA Region 11 are warmly invited and encouraged to consider the importance of your council's active participation.

For further information, please contact the CEO Mark Lamb on [03 5480 3805](tel:0354803805) or m.lamb@mda.asn.au, or your Region Chair Mayor Jamie Chaffey on 02 6740 2115 or visit www.mda.asn.au.

Kind regards

Mayor Jamie Chaffey
Chair - Region 11



NOMINATION FORM
FOR POSITION ON the
MURRAY DARLING ASSOCIATION INC.
REGIONAL EXECUTIVE

I, (name of nominee) _____
of: (postal address) _____

Ph: _____
Email: _____

Hereby nominate for the following position on the executive of Region _____ (please indicate the region for which you are standing)

☐ Region Chair* ☐ Committee member |

** I am aware that under the Constitution, the Board of the MDA comprises the Chairs of each Region, and as such a Regional Chair becomes a Board Member by extension.*

Proposed by Name _____
 Signed _____

Seconded by Name _____
 Signed _____

Nominee and nominator must be members or a council delegate of the Murray Darling Association Inc.

All nominations to the chair by serving councilors must be accompanied by a resolution of the member council for which the nominee is a delegate. The resolution must reflect that the delegate's nomination has been endorsed by the council they represent.

Please attach a brief bio and statement (not more than 500 words) addressing the skills and attributes you feel you have that will make a positive contribution to your region and to the MDA. This information will be distributed to members and posted on the MDA website.

DECLARATION

I _____ (the nominee) accept this nomination and declare that if elected I accept the responsibilities and obligations of the Murray Darling Association Inc. I declare that I have read and understood the Constitution, the Region Chair/ Board Member Duty Statement and the Board Member Code of Conduct.

Signed _____ Date: _____

NOMINATION FORMS must be forwarded seven days prior to the date set down for the AGM TO:

**The Returning Officer
Murray Darling Association
PO Box 1268, Echuca. 3564
Or email: ceo@mda.asn.au**

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Customer Service, Governance & Records
Reference:	ITEM GOV66/22
Subject:	UPDATE OF CITIZEN AND CUSTOMER CONTACT CHARTER TO CUSTOMER SERVICE CHARTER

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 12 - We are a well engaged community that is actively involved in decision making processes and informed about services and activities.
CSP Strategy:	Council's decision making processes are open, accountable and based on sound integrated planning.
CSP Delivery Program	Promote and support community involvement in Council decision making process.

SUMMARY

The purpose of this report is to update Council's Citizen and Customer Contact Charter to reflect Council's current Customer Services.

OFFICER'S RECOMMENDATION:

That Council:

- (1) Place the draft Tenterfield Shire Council Customer Service Charter 2022 on public exhibition for 14 days, from 27 July 2022 to 9 August 2022 and either**
- (2) Review any submissions received during the public exhibition period at the August Ordinary Council Meeting, or**
- (3) If no submissions are received during the Public Exhibition period, adopt the Tenterfield Shire Council Customer Service Charter as at 9 August 2022.**

BACKGROUND

Council charters are frameworks that communicate directions for delivering Council's specific services. Regular reviews of Council charters are required, to maintain currency of these directions, and to ensure charters are delivering the outcomes desired.

The Citizen and Customer Contact Charter was previously amended and adopted by Council on 15 July 2015.

REPORT:

The Citizen and Customer Contact Charter has been redrafted as the Customer Service Charter 2022, to reflect the intent of Council's strategic framework for Customer Service. Detailed procedural information has already been adapted from the Citizen and Customer Contact Charter to Customer Service procedures, which are already in use by Council's employees.

Our Governance No. 66 Cont...

COUNCIL IMPLICATIONS:**1. Community Engagement / Communication (per engagement strategy)**

Due to the significant update of the document, the Customer Service Charter 2022 will need to be on public exhibition for 14 days, from 27 July 2022 until 9 August 2022, for community comment.

2. Policy and Regulation

Customer Service Policy.

3. Financial (Annual Budget & LTFP)

Nil.

4. Asset Management (AMS)

Nil.

5. Workforce (WMS)

Nil.

6. Legal and Risk Management

Nil.

7. Performance Measures

Nil.

8. Project Management

Nil.

Kylie Smith

Chief Corporate Officer

Prepared by staff member:

Erika Bursford

Approved/Reviewed by Manager:

Kylie Smith, Chief Corporate Officer

Department:

Office of the Chief Corporate Officer

Attachments:

1 TSC Customer Service Charter
2022

2
Pages



Customer Service Charter 2022

Tenterfield Shire Council is committed to providing quality customer service to residents, businesses and visitors. Our Customer Service Charter identifies our commitment to a great customer experience across all contact points within Council and helps to define how we will undertake activities involving customer relationships.

Our Commitment to Customer Service

In all our dealings we will...

- Take personal ownership for customer satisfaction;
- Treat customers courteously and act in a professional and helpful manner;
- Show respect and acceptance, with an open minded approach;
- Provide accurate, relevant and timely information;
- Keep you informed as your matter progresses;
- Apologise and inform you if we get it wrong.

When you call us, we will...

- Answer calls as quickly and efficiently as possible;
- Deal with the call, redirect the call or take an accurate message as appropriate;
- Provide you with an opportunity to leave a voice message when calls cannot be answered personally;
- Return your call as soon as possible.

When you visit us, we will...

- Deal with all enquiries accurately and efficiently;
- Listen carefully to your needs by asking pertinent questions, taking notes and confirming details;
- Endeavour to satisfy your enquiry at the time of your visit. When enquiries of a technical or specialised nature are made, an appointment will be made to discuss the matter with the appropriate officer.
- Ensure all customer service officers are professionally attired and identified by name badges and /or personal introduction.

When you write to us, we will...

- Acknowledge and respond to letters and emails, directed to council's contact channels within (21) working days of receipt;
- Contact you if there is a delay in meeting the nominated time frame;
- Deal with all correspondence as promptly as possible and write in clear, concise language that's easily understood.

Customer Service Requests

Customer Service Requests are requests for Council to take action on matters, such as tree clearance, road maintenance, barking dogs and town maintenance. These requests should be made to the Customer Service team, who will log your request and forward it to the appropriate staff member for action. The Customer Service team will require your contact details and accurate details of where the service is to be provided.

When handling requests for service by telephone, letter, email or personally we will...

- Respond to the customer within (21) working days after investigative action has been completed, if the request indicates a response is required;
- Service requests relating to blocked/overflowing sewerage, broken water mains should be actioned on a priority basis depending on available resources;
- Ensure all requests are processed in accordance within standard time frames and documented procedures.

Helping us to help you

To help us to meet these commitments, we ask our customers to...

