



## **Ordinary Meeting of Council**

**Thursday 27 April 2023**

**4.00pm**

**Council Chambers**

**209 Comur Street, Yass**

**Attachments to Reports**

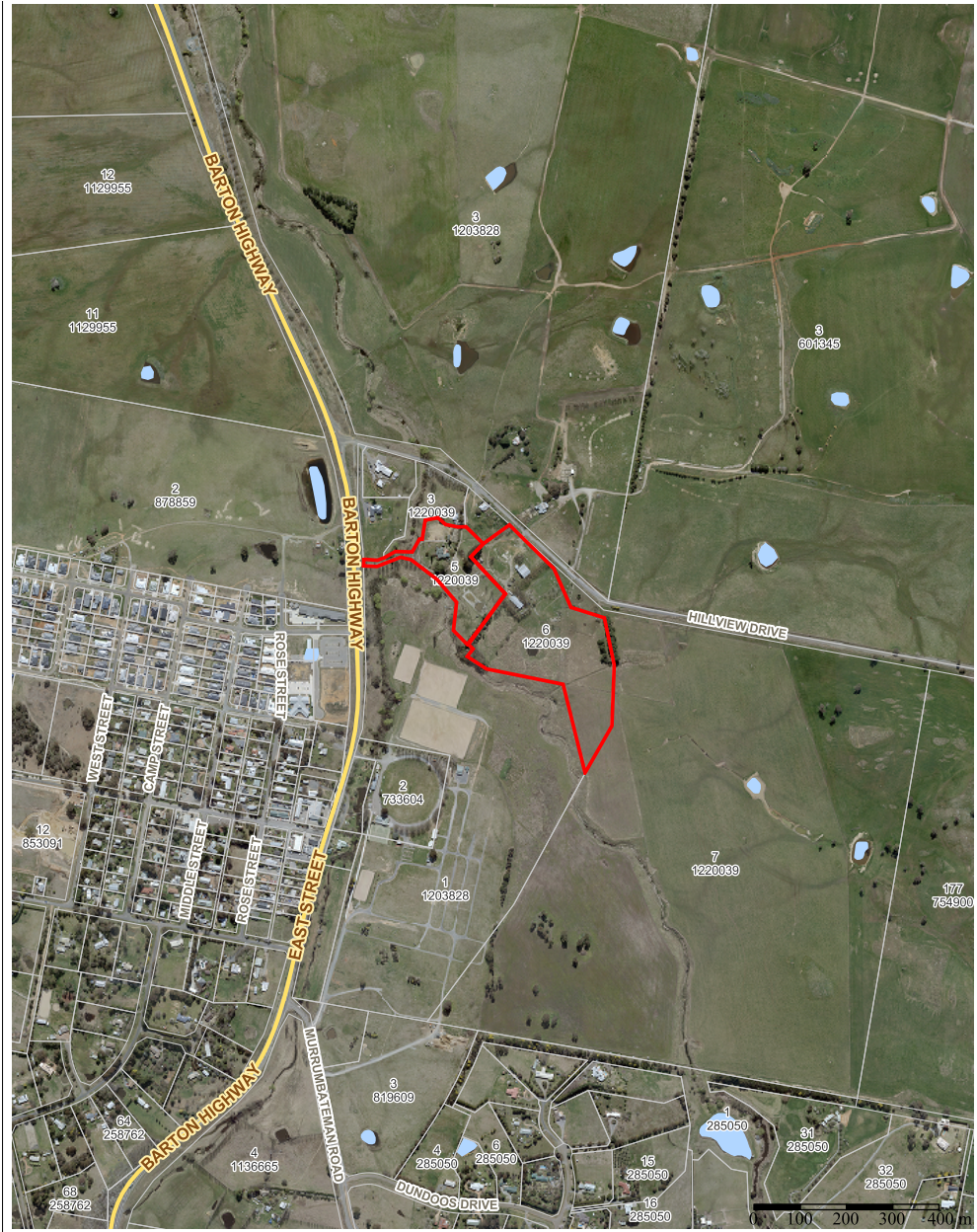
# Ordinary Meeting of Council

## Attachments to Reports

Page No.

<b>6.1</b>	<b>Development Application No DA210093 - Residential Subdivision, 46 Hillview Drive, Murrumbateman</b>	
	Attachment A. Locality Plan.....	3
	Attachment B. Plan of Subbdivision .....	4
	Attachment C. Submissions.....	5
	Attachment D. Applicant's Response to Submisisons .....	13
	Attachment E. Agency Responses .....	19
	Attachment F. s.4.15 Assessment .....	26
	Attachment G. Draft Conditions .....	48
<b>6.5</b>	<b>Investments and Borrowings Report - March 2023</b>	
	Attachment A. Investments and Borrowings Report - March 2023 .....	78
<b>6.6</b>	<b>Presentation of Audited Financial Statements 2021/22</b>	
	Attachment A. Audited Financial Statements 2012/22.....	80
<b>6.7</b>	<b>2022/23 Q2 Amended Quarterly Budget Review Statements</b>	
	Attachment A. Attachment A - Amended QBRs.....	182
<b>6.8</b>	<b>ARIC Non-Voting Council Member</b>	
	Attachment A. Risk Management & Internal Audit for Local Government in NSW Guidelines .....	185
<b>6.10</b>	<b>2023 Seniors Festival Review</b>	
	Attachment A. Seniors Festival Program .....	294
	Attachment B. Seniors Fesitval Photos.....	295
<b>9.1</b>	<b>Minutes of the Country Mayors Association Meeting held on 9 March 2023</b>	
	Attachment A. Country Mayors Association Minutes 9 March 2023.....	298





Yass Valley Council

the country the people

Yass Valley Council

PO Box 6

209 Camp Street

YASS NSW 2582

Telephone: (02) 6226 1477

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

Important Notice!

This map is not a precise survey document. Accurate locations can only be determined by a survey on the ground.

This information has been prepared for Council's internal purposes and for no other purpose. No guarantee is made about the accuracy or suitability of the information for use for any purpose (whether the purpose has been notified to Council or not). While every care is taken to ensure the accuracy of this data, neither the Yass Valley Council nor the SES makes any representations or warranties about its accuracy, reliability, completeness or suitability for any particular purpose and disclaims all responsibility and all liability (including without limitation, liability in negligence) for all expenses, losses, damages (including indirect or consequential damage) and costs which you might incur as a result of the data being inaccurate or incomplete in any way and for any reason.

© The State of New South Wales (Spatial Services), © Yass Valley Council

N

E

S

W

Drawn By: Murrumbidgee

Projection: GDA94 / MGA zone 55

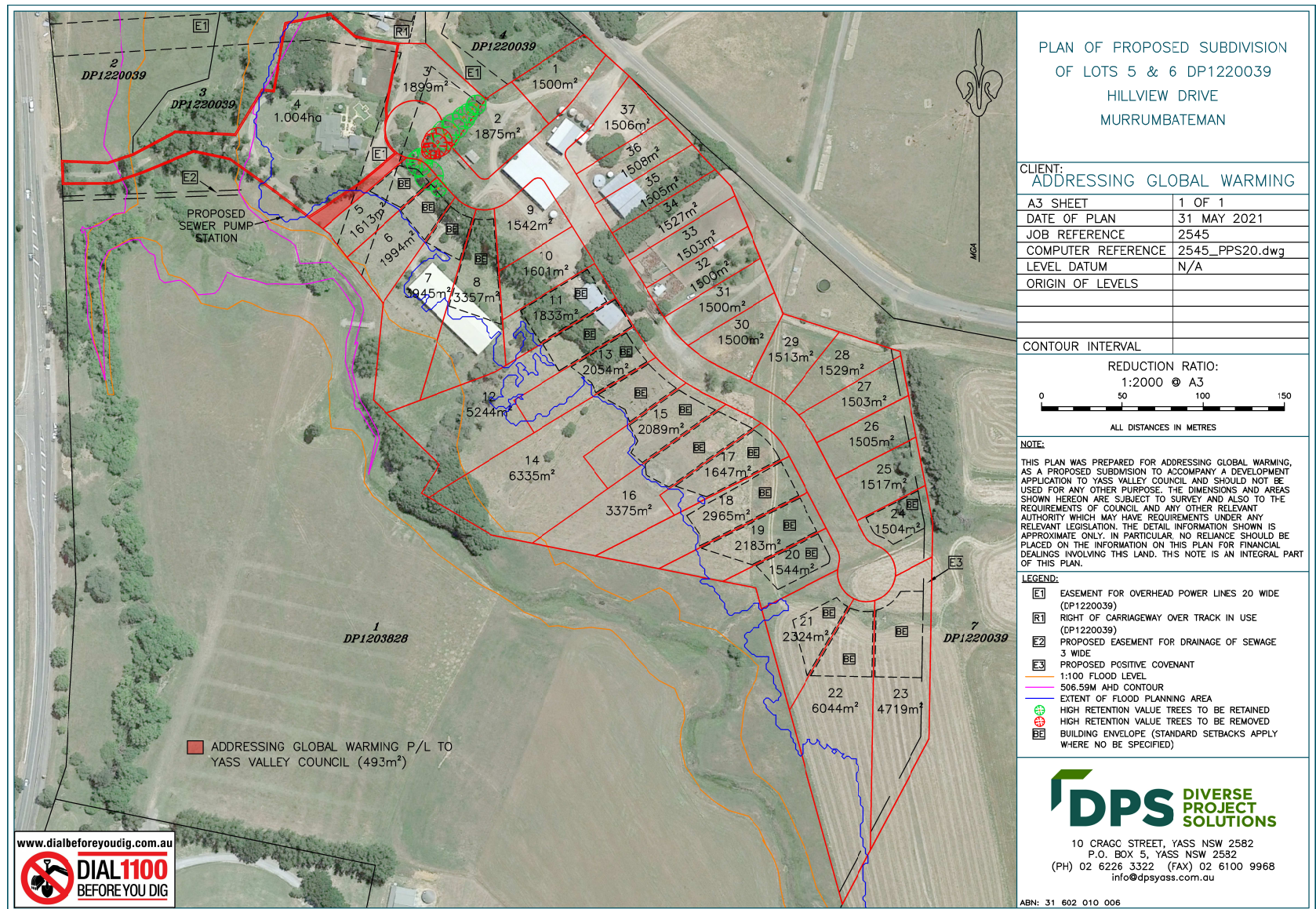
Date: 13/04/2023 11:39 AM

Map Scale: 1:11250 at A4

Attachments to Reports – Page 3 of 304



6.1 Development Application No DA210093 - Residential Subdivision, 46 Hillview Drive, Murrumbateman  
Attachment B Plan of Subbdivision



## **Submission 1**

### **Muzaffar Rubbani**

---

**From:**

**Sent:**

**To:**

YVC Customer Service Team

**Subject:**

Submission: Hillview residential subdivision is proposed for Lots 5 & 6 DP1220039 and Lot 1 DP1203828.

**Attachments:**

Submission Bain Hillview Development.docx

**[EXTERNAL]** Please exercise caution when clicking on links or attachments from external sources.

October 7 2021

**Submission:** Hillview residential subdivision is proposed for Lots 5 & 6 DP1220039 and Lot 1 DP1203828.

Development Application for the approval of a thirty-seven (37) Torrens Title Residential Lots at Lots 5 & 6 DP1220039, 3482 Barton Highway and 46 Hillview Drive, MURRUMBATEMAN under the provisions of the Yass Valley Council Local Environmental Plan 2013 Addressing Global Warming Pty Ltd ABN: 98 121 609 587 Roger Keith Bain (Director) Albert Keith Bain (Director).

**Introduction:** is making the submission and I have no formal training in planning or residential development. I have experience as a councillor on for years and Mayor for terms and have lived in community for nearly years running . My views expressed also reflect those of some other members of the community. I am not against rural residential or commercial development, but it needs to part of an overall plan which will be of benefit to the current, future residents and Yass Valley as a whole.

The recently advertised application by Directors of Addressing Global Warming PTY Ltd R Bain and A Bain for approval for 37 residential blocks on Hillview Drive Murrumbateman needs careful consideration by the Yass Valley Shire with regard the following issues: the suitability of the site in the future development of Murrumbateman, the effects on traffic on Hillview Drive, the impact of the Barton Highway duplication and the close proximity to the residences, and the flooding potential of the site.

- I must commend the applicants on their proposed protection of the Hillview homestead and grounds by making a buffer 1 hectare block, and so isolating it from the rest of the proposed development and preserving it as an important Historical feature of Murrumbateman.
- Suitability of site to be in keeping with current residential development for Murrumbateman is questionable. It will be a separate development and breaking the formal development of Village into the future. All residential development to date has been on the western side of the current Barton Highway and in a planned formal way which adds to the amenity and ambiance of the Village. The proposed development is in isolation to the village and cut off by the Barton Highway, which

will continue to be a major entrance road to the village via Hillview Drive with the competition of the Barton Highway duplication.

- The traffic issue has not been adequately addressed. 16 of the blocks (residences) will be closely impacted by the Barton Highway duplication with its major intersection and flyover bridge with Hillview Drive and making Hillview Drive a main entrance road to Murrumbateman village. Noise, pollution loss of amenity on two sides cannot be moderated by a proposed 1 to 1 ½ metre embankment. The proposed entrance to Hillview drive for the 70 cars from the development will have to be by an upgraded intersection and 50 km speed limit on Hillview Dr., as the sight distance to the west is very short. The new entrance to the village will join the Murrumbateman Road as the main route to the south coast for western NSW traffic, so it will gain Regional Road Status and therefore come under NSW Maritime and Roads Authority. Have they been consulted ?
- Finally, the main entrance via Hillview Drive, to Murrumbateman Village needs to be inviting and aesthetically pleasing to tourists, visitors and residents, especially since it is a rapidly growing wine tourist and rural residential centre. I have concerns, this development will not achieve this.
- The site for the development is subject to flooding, which will increase with the Barton Highway duplication infrastructure. I have read the Flood assessments and they do not address this adequately from personal experience. I have driven down Hillview Drive for nearly 50 years and I have seen floods covering a major part of proposed blocks 10 to 21 and with climate change, we are advised to expect more weather extremes – floods and droughts.

I am available to clarify any points that I have highlighted in this submission.

Regards

## Submission 2

### Submission on DA 210093 subdivision 46 Hillview Drive Murrumbateman

#### General comments

This third version of subdivision development is considered an appropriate fit for Murrumbateman village providing consistency with the minimum allotment size of 1500 square metres. It is pleasing the developer is not seeking to average out allotment size through including smaller sized lots. The amenity and appeal of living in Murrumbateman village is met through larger lot sizes within open rural vistas. (SOEE p.14 comment noted 'not proposing a component of medium density development')

Some specific issues are raised below for further clarification or consideration by the developer and Council.

#### Riparian Landscape Management Plan

The Riparian Landscape Management plan is welcomed and focus on reinstating some landscape functionality along the riparian corridor of 40 metres either side of the creek is fully supported. The suggested opportunities to enhance the habitat value of the riparian zone hopefully will be implemented also. The plan will be beneficial for the health of the surrounding environment, the subdivision amenity and for the community generally. It also positively addresses treatment and management of invasive and other weeds in the corridor. *(Noted that the site plan uses a different subdivision arrangement of 60 allotments however that is overridden by the 37 allotment of this new application)*

The Developer may also seek advice from the local Landcare Group to ensure the species list selected are all local growing species and they meet recent research on climate change resilience for the species.

There are four sites selected for restoration plantings - site 1 and 4 are on the subdivision side of the watercourse, while sites 3 and 2 are on the community land/Recreation Ground side (mentioned as Council land). It is not clear who will do the planting on this side. Could it be confirmed that the developer is responsible for the full implementation of the Management Plan as part of the overall subdivision and enhancement of the adjacent land once part of Hillview.

It is also noted that street tree plantings are not yet included in the plan (SOEE p. 11) and when it is, appropriate native trees should form the basis of these plantings. Advanced trees would be preferable along the street.

#### Connections to other parts of the village

There is a laneway between Lots 4 and 5 and could it be clarified whether a solid footpath will be constructed here and will it have appropriate street lighting. This laneway and an



existing footbridge across the watercourse can provide a walking/cycling connection from the subdivision to the Recreation Ground and onto the local commercial precinct, preschool and new primary school.

Can it be clarified if the existing footbridge will be upgraded? A footbridge is needed for connection by residents to other parts of the village. It is noted that this application (Appendix C) states it does not propose to construct a footbridge. Comments made on previous DA185008 sought alternative location for a pedestrian path and footbridge (away from horse arenas) – but the fact is that local residents already walk behind the horse arenas. Residents of this new subdivision will also need to walk this way to get across the Recreation Ground, onto Jones Park and future pedestrian crossing at East St (when the Barton is duplicated). The Recreation Ground is a community facility for recreation and use of multi-sporting and community activities.

#### **Fill**

SOEE p.15 states 'There will be minimal fill required whilst establishing the building envelopes on proposed Lots 5, 6 and 7 to ensure the building envelope does not fall within the FPA.' And on p.19 'the amount required has been calculated to be well under the 100m3 allowable amount'

Although the proposal aims to minimise the import of fill it is strongly suggested that fill for this development should only be verified as virgin evacuated natural material (VENM). There is a high risk of contamination from ENM fill as it can contain 2% by weight contamination of non-natural material. As the fill will be adjacent to the riparian corridor, contamination could seep into the ground and overflow from the filled area into the riparian area adversely affecting the flora and fauna in this area.

There is a concern for importation of any type of fill into the LGA despite current YVC policy requirements. Fill utilised from within the site is preferable, if available.

#### **Naming of the subdivision**

This submitter prefers that the subdivision is not promoted as an 'Estate' as it is part of Murrumbateman village. Using the term 'Estate' may give the impression it is separate from the village and may fractionalize some in the community.

It is suggested that naming the road is determined early and then promotional material can state that name to show the location of the new subdivision. For example, if the road is called Hillview Place: 'Hillview Place is an exciting new development in Murrumbateman village presenting large serviced blocks 1500-6335 square metres, all with amazing views and walking access to local recreational areas, close to shops, preschool and primary school.'

### **Submission 3**

**Muzaffar Rubbani**

---

**From:**

**Sent:**

**To:**

YVC Customer Service Team

**Subject:**

DA210093 - 46 Hillview Drive, Murrumbateman - submission

**[EXTERNAL]** Please exercise caution when clicking on links or attachments from external sources.

Thank you for the opportunity to comment on this the Hillview Development Application. Firstly, I note that the plans on the Stormwater and Riparian Plans appear to apply to the original DA, with over 50 lots. The current application is a big improvement on this, as much more attention has been applied to minimize flood effects on properties.

This said, I remain concerned that several lots could still go under water in a catastrophic flood, to the extent that fill will be required to raise floor level of dwellings on these lots. (p15 of Environmental Plan). Others could have their lower land flooded. This could result in expensive house and contents insurance for those building on those lots, which may be the least expensive in the development, and therefore the owners may be least able to afford high insurance premiums. This could potentially cause bad press for the Council should flooding occur, quite apart from distress to the block owners/occupants.

To rule out this risk, albeit a minimal one, the development could be re-designed to eliminate any building envelopes from the FPA (ie out of reach of any modelled flood), leaving a lower-lying riparian area as community (Council?) land. If the Council and the developer really need to maximise lots in the development, this would mean higher density development further up the hillside to make up for not building in the flood-prone area. Alternatively the developer and council could opt for a slightly smaller development (in terms of dwellings) but one which is even more sensitive to its environment and better planned to meet social considerations.

If the riparian area became a community space, a path could be developed along the creek (like the attractive river walk in Yass), on the far side from the new horse arenas, with sensitive plantings to encourage birds and other wildlife to use the riparian corridor. This path and corridor could curve around to meet the arm of the creek which runs through Jones Park in Murrumbateman and runs close to and parallel to the current Highway from Yass. Clearing, re-planting and making this area attractive would provide a pleasant walk from housing on the Hillview development to the facilities of Murrumbateman and Fairley. It would also link up with the path currently being developed between Murrumbateman and Dundoos estate. Maybe such a pedestrian/cycling link is already proposed, but I didn't see it in the DA documents.

Using flood-prone land in this way would obviate insurance problems for future owners in Hillview Estate and potential bad press for the Council, while providing a quality of life options for both Hillview and Murrumbateman residents. With the income harvested from the development, Council could pay a local contractor to mow and maintain the riparian community area as required (part-time and somewhat seasonal).

The DA appears to make scant reference to the impending duplication/Murrumbateman bypass which is planned to run around the eastern margin of the proposed development. There is an oblique reference to the bypass on P5 of the Environmental Plan (creating a mound to mitigate road noise). This should not be a case of 'buyer beware' for prospective lot purchasers. They must be apprised of the proposed bypass, if Hillview Estate is to be a healthy community in future. I understand that all new-builds must be double-glazed. In the case of this development, perhaps the Council could consider a rebate for triple glazing, at least on the bypass side of the development. The bypass will be noisy until all vehicles are electric, and even then there will be tyre noise at least.

Hillview represents an opportunity to create a model, more sustainable, community in the Yass Valley with solar panels and a community battery, and no doubt other progressive features. There are buyers looking for sustainable community living.

Lastly, Hillview could provide an opportunity to set aside a couple of blocks for purchase with no-interest loans or equivalent incentive for refugees and/or low-income citizens.

Could this development be executed with yet better vision and a more wholistic approach? I think so, if the developer and Council would like to be remembered and appreciated for a sensitive development that inhabitants enjoy and which enhances the Murrumbateman community.

As a postscript, I noticed that one of the Flood Plan models envisaged the breach of a dam upstream. Is there a big enough dam upstream to cause such damage; or is a dam planned; or is this simply a contingency factored into the Flood Plan for every DA in NSW?

Regards

Sent from [Mail](#) for Windows

Message protected by MailGuard: e-mail anti-virus, anti-spam and content filtering.  
<https://www.mailguard.com.au/mg>

[Report this message as spam](#)



## **Submission 4**

---

Kate Baker  
Manager Development Control  
Yass Valley Council  
PO BOX 6  
Yass NSW 2582

Via e-mail: [kbaker@yass.nsw.gov.au](mailto:kbaker@yass.nsw.gov.au)

Dear Kate,

### **Comments on DA210093- 46 Hillview Drive**

Thank you for providing an opportunity to comment on the DA at 46 Hillview Drive, Murrumbateman. Please find our comments/questions in relation to the DA below. We would appreciate a response to our queries.

1. The Development Application had no ecological study provided. Neighbouring properties have established Golden Sun Moth habitat (a Critically endangered Insect) and this would need to be assessed for site suitability/suitable offsets provided.
2. There are no details in relation to how Gross Pollutant Run off will be managed off this site. We have high producing Lucerne flats to the of this development and are concerned that the runoff would affect the water quality which feed the lucerne.
3. The provided traffic study is from 2018 and expressly states 'no specific analysis of the Barton Highway has been undertaken' – This is inadequate.
  - a. What are the roadworks council will require to Hillview Drive, the new intersection with Hillview Drive and the intersection of Hillview Drive and the existing and future Barton Highway?
  - b. how is future Barton Highway By-Pass major intersection with Hillview Drive, reflected in this project's new intersection design
4. Murrumbateman usually has a 2-3 car rate for family homes due to the rural nature of the village, therefore there should be a higher rate of cars in the traffic analysis, especially for blocks suited for family homes 3 bedroom+.
5. Is council concerned with the proposed elevated (4-5m) fly over of the future Barton Highway By-Pass major intersection with Hillview Drive and passing this proposal development?
  - a. Will council require on the subdivided titles that the future Barton Highway By-Pass will generate traffic noise 24/7?
6. The application assumes connecting to Village water supply and Sewer – although the documents refer to contributions to Council for these – are these services readily available to this land?

Please do not hesitate to contact me in relation to this letter.

Yours sincerely



**Diverse Project Solutions**  
7 Adele Street  
Yass NSW 2582  
Postal PO Box 5 Yass NSW 2582

**Telephone** 02 6226 3322  
**Email** info@dpsyass.com.au  
www.dpsyass.com.au

04 March 2022

Our Ref: 2545\_YVC4

The General Manager  
Yass Valley Council  
PO Box 6  
YASS NSW 2582

Attention: Muzaffar Rubbani

Dear Sir,

**RESPONSE TO SUBMISSIONS RECEIVED – DA210093**  
**PROJECT: Subdivision creating Thirty-Seven (37) Torrens Title Residential Lots**  
**Lots 5 & 6 DP1220039**

In response to your letter dated 28 January 2022 please see in the spreadsheet below our comments addressing the submissions received for the above-mentioned development application:

SUBMISSION	ISSUE	RESPONSE
<b>1.</b>		
1.1	<ul style="list-style-type: none"> <li><i>I must commend the applicants on their proposed protection of the Hillview homestead and grounds by making a buffer 1 hectare block, and so isolating it from the rest of the proposed development and preserving it as an important Historical feature of Murrumbateman.</i></li> <li><i>Suitability of site to be in keeping with current residential development for Murrumbateman is questionable. It will be a separate development and breaking the formal development of Village into the future. All residential development to date has been on the western side of the current Barton Highway and in a planned formal way which adds to the amenity and ambiance of the Village. The proposed development is in isolation to the village and cut off by the Barton Highway, which will continue to be a major entrance road to the village via Hillview Drive with the competition of the Barton Highway duplication.</i></li> </ul>	<p>The subject site whilst on the eastern side of the Barton Highway is zoned RU5 Village in the Yass Valley Local Environmental Plan 2013 (YVLEP).</p> <p>The suitability of the site is keeping in line with the current residential development, if anything it is offering generous oversized allotments creating a rural residential village ambiance.</p>
1.2	<ul style="list-style-type: none"> <li><i>The traffic issue has not been adequately addressed. 16 of the blocks (residences) will be closely impacted by the Barton Highway duplication with its major intersection and flyover bridge with Hillview Drive and making Hillview Drive a main entrance road to Murrumbateman village. Noise, pollution loss of amenity on two sides cannot be moderated by a proposed 1 to 1 ½ metre embankment. The proposed entrance to Hillview drive for the 70 cars from the development will have to be by an upgraded intersection and 50 km speed limit on Hillview Dr., as the sight distance to the west is very short. The new entrance to the village will join the Murrumbateman Road as the main route to the south coast for western NSW traffic, so it will gain Regional Road Status and therefore come</i></li> </ul>	<p>This comment is pre-emptive to say the least and may or may not come to fruition.</p> <p>The proposed entrance to Hillview Drive will be designed/constructed as per Council's conditions of consent/ policies and AustRoads standards.</p> <p>The application was referred to TfNSW for comment, those comments were received 17/02/2022 and it is expected</p>

	<i>under NSW Maritime and Roads Authority. Have they been consulted ?</i>	they will be incorporated in the conditional consent.
1.3	<ul style="list-style-type: none"> <li><i>Finally, the main entrance via Hillview Drive, to Murrumbateman Village needs to be inviting and aesthetically pleasing to tourists, visitors and residents, especially since it is a rapidly growing wine tourist and rural residential centre. I have concerns, this development will not achieve this.</i></li> </ul>	The proposed development does not propose an entry feature, the proposed layout however has taken into consideration previous community and Council feedback creating generous sized aesthetically pleasing allotments.
1.4	<ul style="list-style-type: none"> <li><i>The site for the development is subject to flooding, which will increase with the Barton Highway duplication infrastructure. I have read the Flood assessments and they do not address this adequately from personal experience. I have driven down Hillview Drive for nearly 50 years and I have seen floods covering a major part of proposed blocks 10 to 21 and with climate change, we are advised to expect more weather extremes – floods and droughts.</i></li> </ul>	<p>The flood assessment prepared by GRC Hydro was prepared by a qualified Civil Engineer (Hydrologist) that has taken into consideration the most recent flood mapping in Council's recently adopted Flood Study prepared by Lyall &amp; Associates dated 21 July 2021.</p> <p>The assessment has adequately addressed the flooding concerns and notably played a large part in determining the final layout that reduced the overall lot yield to thirty-seven (37) from previous layouts.</p>
<b>2.</b>		
2.1	<p><b>Riparian Landscape Management Plan</b></p> <p><i>The Riparian Landscape Management plan is welcomed and focus on reinstating some landscape functionality along the riparian corridor of 40 metres either side of the creek is fully supported. The suggested opportunities to enhance the habitat value of the riparian zone hopefully will be implemented also. The plan will be beneficial for the health of the surrounding environment, the subdivision amenity and for the community generally. It also positively addresses treatment and management of invasive and other weeds in the corridor. (Noted that the site plan uses a different subdivision arrangement of 60 allotments however that is overridden by the 37 allotment of this new application)</i></p> <p><i>The Developer may also seek advice from the local Landcare Group to ensure the species list selected are all local growing species and they meet recent research on climate change resilience for the species.</i></p> <p><i>There are four sites selected for restoration plantings - site 1 and 4 are on the subdivision side of the watercourse, while sites 3 and 2 are on the community land/Recreation Ground side (mentioned as Council land). It is not clear who will do the planting on this side. Could it be confirmed that the developer is responsible for the full implementation of the Management Plan as part of the overall subdivision and enhancement of the adjacent land once part of Hillview.</i></p> <p><i>It is also noted that street tree plantings are not yet included in the plan (SOEE p. 11) and when it is, appropriate native trees should form the basis of these</i></p>	<p>The riparian landscape management plan is being updated in line with DPIE comments following this it will reflect the most recent subdivision layout of thirty-seven lots.</p> <p>The implementation of the management plan will be by the developer as part of the subdivision works.</p> <p>Advanced street trees will be planted as part of the subdivision works; it is expected the conditional consent will be reflective of this.</p>

	<i>plantings. Advanced trees would be preferable along the street.</i>	
2.2	<p><b>Connections to other parts of the village</b></p> <p><i>There is a laneway between Lots 4 and 5 and could it be clarified whether a solid footpath will be constructed here and will it have appropriate street lighting. This laneway and an existing footbridge across the watercourse can provide a walking/cycling connection from the subdivision to the Recreation Ground and onto the local commercial precinct, preschool and new primary school.</i></p> <p><i>Can it be clarified if the existing footbridge will be upgraded? A footbridge is needed for connection by residents to other parts of the village. It is noted that this application (Appendix C) states it does not propose to construct a footbridge. Comments made on previous DA185008 sought alternative location for a pedestrian path and footbridge (away from horse arenas) – but the fact is that local residents already walk behind the horse arenas. Residents of this new subdivision will also need to walk this way to get across the Recreation Ground, onto Jones Park and future pedestrian crossing at East St (when the Barton is duplicated). The Recreation Ground is a community facility for recreation and use of multi-sporting and community activities.</i></p>	<p>The laneway between lots 4 and 5 will be dedicated to Council and is specifically placed to enable access for Council staff to the proposed sewer pump station.</p> <p>It is not the intention of this subdivision to upgrade the existing footbridge. It is noted this was a contentious issue in previous DA's submitted for this site, hence the reason we have not mentioned/ raised it with this DA.</p> <p>It is Council's discretion should they wish to include any upgrades of the footbridge in the conditional consent.</p>
	<p><b>Fill</b></p> <p><i>SOEE p.15 states 'There will be minimal fill required whilst establishing the building envelopes on proposed Lots 5, 6 and 7 to ensure the building envelope does not fall within the FPA.' And on p.19 'the amount required has been calculated to be well under the 100m3 allowable amount'</i></p> <p><i>Although the proposal aims to minimise the import of fill it is strongly suggested that fill for this development should only be verified as virgin evacuated natural material (VENM). There is a high risk of contamination from ENM fill as it can contain 2% by weight contamination of non-natural material. As the fill will be adjacent to the riparian corridor, contamination could seep into the ground and overflow from the filled area into the riparian area adversely affecting the flora and fauna in this area.</i></p> <p><i>There is a concern for importation of any type of fill into the LGA despite current YVC policy requirements. Fill utilised from within the site is preferable, if available.</i></p>	<p>The importation of fill is required within lots 5, 6 and 7 to ensure the building envelopes do not fall within the FPA, it is expected Council's conditional consent will include specific conditions in relation to the type of fill allowed.</p> <p>If the material can be cut and used on site this will be the most desirable outcome.</p>
	<p><b>Naming of the subdivision</b></p> <p><i>This submitter prefers that the subdivision is not promoted as an 'Estate' as it is part of Murrumbateman village. Using the term 'Estate' may give the impression it is separate from the village and may fractionalize some in the community.</i></p> <p><i>It is suggested that naming the road is determined early and then promotional material can state that name to show the location of the new subdivision. For example, if the road is called Hillview Place: 'Hillview Place is an exciting new development in Murrumbateman village presenting large serviced blocks 1500-6335 square metres, all with amazing views and walking access to local recreational areas, close to shops, preschool and primary school'</i></p>	<p>Noted, although it is at the landowner/ developer's discretion as to how they would like to market the new development.</p> <p>Street naming will only come into place upon receiving a conditional consent and when submitting the construction certificate.</p> <p>Whilst the suggestion of Hillview Place is noted, this will not be accepted by the Geographical Names Board (GNB) as Hillview Drive is an adjacent road (duplicate name). Road naming will be subject to the GNB</p>

		guidelines and at the discretion of the developer.
<b>3.</b>		
3.1	<p><i>Thank you for the opportunity to comment on this the Hillview Development Application. Firstly, I note that the plans on the Stormwater and Riparian Plans appear to apply to the original DA, with over 50 lots. The current application is a big improvement on this, as much more attention has been applied to minimize flood effects on properties.</i></p> <p><i>This said, I remain concerned that several lots could still go under water in a catastrophic flood, to the extent that fill will be required to raise floor level of dwellings on these lots. (p15 of Environmental Plan). Others could have their lower land flooded. This could result in expensive house and contents insurance for those building on those lots, which may be the least expensive in the development, and therefore the owners may be least able to afford high insurance premiums. This could potentially cause bad press for the Council should flooding occur, quite apart from distress to the block owners/occupants.</i></p> <p><i>To rule out this risk, albeit a minimal one, the development could be re-designed to eliminate any building envelopes from the FPA (ie out of reach of any modelled flood), leaving a lower-lying riparian area as community (Council?) land. If the Council and the developer really need to maximise lots in the development, this would mean higher density development further up the hillside to make up for not building in the flood-prone area. Alternatively the developer and council could opt for a slightly smaller development (in terms of dwellings) but one which is even more sensitive to its environment and better planned to meet social considerations.</i></p>	<p>Comments noted however a lot of consideration in conjunction with a specially qualified consultant has gone into the re-design of the development.</p> <p>It is to be noted the lots on the western side of the development have been placed accordingly to be clear of the FPA, it is not desirable to include any medium density housing nor to reduce the current lot yield.</p> <p>Building envelopes have been placed on the lots in question and specifically out of the FPA.</p>
3.2	<p><i>If the riparian area became a community space, a path could be developed along the creek (like the attractive river walk in Yass), on the far side from the new horse arenas, with sensitive plantings to encourage birds and other wildlife to use the riparian corridor. This path and corridor could curve around to meet the arm of the creek which runs through Jones Park in Murrumbateman and runs close to and parallel to the current Highway from Yass. Clearing, re-planting and making this area attractive would provide a pleasant walk from housing on the Hillview development to the facilities of Murrumbateman and Fairley. It would also link up with the path currently being developed between Murrumbateman and Dundoos estate. Maybe such a pedestrian/cycling link is already proposed, but I didn't see it in the DA documents. Using flood-prone land in this way would obviate insurance problems for future owners in Hillview Estate and potential bad press for the Council, while providing a quality of life options for both Hillview and Murrumbateman residents. With the income harvested from the development, Council could pay a local contractor to mow and maintain the riparian community area as required (part-time and somewhat seasonal).</i></p>	<p>The proposed subdivision is not a community title subdivision nor is it the intention. The proposal is more attractive to potential purchasers as stand alone torrens title lots.</p> <p>As the development abuts Council land it will be at Council's discretion as to whether a footpath will be added in the future.</p> <p>The maintenance of the riparian zone is for Council to determine and does not involve the developer once the riparian management plan has been implemented and the plan registered.</p>
3.3	<p><i>The DA appears to make scant reference to the impending duplication/Murrumbateman bypass which is planned to run around the eastern margin of the proposed development. There is an oblique reference to the bypass on P5 of the Environmental Plan (creating a mound to mitigate road noise). This should not be a case of 'buyer beware' for prospective lot purchasers. They must be apprised of the proposed bypass, if Hillview Estate is to be a healthy</i></p>	<p>Noted, the developer is being transparent to potential purchasers regarding the lots that will abut the bypass.</p> <p>Further there are conditions within the TfNSW comments that</p>



	<i>community in future. I understand that all new-builds must be double-glazed. In the case of this development, perhaps the Council could consider a rebate for triple glazing, at least on the bypass side of the development. The bypass will be noisy until all vehicles are electric, and even then there will be tyre noise at least.</i>	address some of these concerns and will no doubt form a part of the conditional consent.
3.4	<i>Hillview represents an opportunity to create a model, more sustainable, community in the Yass Valley with solar panels and a community battery, and no doubt other progressive features. There are buyers looking for sustainable community living</i>  <i>Lastly, Hillview could provide an opportunity to set aside a couple of blocks for purchase with no-interest loans or equivalent incentive for refugees and/or low-income citizens.</i>	Noted.
3.5	<i>Could this development be executed with yet better vision and a more wholistic approach? I think so, if the developer and Council would like to be remembered and appreciated for a sensitive development that inhabitants enjoy and which enhances the Murrumbateman community.</i>  <i>As a postscript, I noticed that one of the Flood Plan models envisaged the breach of a dam upstream. Is there a big enough dam upstream to cause such damage; or is a dam planned; or is this simply a contingency factored into the Flood Plan for every DA in NSW?</i>	Noted
4.		
4.1	<i>Thank you for providing an opportunity to comment on the DA at 46 Hillview Drive, Murrumbateman. Please find our comments/questions in relation to the DA below. We would appreciate a response to our queries.</i>  <i>1. The Development Application had no ecological study provided. Neighbouring properties have established Golden Sun Moth habitat (a Critically endangered Insect) and this would need to be assessed for site suitability/suitable offsets provided.</i>	The site has been heavily farmed/ modified for decades, it would be highly unlikely that there are established habitats within the property for the Golden Sun Moth or any other endangered species.
4.2	<i>2. There are no details in relation to how Gross Pollutant Run off will be managed off this site. We have high producing Lucerne flats to the of this development and are concerned that the runoff would affect the water quality which feed the lucerne.</i>	A detailed stormwater plan will be submitted with the Construction Certificate. It is to be noted there have been many proposals put to Council over the years and with that a lot of money and time spent.  The idea with this proposal is to submit enough documentation/ plans to receive a conditional consent from Council. Following this all subsequent information will be submitted with the Subdivision Works Certificate Application.
4.3	<i>3. The provided traffic study is from 2018 and expressly states 'no specific analysis of the Barton Highway has been undertaken' – This is inadequate.</i> <i>a. What are the roadworks council will require to Hillview Drive, the new intersection with Hillview Drive and the intersection of Hillview Drive and the existing and future Barton Highway?</i> <i>b. how is future Barton Highway By-Pass major</i>	The new intersection on Hillview Drive has not been designed at this stage. As discussed in 4.2 above it has taken a lot of time and money to achieve the current layout and it is expected that until

	<i>intersection with Hillview Drive, reflected in this project's new intersection design</i>	conditional consent is achieved it is not practical to engage an engineer and start any construction designs.
4.4	4. <i>Murrumbateman usually has a 2-3 car rate for family homes due to the rural nature of the village, therefore there should be a higher rate of cars in the traffic analysis, especially for blocks suited for family homes 3 bedroom+.</i>	It is to be noted the traffic analysis was based on the creation of 86 lots, that is more than double the lots we are now proposing. A 2-3 car rate for family homes is excessive even in a rural environment. It is expected the traffic analysis submitted with the current DA is sufficient in its current form.
4.5	5. <i>Is council concerned with the proposed elevated (4-5m) fly over of the future Barton Highway By-Pass major intersection with Hillview Drive and passing this proposal development? a. Will council require on the subdivided titles that the future Barton Highway By-Pass will generate traffic noise 24/7?</i>	This is a comment for Council not the developer/ applicant.
4.6	6. <i>The application assumes connecting to Village water supply and Sewer – although the documents refer to contributions to Council for these – are these services readily available to this land?</i>	Whilst these services are available to connect into, the headwork charges that are mentioned in the Statement of Environmental Effects are required to be paid prior to the issue of the Subdivision Certificate.

We recommend this proposed development to Council and await advice on Council's determination of the application.

Please call this office if you have any queries on the above.

Yours Faithfully  
**DPS YASS Pty Ltd**



## Department of Planning and Environment



Contact: Department of Planning and Environment—Water  
Phone: 1800 633 362  
Email: [waterlicensing.servicedesk@dpie.nsw.gov.au](mailto:waterlicensing.servicedesk@dpie.nsw.gov.au)

Our ref: IDAS-2021-10281  
Your ref: DA210093

27 September 2022

Yaas Valley Council  
209 Comur Street  
Yaas NSW 2582

Attention: Kate Baker

Uploaded to the ePlanning Portal

Dear Sir/Madam

**Re: IDAS-2021-10281 - Integrated Development Referral – General Terms  
of Approval**

**Dev Ref: DA210093**

**Description: Subdivision into 37 Torrens title lots, stormwater drainage easement,  
revegetation**

**Location: Lot 5 & 6 DP 1220039 – 46 Hillview Drive, Murrumbateman  
2582**

I refer to your recent referral regarding an integrated Development Application (DA) proposed for the above location. Attached, please find the Department of Planning and Environment—Water's General Terms of Approval (GTA) for part of the proposed development requiring a Controlled Activity approval under the *Water Management Act 2000* (WM Act), as detailed in the subject DA.

Please note Council's statutory obligations under section 4.46 of the *Environmental Planning and Assessment Act 1979* (EPA Act) which requires consent, granted by a consent authority, to be consistent with the general terms of any approval proposed to be granted by the approval body.

If the proposed development is approved by Council, the department requests these GTA be included (in their entirety) in Council's development consent. Please also note the department requests notification:

- if any plans or documents are amended and these amendments significantly change the proposed development or result in additional works or activities (i) in the bed of any river, lake or estuary; (ii) on the banks of any river lake or estuary, (iii) on land within 40 metres of the highest bank of a river lake or estuary; or (iv) any excavation which interferes with an aquifer.

The Department of Planning and Environment—Water will ascertain from the notification if the amended plans require review of or variation/s to the GTA. This requirement applies even if the amendment is part of Council's proposed consent conditions and do not appear in the original documentation.

- if Council receives an application under s4.46 of the EPA Act to modify the development

consent and the modifications change the proposed work or activities described in the original DA.

- of any legal challenge to the consent.

As the proposed work or activity cannot commence before the applicant applies for and obtains an approval, the department recommends the following condition be included in the development consent:

**The attached GTA issued by the Department of Planning and Environment—Water do not constitute an approval under the *Water Management Act 2000*.** The development consent holder must apply to the department for a Controlled Activity approval **after consent** has been issued by Council **and before** the commencement of any work or activity.

A completed application must be submitted to the department together with any required plans, documents, application fee and proof of Council's development consent. Finalisation of an approval can take up to eight (8) weeks from the date the application and all required supporting documentation is received.

Applications for controlled activity approval should be made to the department, by lodgement of a Controlled Activity Approval – New approval application on the NSW Planning Portal at: <https://www.planningportal.nsw.gov.au/>

The Department of Planning and Environment—Water requests that Council provide a copy of this letter to the development consent holder.

The Department of Planning and Environment—Water also requests a copy of the determination for this development application be provided by Council as required under section 4.47(6) the EPA Act.

Yours Sincerely



**For**  
**Bryson Lashbrook**  
**Manager**  
**Licensing and Approvals**  
**Department of Planning and Environment—Water**



## General Terms of Approval

for proposed development requiring approval under s89,  
90 or 91 of the Water Management Act 2000

<b>Reference Number:</b>	IDAS-2021-10281
<b>Issue date of GTA:</b>	27 September 2022
<b>Type of Approval:</b>	Controlled Activity
<b>Location of work/activity:</b>	Lot 5 & 6 DP 1220039 – 46 Hillview Drive, Murrumbateman 2582
<b>Waterfront Land:</b>	McClungs Creek
<b>DA Number:</b>	DA210093
<b>LGA:</b>	Yaas Valley Council

**The GTA issued by Department of Planning and Environment—Water do not constitute an approval under the *Water Management Act 2000*.** The development consent holder must apply to the Department of Planning and Environment—Water for the relevant approval **after development consent** has been issued by Council **and before** the commencement of any work or activity.