- Be courteous, polite and respectful to our employees;
- Use council's official channels for customer requests, complaints and compliments;
- Respect the privacy, safety and needs of other customers;
- Be open and honest with us and provide accurate and complete details when contacting us;
- Let us know when your situation changes, for example, when your address or personal details change or your pet registration details change;
- Telephone to make an appointment for a complex enquiry or if there is a need to see a specific officer;
- Telephone the officer nominated in any correspondence sent to you and quote the reference details noted on the letter;
- Work with us to solve problems;
- Provide us with feedback so we know how we are performing and where necessary, can continue to improve our service.
- Help us recognise our employees by telling us when you have received excellent customer service.

Treatment of your information

The way we treat your information is regulated under the State Records Act 1998, Privacy and personal Information Protection Act (PPIPA) 1998 and the Government Information (Public Access) Act (GIPA) 2009.

Contact us

To help us serve you better, contact us via

Our Online Services at www.tenterfield.nsw.gov.au
Email: council@tenterfield.nsw.gov.au
Telephone: 02 6736 6000 or 1300 762 400 (Landline only)
Mail: PO Box 214, Tenterfield NSW 2372
In Person: 247 Rouse Street, Tenterfield

Phone Hours: 9.30am - 4.00pm weekdays
Front Counter: 9.30am - 4.00pm weekdays

(ITEM RC11/22) REPORT OF COMMITTEES & DELEGATES - AUDIT, RISK IMPROVEMENT COMMITTEE - 8 JUNE 2022

REPORT BY: Erika Bursford

A meeting of the Audit & Risk Committee was held on Wednesday, 8 June 2022. Minutes of the Meeting are attached.

RECOMMENDATION

That the report and recommendations from the Audit, Risk and Improvement Committee meeting of 8 June 2022 be received.

ATTACHMENTS

- 1** ARIC - Minutes 8 June 2022 Unadopted Minutes 4 Pages



MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE

WEDNESDAY 8 JUNE 2022

MINUTES OF THE **Audit, Risk and Improvement Committee** OF TENTERFIELD SHIRE held at the Timbarra Training Room and via Zoom on Wednesday 8 June 2022 commencing at 1:11pm

ATTENDANCE: Mr Peter Sheville (Chair) – Independent External Member
Mr Tony Harb – Independent External Member

ALSO IN ATTENDANCE:

Cr Bronwyn Petrie – Mayor
Daryl Buckingham – Chief Executive Officer
Kylie Smith – Chief Corporate Officer
Roy Jones – Manager Finance & Technology
Erika Bursford – Manager Customer Service, Governance & Records
Elizabeth Melling – Executive Assistant & Media
Jessica Wild – Management Accountant
James Taylor – WHS & Risk Management Coordinator
Lee Sisson – Administration & Customer Service Assistant

Clause 254(b) of the Local Government (General) Regulation 2005 requires that the names of the mover and seconder of the motion or amendment are recorded and shown in the Minutes of the meeting.

This is page 1 of the Minutes of the Audit, Risk and Improvement Committee held on Wednesday, 8 June 2022

MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE 8 JUNE 2022

DISCLOSURE OF INTERESTS

That members now disclose any interests and reasons for declaring such interest in the matters under consideration by Council at this meeting.

Name	Item
Mr Peter Sheville	Partner, BDO Thailand
Mr Tony Harb	Principal, Inconsult; Audit, Risk & Improvement Committees at Singleton Council, Parkes Shire Council and Liverpool Plains Shire Council.

APOLOGIES

Resolved that the apologies from Mr Andrew Page – Independent External Member and Wes Hoffmann - Manager HR, Workforce Development & Safety be accepted.

(Peter Sheville/Tony Harb)

CONFIRMATION OF MINUTES

Resolved that the minutes of the Audit, Risk and Improvement Committee meeting held on Wednesday 13 April 2022, as circulated, be confirmed and signed as a true record of the proceeding of the meeting.

(Peter Sheville/Tony Harb)

(ITEM CE08/22) AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL PLAN

SUMMARY

The purpose of this report is to present the Audit, Risk and Improvement Committee Annual Plan to the Audit, Risk and Improvement Committee to review and establish a plan of actions for meetings each year of this term of Tenterfield Shire Council, from January 2022 to September 2024.

Resolved that the Audit, Risk and Improvement Committee review, amend and confirm the Audit, Risk and Improvement Committee Annual Plan and the Audit, Risk and Improvement Committee Terms of Reference separately in a workshop with Council staff, and present these for adoption by Council once completed.

(Peter Sheville/ Tony Harb)

MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE 8 JUNE 2022

(ITEM CEO9/22) FRAUD, MISCONDUCT AND COMPLIANCE BREACHES - 13 APRIL 2022 TO 1 JUNE 2022

SUMMARY

The purpose of this report is to provide details of any Fraud, Misconduct and Compliance breaches identified or allegations made, during the period 13 April 2022 to 1 June 2022.

Resolved that the Audit, Risk and Improvement Committee receive and note the report on Fraud, Misconduct and Compliance for June 2022.

(Peter Sheville/Tony Harb)

(ITEM CEO10/22) INTERNAL AUDIT PLAN UPDATE - JUNE 2022

SUMMARY

The purpose of this report is to:

- Present the Internal Audit Plan to the Audit, Risk and Improvement Committee;
- Advise of progress with Internal Audit activities, and
- Report on the implementation of Internal Audit recommendations.

Resolved that the Audit, Risk and Improvement Committee review and amend the Audit, Risk and Improvement Internal Audit Charter at a separate workshop, and refer the Charter to Council for adoption when completed.

(Peter Sheville/Tony Harb)

ACTION: In support of the Internal Audit, suggest the focus be "Sustainability & Scope," any objectives and inclusions can be fed back to Erik. Also Review "Internal Charter & Annual Plan"

(ITEM CEO11/22) ENTERPRISE RISK MANAGEMENT

SUMMARY

The purpose of this report is to advise the Audit & Risk Committee of the current status of Council's Enterprise Risk Management.

Resolved that the Audit & Risk Committee receive and note the current status of Council's Enterprise Risk Management.

(Peter Sheville/Tony Harb)

NOTE: The ARIC note the seriousness of the financial situation of Council and dependence on Special Rates Variation and Review of Service Levels to minimise risks.

(ITEM CEO12/22) QUARTERLY BUDGET REVIEW AS AT 31 MARCH 2022

SUMMARY

This is page 3 of the Minutes of the Audit, Risk and Improvement Committee held on Wednesday, 8 June 2022

MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE 8 JUNE 2022

The purpose of this report is to provide the Committee with a copy of the Quarterly Budget Review Statement as at 31 March 2022 for information.

Resolved that the Audit & Risk Committee receive and note the report.

(Peter Sheville/Tony Harb)

BUSINESS WITHOUT NOTICE

Nil.

CONFIDENTIAL MATTERS FOR CONSIDERATION IN CLOSED PART OF MEETING

Nil.

ACTION: Erika Bursford to send out potential dates for next meeting in August 2022 to bring back the Draft Financials.

There being no further business the Chair Peter Sheville declared the meeting closed at 2.20p.m.

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Peter Sheville
Chairperson

(ITEM RC12/22) REPORTS OF COMMITTEES & DELEGATES - 2022 DESTINATION & VISITOR ECONOMY CONFERENCE IN ORANGE NSW

REPORT BY: Kim Rhodes; Tim Bonner

The 2022 Destination & Visitor Economy Conference was held in Orange NSW and was attended by both Cr Rhodes and Cr Bonner over the period 17 – 19 May 2022. Attached is a Report from their experience, for Council's information and notation.

RECOMMENDATION

That the report from Cr Kim Rhodes and Cr Tim Bonner regarding their attendance at the 2022 Destination & Visitor Economy Conference be received and noted.

ATTACHMENTS

- | | | |
|----------|--|------------|
| 1 | 2022 Destination & Visitor Economy Conference - Report by Cr Rodes & Cr Bonner | 3
Pages |
|----------|--|------------|

Report for Council – Visitor Economy Conference Orange 2022

17th, 18th & 19th May

“Come & Say Giddy” – Tourism Marketing 2022

“Plan Better experiences for your visitors!”

“Leverage off each other to Stimulate!”

Councillor Bonner & Rhodes travelled to Orange for the Orange 360 Conference. Including Blaney & Cabonne Shires.

On arrival in Orange, we visited the very well-appointed Visitors Centre and spoke to some very helpful staff and volunteers. The visitor’s centre was well appointed, and we noted a lot of interesting items for sale. From local pottery, wooden platters, to honey wines and cheese.

There were some hampers available for easy gift options and a number of interesting books also available for sale. A very nice display about CWA organisation that is this year celebrating its 100th year.

The conference was held in the community centre adjacent to the Visitors Centre. The precinct also included the newly refurbished Arts Gallery, Library, large carpark with some interesting Art installations.

The highlights for Cr Rhodes and Cr Bonner as new councillors in Tenterfield were speaking to other Councillor’s, Council staff & CEO’s about how tourism, heritage, SRV’s & most importantly By Passes were dealt with in other towns. It gave us great insight & helped to recognize Tenterfield Shire was not alone with its financial pressures. Even the larger Councils were struggling to provide all of the required services to their communities.

Cr Kim Rhodes chose to stick to the Arts, Cultural and Heritage breakouts throughout the conference while Cr Tim Bonner went with the Electric Vehicle Stream. A number of very good speakers offered many suggestions about how important it is that Council embraced this form of Tourism, as since Covid-19 people are travelling, wanting to have experiences everywhere they travel. Business groups, Chambers of Commerce were all working closely together to provide the experience to visitors when they required it.

The Deputy Mayor of Orange, Councillor Gerald Power discussed the importance of indigenous programs in Orange, he asked us to ‘engage with our local Elders & start thinking a little broader and the tourists will come. ‘

“Councillors should walk beside the mob & they will earn their respect.”

Kim was lucky enough to have chosen to take the Heritage with Style site visit to Millthorpe on the second day. A lovely little town that thrives 4 days / week and is pretty much closed on the other 3 days. With only a couple of shops open on the day of our visit. At first, she was disappointed that they did not get to see all that Millthorpe had to offer, but perhaps if businesses in Tenterfield were open from 8:30am – 5:30pm 7 days / week on a rostered basis we would perhaps then be servicing visitors to our town a little better. (The look of disappointment on tourists faces when you say you can’t get a cuppa in town after 2:30 – 3pm is always a point of discussion.)

The Train Station has been revamped and visitors can travel from Sydney daily by train to visit Millthorpe arriving as the train passes through in the morning and returning to Sydney later that afternoon.

The Millthorpe Wine Collective work closely together within the Orange 360 group of 3 Shires providing great wine and service for events & functions. (Tenterfield Shire did wine very well almost 20 years ago but now have no working wineries still operating in the Shire. Perhaps we could try to reinvigorate that sector?)

Historic Murals provide an in-depth pictorial story of the town's history & with amazing under the awning signage promoting the business as the awnings have been re-painted to give an amazing feel to the whole town. Most of this work was completed through grant funding.

Small Town Main Street Activation stream that Tim attended at Molong was right up the alley for Tenterfield. A town struggling to get visitors to stop, now possesses a vibrant coffee culture and shopping experience The mad hatter (Robert Carroll) brought his eclectic charm to Molong that draws people for sure. For Tenterfield, maintaining our main drawcard "The Tenterfield Saddler" as a visitor destination is hugely important. Having a local celebrity acting like a town crier would, perhaps be a long-term idea.

Molong has also had the vision to re-invigorate their main street awnings done in a heritage honouring way. It has worked in their case, as visitors turn off the main road going past and are greeted with an amazing heritage styled street.

The local show grounds have enjoyed council support to renovate facilities which has supported local sports teams to re-engage in competitions with local athletes achieving representative duties!!

Tim also attended the Electric Vehicle stream which outlined the benefits for council to embrace some of the options available.

They outlined issues surrounding the Australian car industry in relation to fuel consumption standard which Australia does not partake in. Australian car imports would increase if our government stood with most other climate concerned countries and vehicle manufacturers would have carbon credit benefits to send vehicles to Australia.

There is now an astounding 50,000 EV's in Australia as of March 2022 which is around a 30% increase on last year. In short, hybrid vehicles have their place in Australia for now, but full EV's; even at full peak power prices, still are the least cost to road users at approximately \$2.20 per 100km for their energy costs while a hybrid Rav 4 at 5.5 litres per 100km is now \$13.20 per 100km. With off peak power, an EV could be as low as \$1 per 100km and even less again to potentially \$0.00 using self-generated renewable power!

Subsidised charging stations are available through the Future Fuels Fund where the costs are met with a grant to assist local businesses to get more chargers to rural areas. This accelerates EV tourism via increasing regional EV charging infrastructure. More chargers = more EV tourists! It was spoken about that councils could indeed place chargers on owned electricity assets (If any) such as street light poles. There is an EV toolkit website available.

We spoke to several trade site operators including Service NSW that are very keen to get more electric charging stations right throughout NSW and would like to suggest that perhaps all of our villages should be considering these stations, there is very little cost but would enable visitors to travel more easily around our Shire.

Collaboration with other regional Councils was also at the epicentre of this conference. Orange 360 was also involving local businesses and stakeholders with their local Councils to get a coordinated approach to tourism and investment in their respective areas.

“Re-Think --- Re-Skill --- Re-Build” though consistent messaging, industry and community engagement, strategic growth, and regional collaboration.

One person stated that tourists have to “Venture out to Nestle in”, that could be a great advertising slogan!!

Orange out-source their visitor information services; I believe, through a company called Sapphire Coast Destination Marketing (Anthony Osbourne). Many issues could be both solved and created using this method, but maybe its worth investigating the merits of?