Condition Number	Details
TC-G001	Before commencing any proposed controlled activity on waterfront land, an application must be submitted to Department of Planning and Environment—Water, and obtained, for a controlled activity approval under the Water Management Act 2000.
TC-G004	<p>A. This General Terms of Approval (GTA) only applies to the proposed controlled activity described in the plans and associated documents found in Schedule 1, relating to Development Application DA210093 provided by Council to Department of Planning and Environment—Water.</p> <p>B. Any amendments or modifications to the proposed controlled activity may render the GTA invalid. If the proposed controlled activity is amended or modified, Department of Planning and Environment—Water, must be notified in writing to determine if any variations to the GTA will be required.</p>
TC-G005	<p>A. The application for a controlled activity approval must include the following plan(s):</p> <ol style="list-style-type: none"><li>Site plans indicating the demarcation of waterfront land, designated riparian corridors, and identifying any areas of encroachments and offsets</li><li>Detailed civil construction plans;</li><li>Erosion and sediment control plans;</li><li>Construction detailed drainage plans;</li><li>Construction stormwater drainage outlet plan;</li><li>Riparian Landscape management plan;</li><li>Construction cut and fill cross sections and plan view details of site;</li><li>Construction detailed bulk earthworks plans;</li></ol> <p>B. The plan(s) must be prepared in accordance with Department of Planning and Environment—Water 's guidelines located on the website <a href="https://www.nrar.nsw.gov.au/how-to-apply/controlled-activities/guidelines-for-controlled-activities">https://www.nrar.nsw.gov.au/how-to-apply/controlled-activities/guidelines-for-controlled-activities</a></p>

## **SCHEDULE 1**

The plans and associated documentation listed in this schedule are referred to in general terms of approval (GTA) issued by Department of Planning and Environment—Water for integrated development associated with IDAS-2021-10281 as provided by Council:

- Statement of Environmental Effects, prepared by DPS YAAS Pty Ltd, dated September 2021
- Flood Assessment, prepared by GRC Hydro, dated 17 September 2021
- Riparian Landscape Management Plan, prepared by Soil and Water, dated 04 March 2022
- Subdivision Plan, prepared by DPS Diverse Project Solutions, dated 31 May 2021



Our ref: SWT18/00016  
Contact: Cam O'Kane

17 February 2022

Yass Valley Council  
BY EMAIL: council@yass.nsw.gov.au

Attention: Kate Baker

**DA210093 (CNR-22009) – PROPOSED RESIDENTIAL SUBDIVISION, LOTS 5 & 6 DP1220039, HILLVIEW DRIVE MURRUMBATEMAN.**

---

I refer to your correspondence regarding the subject Application which was referred to Transport for NSW (TfNSW) for assessment and comment.

From the information provided it is understood that the proposal is for a thirty-seven (37) Lot Residential Subdivision with associated infrastructure, roads, easements and restrictions. The subject site has frontage and access to the Barton Highway and Hillview Drive within a 100 kmh speed zone. Barton Highway is a classified "state" road and Hillview Drive is classed as a local road.

TfNSW has completed an assessment of the application, based on the information provided and focussing on the impact to the state road network. TfNSW notes for this application:

- The proposal is supported by a Statement of Environmental Effects (SEE) prepared by Diverse Project Solutions dated September 2021;
- There is an existing homestead on proposed Lot 4 which will continue to be serviced by an existing driveway to the Barton Highway;
- The SEE states that all of the new allotments will gain access (vehicular) from Hillview Drive;
- The intersection of the Barton Highway and Hillview Drive currently provides for a separate right turning lane from the travel lane. This intersection treatment is considered adequate to accommodate the anticipated additional traffic generated by the development.

TfNSW emphasises the need to minimise the impact of development on the existing public road network and maintain the level of safety, efficiency and maintenance along the road network. As the proposed development has frontage to the Barton Highway (HW15) the proposed conditions listed in Attachment 1 are appropriate for road safety and network efficiency reasons.

Transport for NSW has assessed the Development Application based on the documentation provided and would raise **no objection subject to conditions** on the basis that the Consent Authority ensures that the development is undertaken in accordance with the information submitted as amended by the inclusion of the conditions listed in **Attachment 1**.

TfNSW highlights that in determining the application it is the consent authority's responsibility to consider the environmental impacts of any road works which are ancillary (proposed or deemed necessary) to the development. This may include the need for further environmental assessment for any ancillary road works.

Any enquiries regarding this correspondence may be referred to the writer, TfNSW (South Region), phone (02) 6923 6582.

Yours faithfully



Cam O'Kane  
Case Officer, Development Services South

**Attachment 1**

1. Prior to the issue of subdivision certificate, the proponent is to provide a landscaped buffer (approximately 10 metres wide) within the rear of proposed allotments 23 - 34 or a plantation buffer provided outside the proposed allotments but within the site that is currently Lot 6 DP1220039.
2. Any works associated with the development shall be at no cost to Transport for NSW.

Further to the above suggested conditions, Council may also give consideration to the following requirements for future development of the created allotments.

1. The future development on the proposed allotments should be designed such that road traffic noise from the Barton Highway and the future alignment of the Barton Highway through Murrumbateman is mitigated by durable materials, in accordance with the Environmental Protection Authority criteria 'The Environmental Criteria for Road Traffic Noise'. Where the EPA external noise criteria would not practically or reasonably be met, Transport for NSW recommends that Council applies the following internal noise objectives for all habitable rooms under ventilated conditions complying with the requirements of the BCA:
  - All sleeping rooms: 35 dB(A) Leq(9hr)
  - All other habitable rooms: 45 dB(A) Leq(15hr) and 40 dB(A) Leq(9hr).

Furthermore, Council may also give consideration to the following:

- The internal road network and roadside environment should be designed, constructed and maintained to provide a safe environment for all road users and to encourage compliance with the desired speed limit through the subdivision in accordance with the NSW speed zoning guidelines.
- The proposed subdivision may represent a need to review the current speed zone in surrounding streets in accordance with the current speed zone guidelines. Any changes deemed necessary to the speed limit should be at full cost to the developer.
- The subdivision should be designed and staged to provide for alternative routes for vehicular access to allow for distribution of traffic and alternative means of access for emergency vehicles to allotments.
- The internal road network is to provide for ease of access for larger vehicles such as public transport, service and construction vehicles (eg Garbage trucks, delivery trucks). Bus stop facilities are to be provided within the estate for the convenience of the user in accordance with relevant guidelines.
- Transport for NSW encourages the provision of facilities to provide for alternative means of travel to the motor vehicle. Facilities are required to be extended to and provided through the subdivision for the safe and effective movement of pedestrians and cyclists to facilities such as nearby schools, sporting and shopping facilities.

#### Section 4.15 Evaluation

##### Summary of Application

<b>Development Application No.</b>	DA210093
<b>Type of Development</b>	Integrated Development
<b>Development Site</b>	Lots 5 & 6 DP1220039, 3482 Barton Highway and 46 Hillview Drive, Murrumbateman
<b>Description of Development</b>	<p>Subdivision of Lots 5 &amp; 6 DP1220039 to create 37 Torrens title lots. As part of the subdivision the following is proposed:</p> <ul style="list-style-type: none"> <li>• Demolition of all existing farm buildings</li> <li>• Filling on proposed Lots 5, 6 and 7 to ensure adequate land area is above the 1 in 100 year flood level</li> <li>• Filling of the dam on proposed Lot 16</li> <li>• Tree removal</li> <li>• Construction of a road off Hillview Drive</li> <li>• Installation of a sewer pump station on Council owned land</li> <li>• The transfer of land/laneway providing access to sewer pump station to Council</li> <li>• Installation of sewer infrastructure</li> <li>• Installation of stormwater infrastructure – stormwater to be discharged into the creek</li> <li>• Connection to Council's reticulated water supply</li> <li>• Installation of underground electricity lines and removal of overhead infrastructure and associated easements running through the subject land</li> <li>• Creation of an easement for drainage of sewage denoted as E2 on the subdivision plan</li> <li>• Creation of an easement 15 wide (final width dependent upon completion of civil works) traversing through proposed lots 21 and 24</li> <li>• Creation of building envelopes over proposed lots 5 to 8 and 11 to 24</li> <li>• Construction of a 5m wide x 1m high vegetated soil mound denoted as E3 within lots 23-28 to decrease noise and visual impacts of the future Barton Highway</li> </ul>



**Integrated Development**

Legislation	Yes	N/A
<b><i>Coal Mine Subsidence Compensation Act 2017</i></b> s 22	<input type="checkbox"/>	✓
<b><i>Fisheries Management Act 1994</i></b> s 144, S201 S205. S219,	<input type="checkbox"/>	✓
<b><i>Heritage Act 1977</i></b> s 58	<input type="checkbox"/>	✓
<b><i>Mining Act 1992</i></b> ss 63, 64	<input type="checkbox"/>	✓
<b><i>National Parks and Wildlife Act 1974</i></b> s 90	<input type="checkbox"/>	✓
<b><i>Petroleum (Onshore) Act 1991</i></b> s 16	<input type="checkbox"/>	✓
<b><i>Protection of the Environment Operations Act 1997</i></b> ss 43(a), 47 and 55, ss 43(b), 48 and 55, ss 43(d), 55 and 122	<input type="checkbox"/>	✓
<b><i>Roads Act 1993</i></b> s 138	<input type="checkbox"/>	✓
<b><i>Rural Fires Act 1997</i></b> s 100B	<input type="checkbox"/>	✓
<b><i>Water Management Act 2000</i></b> ss 89, 90, 91	✓	<input type="checkbox"/>

**Comments**

Refer to comments below.

#### **Section 4.15 – Matters for Consideration**

##### **Provisions of any environmental planning instrument**

<b>State Environmental Planning Policy (SEPP)</b>	<p>Where a SEPP is applicable to the proposed development, is the development:</p> <ul style="list-style-type: none"> <li>• Consistent with the aims and objectives of the instrument</li> <li>• Complies with development standards contained in the instrument</li> <li>• Satisfies the requirements of the instrument</li> <li>• Meets the relevant concurrence, consultation and/or referral requirements.</li> </ul>
<p><b><u>Comment</u></b></p> <p>The application was lodged prior to the consolidation of SEPPs. The consolidation of SEPPs resulted in the amalgamation of planning provisions of various SEPPs to align with theme-based focus areas in order to simplify and reduce the number of SEPPs.</p> <p>Reference is made to the former SEPP and the new SEPP in which they the former SEPP are now located:</p> <p><b>State Environmental Planning Policy No. 55 – Remediation of Land</b></p> <p><i>Refer Chapter 4 of State Environmental Planning Policy (Resilience and Hazards) 2021</i></p> <p>The object of this Chapter is to provide for a State-wide planning approach to the remediation of contaminated land.</p> <p>The Preliminary Site Investigation confirms the historical use of the site for agricultural activities and identifies two potential areas of concern being:</p> <ul style="list-style-type: none"> <li>• Locations of three historic unused above ground storage tanks which contained diesel and fuel and one additional above ground storage tank containing diesel which is still in use</li> <li>• Asbestos and other hazardous materials in the site sheds proposed for demolition</li> </ul> <p>The Detailed Site Investigation Report (DSIR) undertook a targeted assessment concluded that the potential sources of contamination at the site were likely associated with the storage of diesel and fuel products in above ground storage tanks and storage of equipment and vehicles.</p> <p>No suspected asbestos containing material or hydrocarbon odour was evident within the soils or observed on the building rubble stockpiles. The DSIR concludes there was no evidence that near surface and shallow soils within the investigation area would pose an unacceptable risk to human health for a residential use.</p> <p>However, the DSIR recommends targeted sampling of soil at depth around the truck storage area to confirm the depth and extent of contamination and categorically close out the potential pathway to groundwater receptor.</p> <p>State Environmental Planning Policy No 55 - Remediation of Land (SEPP 55) (State Environmental Planning Policy (Resilience and Hazards) 2021 requires the consent authority to be satisfied that land is suitable, or can and will be made suitable, for the proposed development and resulting land use. Given that further testing is required and depending on the outcome of this testing, a remediation action plan and validation plan maybe required to be submitted to Council. On this basis, it is recommended to Council that a deferred commencement development consent be issued.</p> <p><b>State Environmental Planning Policy (Infrastructure) 2007</b></p> <p><i>Refer Chapter 2 of SEPP (Transport and Infrastructure) 2021</i></p> <p>The site has frontage to the existing Barton Highway as well as Barton Highway Corridor (future alignment of Barton Highway) which is a classified 'state' road.</p> <p>Schedule 3 of the SEPP identifies 'traffic-generating' development that requires referral to Transport for NSW (TfNSW). The development does not meet the requirements for referral to TfNSW however the application was referred to them as detailed below.</p> <p><b>State Environmental Planning Policy (Koala Habitat Protection) 2020</b></p>	

<p><i>(Chapter 4 Koala Habitat Protection of State Environmental Planning Policy (Biodiversity and Conservation) 2021)</i></p> <p>Yass Valley is listed under Schedule 1 of this SEPP however there is no Koala Plan of Management for the local government area. The majority of the subject land has been historically cleared. The Flora and Fauna Assessment Report (FFAR) details that the site does not contain core Koala habitat or otherwise important Koala habitat due to lack of Koala records and lack of habitat connectivity.</p>	
<p><b>Local Environmental Plan (LEP)</b></p>	<p>In considering the provisions of the Yass Valley Local Environmental Plan 2013 (LEP), is the proposed development:</p> <ul style="list-style-type: none"> <li>• Consistent with the aims and objectives of the plan</li> <li>• Consistent with the aims and objectives of the land use zone</li> <li>• Permissible in the land use zone</li> <li>• Consistent with all relevant clauses within the LEP</li> <li>• Complies with development standards in the LEP.</li> </ul>
<p><b><u>Comment</u></b></p> <p>Below is an assessment of the application pursuant to the relevant clauses of the LEP.</p>	
<p><b>Clause 2.3</b> Zone and zone objectives</p>	<p>The land is zoned RU5 Village and the development is generally consistent with the objectives of the zone.</p> <p>The proposed development is permitted with consent in the zone.</p> <p>Clause 2.3 prescribes the objectives of different zones and the consent authority must have regard to these determining a development application. The objectives of RU5 Village zone are:</p> <ul style="list-style-type: none"> <li>• <i>To provide for a range of land uses, services and facilities that are associated with a rural village.</i></li> <li>• <i>To ensure that development is compatible with village character and amenity.</i></li> <li>• <i>To ensure that development is provided with an adequate water supply and the disposal of sewage.</i></li> </ul> <p><u>Comment:</u></p> <ul style="list-style-type: none"> <li>• The proposed development will create lots which vary in size, providing additional housing opportunities within the Murrumbateman village.</li> <li>• There is opportunity for land uses which are permitted with consent under the LEP to be undertaken on the proposed lots, to provide facilities and services to meet the needs of existing and future residents.</li> <li>• The resulting density is not inconsistent with character of Murrumbateman Village</li> <li>• The proposed lots are conducive to development that is compatible with the existing character of Murrumbateman (i.e. single storey detached dwellings and ancillary outbuildings).</li> <li>• The proposed lots will be connected to Council's reticulated water and sewerage system ensuring there will be adequate opportunity for the provision of potable water and disposal of sewage.</li> </ul> <p>It is considered that the development meets the objectives of the zone and will maintain the existing character of the locality.</p>

<b>Clause 2.3</b> Land Use Table	The proposed development is permitted with consent in the zone.
<b>Clause 2.6</b> Subdivision – Consent Requirements	Development consent is sought for the subdivision of land known as Lots 5 & 6 DP1220039, being 3482 Barton Highway and 46 Hillview Drive, Murrumbateman.
<b>Clause 4.1</b> Minimum subdivision lot size	The proposed lots in the subdivision must comply with the minimum lot size shown on the Lot Size Map applying to the subject site. The prescribed minimum lot size applicable to the land is 1,500m <sup>2</sup> .  The subdivision shows the proposed lot size ranges between 1,500m <sup>2</sup> to 1.004ha.
<b>Clause 4.1B</b> Subdivision using average lot sizes	N/A
<b>Clause 4.1C</b> Additional requirements for subdivision in certain rural zones	N/A
<b>Clause 4.1D</b> Minimum site areas for dual occupancies and multi dwelling housing in Zones R1, R2, R3 and RU5	N/A.
<b>Clause 4.2B</b> Erection of dwelling houses and dual occupancies on land in certain rural and environment protection zones	N/A
<b>Clause 4.3</b> Height of buildings	N/A.
<b>Clause 4.4</b> Floor space ratio	N/A
<b>Clause 4.6</b> Exceptions to development standards	N/A
<b>Clause 5.4</b> Controls relating to miscellaneous permissible uses	N/A
<b>Clause 5.10</b> Heritage conservation	<p>The site is not located within a heritage conservation area, however a heritage item (I100 – Hillview Homestead and garden) is located on proposed Lot 4. The development application notes that no alterations, disturbance, demolition or impact of the proposed development is envisaged on the listed heritage item.</p> <p>The application was referred to Council's Heritage Advisor and the initial comments raised the following concerns:</p> <ul style="list-style-type: none"> <li>• Retention of the historic homestead and curtilage on a larger lot</li> <li>• Elimination of turning circle encroaching onto the curtilage of homestead</li> </ul>

	<ul style="list-style-type: none"> <li>Retention of some of the existing trees to improve visual amenity and environmental values of the site</li> </ul> <p>Upon receipt of the additional information our Heritage Advisor concluded that it is unlikely the proposal would have a significant impact on the heritage significance of the listed items.</p>
<b>Clause 5.16</b> Subdivision of, or dwellings on, land in certain rural, residential or conservation zones	N/A
<b>Clause 5.21</b> Flood planning	<p>The site is identified as being located within Flood Planning Area defined by Murrumbateman Floodplain Risk Management Plan and Study 2021.</p> <p>Stormwater Master Plan and Flood Impact Assessment have been submitted and reviewed by Council.</p> <p>The Flood Impact Assessment indicates that building envelopes and future dwellings will be located outside of the area inundated by 1% AEP flood event but some stormwater drainage infrastructure and works will be required. To ensure building envelopes are outside of the 1 in 100 year flood event minor filling of about 60m<sup>3</sup> is required for southern portions of lots 5, 6 &amp; 7 to a maximum depth of 0.2m. Fill will be sourced on site so that neutral cut/fill outcomes are achieved. A drainage easement is required to convey the eastern tributary/drainage line through the site. To ensure no offsite flood impact occurs civil design of the drainage easement/flow path is required to be submitted prior to the issue of a Subdivision Works Certificate.</p> <p>Any consent can contain the following requirements:</p> <ul style="list-style-type: none"> <li>Details of compliance with applicable flood planning controls to be submitted for approval, including finished floor levels for flood affected lots.</li> <li>The finished floor levels are to be included in a Restriction to User to ensure future development is compatible with the flood risk of each proposed lot.</li> </ul> <p>It is considered that the proposed development is compatible with the flood risk of the land.</p>
<b>Clause 6.1</b> Earthworks	<p>Earthworks are required for civil works, including the construction of new roads and provision of services/utilities. Conditions in any consent will require engineering drawings to be provided prior to the issue of a Subdivision Works Certificate to ensure all civil works are undertaken with minimal impact on drainage patterns, soil stability, neighbouring properties and waterways.</p> <p>The proposal involves filling to mitigate the impact of the flood planning area on proposed Lots 5, 6 and 7. Engineering drawings of bulk earth works are required to be submitted with the Subdivision Works Certificate.</p> <p>A condition in the draft consent requires a Construction Environmental Management Plan (CEMP) to be submitted detailing the proposed sediment and erosion controls to manage the</p>

	<p>movement and erosion of soil. A further condition will require these measures to be implemented prior to works commencing and to be maintained, to the satisfaction of Council.</p> <p>A Controlled Activity Approval under the Water Management Act 2000 will be required for any earthworks on waterfront land.</p>
<b>Clause 6.2</b> Flood planning	Repealed.
<b>Clause 6.3</b> Terrestrial biodiversity	<p>A small part of access handle of proposed lot 4 where existing driveway/access road crosses the creek is identified on the LEP Natural Resources Terrestrial Biodiversity Map. However, no development is proposed to take place in this area.</p> <p>A large portion of the vegetation on site is required to be removed to facilitate the proposed development. The Pasture Species Assessment Report concludes that the groundcover on site is not native vegetation. The Arboriculture Impact Assessment Report (AIAR) identifies about 299 trees within the site that are likely to be affected by the proposed development and assesses their overall health.</p> <p>Under the Biodiversity Conservation Act 2016 any development over a site identified with potential biodiversity values is required to be supported by a test of significance. Should the test of significance identify that the development will have an impact on threatened species or ecosystems which exceeds the test of significance or involves clearing of more than 0.25ha Biodiversity Development Assessment Report (BDAR) must be submitted</p> <p>The FFAR states that the area is characterised by exotic trees and exotic pasture grasses and weed. Approximately 0.03ha of native vegetation (planted native trees) would be required to be removed along with exotic trees and groundcovers. It concludes that the proposal does not trigger entry into the Biodiversity Offset Scheme as:</p> <ul style="list-style-type: none"> <li>• The native vegetation clearing threshold for the property is not exceeded</li> <li>• No areas of Biodiversity Values mapping will be affected</li> <li>• The proposal is not likely to result in a significant impact to any threatened entity</li> </ul> <p>To mitigate the impacts of the proposed subdivision and to improve environmental outcomes, the FFAR recommends trees are to be assessed for the presence of bird nests prior to removal. If active bird nests are present during the tree removal they are to be carefully removed in the presence of an ecologist or wildlife handler. In addition, a dam dewatering plan is required to be prepared to guide the process and to allow native aquatic fauna within the dam to be captured and relocated. These measures will be included in any approval that maybe issued.</p> <p>On this basis, it is considered that the proposal is unlikely to have a significant impact on threatened species, populations or communities.</p>

	<p>On this basis, it is considered that the proposal is unlikely to have a significant impact on threatened species, populations or communities.</p>
<p><b>Clause 6.4</b> Groundwater vulnerability</p>	<p>A small part of the access handle to proposed Lot 4 is mapped on the LEP Groundwater Vulnerability Mapping.</p> <p>The proposed subdivision will be fully serviced with both reticulated water and sewer services. All sewer and stormwater runoff will be piped underground via new infrastructure to be laid as part of the proposed subdivision. Accordingly, it is considered that the proposal is not likely to result in groundwater contamination.</p> <p>As part of the development onsite rainwater tanks will be utilised on each of the allotment in order to minimise the water consumption in accordance with Council's Water Supply in Rural Areas and Villages (WS-POL-2) policy.</p> <p>Accordingly, on the basis that the proposed development is for subdivision only it is not anticipated that the proposed development would lead to any cumulative adverse impacts to groundwater system.</p> <p>Based on the above comments, the development is considered to satisfy the objectives and requirements of this clause 6.4.</p>
<p><b>Clause 6.5</b> Riparian land and watercourses</p>	<p>The site is not identified on the LEP Riparian land and watercourses mapping. However, there is a fourth order stream traversing the south and southwestern boundary of the subject land.</p> <p>Clause 6.5 provides for the protection of riparian lands and watercourses and maintaining the water quality within the watercourse, aquatic and riparian habitats and stability of bed and banks of the watercourse.</p> <p>The Riparian Landscape Management Plan (RLMP) proposes rehabilitation to enhance the river corridor, comprising weed removal, bank stabilisation and planting of native species. and to manage the riparian corridor in perpetuity. The RLMP focusses on the regeneration of the riparian corridor with native trees and shrubs to enhance the corridor for native species.</p> <p>The application was referred to the Department of Planning and Environment—Water. A Controlled Activity Approval (CAA) is required to be obtained prior to works commencing. This will require the applicant to demonstrate that the proposed development and associated works will not have an adverse impact on the riparian corridor.</p> <p>In this regard, it is considered that the development satisfies the objectives of this clause.</p>
<p><b>Clause 6.6</b> Salinity</p>	<p>A small part of the land (majority of which is within the creek) is identified on the LEP – Natural Resources Land Map as having dryland salinity located on the southern boundary of proposed lots 5-8. No development work is proposed in the salinity affected area.</p> <p>Given the very specific location of saline affected land and nature of the proposed subdivision, it considered unlikely that salinity would</p>

	have a detrimental impact on the proposed development nor will it exacerbate any existing erosion or salinity processes.
<b>Clause 6.7</b> Highly erodible soils	N/A
<b>Clause 6.8</b> Essential services	<p>The consent authority must be satisfied that services which are essential for the development are available or that adequate arrangements have been made to make them available when required. It is considered that the provision of all essential services can be provided to the site. The following comments are made:</p> <ul style="list-style-type: none"> <li>• Each allotment in the subdivision will be required to connect to Council's reticulated water supply and sewerage system.</li> <li>• Confirmation from electricity and telecommunications providers indicating that suitable arrangements have been made for the provision of these services will also be required prior to the release of a subdivision certificate in accordance with Council's Electricity Supply and Telecommunications Service for Subdivision policy DA-POL-17.</li> <li>• Each allotment in the subdivision will be required to have a vehicular access constructed to Council's current standards.</li> <li>• The applicant is required to install new stormwater infrastructure throughout the proposed subdivision in the form of an underground piped system with provision for overland flow paths.</li> <li>• Earthworks associated with the proposed road construction will require engineering drawings to be submitted.</li> </ul> <p>It is considered that all essential services are available or can be made available to service the proposal.</p>
<b>Clause 6.9</b> Development within a designated buffer area	N/A
<b>Clause 6.10</b> Development on land intended to be acquired for Barton Highway duplication	<p>The site adjoins to the Barton Highway duplication corridor as such Clause 6.10 applies to the proposed subdivision.</p> <p>The objective of this clause is to minimise any visual or acoustic impacts on the development proposed in the vicinity of the Barton Highway Duplication Corridor and to ensure that the proposed development in the vicinity of the corridor will not compromise, restrict or otherwise prevent the future use of the corridor.</p> <p>The development application states that the northern and eastern boundary of the proposed subdivision have been defined with the assistance/consultation with TfNSW.</p> <p>Whilst some of the lots would be located in the vicinity of the corridor, any likely impacts would be manageable through the careful siting and design of the dwellings. This could be achieved by the provision of landscaped areas. To this end, the applicant has proposed a soil mound approximately 5m wide and up to 1m high in the centre covered with vegetation along the eastern boundaries</p>



	of proposed lots 23 to 28. That said the future dwellings would be required to be designed and built with noise abatement treatments.  The application was referred to TfNSW who provided comments for road safety and efficiency that maybe included in any consent.
<b>Other relevant clause</b>	N/A

**Proposed environmental planning instrument that is or has been subject of public consultation and has been notified to the consent authority**

Primary Matters	Specific Consideration
<b>Draft Environmental Planning Instrument</b>	Where a draft environmental planning instrument is applicable to the proposed development, is the development: <ul style="list-style-type: none"> <li>• Consistent with the aims and objectives of the draft instrument</li> <li>• Complies with development standards contained in the draft instrument</li> <li>• Satisfies the requirements of the draft instrument</li> <li>• Meets the relevant concurrence, consultation or referral requirements to address the provisions of the draft instrument</li> </ul>
<b>Comment</b> There are no current draft environmental planning instruments applicable to this development	

**Any development control plan**

Primary Matters	Specific Consideration
<b>Development Control Plan (DCP)</b>	Where a DCP is applicable to the proposed development, is the development: <ul style="list-style-type: none"> <li>• Consistent with the aims and objectives of the plan</li> <li>• Satisfies the requirements of the DCP</li> </ul>
<b>Comment</b> No DCP applies to this development.	
<b>Contributions Plans</b>	Are contributions under the Yass Valley Developer Contribution Plan 2018 and/or the Yass Valley Heavy Haulage Contribution Plan 2021 applicable to the proposed development?
<b>Comment</b> Anticipated cost of undertaking the development exceeds \$100,000 and therefore a s.7.12 development contribution will be payable prior to the issue of a Subdivision Certificate. Appropriate condition of consent will be included in any consent that maybe issued.	

**Planning agreement entered into or a developer has offered to enter into under s7.4 of the Act**

Primary Matters	Specific Consideration
-----------------	------------------------

<b>Planning Agreement or Draft Planning Agreement</b>	<b>Details of Agreement</b> <>
<b><u>Comment</u></b> There are no current planning agreements applicable to this development	

**Prescribed Matters – Environmental Planning and Assessment Regulation**

<b>Primary Matters</b>	<b>Specific Consideration</b>
<b>Environmental Planning and Assessment Regulation 2021</b>	<p>The following matters under the <i>Environmental Planning and Assessment Regulation 2021</i> have been considered:</p> <ul style="list-style-type: none"> <li>• AS 2601 when demolition is involved</li> <li>• The Low Rise Housing Diversity Design Guide for Development Application (July 2020) for a manor house or multi dwelling housing (terraces)</li> <li>• Fire safety provisions for a change of building use for an existing building</li> <li>• Provisions for temporary structures</li> <li>• Compliance with the Building Code of Australia if a building upgrade required</li> </ul>
<b><u>Comment</u></b> Council must consider Australian Standard AS 2601—2001: The Demolition of Structures for any demolition proposed. Appropriate conditions of consent maybe included in any consent issued.	

**Likely impacts of the development including environmental impacts on both the natural and built environments, and social and economic impacts in the locality**

<b>Primary Matters</b>	<b>Specific Consideration</b>
<b>Context and setting</b>	<p><b><u>Context</u></b></p> <p>Compatibility of the development with:</p> <ul style="list-style-type: none"> <li>• scenic qualities and features of the landscape</li> <li>• character and amenity of the locality and streetscape</li> <li>• scale (bulk, height, mass) form, character, density and design of development in the locality</li> <li>• previous existing land uses and activities in the locality</li> </ul> <p><b><u>Setting</u></b></p> <p>Impact of the development on adjacent properties in terms of:</p> <ul style="list-style-type: none"> <li>• the relationship and compatibility of adjacent land uses</li> <li>• sunlight access (overshadowing)</li> <li>• visual and acoustic privacy</li> <li>• views and vistas</li> <li>• edge conditions such as boundary treatments and fencing</li> </ul>

<b><u>Comment</u></b>	<p>The site is located east of Fairley and north east of the Murrumbateman Village in an area that is surrounded by residential, rural residential and rural developments.</p> <p>The proposed subdivision is an extension of the residential area of the Murrumbateman village and is not considered likely to have any adverse impacts on neighbouring land uses or the context and setting of the locality.</p> <p>The proposed development will create additional residential lots. The land uses associated with the future use of these lots are likely to be residential. The proposed lot sizes and future use of the lots are consistent and compatible with the existing development in the locality.</p> <p>The proposed development has been designed in response to any identified ecological values and is not considered to have a significant adverse impact on the quality and features of the landscape. Development on each lot will be subject to future applications, and there is opportunity for this to be of a form which is compatible with the locality and the nearby existing development. The subdivision is not considered to have a significant impact on adjacent development by way of views.</p> <p>The lot sizes, layout of proposed subdivision and building envelopes provide adequate opportunity for development on each lot to achieve appropriate solar access and orientation. Separation from development on adjoining lots ensures that there will be no overshadowing impacts.</p>
<b>Access, transport and traffic</b>	<p>Consideration of access, transport and traffic and the proposed development:</p> <ul style="list-style-type: none"> <li>• The proposed development and Council's Roads Standards Policy</li> <li>• The volume of traffic generated from the proposed development and capacity of the local and arterial road network</li> <li>• Availability of public transport</li> <li>• Any traffic management study submitted</li> <li>• Provision of vehicle parking spaces</li> <li>• Compliance with relevant standards for on site car parking provisions for compliance with relevant standards</li> <li>• The proposed or existing location of vehicular access to the site</li> </ul>
<b><u>Comment</u></b>	<p>Access to all proposed allotments will be via new roads to be constructed as part of the proposed subdivision. The new roads will integrate with the existing road network. Owing to the site being in close proximity to Barton Highway, an intersection with the Hillview Drive is required to be constructed in order to link the internal roads with the Barton Highway.</p> <p>TfNSW raised no objections to the proposal subject to the inclusion of conditions in any consent issued.</p> <p>Conditions of any consent will ensure all roads, accesses and associated infrastructure comply with Council's Road Standards Policy RD-POL-9, or where applicable, detailed design drawings submitted as part of the Subdivision Works Certificate.</p>
<b>Utilities</b>	<p>Consideration of utilities and the proposed development:</p> <ul style="list-style-type: none"> <li>• Utilities are either existing and capable of supporting the proposed development or capable of being extended to service the site</li> <li>• Where onsite sewage management is proposed it has been accompanied by a report prepared by an appropriate consultant demonstrating the suitability of the site for on-site effluent disposal</li> </ul>
<b><u>Comment</u></b>	<p><u>Potable Water</u></p>

The proposed subdivision requires connection to Council's reticulated town water supply being an extension of the water main in Fairley Street. In addition each allotment will be required to have either a 90kL or 45kL (dependent on house size) rainwater tank installed as part of the construction of the dwelling. Conditions requiring restrictions on each title have been included in this regard.

#### Sewage Drainage

A reticulated sewerage system will be constructed as part of the development. An assessment of the proposal indicates that sewer from the proposed subdivision could be connected into the existing sewer system and will include the construction of a sewage pump station.

#### Stormwater

No stormwater infrastructure is in place for the subject land, it drains via overland flow into the creek. New stormwater infrastructure for the proposed subdivision is required to be installed throughout the proposed subdivision including an underground piped system with provision for overland flow paths to cater for a 1 in 100 year storm event.

In addition, detailed drawings and calculations on how the stormwater flows will be captured and safely discharged are required. Drawings and calculations can be required for any approval that maybe issued for stormwater drainage including details of quality and discharge of stormwater off the site, the potential downstream effects of such discharges and actions to ameliorate such effects.

#### Other Utilities

The applicant will also be required to make satisfactory arrangements for the provision of electricity, telephone and natural gas facilities to the proposed allotments. The applicant will be responsible for any of the associated costs involved for the provision of these facilities.

<b>Heritage</b>	<p>Impact of the proposed development on heritage significance of the site, adjacent properties and/or a heritage conservation area:</p> <ul style="list-style-type: none"> <li>• Consideration of impact on items, landscapes, areas, places, relics and practices</li> <li>• Consideration of the historic, scientific, social, aesthetic, cultural, archaeological (both Aboriginal and non-Aboriginal) values of the site</li> </ul>
-----------------	--

#### Comment

Refer to previous comments regarding the heritage item.

The Cultural Heritage and Archaeological Due Diligence Report prepared by Bowen Heritage Management Consultants makes the following statement:

- *No known Aboriginal heritage sites or areas of Potential Archaeological Deposit are present within the project area. There are no known or anticipated impacts on Aboriginal Heritage. Therefore, as long as the proposed areas of disturbance remain unchanged, no Aboriginal Heritage Impact Permit (AHIP), artefact collection program, sub-surface test excavations or any further heritage assessment is required for the subdivision to proceed.*
- *No impacts can occur to the LEP listed Hillview Homestead, the vista and surroundings of the homestead. No impacts are planned from the current development to the main homestead but if impacts were to occur to the listed property then detailed built heritage assessment would be required.*
- *If previously unrecorded European or Aboriginal sites are located during or after the subdivision of the study area, the Unexpected Discoveries Protocol should be observed.*

Any approval of proposed subdivision will contain conditions to ensure that in the event that Aboriginal objects are found, works are to immediately cease and Heritage NSW contacted for further guidance.

<b>Water</b>	<p>Impact of the proposed development on conservation of water:</p> <ul style="list-style-type: none"> <li>• water supply sources</li> <li>• treatment, reuse and disposal of waste water and runoff</li> <li>• drainage, flow regimes, flooding on-site, up and downstream and in the catchment flood plain</li> <li>• groundwater tables</li> </ul>
<p><b><u>Comment</u></b></p> <p>As discussed earlier, the proposed subdivision will be fully serviced with both reticulated water and sewer services. All sewer and stormwater runoff will be piped underground via new infrastructure to be laid as part of the proposed subdivision.</p> <p>Onsite rainwater tanks will be utilised on each of the allotment in order to minimise the water consumption in accordance with Council's Water Supply in Rural Areas and Villages (WS-POL-2) policy.</p> <p>It is unlikely that the proposed development will have a significant impact on conservation of water resources and groundwater.</p>	
<b>Soils</b>	<p>Impact of the development on soils:</p> <ul style="list-style-type: none"> <li>• soil qualities - erodibility, permeability, expansion/contraction, fertility/productivity, salinity, sodicity, acidity, contaminants</li> <li>• instability - subsidence, slip, mass movement</li> <li>• the movement, formation, use and management of soils</li> <li>• soil erosion and degradation</li> <li>• remediation of contaminated soils</li> </ul>
<p><b><u>Comment</u></b></p> <p>Refer to previous comments regarding soils.</p>	
<b>Air and Microclimate</b>	<p>Impact of the development on air quality and microclimatic conditions in terms of emissions of dust, particulates, odours, fumes, gases and pollutants.</p>
<p><b><u>Comment</u></b></p> <p>Any emissions of dust, particulates, odours, fumes, gases and pollutants will be primarily during construction works. These impacts can be managed through appropriate conditions of development consent and compliance with all other relevant legislation.</p> <p>A condition will be imposed requiring compliance with the Protection of the Environment Operations Act 1997.</p>	
<b>Flora and Fauna</b>	<p>Impact of the proposed development on:</p> <ul style="list-style-type: none"> <li>• wilderness areas and national parks</li> <li>• wildlife corridors and remnant vegetation</li> <li>• the relationship of vegetation to soil erosion/stability and the water cycle</li> <li>• weeds, feral animal activity, vermin and disease</li> </ul> <p>Outcomes of an assessment under the <i>Biodiversity Conservation Act 2016</i> considers:</p> <ul style="list-style-type: none"> <li>• whether the development will result in serious and irreversible impacts</li> <li>• whether a BDAR is required</li> <li>• where a BDAR is required, whether it is considered satisfactory</li> </ul>
<p><b><u>Comment</u></b></p>	

Refer to previous comments regarding flora and fauna.	
<b>Waste</b>	<p>Impact of the proposed development on waste:</p> <ul style="list-style-type: none"> <li>• solid, liquid and gaseous wastes and litter</li> <li>• the generation, collection, storage and disposal of waste</li> </ul>
<p><b><u>Comment</u></b></p> <p>Individual lots will be in the area serviced by the Council waste collection. There is adequate area on each lot for the storage of bins.</p> <p>Waste during construction can be suitably managed and reinforced through appropriate conditions of Development Consent. Waste management is required to be addressed in the CEMP.</p>	
<b>Energy</b>	<p>Impact of the proposed development on energy:</p> <ul style="list-style-type: none"> <li>• the overall energy needs of the development</li> <li>• the measures employed to save energy - passive design, solar lighting and heating, natural ventilation, shading elements, insulation, high thermal mass building materials, energy efficient appliances and machinery</li> <li>• the use of renewable and non-polluting energy sources?</li> <li>• energy needs in producing building/structural materials?</li> <li>• energy use by-products and waste</li> </ul> <p>Where relevant the development also complies with the Building Sustainability Index (BASIX).</p>
<p><b><u>Comment</u></b></p> <p>Whilst the subject application is for subdivision only, the nature of the lots means that there is opportunity for dwellings to be located to achieve northern solar access. In addition, any future development of the lots will be required to comply with BASIX – the Building Sustainability Index and will address issues such as solar access and insulation</p>	
<b>Noise and Vibration</b>	Whether the development has potential to generate noise pollution or vibration including during construction and potential impacts.
<p><b><u>Comment</u></b></p> <p>There will be some temporary increases in noise from the proposed development. The hours of construction will be limited through conditions of consent to ensure that the amenity of the locality is not detrimentally affected.</p> <p>The proposed subdivision is creating additional lots, however the noise associated with residential development on each will be consistent with the existing background levels of the surrounding land uses.</p> <p>Any noise and vibration impacts will be associated with the subdivision construction works and then future dwelling constructions works. Although this impact cannot be mitigated due to the proximity of nearby sensitive land uses (dwellings), conditions of consent restricting hours of subdivision works can be used to appropriately manage the impact. Similar conditions will be imposed on any approvals for new dwellings.</p>	
<b>Natural Hazards - Geological</b>	Risks to people, property and the physical environment as a result of geologic/soil instability - subsidence, slip, mass movement has been considered.
<p><b><u>Comment</u></b></p>	

<p>A dam located on proposed lot 16 is proposed to be filled to create suitable building site. The applicant is required to provide details of volume of fill and proposed filling method to ensure these areas are suitable for future residential development.</p> <p>A dewatering plan will also be required for the dam to be removed and any turtles and fish (if present) relocated by a suitable person. A condition can be included in any approval that maybe issued to require submission of dam dewatering plan for approval.</p>	
<p><b>Natural Hazards - Flooding</b></p>	<p>Where the development is located on land identified as flood affected:</p> <ul style="list-style-type: none"> <li>• Compliance with the relevant Flood Risk Management Plan in accordance with the information submitted with the application or</li> <li>• The addition of conditions which require compliance with the relevant Flood Risk Management Plan or the Building Code of Australia.</li> </ul>
<p><b>Comment</b></p> <p>Refer to comments above.</p>	
<p><b>Natural Hazards - Bushfire</b></p>	<p>Where the development is located on land identified as bushfire prone:</p> <ul style="list-style-type: none"> <li>• Compliance with Planning for Bushfire Protection 2019 (however in accordance with s.8.3.2 of <i>Planning for Bushfire Protection 2019</i> there are no bushfire protection requirements for <u>class 10a buildings located more than 6 metres from a dwelling</u> in bushfire prone areas); or</li> <li>• If it is integrated development it has been referred to the RFS in accordance with s100B Rural Fires Act 1997.</li> </ul>
<p><b>Comment</b></p> <p>A review of Council's Bushfire Prone Land Mapping (prior to 22 September 2021) indicates that the site is not a bushfire prone land. However, Council's Bushfire Prone Land Mapping was updated (22 September 2021) indicates that the land is bushfire prone land. Having said that the subject development application was lodged with Council on 18 April 2021. It is legally accepted principle/transitional arrangement that a DA is to be determined based on the legislation applicable at the time of lodgement of DA. Consequently the development application is not required to carry out bush fire assessment.</p>	
<p><b>Technological Hazards</b></p>	<p>Does the development present risks from:</p> <ul style="list-style-type: none"> <li>• industrial and technological hazards</li> <li>• land contamination and remediation</li> </ul> <p>Where potential land contamination has been identified an assessment must be provided determining whether the:</p> <ul style="list-style-type: none"> <li>• The contamination is likely to be low and does not warrant remediation as the proposed land use is not sensitive, or</li> <li>• The land is not contaminated, or</li> <li>• The land is contaminated and remediation is proposed prior to the proposed use</li> </ul>
<p><b>Comment</b></p> <p>Refer to comments above addressing SEPP 55.</p>	
<p><b>Safety, Security and Crime Prevention</b></p>	<p>The assessment must determine whether adequate measures are included to address the potential for accident / injury and criminal activity.</p>
<p><b>Comment</b></p>	

The proposed development is not considered to present any safety, security or crime prevention issues.	
<b>Social impact in the locality</b>	<p>Whether the development is likely to have social benefits in the locality in terms of:</p> <ul style="list-style-type: none"> <li>community facilities and links</li> <li>the interaction between the new development and the community</li> </ul>
<p><b>Comment</b></p> <p>The proposed subdivision supports the provision of housing needs in a low density rural village setting.</p>	
<b>Economic impact in the locality</b>	<p>Whether the development is likely to have economic benefits in terms of:</p> <ul style="list-style-type: none"> <li>employment generation</li> <li>economic income</li> <li>generating benefits for existing and future businesses</li> </ul>
<p><b>Comment</b></p> <p>The proposed subdivision will provide an additional 37 allotments in Murrumbateman and provide a range of future housing choices for the community. The proposed subdivision will potentially lead to additional population growth in the Murrumbateman area which in turn is likely to result in increased employment generation and economic growth.</p> <p>The future occupation of the development will also generate income and employment opportunities for businesses associated with residential construction and development.</p> <p>It is anticipated that the economic and social impacts of the proposed subdivision will be positive and will not have a detrimental impact on the area.</p>	
<b>Site and internal design</b>	<p>The development is generally sensitive to environmental conditions and site attributes including:</p> <ul style="list-style-type: none"> <li>the size, shape and design of allotments, easements and roads</li> <li>the proportion of the site covered by buildings</li> <li>the positioning of buildings</li> <li>the size (bulk, height, mass), form, appearance and design of buildings</li> <li>the amount, location, design, use and management of private and communal open space</li> <li>landscaping</li> </ul> <p>The development is unlikely to affect the health and safety of the occupants in terms of:</p> <ul style="list-style-type: none"> <li>inadequate lighting, ventilation and insulation</li> <li>inadequate building fire risk prevention and suppression</li> <li>inappropriate building materials and finishes</li> <li>inappropriate common wall structure and design</li> <li>lack of access and facilities for the disabled</li> </ul>
<p><b>Comment</b></p> <p>The proposed subdivision is not considered likely to create any unnecessary impacts that could otherwise be avoided with an alternative design. The design of the proposed subdivision generally responds to the attributes of the site. The subdivision layout, including the location of proposed roads, and building envelopes, is in response to identified ecological values. It is demonstrated on the subdivision plans that the lots have adequate land area to allow future development which complies with minimum setback requirements.</p> <p>Lots within the subdivision provide adequate opportunity for construction of dwellings with solar access.</p>	



<b>Construction</b>	<ul style="list-style-type: none"> <li>The proposed development has provision for compliance with the Building Code of Australia (as amended) and relevant Australian standards</li> <li>The impacts of construction activities can be managed and suitable conditions have been included in the development consent.</li> </ul>
<p><b>Comment</b></p> <p>The proposed development does not involve the construction of any buildings for the purposes of the National Construction Code/Building Codes of Australia.</p> <p>The proposed subdivision will involve substantial construction works, particularly in terms of the provision of new access road and services. To minimise the impacts of these construction works any approval of the proposed subdivision will be conditioned to ensure that appropriate soil and water management controls are put in place to prevent any potential impacts on the environment. In addition, any approval of the proposed development will also be conditioned to ensure that appropriate fencing and signage are put in place to prevent unauthorised entry to the construction site</p> <p>Standard conditions of consent can be included to manage impacts of civil construction activities and are discussed elsewhere in this determination assessment (e.g. noise and waste).</p>	

#### The suitability of the site for the development

<b>Primary Matters</b>	<b>Specific Consideration</b>
<b>Compatibility with existing development in the locality</b>	<p>The proposal is compatible with existing development in the locality as:</p> <ul style="list-style-type: none"> <li>Utilities and services available to the site are adequate for the development</li> <li>The development will not lead to unmanageable transport demands</li> <li>Transport facilities are adequate in the area</li> <li>The locality contains adequate recreational opportunities and public spaces to meet the needs of the development</li> <li>The air quality and microclimate are appropriate for the development</li> <li>No hazardous land uses or activities nearby</li> <li>Ambient noise levels are suitable for the development</li> <li>The site is not critical to the water cycle in the catchment</li> <li>The proposal is compatible with the existing built environment</li> </ul>
<p><b>Comment</b></p> <p>The proposed development will create additional low density residential lots. The land use associated with the future use of these lots are likely to be primarily residential. The proposed lot sizes and future use of the lots are consistent and compatible with the existing development in the locality.</p> <p>The additional lots are not considered to result in an unmanageable demand for transport. This has been discussed elsewhere in this report.</p> <p>Active transport will be encouraged by the construction of footpaths, linking the existing village to the new subdivision and internal to the subdivision.</p>	
<b>Site conduciveness to the development</b>	<p>The subject site is conducive with the proposed development as :</p> <ul style="list-style-type: none"> <li>The site is suitable for the proposed development</li> <li>The site is either not subject to natural hazards including flooding, tidal inundation, subsidence, slip, mass movement, and bushfires or where it is these risks have been adequately managed</li> <li>The slope of the land is suitable for the proposed development</li> </ul>

	<ul style="list-style-type: none"> <li>• The proposal is compatible with conserving the heritage significance of the site</li> <li>• The soil characteristics on the site is appropriate for development (Saline / Sodic / Acidic)</li> <li>• The development is compatible with protecting any critical habitats or threatened species, populations, ecological communities on the site</li> <li>• The site is not prime agricultural land and the development will not unduly prejudice future agricultural production</li> <li>• The development will not unduly prejudice the future use of the site</li> <li>• Cut and fill is a suitable development option for the site</li> </ul>
--	---

**Comment**

The site is currently zoned RU5 Village and the proposal is considered to be in keeping with the objectives of this zone and with surrounding development. The attributes of the site are conducive to the proposed development

There is opportunity for dwelling houses to be constructed on each of the lots without requiring significant or unsuitable earthworks.

Compliance with conditions of consent will ensure the proposed development is compatible with the flood risk of the land. Refer to comments above.

No impacts from the proposed development are envisaged to the identified heritage item.

No known Aboriginal heritage sites or areas of Potential Archaeological Deposit are present within site.

Should previously unrecorded European or Aboriginal sites be discovered during or after the subdivision works, the Unexpected Discoveries Protocol would be observed and all the works would cease immediately and contact would be required to be made with Heritage NSW.

The overall design of the development is in response to identified ecological values

It is considered that the attributes of the site are generally conducive to the proposed development. There are no constraints preventing the orderly development of the site in the manner proposed or its ability to subsequently function as residential allotments.

**Any submissions made in accordance with this Act of the regulations**

Primary Matters	Specific Consideration
Public Submissions	Community consultation was undertaken in accordance with Council's Community Engagement Strategy. Where submissions have been received, the issues raised have been considered and are summarised in the comments below.

**Comment**

Council received four submissions and the issues raised in these are addressed in the Council report.

Submissions from Public Authorities	Where relevant submissions received from Government or Public Authorities have been considered with any issues raised being resolved, addressed by conditions of consent/general terms of approval or are considered not relevant to the development
-------------------------------------	--

**Comment**

**TfNSW**

The application was referred to TfNSW in order to determine the impact on the safety, efficiency and ongoing operation of the classified road. After reviewing the plans and details submitted in support of the proposed

development TfNSW have raised no issues and have provided conditions which can be included in any consent that maybe issued.

DPE – Water

As part of the proposed subdivision the applicant intends to carry out work in the riparian zone and has submitted a Riparian Landscape Management Plan for the regeneration of the riparian corridor with native trees and shrubs to enhance the corridor for native species. The application was referred to NSW DPE Water under s4.46 Integrated Development provisions of the Environmental Planning & Assessment Act 1979.

DPE Water has raised no issues and has granted General Terms of Approval which will be included in any consent that maybe issued.

**The public interest**

Primary Matters	Specific Consideration		
Government (Federal, State and Local) and Community Interests	<p>Government and community interests have been considered and are satisfied as:</p> <ul style="list-style-type: none"><li>• The proposed development complies with the Council Policies identified as applicable in the <u>schedule below</u>. Where a variation to this policy has been supported details have been included in the comments.</li><li>• The proposed development is generally consistent with any relevant planning studies and strategies</li><li>• Covenants not imposed by council have been set aside for the purpose of this assessment</li><li>• The proposal generally complies with all other covenants, easements, restrictions and agreements that have an bearing on the proposal</li><li>• Issues raised in public meetings and inquiries have been considered. Where relevant more detail has been provided under the heading public submissions.</li><li>• It is unlikely that the development will have a detrimental effect on the health and safety of the public</li></ul>		
<p><b><u>Comment</u></b></p> <p>The proposal is generally consistent with the relevant planning studies and strategies.</p> <p>Covenants not imposed by Council or any public authority can be set aside for the purposes of this assessment.</p> <p>The proposal generally complies with all other covenants, easements, restrictions and agreements that have any bearing on the proposal.</p> <p>In this instance there are a number of Council Policies identified as applicable in the schedule below that apply to the proposed development. No variations of the policies are proposed, and conditions of consent have been applied to ensure the development satisfies all relevant parts of the Policies.</p>			
Council Policies	Policy	Code	Applicable
	Building Line – Rural and Residential Land	DA-POL-8	No
	Building Line – Urban	DA-POL-4	Yes
	Building Over Sewer Mains	SEW-POL-1	No
	Development Assessment and Decision Making	DA-POL-18	Yes

	<b>Filling Policy</b>	DA-CP-22	Yes
	<b>Holiday Cabins – Micalong Creek Subdivision</b>	DA-POL-3	No
	<b>Kerb and Gutter Construction</b>	ENG-POL-4	Yes
	<b>Non-Urban Fencing</b>	DA-POL-12	No
	<b>Off-Street Car Parking</b>	ENG-POL-8	Yes
	<b>Provision of Electricity Supply and Telecommunications Service for Subdivisions</b>	DA-POL-17	Yes
	<b>Road Naming</b>	RD-POL-6	Yes
	<b>Road Standards</b>	RD-POL-9	Yes
	<b>Temporary Accommodation</b>	DA-POL-2	No
	<b>Truck and Transport Depots in Rural Areas</b>	DA-POL-11	No
	<b>Water Supply in Rural Areas and Villages</b>	WS-POL-2	Yes

**Comment**

**Building Line – Urban DA-POL-4**

Building envelopes generally achieve minimum setback requirements.

**Development Assessment and Decision Making DA-POL-18**

The Application is reported to a meeting of Council for determination as it received more than 3 submissions.

**Provision of Electricity Supply and Telecommunications Services for Subdivision DA-POL-17**

Standard conditions will be included in any Consent that maybe issued which require a Notice of Arrangement (NOA) for electricity and certificate of practical completion for fibre ready telecommunication infrastructure to be provided prior to the issue of a Subdivision Certificate.

**Road Naming RD-POL-6**

The naming of any new roads should be in accordance with this Policy and also the NSW Address Policy and User Manual and NSW Geographical Names Board requirements. Conditions will be included in any approval that maybe issued which require road names be submitted to Council for approval prior to issue of Subdivision Works Certificate.

**Road Standards Policy RD-POL-9**

The policy applies for the construction of roads and property accesses. Preliminary assessment by Council has indicated that the proposed subdivision can comply with the requirements of the policy, with full detailed engineering design drawings needing to be provided for approval prior to the issue of a Subdivision Works Certificate.

**Water Supply in Rural Areas and Villages WS-POL-2**

A Restriction to User is to be created over each proposed lot requiring the installation of rainwater tanks with a minimum capacity of 22,500 litres and connected to the entire roof catchment area and plumbed to all toilets, washing machines and showers in accordance with this policy

An automatic main water diverter system is also required to be installed in accordance to AS/NZS 3500:2018 Plumbing and Drainage.



**Draft Conditions – DA210093**

<b>Part A</b>	<b>DEFERRED COMMENCEMENT CONDITIONS – Conditions concerning matters as to which the Council must be satisfied before the consent can operate and before the Conditions in Part B to F can apply</b>
1.	The consent does not operate until Council is satisfied as to the matters relating to Conditions 2, 3, and 4 inclusive in Part A and no use of the site is to physically commence in respect of the proposed subdivision until such time as Council has notified the applicant in writing that these conditions have been satisfied and the date from which this consent operates.
2.	<p>In accordance with Detailed Site Investigation Report prepared by EDP Consultants Pty Ltd all abandoned trucks, cars, current and former Above Ground Storage Tanks, drums, or containers and building rubble shall be removed from the site and disposed at a suitable licensed waste management facility.</p> <p>A copy of the disposal receipt shall be submitted to Council.</p>
3.	<p>The developer shall engage a suitably qualified environmental consultant to prepare and submit to Council a Hazardous Materials Survey for the sheds to be demolished which includes the following:</p> <ul style="list-style-type: none"><li>• A Hazardous Materials Management Plan which details how any Asbestos Containing Material is to be removed from the site, should it be found.</li><li>• Validation report of the building footprint that demonstrates that all the Asbestos containing Material has been removed from the site.</li></ul>
4.	<p>The developer shall engage a suitably qualified environmental consultant to complete further targeted sampling of soil at depth around truck storage area 'S12' to confirm the depth and extent of contamination and categorically close out the potential pathway to a groundwater receptor. The results/report of this sampling shall be submitted to Council.</p> <p>This report is to include a remediation action plan and validation plan should contaminants of concern are identified.</p> <p>Nothing in this consent prevents remediation works being carried out prior to issue of the Subdivision Works Certificate subject to those works being carried out in accordance with approved Remediation Action Plan.</p>
5.	The period within which the applicant is to produce evidence to the Council sufficient enough to enable it to be satisfied as to the submission and approval of the information required by <b>conditions 2, 3, and 4</b> is 12 months from the date of determination of the development application to which this consent relates.

**Part B General**

- |    |   |
|----|---|
| 6. | Consent is granted generally in accordance with the plans and details submitted to Yass Valley Council (Council) with the Development Application. The plans and details have been stamped and attached to this consent. The development must be carried out in accordance with the stamped plans or as modified by these conditions. |
|----|---|

**7. Work must not commence until a Subdivision Works Certificate has been issued.**

**The conditions in Part B of this consent must be satisfied before a Subdivision Works Certificate can be issued.**

The Subdivision Works Certificate certifies that work completed in accordance with approved plans, specifications and/or standards will comply with the relevant requirements of the following, current at the time of the Subdivision Works Certificate being issued:

- Council's Road Standards Policy RD-POL-09
- Council's Design and Construction Specification – AUS-SPEC #1
- Australian Standards
- Austroads publications for the posted speed limit
- Austroads Guide to Road Design
- Water Supply Code of Australia, WSAA
- Sewerage Code of Australia, WSAA
- Plumbing Code of Australia

**8. All engineering design and construction work must be undertaken in accordance with the following, current at the time of the Subdivision Works Certificate being issued:**

- Requirements of TfNSW (as applicable)
- Council's Road Standards Policy RD-POL-09
- Council's Design and Construction Specification – AUS-SPEC #1
- Australian Standards and
- Austroads publications for the posted speed limit
- Austroads Guide to Road Design
- Australian Rainfall and Runoff - 2016
- Water Supply Code of Australia, WSAA
- Sewerage Code of Australia, WSAA
- Plumbing Code of Australia

**9. This approval relates only to the development referred to in the Development Application and does not approve or accept any works or buildings already erected on the land, whether or not those works or buildings are the subject of a prior approval.**

**10. Public access to the site and construction works, materials and equipment on the site is to be restricted, when construction work is not in progress or the site is unoccupied.**

**11. The capacity and effectiveness of runoff and erosion control measures, including techniques to suppress dust and the tracking of sediment onto existing sealed roads, must be maintained at all times to the satisfaction of Council.**

**12. All adjustments to existing public utility services, whether caused directly or indirectly by the approved development, must be undertaken at no cost to Council or Transport for NSW (TfNSW).**

**13. The above ground petroleum storage tanks must be disposed of in accordance with AS 1940-3004: *Storage and handling of flammable and combustible liquids*.**

**14. Machinery coming from outside the works area should be thoroughly washed down prior to entering the site to reduce the risk of introducing weed species and pathogens.**

**15. Works involving soil disturbance should not take place during heavy rainfall periods, other than**

work necessary to stabilise the site.

**Part C Before the issue of a Subdivision Works Certificate**

**16.** An **Application for a Subdivision Works Certificate** must be lodged with the Principal Certifier. If Council is the Principal Certifier the application must be lodged on the NSW Planning Portal.

**17.** In accordance with the *Water Management Act 2000*, a **Controlled Activity Approval** is to be obtained from NSW Department of Planning and Environment – Water (DPE – Water).

Refer **Appendix A** for General Terms of Approval (GTA) issued by DPE - Water.

A copy of the Controlled Activity Approval must be provided to Council.

**Notes:**

- (a) The attached GTA issued by DPE Water do not constitute an approval under the *Water Management Act 2000*. The development consent holder must apply to NRAR for a Controlled Activity approval after consent has been issued by Council and before the commencement of any work or activity.
  - (b) Applications for controlled activity approval must be made to DPE Water, by lodgement of a 'Controlled Activity Approval – New Approval Application' on the NSW Planning Portal.
  - (c) A completed application must be submitted to DPE Water with any required plans, documents, application fee and proof of Council's development consent.
  - (d) Finalisation of an approval can take up to eight weeks from the date the application and all required supporting documentation is received.
- 18.** The development must comply with any terms of approval issued by Transport for NSW (TfNSW), (refer **Appendix B**).
- 19.** A **Construction Environmental Management Plan** (CEMP) to mitigate impacts that may occur throughout the development and prepared by a suitably qualified consultant must be submitted to Council for approval.

At a minimum the CEMP must include the following details:

- Site access
- Biodiversity Management Plan
- Appropriate definition of clearing boundaries
- Protective fencing around sensitive values
- Protection and management of trees to be retained.
- Buffer zones around sensitive values
- Clearing procedures including:
  - Pre-clearance surveys
  - Clearing outside of the breeding season of most of the locally occurring native fauna (i.e. August to December)
  - Fauna rescue procedures
  - The recovery of large logs and/or tree sections for the purpose of fauna habitat enhancement.
- Weed management measures including:
  - Vehicle hygiene to ensure vehicles and machinery entering the development land will be clean of weed seed or propagules



- Only sterile materials such as hessian/jute or rice straw for soil stabilisation or similar purposes
  - The prevention of high threat weeds from establishing on newly created road verges, landscaped areas, and other open spaces
  - Best practice sediment and erosion controls to retard and treat site run-off
  - Noise, vibration and dust control to minimise impacts on neighbouring properties and the road network
  - Measures to manage impacts of heavy vehicles on surrounding properties and the road network including measures to prevent site vehicles tracking sediment and other pollutants onto any sealed roads serving the development
  - Pollution and waste management
  - Water treatment standards before release
  - Appropriate signage and fencing is to be installed and maintained to effect this requirement.
  - The proposed construction site's entrance is to be clearly shown
  - Re-establishing disturbed areas with endemic grass species and
  - Monitoring, reporting, and compliance requirements
  - Details of anticipated heavy vehicle movements to and from the development site including:
    - No movements on weekends or public holidays
    - Movements must occur between 7am and 6pm.
- 20.** Engineering drawings for the **upgrade of Hillview Drive** along the frontage of the subject property shall be submitted for approval in accordance with:
- Council's Roads Standards Policy RD-POL-09 and
  - Council's Design and Construction Specification – AUS-SPEC #1.
- 21.** Engineering drawings for the construction of **intersection of Hillview Drive and new road** must be submitted for approval.
- The intersection must be constructed and the roadside maintained so as to provide the required Sight Distance in accordance with the Austroads Publications.
- If a safe intersection sight distance of a minimum of 151 meters west of proposed intersection of the new subdivision road with Hillview Drive cannot be achieved due to proximity of road crest, upgrade works to lower the crest/improve the sight distance on Hillview Drive shall be required.
- The intersection must be designed and constructed to prevent water from proceeding onto, or ponding within, the carriageway.
- 22.** Engineering drawings for the construction of **new roads** within the subdivision shall be submitted for approval in accordance with:
- Council's Roads Standards Policy RD-POL-09 and
  - Council's Design and Construction Specification – AUS-SPEC #1.
  - Internal roads are to be designed to allow for flood free access as presented in the Flood Assessment report by (GRC Hydro) dated 17 September 2021 to minimise hazard for extreme events.
  - All proposed lots are to have rising access to land above the PMF levels
  - All cul-de-sac heads shall have a 12m turning radius and provided with an asphaltic concrete wearing surface. Minimum standard 40mm thick AC14 in accordance with

Council's Road Standards Policy RD-POL-9. The road reserve will need to be increased at cul-de-sac ends to cater for the turning radius and road verge.

- Basic Left and Right Turns (BAL & BAR) are to be construction on Hillview Drive at the intersection with new Road.

**23.** Engineering drawings for the construction of **accessway** for adequate access to proposed Sewer Pump Station shall be submitted for approval in accordance with:

- Council's Roads Standards Policy RD-POL-09 and
- Council's Design and Construction Specification – AUS-SPEC #1.

**24.** Engineering drawings for connection of the proposed subdivision to other parts of the village shall be submitted for approval in accordance with:

- Council's Roads Standards Policy RD-POL-09 and
- Council's Design and Construction Specification – AUS-SPEC #1.

The existing footbridge over 4<sup>th</sup> Order Creek shall be upgraded.

**25.** Engineering drawings for the construction of **Kerb and Gutter** shall be submitted for approval in accordance with:

- Council's Roads Standards Policy RD-POL-09 and
- Council's Design and Construction Specification – AUS-SPEC #1

**26.** Engineering drawings associated with the construction of 1.5 metre wide **footpath** shall be submitted to Council's Infrastructure & Assets Directorate for approval in accordance with Council's Roads Standards Policy RD-POL-09 and Council's Design and Construction Specification – Ausspec#1.

Footpath shall be provided on all new proposed roads and the accessway to the Sewer Pump Station.

**27.** Engineering drawings and calculations associated with the drainage of **stormwater** must be submitted to Council's Infrastructure & Assets Directorate for approval in accordance with:

- Council's Road Standards Policy RD-POL-09; and
- Council's Stormwater Policies; and
- Council's Design and Construction Specification – AUS-SPEC #1.

These documents will include details of adequate stormwater drainage infrastructure for the conveyance of stormwater sourced from the subdivision and passing through the site from upstream and. What is proposed to manage the potential downstream effects of such discharges and actions proposed to ameliorate such effects and what is proposed to ameliorate any stormwater effects from upstream of the site.

These documents will include details of how overland flows from lots to lots within the development is proposed to be managed so as not to adversely impact the downstream lots.

The stormwater system shall be designed to ensure that discharge from the site post development is not exceeded when compared to predevelopment flows for a 1 in 5 and 1 in 100-year ARI.

An overland flow path to accommodate the discharge from a 1 in 100-year storm event shall be identified on the drawings to ensure no adjoining property is being affected by the stormwater runoff because of the proposed subdivision.

Drainage easements are required for all significant overland flow paths including a minimum of 15-metre-wide easement to convey the Eastern Tributary to ensure that development does not occur

in these areas. Where the 1 in 100-year flow path is not located within an easement over private land or the road reserve, then the land it is located on is to be community land managed by a community association.

The easements shall include conditions to restrict the following:

- (i) Constructing/placing any structure within the easement including water tank or underground waste disposal system
- (ii) Erect, construct, place any retaining wall or fence without ensuring that these would not impede the free flow of storm or flood waters over the surface of the land;
- (iii) Landscaping the easement that would impede the free flow of storm or flood waters over the surface of the land;
- (iv) stack or place any material or obstruction including, without limitation, timber, rubbish, explosives, fuel and building materials;

Stormwater mains are to be designed to cater for the entire developed catchment to allow for future development of adjoining land.

If any devices (e.g., detention basins, OSD etc) are required to satisfy this condition they are to be fully located on private land or community land.

Minimal fill (approx. 60 cubic meters) is required to ensure that all building envelopes are situated outside of the Flood Planning Area outlined in the Flood Assessment report by (GRC Hydro) dated 17 September 2021.

Building envelopes within proposed Lots (5, 6 and 7) are required to have a minimum level as presented in Table (3) of the Flood Assessment report by (GRC Hydro) dated 17 September 2021.

- 28.** A detailed **landscaping plan** must be submitted to Council's Infrastructure & Assets Division for Approval.

The plan must include the following details:

- (a) Details of the proposed landscaping species and installation including cultivar, common and botanical names, height and spread at maturity shall be submitted along with this plan.
- (b) Advanced **street trees** planted in the road reserve of new roads, at a rate of one every 20 metres. The trees must be adequately protected.
- (c) Installed street trees must be appropriately maintained (including watered) to ensure they survive and will be checked as part of any defect liability period. Any missing or dead trees must be replaced before issuing the final defect liability period compliance certificate
- (d) Details of landscaping within in the **landscape easement/ plantation buffer** providing noise attenuation to lots 22 to 34.

- 29.** Create a drainage overland flow easements (provide civil design and calculations) that includes all of the 1 in 100 year flow. Land affected by the easement remains part of the overall allotment and owners should conduct routine maintenance of the easement along with the rest of the property. The easement is to include conditions to restrict the following:

- (v) Constructing/placing any structure within the easement including water tank or underground waste disposal system
- (vi) Erect, construct, place any retaining wall or fence without ensuring that these would not impede the free flow of storm or flood waters over the surface of the land;
- (vii) Landscaping the easement that would impede the free flow of storm or flood waters over the surface of the land;

(viii) stack or place any material or obstruction including, without limitation, timber, rubbish, explosives, fuel and building materials;

30. The required works to satisfy any condition Sub-division Works Certificate requires are to be undertaken at no cost to Council. Council is committed to the sustainable management of the environment which includes minimising the impact of road upgrades. Clause 9.5 of Council's Road Standards Policy RD-POL-9 should be considered in the preparation of engineering designs. In this regard, Council may require a *Review of Environmental Factors* (REF) to accompany the engineering drawings for consideration and approval prior to the issue of a Subdivision Works Certificate.

31. A list of three **street names** for each new street must be submitted to Council for consideration and approval in accordance with Council's Road Naming Policy RD-POL-6.

For each proposed street name information must be submitted indicating the reason for the names and any historical significance.

A proposed street name that has aboriginal significance must be accompanied by written approval from the appropriate Aboriginal Land Council.

The preferred name for each road is to be placed on a plan that is equivalent to that used for the sub-division certificate and provided to Council so this can be submitted to the Geographic Names Board for consideration.

32. Engineering drawings associated with the supply of **water** shall be submitted to Council's Asset and Infrastructure Division for approval in accordance with the Water Supply Code of Australia.

The following conditions shall be met.

- Water reticulation mains shall be designed and laid in accordance with the Water Supply Code of Australia.
- All reticulation mains shall be of MPVC, PN 16, S2 except at road crossings. Road crossings shall be DICT pipe class PN 35. Minimum diameter shall be 100 mm.
- Tracing wire shall be placed and tied on top of all PVC pipes.
- Marker tape shall be installed above all water main.
- All water mains shall have a 600mm minimum cover unless noted otherwise.
- All water mains in cul de sac locations shall be looped, unless otherwise instructed by Council.
- Trench stops / concrete bulkheads shall be installed for mains designed for grades 5% and above as per the Water Supply Code of Australia.
- All valves shall be anti-clockwise closing (ACWC) and shall conform to the Council standards. Valve adjacent to Tees shall be flanged to the tees and valve shall be located behind the kerb.
- All mains shall be tested in accordance with Yass Valley Council requirements.
- All property services shall be with copper pipes as per Plumbing Code of Australia (AS/NZS 3500). Long services shall be with 25 mm and short services shall be with 20 mm.
- Long service line under road crossing shall be placed in a 100mm uPVC conduit which extends 300mm past the kerb.
- All meter cocks of each property service shall be installed at 200 mm – 300 mm below finished ground level and shall be covered with meter boxes. Meter boxes will be supplied by the Council and shall be installed flush to the finished ground level.
- Tapping saddle, main cock and meter cock shall meet Yass Valley Council requirements
- Installation of water services 32mm and above shall incorporate in-line water filter and meter and RPZD (Reduced Pressure Zone Device) if necessary

- Water service must be sited away from driveways with minimum clearance of 500mm from the edge of the water meter box.
- Connection points to existing water network to be specified by Council.
- Connection shall be made to the existing water main at Fairley Street. Connections to existing water mains must be carried out by Yass Valley Council at the Developer's cost.
- Design certification shall be provided with the engineering drawings.

- 33.** Engineering drawings associated with the drainage of **sewer** shall be submitted to Council's Asset and Infrastructure Division for approval in accordance with the Sewerage Code of Australia.

The following conditions shall be met:

- Sewer reticulation shall be designed and laid to satisfy hydraulic requirements in accordance with Sewerage Code of Australia.
- All sewer reticulation mains shall be with PVC, RRJ, Class SN8 with a minimum diameter of 150 mm (for industrial, minimum diameter is 225mm).
- Embedment and backfill shall be in accordance with SEW1201. Type A refers to vehicular loading and type B refers to non-vehicular loading.
- Trench stops / concrete bulkheads shall be installed for mains designed for grades 5% and above as per the Sewerage Code of Australia.
- Sewer mains shall be air pressure tested as per approved methods and sewer manholes shall be vacuum tested as per approved methods.
- Sewer connections to existing sewer manholes or existing main shall be carried out by a licensed plumber in accordance with Council requirements.
- Manhole lid shall be in accordance with AS3996 and cast iron gatic cover shall be installed.
- Sewer ties shall be 150mm, SN8 solid wall PVC with solvent welded joints.
- Sewer ties are to be raised with a boundary riser and capped if the tie depth is more than two (2) metres.
- Marker peg system or marker tape system shall be installed to each sewer tie as per the Sewerage Code of Australia.
- The sewer system for this subdivision shall be designed to be discharged Manhole MV15 at Council's sewer network at Barton Highway.
- Design certification shall be provided with the engineering drawings.

- 34.** Engineering design and drawings associated with **the Sewage Pump Station (SPS)** shall be submitted to Council's Asset and Infrastructure Division for approval in accordance with the Sewerage Code of Australia.

The following conditions shall be met.

SPS Design:

- Dual occupancy is permissible in this sub-division. SPS design shall allow for sufficient capacity for potential dual occupancy of this sub-division.
- Top Floor Level of SPS wet well and switchboard and access road shall be 500 mm above 1 in 100 Flood Level. Design levels shall be substantiated by an approved flood study.
- Concept Design Report shall be submitted for Council Approval prior to preparing construction drawings. Concept Design Report shall be prepared by a qualified sewerage designer and as a minimum must cover the followings.
  - Basis of sewage flow estimation
  - Sizing and design levels of wet well, pumps, emergency storage, and rising main

- Layout plan
- Time for review of SPS Concept Design Report and construction drawings by Council and incorporating comments shall be allocated in the timelines.

The SPS shall meet the following minimum standard:

- Duty and Standby pumps shall be installed to satisfy Peak Wet Weather Flow (PWWF) conditions.
  - Wet Well shall have eight hours of emergency storage at Average Dry Weather Flow (ADWF) above the normal operating levels.
  - Duty Selector Switch (P1, P1/2, Alt, Off, P2/1, P2) & (Auto / Manual / Off) Switch for each pump
  - Overload Reset Button for each pump
  - Ammeter and Voltmeter for each pump
  - Thermal overload indicator for each pump
  - Hours run Meter for each pump
  - External fault indicator light
  - Emergency Generator connection point with Change Over Switch to Council requirements
  - Flow meter on the rising main with local display and connected to telemetry
  - Extra high Level float switch in Wet Well and with direct connection to Council's Telemetry system
  - Installation of RTU to suit Council's Telemetry System
  - Outdoor type Switchgear and Control Gear Assembly (SCA) with minimum degree of protection of IP56D with a separate lockable cubicle for Power Supply Authority Meter.
  - Enclosure for SCA shall be either SS316 grade stainless steel or marine grade aluminium.
  - A 25mm water service with RPZD backflow prevention device.
  - Provision of FRP Ladder access to wet well
  - Provide direct Power supply from Electricity Supply Authority with separate cabinet enclosure.
  - Provided vehicular Access for maintenance vehicles
  - Top floor level of pump station shall be 300mm above finished surrounding ground level.
35. A **Design Certification Report** for all engineering design work must be submitted to Council's Infrastructure and Assets Division, in accordance with Council's Design Specification – AUS-SPEC #1, Annexure DQS-A.
- The report must provide evidence that suitably qualified designers have designed each component of the engineering works for the development.
36. Details of compliance with **flood planning controls** applicable to the site must be submitted to Council for approval. This must include required finished floor levels for flood affected lots.
37. Details of the **filling of dams** must be submitted to Council for approval, including:
- (a) A dam dewatering plan prepared by a suitably qualified and experienced person
  - (b) Volume of material required to fill each dam
  - (c) Proposed method of filling each dam including measures to ensure the sites are suitable for future residential development.

Any filling within 1% AEP flood is normally unacceptable unless compensatory excavation is provided to ensure there is no net loss of floodplain storage volume below 1% AEP.

38. A **Riparian Management Plan** is to be submitted to Council for approval which details:
- The removal of priority weed species
  - Bank stabilisation and
  - Details of revegetation of riparian zone with appropriate native species including common and botanical names and height and spread at maturity and detailing:
    - Location, number and type of proposed plant species
    - Details of planting procedure and maintenance
    - Provision of only native species that are endemic to the region
    - Implementation, monitoring and reporting schedule
39. The Applicant shall provide full details of any environmental restoration works with diagrammatic information indicating the full/scope impact of the activity on Council land.
40. A revised subdivision plan must be submitted to Council that indicates the existing dwelling house on proposed Lot 4 achieve at least a minimum of 900mm set back from the proposed boundaries.

#### Part D Before the commencement of works

##### General

41. All measures specified in the **CEMP** must be implemented.
42. The applicant must **nominate a suitably qualified and experienced person** to the satisfaction of Council to be responsible for the day to day environmental management of the site and liaising between the Applicant and all relevant government agencies including Council.
43. Council must be informed of the **date subdivision work is proposed to commence**, no later than two days prior to works commencing. This will require [Form 131](#) to be submitted to Council.
44. A **Soil and Water Management Plan** must be submitted to Council's Infrastructure & Assets Division for approval in accordance with Council's Design and Construction Specification – AUS-SPEC #1.

The plan must include construction techniques to minimise site disturbance and the potential for soil erosion by wind or water, erosion control on any watercourse on the property, revegetation of disturbed areas and any other matters that are deemed necessary by Council.

**Note:**

An indicative plan may be prepared to complement the design plans, however the final plan for approval must be prepared in consultation with the construction contractor.

45. Any contractor prior to undertake works in an existing Council Road reserve shall obtain an approval under Section 138 Roads Act 1993 and submit details requested in the approval that include but not limited to:
- A current public liability certificate with a minimum cover of \$20 million
  - Current plant / vehicle insurances

- A certified traffic control plan for the proposed works

**46. Run-off and erosion control measures** must be implemented to prevent soil erosion, water pollution or the discharge of loose sediment on surrounding land by:

- (a) diverting uncontaminated run-off around cleared or disturbed areas and
- (b) erecting a silt fence and providing any other necessary sediment control measures that will prevent debris escaping into drainage systems, waterways or adjoining properties and
- (c) preventing the tracking of sediment by vehicles onto roads and
- (d) stockpiling top soil, excavated materials, construction and landscaping supplies and debris within the lot.

**47. A sign** must be erected in a prominent position on the site's boundary which indicates:

- (a) the name, address and telephone number of the Principal Certifier for the work, and
- (b) the name and after-hours contact phone number of the principal contractor (if any) for any building work, and
- (c) unauthorised entry to the site is prohibited.

This sign must be maintained while work is being carried out and must be removed upon completion of the work.

**48. Hoarding or temporary construction site fence** must be erected between the site and adjoining properties, if the works:

- (a) could cause a danger, obstruction or inconvenience to the public, pedestrian and/or vehicular traffic, or
- (b) could cause damage to adjoining lands by falling objects, or
- (c) involve the enclosure of a public place or part of a public place.

The hoarding or temporary construction site fence must be erected before works commence and be removed immediately after the work in relation to which it was erected has finished, if no safety issue will arise from its removal.

**49. Toilet facilities** must be available or provided at the work site before works commence and must be maintained until the works are completed.

The toilets must be provided in accordance with the following:

- (a) at a ratio of one toilet plus one additional toilet for every 20 persons employed at the site and
- (b) be a standard flushing toilet connected to a public sewer or
- (c) be connected to an on-site effluent disposal system approved under the *Local Government Act 1993* or
- (d) be a temporary chemical closet approved under the *Local Government Act 1993*.

#### **Tree Management**

**50.** Trees must be protected and removed in accordance with the measures outlined in the approved CEMP.



51. All trees to be retained must be protected prior to any works commencing on the site in accordance with *AS 4970-2009 - Protection of Trees on Development Sites*.
52. The applicant must nominate a suitably qualified and experienced person who will be responsible for overseeing the tree removal and tree management.
53. Public access to the site is to be restricted when tree removal work is in progress or the site is unoccupied. All public safety provisions must be in place prior to the commencement of any works and must be maintained throughout tree removal work.

#### **Part E While works are being carried out**

##### **NSW Department of Planning & Environment – Water**

54. The development must be undertaken in accordance with the **Controlled Activity Approval** issued by **NSW Department of Planning & Environment – Water (DPE – Water)** (refer Appendix A).
55. Should any contamination be identified during construction work, the developer shall prepare and submit to Council for approval a Remediation Action Plan (RAP) detailing how the contaminated areas/Areas of Environmental Concern (AECs) will be remediated and methodology for ensuring that the site can be validated following remediation.
56. Should any contamination be identified during construction work, a statement from an accredited site auditor engaged by the developer in accordance with the “Contaminated Sites: Guidelines for the NSW Site Auditor Scheme (3<sup>rd</sup> Edition)” shall be submitted to Council providing evidence that:
  - An appropriate process has been undertaken in preparing the RAP, and
  - If the RAP is implemented in accordance with consultant’s recommendations it is likely the site will be remediated to the extent that the ultimate use of the land will be suitable.

##### **Tree Removal**

57. The limits of works (the development footprint boundary) should be clearly marked (for example, using temporary fencing or bunting) to ensure that disturbance occurs only within the designated work areas.
58. The removal of trees from the site is **restricted to those identified in the plans** and details stamped approved and attached to this consent.
59. All trees that are proposed to be retained must be protected prior to any site works or civil works commencing on the site in accordance with *AS 4970-2009 - Protection of Trees on Development Sites*.
60. Trees to be retained in and adjacent to the development footprint shall be clearly identified and appropriately protected from accidental damage.
61. Vegetation clearing should be undertaken in a manner to avoid damage to adjacent vegetation outside of the development footprint.
62. Trees are to be assessed for the presence of bird nests prior to removal. If active bird nests are present during tree removal, they are to be carefully removed with the use of a cherry picker or similar, in the presence of an ecologist or wildlife handler.

63. All pruning and/or tree removal work is to be carried out by an **arborist** with a minimum AQF Level 3 qualification in Arboriculture.
64. All **tree pruning** must be undertaken in accordance with *AS 4373-2007 Pruning of Amenity Trees* and by a suitably qualified and/or experienced tree arborist.
65. All pruning and/or tree removal work is to be carried out in accordance with the *NSW WorkCover Code of Practice for the Amenity Tree Industry (1998)*.
66. Appropriate sediment control measures must be implemented and retained in place until exposed areas of soil are stabilised and/or revegetated.

#### Construction

67. All measures specified in the approved **Construction Environment Management Plan** must be implemented and maintained while works are being carried out.
68. Works associated with the development must be undertaken in accordance with the following, unless otherwise approved by Council in writing:
- **7.00 am to 6.00 pm Monday to Friday**
  - **8.00 am to 1.00 pm Saturday**
  - **No work on Sundays or Public Holidays**
69. **Noise, dust and odour** generated as a result of the development must comply with the provisions of the *Protection of the Environment Operations Act 1997*.

#### Demolition

70. All demolition work must be carried out in accordance with the provisions of *AS 2601:1991 The Demolition of Structures*.
71. All utility services must be disconnected to the requirements of the relevant authorities.
72. Asbestos waste, if present in the building proposed to be demolished, is to be removed, handled, transported and disposed of in accordance with the following:
- *NSW WorkCover* requirements and
  - *Protection of the Environment Operations Act 1997* and
  - *Protection of the Environment Operations (Waste) Regulation 2014*.
- The transportation of asbestos waste, may require to it to be reported to the NSW Environment Protection Authority (EPA) using *WasteLocate*. Please refer the [WasteLocate](#) website for more information.
- There is no waste facility licensed to receive asbestos within the Yass Valley Local Government Area. The nearest suitably licensed waste management facilities are located in Jugiong and Canberra.
73. All waste is to be disposed of at a suitably licensed waste management facility. Copies of receipts relating to the disposal of waste must be submitted to Council upon request.
74. The deliberate burning of demolition materials is not permitted.

75. All demolition work must be carried out wholly within the lot boundaries and must not extend onto the public footpath, public roadway or adjoining properties.
76. Vehicles transporting demolition material off site must have loads secured against any loss during transit.

#### Environmental Heritage

77. If an **Archaeology object** is discovered during the course of work:

- (a) All work must stop immediately and
- (b) The Department of Planning and Environment must be advised of the discovery.

Depending on the significance of the object, an archaeological assessment and excavation permit issued under the *Heritage Act 1997*, may be required before work can continue.

78. If an **Aboriginal object** (including evidence of habitation or remains) is discovered during the course of work:

- (a) All must stop immediately and
- (b) The Department of Planning and Environment must be advised of the discovery in accordance with s.89A *National Parks and Wildlife Act 1974*.

Depending on the nature of the discovery, an Aboriginal Heritage Impact Permit issued under the *National Parks and Wildlife Act 1974*, may be required before work can continue.

#### Earthworks

79. Material imported to the site must be suitable for the proposed application and be:

- (a) Sourced from a suitably licensed facility (i.e. landscaping supplies or quarry operation) or
- (b) VENM as defined in the *Protection of the Environment Operations Act 1997* or
- (c) ENM as defined in the *Protection of the Environment Operations (Waste) Regulation 2014 – Excavated Natural Material Resource Recovery Exemption 2014*.

Documentation demonstrating compliance with this condition must be provided to Council upon request.

The document titled *Certification: Virgin excavated natural material* as published by the *Environmental Protection Authority* in September 2013 is considered a suitable form of certification to achieve compliance with this condition for VENM.

The use of ENM must be in accordance with the requirements of:

- The *Protection of the Environment Operations (Waste) Regulation 2014 – Excavated Natural Material Resource Recovery Exemption 2014* and
- *Protection of the Environment Operations (Waste) Regulation 2014 – Excavated Natural Material Resource Recovery Order 2014* (as modified or superseded).

### **Inspections**

To arrange an inspection with Council please use the on-line booking system on Council's website: [yassvalley.nsw.gov.au > Our Services > Planning and Building > Certification and Inspections > Inspections](http://yassvalley.nsw.gov.au > Our Services > Planning and Building > Certification and Inspections > Inspections).

80. The following inspections must be undertaken and a Compliance Certificate (or other relevant documentation) obtained:

Inspection		Authority to carry out inspection
<u>Roads</u>		
(a)	Completion of sub-grade pavement layer including BAL & BAR – proof roll	Council’s Infrastructure and Assets Division
(b)	Completion of subbase course pavement layer including BAL & BAR - – proof roll	
(c)	Completion of base course pavement layer including BAL & BAR - – proof roll	
(d)	Completion of kerb and gutter – Visual only	
(e)	Completion of two coat bitumen seal – Visual only	
(f)	Completion of asphalt cul-de-sac - visual only	
(g)	Completion of stormwater drainage lines – prior to backfilling	
(a)	Completion of stormwater detention infrastructure – if any	Council’s Infrastructure and Assets Division
(b)	Completion of stormwater quality improvement infrastructure – if any	
(c)	Completion of roadside drainage	
(d)	Completion of footpath including connections to other parts of village and upgrade of existing footbridge	
(e)	Completion of streetscaping and other public landscaping	
<u>Water</u>		
(f)	Completion of water main and service connections – prior to backfilling	Council’s Infrastructure and Assets Division
(g)	Acceptance testing of water network	
<u>Sewer</u>		
(h)	Completion of sewer main and lot sewer ties – prior to backfilling	Council’s Infrastructure and Assets Division

(i) **Installation of sewer drainage connections to Council's main** – prior to backfilling

(j) **Acceptance testing of sewer mains and manholes**

(k) **Acceptance Testing and commissioning of Sewage Pump Station**

**Other**

(l) **Practical Completion**

Council's Infrastructure and  
Assets Division

(m) **Final Inspection**

**Part F Before the issue of a Subdivision Certificate**

**81.** The development must comply with the General Terms of Approval issued by the **NSW Department of Planning & Environment – Water (DPE – Water)** (refer [Appendix A](#)).

**82.** The development must comply with any concurrence issued by **Transport for NSW (TfNSW)**, (refer [Appendix B](#)).

**83.** Should any contamination identified during construction work, a site audit report shall be prepared by an accredited site auditor and be submitted to Council. The site audit report must indicate that the site has been remediated and validated to allow it to be used for its ultimate use.

**84.** In accordance with [s.7.12 EP&A Act](#) and the [Yass Valley Development Contributions Plan 2018](#), a monetary contribution must be paid to Council in accordance with the table below.

<b>Proposed cost of carrying out the development</b>	<b>Contribution Rate</b>
<b>Up to and including \$100,000</b>	Nil
<b>More than \$100,000 and up to and including \$200,000</b>	0.5% of that cost
<b>More than \$200,000</b>	1% of that cost

A Quantity Surveyor's report is required for works exceeding \$1,000,000. Below this threshold, a cost summary report is acceptable.

The contribution plan may be viewed on Council's [website](#) or at the Council Office, located at 209 Comur Street, Yass.

**85.** A Certificate of Compliance shall be obtained for the augmentation of Council's **water** supply system under section 305 *Water Management Act 2000*. The fee for the Certificate of Compliance is **\$895,659.00**.

It should be noted that:

- The total fee is based on a 37ET lot increase in demand calculated on a base rate of **\$24,207.00 per lot**.
- Deferred payments can be made upon the registration of a Voluntary Planning Agreement which provides for such arrangements.

- The base rate utilised above was the rate applicable at the time the application was determined.
- The amount payable will be calculated on the rate applicable at the time of payment, rather than at the time the application was determined.
- The base rate per connection may vary over time.
- Compliance under Section 305 does not include the physical installation of any infrastructure.

**86.** A Certificate of Compliance shall be obtained for the augmentation of Council's sewer system under section 305 *Water Management Act 2000*. The fee for the Certificate of Compliance is **\$661,856.00**.

It should be noted that:

- The total fee is for a 37ET lot increase in demand calculated on a base rate of **\$17,888.00 per lot**.
- Deferred payments can be made upon the registration of a Voluntary Planning Agreement which provides for such arrangements.
- The base rate utilised above was the rate applicable at the time the application was determined.
- The amount payable will be calculated on the rate applicable at the time of payment, rather than at the time the application was determined.
- The base rate per connection may vary over time.
- Compliance under Section 305 does not include the physical installation of any infrastructure.

**87.** Where the value of such works is greater than \$25,000, a **levy** under the *Building and Construction Industry Long Service Payments Act 1986*, equivalent to 0.35% of the value of the works, must be paid to Council.

**88.** A **bank guarantee**, or cash bond, equivalent to 5% of the value of the whole of the engineering works must be lodge with Council as a performance bond.