We also spoke with the people who arrange Hipcamp – this appears to be a great option for people wishing to camp around the region. Both Cr Bonner and Cr Rhodes have also sat in on a zoom discussion with this group. Cr Petrie told us that is the platform her family uses to book their facilities at the Rocky host@hipcamp.com as does Tim at his campground. More campers coming to our wonderful Shire can only improve our local economy over time.

There were also a couple of advertising agencies offering varying services whom all worked hard throughout the Conference to provide further information to participants in the hope they may engage. Leonards Advertising - info@leonards.net.au Skills IQ My Sounding Board - www.visitoreconomy.com.au

Bike trails are opening all over NSW & whilst Tenterfield was initially knocked backed for major funding to provide such trails, since Covid-19, Australians have definitely taken to their own back yard instead of overseas travel. We believe this form of Tourism Adventure would add to Tenterfield’s already existing tourism ventures.

- Brand Toolkit Destination Tenterfield - Provide answers to new business ideas!
- Understand what our LGA has to offer and market to the correct client / visitor.
- Be different or be dead!

Ideas we spoke about on the way home:

- Sim carded cameras along tracks to waterfalls, border walk, or certainly key locations
- Mountain Bike tourism
- Waterfall Tourism
- Makers and Bakers Route
- Random “Large” sculptures that visitors have to “find” but working with the idea of Silo Art.
- Metal cut outs in key locations that hold a phone in the same scene and photos tagged on social media which records that same scene over time.
- Night-time economy:
 - Light tours
 - Trees, paths, parks, bridges!!
 - Light Show such as Moama Lights and Vivid Festival
 - Food Vans and local Cafes “street food” at key times of the year.

The Tourism Australian Campaign for 2022 is “COME SAY G'DAY!”

Department:	Office of the Chief Executive
Submitted by:	Executive Assistant & Media
Reference:	ITEM RES7/22
Subject:	COUNCIL RESOLUTION REGISTER - JUNE 2022

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council fosters a strong organisational culture which strives for best practice in all operations with a supportive corporate governance framework.
CSP Delivery Program	Ensure that the performance of Council as an organisation complies with all statutory reporting guidelines and information is available to decision makers.

SUMMARY

The purpose of this Report is to provide a standing monthly report to the Ordinary Meeting of Council that outlines all Resolutions of Council previously adopted and yet to be finalised.

OFFICER'S RECOMMENDATION:

That Council notes the status of the Council Resolution Register to June 2022.

Daryl Buckingham
Chief Executive

Prepared by staff member:	Elizabeth Melling
Approved/Reviewed by Manager:	Daryl Buckingham, Chief Executive
Department:	Office of the Chief Executive
Attachments:	1 Resolution Register - June 2022 11 Pages

OUTSTANDING ACTIONS REPORT		Printed: Wednesday, 20 July 2022 2:35:29 PM
Division:		Date From:
Committee:		Date To:
Officer:		

Meeting	Date	Officer	Title	Target
Council 27/02/2019	27/02/2019	Gibbins, Jessica	Compulsory Acquisition of Crown Land for the Mount Lindesay Road Upgrade, 0-6km Section East of Legume	13/03/2019

- 30/19 Resolved** that Council:
- (1) Proceed with the compulsory acquisition of the land described as part of Lot 7016 DP 1073681, Lot 7017 DP 1106730 and Lot 7020 DP 1106731 for the purpose of operational land being for road widening in accordance with the requirements of the Land Acquisition (Just Terms Compensation) Act 1991 and subject to the Undetermined Aboriginal Land Claim being withdrawn; and
 - (2) Make an application to the Minister and the Governor for approval to acquire part of Lot 7016 DP 1073681, Lot 7017 DP 1106730 and Lot 7020 DP 1106731 by compulsory process under section 177(1) and 177(2)(b) of the Roads Act 1993; and
 - (3) Requests the Minister for Local Government approve a reduction in the notification period from 90 days to the minimum 60 days.
- (Greg Sauer/Gary Verri)

Notes

14 Feb 2022 2:56pm Gibbins, Jessica

Awaiting final survey plans.

02 Dec 2021 12:48pm Fitzpatrick, Christie

Data imported from Resolution Register:

18.3.19 Awaiting Final plans to be sent with application to Minister.

12.4.19 No change to status.

10.5.19 No change.

12.7.19 Final plans being reviewed.

19.8.19 Pricing being sought from registered surveyors for the initial set out of proposed acquisition areas.

15.11.19 No change to status.

10.2.20 Section of existing boundary between 0.1 to 1 km has been pegged in consultation with RMS design review.

Advice of determination of Land Claim received for Lots 7016, 7017 & 7020 received at start of November. Likely impacts to the project to be discussed with RMS.

11.5.20 Interim section 0.1km to 1.0km agreed with RMS for commencement of works once water is again available for construction. Drainage materials have been ordered and remaining sections to be surveyed with a view to minimise any compulsory acquisition required.

1.7.20 Survey of design centreline has been initially done on Legume 0-6.0km section and minor adjustments being considered to minimise extent of works impacting on adjacent properties.

7.8.20 The set out of a slightly modified alignment has commenced that should minimise extent of acquisition required.

Revised construction design plans have been sent to the consultant land surveyors for use in defining the land acquisition boundaries.

14.4.21 Land surveyors from Tenterfield are currently pegging proposed acquisition boundaries although access for this task has been hampered by recent wet ground conditions.

7.5.21 Surveyors are back on site continuing with field work.

7.6.21 Land surveyors are preparing plans for proposed acquisition.

14.10.21 Land surveyors have been delayed by wet weather to complete the field work to peg acquisition boundaries.

10.11.21 Ongoing process with surveyors to prepare survey plans.

Meeting	Date	Officer	Title	Target
Council 28/08/2019	28/08/2019	Buckingham, Daryl	NEWGrid - Water Security	11/09/2019

- 176/19 Resolved** that Council:
- (1) Advocate to participate in the development and delivery of the National Water Grid project within the Tenterfield environs; and
 - (2) Seek funding to complete all the assessments that will support a P90 cost estimate; and
 - (3) Subject to a positive result, as determined by the Detailed Business Case, seek a further allocation to bring the project to shovel ready status.
- (Gary Verri/Brian Murray)

Notes

16 Jun 2022 4:07pm Melling, Elizabeth

Announcement that Mole River Dam not proceeding.

02 Dec 2021 12:56pm Fitzpatrick, Christie

Data imported from Resolution Register:

19.9.19 Discussions ongoing.

13.10.19 Announcement of \$24m for feasibility study for the Border Rivers Project on the Mole River.

Discussions with Govt ongoing. Letter forwarded to Minister for Water requesting TSC be the proponent to complete the studies and Detailed Business Case.