**Notes:**

- (a) This bond must be unconditional with no time limit and must be in the name of the developer (i.e. bonds in the name of the construction contractor will not be accepted).
- (b) This bond will be held for a period of the defects liability period (at least 12 months), which will commence from the later of linen plan release from Council or the practical completion of the engineering works (as evidence by the associated engineering compliance certificate).
- (c) At the end of the defects liability period a final compliance inspection will be undertaken. Areas inspected may include the following:

- Roadside drainage
  - Piped drainage
  - Water quality or retention systems/devices
  - Sealed road surface condition including excessive loose gravel
  - Road signs and lines
  - Sub-grade failures (e.g. soft spot)
  - Roadside landscaping
- (d) During the defect liability period the applicant will be responsible for all maintenance activities except for the following, which will be undertaken by Council:
- Maintenance grading of unsealed roads public roads
  - Council sewer blockages
89. The **intersection of Hillview Drive and new road** must be constructed in accordance with the designs/drawings approved with the Subdivision Works Certificate.
90. The **Hillview Drive** must be upgraded in accordance with the designs/drawings approved with the Subdivision Works Certificate.
91. **Landscaping in the road reserves** must be completed in accordance with the plans and details approved with the Subdivision Works Certificate.
92. **Roads and associated infrastructure** are to be constructed in accordance with Council's Road Standards Policy RD-POL-09 or, where required, designs/drawings approved with the Subdivision Works Certificate.
93. All **road reserves** must be dedicated to Council.
94. **Footpaths** including connections to other parts of village and upgrade of existing footbridge must be constructed in accordance with the designs/drawings approved with the Subdivision Works Certificate.
95. **Street name signs** must be installed at the entrance to each new road. The sign must be in accordance with Council's standard urban street sign design.  
Where the road is no-through a "no-through road" sign is to be installed.
96. **Street lighting** must be designed and installed throughout the subdivision in accordance with *AS 1158 Lighting for Roads and Public Spaces*.
97. **Stormwater drainage** and any quality/quantity devices must be constructed in accordance with Council's Design and Construction Specification – AUS-SPEC #1 or, where required, designs/drawings approved with the Subdivision Works Certificate.
98. An **over land flow path** to accommodate the discharge from a 1 in 100 year storm event must be provided in accordance with designs/drawings approved with the Subdivision Works Certificate.
99. **Landscaping** must be completed in accordance with the plans approved with the Subdivision Works Certificate.  
**Advanced street trees** must be appropriately maintained (including watered) to ensure they survive and will be checked as part of any defect liability period. Any missing or dead trees must be replaced before issuing the final defect liability period compliance certificate.

**100.** In accordance with the Provision of Electricity Supply and Telecommunications Service for Subdivisions Policy DA-POL-17, evidence must be submitted to Council demonstrating that a satisfactory standard of **electricity supply** is available to each lot within the subdivision.

**101.** In accordance with the Provision of Electricity Supply and Telecommunications Service for Subdivisions Policy DA-POL-17, evidence must be submitted to Council demonstrating that a satisfactory standard of **telecommunications service** is available to each lot within the subdivision.

**102.** The applicant must confirm by survey that the formation and associated batters and drainage **structures along the frontage of the subject property**, are within the road reserve.

Where the existing road is within the subject land, the applicant must ensure that the legal and physical attributes coincide by adjustment of the road reserve. The Applicant's request for a Subdivision Certificate must include specific reference to the review and whether or not adjustment of the road reserve is necessary.

**103.** One complete set of "Works as Executed" (WAE) drawings based on the approved construction plans indicating all as built details shall be submitted to Council for all new assets that will be gifted to Council. Each sheet of the drawings shall be signed by a registered surveyor.

(a) The WAE drawings shall be submitted in the following format:

- Auto CAD LT 2011 on MGA 94 Zone 55 Coordinates.
- Auto CAD R12/LT2 DXF;
- PDF;
- 2 (A1) Hard copies
- 2 (A3) Hard

(b) Detailed summary of the assets shall be submitted to Council. The details shall be provided in a Tabular forms (copies to be provided).

The assets to be identified include:

- Roads and Transport
- Stormwater
- Sewer
- Sewage Pump station
- Water
- Landscape

(c) Construction cost for assets to be handed over to Council shall be provided as follows:

- Road's components (i.e., pavement, kerb & gutter linemarking and signage, etc), Transport structures and traffic control devices.
- Stormwater components (i.e., pipes, pits and other structures, etc)
- Sewer and Water components (i.e., manholes, lampholes, pump stations etc)

**104.** For each lot created a separate **Lot Plan** (A4) must be submitted to Council which includes the following detail, as applicable to the development:

- Tie details for water, sewer and stormwater including location (distance from nearest side boundary and distance into the lot), level, depth and diameter and



- Easement details.

- 105. Easements** must be created on the final plan of subdivision centred on any existing or new power lines/cables, stormwater drainage lines, water mains, or sewer mains passing through private property and must be in accordance with the service providers requirements.

Easements over Council services must be 3m wide however consideration will be given to a narrower easement in circumstances where it can be justified and is approved by Council's Infrastructure and Assets Division.

- 106.** Building envelopes must be designated on the final plan of subdivision over proposed Lots 5 to 8 and 11 to 24 in accordance with the requirements of Council's Building Line - Urban Policy (DA-POL-04) and the approved plan of subdivision.

The accompanying Section 88B instrument must state:

*No development is permitted outside of the identified building envelope shown on the plan of subdivision.*

The name of the Authority having the power to release, vary or modify this restriction must be Yass Valley Council.

- 107.** A Restriction to User pursuant to s.88B *Conveyancing Act 1919* must be created over all flood affected lots which prohibits the construction of a building on the lot unless it has a **finished floor level 500mm above the 1% AEP flood level**, identified by the drawings and details approved with the Subdivision Works Certificate.

The name of the Authority having the power to release vary, or modify this restriction must be Yass Valley Council.

- 108.** A Restriction to User pursuant to s.88B *Conveyancing Act 1919* must be created over all lots which requires all dwellings to be constructed so as to meet the requirements of Environmental Protection Authority criteria 'The Environmental Criteria for Road Traffic Noise' or internal noise objectives for all habitable rooms under ventilated conditions comply with the requirements of Building Code of Australia/National Construction Code:

- All sleeping rooms: 35 dB(A) Leq(9hr)
- All other habitable rooms: 45 dB(A) Leq(15hr) and 40 dB(A) Leq(9hr)

The name of the Authority having the power to release vary, or modify this restriction must be Yass Valley Council.

- 109.** A Restriction to User under Section 88B of the *Conveyancing Act 1919* must be created over all lots requiring **potable water storage** (rainwater tanks) of 22,500 litres capacity shall be connected to the entire roof catchment area and plumbed to toilets, washing machine and showers.

An automatic main water diverter system shall be installed in accordance with AS/NZS3500, Part 1 and shall be connected to the mains water to supply for these appliances during dry periods when rainwater tank is empty

The name of the Authority having the power to release, vary or modify this restriction must be Yass Valley Council.

- 110.** A Restriction to User pursuant to section 88B *Conveyancing Act 1919* must be created over lots 1, 22 to 37 that states:

*Direct Vehicular and pedestrian access onto Hillview Drive/future Barton Highway is prohibited.*

The name of the Authority having the power to release, vary or modify this restriction must be Yass Valley Council.

- 111.** The Applicant shall extinguish the powerline easement traversing proposed Lots 3, 4, 5 & 6 and relocate the infrastructure in accordance with the requirements of the relevant authority.

- 112.** Prior to the issue of subdivision certificate, the proponent is to provide a landscaped buffer (approximately 10 metres wide) within the rear of proposed allotments 22 - 34 or a plantation buffer provided outside the proposed allotments but within the site that is currently Lot 6 DP1220039.

The landscape easement/ plantation buffer shall be planted in accordance with the approved landscape plan.

- 113.** The landscape easement or plantation buffer within the rear of proposed allotments 22 – 34 shall be shown on the final plan of subdivision.

- 114.** A Restriction to User pursuant to section 88B *Conveyancing Act 1919* must be created over lots 22 to 34 stating:

The registered proprietors of shall be responsible for maintenance of the landscape easement/ plantation buffer in accordance with the approved plan at all times to the satisfaction Council.

The name of the Authority having the power to release, vary or modify this restriction must be Yass Valley Council.

- 115.** A water service main (service connection) shall be installed from Council's main to a point inside the front boundary of each lot created within the subdivision.

If the Council main is existing and currently in use (i.e. a "live" main') Council must undertake the works at full cost to the developer. An application can be made by contacting Council on [council@yass.nsw.gov.au](mailto:council@yass.nsw.gov.au).

- 116.** Each lot within the subdivision is required to have its own connection to a Council approved sewerage system.

- 117.** The Sewage Pump Station is to be installed in accordance with the approved Subdivision Works Certificate plans.

- 118.** Any damage caused to **Council owned infrastructure or property** must be repaired or replaced at no cost to Council.

- 119.** A **Subdivision Certificate Application** must be submitted to Council on the NSW Planning Portal.

The application is to be accompanied by the following:

- (a) A plan of subdivision (linen plan) acceptable for registration by the NSW Land and Property Information Office.
- (b) An Administration Sheet which incorporates a subdivision certificate acceptable for registration by the NSW Land and Property Information Office.

- (c) Where easements, rights of carriageway or restrictions on the use of land are proposed or required to be created under Section 88 of the *Conveyancing Act 1919*, a copy of the relevant instrument.
  - (d) The relevant documents required by the NSW Land and Property Information Office for the registration of a Community scheme or a Strata scheme, if applicable.
  - (e) The applicant must create, where applicable, 20 metre wide easements over the final plan of subdivision in favour of Essential Energy, centred on all existing power lines which cross the subdivision.
  - (f) A copy of relevant development consent or complying development certificate.
  - (g) A copy of any relevant construction certificate.
  - (h) A copy of any relevant compliance certificates, letters from authorities and receipts for payment of any fees/contributions.
  - (i) A copy of detailed subdivision engineering plans, where relevant.
  - (j) Evidence that the applicant has complied with all conditions of consent that it is required to comply with before a subdivision certificate can be issued.
  - (k) For subdivision involving subdivision work, evidence that the work has been completed, or:
    - Agreement has been reached with the relevant consent authority as to payment of the cost of work and as to the time for carrying out the work, or
    - Agreement has been reached with the relevant consent authority as to security to be given to the consent authority with respect to the completion of the work.
  - (l) The relevant fee payment at the date of application for the subdivision certificate.
- 120.** The subdivision certificate will not be issued until all conditions of this consent have been complied with in accordance with the provisions of the *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.

#### **Advisory Notes Accompanying Development Consent DA210093**

- 1.** This consent has been granted under Clause 4.1 of *Yass Valley Local Environmental Plan 2013*.
- 2.** This approval is for subdivision only. Further development consent is required for any proposed dwelling house or other permissible use, as prescribed in the relevant Environmental Planning Instruments of Council.
- 3.** All fees and charges associated with this consent will be adjusted annually from the date of this consent in accordance with seasonal movements in the CPI for the Canberra region.

4. This development consent does not guarantee compliance with land specific agreements, by-laws, covenants, 88B restrictions, community management plans, or other similar development restrictions that may be applicable to the land. It is the responsibility of the land owner, applicant and developer to make their own enquiries in order to be satisfied that compliance with these restrictions has been achieved.
5. The applicant must ensure all sub-contractors are licensed by the NSW Department of Fair Trading.
6. All persons undertaking work in connection with this consent must ensure all required risk control measures and procedures are complied with.

The *Work Health and Safety Act 2011*, the *Work Health and Safety Regulation 2011* and various Australian Standards provide a comprehensive set of risk control measures and procedures for development sites. This legislation is administered by WorkCover New South Wales which has produced a variety of guidelines and other supporting documents for the information of developers.

APPENDIX A – NSW Department of Planning and Environment – Water General Terms of Approval

Department of Planning and Environment



Contact: Department of Planning and Environment—Water  
Phone: 1800 633 362  
Email: [waterlicensing.servicedesk@dpie.nsw.gov.au](mailto:waterlicensing.servicedesk@dpie.nsw.gov.au)

Our ref: IDAS-2021-10281  
Your ref: DA210093

27 September 2022

Yaas Valley Council  
209 Comur Street  
Yaas NSW 2582

Attention: Kate Baker

Uploaded to the ePlanning Portal

Dear Sir/Madam

**Re: IDAS-2021-10281 - Integrated Development Referral – General Terms of Approval**  
**Dev Ref: DA210093**  
**Description: Subdivision into 37 Torrens title lots, stormwater drainage easement, revegetation**  
**Location: Lot 5 & 6 DP 1220039 – 46 Hillview Drive, Murrumbateman 2582**

I refer to your recent referral regarding an integrated Development Application (DA) proposed for the above location. Attached, please find the Department of Planning and Environment—Water's General Terms of Approval (GTA) for part of the proposed development requiring a Controlled Activity approval under the *Water Management Act 2000* (WM Act), as detailed in the subject DA.

Please note Council's statutory obligations under section 4.46 of the *Environmental Planning and Assessment Act 1979* (EPA Act) which requires consent, granted by a consent authority, to be consistent with the general terms of any approval proposed to be granted by the approval body.

If the proposed development is approved by Council, the department requests these GTA be included (in their entirety) in Council's development consent. Please also note the department requests notification:

- if any plans or documents are amended and these amendments significantly change the proposed development or result in additional works or activities (i) in the bed of any river, lake or estuary; (ii) on the banks of any river lake or estuary, (iii) on land within 40 metres of the highest bank of a river lake or estuary; or (iv) any excavation which interferes with an aquifer.

The Department of Planning and Environment—Water will ascertain from the notification if the amended plans require review of or variation/s to the GTA. This requirement applies even if the amendment is part of Council's proposed consent conditions and do not appear in the original documentation.

- if Council receives an application under s4.46 of the EPA Act to modify the development

---

4 Parramatta Square, 12 Darcy Street, Parramatta NSW 2150  
LOCKED BAG 5022, Parramatta, NSW 2124

[www.dpie.nsw.gov.au](http://www.dpie.nsw.gov.au)

consent and the modifications change the proposed work or activities described in the original DA.

- of any legal challenge to the consent.

As the proposed work or activity cannot commence before the applicant applies for and obtains an approval, the department recommends the following condition be included in the development consent:

**The attached GTA issued by the Department of Planning and Environment—Water do not constitute an approval under the**

**Water Management Act 2000.** The development consent holder must apply to the department for a Controlled Activity approval **after consent** has been issued by Council **and before** the commencement of any work or activity.

A completed application must be submitted to the department together with any required plans, documents, application fee and proof of Council's development consent. Finalisation of an approval can take up to eight (8) weeks from the date the application and all required supporting documentation is received.

Applications for controlled activity approval should be made to the department, by lodgement of a Controlled Activity Approval – New approval application on the NSW Planning Portal at: <https://www.planningportal.nsw.gov.au/>

The Department of Planning and Environment—Water requests that Council provide a copy of this letter to the development consent holder.

The Department of Planning and Environment—Water also requests a copy of the determination for this development application be provided by Council as required under section 4.47(6) the EPA Act.

Yours Sincerely



**For**  
**Bryson Lashbrook**  
**Manager**  
**Licensing and Approvals**  
**Department of Planning and Environment—Water**



## General Terms of Approval

for proposed development requiring approval under s89,  
90 or 91 of the Water Management Act 2000

Reference Number:	IDAS-2021-10281
Issue date of GTA:	27 September 2022
Type of Approval:	Controlled Activity
Location of work/activity:	Lot 5 & 6 DP 1220039 – 46 Hillview Drive, Murrumbateman 2582
Waterfront Land:	McClungs Creek
DA Number:	DA210093
LGA:	Yaas Valley Council

The GTA issued by Department of Planning and Environment—Water do not constitute an approval under the *Water Management Act 2000*. The development consent holder must apply to the Department of Planning and Environment—Water for the relevant approval after development consent has been issued by Council and before the commencement of any work or activity.

Condition Number	Details
TC-G001	Before commencing any proposed controlled activity on waterfront land, an application must be submitted to Department of Planning and Environment—Water, and obtained, for a controlled activity approval under the Water Management Act 2000.
TC-G004	<p>A. This General Terms of Approval (GTA) only applies to the proposed controlled activity described in the plans and associated documents found in Schedule 1, relating to Development Application DA210093 provided by Council to Department of Planning and Environment—Water.</p> <p>B. Any amendments or modifications to the proposed controlled activity may render the GTA invalid. If the proposed controlled activity is amended or modified, Department of Planning and Environment—Water, must be notified in writing to determine if any variations to the GTA will be required.</p>
TC-G005	<p>A. The application for a controlled activity approval must include the following plan(s):</p> <ol style="list-style-type: none"><li>Site plans indicating the demarcation of waterfront land, designated riparian corridors, and identifying any areas of encroachments and offsets</li><li>Detailed civil construction plans;</li><li>Erosion and sediment control plans;</li><li>Construction detailed drainage plans;</li><li>Construction stormwater drainage outlet plan;</li><li>Riparian Landscape management plan;</li><li>Construction cut and fill cross sections and plan view details of site;</li><li>Construction detailed bulk earthworks plans;</li></ol> <p>B. The plan(s) must be prepared in accordance with Department of Planning and Environment—Water's guidelines located on the website <a href="https://www.nrar.nsw.gov.au/how-to-apply/controlled-activities/guidelines-for-controlled-activities">https://www.nrar.nsw.gov.au/how-to-apply/controlled-activities/guidelines-for-controlled-activities</a></p>

#### **SCHEDULE 1**

The plans and associated documentation listed in this schedule are referred to in general terms of approval (GTA) issued by Department of Planning and Environment—Water for integrated development associated with IDAS-2021-10281 as provided by Council:

- Statement of Environmental Effects, prepared by DPS YAAS Pty Ltd, dated September 2021
- Flood Assessment, prepared by GRC Hydro, dated 17 September 2021
- Riparian Landscape Management Plan, prepared by Soil and Water, dated 04 March 2022
- Subdivision Plan, prepared by DPS Diverse Project Solutions, dated 31 May 2021



**APPENDIX B – Transport for NSW (TfNSW) - Concurrence**



Our ref: SWT18/00016  
Contact: Cam O'Kane

17 February 2022

Yass Valley Council  
BY EMAIL: council@yass.nsw.gov.au

Attention: Kate Baker

**DA210093 (CNR-22009) – PROPOSED RESIDENTIAL SUBDIVISION, LOTS 5 & 6 DP1220039, HILLVIEW DRIVE MURRUMBATEMAN.**

---

I refer to your correspondence regarding the subject Application which was referred to Transport for NSW (TfNSW) for assessment and comment.

From the information provided it is understood that the proposal is for a thirty-seven (37) Lot Residential Subdivision with associated infrastructure, roads, easements and restrictions. The subject site has frontage and access to the Barton Highway and Hillview Drive within a 100 kmh speed zone. Barton Highway is a classified "state" road and Hillview Drive is classed as a local road.

TfNSW has completed an assessment of the application, based on the information provided and focussing on the impact to the state road network. TfNSW notes for this application:

- The proposal is supported by a Statement of Environmental Effects (SEE) prepared by Diverse Project Solutions dated September 2021;
- There is an existing homestead on proposed Lot 4 which will continue to be serviced by an existing driveway to the Barton Highway;
- The SEE states that all of the new allotments will gain access (vehicular) from Hillview Drive;
- The intersection of the Barton Highway and Hillview Drive currently provides for a separate right turning lane from the travel lane. This intersection treatment is considered adequate to accommodate the anticipated additional traffic generated by the development.

TfNSW emphasises the need to minimise the impact of development on the existing public road network and maintain the level of safety, efficiency and maintenance along the road network. As the proposed development has frontage to the Barton Highway (HW15) the proposed conditions listed in Attachment 1 are appropriate for road safety and network efficiency reasons.

Transport for NSW has assessed the Development Application based on the documentation provided and would raise **no objection subject to conditions** on the basis that the Consent Authority ensures that the development is undertaken in accordance with the information submitted as amended by the inclusion of the conditions listed in **Attachment 1**.

TfNSW highlights that in determining the application it is the consent authority's responsibility to consider the environmental impacts of any road works which are ancillary (proposed or deemed necessary) to the development. This may include the need for further environmental assessment for any ancillary road works.

Any enquiries regarding this correspondence may be referred to the writer, TfNSW (South Region), phone (02) 6923 6582.

---

Transport for NSW  
193-196 Morgan Street, Wagga Wagga NSW 2650 | ABN 18 804 239 602

1 of 3

Yours faithfully



Cam O'Kane  
Case Officer, Development Services South

**Attachment 1**

1. Prior to the issue of subdivision certificate, the proponent is to provide a landscaped buffer (approximately 10 metres wide) within the rear of proposed allotments 23 - 34 or a plantation buffer provided outside the proposed allotments but within the site that is currently Lot 6 DP1220039.
2. Any works associated with the development shall be at no cost to Transport for NSW.

Further to the above suggested conditions, Council may also give consideration to the following requirements for future development of the created allotments.

1. The future development on the proposed allotments should be designed such that road traffic noise from the Barton Highway and the future alignment of the Barton Highway through Murrumbateman is mitigated by durable materials, in accordance with the Environmental Protection Authority criteria 'The Environmental Criteria for Road Traffic Noise'. Where the EPA external noise criteria would not practically or reasonably be met, Transport for NSW recommends that Council applies the following internal noise objectives for all habitable rooms under ventilated conditions complying with the requirements of the BCA:
  - All sleeping rooms: 35 dB(A) Leq(9hr)
  - All other habitable rooms: 45 dB(A) Leq(15hr) and 40 dB(A) Leq(9hr).

Furthermore, Council may also give consideration to the following:

- The internal road network and roadside environment should be designed, constructed and maintained to provide a safe environment for all road users and to encourage compliance with the desired speed limit through the subdivision in accordance with the NSW speed zoning guidelines.
- The proposed subdivision may represent a need to review the current speed zone in surrounding streets in accordance with the current speed zone guidelines. Any changes deemed necessary to the speed limit should be at full cost to the developer.
- The subdivision should be designed and staged to provide for alternative routes for vehicular access to allow for distribution of traffic and alternative means of access for emergency vehicles to allotments.
- The internal road network is to provide for ease of access for larger vehicles such as public transport, service and construction vehicles (eg Garbage trucks, delivery trucks). Bus stop facilities are to be provided within the estate for the convenience of the user in accordance with relevant guidelines.
- Transport for NSW encourages the provision of facilities to provide for alternative means of travel to the motor vehicle. Facilities are required to be extended to and provided through the subdivision for the safe and effective movement of pedestrians and cyclists to facilities such as nearby schools, sporting and shopping facilities.

6.5 Investments and Borrowings Report - March 2023  
Attachment A Investments and Borrowings Report - March 2023

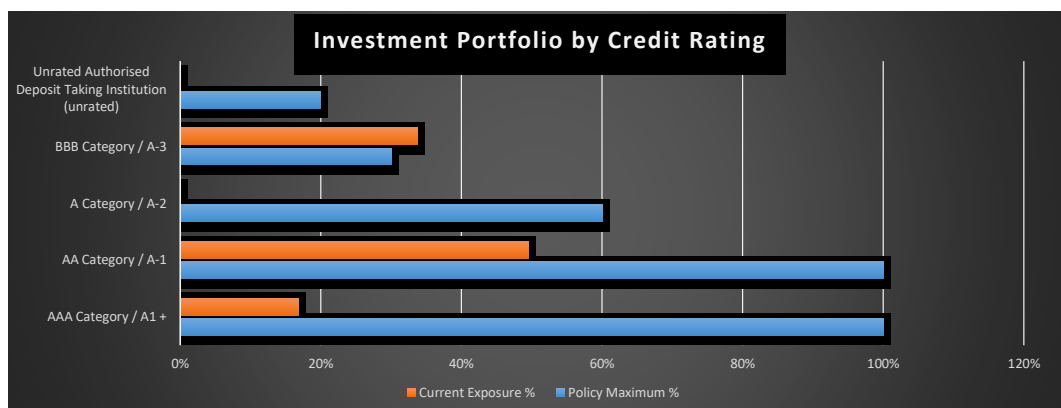
a) Council Investments as at 31 March 2023

Investment Type	Market Value \$	Credit rating	Date Lodged	Maturity date	Term (Days)	Rate
<b>Cash Working Accounts</b>						
NAB Working Account <sup>1</sup>	2,259,925.49	A1+/AA-	n/a	n/a	at call	3.60%
Tcorp Strategic Cash Facility <sup>2</sup>	4,964,131.15	AAA	n/a	n/a	3 day call	3.87%
	<b>7,224,056.64</b>					
MyState	1,500,000.00	A2/BBB+	10/03/23	06/09/23	180	4.70%
CBA	1,500,000.00	AA-	28/02/23	29/11/23	274	4.85%
CBA	1,000,000.00	AA-	28/02/23	30/08/23	183	4.64%
CBA	1,400,000.00	AA-	24/02/23	04/10/23	222	4.85%
BOQ	1,000,000.00	A2/BBB+	08/02/23	09/08/23	182	4.40%
Great Southern Bank	1,000,000.00	A2/BBB	31/01/23	02/08/23	183	4.45%
AMP	1,000,000.00	A2/BBB	11/01/23	12/07/23	182	4.50%
AMP	500,000.00	A2/BBB	14/12/22	21/06/23	189	4.30%
AMP	1,500,000.00	A2/BBB	12/12/22	14/06/23	184	4.30%
AMP	1,500,000.00	A2/BBB	14/12/22	14/06/23	182	4.30%
NAB	1,500,000.00	A1+/AA-	25/01/23	24/05/23	119	4.05%
NAB	1,500,000.00	A1+/AA-	25/01/23	10/05/23	105	4.00%
AMP	2,000,000.00	A2/BBB	31/10/22	03/05/23	184	4.40%
NAB	1,500,000.00	A1+/AA-	31/01/23	03/05/23	92	4.01%
NAB	1,500,000.00	A1+/AA-	23/11/22	26/04/23	154	3.97%
CBA	1,000,000.00	AA-	12/12/22	12/04/23	121	3.92%
NAB	1,500,000.00	A1+/AA-	04/01/23	05/04/23	91	3.96%
<b>Term Deposits &lt; 12 Months</b>						
	<b>22,400,000.00</b>					
<b>Total Short Term</b>	<b>29,624,056.64</b>					<b>4.19%</b>
<b>Investment Property</b>						
Hawthorn - Current Fair Value	6,688,000.00	Revalued 30 June 2022 as part of financial Statements				

1. The NAB account balance shown above includes deposits at month end not processed to Council's financial system and excludes cheques that have not ben presented.  
2. Tcorp Strategic Cash Facility is an allowable investment under the Ministerial Order. The % interest rate is an annualised rate.  
It changed from a monthly rate to an annualised rate in October 2022

b) Investment Exposure by Credit Rating Type

S&P Long Term / Short Term Credit Rating	Policy Maximum %	Current Exposure %	Current Investment \$
AAA Category / A1 +	100%	16.76%	4,964,131.15
AA Category / A-1	100%	49.49%	14,659,925.49
A Category / A-2	60%	0.00%	-
BBB Category / A-3	30%	33.76%	10,000,000.00
Unrated Authorised Deposit Taking Institution (unrated)	20%	0.00%	-
		<b>100%</b>	<b>29,624,056.64</b>



## 6.5 Investments and Borrowings Report - March 2023

### Attachment A Investments and Borrowings Report - March 2023

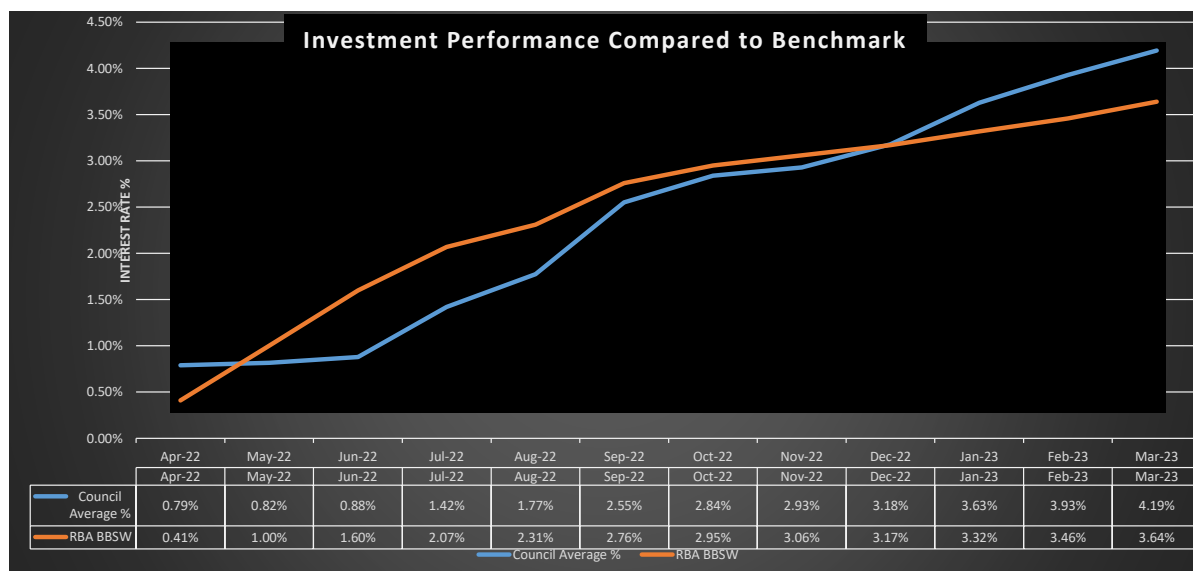
#### c) Exposure to a Single Institution

Institution	S&P Rating	Policy Maximum %	Current Exposure %	Current Investment \$
NAB	A1+/AA-	50%	32.95%	9,759,925.49
CBA	AA-	50%	16.54%	4,900,000.00
Macquarie	#REF!	30%	0.00%	-
BOQ	A2/BBB+	30%	3.38%	1,000,000.00
MyState	A2/BBB+	30%	5.06%	1,500,000.00
AMP	A2/BBB	30%	21.94%	6,500,000.00
Great Southern Bank	A2/BBB	30%	3.38%	1,000,000.00
TCorp	AAA	50%	16.76%	4,964,131.15
			<b>100.00%</b>	<b>29,624,056.64</b>

#### d) Investment Portfolio Performance

##### Investment Performance vs Benchmark

	Investment Portfolio return (%pa)	Benchmark: BBSW 90 day Bank Bill Index (source RBA)
1 month average	4.19%	3.64%
3 month average	3.92%	3.47%
6 month average	3.45%	3.27%
12 month average	2.41%	2.48%



# Yass Valley Council

## ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2022

*"A diverse rural region that provides lifestyle, business and  
recreation choices, while sustaining our environment,  
history and community"*



# Yass Valley Council

## GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2022

*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



## Yass Valley Council

### General Purpose Financial Statements

for the year ended 30 June 2022

---

Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>3</b>
<b>Statement by Councillors and Management</b>	<b>4</b>
<b>Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	63
On the Financial Statements (Sect 417 [3])	67

---

#### Overview

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

209 Comur Street  
YASS NSW 2582

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

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



## Yass Valley Council

### General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

---

#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## Yass Valley Council

### General Purpose Financial Statements

for the year ended 30 June 2022

---

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 23 February 2023.



Allan McGrath  
**Mayor**  
23 February 2023



Jasmin Jones  
**Councillor**  
23 February 2023



Chris Berry  
**Chief Executive Officer**  
23 February 2023



Francesco Rombola  
**Responsible Accounting Officer**  
23 February 2023

## Yass Valley Council

### Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Income from continuing operations</b>				
18,472	Rates and annual charges	B2-1	<b>18,663</b>	18,056
6,571	User charges and fees	B2-2	<b>5,883</b>	6,084
457	Other revenues	B2-3	<b>607</b>	792
5,188	Grants and contributions provided for operating purposes	B2-4	<b>7,929</b>	6,228
11,670	Grants and contributions provided for capital purposes	B2-4	<b>18,450</b>	17,822
230	Interest and investment income	B2-5	<b>201</b>	239
383	Other income	B2-6	<b>2,739</b>	370
458	Net gain from the disposal of assets	B4-1	<b>—</b>	—
<b>43,429</b>	<b>Total income from continuing operations</b>		<b>54,472</b>	49,591
<b>Expenses from continuing operations</b>				
13,118	Employee benefits and on-costs	B3-1	<b>12,448</b>	11,871
6,666	Materials and services	B3-2	<b>10,121</b>	10,113
1,181	Borrowing costs	B3-3	<b>845</b>	1,042
6,006	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>8,017</b>	8,113
4,756	Other expenses	B3-5	<b>1,008</b>	1,058
—	Net loss from the disposal of assets	B4-1	<b>2,452</b>	1,772
<b>31,727</b>	<b>Total expenses from continuing operations</b>		<b>34,891</b>	33,969
<b>11,702</b>	<b>Operating result from continuing operations</b>		<b>19,581</b>	15,622
<b>11,702</b>	<b>Net operating result for the year attributable to Council</b>		<b>19,581</b>	15,622
<b>32</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,131</b>	(2,200)

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

## Yass Valley Council

### Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>19,581</b>	15,622
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
- Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>31,560</b>	18,151
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>31,560</b>	18,151
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
- Other movements		<b>–</b>	(8)
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	(8)
<b>Total other comprehensive income for the year</b>		<b>31,560</b>	18,143
<b>Total comprehensive income for the year attributable to Council</b>		<b>51,141</b>	33,765

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

## Yass Valley Council

### Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	14,475	9,554
Investments	C1-2	21,200	24,200
Receivables	C1-4	4,807	4,525
Inventories	C1-5	141	167
Contract assets and contract cost assets	C1-6	4,889	1,856
Other	C1-9	–	271
<b>Total current assets</b>		<b>45,512</b>	<b>40,573</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	C1-7	478,300	429,736
Investment property	C1-8	6,688	4,350
Right of use assets	C2-1	180	391
<b>Total non-current assets</b>		<b>485,168</b>	<b>434,477</b>
<b>Total assets</b>		<b>530,680</b>	<b>475,050</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	8,936	5,239
Contract liabilities	C3-2	4,873	3,024
Lease liabilities	C2-1	178	214
Borrowings	C3-3	683	871
Employee benefit provisions	C3-4	2,948	2,852
Provisions	C3-5	584	578
<b>Total current liabilities</b>		<b>18,202</b>	<b>12,778</b>
<b>Non-current liabilities</b>			
Payables	C3-1	–	134
Lease liabilities	C2-1	9	187
Borrowings	C3-3	13,910	14,592
Employee benefit provisions	C3-4	116	119
Provisions	C3-5	958	896
<b>Total non-current liabilities</b>		<b>14,993</b>	<b>15,928</b>
<b>Total liabilities</b>		<b>33,195</b>	<b>28,706</b>
<b>Net assets</b>		<b>497,485</b>	<b>446,344</b>
<b>EQUITY</b>			
Accumulated surplus		280,910	261,329
IPPE revaluation reserve	C4-1	216,575	185,015
<b>Total equity</b>		<b>497,485</b>	<b>446,344</b>

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

## Yass Valley Council

### Statement of Changes in Equity for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		261,329	185,015	446,344	241,483	166,872	408,355
Correction of prior period errors - June 2021		-	-	-	4,224	-	4,224
<b>Restated opening balance</b>		<b>261,329</b>	<b>185,015</b>	<b>446,344</b>	<b>245,707</b>	<b>166,872</b>	<b>412,579</b>
Net operating result for the year		19,581	-	19,581	15,622	-	15,622
<b>Net operating result for the period</b>		<b>19,581</b>	<b>-</b>	<b>19,581</b>	<b>15,622</b>	<b>-</b>	<b>15,622</b>
<b>Other comprehensive income</b>							
- Gain on IPPE revaluation	C1-7	-	31,560	31,560	-	18,151	18,151
- Other reserves movements		-	-	-	-	(8)	(8)
<b>Other comprehensive income</b>		<b>-</b>	<b>31,560</b>	<b>31,560</b>	<b>-</b>	<b>18,143</b>	<b>18,143</b>
<b>Total comprehensive income</b>		<b>19,581</b>	<b>31,560</b>	<b>51,141</b>	<b>15,622</b>	<b>18,143</b>	<b>33,765</b>
<b>Closing balance at 30 June</b>		<b>280,910</b>	<b>216,575</b>	<b>497,485</b>	<b>261,329</b>	<b>185,015</b>	<b>446,344</b>

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

## Yass Valley Council

### Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
18,472	Rates and annual charges		18,816	18,027
6,571	User charges and fees		5,820	5,899
230	Interest received		149	231
13,708	Grants and contributions		23,275	24,668
—	Bonds, deposits and retentions received		927	25
840	Other		4,472	3,335
<b>Payments:</b>				
(13,118)	Payments to employees		(12,348)	(11,855)
(6,801)	Payments for materials and services		(11,771)	(12,335)
(1,181)	Borrowing costs		(853)	(1,058)
(4,756)	Other		(38)	(737)
13,965	<b>Net cash flows from operating activities</b>	G1-1	<b>28,449</b>	<b>26,200</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
—	Redemption of term deposits		11,500	—
—	Proceeds from sale of IPPE		242	620
<b>Payments:</b>				
—	Purchase of investments		—	(14,928)
—	Acquisition of term deposits		(8,500)	—
(13,623)	Payments for IPPE		(25,686)	(21,543)
(13,623)	<b>Net cash flows from investing activities</b>		<b>(22,444)</b>	<b>(35,851)</b>
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(871)	Repayment of borrowings		(870)	(1,319)
(221)	Principal component of lease payments		(214)	(224)
(1,092)	<b>Net cash flows from financing activities</b>		<b>(1,084)</b>	<b>(1,543)</b>
(750)	<b>Net change in cash and cash equivalents</b>		<b>4,921</b>	<b>(11,194)</b>
19,979	Cash and cash equivalents at beginning of year		9,554	20,748
19,229	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>14,475</b>	<b>9,554</b>

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

## Yass Valley Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2022

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>15</b>
<b>B1 Functions or activities</b>	<b>15</b>
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	15
<b>B2 Sources of income</b>	<b>16</b>
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B2-6 Other income	22
<b>B3 Costs of providing services</b>	<b>23</b>
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
<b>B4 Gains or losses</b>	<b>26</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
<b>B5 Performance against budget</b>	<b>27</b>
B5-1 Material budget variations	27
<b>C Financial position</b>	<b>29</b>
<b>C1 Assets we manage</b>	<b>29</b>
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	32
C1-5 Inventories	33
C1-6 Contract assets and Contract cost assets	33
C1-7 Infrastructure, property, plant and equipment	34
C1-8 Investment properties	37
C1-9 Other	37
<b>C2 Leasing activities</b>	<b>38</b>
C2-1 Council as a lessee	38
C2-2 Council as a lessor	40
<b>C3 Liabilities of Council</b>	<b>41</b>
C3-1 Payables	41
C3-2 Contract Liabilities	42
C3-3 Borrowings	42
C3-4 Employee benefit provisions	44



## Yass Valley Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2022

---

C3-5 Provisions	44
<b>C4 Reserves</b>	<b>45</b>
C4-1 Nature and purpose of reserves	45
<b>D Council structure</b>	<b>46</b>
<b>D1 Results by fund</b>	<b>46</b>
D1-1 Income Statement by fund	46
D1-2 Statement of Financial Position by fund	47
<b>E Risks and accounting uncertainties</b>	<b>48</b>
E1-1 Risks relating to financial instruments held	48
E2-1 Fair value measurement	51
E3-1 Contingencies	53
<b>F People and relationships</b>	<b>56</b>
<b>F1 Related party disclosures</b>	<b>56</b>
F1-1 Key management personnel (KMP)	56
F1-2 Councillor and Mayoral fees and associated expenses	56
<b>F2 Other relationships</b>	<b>57</b>
F2-1 Audit fees	57
<b>G Other matters</b>	<b>57</b>
G1-1 Statement of Cash Flows information	57
G2-1 Commitments	58
G3-1 Events occurring after the reporting date	58
<b>G4 Statement of developer contributions as at 30 June 2022</b>	<b>58</b>
G4-1 Summary of developer contributions	58
<b>G5 Statement of performance measures</b>	<b>59</b>
G5-1 Statement of performance measures – consolidated results	59
G5-2 Statement of performance measures by fund	60
<b>H Additional Council disclosures (unaudited)</b>	<b>62</b>
H1-1 Council information and contact details	62

## A About Council and these financial statements

### A1-1 Basis of preparation

---

These financial statements were authorised for issue by Council on 23 February 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the NSW Office of Local Government (OLG) directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2005* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- i. fair values of investment property – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment (IPPE) – refer Note C1-7
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 - B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease - refer to Note C2-1.

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

##### **The Consolidated Fund**

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

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

- General purpose operations
- Water service
- Sewerage service

## A1-1 Basis of preparation (continued)

---

### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### New accounting standards and interpretations issued but not yet effective

#### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period. Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

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

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

#### **AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and

## A1-1 Basis of preparation (continued)

---

- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 reporting period.

***AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]***

This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Council does not expect any impact on reported financial performance or position.**

This standard has an effective date for the 30 June 2024 reporting period.

### Comparative figures

Certain comparative information in the financial statements and the accompanying notes have been reclassified or restated to conform to current year's representation.

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions/activities</b>										
Our Civic Leadership	14,497	13,451	5,086	4,063	9,411	9,388	2,636	1,812	40,427	37,788
Our Community	825	406	1,447	1,562	(622)	(1,156)	452	131	2,327	–
Our Economy	858	972	1,519	1,671	(661)	(699)	8	2	6,718	40
Our Environment	1,369	1,498	2,301	1,633	(932)	(135)	1,137	1,207	45,088	–
Our Infrastructure	36,923	33,264	24,538	25,040	12,385	8,224	22,146	20,898	436,120	437,222
<b>Total</b>	<b>54,472</b>	<b>49,591</b>	<b>34,891</b>	<b>33,969</b>	<b>19,581</b>	<b>15,622</b>	<b>26,379</b>	<b>24,050</b>	<b>530,680</b>	<b>475,050</b>

#### B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

##### Our Civic Leadership (Systems of Government of Management)

Our leaders operate ethically and implement good governance. We empower our residents with the tools to participate actively in the development of our communities. Civic leadership includes:

- Continuous Improvements
- Accountability and Compliance
- Participation and Communication
- Resourcing and Support

##### Our Infrastructure (Facilities, Transport and Systems serving the area)

Our community is well serviced and connected to built, social and communications infrastructure. Providing infrastructure includes:

- Quality built environment and places
- Efficient Transport and access
- Effective essential services

##### Our Community (Life and Welfare in the community)

We are a network of vibrant, inclusive and diverse communities that value our cooperative spirit, self sufficiency, and rural lifestyle. Working for our community includes:

- Community health and wellbeing
- Creative culture and recreation
- Good community relations
- Community resilience

##### Our Environment (Conditions and influences in the area and sustainability)

We appreciate our range of rural landscapes and habitats, and act as custodians of the natural environment for future generations. Working for our environment includes:

- Protecting the land
- Maintaining healthy waterways
- Protecting Biodiversity

##### Our Economy (Generation, Distribution, Use of Income and Business development)

We have a strong regional economy experiencing sustainable growth, which provides for a diverse range of employment opportunities. Providing for our economy includes:

- Efficient and careful resource use
- Healthy economic activity
- Meaningful work and employment

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	6,335	6,085
Farmland	4,438	4,293
Business	845	842
Less: pensioner rebates (mandatory)	(134)	(135)
<b>Rates levied to ratepayers</b>	<b>11,484</b>	<b>11,085</b>
Pensioner rate subsidies received	71	74
<b>Total ordinary rates</b>	<b>11,555</b>	<b>11,159</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,805	1,742
Water supply services	1,890	1,836
Sewerage services	2,427	2,387
Drainage	59	58
Waste management services (non-domestic)	986	931
Less: pensioner rebates (mandatory)	(133)	(132)
<b>Annual charges levied</b>	<b>7,034</b>	<b>6,822</b>
Pensioner subsidies received:		
– Water	26	26
– Sewerage	21	21
– Domestic waste management	27	28
<b>Total annual charges</b>	<b>7,108</b>	<b>6,897</b>
<b>Total rates and annual charges</b>	<b>18,663</b>	<b>18,056</b>

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

## B2-2 User charges and fees

\$ '000	2022	2021
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Water supply services	2,103	2,154
Sewerage services	33	101
Waste management services (non-domestic)	810	869
<b>Total specific user charges</b>	<b>2,946</b>	<b>3,124</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works – section 67	–	17
Section 10.7 certificates (EP&A Act)	89	117
Section 603 certificates	40	43
Town planning and building - regulatory	706	756
<b>Total fees and charges – statutory/regulatory</b>	<b>835</b>	<b>933</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Caravan park	394	412
Cemeteries	143	114
Companion animals	31	38
Emergency services reimbursements	347	233
Engineering Income	110	108
Health fees and charges	163	163
Library and art gallery	11	7
Quarry revenues	–	1
Transport for NSW works (state roads not controlled by Council)	667	670
Sporting grounds	26	18
Swimming centres	113	140
Visitors centre sales	73	114
Other	24	9
<b>Total fees and charges – other</b>	<b>2,102</b>	<b>2,027</b>
<b>Total other user charges and fees</b>	<b>2,937</b>	<b>2,960</b>
<b>Total user charges and fees</b>	<b>5,883</b>	<b>6,084</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	–	3,124
User charges and fees recognised at a point in time	5,883	2,960
<b>Total user charges and fees</b>	<b>5,883</b>	<b>6,084</b>

### Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

### B2-3 Other revenues

\$ '000	2022	2021
Diesel rebate	48	41
Fines	10	5
Legal fees recovery – other	46	3
Recycling income (non-domestic)	376	315
Other	127	320
Apprentice Support Claim	–	29
Insurance claims recoveries	–	10
Energy Savings Certificate	–	67
Sale of abandoned vehicles	–	2
<b>Total other revenue</b>	<b>607</b>	<b>792</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	69
Other revenue recognised at a point in time	607	723
<b>Total other revenue</b>	<b>607</b>	<b>792</b>

#### Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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



## B2-4 Grants and contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Current year allocation</b>					
Financial assistance		1,792	1,541	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	C1-3b	2,756	1,651	–	–
<b>Amount recognised as income during current year</b>		<b>4,548</b>	<b>3,192</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Heritage and cultural		20	12	–	–
Library – per capita		102	105	–	–
Noxious weeds		123	118	–	15
Emergency Services Levy		255	235	–	–
Road safety officer		56	40	–	–
Stormwater		–	–	105	39
Training incentives		29	37	–	–
Transport (roads to recovery)		684	857	–	–
Transport for NSW contributions (regional roads, block grant)		800	1,282	1,629	405
Transport (other roads and bridges funding)		410	479	7,840	8,251
Other Roads and bridges		–	–	4,716	–
Water supplies		740	28	929	2,814
Other specific grants		162	53	–	–
Aged care		–	(210)	–	–
Recreation and culture		–	–	246	579
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,381</b>	<b>3,036</b>	<b>15,465</b>	<b>12,103</b>
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)		–	–	–	2,915
Drainage		–	–	346	–
Roads and bridges		–	–	1,574	–
Water supplies (excl. section 64 contributions)		–	–	–	416
<b>Total other contributions – non-cash</b>	G1-1	<b>–</b>	<b>–</b>	<b>1,920</b>	<b>3,331</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,381</b>	<b>3,036</b>	<b>17,385</b>	<b>15,434</b>
<b>Total grants and non-developer contributions</b>		<b>7,929</b>	<b>6,228</b>	<b>17,385</b>	<b>15,434</b>
<b>Comprising:</b>					
– Commonwealth funding		5,422	2,982	2,013	4,935
– State funding		1,784	3,246	14,027	8,179
– Other funding		723	–	1,345	2,320
		<b>7,929</b>	<b>6,228</b>	<b>17,385</b>	<b>15,434</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	772	809
S 7.12 – fixed development consent levies		–	–	175	113
S 64 – water supply contributions		–	–	89	609
S 64 – sewerage service contributions		–	–	29	282
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>1,065</b>	<b>1,813</b>
<b>Non-cash contributions</b>					
S 64 – sewerage service contributions		–	–	–	575
<b>Total developer contributions non-cash</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>575</b>
<b>Total developer contributions</b>	G4-1	<b>–</b>	<b>–</b>	<b>1,065</b>	<b>2,388</b>
<b>Total grants and contributions</b>	B1-1	<b>7,929</b>	<b>6,228</b>	<b>18,450</b>	<b>17,822</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		1,950	6,009	16,179	15,502
Grants and contributions recognised at a point in time		5,979	219	2,271	2,320
<b>Total grants and contributions</b>		<b>7,929</b>	<b>6,228</b>	<b>18,450</b>	<b>17,822</b>

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants and contributions</b>					
Unspent funds at 1 July		211	396	4,986	728
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions		–	165	–	4,278
<b>Add:</b> Funds received and not recognised as revenue in the current year		135	–	4,510	5,321
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year		(195)	(350)	(4,774)	(5,341)
<b>Unspent funds at 30 June</b>	C1-3a	<b>151</b>	<b>211</b>	<b>4,722</b>	<b>4,986</b>
<b>Contributions</b>					
Unspent funds at 1 July		–	–	10,190	10,201
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions		–	–	1,114	1,813
<b>Less:</b> contributions recognised as revenue in previous years that		–	–	(582)	(1,824)

continued on next page

Page 20 of 74

## B2-4 Grants and contributions (continued)

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
have been spent during the reporting year		—	—	(582)	(1,824)
<b>Unspent contributions at 30 June</b>	C1-3a	—	—	<b>10,722</b>	<b>10,190</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include the successful completion of milestone progress for the projects being funded. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

#### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by Council.

#### Developer contributions

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

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

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

#### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

## B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	83	36
– Cash and investments	118	205
– Other	–	(2)
<b>Total interest and investment income (losses)</b>	<b>201</b>	<b>239</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	83	36
General cash and investments	60	64
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	46	41
– Section 64	3	23
Water fund operations	3	31
Sewerage fund operations	4	32
Domestic waste management operations	2	12
<b>Total interest and investment income</b>	<b>201</b>	<b>239</b>

### Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		2,338	–
<b>Total fair value increment on investment properties</b>	C1-8	<b>2,338</b>	<b>–</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		58	71
<b>Total Investment properties</b>		<b>58</b>	<b>71</b>
<b>Other lease income</b>			
Leaseback fees - council vehicles		162	148
Other		181	151
<b>Total other lease income</b>		<b>343</b>	<b>299</b>
<b>Total rental income</b>	C2-2	<b>401</b>	<b>370</b>
<b>Total other income</b>		<b>2,739</b>	<b>370</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	9,752	9,152
Employee leave entitlements	1,434	1,537
Superannuation	1,106	1,027
Workers' compensation insurance	256	288
Fringe benefit tax	48	33
Payroll tax	—	8
<b>Total employee costs</b>	<b>12,596</b>	<b>12,045</b>
Less: capitalised costs	(148)	(174)
<b>Total employee costs expensed</b>	<b>12,448</b>	<b>11,871</b>
Number of 'full-time equivalent' employees (FTE) at year end	134	130

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		1,210	5,097
Consultancy costs		200	–
Contractor costs		3,824	773
– Caravan park contractor		–	245
– Information technology		–	18
– Planning		–	56
– Other contractor and consultancy costs		–	18
Audit Fees	F2-1	61	69
Councillor and Mayoral fees and associated expenses	F1-2	149	148
Advertising		53	79
Bank charges		87	89
Cleaning		126	91
Repairs and maintenance		316	–
Electricity and heating		532	578
Fire control expenses		367	288
Insurance		342	260
Street lighting		79	121
Subscriptions and publications		181	123
Telephone and communications		127	90
Valuation fees		62	61
Property rental and equipment hire		4	–
Travel expenses		–	1
Chemicals		226	196
Computer related charges		613	425
Heritage expenses		28	35
Licencing		70	42
Postage, printing and stationery		90	103
Promotions and celebrations		26	13
Training costs (other than salaries and wages)		105	129
Uniform		49	43
Vehicle expenses		1,027	831
Other expenses		51	–
<b>Legal expenses:</b>			
– Legal expenses: planning and development		81	17
– Legal expenses: debt recovery		24	–
– Legal expenses: other		11	11
Expenses from leases of low value assets		–	63
<b>Total materials and services</b>		<b>10,121</b>	<b>10,113</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2022	2021
Interest on loans		838	884
Interest on leases	C2-1d	7	12
<b>(ii) Other borrowing costs</b>			
– Remediation liabilities		–	146
<b>Total other borrowing costs</b>		<b>–</b>	<b>146</b>
<b>Total borrowing costs expensed</b>		<b>845</b>	<b>1,042</b>

### Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

### B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		<b>845</b>	777
<b>Infrastructure:</b>	C1-7		
– Buildings		<b>858</b>	894
– Other structures		<b>18</b>	71
– Roads		<b>3,143</b>	3,590
– Bridges		<b>513</b>	520
– Footpaths		<b>103</b>	100
– Stormwater drainage		<b>194</b>	188
– Water supply network		<b>1,021</b>	833
– Sewerage network		<b>659</b>	647
– Swimming pools		<b>50</b>	42
– Other open space/recreational assets		<b>307</b>	167
<b>Reinstatement, rehabilitation and restoration assets:</b>	C1-7		
– Tip assets		<b>19</b>	19
– Quarry assets		<b>2</b>	2
Other Assets – Waste	C1-7	<b>74</b>	37
Right of use assets	C2-1a	<b>211</b>	226
<b>Total gross depreciation and amortisation costs</b>		<b>8,017</b>	8,113
<b>Total depreciation and amortisation costs</b>		<b>8,017</b>	8,113
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>8,017</b>	8,113

#### Accounting policy

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C2-1 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
User charges and fees		23	—
<b>Total impairment of receivables</b>	C1-4	23	—
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		615	827
– Other contributions/levies		12	19
Donations, contributions and assistance to other organisations (Section 356)		256	212
Landfill remediation and restoration	G1-1	102	—
<b>Total other expenses</b>		<b>1,008</b>	<b>1,058</b>

### Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

As at the reporting date, Council classified landfill remediation and restoration expense to other expenses from borrowing costs in 2021.

## B4 Gains or losses

### B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		—	(17)
<b>Gain (or loss) on disposal</b>		—	(17)
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-7		
Proceeds from disposal – plant and equipment		242	440
Less: carrying amount of plant and equipment assets sold/written off		(184)	(309)
<b>Gain (or loss) on disposal</b>		<b>58</b>	<b>131</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-7		
Proceeds from disposal – infrastructure		—	180
Less: carrying amount of infrastructure assets sold/written off		(2,510)	(2,066)
<b>Gain (or loss) on disposal</b>		<b>(2,510)</b>	<b>(1,886)</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(2,452)</b>	<b>(1,772)</b>

### Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	<b>18,472</b>	<b>18,663</b>	<b>191</b>	<b>1% F</b>
<b>User charges and fees</b>	<b>6,571</b>	<b>5,883</b>	<b>(688)</b>	<b>(10)% U</b>
User charges and fees reduced by 10% as compared with original budget mainly attributable to Council continuously recorded a the lower level of water supply services for the year.				
<b>Other revenues</b>	<b>457</b>	<b>607</b>	<b>150</b>	<b>33% F</b>
Other revenue increased by 26% as compared with original budget mainly attributable to Council continuously recorded a the higher level of recycling and sundry sales for the year.				
<b>Operating grants and contributions</b>	<b>5,188</b>	<b>7,929</b>	<b>2,741</b>	<b>53% F</b>
Operating grants and contributions increased by 53% as compared with original budget mainly attributable to Council has received 75% of financial assistance grant payment in advance for next year \$1,160k, additional grants for water supply network \$715k, local roads special purpose grant \$410k, and the emergency services grant \$255k.				
<b>Capital grants and contributions</b>	<b>11,670</b>	<b>18,450</b>	<b>6,780</b>	<b>58% F</b>
Capital grants and contributions increased by 58% as compared with original budget mainly attributable to Council has received additional capital grants for water supply network \$929k, local roads special purpose grants \$3,253k, NSW Transport contributions \$1,365k, and the non cash contribution of subdivision dedications \$1,919k.				
<b>Interest and investment revenue</b>	<b>230</b>	<b>201</b>	<b>(29)</b>	<b>(13)% U</b>
Due to unprecedented low interest rates on offer for investments, Councils interest income received from the investment of surplus funds was much lower than originally anticipated.				
<b>Net gains from disposal of assets</b>	<b>458</b>	<b>-</b>	<b>(458)</b>	<b>(100)% U</b>
Council original budget of \$458k net gain from assets disposal was based on the expected sale proceeds of plant and equipment. However, the actual result a loss of \$2,452k is attributable to the disposal of infrastructure residual value from the assets renewal throughout the year.				
<b>Other income</b>	<b>383</b>	<b>2,739</b>	<b>2,356</b>	<b>615% F</b>
Other income increased by \$2,356k as compared with original budget mainly attributable to increment in the fair value of the investment property from the revaluation undertaken in the year.				

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>13,118</b>	<b>12,448</b>	<b>670</b>	<b>5% F</b>
<b>Materials and services</b>	<b>6,666</b>	<b>10,121</b>	<b>(3,455)</b>	<b>(52)% U</b>
Materials and Services increased by \$3,454k as compared with original budget and Other Expenses decreased by \$3,771k as compared with original budget, mainly attributable to the Local Government Code of Accounting Practice and Financial Reporting 2020/21 has required a change to the classification of some operating expenses previously Other Expenses to Materials and Services.				
<b>Borrowing costs</b>	<b>1,181</b>	<b>845</b>	<b>336</b>	<b>28% F</b>
Borrowing costs reduced by 28% mainly attributable to the landfill remediation and restoration costs of \$320k was included in the original budget.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>6,006</b>	<b>8,017</b>	<b>(2,011)</b>	<b>(33)% U</b>
Depreciation expenses increased by \$2,011k as compared with original budget mainly attributable to additions of infrastructure assets of \$12.3m and water supply network of \$10.3m in 2021.				
<b>Other expenses</b>	<b>4,756</b>	<b>1,008</b>	<b>3,748</b>	<b>79% F</b>
refer Materials and services above.				

## Statement of cash flows

<b>Cash flows from operating activities</b>	<b>13,965</b>	<b>28,449</b>	<b>14,484</b>	<b>104% F</b>
Cash flow from operating activities increased by \$14,486k as compared with original budget mainly attributable to additional grants and contributions for the year, including FAG \$1,378k, operating grants \$1,364k, capital grants \$4,112k, developer contributions \$779k, and non cash contributions \$1,920k, and gross up the GST credit \$3,601k.				
<b>Cash flows from investing activities</b>	<b>(13,623)</b>	<b>(22,444)</b>	<b>(8,821)</b>	<b>65% U</b>
Cash flow from investing activities increased by \$13,523k as compared with original budget mainly attributable to the increase in the payment for IPPE during the year.				
<b>Cash flows from financing activities</b>	<b>(1,092)</b>	<b>(1,084)</b>	<b>8</b>	<b>(1)% F</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	7,642	3,685
Cash equivalent assets		
– Managed funds	4,833	5,869
– Short-term deposits	2,000	–
<b>Total cash and cash equivalents</b>	<b>14,475</b>	<b>9,554</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,475	9,554
<b>Balance as per the Statement of Cash Flows</b>	<b>14,475</b>	<b>9,554</b>

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

As at the reporting date, Council reclassified the cash equivalent assets 2021 comparative \$5,869k from short-term deposits to managed funds.

#### C1-2 Financial investments

\$ '000	2022 Current	2021 Current
<b>Debt securities at amortised cost</b>		
Term deposits	21,200	24,200
<b>Total financial investments</b>	<b>21,200</b>	<b>24,200</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>35,675</b>	<b>33,754</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

### Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

Council does not have any investments in financial assets classified as FVOCI or FVTPL as at the reporting date.

## C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	Notes	2022	2021
(a) Externally restricted cash, cash equivalents and investments			
<b>Total cash, cash equivalents and investments</b>		<b>35,675</b>	<b>33,754</b>
Less: Externally restricted cash, cash equivalents and investments		<b>(26,798)</b>	<b>(26,112)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>		<b>8,877</b>	<b>7,642</b>
<b>External restrictions</b>			
<b>External restrictions – included in liabilities</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
Specific purpose unexpended grants – general fund		<b>4,866</b>	4,563
Specific purpose unexpended grants – water fund	D1-2	<b>7</b>	634
<b>External restrictions – included in liabilities</b>	C3-2	<b>4,873</b>	<b>5,197</b>
<b>External restrictions – other</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
Developer contributions – general	G4-1	<b>6,656</b>	6,106
Developer contributions – water fund	G4-1,D1-2	<b>3,040</b>	3,002
Developer contributions – sewer fund	G4-1,D1-2	<b>1,026</b>	1,082
Water fund	D1-2	<b>3,738</b>	3,726
Sewer fund	D1-2	<b>4,222</b>	4,057
Stormwater management		<b>250</b>	231
Domestic waste management		<b>2,993</b>	2,711
<b>External restrictions – other</b>		<b>21,925</b>	<b>20,915</b>
<b>Total external restrictions</b>		<b>26,798</b>	<b>26,112</b>

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

### C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

#### (b) Internal allocations

##### Cash, cash equivalents and investments not subject to external restrictions

	8,877	7,642
Less: Internally restricted cash, cash equivalents and investments	(8,850)	(7,585)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>27</b>	<b>57</b>

##### Internal allocations

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	1,906	2,043
Employees leave entitlement	919	820
Carry over works	691	1,777
Binalong pool	22	21
Comur street rehabilitation	20	20
Land and assets	1,453	1,453
Council elections	135	135
Murrumbateman Library School Ground	123	123
Quarry rehabilitation	106	106
Roads	44	369
Victoria park	578	621
Electricity Savings Reserve	97	97
Financial Assistance Grant (advance for subsequent year)	2,756	–
<b>Total internal allocations</b>	<b>8,850</b>	<b>7,585</b>

B2-4

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

#### (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>27</b>	<b>57</b>
--	-----------	-----------

## C1-4 Receivables

\$ '000	Notes	2022 Current	2021 Current
Rates and annual charges		1,149	1,233
User charges and fees		2,844	2,404
Accrued revenues			
– Interest on investments		85	33
– Other income accruals		1	386
Net GST receivable		563	504
Other assets (prepayment)		222	–
<b>Total</b>		<b>4,864</b>	<b>4,560</b>
<b>Less: provision for impairment</b>			
Rates and annual charges		(34)	(35)
User charges and fees	B3-5	(23)	–
<b>Total provision for impairment – receivables</b>		<b>(57)</b>	<b>(35)</b>
<b>Total net receivables</b>		<b>4,807</b>	<b>4,525</b>

### Accounting policy

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

#### Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

## C1-5 Inventories

\$ '000	2022 Current	2021 Current
<b>(i) Inventories at cost</b>		
Stores and materials	111	127
Trading stock	30	40
<b>Total inventories at cost</b>	<b>141</b>	<b>167</b>
<b>(ii) Inventories at net realisable value (NRV)</b>		
Stores and materials	-	-
Trading stock	-	-
<b>Total inventories at net realisable value (NRV)</b>	<b>-</b>	<b>-</b>
<b>Total inventories</b>	<b>141</b>	<b>167</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2021 Current
Contract assets	4,889	1,856
Contract cost assets	-	-
<b>Total contract assets and contract cost assets</b>	<b>4,889</b>	<b>1,856</b>

### Accounting policy

#### Contract assets

Contract assets represent Council's right to payment in exchange for goods or services Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

#### Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	9,419	—	9,419	3,667	—	—	—	—	—	—	—	13,086	—	13,086
Plant and equipment	5,643	(1,812)	3,831	1,774	—	(184)	(845)	—	—	—	—	7,078	(2,502)	4,576
<b>Land:</b>														
– Operational land	15,107	—	15,107	—	193	—	—	—	—	6,826	—	22,126	—	22,126
– Community land	18,769	—	18,769	—	—	—	—	—	—	—	—	18,769	—	18,769
– Land under roads (pre 1/7/08)	4,333	—	4,333	—	—	—	—	—	—	—	—	4,333	—	4,333
– Land under roads (post 30/6/08)	2,915	—	2,915	—	17	—	—	—	—	—	—	2,932	—	2,932
<b>Infrastructure:</b>														
– Buildings	—	—	—	1,031	—	(4)	(858)	—	14,470	1,440	—	43,111	(27,032)	16,079
– Buildings – non-specialised	5,715	(2,657)	3,058	—	—	—	—	—	(3,058)	—	—	—	—	—
– Buildings – specialised	32,573	(21,161)	11,412	—	—	—	—	—	(11,412)	—	—	—	—	—
– Other structures	1,118	(782)	336	—	—	—	(18)	—	—	78	—	1,376	(980)	396
– Roads	211,782	(60,029)	151,753	14,986	1,054	(2,435)	(3,143)	—	—	7,057	—	233,251	(63,979)	169,272
– Bridges	39,375	(21,137)	18,238	—	—	—	(513)	—	—	848	—	41,206	(22,633)	18,573
– Footpaths	6,257	(1,374)	4,883	692	188	—	(103)	—	—	227	—	7,427	(1,540)	5,887
– Bulk earthworks (non-depreciable)	78,289	—	78,289	826	314	—	—	—	—	3,640	—	83,069	—	83,069
– Stormwater drainage	19,158	(4,825)	14,333	—	347	—	(194)	—	—	667	—	20,396	(5,243)	15,153
– Water supply network	85,411	(29,199)	56,212	351	—	(59)	(1,021)	—	—	6,298	—	97,841	(36,060)	61,781
– Sewerage network	48,706	(22,469)	26,237	1,824	—	(12)	(659)	—	—	2,402	—	48,089	(18,297)	29,792
– Swimming pools	3,207	(1,338)	1,869	20	—	—	(50)	—	—	86	—	3,375	(1,450)	1,925
– Other open space/recreational assets	9,660	(2,465)	7,195	163	—	—	(307)	—	—	1,658	—	12,050	(3,341)	8,709
<b>Other assets:</b>														
– Waste	2,012	(568)	1,444	57	—	—	(74)	—	—	333	—	2,533	(773)	1,760
<b>Reinstatement, rehabilitation and restoration assets:</b>														
– Tip assets	1,236	(1,140)	96	—	—	—	(19)	—	—	—	—	1,236	(1,159)	77
– Quarry assets	102	(95)	7	—	—	—	(2)	—	—	—	—	102	(97)	5
<b>Total infrastructure, property, plant and equipment</b>	<b>600,787</b>	<b>(171,051)</b>	<b>429,736</b>	<b>25,391</b>	<b>2,113</b>	<b>(2,694)</b>	<b>(7,806)</b>	<b>—</b>	<b>—</b>	<b>31,560</b>	<b>—</b>	<b>663,386</b>	<b>(185,086)</b>	<b>478,300</b>

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

continued on next page

Page 34 of 74



## C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	11,820	—	11,820	—	8,291	—	—	(10,692)	—	—		9,419	—	9,419
Plant and equipment	5,110	(1,082)	4,028	678	149	(309)	(777)	—	62	—		5,643	(1,812)	3,831
<b>Land:</b>														
– Operational land	11,498	—	11,498	—	—	—	—	223	3,386	—		15,107	—	15,107
– Community land	9,963	—	9,963	—	—	—	—	—	(3,386)	12,192		18,769	—	18,769
– Land under roads (pre 1/7/08)	4,333	—	4,333	—	—	—	—	—	—	—		4,333	—	4,333
– Land under roads (post 30/6/08)	2,906	—	2,906	—	9	—	—	—	—	—		2,915	—	2,915
<b>Infrastructure:</b>														
– Buildings – non-specialised	5,700	(2,503)	3,197	15	—	—	(154)	—	—	—		5,715	(2,657)	3,058
– Buildings – specialised	32,540	(20,423)	12,117	12	23	—	(740)	—	—	—		32,573	(21,161)	11,412
– Other structures	2,804	(2,049)	755	—	—	(170)	(71)	—	(178)	—		1,118	(782)	336
– Roads	208,851	(57,428)	151,423	4,367	939	(1,386)	(3,590)	—	—	—		211,782	(60,029)	151,753
– Bridges	38,597	(20,888)	17,709	1,106	—	(153)	(520)	96	—	—		39,375	(21,137)	18,238
– Footpaths	5,927	(1,282)	4,645	75	281	(18)	(100)	—	—	—		6,257	(1,374)	4,883
– Bulk earthworks (non-depreciable)	77,998	—	77,998	88	203	—	—	—	—	—		78,289	—	78,289
– Stormwater drainage	17,690	(4,647)	13,043	69	1,424	(15)	(188)	—	—	—		19,158	(4,825)	14,333
– Water supply network	71,595	(28,114)	43,481	2,650	157	(8)	(833)	10,373	—	392		85,411	(29,199)	56,212
– Sewerage network	47,565	(21,733)	25,832	245	575	—	(647)	—	—	232		48,706	(22,469)	26,237
– Swimming pools	3,081	(2,456)	625	—	—	—	(42)	—	(60)	1,346		3,207	(1,338)	1,869
– Other open space/recreational assets	8,633	(4,369)	4,264	139	—	(17)	(167)	—	177	2,799		9,660	(2,465)	7,195
<b>Other assets:</b>														
– Waste	1,631	(1,028)	603	27	—	(316)	(37)	—	—	1,167		2,012	(568)	1,444
<b>Reinstatement, rehabilitation and restoration assets:</b>														
– Tip assets	812	(739)	73	—	—	—	(19)	—	19	23		1,236	(1,140)	96
– Quarry assets	72	(64)	8	—	—	—	(2)	—	1	—		102	(95)	7
<b>Total infrastructure, property, plant and equipment</b>	<b>569,126</b>	<b>(168,805)</b>	<b>400,321</b>	<b>9,471</b>	<b>12,051</b>	<b>(2,392)</b>	<b>(7,887)</b>	<b>—</b>	<b>21</b>	<b>18,151</b>		<b>600,787</b>	<b>(171,051)</b>	<b>429,736</b>

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

continued on next page

Page 35 of 74

## C1-7 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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

#### Useful lives of IPPE

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 35
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	<b>Years</b>
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>	<b>Years</b>	<b>Stormwater assets</b>	<b>Years</b>
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>	<b>Years</b>	<b>Other infrastructure assets</b>	<b>Years</b>
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	35
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

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

## C1-7 Infrastructure, property, plant and equipment (continued)

### Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

### Crown reserves

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

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

### Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire assets including land and buildings and exclude plant and vehicles.

## C1-8 Investment properties

\$ '000	2022	2021
<b>Owned investment property</b>		
Investment property on hand at fair value	6,688	4,350
<b>Total owned investment property</b>	<b>6,688</b>	<b>4,350</b>

### Owned investment property

\$ '000	Notes	2022	2021
<b>At fair value</b>			
Opening balance at 1 July		4,350	4,350
Net gain/(loss) from fair value adjustments	B2-6	2,338	—
<b>Closing balance at 30 June</b>		<b>6,688</b>	<b>4,350</b>

### Accounting policy

Investment property, principally comprising of a property and farm land in Murrumbateman, is held for long-term rental yields and is not occupied by Council. Changes in fair values are recorded in the Income Statement as part of other income.

## C1-9 Other

### Other assets

\$ '000	2022 Current	2021 Current
Prepayments	—	271
<b>Total other assets</b>	<b>—</b>	<b>271</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Plant and Equipment

Council leases plant and equipment with lease terms varying from 3 to 8 years; the lease payments are fixed during the lease term and there is generally no renewal option.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 3 years with no renewal option, the payments are fixed.

##### Extension options

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

#### (a) Right of use assets

\$ '000	Notes	Plant & Equipment	Total
<b>2022</b>			
Opening balance at 1 July		391	391
Depreciation charge	B3-4	(211)	(211)
<b>Balance at 30 June</b>		<b>180</b>	<b>180</b>
<b>2021</b>			
Opening balance at 1 July		617	617
Depreciation charge	B3-4	(226)	(226)
<b>Balance at 30 June</b>		<b>391</b>	<b>391</b>

#### (b) Lease liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities		178	9	214	187
<b>Total lease liabilities</b>	C3-3a	<b>178</b>	<b>9</b>	<b>214</b>	<b>187</b>

#### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	178	9	–	187	187
<b>2021</b>					
Cash flows	214	187	–	401	401

continued on next page

Page 38 of 74

## C2-1 Council as a lessee (continued)

### (d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	Notes	2022	2021
Interest on lease liabilities	B3-3	7	12
Depreciation of right of use assets	B3-4	211	226
Expenses relating to low-value leases		–	63
		<b>218</b>	<b>301</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	<b>214</b>	224
	<b>214</b>	<b>224</b>

### (f) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Visitor Information Centre
- Community halls

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide. These services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

#### Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI). Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

#### Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Leases at significantly below market value / Concessionary leases

## C2-1 Council as a lessee (continued)

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property: where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- property, plant and equipment: where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	Notes	2022	2021
<b>(i) Assets held as investment property</b>			
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below			
Lease income (excluding variable lease payments not dependent on an index or rate)	B2-6	58	71
<b>Total income relating to operating leases for investment property assets</b>		<b>58</b>	<b>71</b>
<b>Operating lease expenses</b>			
Direct operating expenses that generated rental income		10	13
<b>Total expenses relating to operating leases</b>		<b>10</b>	<b>13</b>
<b>(ii) Assets held as property, plant and equipment</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)	B2-6	343	299
<b>Total income relating to operating leases for Council assets</b>		<b>343</b>	<b>299</b>
<b>Other leased assets expenses</b>			
Other		30	27
<b>Total expenses relating to other leases assets</b>		<b>30</b>	<b>27</b>
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>			
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for all operating leases:			
< 1 year		27	84
1–2 years		27	27
2–3 years		17	27
3–4 years		17	17
4–5 years		17	17
> 5 years		5	22
<b>Total undiscounted lease payments to be received</b>		<b>110</b>	<b>194</b>

### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

## C2-2 Council as a lessor (continued)

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure		4,206	–	2,434	–
Accrued expenses:					
– Salaries and wages		4	–	(3)	–
– Borrowings		233	–	241	–
– Other expenditure accruals		1,631	–	854	–
Security bonds, deposits and retentions		2,273	–	1,346	–
Prepaid rates		437	–	367	–
Prepaid annual charges		152	–	–	134
<b>Total payables</b>	E1-1c	<b>8,936</b>	<b>–</b>	<b>5,239</b>	<b>134</b>

### Current payables not anticipated to be settled within the next twelve months

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Security bonds, deposits and retentions	1,818	1,346
<b>Total payables</b>	<b>1,818</b>	<b>1,346</b>

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2021 Current
<b>Grants and contributions received in advance:</b>			
Unexpended capital grants (to construct Council controlled assets)	(i)	4,722	2,877
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	150	124
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	—	23
<b>Total grants received in advance</b>	B2-4c	<b>4,873</b>	<b>3,024</b>
<b>Total contract liabilities</b>	C1-3a	<b>4,873</b>	<b>3,024</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) User fees and charges received in advance do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	Notes	2022	2021
<b>Grants and contributions received in advance:</b>			
Capital grants (to construct Council controlled assets)		4,774	160
Operating grants (received prior to performance obligation being satisfied)		195	240
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	B2-4c	<b>4,969</b>	<b>400</b>

### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

## C3-3 Borrowings

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured <sup>1</sup>		683	13,910	871	14,592
<b>Total borrowings</b>	E1-1c	<b>683</b>	<b>13,910</b>	<b>871</b>	<b>14,592</b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

Loan funds were used to undertake Water and Sewer upgrade works.



### C3-3 Borrowings (continued)

#### (a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	15,463	(870)	–	–	–	–	14,593
Lease liability (Note C2-1b)	401	(214)	–	–	–	–	187
<b>Total liabilities from financing activities</b>	<b>15,864</b>	<b>(1,084)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14,780</b>

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	16,782	(1,319)	–	–	–	–	15,463
Lease liability (Note C2-1b)	625	(224)	–	–	–	–	401
<b>Total liabilities from financing activities</b>	<b>17,407</b>	<b>(1,543)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,864</b>

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Credit cards/purchase cards	55	55
<b>Total financing arrangements</b>	<b>55</b>	<b>55</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	35	37
<b>Total undrawn financing arrangements</b>	<b>35</b>	<b>37</b>

#### Additional financing arrangements information

##### Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

##### Security over loans

Loans are secured over future cash flows and leased liabilities are secured by the underlying leased assets.

##### Accounting policy

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

### C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	1,375	–	1,167	–
Long service leave	1,546	116	1,577	119
Other leave (RDOs/VDOs and TILs)	27	–	108	–
<b>Total employee benefit provisions</b>	<b>2,948</b>	<b>116</b>	<b>2,852</b>	<b>119</b>

#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,451	2,735
	<b>2,451</b>	<b>2,735</b>

#### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

### C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	584	958	578	896
<b>Total provisions</b>	<b>584</b>	<b>958</b>	<b>578</b>	<b>896</b>

## C3-5 Provisions (continued)

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	1,474	1,474
Remeasurement effects	68	68
Total other provisions at end of year	1,542	1,542
<b>2021</b>		
At beginning of year	1,307	1,307
Remeasurement effects	167	167
Total other provisions at end of year	1,474	1,474

### Nature and purpose of provisions

#### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the council tips and quarries as a result of past operations. The discount rate used is the RBA Indicative Mid Rates of Selected Commonwealth Government Securities.

#### Accounting policy

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

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

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

#### Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

## C4 Reserves

### C4-1 Nature and purpose of reserves

#### IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Council structure

### D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

#### D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	14,385	1,869	2,409
User charges and fees	3,733	2,108	42
Other revenues	596	11	—
Grants and contributions provided for operating purposes	7,189	740	—
Grants and contributions provided for capital purposes	17,369	1,052	29
Interest and investment income	191	6	4
Other income	2,739	—	—
<b>Total income from continuing operations</b>	<b>46,202</b>	<b>5,786</b>	<b>2,484</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	11,341	933	174
Materials and services	8,360	1,070	691
Borrowing costs	7	653	185
Depreciation, amortisation and impairment of non-financial assets	6,337	1,021	659
Other expenses	1,008	—	—
Net losses from the disposal of assets	2,381	59	12
<b>Total expenses from continuing operations</b>	<b>29,434</b>	<b>3,736</b>	<b>1,721</b>
<b>Net operating result for the year</b>	<b>16,768</b>	<b>2,050</b>	<b>763</b>
<b>Net operating result attributable to each council fund</b>	<b>16,768</b>	<b>2,050</b>	<b>763</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(601)</b>	<b>998</b>	<b>734</b>

## D1-2 Statement of Financial Position by fund

\$ '000	Notes	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-3a	6,508	3,745	4,222
Investments	C1-3a	17,134	3,040	1,026
Receivables		4,099	708	—
Inventories		141	—	—
Contract assets and contract cost assets		4,719	170	—
<b>Total current assets</b>		<b>32,601</b>	<b>7,663</b>	<b>5,248</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment		377,517	67,094	33,689
Investment property		6,688	—	—
Right of use assets		180	—	—
<b>Total non-current assets</b>		<b>384,385</b>	<b>67,094</b>	<b>33,689</b>
<b>Total assets</b>		<b>416,986</b>	<b>74,757</b>	<b>38,937</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		8,551	347	38
Contract liabilities	C1-3a	4,866	7	—
Lease liabilities		178	—	—
Borrowings		1	450	232
Employee benefit provision		2,555	254	139
Provisions		584	—	—
<b>Total current liabilities</b>		<b>16,735</b>	<b>1,058</b>	<b>409</b>
<b>Non-current liabilities</b>				
Lease liabilities		9	—	—
Borrowings		—	10,259	3,651
Employee benefit provision		116	—	—
Provisions		958	—	—
<b>Total non-current liabilities</b>		<b>1,083</b>	<b>10,259</b>	<b>3,651</b>
<b>Total liabilities</b>		<b>17,818</b>	<b>11,317</b>	<b>4,060</b>
<b>Net assets</b>		<b>399,168</b>	<b>63,440</b>	<b>34,877</b>
<b>EQUITY</b>				
Accumulated surplus		217,165	41,336	22,409
Revaluation reserves		182,003	22,104	12,468
<b>Council equity interest</b>		<b>399,168</b>	<b>63,440</b>	<b>34,877</b>
<b>Total equity</b>		<b>399,168</b>	<b>63,440</b>	<b>34,877</b>

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the LG Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

#### (a) Market risk – interest rate and price risk

\$ '000	Notes	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.			
Impact of a 1% movement in interest rates			
– Equity / Income Statement	C1-2	357	338
Impact of a 10% movement in price of investments			
– Equity / Income Statement	C1-2	2,120	3,375

#### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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

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

## E1-1 Risks relating to financial instruments held (continued)

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Notes	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2022</b>					
Gross carrying amount	C1-4	(4)	1,105	48	1,149
<b>2021</b>					
Gross carrying amount	C1-4	(4)	1,188	49	1,233

#### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Notes	Not yet overdue	Overdue debts				Total
			0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>							
Gross carrying amount	C1-4,C1-6	8,031	74	22	204	273	8,604
Expected loss rate (%)		0.00%	0.00%	0.00%	16.70%	8.40%	0.66%
ECL provision	C1-4	—	—	—	34	23	57
<b>2021</b>							
Gross carrying amount	C1-4,C1-6	2,913	1,059	749	22	440	5,183
Expected loss rate (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	C1-4	—	—	—	—	—	—

## E1-1 Risks relating to financial instruments held (continued)

### (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Notes	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
				≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2022</b>								
Payables	C3-1	0.00%	2,273	6,226	–	–	8,499	8,936
Borrowings	C3-3	5.52%	–	810	4,525	9,258	14,593	14,593
<b>Total financial liabilities</b>			<b>2,273</b>	<b>7,036</b>	<b>4,525</b>	<b>9,258</b>	<b>23,092</b>	<b>23,529</b>
<b>2021</b>								
Payables	C3-1	0.00%	1,346	3,660	–	–	5,006	5,373
Borrowings	C3-3	5.52%	–	871	6,503	8,089	15,463	15,463
<b>Total financial liabilities</b>			<b>1,346</b>	<b>4,531</b>	<b>6,503</b>	<b>8,089</b>	<b>20,469</b>	<b>20,836</b>



## E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment;
- Investment property;
- Financial assets and liabilities.

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy									
\$ '000	Notes	Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Financial assets									
Financial investments									
– ‘Held to maturity’	C1-2a	21,200	24,200	–	–	–	–	21,200	24,200
Cash and short term deposits	C1-1	14,475	9,554	–	–	–	–	14,475	9,554
Receivables	C1-4	–	–	4,608	4,525	–	–	4,608	4,525
Total financial assets		35,675	33,754	4,608	4,525	–	–	40,283	38,279
Financial liabilities									
Loans/advances	C3-3	–	–	14,593	15,463	–	–	14,593	15,463
Payables	C3-1	–	–	8,936	5,006	–	–	8,936	5,006
Total financial liabilities		–	–	23,529	20,469	–	–	23,529	20,469
Investment property									
Investment property	C1-8	6,688	4,350	–	–	–	–	6,688	4,350
Total investment property		6,688	4,350	–	–	–	–	6,688	4,350
Infrastructure, property, plant and equipment									
Plant and equipment		–	–	–	–	4,576	3,831	4,576	3,831
Operational land		–	–	–	–	22,126	15,107	22,126	15,107
Community land		–	–	–	–	18,769	18,769	18,769	18,769
Land under roads		–	–	–	–	7,265	7,248	7,265	7,248
Buildings		–	–	–	–	16,079	14,470	16,079	14,470
Other structures		–	–	–	–	396	336	396	336
Roads		–	–	–	–	169,272	151,753	169,272	151,753
Bridges		–	–	–	–	18,573	18,238	18,573	18,238
Footpaths		–	–	–	–	5,887	4,883	5,887	4,883
Bulk earthworks		–	–	–	–	83,069	78,289	83,069	78,289
Stormwater drainage		–	–	–	–	15,153	14,333	15,153	14,333
Water supply network		–	–	–	–	61,781	56,212	61,781	56,212
Sewerage network		–	–	–	–	29,792	26,237	29,792	26,237
Swimming pools		–	–	–	–	1,925	1,869	1,925	1,869
Open space/recreation		–	–	–	–	8,709	7,195	8,709	7,195
Waste		–	–	–	–	1,760	1,444	1,760	1,444
Remediation and restoration		–	–	–	–	82	103	82	103
Total IPPE	C1-7	–	–	–	–	465,214	420,317	465,214	420,317

## Valuation techniques

## E2-1 Fair value measurement (continued)

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

### Financial assets

Receivables are subject to bad and doubtful debts.

### Financial liabilities

Some loans may be subject to interest rate risk and some payables may incur interest.

### Infrastructure, property, plant and equipment (IPPE)

Most infrastructure is subject to external valuation or externally validated methodology applied by Council. This is subject to variability based on changing unit rates.

## Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Notes	Total	
		2022	2021
<b>Opening balance</b>		<b>420,317</b>	387,731
<b>Other movements</b>			
Purchases (GBV)		<b>23,837</b>	24,714
Disposals (WDV)	C1-7	<b>(2,694)</b>	(2,392)
Depreciation and impairment	C1-7	<b>(7,806)</b>	(7,887)
Revaluations through equity	C1-7	<b>31,560</b>	18,151
<b>Closing balance</b>		<b>465,214</b>	420,317

## Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

Division B	1.9 times member contributions for non-180 point members and nil for 180 point members
Division C	2.5% salaries
Division D	1.64 times employee contributions

\*For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$78,467.47 (2021: \$101,282.24). The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

### E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$59,558.40 (2021: \$117,050.16).

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

2

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.27% (2021: 0.26%).

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022.

#### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2022 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

## E3-1 Contingencies (continued)

---

### (iv) Other guarantees

Council has a \$10k bank guarantee in place, currently held with the National Australia Bank.

## 2. Other liabilities

### (i) Third party claims

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

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

### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has not classified any privately owned land parcels as local open space or bushland.

As a result there are no potential land acquisitions due to planning restrictions imposed by Council.

## ASSETS NOT RECOGNISED

### (i) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

### (ii) Rural Fire Services assets

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

Council has assessed during 2021/22 that it does not have control over Rural Fire Services (RFS) fleet assets, and as such has not performed a stocktake or recognised them in the financial statements. The estimated total new replacement costs RFS fleet assets in the Yass Valley District as at the reporting date was \$5,701,817, based on data provided by NSW Treasury.

Council does have a level of control over Rural Fire Services land and buildings and continues to recognise these in the financial statements.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	780	2,446
Termination benefits	–	212
Councillor Remuneration	131	141
<b>Total</b>	<b>911</b>	<b>2,799</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year
\$ '000		
2021		
Provision of Landscape Supplies/Haulage Services	1	37
Fees and Charges	2	68
1 Council has purchased supplies during the year from Robertsons Landscaping & Haulage a company where a relationship has been declared by a KMP of Council. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council procurement processes.		
2 Fees and Charges as per Council's advertised Fees and Charges were received for various services from one company which is associated with a KMP of Council		
3 As at the reporting date, no other transactions with KMP and their related parties is identified that should be disclosed.		

#### F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	Notes	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:			
Mayoral fee		25	27
Councillors' fees		106	109
Other Councillors' expenses (including Mayor)		18	12
<b>Total</b>	B3-2	<b>149</b>	<b>148</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	Notes	2022	2021
---------	-------	------	------

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

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

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

Audit and review of financial statements		61	69
--	--	----	----

Total audit fees	B3-2	61	69
------------------	------	----	----

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	Notes	2022	2021
<b>Net operating result from Income Statement</b>		<b>19,581</b>	15,622
<b>Add / (less) non-cash items:</b>			
Depreciation and amortisation	B3-4	8,017	8,113
(Gain) / loss on disposal of assets	B4-1	2,452	1,772
Non-cash capital grants and contributions	B2-4	(1,920)	—
Landfill remediation and restoration	B3-5	102	—
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property	B2-6	(2,338)	—
<b>Movements in operating assets and liabilities and other cash items:</b>			
(Increase) / decrease of receivables		(304)	(1,037)
Increase / (decrease) in provision for impairment of receivables		22	1
(Increase) / decrease of inventories		26	(55)
(Increase) / decrease of other current assets		271	(97)
(Increase) / decrease of contract asset		(3,033)	(1,856)
Increase / (decrease) in payables		1,772	576
Increase / (decrease) in accrued interest payable		(8)	(16)
Increase / (decrease) in other accrued expenses payable		784	295
Increase / (decrease) in other liabilities		1,015	198
Increase / (decrease) in contract liabilities		1,849	2,474
Increase / (decrease) in employee benefit provision		93	43
Increase / (decrease) in other provisions		68	167
<b>Net cash flows from operating activities</b>		<b>28,449</b>	26,200

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	84	842
Plant and equipment	–	475
Roads	1,328	6,325
Water	841	1,031
Sewer	412	928
Waste	449	499
Parks and Gardens	176	1,877
Stormwater	–	42
<b>Total commitments</b>	<b>3,290</b>	<b>12,019</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	–	1,505
Section 7.11 and 64 funds/reserves	–	100
Unexpended grants	658	5,025
Externally restricted reserves	1,701	4,044
Internally restricted reserves	931	1,345
<b>Total sources of funding</b>	<b>3,290</b>	<b>12,019</b>

### Details of capital commitments

Purchase of heavy plant & equipment, projects for roads, water, sewer, waste and stormwater infrastructure, building & lighting upgrades and recreation ground upgrades.

## G3-1 Events occurring after the reporting date

Council is unaware of any material or significant adjusting events and non-adjusting events occurring after the reporting date that should be disclosed.

## G4 Statement of developer contributions as at 30 June 2022

### G4-1 Summary of developer contributions

\$ '000	Notes	Opening balance at 1 July 2021	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022
Yass Valley Council Area		4,722	772	36	(442)	5,088
Heavy Haulage		1,384	175	10	–	1,569
<b>Total S7.11 and S7.12 revenue under plans</b>		<b>6,106</b>	<b>947</b>	<b>46</b>	<b>(442)</b>	<b>6,657</b>
S64 contributions		4,084	118	3	(140)	4,065
<b>Total contributions</b>	B2-4b, C1-3a	<b>10,190</b>	<b>1,065</b>	<b>49</b>	<b>(582)</b>	<b>10,722</b>

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.



## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>1,370</b>	<b>4.07%</b>	(1.35)%	12.08%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>33,684</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>25,755</b>	<b>49.40%</b>	51.50%	60.23%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>52,134</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>17,836</b>	<b>2.39x</b>	3.36x	1.39x	> 1.50x
Current liabilities less specific purpose liabilities	<b>7,476</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>10,232</b>	<b>5.30x</b>	3.38x	3.20x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,929</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,115</b>	<b>5.59%</b>	6.25%	5.78%	< 10.00%
Rates and annual charges collectable	<b>19,944</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>35,675</b>	<b>16.41</b>	4.16	9.37	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>2,174</b>	<b>months</b>	months	months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(1.63)%	(5.10)%	22.33%	11.08%	30.39%	16.07%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	44.01%	49.75%	69.03%	50.06%	98.83%	74.71%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.39x	3.36x	3.71x	7.39x	2.51x	12.21x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	5.48x	3.22x	4.09x	2.89x	8.53x	6.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.12%	7.99%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	13.19 months	0.50 months	24.64 months	∞	49.51 months	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

---

**Principal place of business:**

209 Comur Street  
YASS NSW 2582

**Contact details**

**Mailing Address:**

PO Box 6  
209 Comur Street  
YASS NSW 2582

**Opening hours:**

Office hours: 9:00am to 4:30pm (Monday to Friday)  
Cashier hours: 9:00am to 4:30pm (Monday to Friday)

**Telephone:** 02 6226 1477 or 1300 553 652

**Facsimile:** 02 6226 2598

**Website:** [www.yassvalley.nsw.gov.au](http://www.yassvalley.nsw.gov.au)

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

**Officers**

**CHIEF EXECUTIVE OFFICER**

Chris Berry

**RESPONSIBLE ACCOUNTING OFFICER**

Franc Rombola

**Elected members**

**Mayor**

Allan McGrath

**Councillors**

Jasmine Jones  
Adrian Cameron  
Cayla Pothan  
Cecil Burgess  
Jim Abbey  
Kim Turner  
Kristen Butler  
Mike Reid

**Other information**

**ABN:** 50 119 744 650



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Yass Valley Council**

To the Councillors of Yass Valley Council

**Qualified Opinion**

I have audited the accompanying financial statements of Yass Valley Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My qualified opinion should be read in conjunction with the rest of this report.