OUTSTANDING ACTIONS REPORT		Printed: Wednesday, 20 July 2022 2:35:29 PM
Division:		Date From:
Committee:		Date To:
Officer:		

Meeting	Date	Officer	Title	Target
<p>5.12.19 Ongoing discussions with Minister Pavey's Office in relation to capacity of WaterNSW to deliver a signed tender document prior to next Federal Government election cycle caretaker period.</p> <p>Meeting SDRC Mayor and CEO to discuss on 11/12/19</p> <p>5.2.20 Meeting with Water NSW, Member for Lismore & Councillors scheduled.</p> <p>1.3.20 Meeting held. Feasibility study to go ahead. Ongoing engagement.</p> <p>15.5.20 Phone meeting with David Hogan. WaterNSW has had scope changed. Risk to project.</p> <p>18.5.20 Federal Minister for Agriculture, Drought and Emergency Management forwarded email 15/5. Investigating why the scope has been changed and by whom.</p> <p>14.7.20 Mayor has been in contact with Deputy Prime Minister to discuss ongoing progress.</p> <p>18.8.20 Update for Councillors scheduled 25/8/20</p> <p>1.9.20 Update held with Water NSW Officers 31/8. Progress is being made as the Dept has allocated significant additional resources to assist with landholder liaison and Aboriginal land claims.</p> <p>1.10.20 Further Workshop with Councillors and proposed community meetings scheduled mid November 2020</p> <p>17.11.20 WaterNSW Officers provided update to Council at the Workshop of 11/11. Meeting with effected landowners that evening at Mingoola attended by Mayor, Cr Peters and CE.</p> <p>26.11.20 WaterNSW advert in Tenterfield Star 19/11:</p> <p>Community webinars – 1/12</p> <p>Webinars with directly impacted landowners – 24/11</p> <p>Mingoola Progress Assoc members – 8-10/12</p> <p>24.4.21 Mayor invited and attending NSW Government Portfolio Committee 7 – Inquiry into the rationale for, and impacts of, new dams and other water infrastructure in NSW – May 2021.</p> <p>10.5.21 Meeting Scheduled for Monday 2 May 2021.</p> <p>15.6.21 Meeting transcripts circulated for amendments.</p> <p>10.8.21 Mayor & CE attended webinar – Mole R dam Community Update.</p> <p>30.9.21 Mayor & CE attending meeting at Toowoomba Border Mayors Water Alliance with Minister Glenn Butcher</p> <p>11.11.21 The CEO and Mayor met with Barnaby Joyce and the cross border alliance to identify possible ways to proceed nothing further to report</p>				

Meeting	Date	Officer	Title	Target
Council 18/12/2019	18/12/2019	Keneally, Fiona	ROAD NAMING	1/01/2020
286/19	Resolved that Council start the process of renaming of: <ul style="list-style-type: none">• Seven Mile Lane / Herding Yard Creek Road;• Old Maryland Lane/ Catarins Road, Maryland;• Cullendore Road; and• Red Ridge Road. <div>(Gary Verri/Brian Murray)</div>			
Notes 16 Jun 2022 4:22pm Melling, Elizabeth 25/22 Resolved that Council: (1) Make an application for Herding Yard Creek Road to be renamed to Seven Mile Road; (2) Do not change the name of Red Ridge Lane ; (3) Further investigate/consult on naming of Old Maryland Land/Catarins Road. (Tim Bonner/Greg Sauer) Motion Carried 19 May 2022 1:03pm Ritchie, Hayley Refer to Resolution 25/22 02 Dec 2021 1:12pm Fitzpatrick, Christie Data imprted from Resolution Register 17.2.20 Initial road status investigations being carried out. 1.7.20 Still awaiting road status report from search agents, recent follow up requested has been made to them. 14.4.21 Result of road status search have not been received as yet. 10.5.21 Pending submissions of Road Asset Management Plan. 7.6.21 Follow up request has been made to the road status search agents. 16.7.21 Results from Status search Agents now received. Consultation with road users to commence. 18.8.21 Letters sent to property owners on Herding Yard Creek Road, Catarins Road & Red Ridge Lane 14.10.21 Responses have been received from property owners and a report will be prepared for Council				

OUTSTANDING ACTIONS REPORT		Printed: Wednesday, 20 July 2022 2:35:29 PM
Division:		Date From:
Committee:		Date To:
Officer:		

Meeting	Date	Officer	Title	Target
10.3.21	Registered Acquisition Plan with NSW Land Registry Services for advice.			
20.4.21	This acquisition has stalled as the Common Trust Board have not signed the papers for the Agreement.			
11.6.21	Resending papers to trust.			
	Waiting on response			
9.9.21	Advisements underway to proceed with acquisition due to second attempt with no response.			
11.11.21	Several attempts made by phone and letter to the Common Trust since April 2021, however no response has been received.			
	Works are being scheduled to proceed.			

Meeting	Date	Officer	Title	Target
Council 26/08/2020	26/08/2020	Coonan, Neville	NOTICE OF MOTION - MARYLAND CULLENDORE ROAD THROUGH MARYLAND NATIONAL PARK	9/09/2020

176/20	Resolved that Council contact Crown Lands Department and National Parks & Wildlife Service informing them that Tenterfield Shire Council wishes to keep the Maryland Cullendore Road open. (Gary Verri/Bronwyn Petrie)
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Notes
02 Dec 2021 1:24pm Fitzpatrick, Christie Data imported from Resolution Register: 11.9.20 Letter forwarded to NPWS dated 3 September 2020, awaiting response. 12.2.21 Phone meeting held NPWS & EO 14.12.20 further details to be discussed through CE & Manager EDCE 12.3.21 Meeting held with Acting CE, DI, EO & Manager EDCE. EO to provide response to NPWS. 19.4.21 NPWS has confirmed that gazettal documents have been withdrawn from the Ministers Office. Meeting to be arranged between TSC and NPWS. 10.5.21 Making arrangements for NPWS to attend June 2021 Councillor Workshop. 10.6.21 Councillor workshop with NPWS 10.06.21 18.8.21 NPWS looking at all paper roads through NP. Will prioritise Maryland NP. TSC to pay for survey. 14.10.21 Estimate of survey costs and any other expenses being arranged for consideration.

Meeting	Date	Officer	Title	Target
Council 23/09/2020	23/09/2020	Marchant, Gillian	NOTICE OF MOTION - TENTERFIELD TOWN DAM FOR RECREATIONAL ACTIVITIES	7/10/2020

202/20	Resolved that Council investigate the opportunities that may be available near and including the town dam for recreational activities with a view to producing a master plan for presentation to the Council and subsequently the community. (Bob Rogan/Greg Sauer)
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Notes
18 Jul 2022 4:34pm Marchant, Gillian Note masterplan grant applied for 14/07/2022 Fishing Platform fence has been altered to accommodate platform, quotations supplied and approved, meeting due 21/07/2022. 02 Dec 2021 1:34pm Fitzpatrick, Christie Data imported from Resolution Register: 1.10.20 Scheduled for discussion at Councillor Workshop 21/10. Meeting with invited community members (due to COVID) 27/10. 1.12.20 Meetings held, results consolidated and provided for comment. Survey of parks underway. Focus group established. 15.4.21 Site inspection with focus group held, preliminary designs under investigation 6.5.21 Investigation into possible grants underway 11.6.21 - 9.9.21 Investigations continue-note awarded fishing platform grant 18.10.21 Signed Deeds of Grant 12.11.21 Platform planning underway.