**Basis for Qualified Opinion**

**Non recognition of rural fire-fighting equipment**

As disclosed in Note E3-1 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 22 June 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Other Information**

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented

- about any other information which may have been hyperlinked to/from the financial statements.



Lisa Berwick  
Delegate of the Auditor-General for New South Wales

31 March 2023  
SYDNEY



Mr Chris Berry  
Chief Executive Officer  
Yass Valley Council  
209 Cornur Street  
Yass NSW 2582

Contact: Lisa Berwick  
Phone no: 02 9275 7165  
Our ref: D2305097/FA1813

31 March 2023

Dear Mr Berry

**Report on the Conduct of the Audit  
for the year ended 30 June 2022  
Yass Valley Council**

I have audited the general purpose financial statements (GPFS) of the Yass Valley Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

**Modification to the opinion in the Independent Auditor's Report**

**Non-recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the Rural Fires Act 1997 (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 22 June 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities

- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, I was unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the Council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

## INCOME STATEMENT

### Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	18.7	18.1	↑ 3.3
Grants and contributions revenue	26.4	24.1	↑ 9.5
Operating result from continuing operations	19.6	15.6	↑ 25.6
Net operating result before capital grants and contributions	1.1	-2.2	↑ 150

Rates and annual charges revenue of \$18.7 million increased by \$0.6 million (3.3 per cent) in 2021–22 due to:

- an annual rate increase of 2.0 per cent
- an increase in rateable properties by 1.5 per cent (7,741 rateable properties in 2021-22 compared to 7,630 properties last year).

Grants and contributions revenue of \$26.4 million increased by \$2.3 million (9.5 per cent) in 2021–22 due to:

- \$1.4 million increase in the Financial Assistance Grant
- \$4.7 million increase in Other roads and bridges grants
- \$1.2 million decrease in Water supplies grants
- \$1.4 million decrease in non-cash non-developer contributions
- \$1.3 million decrease in non-cash developer contributions

The Council's operating result from continuing operations (\$19.6 million including depreciation and amortisation expense of \$8.0 million) was \$4.0 million higher than the 2020–21 result. This was primarily due to:

Increase in income from continuing operations by \$4.9 million arising from:

- \$0.6 million increase in rates and annual charges
- \$2.3 million increase in grants and contributions revenue
- \$0.2 million decrease in user charges and fees
- \$2.4 million increase in other income.

The increase in total expenses from continuing operations of \$0.9 million arose due to :

- \$0.6 million increase in employee benefit and on-costs
- \$0.6 million increase in loss from the disposal of assets
- \$0.2 million decrease in borrowing costs.

The net operating result before capital grants and contributions of \$1.1 million was \$3.3 million higher than the 2020–21 result.

## STATEMENT OF CASH FLOWS

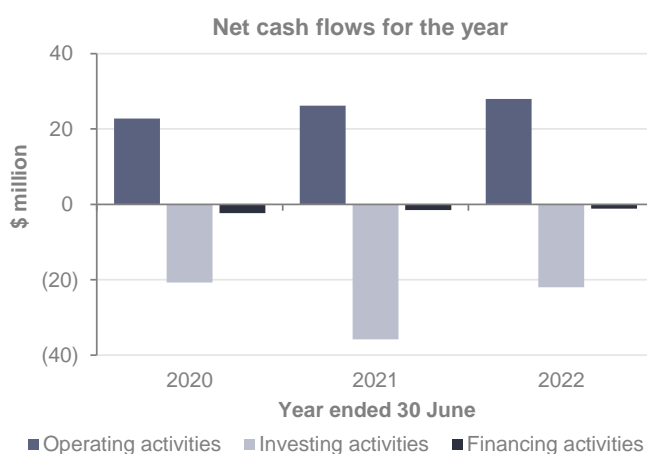
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The Council's net cash increased by \$4.9 million.

Cash inflows from operating activities increased by \$2.2 million from \$26.2 million in 2020-21 to \$28.4 million in 2021-22. This is due an increase in cash receipts of \$1.3 million from an increase in Other receipts, and a decrease in cash payments of \$1.0 million due a decrease in borrowing costs and other payments.

The cash outflows from investing activities decreased by \$13.4 million, from \$35.9 million to \$22.4 million in 2020-21 and 2021-22 respectively. This was due to a net increase cashflows for term deposits of \$3.0 million; decrease in purchases of investments of \$14.9 million and increase in payments of IPPE of \$4.1 million.

The cash outflows from financing activities decreased by \$0.4 million from \$1.5 million to \$1.1 million in 2020-21 and 2021-22 respectively. This is driven by the decreased net payments of borrowings and leases.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Restricted cash and investments:			
External restrictions	26.8	26.1	<ul style="list-style-type: none"> <li>External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges, levies and planning agreements. The externally restricted cash and investment balance has increased by \$0.7 million.</li> </ul>
Internal restrictions	8.8	7.6	
Unrestricted	0.1	0.1	
<b>Total cash, cash equivalents and investments</b>	<b>35.7</b>	<b>33.7</b>	<ul style="list-style-type: none"> <li>Balances are internally restricted due to Council policy or decisions for forward plans including works programs. Internal restrictions have increased by \$1.2 million.</li> <li>Unrestricted balances provide liquidity for day-to-day operations. The unrestricted balance for 2021-22 has remained consistent with 2020-21.</li> </ul>

## PERFORMANCE

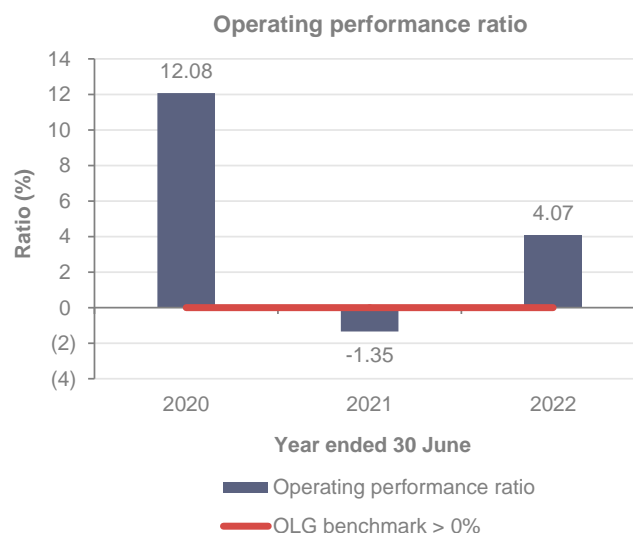
### Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

#### Operating performance ratio

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

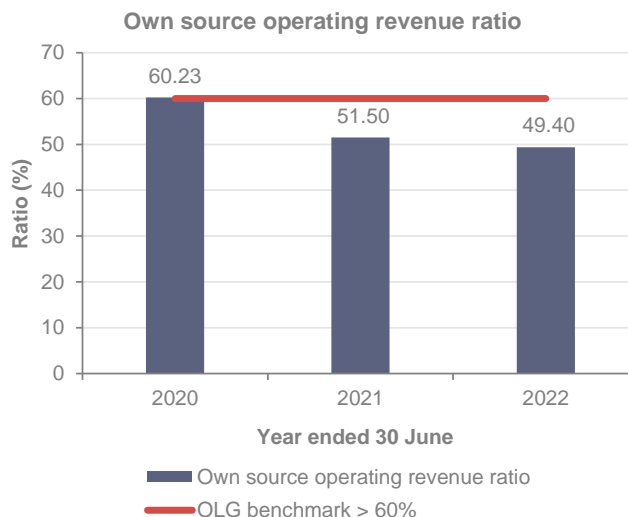
The Council met the OLG benchmark for the current reporting period with a ratio of 4.07 per cent.



### Own source operating revenue ratio

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

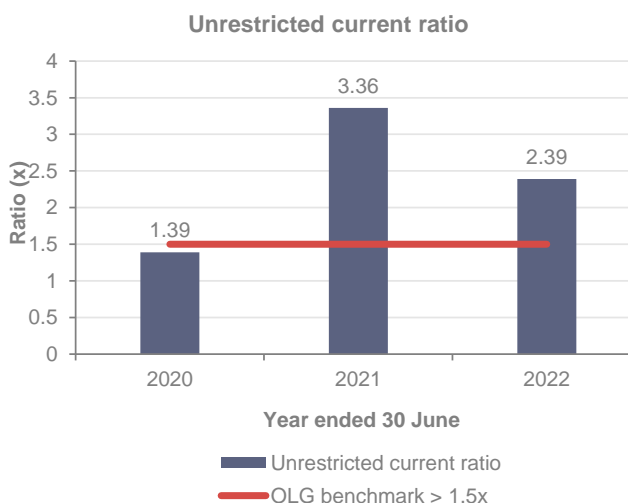
The Council did not meet the OLG benchmark for the current reporting period with a ratio of 49.40 per cent mainly due to large capital grants and contributions in the 2021-22 financial year.



### Unrestricted current ratio

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

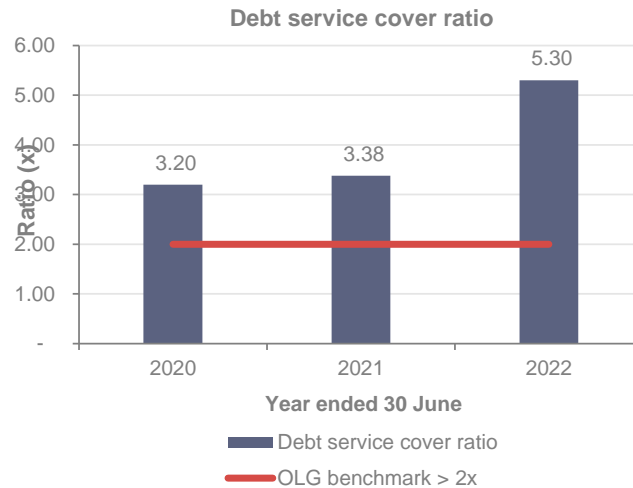
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 2.39 times.



#### Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

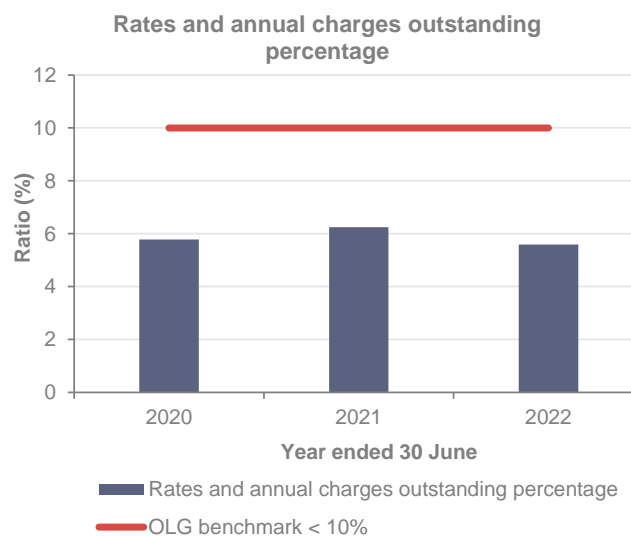
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 5.30 times.



#### Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

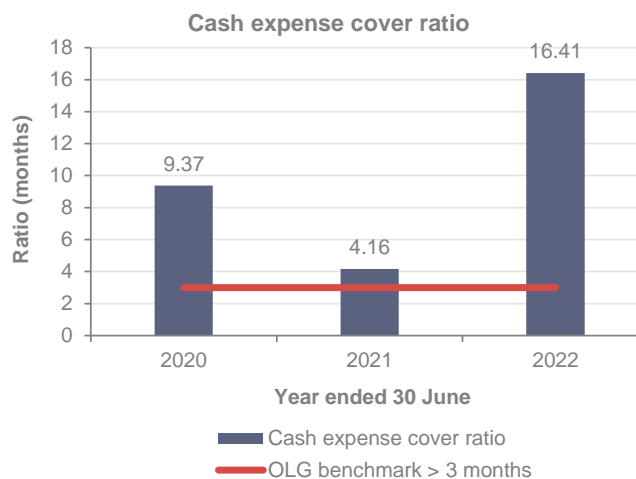
The Council met the OLG benchmark for the current reporting period with a ratio of 5.59 per cent.



### Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period with a ratio of 16.41 months.



### Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2021-22 amounted to \$25.4 million in 2021-22 compared to \$9.5 million in 2020-21. The increase of \$15.9 million mainly relates to additional resealing and rehabilitation works on local roads undertaken during 2021-22 due to additional grant funding.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified the Council did not recognise RFS firefighting equipment in the accounts. The Council performed limited verification procedures on the RFS listing and as such, we were unable to determine the carrying values of RFS equipment assets and related amounts that should be recorded and recognised for the 2021-22 financial year.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Lisa Berwick  
Director, Financial Audit Services  
Delegate of the Auditor-General for New South Wales

cc: Cr Allan McGrath, Mayor



# Yass Valley Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2022

*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



## Yass Valley Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Waste services	6
Income Statement of Caravan park	7
Statement of Financial Position of water supply business activity	8
Statement of Financial Position of sewerage business activity	9
Statement of Financial Position of Waste services	10
Statement of Financial Position of Caravan park	11
<b>Note – Significant Accounting Policies</b>	<b>12</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>15</b>

---

#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Yass Valley Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

---

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

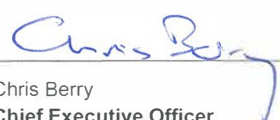
Signed in accordance with a resolution of Council made on 23 February 2023.



Allan McGrath  
**Mayor**  
23 February 2023



Jasmin Jones  
**Councillor**  
23 February 2023



Chris Berry  
**Chief Executive Officer**  
23 February 2023



Francesco Rombola  
**Responsible Accounting Officer**  
23 February 2023

## Yass Valley Council

### Income Statement of water supply business activity for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	1,869	1,815
User charges	2,102	2,154
Fees	6	1
Interest and investment income	6	47
Grants and contributions provided for operating purposes	740	28
Other income	11	17
<b>Total income from continuing operations</b>	<b>4,734</b>	<b>4,062</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	933	721
Borrowing costs	653	678
Materials and services	1,070	1,373
Depreciation, amortisation and impairment	1,021	833
Net loss from the disposal of assets	59	7
<b>Total expenses from continuing operations</b>	<b>3,736</b>	<b>3,612</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>998</b>	<b>450</b>
Grants and contributions provided for capital purposes	1,052	3,996
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,050</b>	<b>4,446</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,050</b>	<b>4,446</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(250)	(117)
<b>Surplus (deficit) after tax</b>	<b>1,800</b>	<b>4,329</b>
<b>Plus accumulated surplus</b>	<b>40,809</b>	<b>38,218</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>(1,523)</b>	<b>(1,855)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	250	117
<b>Closing accumulated surplus</b>	<b>41,336</b>	<b>40,809</b>
<b>Return on capital %</b>	<b>2.5%</b>	<b>1.9%</b>
<b>Subsidy from Council</b>	<b>805</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,801	4,329
Less: capital grants and contributions (excluding developer contributions)	(1,052)	(3,387)
<b>Surplus for dividend calculation purposes</b>	<b>749</b>	<b>942</b>
<b>Potential dividend calculated from surplus</b>	<b>374</b>	<b>471</b>

Yass Valley Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

## Yass Valley Council

### Income Statement of sewerage business activity for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	2,409	2,370
User charges	33	101
Fees	9	7
Interest and investment income	4	39
Other income	—	15
<b>Total income from continuing operations</b>	<b>2,455</b>	<b>2,532</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	174	363
Borrowing costs	185	194
Materials and services	691	921
Depreciation, amortisation and impairment	659	647
Net loss from the disposal of assets	12	—
<b>Total expenses from continuing operations</b>	<b>1,721</b>	<b>2,125</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>734</b>	<b>407</b>
Grants and contributions provided for capital purposes	29	857
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>763</b>	<b>1,264</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>763</b>	<b>1,264</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(184)	(106)
<b>Surplus (deficit) after tax</b>	<b>579</b>	<b>1,158</b>
<b>Plus accumulated surplus</b>	<b>21,631</b>	<b>20,133</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>15</b>	<b>234</b>
<b>Plus adjustments for amounts unpaid:</b>		
— Corporate taxation equivalent	184	106
<b>Closing accumulated surplus</b>	<b>22,409</b>	<b>21,631</b>
<b>Return on capital %</b>	<b>2.7%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>314</b>	<b>—</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	580	1,158
Less: capital grants and contributions (excluding developer contributions)	(29)	(575)
<b>Surplus for dividend calculation purposes</b>	<b>551</b>	<b>583</b>
<b>Potential dividend calculated from surplus</b>	<b>275</b>	<b>292</b>

## Yass Valley Council

### Income Statement of Waste services for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
Annual charges	2,744	2,626
User charges	807	867
Fees	4	1
Interest and investment income	2	12
Grants and contributions provided for operating purposes	27	28
Other income	376	315
<b>Total income from continuing operations</b>	<b>3,960</b>	<b>3,849</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,031	1,032
Borrowing costs	102	148
Materials and services	1,449	1,333
Depreciation, amortisation and impairment	93	56
Net loss from the disposal of assets	—	326
<b>Total expenses from continuing operations</b>	<b>2,675</b>	<b>2,895</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,285</b>	<b>954</b>
Grants and contributions provided for capital purposes	—	13
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,285</b>	<b>967</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,285</b>	<b>967</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(321)	(248)
<b>Surplus (deficit) after tax</b>	<b>964</b>	<b>719</b>
<b>Plus accumulated surplus</b>	<b>4,428</b>	<b>4,384</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>(3,271)</b>	<b>(923)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	321	248
<b>Closing accumulated surplus</b>	<b>2,442</b>	<b>4,428</b>
<b>Return on capital %</b>	<b>75.5%</b>	<b>71.6%</b>
<b>Subsidy from Council</b>	<b>—</b>	<b>—</b>

Yass Valley Council | Income Statement of Caravan park | for the year ended 30 June 2022

## Yass Valley Council

### Income Statement of Caravan park for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>Income from continuing operations</b>		
Fees	394	412
<b>Total income from continuing operations</b>	<b>394</b>	<b>412</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	–	1
Materials and services	351	337
Depreciation, amortisation and impairment	186	186
<b>Total expenses from continuing operations</b>	<b>537</b>	<b>524</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(143)</b>	<b>(112)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(143)</b>	<b>(112)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(143)</b>	<b>(112)</b>
<b>Surplus (deficit) after tax</b>	<b>(143)</b>	<b>(112)</b>
<b>Plus accumulated surplus</b>	<b>2,279</b>	<b>2,391</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>(782)</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>1,354</b>	<b>2,279</b>
<b>Return on capital %</b>	<b>(18.5)%</b>	<b>(11.7)%</b>
<b>Subsidy from Council</b>	<b>171</b>	<b>126</b>

Yass Valley Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

## Yass Valley Council

### Statement of Financial Position of water supply business activity as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,745	4,360
Investments	3,040	3,002
Receivables	708	774
Contract assets and contract cost assets	170	416
Other	—	95
<b>Total current assets</b>	<b>7,663</b>	<b>8,647</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	67,094	59,014
<b>Total non-current assets</b>	<b>67,094</b>	<b>59,014</b>
<b>Total assets</b>	<b>74,757</b>	<b>67,661</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	7	—
Payables	347	335
Borrowings	450	649
Employee benefit provisions	254	186
<b>Total current liabilities</b>	<b>1,058</b>	<b>1,170</b>
<b>Non-current liabilities</b>		
Borrowings	10,259	10,709
<b>Total non-current liabilities</b>	<b>10,259</b>	<b>10,709</b>
<b>Total liabilities</b>	<b>11,317</b>	<b>11,879</b>
<b>Net assets</b>	<b>63,440</b>	<b>55,782</b>
<b>EQUITY</b>		
Accumulated surplus	41,336	40,809
Revaluation reserves	22,104	14,973
<b>Total equity</b>	<b>63,440</b>	<b>55,782</b>



Yass Valley Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

## Yass Valley Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,222	4,057
Investments	1,026	1,082
Receivables	—	3
Other	—	11
<b>Total current assets</b>	<b>5,248</b>	<b>5,153</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	33,689	30,029
<b>Total non-current assets</b>	<b>33,689</b>	<b>30,029</b>
<b>Total assets</b>	<b>38,937</b>	<b>35,182</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	38	40
Borrowings	232	222
Employee benefit provisions	139	160
<b>Total current liabilities</b>	<b>409</b>	<b>422</b>
<b>Non-current liabilities</b>		
Borrowings	3,651	3,884
<b>Total non-current liabilities</b>	<b>3,651</b>	<b>3,884</b>
<b>Total liabilities</b>	<b>4,060</b>	<b>4,306</b>
<b>Net assets</b>	<b>34,877</b>	<b>30,876</b>
<b>EQUITY</b>		
Accumulated surplus	22,409	21,631
Revaluation reserves	12,468	9,245
<b>Total equity</b>	<b>34,877</b>	<b>30,876</b>

## Yass Valley Council

### Statement of Financial Position of Waste services as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,013	6,019
<b>Total current assets</b>	<b>4,013</b>	<b>6,019</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,838	1,540
<b>Total non-current assets</b>	<b>1,838</b>	<b>1,540</b>
<b>Total assets</b>	<b>5,851</b>	<b>7,559</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Lease liabilities	178	160
Provisions	535	530
<b>Total current liabilities</b>	<b>713</b>	<b>690</b>
<b>Non-current liabilities</b>		
Lease liabilities	9	123
Provisions	892	834
<b>Total non-current liabilities</b>	<b>901</b>	<b>957</b>
<b>Total liabilities</b>	<b>1,614</b>	<b>1,647</b>
<b>Net assets</b>	<b>4,237</b>	<b>5,912</b>
<b>EQUITY</b>		
Accumulated surplus	2,442	4,428
Revaluation reserves	1,795	1,484
<b>Total equity</b>	<b>4,237</b>	<b>5,912</b>

Yass Valley Council | Statement of Financial Position of Caravan park | for the year ended 30 June 2022

## Yass Valley Council

### Statement of Financial Position of Caravan park as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	579	1,318
<b>Total current assets</b>	<b>579</b>	<b>1,318</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	775	961
<b>Total non-current assets</b>	<b>775</b>	<b>961</b>
<b>Total assets</b>	<b>1,354</b>	<b>2,279</b>
<b>Net assets</b>	<b>1,354</b>	<b>2,279</b>
<b>EQUITY</b>		
Accumulated surplus	1,354	2,279
<b>Total equity</b>	<b>1,354</b>	<b>2,279</b>

## Note – Significant Accounting Policies

---

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Yass Valley Council Waste Service

Comprising the operations, and net assets of Council's Domestic Waste, and Other Waste activities, servicing the local government area.

##### b. Yass Valley Council Water Supplies

Comprising the operations, and net assets of Council's water supply activities, servicing the towns of Yass, Bowning, Binalong and Murrumbateman.

##### c. Yass Valley Council Sewerage Service

Comprising the operations, and net assets, of Council's sewerage reticulation and treatment activities servicing the town of Yass and most recently expanded to include the town of Murrumbateman.

#### Category 2

(where gross operating turnover is less than \$2 million)

##### a. Yass Valley Council Caravan Park

Comprising the operations and net assets of Council's Caravan Park, servicing the town of Yass.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

## Note – Significant Accounting Policies (continued)

---

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

### Notional rate applied (%)

Corporate income tax rate – **25.0%** (2021: 26.0%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** (2021:4.85%) on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25.0% (2021:26.0%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

## Note – Significant Accounting Policies (continued)

---

### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

---

**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning, Industry and Environment – Water.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Yass Valley Council**

To the Councillors of Yass Valley Council

**Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Yass Valley Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Waste services
- Caravan park

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

My opinion should be read in conjunction with the rest of this report.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

### **Other Information**

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lisa Berwick  
Delegate of the Auditor-General for New South Wales

31 March 2023  
SYDNEY

# Yass Valley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



Yass Valley Council

Special Schedules  
for the year ended 30 June 2022

---

Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

## Yass Valley Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	11,285	<b>11,676</b>
Plus or minus adjustments <sup>2</sup>	b	125	<b>149</b>
<b>Notional general income</b>	c = a + b	<b>11,410</b>	<b>11,825</b>
<b>Permissible income calculation</b>			
Rate peg percentage	e	2.00%	<b>2.30%</b>
Plus rate peg amount	i = e x (c + g)	228	<b>272</b>
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>11,638</b>	<b>12,097</b>
Plus (or minus) last year's carry forward total	l	20	<b>(2)</b>
Less valuation objections claimed in the previous year	m	—	<b>(16)</b>
<b>Sub-total</b>	n = (l + m)	<b>20</b>	<b>(18)</b>
<b>Total permissible income</b>	o = k + n	<b>11,658</b>	<b>12,079</b>
Less notional general income yield	p	11,676	<b>12,081</b>
<b>Catch-up or (excess) result</b>	q = o - p	<b>(17)</b>	<b>(2)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	16	<b>1</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r - s	<b>(1)</b>	<b>(1)</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Yass Valley Council

To the Councillors of Yass Valley Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Yass Valley Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

### Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:


- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Lisa Berwick  
Delegate of the Auditor-General for New South Wales

31 March 2023  
SYDNEY

## Yass Valley Council

### Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Buildings – non-specialised	–	–	90	90	3,515	5,715	30.0%	0.0%	70.0%	0.0%	0.0%
	Buildings – specialised	–	–	207	207	13,303	33,586	15.0%	10.0%	75.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>297</b>	<b>297</b>	<b>16,079</b>	<b>39,301</b>	<b>17.2%</b>	<b>8.5%</b>	<b>74.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	–	–	–	–	396	1,118	0.0%	20.0%	80.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>396</b>	<b>1,118</b>	<b>0.0%</b>	<b>20.0%</b>	<b>80.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	1,600	1,600	753	753	136,389	159,918	24.0%	57.0%	18.0%	1.0%	0.0%
	Unsealed roads	6,035	6,035	1,659	834	11,073	30,383	29.0%	10.0%	3.0%	6.0%	52.0%
	Bridges	500	500	17	17	18,487	39,375	29.0%	4.0%	67.0%	0.0%	0.0%
	Footpaths	–	–	9	9	5,852	7,137	57.0%	33.0%	10.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	82,114	79,429	100.0%	0.0%	0.0%	0.0%	0.0%
	Culverts	1,500	1,500	–	–	13,047	22,386	9.0%	38.0%	46.0%	7.0%	0.0%
	Kerbs	66	66	–	–	4,008	6,141	26.0%	42.0%	24.0%	8.0%	0.0%
	Roundabouts	–	–	–	–	1,634	1,998	70.0%	26.0%	4.0%	0.0%	0.0%
	Traffic Islands	–	–	–	–	278	436	36.0%	30.0%	34.0%	0.0%	0.0%
	Ancillary Assets	–	–	–	–	993	1,053	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>9,701</b>	<b>9,701</b>	<b>2,438</b>	<b>1,613</b>	<b>276,801</b>	<b>348,256</b>	<b>42.6%</b>	<b>31.5%</b>	<b>19.8%</b>	<b>1.6%</b>	<b>4.5%</b>
<b>Water supply network</b>	Water supply network	–	–	492	492	61,781	97,841	80.0%	15.0%	5.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>492</b>	<b>492</b>	<b>61,781</b>	<b>97,841</b>	<b>80.0%</b>	<b>15.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	–	–	202	202	29,792	48,089	45.0%	44.0%	11.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>202</b>	<b>202</b>	<b>29,792</b>	<b>48,089</b>	<b>45.0%</b>	<b>44.0%</b>	<b>11.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	170	170	16	16	15,767	19,505	28.0%	54.0%	17.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>170</b>	<b>170</b>	<b>16</b>	<b>16</b>	<b>15,153</b>	<b>19,505</b>	<b>28.0%</b>	<b>54.0%</b>	<b>17.0%</b>	<b>1.0%</b>	<b>0.0%</b>



## Yass Valley Council

### Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Open space / recreational assets	Swimming pools	—	—	106	106	1,924	3,226	0.0%	0.0%	100.0%	0.0%	0.0%
	Parks and Gardens	—	—	205	205	8,710	9,823	14.0%	68.0%	18.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>311</b>	<b>311</b>	<b>10,634</b>	<b>13,049</b>	<b>10.5%</b>	<b>51.2%</b>	<b>38.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>9,871</b>	<b>9,871</b>	<b>3,756</b>	<b>2,931</b>	<b>410,636</b>	<b>567,159</b>	<b>46.2%</b>	<b>29.4%</b>	<b>20.7%</b>	<b>1.0%</b>	<b>2.8%</b>

(a) Required maintenance is the amount identified in Council's asset management plans.

#### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

## Yass Valley Council

### Report on infrastructure assets as at 30 June 2022

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	23,561	343.15%	134.30%	112.57%	>= 100.00%
Depreciation, amortisation and impairment	6,866				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	9,871	2.33%	1.23%	0.56%	< 2.00%
Net carrying amount of infrastructure assets	423,722				
Asset maintenance ratio					
Actual asset maintenance	2,931	78.04%	100.33%	100.00%	> 100.00%
Required asset maintenance	3,756				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	9,871	1.74%	0.00%	0.00%	
Gross replacement cost	567,159				

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Yass Valley Council

### Report on infrastructure assets as at 30 June 2022

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	412.38%	169.97%	34.38%	0.00%	276.78%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.97%	1.56%	0.00%	0.00%	0.00%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	73.06%	100.38%	100.00%	100.00%	100.00%	100.00%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.34%	0.00%	0.00%	0.00%	0.00%	0.00%	

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

**Yass Valley Council**

**Quarterly Budget Review Statement  
Additional Clarification Information**  
For the period 1/10/2022 to 31/12/2022

<b>Table of Contents</b>	<b>page</b>
1. Responsible Accounting Officer's Statement	1
2. Income & Expenses Budget Review Statement's Council Consolidated by Type	2
Variation Detail	3

**Yass Valley Council**

**Quarterly Budget Review Statement  
Additional Clarification Information**  
For the period 1/10/2022 to 31/12/2022

**Report by Responsible Accounting Officer**

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review Statement for Yass Valley Council for the quarter ended 31/12/2022 indicates that Council's projected financial position at 30/6/2023 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



\_\_\_\_\_  
Franco Rombola  
Acting Chief Financial Officer

13/4/23

\_\_\_\_\_  
Date

**Yass Valley Council**

**Amended Quarterly Budget Review Statement**  
for the period 01/10/2022 to 31/12/2022

**Income and Expenses Budget Review Statement**

Budget review for the quarter ended 31 December 2022

**Income and Expenses - Council Consolidated**

(\$000's)	Original Budget 2022/23	Approved Changes						Revised Budget 2022/23	Recommend changes for Dec Qtr	Notes	Projected Year End Result	Dec-22 Actual YTD figures
		Other than by QBRs		Carry Forwards	Sept QBRs	Dec QBRs	Mar QBRs					
		Amended	Balance									
Income												
Rates and Annual Charges	19,275	-89	19,186	0	0	0	0	19,186	240	1	19,426	19,407
User Charges and Fees	6,071	111	6,182	0	0	0	0	6,182	9	2	6,191	2,586
Other Revenues	300	-87	213	0	0	0	0	213	71	3	284	95
Grants and Contributions - Operating	5,092	228	5,320	0	0	0	0	5,320	-522	4	4,798	1,779
Grants and Contributions - Capital	11,578	1,100	12,678	0	2,978	0	0	15,656	-974	5	14,682	5,887
Interest and Investment Revenues	139	0	139	0	0	0	0	139	101	6	240	128
Other Income	394	0	394	0	0	0	0	394	0		394	209
Fair Value increment on Investment Property	113	-113	0	0	0	0	0	0	0		0	0
Net Gains from Disposal of Assets	1,896	-736	1,160	0	0	0	0	1,160	-850	7	310	124
Total Income from Continuing Operations	44,858	414	45,272	0	2,978	0	0	48,250	-1,925		46,325	30,215
Expenses												
Employee Costs	15,085	440	15,525	0	0	0	0	15,525	-507	8	15,018	6,768
Materials & Services	11,133	-573	10,560	620	421	0	0	11,601	859	9	12,460	6,576
Borrowing Costs	1,097	-5	1,092	0	0	0	0	1,092	-255	10	837	551
Depreciation	5,997	3,697	9,694	0	0	0	0	9,694	0		9,694	4,847
Other Expenses	880	339	1,219	0	0	0	0	1,219	-80	11	1,139	250
Interest & Investment Losses								0			0	
Net Loss from disposal of assets								0			0	
Share of interests in Joint Ventures								0			0	
Total Expenses from Continuing Operations	34,192	3,898	38,090	620	421	0	0	39,131	17		39,148	18,992
Net Operating Result from Continuing Operations	10,666	-3,484	7,182	-620	2,557	0	0	9,119	-1,942		7,177	11,223
Discontinued Operations - Surplus/(Deficit)								0			0	0
Net Operating Result from Continuing Operations	10,666	-3,484	7,182	-620	2,557	0	0	9,119	-1,942		7,177	11,223
Net Operating Result before Capital Items	-912.00	-4584.00	-5496.00	-620.00	-421.00	0.00	0.00	-6537.00	-968.00		-7505.00	5335.96

**Yass Valley Council**

**Amended Quarterly Budget Review Statement**  
for the period 01/10/22 to 31/12/22

**Income & Expenses Budget Review Statement**  
**Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes	Details
1	An increase to the 2023 budget estimate for Rates and Annual charges by \$150K so that they align to the actual year to date result, and an additional variance of \$90k due to changes in mapping in relation to Rates & Annual Charges (Pension Rebate). Combine to have a variance of \$240K.
2	A 9K increase in User Fees & Charges due to income from DA assessments. Due to the issuing of sub-division work certificates.
3	The variance of \$71k is due to changes in mapping in relation to Other Revenue (Org Dev - Other Revenue, Rental Income).
4	An additional 8K operating grant received for the road safety office, council to supply equal funding, and a variance of -\$530k due to changes in mapping in relation to Operating Grants (Eco Dev - Specific Purpose Grants, FAG, Org Dev - Specific Purpose Grant for Training). Making a combined -\$522K change.
5	A combination of a \$320K reduction in the Commonwealth Bridging grant to reflect its inclusion in the 2021-22 financial year, added to increases in the State Regional Roads R.P Grant of \$120K and an addition \$24K in State Black Grant = makes a total reduction of \$176K. This combined with a variance of \$798k due to changes in mapping in relation to Capital Grants Contributions (S64 & S94 Contributions, Specific Purpose Grants - Recreational Assets, Local Roads, Water Supply Network). Making a combined change of -\$974K.
6	An increase in the Investment Interest Income by \$101K, attributable to the RBA move in cash rates in the year.
7	To adjust the original budget of asset disposals from sale proceeds, to align to the estimated result of net gain or loss.
8	The reduction in Employee Costs is due to a transfer of \$100K from Employee costs to Materials & Services, to cover Contractors costs due to staff vacancies. The remaining \$407 is due to mapping.
9	An increase of \$100K is due to a transfer from Employee costs to Materials & Services to cover for Contractor costs due to staff vacancies. A further variance of \$759k is due to changes in mapping in relation to Materials & Contracts. This is mainly attributable to the Local Government Code of Accounting Practice and Financial Reporting as it requires a change to the classification of some operating expenses previously Other Expenses to Materials and Services.
10	A Variance of \$255K is due to changes in mapping in relation to Employee Costs.
11	The variance of \$80k is due to changes in mapping in relation to Other Expenses. This is mainly attributable to the Local Government Code of Accounting Practice and Financial Reporting as it requires a change to the classification of some operating expenses previously Other Expenses to Materials and Services.

# **RISK MANAGEMENT AND INTERNAL AUDIT for local government in NSW**

## **Guidelines**

December 2022



## **GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT FOR LOCAL GOVERNMENT IN NSW**

2022

### **ACCESS TO SERVICES**

The Office of Local Government is located at:

Street Address: Levels 1 & 2, 5 O'Keefe Avenue, NOWRA NSW 2541

Postal Address: Locked Bag 3015, Nowra, NSW 2541

Phone: 02 4428 4100

Fax: 02 4428 4199

TTY: 02 4428 4209

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

Website: [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au)

### **OFFICE HOURS**

Monday to Friday

9.00am to 5.00pm

(Special arrangements may be made if these hours are unsuitable)

All offices are wheelchair accessible.

### **ALTERNATIVE MEDIA PUBLICATIONS**

Special arrangements can be made for our publications to be provided in large print or an alternative media format. If you need this service, please contact Client Services on 02 4428 4100.

### **DISCLAIMER**

While every effort has been made to ensure the accuracy of the information in this publication, the Office of Local Government expressly disclaims any liability to any person in respect of anything done or not done as a result of the contents of the publication or the data provided.

© NSW Office of Local Government, Department of Planning and Environment 2022

Produced by the NSW Office of Local Government, Department of Planning and Environment



## Contents

<b>Background</b>	<b>6</b>
Background	7
Purpose	7
Statutory framework	8
Annual attestation	12
Monitoring	13
<b>Core requirement 1:</b>	<b>14</b>
<b>Audit, risk and improvement committee</b>	<b>14</b>
Guiding principles for audit, risk and improvement committees	15
Role and functions	15
Terms of Reference	15
Structure	16
Shared committees	16
Size and composition	17
Roles of committee members	18
Independence criteria for committee chairs and independent members	20
Eligibility criteria for committee chairs and members	21
Appointment	23
Membership terms	24
Resignation of committee members	26
Dismissal of committee members	26
Fees	26
Insurance	26
Learning and development	27
Conduct	27
Meetings	27
Confidentiality	30
Secretariat	30
Key relationships	30
Access to council, staff, resources and information	31
Disputes	32
Workplans	32
Providing advice to the governing body	34
Review of committee performance	37
Annual attestation	38
Further resources	39

## **Core requirement 2:** **41**

<b>Risk management</b>	<b>41</b>
Guiding principles for risk management	42
Standards	42
County councils and joint organisations	44
Resourcing	45
Roles and responsibilities	45
Review and reporting	48
Annual attestation	49
Further resources	50

## **Core requirement 3:** **51**

<b>Internal audit</b>	<b>51</b>
Guiding principles for internal audit	52
Independence	52
Resourcing	52
Internal audit charter	53
Role of the general manager	53
Role of the audit, risk and improvement committee	54
Structure	54
In-house internal audit function	55
Role and responsibilities	56
Outsourced internal audit function	58
Dual responsibilities	59
Shared internal audit function	60
Workplans	62
Performing internal audits	62
Providing advice to the audit, risk and improvement committee	63
Internal audit documents	64
Review of internal audit function performance	64
Reporting concerns about councillors or council staff	65
Annual attestation	66
Further resources	67

## **Implementation** **68**

Audit, risk and improvement committees	69
Risk management framework	69
Internal audit function	69
Attestation	69

<b>Appendices</b>	<b>70</b>
<b>Appendix 1:</b>	<b>71</b>
Attestation and exemption templates	71
<b>Appendix 2:</b>	<b>76</b>
Audit, risk and improvement committee – role and responsibilities	76
<b>Appendix 3:</b>	<b>82</b>
Model Terms of Reference for audit, risk and improvement committees	82
<b>Appendix 4:</b>	<b>95</b>
Example risk management policy	95
<b>Appendix 5:</b>	<b>98</b>
Model Internal Audit Charter	98

# Background

## Background

The *Local Government Act 1993* and the *Local Government (General) Regulation 2021* and these Guidelines require each council in NSW to have an audit, risk and improvement committee, a robust risk management framework, and an effective internal audit function

---

## Background

The *Local Government Act 1993* ('Local Government Act'), the *Local Government (General) Regulation 2021* ('Local Government Regulation') and these Guidelines require each council in NSW to have:

- an audit, risk and improvement committee that continuously reviews and provides independent advice to the council on how it is functioning and managing risk
- a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations, and
- an effective internal audit function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.

These three mandatory governance mechanisms are key to ensuring that councils are doing things the best way they can for their communities and are on track to delivering their community's goals and objectives.

Communities themselves will ultimately be the greatest beneficiaries.

If implemented effectively, audit, risk and improvement committees, risk management and internal audit will lead to councils:

- achieving their strategic objectives in the most efficient, effective and economical manner
- having better and more efficient levels of service delivery
- having increased accountability and transparency
- achieving better decision-making and having the confidence to make difficult decisions
- having increased financial stability
- achieving and maintaining compliance with all laws, regulations, internal policies and procedures, and
- better safeguarding their public assets.

---

## Purpose

These guidelines have been developed to assist councils, county councils and joint organisations to comply with statutory requirements under the Local Government Act and Local Government Regulation.

They also seek to strengthen risk management and internal audit practices in NSW councils by setting a minimum standard that reflects a 'best practice' approach.

The Guidelines have been issued under section 23A of the Local Government Act which confers on the "Departmental Chief Executive" of the Office of Local Government the power to prepare, adopt or vary guidelines relating to the exercise by a council of any of its functions.

Councils are required to consider these Guidelines when implementing the requirements prescribed under the Act and the Regulation relating to audit, risk and improvement committees, risk management and internal audit.

These Guidelines replace the NSW Government's *Internal Audit Guidelines for Local Government in NSW* issued in 2010.

The three core requirements outlined in the Guidelines reflect international standards and the recommendations and opinions of internal audit practitioners, councils, councillors, audit, risk and improvement committee members, risk management practitioners, government agencies, experts and community members.

They are also informed by practices in other Australian jurisdictions and give effect to the recommendations of the:

- Independent Commission Against Corruption in its inquiries into Burwood Council (2011) and Botany Bay Council (2017)
- Local Government Acts Taskforce in its review of the *Local Government Act 1993* (2013)
- Independent Local Government Review Panel in its *Revitalising Local Government inquiry* (2013), and
- various performance audits and other reviews conducted by the NSW Auditor-General since 2010.

Based on these recommendations:

- the core requirements outlined in the Guidelines relating to the operation of a council's audit, risk and improvement committee have been modelled on the *Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08)* developed by NSW Treasury and best practice in the public and private sectors
- the core requirements relating to risk management have been modelled on the current Australian risk management standard, *AS/NZS ISO 31000:2018 Risk Management – Guidelines*, and
- the core requirements relating to a council's internal audit function have been modelled on the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* (the 'International Professional Practices Framework') and best practice in the public and private sectors.

The framework balances these professional standards and best practice approaches with the unique structure, needs and operating environments of metropolitan, regional and rural councils, county councils and joint organisations across NSW.

The release of these Guidelines follows an extensive consultation process. The Office of Local Government thanks all the individuals, councils and bodies involved in the development of these Guidelines and the risk management and internal audit regulatory framework.

### Further resources

There has been a wide range of information and guidance developed in recent times by government agencies, experts, practitioners and other bodies to help organisations establish effective audit, risk and improvement committees, risk management frameworks and internal audit functions.

As a starting point, a list of further resources has been included at the end of each core requirement. These resources provide practical information and tools such as examples, templates, checklists and sample documents that councils may find useful when implementing these Guidelines.

### Terminology

When a joint organisation is applying these Guidelines, it should substitute the term "council" for "joint organisation", "governing body" for "board", "chairperson" for "mayor", "voting representative" for "councillor" and "executive officer" for "general manager" and "annual report" for "annual performance statement", where appropriate.

Where a county council is applying these guidelines, it should substitute the terms "county council" for "council", "chairperson" for "mayor", and "member" for "councillor", where appropriate.

References to the "Departmental Chief Executive" in these Guidelines refers to the person exercising the functions of the Departmental Chief Executive of the Office of Local Government under the Local Government Act and Regulation.

---

## Statutory framework

The Local Government Act and Local Government Regulation provide the statutory foundations and prescribe the desired outcomes for councils' audit, risk and improvement committees, risk management frameworks and internal audit functions.

Relevant provisions of the Local Government Act and Local Government Regulation are detailed below.

## Guiding principles of local government

The guiding principles of the Local Government Act (sections 8A, 8B and 8C) require each council to carry out its functions in a way that provides the best possible value for residents and ratepayers.

The guiding principles also specify that councils are to:

- spend money responsibly and sustainably, and align general revenue and expenses

- invest in responsible and sustainable infrastructure for the benefit of the local community
- effectively manage their finances and assets and have sound policies and processes for performance management and reporting, asset maintenance and enhancement, funding decisions, and risk management practices
- ensure the current generation funds the cost of its services and achieves intergenerational equity, and
- manage risks to the local community, area or council effectively and proactively.

### Role of the governing body

To achieve these guiding principles, the Local Government Act (section 223) provides that the role and responsibilities of the governing body include:

- directing and controlling the affairs of the council in accordance with the Local Government Act
- ensuring, as far as possible, the financial sustainability of the council
- ensuring, as far as possible, that the council complies with the guiding principles of the Local Government Act
- keeping the performance of the council under review
- making the decisions necessary to ensure the council properly exercises its regulatory functions, and
- being responsible for ensuring that the council acts honestly, efficiently and appropriately.

### Role of the general manager

The Local Government Act (section 335) provides that the general manager is responsible for:

- conducting the day-to-day management of the council in accordance with the strategic plans, programs, strategies and policies of the council – this includes establishing the council's organisational structure and appointing and dismissing council staff (section 332)

- implementing, without undue delay, the lawful decisions of the council
- advising the governing body on the development and implementation of the council's plans, programs, strategies and policies, and
- ensuring that the mayor and other councillors are given timely information and advice and the administrative and professional support necessary to effectively discharge their functions.

The Local Government Regulation (section 209) also requires the general manager to ensure that:

- the council complies with all legal financial obligations, including the keeping of accounting records
- effective measures are taken to secure the effective, efficient and economical management of financial operations within each division of the council's administration
- authorised and recorded procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure and secure the accuracy of the accounting records, and
- lines of authority and the responsibilities of members of the council's staff for related tasks are clearly defined.

### Role of a joint organisation

The Local Government Act establishes joint organisations as a strategic regional body of councils.

The role and responsibilities of a joint organisation under the Local Government Act (section 400R) are to:

- establish regional priorities for the joint organisation area and strategies and plans to deliver these priorities
- provide regional leadership for the joint organisation area and advocate for strategic regional priorities, and
- identify and take-up opportunities for intergovernmental cooperation.

Joint organisations also deliver services and provide assistance to, or on behalf of, councils, and councils are able to delegate certain functions to their joint organisation (sections 355, 379 and 400S).

The Local Government Act (section 400Y) provides that the executive officer of a joint organisation is to:

- conduct the day-to-day management of the joint organisation in accordance with the strategic regional priorities and other plans, programs, strategies and policies of the organisation, and
- appoint, direct and dismiss staff.

### **Audit, risk and improvement committee**

The Local Government Act (section 428A) requires each council to establish an audit, risk and improvement committee to continuously review and provide independent advice to the general manager and the governing body of the council on:

- whether the council is complying with all necessary legislation, regulations and other legal requirements
- the adequacy and effectiveness of the council's risk management framework, fraud and corruption prevention activities, financial management processes, and the council's financial position and performance
- the council's governance arrangements
- the achievement by the council of the goals set out in the council's community strategic plan, delivery program, operational plan and other strategies
- how the council delivers local services and how it could improve the performance of its functions more generally
- the collection of performance measurement data by the council, and
- any other matters prescribed by the Local Government Regulation (including internal audit).

The Local Government Act (section 428B) allows councils to establish a joint audit, risk and improvement committee with other councils including through joint or regional

organisations of councils to function as a shared committee.

The requirements for shared committees in these Guidelines are detailed in core requirement 1.

The Local Government Regulation prescribes the following requirements in relation to the membership and operations of councils' audit, risk and improvement committees:

- Councils must by resolution appoint an audit, risk and improvement committee comprising of a chair and at least two or more other persons as voting members of the committee.
- Commencing 1 July 2024, the chair and other voting members of a council's audit, risk and improvement committee must satisfy the independence and eligibility criteria specified in these Guidelines. Councils must not appoint a person to be the chair or a voting member of the council's audit, risk and improvement committee unless they satisfy the independence and eligibility criteria specified in these Guidelines.
- Councils may appoint one councillor as a non-voting member of its audit risk and improvement committee. Councillors appointed as a non-voting member of an audit, risk and improvement committee must satisfy the eligibility criteria for councillor members of committees specified in these Guidelines.
- For the purposes of section 428A(2)(i) of the Local Government Act, councils' audit, risk and improvement committees are to keep under review internal audit activities.
- The Departmental Chief Executive may approve model terms of reference for councils' audit, risk and improvement committees.
- Councils must adopt by resolution, terms of reference for their audit, risk and improvement committees that are consistent with the model terms of reference for committees approved by the Departmental Chief Executive contained in these Guidelines.



- A council's audit, risk and improvement committee must exercise its functions in accordance with the terms of reference adopted by the council.
- Councils must provide their audit, risk and improvement committee with such access to the general manager and other senior management staff of the council, and any information and resources of the council as may be necessary for the committee to exercise its functions.

The requirements for audit, risk and improvement committees in these Guidelines are detailed in core requirement 1.

## Risk management

The Local Government Regulation prescribes the following requirements in relation to risk management:

- Commencing on 1 July 2024, councils must adopt and implement a framework for identifying and managing risk that is consistent with the requirements specified by these Guidelines.
- A council's audit, risk and improvement committee must keep the implementation of the council's risk management framework under review and provide advice to the council on its implementation.

The requirements for risk management in these Guidelines are detailed in core requirement 2.

## Internal audit

The Local Government Regulation prescribes the following requirements in relation to internal audit:

- Commencing 1 July 2024, councils must have an internal audit function to keep under review the council's operations and risk management and control activities.
- Councils' internal audit functions must operate in accordance with the requirements specified in these Guidelines.
- The Departmental Chief Executive may approve a model internal audit charter for councils to guide the performance of their internal audit function.

- Councils must adopt by resolution, an internal audit charter that is consistent with the model internal audit charter approved by the Departmental Chief Executive contained in these Guidelines.
- A council's internal audit function must be undertaken in accordance with the internal audit charter adopted by the council.
- Commencing 1 July 2024, councils' general managers must appoint a member of staff of the council to direct and coordinate internal audit activities for the council.
- Councils are not required to appoint a member of staff to direct and coordinate their internal audit activities if the council has entered into an agreement with other councils to share the internal audit function and one of the participating councils has appointed a member of staff to direct and coordinate internal audit activities on behalf of all the participating councils.
- A council's internal audit activities are to be undertaken under the oversight and direction of the council's audit, risk and improvement committee.
- The member of staff appointed by the general manager to direct and coordinate internal audit activities is to report to the audit, risk and improvement committee on those activities.
- The member of staff of a council appointed to direct and coordinate internal audit activities is not to be subject to direction in the performance of internal audit activities by anyone other than the audit, risk and improvement committee.
- All internal audit personnel must have direct and unrestricted access to council staff, the audit, risk and improvement committee and council information and resources necessary to undertake their role and responsibilities.
- The general manager must consult with the chair of the council's audit, risk and improvement committee on any decision affecting the employment of the staff member appointed to direct and coordinate the council's internal audit activities and must consider the chair's views before making the decision.

- The audit, risk and improvement committee must review the performance and efficacy of the council's internal audit activities once in each term of the council and report to the governing body of the council on the outcome of its review and make recommendations.

The requirements for internal audit in these Guidelines are detailed in core requirement 3.

---

## Annual attestation

Commencing with the 2024-2025 annual report, general managers will be required under the Local Government Regulation to publish an attestation statement each year in the council's annual report indicating whether, during the preceding financial year, the council's audit, risk and improvement committee, risk management framework and internal audit function complied with these Guidelines.

The Local Government Regulation prescribes the following requirements in relation to attestation:

- Commencing with the 2024-2025 annual report, the general manager must cause to be published in the council's annual report an attestation statement in the form specified in these Guidelines on the council's compliance with the Guidelines with respect to the membership and operations of its audit, risk and improvement committee, its risk management framework and internal audit function.
- The general manager must consult with the chair of the council's audit, risk and improvement committee on the content of the attestation statement and must consider the chair's views when preparing the statement.
- If the committee chair disagrees with the content of the attestation statement prepared by the general manager, they may prepare their own attestation statement and submit this to the Departmental Chief Executive.

**An attestation certificate template is provided at Appendix 1 and attestation requirements are highlighted with this symbol throughout these Guidelines.**



The details of each member of the council's audit, risk and improvement committee must also be included in the attestation statement.

Attestation operates to ensure that the council takes independent assurance and risk management seriously and is accountable to the community for how it has implemented these requirements.

As noted above, the council's compliance status is to be self-assessed by the general manager, in consultation with the audit, risk and improvement committee.

The general manager must consider the views of the chair of the council's audit risk and improvement committee on the content of the attestation statement when preparing the statement.

If the chair disagrees with the content of the attestation statement prepared by the general manager, they may prepare their own report and submit this to the Departmental Chief Executive.

## Exemptions

There may be times where a council may not be able to comply with all requirements relating to the audit, risk and improvement committee, risk management framework or internal audit function.

In these circumstances, the Local Government Regulation confers on the Departmental Chief Executive the power to exempt councils from compliance with a requirement under these Guidelines where the council or joint organisation requests such an exemption.

The Regulation provides that the Departmental Chief Executive may, on an application by a council, exempt the council from compliance with a requirement under these Guidelines for such a period specified by the Departmental Chief Executive where they are satisfied that:

- the council cannot comply with the requirement because of temporary extenuating circumstances or resourcing constraints that will significantly impact the council's budget,
- the council cannot enter into an agreement with another council to share the performance of activities necessary to satisfy the requirement, **and**
- current or proposed alternative arrangements will achieve outcomes equivalent to the requirement under these Guidelines.

A council's application to the Departmental Chief Executive for an exemption must be in the form and contain the information specified in these Guidelines.

The Regulation provides that where the Departmental Chief Executive exempts a council from compliance with a requirement under these Guidelines, the council must publish the Departmental Chief Executive's approval of the exemption in their annual report.

A council is not prevented from applying for a further exemption when a previous exemption expires.

## Accountability

Councils that do not comply with these Guidelines and are not granted an exemption may face enforcement action under the Local Government Act.

---

## Monitoring

Councils' compliance with the core requirements of the Local Government Act, Local Government Regulation and these Guidelines will be monitored by the Office of Local Government.

The NSW Auditor-General may also undertake an assurance role in monitoring councils' compliance. This may include conducting sector-wide performance audits, or compliance audits of individual councils and undertaking reviews of exemptions granted by the Departmental Chief Executive.

# Core requirement 1:

## **Audit, risk and improvement committee**

- Each council and joint organisation has an audit, risk and improvement committee that reviews the matters referred to in section 428A of the Local Government Act

---

## Guiding principles for audit, risk and improvement committees

- ❖ The audit, risk and improvement committee is independent of the council.
- ❖ The committee is equipped with the relevant expertise and has access to the council resources and information necessary to fulfil its role and responsibilities effectively.
- ❖ Each council receives relevant and timely advice and assurance from the committee on the matters listed in section 428A of the Local Government Act.
- ❖ The work of the committee is thoroughly planned and executed, risk-based and linked to the council's strategic goals.
- ❖ The committee adds value to the council and is accountable to the governing body for its performance.
- ❖ The council is accountable to the community for complying with statutory requirements and these Guidelines relating to the committee.

---

## Role and functions

Under section 428A of the Local Government Act, each council (including county councils and joint organisations) must have an audit, risk and improvement committee to independently review and advise on the following aspects of the council's operations:

- (a) compliance
- (b) risk management
- (c) fraud control
- (d) financial management
- (e) governance
- (f) implementation of the strategic plan, delivery program and strategies
- (g) service reviews

- (h) collection of performance measurement data by the council, and
- (i) any other matters prescribed by the regulation.

The committee must also provide information to the council for the purpose of improving the council's performance of its functions.

The Local Government Regulation (section #tbc) also requires a council's audit, risk and improvement committee to review and provide advice on the council's internal audit activities.

The audit, risk and improvement committee's role also extends to any entities established by or operated by the council.

The exact nature of each audit, risk and improvement committee's role and the specific activities it reviews on behalf of a council under section 428A of the Local Government Act will vary depending on the council's needs, risks and business functions.

These activities are to be agreed between the audit, risk and improvement committee and the council during the development of the committee's terms of reference. Suggested activities are provided in **Appendix 2**.

## Level of assurance

Audit, risk and improvement committees are to have an advisory and assurance role only. They are to exercise no administrative functions, delegated financial responsibilities or any management functions for a council.

It is expected that each audit, risk and improvement committee will provide independent advice to the council that is informed by the council's internal audit and risk management activities and information and advice provided by council staff, relevant external bodies and other subject matter experts.

---

## Terms of Reference

It is important that each audit, risk and improvement committee has clear guidance on how it should serve the council, and that the

council has input into how the committee will operate given its investment.

This will ensure clarity in the relationship between the council and the audit, risk and improvement committee, and that the council can measure the committee's performance.

**The Local Government Regulation (section 428B) requires a council's audit, risk and improvement committee to operate according to terms of reference that are consistent with the approved Model Terms of Reference provided at Appendix 3.**



The audit, risk and improvement committee's terms of reference can include additional provisions that are not inconsistent with the approved Model Terms of Reference or other requirements.

The terms of reference are to be approved by resolution of the governing body and reviewed annually by the audit, risk and improvement committee, and once each council term (i.e. four years) by the governing body.

---

## Structure

Each council will have different audit, risk and improvement committee requirements depending on the council's size, needs, budget and the complexity of its operations.

For this reason, councils can either:

- establish an audit, risk and improvement committee for their exclusive use, or
- share their committee with another council, county council or joint organisation under section 428B of the Local Government Act.

When deciding the most appropriate way to structure a council's audit, risk and improvement committee, the council should consider the viability and capacity of a shared committee to achieve its terms of reference given the:

- size of the council in terms of both staffing levels and budget

- geographical and functional distribution of the council's operations
- complexity of the council's core business
- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the committee by other councils in the shared arrangement.

---

## Shared committees

As noted above, under the Local Government Act (section 428B) councils can share an audit, risk and improvement committee. Councils can:

- share their committee with another council/s, county council/s and/or joint organisation/s as part of an independent shared arrangement
- utilise a committee established by their joint organisation that is shared with all member councils
- for county councils - share their committee with a member council where possible or another council
- for joint organisations - share their committee with a member council where possible or another council or joint organisation.

These options allow councils to establish and operate their audit, risk and improvement committee in a more cost-effective way.

For all shared audit, risk and improvement committees:

- the committee must operate as an individual committee for each council in any shared arrangement and exercise their functions for each council individually
- a shared committee should only be established and utilised by councils where the committee can maintain a strong understanding of each participating council's assurance needs and is able to meet these needs
- a shared committee should only be established and utilised by councils where the committee can maintain an effective working and reporting relationship with

- the general manager and governing body of each participating council
- councils that share their internal audit function can, but are not required to, also share their committee
  - councils that share their committee can, but are not required to, also share the committee's secretariat, and
  - councils should develop and sign a formal agreement with the other councils in the shared arrangement which outlines how the shared arrangement will operate and costs shared.

Where a joint organisation establishes an audit, risk and improvement committee to serve its member councils, it is at each member council's discretion whether they utilise the shared committee.

### Shared councillor members

It is important to note that where an audit, risk and improvement committee is shared between councils as part of an independently established shared arrangement, or an arrangement established by a joint organisation, and the councils elect to have a councillor member on the committee, the councillor member will not be shared by councils.

To maintain the confidentiality of the business of each council in the shared arrangement considered by the shared committee:

- the governing body of each council is to appoint one councillor member to serve on the audit, risk and improvement committee for that council only
- the councillor member is to only attend committee meetings for their council, and
- the councillor member is to receive information pertaining to their council only.

For joint organisations, the elected councillor member will be a voting representative of the board.

### Shared independent members

Unlike councillor members, the independent chair and members of shared audit, risk and improvement committees will serve all councils participating in the shared arrangement.

For audit, risk and improvement committees appointed as part of an independent shared arrangement, the councils in the shared arrangement are to mutually agree to the independent members that will be appointed to these roles, and each council is to confirm their appointment by resolution.

For audit, risk and improvement committees appointed as part of an arrangement established by a joint organisation by its member councils, the board of the joint organisation will appoint the chair and independent members of the committee by resolution on behalf of member councils under delegation from the member councils.

---

### Size and composition

Each council, county council and joint organisation is required to have an audit, risk and improvement committee that is appropriate for the council's size, risk profile, operational complexity, resources, and its ability to attract suitably qualified committee members.

**Each council is required to appoint an audit, risk and improvement committee that comprises of an independent chair and at least two independent members that meet the independence and eligibility criteria in these Guidelines.**



**At a minimum**, audit risk and improvement committees **must** comprise of the following:

- **an independent chair** who meets the independence criteria **and** the eligibility criteria for committee chairs set out below, **and**
- **at least two independent members** who meet the independence criteria **and** the



eligibility criteria for independent committee members set out below

Councils also have the option of appointing one non-voting councillor member to their committee who meets the eligibility criteria for councillor members of committees set out below. The mayor cannot be appointed as a councillor member of a council's audit, risk and improvement committee.

The size and composition requirements of a committee are the same whether the committee is established by a council for its exclusive use or as part of a shared arrangement.

Councils can establish larger committees and appoint more committee members than the minimum required should they choose to do so but may only appoint one non-voting councillor member.

The governing body is to determine the exact size of the audit, risk and improvement committee in consultation with the chair of the committee and general manager, taking into account the needs and risk profile of the council, and likely workload of the committee.

## County councils

Whilst a county council can establish an audit, risk and improvement committee for its own exclusive use, for administrative and cost efficiency, it is recommended that county councils utilise the committee of a member council/s under an independent shared arrangement (see above).

## Joint organisations

Where a joint organisation has not established an audit, risk and improvement committee for its member councils as part of a joint organisation led shared arrangement, for administrative and cost efficiency, it is recommended that, where possible, a joint organisation utilise a committee established by one of its member councils as part of an independent shared arrangement (see above).

To ensure the audit, risk and improvement committee has an understanding of the interrelationships and needs of the joint

organisation and its member councils, and of wider regional priorities, ideally joint organisations should enter into an independent shared arrangement with a member council/s. If this is not possible, it is open to joint organisations to enter into a shared arrangement with another joint organisation or a council from outside of its area.

---

## Roles of committee members

### Chair

The position of the chair of an audit, risk and improvement committee is pivotal to the committee's effectiveness and is the focal point for the committee's relationship with the council, the internal audit function and external auditor.

The chair acts as the interface between the audit, risk and improvement committee and the general manager and other staff, the governing body, the external auditor, and the internal audit function.

Any individual audit, risk and improvement committee member who wishes to meet with the general manager or governing body of the council to discuss any issues relating to the committee's responsibilities is to do so through the chair of the committee, and vice versa.

To be successful in their role, a chair must:

- have strong leadership qualities
- have the personal courage to raise and deal with tough issues and express opinions frankly, and to support other committee members to do the same
- be able to recommend the appointment of committee members to the governing body
- maintain effective working relationships between committee members and with the council
- keep the governing body and general manager informed and brief them on the



- strategic and technical aspects of internal audits and risk and control issues
- lead effective committee meetings including:
    - planning for and setting agendas for meetings, ensuring committee members are adequately informed of matters to be considered prior to meetings and allowing sufficient time for discussion of those matters at the meeting
    - ensuring the meeting runs smoothly and that the views of members are heard
    - focus the committee's deliberations on the most important issues
    - seek the input of advisers, observers and other experts to maximise committee deliberations
    - summarise discussion outcomes and actions, including assigning responsibility and timeframes for actions
  - maintain an effective working relationship with the council's external auditor
  - oversee the internal audit function and be alert to external accountability and internal audit concerns
  - arrange for all committee members to maintain an up-to-date knowledge of the council and its activities, including any financial or regulatory developments, and
  - know the strengths and weaknesses of the committee, and individual committee members and how this may affect the opinions of the committee.

### Independent members

Independent audit, risk and improvement committee members are expected to be able to assess information provided to them about the council and to identify and assess key risks and issues.

Each member should be capable of making a valuable contribution to the committee.

To be successful in their role, a member must:

- take a professional approach to their responsibilities, including an appropriate commitment of time and effort

- know the business, culture and values of the council and take the time to understand changes that affect how the council operates and its risks
- have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the committee's consideration of the annual financial statements
- understand the role of the committee and the expectations of the council
- act in the best interests of the council
- take a professional approach
- be a good communicator and build effective relationships with the council and other committee members, and
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry.

### Councillor members

Councillor members of audit, risk and improvement committees are non-voting members of committees. This is to ensure that decision making by the committee is independent of the council.

Councillor members of committees act as an important link between the governing body and the committee.

Their role is to:

- relay to the committee any concerns the governing body may have regarding the council and issues being considered by the committee
- provide insights into local issues and the strategic priorities of the council that would add value to the committee's consideration of agenda items
- advise the governing body (as necessary) of the work of the committee and any issues arising from it, and
- assist the governing body to review the performance of the committee each council term.

Issues or information councillors members raise with or provide the audit, risk and improvement committee must relate to the

matters listed in section 428A of the Local Government Act, the committee's terms of reference and issues being considered by the committee.

Councillor members of audit, risk and improvement committees are not entitled to receive information about audit, risk and improvement committee activities outside of established reporting requirements.

Councillor members of audit, risk and improvement committees must conduct themselves in a non-partisan and professional manner.

Councillor members of committees must not engage in any conduct that seeks to politicise the activities of the committee or the internal audit function or that could be seen to do so.

Where a councillor member of an audit, risk and improvement committees engages in such conduct or in any other conduct that may bring the committee and its work into disrepute, the chair may recommend to the council, that the councillor member be removed from membership of the committee.

Where the council does not agree to the chair's recommendation, it must give reasons for its decision in writing to the chair.

## Independence criteria for committee chairs and independent members

The chair and all independent voting members of audit, risk and improvement committees must be independent to ensure they have no real or perceived bias or conflicts of interest that may interfere with their ability to act independently and can provide the council with robust, objective and unbiased advice about how the council is functioning.

**Each council must ensure that the chair and independent members of the council's audit, risk and improvement**



### committee meet the following independence criteria.

The chair and independent voting committee members **must not**:

- currently be a councillor of any NSW council
- be a non-voting representative of the board of the joint organisation
- be a candidate at the last election of the council
- be a person who has held office in the council during its previous term
- be currently employed by the council or joint organisation, or been employed during the last 12 months
- conduct audits of the council on behalf of the Audit Office of NSW
- have a close personal or business relationship with a councillor or a person who has a senior role in the council that may lead to a real or perceived conflict of interest
- currently, or within the last three years, provided any material goods or services (including consultancy, legal, internal audit and advisory services) to the council which directly affect subjects or issues considered by the audit, risk and improvement committee
- be (or have a close family member who is) a substantial shareholder, owner, officer or employee of a company that has a material business, contractual relationship, direct financial interest or material indirect financial interest with the council or a related entity which could be considered a real or perceived conflict of interest, or
- currently or have previously acted as an advocate of a material interest on behalf of the council or a related entity which could be considered a real or perceived conflict of interest.

Current staff of councils may serve as an independent member of another council's audit, risk and improvement committee but not as its chair. Current council staff may only serve on another council's audit, risk and improvement committee if they meet the independence and eligibility criteria for membership of the committee and their

employer is not participating in a shared arrangement with the other council in relation to the audit, risk and improvement committee or the internal audit function.

General managers will require the approval of their council under section 353 of the Local Government Act before they can serve as an independent member of another council's audit, risk and improvement committee. Other council staff will require the approval of their general manager.

Both the governing body of the council and the general manager must ensure that adequate procedures are in place to preserve the independence of the chair and members of the audit, risk and improvement committee.

Likewise, the chair and members must notify the governing body and/or general manager if a real or perceived threat to their independence arises.

---

## Eligibility criteria for committee chairs and members

The persons appointed as a chair or a member of an audit, risk and improvement committee must possess the skills, knowledge and experience necessary to undertake their roles on the committee effectively and to ensure the committee can operate appropriately and effectively to support the council.

A poorly skilled audit, risk and improvement committee may not be able to provide the assurance needed by the council and may lead to sub-optimal outcomes that jeopardise the council's capacity to achieve its strategic objectives.

The following eligibility criteria for audit, risk and improvement committee chairs and members reflect the minimum standards persons must meet to be appointed as the chair or member of a council's audit, risk and improvement committee. Councils may require audit, risk and improvement committee chairs

and members to satisfy more onerous eligibility criteria if they choose to do so.

**Councils must ensure that the chair and other members of the council's audit, risk and improvement committee meet the below minimum eligibility criteria.**



## Eligibility criteria for committee chairs

In addition to meeting the independence requirements specified above, the chair of an audit, risk and improvement committee must satisfy the following minimum eligibility criteria to be appointed as a chair. Ideally, they will also be able to demonstrate the desirable criteria.

### Essential criteria

Audit, risk and improvement committee chairs must demonstrate the following:

- leadership qualities and the ability to promote effective working relationships in complex organisations
- an ability to communicate complex and sensitive assessments in a tactful manner to the head of the council's internal audit function, senior management and the mayor and councillors
- a sound understanding of:
  - the principles of good organisational governance and capacity to understand local government accountability, including financial reporting
  - the business of the council or the environment in which it operates
  - internal audit operations, including selection and review of the head of the council's internal audit function, and
  - risk management principles
- extensive senior level experience in governance and management of complex organisations, an ability to read and understand financial statements and a capacity to understand the ethical requirements of government (including potential conflicts of interest)

- functional knowledge in areas such as risk management, performance management, human resources management, internal and external auditing, financial reporting, accounting, management control frameworks, internal financial controls, governance (including planning, reporting and oversight), or business operations
- a capacity to form independent judgements and a willingness to constructively challenge/question management practices and information, and
- a professional, ethical approach to the exercise of their duties and the capacity to devote the necessary time and effort to the responsibilities of the chair of an audit, risk and improvement committee.

#### **Desirable criteria**

Possession of a relevant professional qualification or membership (e.g., Institute of Internal Auditors (IIA), CPA Australia (CPA) and Chartered Accountants Australia and New Zealand (CA)) is desirable.

### **Eligibility criteria for independent committee members**

In addition to meeting the independence requirements specified above, independent members of an audit, risk and improvement committee must satisfy the following eligibility criteria to be appointed as an independent committee member. Ideally, they will also be able to demonstrate the desirable criteria.

#### **Essential criteria**

Independent members of audit, risk and improvement committee members must demonstrate the following:

- an ability to read and understand financial statements and a capacity to understand the ethical requirements of government (including potential conflicts of interest)
- functional knowledge in areas such as risk management, performance management, human resources management, internal

and external auditing, financial reporting, accounting, management control frameworks, internal financial controls, governance (including planning, reporting and oversight), or business operations

- a capacity to form independent judgements and willingness to constructively challenge/question management practices and information
- a professional, ethical approach to the exercise of their duties and the capacity to devote the necessary time and effort to the responsibilities of an independent member of an audit, risk and improvement committee, and
- preparedness to undertake any training on the operation of audit, risk and improvement committees recommended by the chair based on their assessment of the skills, knowledge and experience of the independent member.

#### **Desirable criteria**

Ideally, independent members of audit, risk and improvement committees should also meet the following criteria, but these are not essential:

- extensive senior level experience in governance and management of complex organisations, and
- possession of a relevant professional qualification or membership (e.g., Institute of Internal Auditors (IIA), CPA Australia (CPA) and Chartered Accountants Australia and New Zealand (CA)).

#### **Criminal record and financial status checks**

Councils must undertake a criminal record and a financial status (bankruptcy) check of audit, risk and improvement committee chairs and independent members before their appointment.

Audit, risk and improvement committee chairs and independent members must not be undischarged bankrupts or have been charged with or convicted of a serious criminal offence.

## Eligibility criteria for councillor members

To be appointed as a non-voting audit, risk and improvement committee member a councillor must demonstrate the following:

- an ability to read and understand financial statements and a capacity to understand the ethical requirements of government (including potential conflicts of interest)
- a good understanding of one or more of the following: risk management, performance management, human resources management, internal and external auditing, financial reporting, accounting, management control frameworks, internal financial controls, governance (including planning, reporting and oversight), or business operations
- a capacity to form independent judgements and willingness to constructively challenge/question management practices and information
- a professional, ethical approach to the exercise of their duties and the capacity to devote the necessary time and effort to the responsibilities of a councillor member of an audit, risk and improvement committee, and
- preparedness to undertake any training on the operation of audit, risk and improvement committees recommended by the chair based on their assessment of the skills, knowledge and experience of the councillor member.

The mayor cannot be appointed as a councillor member of a council's audit, risk and improvement committee.

---

## Appointment

Audit, risk and improvement committee chairs and members are appointed by a resolution of the governing body of the council.

The governing body should first appoint the chair of the audit, risk and improvement committee, who is to then assist in the

selection and appointment of the other independent committee members.

## Skills mix

When selecting individual audit, risk and improvement committee members, the council should ensure the committee has the appropriate mix of skills, knowledge and experience necessary to successfully implement its terms of reference and add value to the council.

The audit, risk and improvement committee should have:

- at least one member with financial expertise (for example, a qualified accountant or auditor or other financial professional with experience of financial and accounting matters), and
- a mix of skills and experience in:
  - business
  - financial and legal compliance
  - risk management, and
  - internal audit, and
  - any specialised business operations of the council, where the committee would benefit from having a member with skills or experience in this area (for example, IT skills or experience where IT systems have an important role in the council's business).

All audit, risk and improvement committee members should have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the committee's consideration of the annual financial statements.

Each committee member should also have sufficient time to devote to their responsibilities as an audit, risk and improvement committee member.

Where possible, the governing body should ensure that at least one other audit, risk and improvement committee member is also qualified to act as the chair if this is ever required.

## Letter of appointment

The appointment of chairs and members of audit, risk and improvement committees should be formalised in an official letter of appointment signed by the mayor of the council.

The letter of appointment should set out the terms and conditions of the appointment including:

- duration of appointment
- role and responsibilities
- timing and location of meetings
- time commitment
- remuneration
- the management of conflicts of interest
- confidentiality
- performance appraisal, and
- termination of appointment.

## Induction

Induction of all new audit, risk and improvement committee members is vital to ensure they 'hit the ground running' in their role.

The chair is to provide a thorough induction to each new member of the audit, risk and improvement committee to ensure they understand:

- the committee's role, responsibilities and terms of reference
- the business, operations, culture, risks and controls of the council, and
- the expectations of the council about their responsibilities and performance.

This will include providing new members with any background information or documentation necessary to ensure they understand the work of the audit, risk and improvement committee.

It may also be appropriate for more detailed information or presentations to be provided from various senior staff to assist the new member to understand the operations of the council and any key challenges.

New audit, risk and improvement committee members also have an obligation to ensure

that they have an appropriate understanding of the council, including its:

- operations, functions, service delivery
- key areas of risk
- internal controls, and
- financial reporting systems.

The mayor, general manager and existing chair (where appropriate) will induct a new chair.

---

## Membership terms

### Voting members

To ensure the audit, risk and improvement committee continues to offer new perspectives and remains independent, it is important that committee members are rotated periodically to maintain a fresh approach and avoid any perceptions of bias or conflicts of interest.

**Councils are to ensure that chairs and members serve the following time-limited terms to facilitate a rotation of knowledge and perspectives.**



The initial term of membership on an audit, risk and improvement committee is four-years.

Audit, risk and improvement committee members can be reappointed for up to one further term but the total period of continuous membership on the committee cannot exceed eight years (two terms). This includes any term as chair of the committee.

Chairs or members who have served an eight-year term must have a two-year break from serving on the same council's audit, risk and improvement committee before being eligible to be appointed to that council's committee again.

Care is to be taken to ensure that membership renewal dates are staggered so knowledge of the council's operations, financial reporting structure and other important aspects are not lost to the audit, risk and improvement committee when members change.



Ideally, no more than one member should leave the committee because of rotation in any one year.

### Exemptions

If a council is unable to replace the chair or members of its audit, risk and improvement committee when their maximum term limit has been reached, the council can seek the approval of the Departmental Chief Executive to extend their term or to reappoint the chair or committee member for a further term.

The council's request must:

- be in writing
- describe the efforts the council has made to appoint a different member, and
- explain why the council has been unsuccessful.

Exemptions will only be granted in exceptional circumstances.

### Chair

To ensure that the committee maintains a fresh approach, the initial term of a chair of an audit, risk and improvement committee on any one audit, risk and improvement committee is four-years (one term).

The chair can be reappointed as chair for up to one further term, but the total period served by a chair on the same committee cannot exceed eight years (two terms).

Where the chair's term expires and another chair is appointed, it is the responsibility of the outgoing chair to ensure the incoming chair is fully briefed on the ongoing work of the audit, risk and improvement committee.

This includes advising the incoming chair of:

- any activity that may be relevant to the ongoing functioning of the committee, and
- any outstanding matters of high risk to the council and outstanding audit recommendations.

### Councillor members

The initial term of a councillor member of an audit, risk and improvement committee is four years, coinciding with the term of the council.

The councillor member can be reappointed for another term (i.e. four-years), if re-elected at the council's next ordinary election, but the total period of continuous membership on the committee cannot exceed eight years (two council terms).

The councillor member is to be appointed by the governing body at the first meeting of the council after the ordinary election.

The councillor member's term ends at the end of the council term.

### Reappointment

Prior to approving the reappointment or extension of the chair or an independent member's term, the governing body of the council must undertake an assessment of the chair's or committee member's performance.

The council may engage an external reviewer to undertake this assessment if they choose.

In undertaking the assessment, the council, or any person appointed to undertake the assessment on behalf of the council, must consult with and consider the views of the chair (in the case of the reappointment or extension of the term of a committee member other than the chair), the general manager and any councillor member of the committee.

The council, or any person appointed to undertake the assessment on behalf of the council, should also consider whether the person's skills, knowledge and experience align with the council's requirements, as set out in the committee's terms of reference and four-year strategic work plan (see below), to ensure that they continue to add value to the committee.

The reappointment of the chair or a committee member is also subject to that person still meeting independence and eligibility requirements.

---

## Resignation of committee members

Where the chair or a member of an audit, risk and improvement committee is unable to complete their term or does not intend to seek reappointment after the expiry of their term, they should give sufficient notice to the chair (in the case of a committee member) and the governing body (in the case of the chair) prior to their resignation to enable the council to ensure a smooth transition to a new committee member or chair.

The notice period is to be agreed by the governing body of the council and the committee.

A member of an audit, risk and improvement committee should have the opportunity to have an exit meeting with the chair to discuss their reason for leaving and to provide feedback on their experience serving on the committee as well as any other issues.

Resigning chairs should have the opportunity to have an exit meeting with the mayor and general manager (if appropriate).

---

## Dismissal of committee members

The governing body of a council can terminate the appointment of the chair and any member of the audit, risk and improvement committee by resolution before the expiry of their terms under certain circumstances.

The dismissal of the chair or an independent member of a committee is to be reported to the Office of Local Government.

### Dismissal criteria

The chair or an independent member of the audit, risk and improvement committee can be dismissed by the governing body before the expiry of their term where they have:

- breached the council's code of conduct

- performed unsatisfactorily or not to expectations
- declared, or are found to be in, a position of a conflict of interest with is unresolvable
- been declared bankrupt or are found to be insolvent
- experienced an adverse change in business status
- been charged with a serious criminal offence
- been proven to be in serious breach of their obligations under any legislation, or
- experienced an adverse change in capacity or capability.

## Councillor members

The appointment of a councillor member to an audit, risk and improvement committee can be terminated at any time by the governing body by resolution.

---

## Fees

The fees a council pays to the chair and independent members of its audit, risk and improvement committee are to be agreed between the council and the chair or member and reflect the time, commitment and responsibility involved in serving on the committee.

Chairs and members can serve on a committee on a voluntary basis if they choose to.

## Superannuation

Councils are obliged under the *Superannuation Guarantee (Administration) Act 1992* to make compulsory superannuation guarantee contributions on behalf of audit, risk and improvement committee chairs and independent members where they are remunerated.

---

## Insurance

Councils should determine whether professional indemnity and public liability



insurance is required for the chair and independent members of their audit, risk and improvement committee.

In some cases, the chair or a member of an audit, risk and improvement committee may already be covered by the council's professional indemnity and public liability insurance policies or by their own insurance.

This will need to be ascertained by the council and chair or member on a case-by-case basis having regard to the terms of any relevant insurance policy.

Where a council determines that professional indemnity or public liability insurance may be required, the chair or member can obtain their own insurance, or the council can consider obtaining it on their behalf.

---

## Learning and development

Audit, risk and improvement committee chairs and members are encouraged to keep informed of current developments and to maintain and develop the skills, knowledge and capabilities necessary to exercise their functions effectively.

Several professional development networks and programs are available, for example, through organisations such as:

- the Institute of Internal Auditors
- the Australian Institute of Company Directors
- Chartered Accountants Australia and New Zealand
- The Actuaries Institute, and the
- Local Government Professionals Association.

Audit, risk and improvement chairs and members are also encouraged to serve on more than one local government committee to extend the breadth of their experience and understanding of councils and their operations and risks.

---

## Conduct

Audit, risk and improvement committee members are required to observe the same ethical and behavioural standards as other council officials and must comply with the council's code of conduct.

As required under the council's code of conduct, audit, risk and improvement committee members must declare and appropriately manage any conflicts of interest they may have in matters being dealt with by the committee.

Declarations of conflicts of interest and the actions taken to manage them must be recorded in the minutes of meetings.

Councils should identify the chair and independent members of their audit risk and improvement committee as 'designated persons' for the purposes of the council's code of conduct and require them to complete and submit returns of interests.

Complaints of breaches of the council's code of conduct by audit, risk and improvement committee members are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*.

Under the Procedures, the general manager is responsible for managing code of conduct complaints about the chair and independent members of the audit, risk and improvement committee. However, as a safeguard, the general manager should consult with the governing body of the council before taking disciplinary action under the Procedures against the chair or an independent member of the council's audit, risk and improvement committee.

---

## Meetings

The audit, risk and improvement committee must meet at least quarterly over the course of each year.

The chair of the audit, risk and improvement committee is to decide the frequency and

timing of the committee's meetings and plan them annually in advance to ensure the availability of all members and observers.

Generally, meetings should correspond with major phases of the council's financial reporting, external audit and internal audit cycles.

For example, the audit, risk and improvement committee should meet to review the council's financial statements before they are certified by the council.

Audit, risk and improvement committee meetings should also correspond with meetings of the governing body, and allow sufficient time between audit, risk and improvement committee meetings and council meetings for the committee to action any items and prepare any reports that are to be provided to the governing body at the council meeting.

Special meetings may be held, if needed, to review the council's financial statements prior to them being submitted to the governing body of the council, or to consider the audit, risk and improvement committee's annual or four-yearly assessments (see below).

Audit, risk and improvement committee meetings can be held in person, by telephone or videoconference.

The audit, risk and improvement committee can hold additional meetings when significant unexpected issues arise, or if the chair is asked to hold an additional meeting by a committee member or the general manager.

The governing body can also resolve to request the audit, risk and improvement committee to hold an additional meeting.

Where such a request is made, the chair can decide whether the additional meeting is required, taking into consideration the issues that the governing body has requested the audit, risk and improvement committee to consider at the meeting.

## Proxies

As audit, risk and improvement committee members are appointed on the basis of their

skills, knowledge and personal qualities, proxies are not permitted to attend meetings on behalf of members who are unable to attend.

## Quorum and voting

A quorum consists of a majority of audit, risk and improvement committee independent voting members.

Where the vote is tied, the chair has the casting vote.

## Agenda

### Forward agenda

The chair should prepare a 12-month forward meeting agenda to ensure that the audit, risk and improvement committee covers all its responsibilities at the appropriate time of the year.

For example, the forward agenda will set out, at the appropriate meeting, the various internal and external audit reports and management responses to be tabled and discussed.

It will also allocate appropriate time for a review of the progress of the internal audit function against the annual work plan, and to follow-up the implementation of corrective actions.

### Meeting agenda

The chair of the audit, risk and improvement committee is to determine the agenda for each committee meeting.

It is recommended that the chair consult with other committee members, the general manager, the head of the internal audit function and external auditor prior to setting the agenda so that any urgent issues or risks that arise can be included.

The chair of the audit, risk and improvement committee is to decide an appropriate timeframe for receiving the final agenda in the lead-up to the meeting.

## Papers

The audit, risk and improvement committee is to decide in consultation with the general manager and the head of the internal audit function an appropriate timeframe for receiving papers and other necessary information to support agenda items to be considered at each committee meeting.

## Minutes

Each audit, risk and improvement committee meeting must be minuted to preserve a record of the issues considered and the actions and decisions taken by the committee.

Audit, risk and improvement committee meeting minutes must:

- include a record of attendance
- cover each agenda item and document the discussion held and the outcome of discussions, including any recommendations, action points and/or allocation of tasks to relevant people
- be approved by the chair before circulation
- be provided to committee members, the governing body of the council, the general manager, the head of the internal audit function and external auditor
- be provided soon after the meeting date to ensure relevant persons are made aware of any significant issues discussed at the meeting that need to be dealt with. The exact time period is to be determined by the committee and the general manager.

The minutes must be confirmed as an accurate record of the meeting at the next meeting of the audit, risk and improvement committee.

If any important details have been incorrectly recorded or omitted, they can be discussed and the minutes amended, prior to confirmation at a subsequent meeting.

After the minutes are confirmed as an accurate record of the meeting, they must be signed by the chair.

All audit, risk and improvement committee members and observers should receive a copy of the minutes of all meetings.

## Attendance of observers

Due to the potentially sensitive nature of the issues to be discussed, audit, risk and improvement committee meetings should not be open to the public.

In addition to audit, risk and improvement committee members, the general manager and the head of the internal audit function should attend committee meetings as non-voting observers.

The NSW Auditor-General, as council's external auditor, or their representative, is to be invited to each committee meeting as an independent non-voting observer and can choose whether to attend.

The chair of the audit, risk and improvement committee can request the following people to attend a committee meeting or to meet with the committee to provide additional information relevant to its role:

- council's chief financial officer (or equivalent) given their knowledge of, and responsibility for, council's financial management
- the head of the council's risk management function
- senior managers
- any councillor
- any employee or contractor of the council (with the general manager's permission), and/or
- any external independent expert or external party whose advice is needed (subject to confidentiality considerations).

These persons must attend meetings where requested and must, as far as is practicable, provide the information requested.

Observers have no voting rights at audit, risk and improvement committee meetings and can be excluded from a meeting by the chair of the committee at any time where necessary.

## Private meetings

The audit, risk and improvement committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with

only voting members of the committee present.

In addition to attending audit, risk and improvement committee meetings, the committee can meet privately at any time with the head of the internal audit function and/or external auditor without the general manager present. At least one private meeting must occur annually.

---

## Confidentiality

It is at the discretion of the council to decide whether audit, risk and improvement committee agendas, business papers, minutes and other reports are made publicly available.

Given its potential sensitivity, it is recommended that all information pertaining to the audit, risk and improvement committee and internal audit activities is treated as confidential unless otherwise determined by the committee or a resolution of the council.

Councils and audit, risk and improvement committees should also consider the guiding principles of the *Government Information (Public Access) Act 2009* and whether it is in the public interest to proactively disclose or release information and whether there is an overriding public interest against doing so.

---

## Secretariat

The general manager is to appoint a council staff member to provide secretariat support to the audit, risk and improvement committee.

The main functions of this role are:

- liaising with the chair to prepare agendas for audit, risk and improvement committee meetings
- ensure that committee papers are of an appropriate standard and provided with enough time to allow appropriate review and consideration
- recording minutes of meetings
- providing assistance to the chair in arranging meetings and council site visits

- supporting the chair to prepare reports for the council
- arranging appropriate meeting facilities and equipment
- keeping members informed of developments affecting the council that may relate to the work of the committee
- maintaining a record of when member's terms of appointment are due for renewal or termination
- ensuring new members receive appropriate induction, and
- managing expenditures relating to the committee.

## Shared arrangements

If the audit, risk and improvement committee has been established by a joint organisation, the executive officer of the joint organisation is responsible for organising secretariat support.

Councils that share their audit, risk and improvement committee can also share their secretariat function if they choose to.

---

## Key relationships

### General manager

A key role of audit, risk and improvement committees is to act as an independent source of advice and opinion to both the governing body and the general manager, and to act as a forum for the resolution of any disagreements between the council and internal audit function.

The general manager, in turn, also has a key role in supporting the work and effectiveness of the audit, risk and improvement committee.

To be effective, audit, risk and improvement committees need to maintain a positive working relationship with the general manager (and vice versa) and view them as a valuable source of advice and information about the council and its operations.

Chairs of audit, risk and improvement committees should meet regularly with general

managers to discuss key issues and review performance.

## External audit

There are strong linkages between the work of councils' audit, risk and improvement committees and their external auditor and committees should actively engage with the external auditor.

Councils' external auditor can offer valuable insights on issues such as the effectiveness of the council's risk, controls, financial reporting, and compliance frameworks.

For the external auditor, communication with the audit, risk and improvement committee can in turn facilitate an effective and efficient audit and assist the communication of matters arising from the external audit to the council.

Audit, risk and improvement committees should:

- provide input on, and discuss, planned financial and performance audit coverage
- monitor councils' responses to financial statement management letters and performance audit reports, including the implementation of audit recommendations
- provide advice to the council on action taken on significant issues raised in relevant external auditor reports or better practice guides, and
- have a voting-members only meeting with the external auditor at least once per year so that the committee can obtain the views of the external auditor without internal audit or management advisers being present.

## Internal audit

The audit, risk and improvement committee should maintain a strong, positive relationship with the council's internal audit function and view it as a significant source of information about what is going on in the council.

The internal audit function can also assist the audit, risk and improvement committee to develop the annual work plan and four-year strategic work plan that will guide the

committee's and internal audit function's work (see below).

The chair of the audit, risk and improvement committee should routinely meet with council staff undertaking internal audit activities to discuss key issues and review performance if needed.

At least one private meeting should be held each year and any potential compromises to the internal audit activity's independence reported.

More information about this is provided in core requirement 3.

---

## Access to council, staff, resources and information

It is essential for the audit, risk and improvement committee to be able to access the staff and information about the council it needs to review the matters listed in section 428A of the Local Government Act and the resources necessary to undertake its other responsibilities.