Meeting	Date	Officer	Title	Target
Council 23/09/2020	23/09/2020	Counsell, David	McLeods Creek Road, Sandy Hill	7/10/2020

207/20	Resolved that Council approve the action required as detailed in this report. (Bronwyn Petrie/Gary Verri)
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Notes
14 Apr 2022 12:07pm Gibbins, Jessica Report was tabled at February meeting & matter deferred. 14 Feb 2022 2:54pm Gibbins, Jessica Further report being tabled at February 2022 Council Meeting. 02 Dec 2021 1:35pm Fitzpatrick, Christie Data imported from Resolution Register:

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Division:		Date From:
Committee:		Date To:
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Meeting	Date	Officer	Title	Target
15.10.20 TSC working with Crown Lands in relation to the compulsory acquisition.				
6.11.20 Ongoing				
4.12.20 Scoping the exact area required to negotiate with ALC. NSWALC providing advice on process.				
9.2.21 Negotiations underway with local Aboriginal Council requesting the ALC to be amended to exclude the part required for the project. Awaiting their response.				
10.3.21 This is awaiting response. NSW LALC are the claimant but won't change the claim until MLALC agree to.				
20.4.21 Continues to stall awaiting advice from Aboriginal Land Council. Negotiations continue.				
6.5.21 Project handover, negotiations continue.				
11.6.21 Project negotiations continue.				
19.7.21-18.10.21 Negotiations continue, arrangements to visit site once lockdown ended.				
11.11.21 Negotiations continue.				

Meeting	Date	Officer	Title	Target
Council 16/12/2020	16/12/2020	Cooper, Mark	Tenterfield Shire - Draft Tree Management Plan	30/12/2020
278/20	Resolved that Council endorse the Draft Tree Management Plan and place on public exhibition with: <ul style="list-style-type: none">• Further information to be provided on tree species on Logan Street; and• Additional Item (4.3) noting Liston community input in planting and providing trees; and• Further information regarding Tenterfield Park. <div>(Greg Sauer/Gary Verri)</div>			
Notes 07 Feb 2022 11:48am Cooper, Mark Ongoing 02 Dec 2021 1:41pm Fitzpatrick, Christie Data imported from Resolution Register: 1.2.21 Tree Management Plan has been put on Public Exhibition for 28 Days finishing on 28 February 2021 9.3.21 Submissions now closed. Several received. Preparing to present to Council workshop in April. 6.5.21 Draft plan to be presented to Councillor workshop in May. 12.5.21 Presented at Councillor Workshop. 7.7.21 Need to update street trees planted in Villages in readiness for adoption. 17.8.21-18.10.21 Ongoing				

Meeting	Date	Officer	Title	Target
Council 16/12/2020	16/12/2020	Keneally, Fiona	NOTICE OF MOTION - SUBMISSION TO NSW NATIONAL PARKS & WILDLIFE SERVICE REGARDING MT MACKENZIE LOOKOUT AREA	30/12/2020
291/20	Resolved that Council: <div><div>(1)</div><div>Receive a report on possible upgrades to the Mt Mackenzie Lookout, including the upgrade of toilet facilities (and where possible partnership) with NSW National Parks & Wildlife Service, with a view to enhance visitor experience; and</div><div>(2)</div><div>Include in the upcoming review of the Road Network Management Plan, the provision for upgrading the current access to Mt Mackenzie Lookout to a standard that will allow coaches to access the area. (Bob Rogan/Gary Verri)</div></div>			
Notes 19 Jul 2022 7:31am Keneally, Fiona Grant application submitted to BBRF program unsuccessful. Budget constraints limit Council's ability to contribute to grant projects or fund facility and road upgrades. Resource constraints limit staff capacity for further grant applications. No further action 2022/23 02 Dec 2021 1:43pm Fitzpatrick, Christie Data imported from Resolution Register: 18.2.21 Currently investigating Aboriginal Land Claim and potential grant application preparation for facilities and road upgrade 9.4.21 Aboriginal Land Claim refused on 7/4/21. Appeal period expires on 29/7/21. 15.6.21 Appeal period expires 29/7/21. 18.8.21 BBRF – application for \$2.156.208 (Mt Mackenzie Tourism Infrastructure upgrade submitted). Announcement due mid 2021! 8.9.21 An appeal has been lodged by NSW Aboriginal Land Council against the refusal of the Aboriginal Land Claim. A response to a subpoena was sent 3/9/2021. 18.10.21 Ongoing 10.11.21 Meeting with crown solicitor to provide further evidence for the appeal				

OUTSTANDING ACTIONS REPORT			
Division: Committee: Officer:		Printed: Wednesday, 20 July 2022 2:35:29 PM Date From: Date To:	

Meeting	Date	Officer	Title	Target
Council 24/02/2021	24/02/2021	Condrick, Jodie	Request to relocate the Band Hall to Leechs Gully Road (former Leechs Gully Hall Site)	10/03/2021

16/21	Resolved that Council: (1) Supports the gifting of the Band Hall to the Leechs Gully Progress Association subject to the association being responsible for: (a) Ensuring the Band Hall can fit on the property by conducting an identification survey; (b) Ensuring the Band Hall transfer meets heritage requirements; (c) Paying for all costs associated with the relocation of the Band Hall; (d) All upkeep and maintenance on the band hall once ownership is formally transferred to the association. (2) Allocates up to \$50,000 to the Leechs Gully Progress Association towards the costs associated with the items in (1) above. (3) Negotiates with the Leechs Gully Progress Association on the proposed relocation of the Band Hall. (John Macnish/Bronwyn Petrie)			
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Notes 18 May 2022 5:12pm Melling, Elizabeth Ongoing - Chief Executive Office met with Grant Johnson for an update 12 May 2022 02 Dec 2021 1:47pm Fitzpatrick, Christie Data imported from Resolution Register: 24.2.21 Mr Rod Dowe was informed of Council's decision. 25.2.21 Mr Dowe will contact a surveyor re the recommendation of part 1 (a) as a first step in the process. 1.3.21 Mr Dowe provided with the names of some Heritage Consultants. 12.3.21 The above is evidence of part 3 of the recommendation being enacted. 20.4.21 The Gem Club have been advised of the council resolution and provided with contact with Leechs Gully Progress Association for continued use of the hall if relocation takes place. 4.5.21 Survey to be completed and relocation quotes are being sought by Progress Association 11.6.21 Nothing further to report. 19.7.21 Committee to meet and review Constitution. 13.8.21 Ongoing waiting for Progress Assoc to become an incorporated body. 8.10.21 Meeting to be organised with Progress Association and TSC 11.11.21 Meeting held on site to discuss the actions required to expedite the relocation of the Hall to Leechs Gully. 8.12.21 They have organised a heritage report which is due Feb 2022. PS is coordinating the matter.				
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Meeting	Date	Officer	Title	Target
Council 24/03/2021	24/03/2021	Gibbins, Jessica	Snake Creek Road - Road Reserve Update	7/04/2021

60/21	Resolved that Council: (1) Proceed with the compulsory acquisition of the land described as part of Lot 7301 DP 1145839 for the purpose of dedicating a road in accordance with the requirements of the Land Acquisition (Just Terms Compensation) Act 1991; (2) Make an application to the Minister and the Governor for approval to acquire part of Lot 7301 DP 1145839 by compulsory process under section 177 (2)(b) of the Roads Act 1993. (Greg Sauer/Bronwyn Petrie)			
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Notes 14 Feb 2022 2:58pm Gibbins, Jessica Collating documents for the new application to send to OLG 02 Dec 2021 1:54pm Fitzpatrick, Christie Data imported from Resolution Register: 10.5.21 Office of Local Government application required. 15.6.21-19.7.21 Office of Local Government Application being drafted. 18.8.21 Application and attachments sent 17/8/21 OUT21/61C3BA5A. 14.10.21 Application rejected as need updated searches & correspondence. Being arranged for resubmitting.				
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Meeting	Date	Officer	Title	Target
Council 28/04/2021	28/04/2021	Counsell, David	Molesworth Street Drainage Easement	12/05/2021

86/21	Resolved that the matter of the Molesworth Street Draining Easement be deferred until the roles and responsibilities are determined in relation to stormwater discharge onto Lots 1 and 13. (Brian Murray/Michael Petrie)			
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Notes 14 Feb 2022 12:07pm Counsell, David Further advice on responsibilities being resolved with planning authorities and further report to be presented to Council in March 2022.				
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OUTSTANDING ACTIONS REPORT			
Division: Committee: Officer:		Printed: Wednesday, 20 July 2022 2:35:29 PM Date From: Date To:	

Meeting	Date	Officer	Title	Target
02 Dec 2021 1:56pm Fitzpatrick, Christie Data imported from Resolution Register: 7.5.21 Matter referred to cross department meeting for discussion with Council's Planning and Building Departments for further action. 7.6.21 Council report from April has been discussed at cross department meeting and assessment of the extent of properties and impacts is being investigated. 19.7.21-18.10.21 Council Report to be prepared by Engineering with input from Planning Dept.				

Meeting	Date	Officer	Title	Target
Council 28/04/2021	28/04/2021	Melling, Elizabeth	SOUTHERN QLD INLAND & NSW BORDER REGIONAL WATER ALLIANCE - TENTERFIELD SHIRE COUNCIL MEMBERSHIP	12/05/2021

91/21	Resolved that Council endorse in principle: (1) Tenterfield Shire Council as a member of Southern Qld Inland & NSW BorderRegional Water Alliance Limited subject to approval of the Constitution of the Company; and (2) Tenterfield Shire Council Mayor as a Director of Southern Qld Inland & NSW Border Regional Water Alliance Limited. (Gary Verri/Michael Petrie)			
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Notes 02 Dec 2021 1:57pm Fitzpatrick, Christie Data imported from Resolution Register: 3.5.21 Letter provided to Mayor Antonio of Toowoomba Regional Council as Chair. 31.5.21 Zoom meeting arranged for 2 June 2021. 15.6.21 Zoom meeting attended 2/6. 19.7.21 Awaiting legal advice regarding cross border (NSW/QLD) constitution and any associated issues. 18.8.21 Ongoing. 5.10.21 Border Mayors Water Alliance meeting in Toowoomba with Minister Butcher. 5.11.21 Meeting with B Joyce MP regarding funding 8/11/21				
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Meeting	Date	Officer	Title	Target
Council 27/10/2021	27/10/2021	Coonan, Neville	LEASING OF COUNCIL OWNED PROPERTY	10/11/2021

OFFICER'S RECOMMENDATION: That Council: (1) Acknowledges that Council entered into a "Service Agreement" with NSWRFs which was executed in December 2011. The Agreement provides NSWRFs a Licence to enter and use the premises at 50 Francis Street, Tenterfield. (2) Notes the written concurrence provided by NSWRFs for the proposed Leasing or Licensing of part of 50 Francis Street, Tenterfield (Lot 1 Section 37 DP 758959 - within the NSWRFs compound) to BackTrack for a term of up to 5 years for the purpose of a Youth Hub and that NSWRFs agree to share the toilet and associated facilities with BackTrack for the term of the Lease or Licence. (3) Delegate authority to the Chief Executive to enter into a new License over part of Lot 1 Section 37 DP 758959 (within the NSWRFs compound) for a 5-year term, subject to the summarized terms and conditions included in the Report. (4) Authorises the Licence to be signed under the Seal of Council by the Mayor and Chief Executive.				
LOST AMENDMENT That Council defer ITEM COM25/21 be deferred until an onsite inspection with the Captain of the Steinbrook Brigade and the Acting Manager Rural Fire Service – Glenn Byrnes. (Bronwyn Petrie/John Macnish)				
Amendment Lost Resolved that Council: (1) Acknowledges that Council entered into a "Service Agreement" with NSWRFs which was executed in December 2011. The Agreement provides NSWRFs a Licence to enter and use the premises at 50 Francis Street, Tenterfield. (2) Notes the written concurrence provided by NSWRFs for the proposed Leasing or Licensing of part of 50 Francis Street, Tenterfield (Lot 1 Section 37 DP 758959 to BackTrack for a term of up to 5				

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Meeting	Date	Officer	Title	Target
			years for the purpose of a Youth Hub and that NSWRFs agree to share the toilet and associated facilities with BackTrack for the term of the Lease or Licence.	
			(3) Delegate authority to the Chief Executive to enter into a new License over part of Lot 1 Section 37 DP 758959 for a 5-year term, subject to the summarized terms and conditions included in the Report.	
			(4) Authorises the Licence to be signed under the Seal of Council by the Mayor and Chief Executive.	
			(Gary Verri/Bronwyn Petrie)	
			Motion Carried	

Notes

06 Jun 2022 10:01am Coonan, Neville

A request has been sent to BackTrack requesting an update on their review of the licence.

10 May 2022 9:47am Coonan, Neville

Backtrack has been issued with a draft licence. They have provided a copy to their legal advisors to review and then come back to Council with amendments if required.

03 Mar 2022 1:02pm Coonan, Neville

BackTrack have obtained the DA. More information has been requested by Planning to issue a construction certificate. Jennings and Kneipp have prepared a draft licence agreement to be provided to BackTrack to review prior to finalisation.

03 Feb 2022 1:35pm Coonan, Neville

Backtrack and RFS have completed the MOU. Backtrack have lodged the DA. More info has been requested to support the DA. Licence to be issued upon the DA being approved.

02 Dec 2021 2:19pm Fitzpatrick, Christie

Data imported from Resolution Register:

10.11.21 Progressing. Backtrack & RFS advised of requirement to prepare a MoU prior to issuing a licence.

Backtrack advised DA is required prior to issuing a licence.

8.12.21 Awaiting receipt of completed MOU and lodgement of DA.

Meeting	Date	Officer	Title	Target
Council 23/02/2022	23/02/2022	Gibbins, Jessica	ACQUISITION OF PART OF PRIVATE LAND REQUIRED FOR ROAD WIDENING PURPOSES - BRUXNER WAY, TENTERFIELD	9/03/2022
45/22	Resolved that Council proceed with the recommendations as contained within this report to finalise this matter regarding acquisition of land for road realignment purposes for Bruxner Way, Tenterfield.			(John Macnish/Kim Rhodes)
			Motion Carried	
Notes 14 Apr 2022 12:09pm Gibbins, Jessica Correspondence sent to applicable land owners.				

Meeting	Date	Officer	Title	Target
Council 23/02/2022	23/02/2022	Counsell, David	MARYLAND CULLENDORE ROAD	9/03/2022
24/22	Resolved that Council defer the report until a later date.			(Tim Bonner/John Macnish)
			Motion Carried	
Notes 08 Mar 2022 1:39pm Counsell, David Matter deferred to another meeting to allow further information to be considered by Council.				

Meeting	Date	Officer	Title	Target
Council 23/02/2022	23/02/2022	Counsell, David	MCLEODS CREEK ROAD	9/03/2022
23/22	Resolved that Council			
	(1)	Note the estimated costs in relation to survey of the McLeods Creek Road Reserve; and		
	(2)	Defer this matter to the next Council meeting to enable more information to be provided to allow for further consideration.		
			Motion Carried	Peter Petty/Kim Rhodes)

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Officer:		

Meeting	Date	Officer	Title	Target
Notes 15 Jul 2022 11:56am Counsell, David Report included on the matter to July 2022 meeting. 08 Mar 2022 1:40pm Counsell, David Matter to be considered at another meeting after Council has considered additional information.				

Meeting	Date	Officer	Title	Target
Council 25/05/2022	25/05/2022	Jones, Roy	Operational Plan 2022-2023 Including Statement of Revenue Policy 2022-2023	8/06/2022
<u>101/22</u>	<div><div><u>Resolved</u></div><div>(20) That Council borrows up to \$3,100,000 in 2022/2023 for infrastructure projects.</div><div><u>Motion Carried</u></div></div> <div>(Greg Sauer/Tim Bonner)</div>			
Notes				

Meeting	Date	Officer	Title	Target
Council 25/05/2022	25/05/2022	Counsell, David	RETURN GRANT FUNDS RELATING TO PROPOSED SALEYARDS TRUCK WASH - TRANSPORT NSW GRANT FUNDING	8/06/2022
92/22	<p>Resolved that Council:</p> <p>(1) Agree to no longer proceed with the proposed Truck Wash; and</p> <p>(2) Agree to return the grant funds back to the funding body and provide the Treasurer and the Treasurer's Representative with one (1) month's notice to abandon the project.</p> <p>(Peter Petty/Tim Bonner)</p> <p><u>Motion Carried</u></p>			
Notes				

Meeting	Date	Officer	Title	Target
Council 22/06/2022	22/06/2022	Petrie, Bronwyn	REPORT OF COMMITTEES & DELEGATES - BORDER REGIONAL ORGANISATION OF COUNCILS (BROC) - MEETINGS OF 6 MAY 2022	6/07/2022
136/22, 137/22	RECOMMENDATION: That the report of the Border Regional Organisation of Councils (BROC) meeting Friday 6 May 2022 and associated presentations be received and noted. AMENDMENT (2) That Council seeks the reinvigoration of the cross border discussions with the relevant stakeholders subject to the Memorandum of Understanding with Southern Downs Regional Council, within the next six months. (Peter Petty/Geoff Nye) Amendment Carried Resolved that Council: (1) That the report of the Border Regional Organisation of Councils (BROC) meeting Friday 6 May 2022 and associated presentations be received and noted. (2) That Council seeks the reinvigoration of the cross border discussions with the relevant stakeholder, subject to the Memorandum of Understanding with Southern Downs Regional Council, within the next six months. (Peter Petty/Kim Rhodes)			

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Committee:		Date To:
Officer:		

Meeting	Date	Officer	Title	Target
			Motion Carried Resolved that Council notes the status of the Council Resolution Register to May 2022. (Greg Sauer/Tim Bonner) Motion Carried	
Notes 18 Jul 2022 4:27pm Melling, Elizabeth Contacted Cr Petrie with details of SDRC Mayor and assistant, asking for available dates to meet at Wallangarra to further the relationship.				

Meeting	Date	Officer	Title	Target
Council 22/06/2022	22/06/2022	Reid, Caitlin	Reconnecting Regional NSW Community Events Fund	6/07/2022
125/22	<p>Resolved that Council:</p> <ol style="list-style-type: none">1. Agree on allocation amounts as identified below, which are based on expression of interest forms submitted by community and event committees.2. Apply for the Reconnecting Regional NSW Community Events Program on behalf of identified community events. Administer funds and acquit event grant, with required information supplied by community and event committees. <p>(Peter Murphy/Peter Petty)</p> <p>Motion Carried</p>			
<p>Notes</p> <p>05 Jul 2022 3:48pm Melling, Elizabeth</p> <p>Grant Application submitted 5 July 2022. Expect to have update from funding body by the end of July</p>				

Meeting	Date	Officer	Title	Target
Council 22/06/2022	22/06/2022	Gibbins, Jessica	McCliftys Road & Bungulla Reserve Road - Public Gate & Vehicle By-pass Applications	6/07/2022
124/22	<p>Resolved that Council as the Roads Authority under the Roads Act 1993:-</p> <p>(1) Approves the installation of a public gate and vehicular by-pass on McCliftys Road at approx. 0.316km west of the New England Highway intersection and Bungulla Reserve Road at the intersection with Rosehill Road in accordance with Council Policy No 2.162 – Public Gates and Vehicle By-passes; and</p> <p>(2) Provide applicant with Council Consent as outlined in 4.2 Council’s Internal Administrative Procedures of Policy 2.162.</p> <p>(3) Advertise the approval with proposed installation 1 month after advertising as required by the Roads Regulation 2008.</p> <p>(Giana Saccon/Tom Peters)</p> <p>Motion Carried</p>			
Notes				