## Council staff

**A council's audit, risk and improvement committee must have direct and unrestricted access to the general manager and senior management of the council in order to fulfil its responsibilities.**



Should the audit, risk and improvement committee need to meet with another council staff member or contractor to obtain information to undertake its role, the chair of the committee is to obtain permission from the general manager before inviting the staff member or contractor to meet with the committee.

Subject to the general manager's permission being given, the staff member or contractor must attend.

Any disputes between the general manager and audit, risk and improvement committee regarding access to council staff are to be resolved by the governing body.

## Council resources and information

**A council's audit, risk and improvement committee must have direct and unrestricted access to any council resources or information it needs to fulfil its responsibilities.**



In its dealings with the council, the audit, risk and improvement committee should be mindful of the environment the council is operating in and the priorities that the general manager needs to manage.

The audit, risk and improvement committee should therefore keep to a minimum the demands it places on the council and utilise as far as is practicable, existing information to obtain the necessary level of assurance in relation to its responsibilities.

The audit, risk and improvement committee may only release council information to external parties that are assisting the committee to fulfil its responsibilities with the approval of the general manager, except when it is being provided to an external investigative, audit or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

After their engagement ends with a council, a chair or member of an audit, risk and improvement committee must not disclose or make use of any confidential information acquired in the course of their engagement with the council without the approval of the council.

## External advice

The audit, risk and improvement committee can obtain any external legal or other professional/expert advice it needs to exercise its responsibilities. For example, where a council has implemented a specialised IT system, the committee can seek the expert

opinion of an IT specialist to assist its review of its implementation.

To minimise the potential costs to the council, the governing body and the chair of the audit, risk and improvement committee must agree at the start of each council term how costs are to be met, i.e.:

- the governing body will set a fixed budget at the start of each council term for external expenses, or
- the committee will seek the governing body's permission prior to engaging external advice.

---

## Disputes

Members of an audit, risk and improvement committee should maintain an effective working relationship with each other and the council and try to resolve any differences they may have professionally.

In the event of a disagreement between the audit, risk and improvement committee and the general manager or other senior managers (for example, about findings or recommendations of audits), the dispute is to be resolved by the governing body of the council.

Unresolved disputes regarding compliance with these Guidelines are to be referred to the Departmental Chief Executive in writing.

---

## Workplans

### Strategic work plan

It is essential that the work of the audit, risk and improvement committee is thoroughly planned and executed to ensure that no council activity or function is missed by the committee and that councils receive value for money from their assurance investment.

**A council's audit, risk and improvement committee must develop a strategic work plan every four years to ensure that**





**all the matters listed in section 428A of the Local Government Act are reviewed by the committee and considered by the internal audit function when developing their risk-based program of internal audits.**

The plan must be developed by the audit, risk and improvement committee in consultation with the governing body, general manager, the head of the internal audit function and senior managers (where appropriate) and adopted by the governing body of the council at the start of the council term.

To maintain the independence of the audit, risk and improvement committee, the governing body of the council must be careful when adopting the strategic work plan not to direct the committee's work over the council term.

### Content

The nature of the strategic work plan will be commensurate with the size and operational complexity of the council and its risk profile, and consistent with the requirements of the International Professional Practices Framework.

At a minimum, it should document:

- the goals and expected outcomes of the audit, risk and improvement committee for the council term
- key organisational issues and risks faced by the council and how the committee will review these, and
- key performance indicators to measure progress across the council term.

When developing the council's strategic work plan, the audit, risk and improvement committee should consider at a minimum:

- the council's strategic objectives
- risks facing the council
- the work of other review activities or functions (for example, external and performance audits, and reviews or audits by other government agencies)
- an assurance map of the council's assurance activities which may assist to determine where the committee's and internal audit function's work should focus, and
- stakeholder expectations.

There should also be sufficient flexibility in the strategic work plan to accommodate the need for additional audits on emerging risks from time to time.

The audit, risk and improvement committee may, in consultation with the council's governing body, vary the strategic work plan at any time to address new or emerging risks.

The governing body of the council may also, by resolution, request the committee to approve a variation to the strategic work plan. However, any decision to vary the strategic work plan will rest with the committee.

When considering whether to vary the strategic work plan, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the strategic work plan.

### Review

The audit, risk and improvement committee must review the four-year strategic plan at least annually to ensure that it is dynamic, relevant and aligns with the council's risk profile.

This will also ensure that the council remains on track with its audits and any delay in progress can be quickly addressed.

## Annual work plan

**A council's audit, risk and improvement committee must develop an annual work plan to guide its work over the forward year.**



The annual work plan must be developed by the audit, risk and improvement committee in consultation with the governing body, general manager, head of the internal audit function and senior managers (where appropriate).

The annual work plan must be consistent with the requirements of the International Professional Practices Framework and identify:

- the internal audits that will be carried out during the year to support the work of the audit, risk and improvement committee

- the key goals, objectives and scope of the proposed audits
- the resources needed for each audit (for example, staffing, budget, technology), and
- key performance indicators to measure annual progress against.

The annual work plan must be flexible enough to allow it to be reviewed and adjusted as necessary throughout the year in response to any changes to the council's risks or operations.

The audit, risk and improvement committee may, in consultation with the council's governing body vary the annual work plan to address new or emerging risks.

The governing body of the council may also, by resolution, request the committee to approve a variation to the annual work plan. However, any decision to vary the annual work plan will rest with the committee.

When considering whether to vary the annual work plan, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the annual work plan.

## Performance measurement

The performance of each council's audit, risk and improvement committee and internal audit function must be able to be assessed to measure progress and improvement.

The audit, risk and improvement committee must establish key performance indicators for the council's four-year strategic work plan and annual work plan to allow the council to gauge the:

- performance of the committee and internal audit function and the value they are providing to the council, and
- council's performance regarding the matters listed in s428A so that the council can assess whether it is improving each council term in these areas.

These key performance indicators are to be reviewed and refreshed by the audit, risk and improvement committee for each annual work plan and four-year strategic work plan to

ensure they reflect the changing needs of the council and the increased capacity of the committee and internal audit function as they mature.

The general manager, in consultation with the audit, risk and improvement committee, must ensure that a data collection or performance management system is established and maintained to collect the data needed to measure progress against these key performance indicators.

---

## Providing advice to the governing body

### Quarterly updates

Ongoing reporting by the audit, risk and improvement committee to the governing body (and general manager) is essential for accountability and will ensure that the governing body is kept informed of matters considered by the committee and any emerging issues that may influence the strategic direction of the council or the achievement of the council's goals and objectives.

It will also ensure strong linkages between the audit, risk and improvement committee, the governing body and the general manager and lead to a better functioning assurance mechanism.

The audit, risk and improvement committee must provide an update to the governing body of the council of its activities and opinions after every committee meeting.

The audit, risk and improvement committee must also provide its quarterly update to the general manager to ensure they are kept informed of issues raised and can answer any questions the governing body may have about the committee's opinions and recommendations.

The mayor can request to meet with the chair of the audit, risk and improvement committee at any time to discuss any issues relating to the work of the committee during the quarter.



The chair of the audit, risk and improvement committee can also request to meet with the mayor at any time.

### Content

The nature and content of the audit, risk and improvement committee's quarterly updates is to be determined by the governing body and the committee.

It could simply be providing a copy of the audit, risk and improvement committee's meeting minutes to the governing body if appropriate, or something more formal such as a report for noting by the governing body, or a face-to-face meeting between the committee, governing body and general manager to discuss important issues that have been identified.

Whatever the nature and form the update takes, the governing body and general manager must be advised, at a minimum, of:

- any formal resolutions of the audit, risk and improvement committee
- the committee's assessment of any audits conducted, including any breaches or deficiencies in controls that require an immediate response from the council
- progress on the implementation of corrective actions
- opportunities for longer-term improvement, and
- any key opinions or 'take-outs' from the committee's meeting.

Should the governing body require additional information, a request for the information may be made to the chair by resolution. The chair is only required to provide the information requested by the governing body where the chair is satisfied that it is reasonably necessary for the governing body to receive the information for the purposes of performing its functions under the Local Government Act.

Individual councillors are not entitled to request or receive information from the committee.

## Annual assessment

**A council's audit, risk and improvement committee must provide an annual assessment to the governing body each year.**



This will ensure that the governing body of the council is fully informed of the audit, risk and improvement committee's work and its opinion on how council is performing.

The annual assessment must include:

- a summary and assessment of the work the audit, risk and improvement committee performed to discharge its responsibilities during the preceding year
- an overview and assessment of the work of the internal audit function
- progress against key performance indicators
- advice on the appropriateness of the committee's terms of reference
- an independent assessment and advice on the matters considered by the committee during the year that, in the committee's opinion, and based on the level of risk facing the council, the governing body should be informed of, and
- other views or opinions on the council that the committee wishes to share.

Before providing their annual assessment to the governing body, the audit, risk and improvement committee must provide a copy of its annual assessment report to the general manager to allow them to develop an action plan to address any issues identified.

Both the audit, risk and improvement committee's annual assessment and the general manager's action plan can then be considered jointly by the governing body at an annual assurance meeting with the committee and the general manager.

### Annual assurance meeting

It would be beneficial for the audit, risk and improvement committee, the governing body and general manager to come together annually to discuss the committee's annual assessment of the council, how the council

proposes to respond to the committee's recommendations for corrective actions and other important internal audit and risk management matters.

The governing body may wish to hold an extraordinary or additional meeting each year for this purpose.

The annual assurance meeting should also discuss:

- the audit, risk and improvement committee's annual plan and review priorities for the upcoming year, for the approval by resolution of the governing body
- any resourcing issues for the internal audit or risk management functions that the committee considers the governing body should be informed of
- any updated committee terms of reference, for approval by resolution by the governing body, and
- the general manager's annual assessment of the council's risk management function (see core requirement 2).

The mayor, chair of the audit, risk and improvement committee and general manager can invite observers or other participants to the meeting where appropriate.

## Strategic assessment

**A council's audit, risk and improvement committee must provide to the governing body of the council a comprehensive independent assessment every council term (i.e. four years) of all the matters listed in section 428A of the Local Government Act that have been reviewed during the council term.**



This will ensure that the governing body of the council is fully informed of the council's performance in relation to the matters specified in section 428A of the Local Government Act and what corrective actions are required to address any issues identified.

It will also provide the governing body with essential information that will assist with

strategic decision-making and resource allocation during the next council term.

Before providing its strategic assessment to the governing body, the audit, risk and improvement committee must provide a copy of its report to the general manager to allow the general manager to develop an action plan to address any issues identified during the next council term.

Given the audit, risk and improvement committee's functional responsibility for the internal audit function of the council, the committee must also develop an action plan for the governing body to address any internal audit issues identified by the committee.

The audit, risk and improvement committee's strategic assessment and the action plans can be considered jointly by the governing body at a strategic assurance meeting held every four years.

### Strategic assurance meeting

It would be beneficial for the audit, risk and improvement committee, the governing body and general manager to come together at the close of the council term or commencement of the new council term to discuss the committee's strategic assessment of the council, how the council proposes to respond to the committee's recommendations during the next council term and any other important internal audit and risk management issues.

This discussion can also inform the strategic plans to be made through the integrated planning and reporting process for the next council term.

The governing body may wish to hold an extraordinary or additional meeting for this purpose.

The four-yearly assessment meeting could also discuss:

- the audit, risk and improvement committee's four-year strategic work plan for the upcoming council term for approval by resolution of the governing body
- a four-yearly review of the committee's terms of reference, for noting by the governing body and where applicable, an

updated terms of reference for approval by resolution

- the governing body's four-yearly review of the committee's performance and action plan to address any issues identified, for approval by resolution of the governing body (see below).

## Review of committee performance

It is important that the work of the audit, risk and improvement committee is regularly assessed, and that the committee is accountable for its performance.

This will ensure that the audit, risk and improvement committee is making a valuable contribution to the council and allow the governing body to determine whether any changes to the committee's terms of reference or membership are required.

**At least once each council term (i.e. four years) the governing body of the council is to conduct a review of the effectiveness of the audit, risk and improvement committee in conformance with the International Professional Practice Framework.**



This will ensure that audit, risk and improvement committees are assessed consistently across all councils and allow councils to have confidence in the work of their committees.

To conduct the review, the governing body can:

- engage a suitably qualified external assessor or peer to undertake the review, or
- undertake the review itself and engage an external assessor or peer to conduct an independent evaluation of the findings.

The external assessor or peer should have specific skills relevant to the major risks of the council and a strong understanding of what constitutes best practice in relation to the operations and performance of audit, risk and improvement committees.

## Review criteria

The review of the audit, risk and improvement committee's performance must consider:

- the appropriateness of the committee's terms of reference and whether these have been complied with
- the processes and procedures undertaken by the committee
- the collective performance of the committee – for example:
  - the quality and timeliness of assurance and advice provided by the committee to the governing body and general manager
  - the effectiveness of the committee in meeting its responsibilities
  - the relationship and quality of communication with the council and other stakeholders
- the individual performance of each member – for example, their:
  - understanding of the council, its key risks and internal controls
  - ability to act objectively and independently
  - preparation for committee meetings
  - contribution to the work of the committee through their participation in discussion and decision-making, skills and experience
- the performance of the chair, including whether the chair has (in addition to their performance as a member of the committee):
  - demonstrated positive leadership
  - maintained effective working relationships among audit, risk and improvement committee members and with the council, council's external auditor and the internal audit function
  - ensured the governing body and general manager was well informed and briefed on the strategic and technical aspects of internal audits and risk and control issues, and
  - lead effective committee meetings.
- the way the committee, external auditor, council and internal audit function work

together to manage risk and support the council and how effective this is

- whether the committee has effectively reviewed the matters identified in section 428A of the Local Government Act and contributed to an improvement in these areas, and
- whether the composition of the committee is appropriate.

When conducting the review, the governing body is to consider feedback on each member's performance by the chair and councillor member of the committee and the general manager.

Self-assessments by the chair and members of the audit, risk and improvement committee can also be used.

The governing body of council can also request the chair of the committee to address the council and answer any questions about the operations of the committee.

The chair of the audit, risk and improvement committee is to develop an action plan for the governing body of the council to address any issues identified in the performance review and present it to the governing body at the four-yearly assessment meeting.

independence criteria required of their position, and have been appointed in accordance with prescribed membership term limits

- the council's audit, risk and improvement committee operates according to terms of reference approved by the governing body of the council that are consistent with the approved Model Terms of Reference contained in these Guidelines
- the council's audit, risk and improvement committee operates according to annual and four-year strategic work plans endorsed by the governing body of the council
- council's audit, risk and improvement committee provides an annual assessment to the governing body each year, and a strategic assessment of all the matters listed in section 428A of the Local Government Act to the governing body each council term
- the council provides the committee with direct and unrestricted access to the general manager, senior management, council information and council resources so it can fulfil its responsibilities, and
- at least once each council term the governing body of the council reviews the effectiveness of the audit, risk and improvement committee.

---

## Annual attestation

It is important that councils are accountable to their communities for the efficacy of their internal controls and assurance mechanisms and the operations of their audit, risk and improvement committees.

Commencing with the 2024-2025 annual report, the general manager will be required under the Local Government Regulation to attest each year in the council's annual report whether the council has complied with the following requirements in relation to its audit, risk and improvement committee, as detailed in these Guidelines:

- the council's audit, risk and improvement committee is independent of the council and has three or more members
- the chair and all members of the committee meet the eligibility and

Further information on annual attestation requirements is detailed in the statutory framework section of these Guidelines.

## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their audit, risk and improvement committee.

This is not an exhaustive list but provides a useful starting point for councils that seek to better understand what audit, risk and improvement committees do, and how they can be supported to add maximum value to councils.

**[Audit Committees – A Guide to Good Practice \(3<sup>rd</sup> edition\)](#)** – Auditing and Assurance Standards Board, Australian Institute of Company Directors and The Institute of Internal Auditors-Australia (2017)

Provides a checklist to assess the performance of audit, risk and improvement committees and members.

**[Audit Committees – A Guide to Good Practice for Local Government](#)** – Victorian Government, Department of Planning and Community Development (2011)

Provides detailed information on the activities audit, risk and improvement committees can perform in relation to external audit, financial management, risk management and internal audit.

**[Audit Committee Guidelines – Improving Accountability and Performance](#)** – The State of Queensland (Queensland Treasury and Trade) (2012)

Provides sample:

- letter of appointment for audit, risk and improvement committee members
- self-assessment questionnaire for committee members, external peer review checklist and management feedback questionnaire when assessing committee performance, and
- committee meeting agenda.

**[Audit Committees \(RM-G2\)](#)** – Australian Government, Department of Finance

Provides a list of professional peak bodies councils could contact to source audit, risk and improvement committee members.

**[Chairing an Audit Committee](#)** – KPMG

Provides information about the role of audit, risk and improvement committee chairs, particularly in relation to:

- leadership, and
- managing the work of audit, risk and improvement committee members.

**[Dealing with Corruption, Fraud and the ICAC: the role of public sector Audit and Risk Committees](#)** – Independent Commission Against Corruption (2020)

Provides information about the role of audit, risk and improvement committees and risk management in relation to fraud and corruption.

**[Establishing a skills-based audit committee](#)** – Institute of Internal Auditors-Australia (2020)

Provides an analysis matrix template to assess the skills mix of an audit, risk and improvement committee when appointing committee members.

**[Guide for Audit & Risk Committees: Understanding Financial Statements](#)** – NSW Treasury (2017)

Provides information on activities audit, risk and improvement committee can undertake when reviewing financial statements.

**[How can audit committee members add value?](#)** – PriceWaterhouseCoopers (2011)

Provides a checklist for measuring the performance of audit, risk and improvement committees.

**Internal Audit and Risk Management Policy for the General Government Sector (TPP-20-08) – NSW Treasury (2020)**

Provides information on the NSW public sector risk management and internal audit policy, including:

- the operation of shared audit, risk and improvement committees in the NSW public sector
- matters to consider when deciding whether to enter into a shared arrangement, and
- recommended content for shared use agreements.

**Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities – Australian National Audit Office (2015)**

Provides information about the role and functions of audit, risk and improvement committees, including:

- member roles and responsibilities
- how to foster good relationships between the council and committee, and
- checklists for:
  - o secretariat actions
  - o planning forward meeting agendas, and
  - o assessing the performance of members.

**Service Delivery Review: A how to manual for local government (second edition) – Australian Centre of Excellence for Local Government (2015)**

Outlines the factors councils and audit, risk and improvement committees may consider when reviewing service delivery by the council.

**Setting up the Audit Committee – PriceWaterhouseCoopers (2011)**

Provides information on:

- how a council might assess the financial literacy of an audit, risk and improvement committee member, and
- best practice for inducting new committee members.

**The Role of the Audit Committee Chair – KPMG (2019)**

Provides information on the role of audit, risk and improvement committee chairs, particularly in relation to:

- running committee meetings, and
- overseeing risk management.

## Core requirement 2:

### **Risk management**

- Each council and joint organisation must implement a risk management framework that is consistent with current Australian standards for risk management



## Guiding principles for risk management

- ❖ Each council must accept responsibility and accountability for risk management in the council.
- ❖ Each council has a risk management framework that is appropriate for that council and is consistent with the accepted Australian risk management standard.
- ❖ Risk management is an integral part of all council management, operations, functions and activities and it is clear who is responsible for managing each risk.
- ❖ Each council supports the development of a positive risk culture.
- ❖ Councils regularly review their risk management framework and can flexibly adapt their risk management activities to suit their operations and risk profiles.
- ❖ Each council is accountable to the community for complying with its statutory obligation to adopt and maintain a risk management framework.

## Standards

**Each council must manage its strategic and operational risks and implement a risk management framework that is consistent with the current Australian risk management standard, and appropriate for the council's risks.**



It is recognised that each council will have different risk management requirements depending on its size, needs, budget, operational complexity and risk management maturity.

Councils have the flexibility under the Australian risk management standard to adapt the size, scope and delivery of their risk management framework provided it reflects the principles, key elements and processes set out in the standard for managing risks in any sized council or organisation.

Councils can adopt additional requirements that supplement those in the standard provided they do not conflict with the standard.

The current risk management standard at the time of the release of these Guidelines is *AS ISO 31000:2018 Risk Management – Guidelines*.

Under current licensing and copyright requirements, each council will need to purchase an individually licensed copy of *AS ISO 31000:2018* from Standards Australia to obtain a full copy of the standard.

The following is a summary of the definitions, principles, key elements and process of *AS ISO 31000:2018*.

## Definitions

The definition of 'risk' and 'risk management' adopted by councils as part of their risk management framework will be the same as that adopted in the current Australian risk management standard.

At the time of printing, *AS ISO 31000:2018* defines:

- risk as the "effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats", and
- risk management as "coordinated activities to direct and control an organisation with regard to risk".

## Principles

In summary, *AS ISO 31000:2018* requires a council's approach to risk management to be based on the following eight specific principles to ensure it is effective:

- **integrated** – risk management is integrated into all council activities and decision-making processes
- **structured and comprehensive** – risk management is a structured and comprehensive process that achieves consistent and comparable results



- **customised** – the risk management framework and process are customised to the council
- **inclusive** – risk management is inclusive of all stakeholders and enables their knowledge, views and perceptions to be considered
- **dynamic** – risk management is dynamic and able to respond to changes and events in an appropriate and timely manner
- **best available information** – risk management decisions are based on the best available information and take into account any limitations and uncertainties
- **human and cultural factors** – risk management takes into account human and cultural factors, and
- **continual improvement** – risk management is continuously and periodically evaluated and improved through learning and experience.

## Key elements

To achieve these principles, *AS ISO 31000:2018* requires each council to ensure its risk management framework demonstrates the following six elements:

### Leadership and commitment

*AS ISO 31000:2018* requires risk management to be supported by a positive culture that promotes and communicates risk management as part of everyday activities and decision-making.

The standard states that this culture can only exist when management (i.e. the governing body, general manager and senior staff) demonstrate strong leadership and commitment to risk management.

Practical measures the governing body and/or general manager can take under *AS ISO 31000:2018* to exhibit strong leadership in risk management are set out further below.

### Integration

*AS ISO 31000:2018* requires that risk management is fully integrated within a council and made part of the council's

purpose, governance, leadership, strategy, objectives and operations.

Risk is to be managed in every part of the council's organisational structure and every council employee is to be responsible for managing risk.

### Design

*AS ISO 31000:2018* requires that the design of a council's risk management framework:

- is based on the unique needs, characteristics and risks of the council, and its external and internal context
- demonstrates the council's continual commitment to risk management
- assigns risk management roles, responsibilities and accountabilities within the council
- allocates appropriate council resources for risk management, and
- effectively documents and communicates risk management across the council.

### Implementation

*AS ISO 31000:2018* requires that each council implements its risk management framework by:

- developing a risk management plan that provides structure for how the council will implement its risk management policy and conducts its risk management activities, and
- ensuring the council's risk management activities are clearly understood and practiced.

The plan should identify decision makers for risk within the council and ensure risk management processes and arrangements are well understood by the council and practiced.

### Evaluation

*AS ISO 31000:2018* requires that each council regularly evaluates the effectiveness of its risk management framework and determines whether it remains suitable.

## Improvement

*AS ISO 31000:2018* requires that each council continually adapts and improves the design of its risk management framework and how it is integrated throughout the council to help the council move to a higher level of risk maturity.

## Process

*AS ISO 31000:2018* provides each council with a systematic process to identify, assess and prioritise risks, decide how they will be managed, and document and communicate them across the council.

The process defined in *AS ISO 31000:2018* consists of the following steps:

- defining the scope of the council's risk management activities to assist in planning the council's risk management approach
- establishing the internal and external context to ensure that the council understands the internal and external environment it operates in and how risk management will impact, and be impacted by these
- deciding the performance indicators that the council will use to measure the effectiveness of its risk management framework and identify gaps between its actual and desired performance
- defining the council's risk criteria/appetite – that is, the amount and type of risk that the governing body is willing to take, or not take, in order to achieve its strategic plan and objectives
- conducting risk assessments to determine what risks need to be managed
- deciding risk treatment options
- developing risk treatment plans that document how controls will be implemented, and
- writing risk reports that will document and communicate the risk management framework to all staff and be used by the council to regularly review the risk management framework.

---

## County councils and joint organisations

County councils and joint organisations have a lower risk profile than larger and more operationally complex general-purpose councils.

However, they are still responsible for the expenditure of public money, providing services (in the case of county councils), and delivering outcomes on behalf of their member councils and regions (in the case of joint organisations), and need to identify and manage risks appropriately.

Given their lower risk profiles, county councils and joint organisations can share the administration of their risk management framework with another council to reduce costs.

Alternatively, joint organisations can undertake the coordination and administration of their member councils' risk management frameworks on behalf of the councils.

Any shared risk management function must operate as an individual resource for each council in the shared arrangement and implement the requirements in these Guidelines for each council individually.

A shared risk management function should only be established and utilised by a county council or joint organisation where the shared function can maintain a high level of understanding and fulfilment of each council's risk management needs, as well as effective working and reporting relationships with the general manager and senior staff of each council in the shared arrangement.

Councils that establish a shared risk management function should develop and sign a formal agreement with the other councils in the shared arrangement which outlines how the shared arrangement will operate and costs are shared.

---

## Resourcing

AS ISO 31000:2018 requires each council to ensure sufficient resources are allocated to implement the council's risk management framework and deliver the internal controls needed to ensure the council's risks are appropriately managed.

In practice, this responsibility will fall to the governing body and/or general manager of the council.

These resources include the necessary:

- human resources (with appropriate skills and experience)
- technology, equipment, tools and information management systems for managing risk
- documented processes and procedures, and
- professional development and training for staff to ensure they can fulfil their risk management responsibilities.

To ensure that the governing body and/or general manager makes informed budgeting decisions, the audit, risk and improvement committee is to advise of the resources it considers that the council needs to effectively implement its risk management framework, having regard to any budgetary constraints facing the council and the council's operational environment.

---

## Roles and responsibilities

AS ISO 31000:2018 requires that each council assign risk management roles and responsibilities to all relevant roles within the council.

To ensure effective implementation, the standard also requires each council to demonstrate strong leadership and commitment to risk management.

In practice, this will see the general manager, governing body and council staff take on the following responsibilities:

### Governing body – strategic leadership

Consistent with the governing body's strategic leadership role under section 223 of the Local Government Act, the governing body is responsible for establishing the foundational elements of the council's risk management framework and setting the 'tone at the top'.

This includes approving by resolution the council's risk criteria/appetite – a statement that conveys how much risk will be tolerated by the governing body in the pursuit of the strategic objectives for the council, and how risk is to be managed and decisions made within this context.

The council's risk criteria/appetite is to be approved in consultation with the audit, risk and improvement committee.

### General manager – operational leadership

Consistent with the general manager's role under section 335 of the Local Government Act to conduct the day-to-day management of the council, the general manager has ultimate responsibility and accountability for risk management in the council.

A council's general manager is responsible for implementation of the council's risk management framework. This includes:

- overseeing the council's risk management framework and ensuring it is effectively communicated, implemented and reviewed regularly
- approving the council's risk management policy, plans and risk reports (where applicable)
- promoting and championing a positive risk culture
- assigning authority and accountability for risk management at appropriate levels and to appropriate staff in the council, and ensuring they are held accountable for these responsibilities
- annually attesting that the council's risk management framework complies with these Guidelines (see below), and

- approving the council's implementation of corrective actions recommended by the council's internal audit function, external audit and audit, risk and improvement committee.

Depending on the council's needs, resources and organisational structure, and to assist the integration of risk management across the council, the general manager may wish to delegate responsibility for key aspects of the council's risk management framework to a senior manager or group of senior managers established for this purpose.

The delegate would report to the general manager on risk management issues.

An example risk management policy is provided at **Appendix 4**.

### **Risk management function – oversight and facilitation**

Each council is to establish a risk management function responsible for the day-to-day activities required to implement the council's risk management framework and provide specialist risk management skills and knowledge.

The council's risk management function is a key support to the general manager in meeting their risk management responsibilities and reports directly to the general manager or their delegate.

Each council will have the flexibility to establish its risk management function based on its structure, resourcing, risk management needs and risk management maturity.

Regardless of its structure and composition, the role and responsibilities of the risk management function should include:

- supporting the general manager by coordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making
- coordinating the various activities relating to risk management within the council
- helping to build a risk management culture within the council, including facilitating and driving risk management at the

strategic and operational level within the council and ensuring consistency in practice

- ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work
- ensuring risk management processes are applied consistently across the council
- organising appropriate staff risk management training and development
- developing and maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the general manager or their delegate
- supporting council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance
- implementing effective risk management communication mechanisms and information system/s
- establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within the council and assessing the need for further action
- assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans), and
- preparing advice or reports for the audit, risk and improvement committee and attending committee meetings (where requested).

In order to fulfil its role, the risk management function needs to:

- have a well-developed understanding of the council and its operations
- have the skills, knowledge and leadership qualities required to support and drive risk management
- have sufficient authority to intervene in instances where risk management efforts are being hampered by a lack of cooperation or through lack of risk management capability or maturity, and
- be able to add value to the risk management process by providing guidance and support in managing difficult

risk, or risks spread across a number of the council's business units or operational areas.

### Dual responsibilities

It is important that the risk management function is independent of line management to reduce the potential for management influence on the risks that are reported on, and to ensure independence.

Where risk management oversight or facilitation activities are performed by council staff with other council responsibilities, the council must put safeguards in place to limit any cognitive bias (which can lead to faulty risk assessments and decision-making errors).

Depending on the specific needs and circumstances of the council, these safeguards could include:

- the audit, risk and improvement committee being informed of the other council responsibilities the risk management function has, including reporting lines, responsibilities and expectations related to the role/s
- any potential issues or conflicts of interest arising from these other roles being formally documented and communicated to the committee
- risk management staff being prohibited from undertaking risk management evaluations and reviews in relation to the council operations they are responsible for, and/or
- the committee regularly assessing that the safeguards put in place are effective.

### Internal audit function – review and assurance

Councils' internal audit function is responsible for reviewing and providing advice to the audit, risk and improvement committee and the council on the effectiveness of the council's risk management framework.

Given the need to maintain the independence and objectivity of the internal audit function, the following boundaries are to apply with respect to the role of the internal audit

function in relation to the council's risk management framework:

- it is to be clear that council management remains responsible for risk management
- the internal audit function is to provide advice and challenge and support management's decision-making, as opposed to taking risk management decisions themselves
- the internal audit function should not:
  - manage any of the risks on behalf of the council
  - set the council's risk criteria/appetite
  - impose risk management processes
  - decide or implement risk responses, or
  - be held accountable for risk management activities.

### Audit, risk and improvement committee – advice and assurance

An audit, risk and improvement committee's role in relation to risk management is to support the governing body and general manager and to ensure that the council's risk management framework is appropriate and operationally effective.

The breadth and depth of this assurance role is to be determined by the council and the audit, risk and improvement committee and could include:

- assessing whether risks at all levels are identified, assessed and reviewed regularly by the council
- being involved in the regular review of the council's risk register
- reviewing the integration of risk management into business planning and program implementation activities, and/or
- providing assurance in relation to the management of risk or governance arrangements on individual projects, programs or activities.

**Appendix 3** provides further examples of the activities the audit, risk and improvement committee could perform in relation to risk management.

## Review and reporting

### Quarterly reporting

Each council should ensure its risk management framework is regularly monitored and reviewed to ensure it is relevant, effective and complies with the current Australian risk management standard.

Each council should base its ongoing monitoring and review process on its own needs. However, this should include at a minimum, providing quarterly advice from the risk management function to the general manager or their delegate.

This will ensure that risks are being correctly identified, prioritised and treated, and any emerging problems are known and rectified quickly.

### Annual assessment

Each council's risk management function is to conduct an annual self-assessment of the council's risk management framework.

The annual self-assessment is to report to the general manager whether the council's risk management framework:

- complies with these Guidelines
- is sufficiently resourced
- operates effectively, this includes whether:
  - the internal control framework appropriately reflects the council's risk criteria/appetite
  - risks are formally considered when developing and implementing all council policies, programs, projects and other activities, including procurement
  - risk management covers all relevant risk categories including strategic, operational, compliance, reputational and reporting risks
  - major risks have been identified and assessed by the council and appropriate risk treatments have been implemented that reflect the council's risk criteria

- the council's internal controls are effective and appropriate
- the council's risk register and risk profile are current and appropriate
- risk information is captured and communicated in a timely manner across the council, enabling management and staff to carry out their responsibilities, and
- the council's risk management policies, procedures and plans are being complied with.

The general manager should discuss the annual assessment of the council's risk management function with the governing body and audit, risk and improvement committee at the council's strategic assurance meeting held each council term.

### Strategic assessment

The Local Government Regulation (section #tbc) requires councils' audit, risk and improvement committees to keep the implementation of a council's risk management framework under review and provide advice to the council on its implementation.

**A council's audit, risk and improvement committee must provide an assessment of the effectiveness of the council's risk management framework to the governing body each council term, as part of the committee's four-yearly strategic assessment.**



As part of the audit, risk and improvement committee's assessment of the council's risk management function, it should consider whether:

- the council is providing sufficient resources for risk management
- the council's risk management framework complies with these Guidelines, and
- the council's risk management framework operates effectively, is being complied with and supports the achievement of the council's strategic goals and objectives.



The general manager is to develop an action plan for the governing body to address any risk management issues identified by the committee.

The audit, risk and improvement committee and general manager should discuss the strategic assessment and action plan with the governing body at the council's strategic assurance meeting held each council term (see above).

## Performance measures

To ensure the effectiveness of the council's risk management activities can be regularly monitored and reviewed, each council must ensure that it:

- assigns performance targets to risk management activities that can be measured against goals and objectives, and
- can obtain the data needed to measure the impact of the council's risk management framework.

---

## Annual attestation

Commencing with the 2024-2025 annual report, the general manager will be required under the Local Government Regulation to attest each year in the council's annual report whether the council has complied with the following requirements in relation to its risk management activities:

- the council has adopted a risk management framework that is consistent with current Australian risk management standards and is appropriate for the council's risks, and
- the council's audit, risk and improvement committee reviews the implementation of the council's risk management framework and issues an assessment of the effectiveness of the council's risk management framework to the governing body each council term.

Further information on annual attestation requirements is detailed in the statutory framework section of these Guidelines.

## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their risk management framework. They provide examples, checklists, samples, templates and other practical tools councils could use.

This is not an exhaustive list but provides a useful starting point for councils that seek further information.

### **[A Guide to Risk Management – The State of Queensland \(Queensland Treasury\) \(2020\)](#)**

Provides guidance on how to apply the Australian risk management standard, including checklists for each stage of the risk management process.

### **[AS ISO 31000:2018 Risk Management – Guidelines](#) – International Standards Organisation (2018)**

The current Australian risk management standard at the time of printing (for purchase from the International Standards Organisation)

### **[Audit Committee Guidelines – Improving Accountability and Performance](#) – The State of Queensland (Queensland Treasury and Trade) (2012)**

Provides checklists of the matters audit, risk and improvement committees are to consider when reviewing a council's risk management framework and internal controls.

### **[Dealing with Corruption, Fraud and the ICAC: the role of public sector Audit and Risk Committees](#) – Independent Commission Against Corruption (2020)**

Provides information about the role of risk management in relation to fraud and corruption.

### **[Risk Management Toolkit for Public Sector Agencies \(TPP 12-03\)](#) – NSW Treasury (2012)**

Consists of three parts:

- Executive Guide (TPP 12-03a)

- Volume 1 – Guidance for Agencies (TPP 12-03b), and
- Volume 2 – Templates, Examples and Case Study (TPP 12-03c).

Provides detailed and practical advice on the various elements of the Australian risk management standards (ISO 31000), templates and worked examples.

### **[The Three Lines of Defense in Effective Risk Management and Control](#) – Institute of Internal Auditors (2013)**

Outlines the three lines of defence approach to risk management and the role of management and internal audit in risk management.

### **[The Role of Internal Auditing in Enterprise-Wide Risk Management](#) – Institute of Internal Auditors**

Outlines what enterprise risk management is, how it can be implemented and the role of internal audit in risk management.

### **[Victorian Government Risk Management Framework Practice Guide](#) – Victorian Managed Insurance Agency**

Provides guidance on how to apply the Australian risk management standard, including examples of a risk appetite/criteria statement.



## Core requirement 3:

### Internal audit

- Each council and joint organisation must have an independent internal audit function that reports to the audit, risk and improvement committee and is consistent with current international standards for internal audit

---

## Guiding principles for internal audit

- ❖ The internal audit function operates independently and with appropriate expertise in a manner that is appropriate for the council.
- ❖ The internal audit function has access to all council information necessary to fulfil its role and responsibilities.
- ❖ The internal audit function is appropriately positioned in the council's governance framework to ensure its work complements the work of other internal and external assurance providers.
- ❖ The internal audit function has a comprehensive work plan linked to the council's strategic objectives and current and emerging risks.
- ❖ The audit, risk and improvement committee receives relevant and timely advice from the internal audit function to ensure the committee can fulfil its role and responsibilities.
- ❖ The internal audit function operates in a manner consistent with accepted international standards.
- ❖ The work of the internal audit function is thoroughly planned and executed, risk-based, client-focused and linked to the council's strategic goals.
- ❖ The internal audit function adds value to the council and is held accountable by the committee and governing body for its performance.
- ❖ Each council is accountable to the community for the effective implementation of its internal audit function.

---

## Independence

**Each council in NSW, (including county councils and joint organisations) must have an internal audit function to provide an independent unbiased**



### assessment of the council's operations and risk and control activities.

Internal audit is defined in the International Professional Practices Framework issued by the Institute of Internal Auditors as '*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes*'.

**A council's internal audit function must operate independently of the council and internal audit activities cannot be subject to direction by the council.**



**To ensure that the internal audit function remains independent from council management it must have a dual reporting line that reports:**



- **administratively to the general manager or a sufficiently senior role in the council to ensure the internal audit function fulfils its responsibilities, and**
- **functionally to the audit, risk and improvement committee.**

---

## Resourcing

The governing body and general manager of the council must ensure that the council's internal audit function is sufficiently resourced to effectively carry out its work. The chair of the audit, risk and improvement committee should be consulted on the resourcing required.

The audit, risk and improvement committee's resourcing recommendations are to be minuted by the committee.

## Internal audit charter

It is important that council's internal audit function has clear guidance on how it should support the audit, risk and improvement committee and the council, and that the committee and council has input into how the internal audit function will operate.

This will ensure there is clarity in the relationships between the audit, risk and improvement committee, the council and the internal audit function and that the performance of the internal audit function can be assessed.

**The Local Government Regulation (section 335a) requires each council to adopt an internal audit charter to guide how internal audit will be undertaken by the council that is consistent with the approved Model Internal Audit Charter provided at Appendix 5.**



The internal audit charter is to be developed by the audit, risk and improvement committee in consultation with the general manager and the head of the internal audit function and approved by resolution by the governing body of the council.

Councils may include additional provisions in their internal audit charter so long as they are not inconsistent with the approved Model Internal Audit Charter.

The audit, risk and improvement committee is to review the council's internal audit charter annually in consultation with the general manager and the head of the internal audit function.

## Role of the general manager

Consistent with their role under the Local Government Act (section 355) to conduct the day-to-day management of the council, the general manager has administrative responsibility for internal audit.

This means that the general manager is responsible for:

- advising the governing body on the resources required for the effective functioning of the internal audit function
- ensuring appropriate administrative support is provided to support the work of the internal audit function – for example, access to council's human resources networks, payroll, work health and safety, office facilities and resources, council information etc
- ensuring that the internal audit function is appropriately positioned within the council to work with external bodies and internal business units and to fulfil its role and responsibilities
- ensuring the internal audit function complies with the International Professional Practices Framework, and
- annually attesting, on behalf of the council, that the council is complying with these Guidelines in relation to internal audit.

The general manager has no role in the performance of the internal audit function (e.g. the conduct of internal audits, the audit techniques used and the reporting of internal audit findings to the audit, risk and improvement committee).

## Delegation

The general manager can, in consultation with the governing body of the council and the audit, risk and improvement committee, delegate their functions in relation to the oversight of the council's internal audit function to another role in the council that is sufficiently senior to ensure the internal audit function meets its responsibilities.

In making a delegation, consideration should be given to how the delegation will influence the internal audit function's ability to achieve the internal audit charter considering the:

- seniority and expertise of the delegate and demands placed on them by their other roles and responsibilities in the council
- support available to the delegate to successfully execute their delegation in relation to internal audit
- complexity of the council's core business

- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the internal audit function.

---

## Role of the audit, risk and improvement committee

Under the Local Government Regulation (section #tbc), the audit, risk and improvement committee exercises functional oversight of a council's internal audit function to ensure it operates independently from the council.

This means that the audit, risk and improvement committee is responsible for:

- assisting the governing body to identify the resources necessary for the effective functioning of the internal audit function
- setting the annual and four-year strategic work plans for the internal audit function, including the audits that will be completed
- assessing the findings and recommendations of completed audits and providing the committee's advice and opinion on issues raised to the general manager and governing body of the council
- developing the internal audit charter that will guide the work of the internal audit function and how it operates, and
- reviewing the performance of the internal audit function.

---

## Structure

Each council will have different internal audit requirements depending on the council's size, needs, budget and operational complexity and can either:

- establish an internal audit function for their own exclusive use, or
- share their internal audit function with another council, county council or joint organisation.

For cost and administrative efficiency, councils may also:

- establish an in-house internal audit function comprising of council staff (supplemented with contractors as may be required), and/or
- outsource their internal audit function to an external provider/s – for example, a private sector accounting firm, internal audit firm, internal audit contractor etc.

These options will assist councils, county councils and joint organisations:

- to establish their internal audit function in the most cost-effective way
- to source expert internal audit personnel in locations where it may be difficult to recruit staff with the necessary skill set
- to access a larger resource pool than would be available to a single council, and
- create efficiencies through common systems, shared knowledge and internal audit tools.

When deciding the most appropriate way to structure a council's internal audit function, the general manager should consider the viability and capacity of a shared internal audit function to achieve the council's internal audit charter given the:

- size of the council in terms of both staffing levels and budget
- geographical and functional distribution of the council's operations
- complexity of the council's core business
- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the internal audit function by other councils in the shared arrangement.

**Whatever structure is adopted, the head of a council's internal audit function must:**



- **be a council employee and cannot be outsourced, other than through a shared arrangement with another council, and**
- **meet the eligibility and independence criteria for the position.**

This is to ensure that the council retains strategic control of the internal audit function and can actively monitor its performance.

## County councils

County councils may enter into a shared arrangement with one of their constituent councils or another council.

## Joint organisations

Joint organisations that do not host a shared internal audit function for the use of their member councils can enter into a shared arrangement with a member council or, if this is not possible, with another council or joint organisation.

---

## In-house internal audit function

An in-house internal audit function is one where internal auditors and other staff (where required) are employed by the council to conduct the internal audits and other activities in the audit, risk and improvement committee's annual and four-year strategic work plans.

The advantages of establishing an in-house internal audit function may include:

- council retaining ownership of internal audit information
- confidentiality of sensitive information contained in audits
- stronger direction and oversight by the council of the internal audit function with more direct control over the quality of audits conducted
- internal auditors having council-specific knowledge and experience that delivers better audit results
- greater agility to respond quickly to emerging issues, and
- the retention of corporate knowledge within the council.

Disadvantages may include:

- challenges attracting and retaining suitable staff

- specialist skills may not be available in-house
- reduced flexibility, and
- the need to provide council facilities and office space for internal audit personnel.

Councils that establish an in-house internal audit function are not limited to employing staff members and can supplement the internal audit team's work with audits undertaken by external providers where necessary.

Metropolitan and larger regional councils are encouraged to establish an in-house internal audit function given their:

- significant assets
- higher risk profiles
- higher levels of expenditure, and
- more complex transactions and operations.

## Head of an in-house internal audit function

Each council's internal audit function must be led by a staff member with sufficient skills, knowledge, experience and integrity to ensure it undertakes its role appropriately, fulfils its responsibilities to the audit, risk and improvement committee and makes a valuable contribution to the council.

The head of an in-house internal audit function (described as the 'chief audit executive' in the International Professional Practices Framework) also needs to report to the general manager or a sufficiently senior role in the council that ensures the internal audit function fulfils its responsibilities.

For some councils with larger budgets and higher risks, the head of the internal audit function will require the support of a dedicated internal audit team to fulfil the internal audit charter.

For other smaller councils, their size and risk profile may not justify additional internal audit staff and the head of the internal audit function will be sufficient.

The head of the internal audit function may also have other council responsibilities outside of internal audit.

## Role and responsibilities

For all in-house internal audit functions, regardless of size, the key responsibilities of the head of the internal audit function include:

- managing the day-to-day activities of the council's internal audit activities to ensure they add value to council
- managing the council's internal audit budget
- supporting the operation of the audit, risk and improvement committee
- approving internal audit project plans, conducting or supervising audits and assessments and providing independent advice to the audit, risk and improvement committee
- monitoring the council's implementation of corrective actions that arise from the findings of audits
- fulfilling the committee's annual and four-year strategic work plans
- ensuring the council's internal audit activities comply with these Guidelines
- managing internal audit personnel and ensuring that they have the skills necessary to fulfil the role and responsibilities of the internal audit function (where appropriate), and
- contract management and oversight of supplementary external providers (where appropriate).

### Eligibility criteria

To fulfil these responsibilities, the head of the internal audit function:

- must be a council employee and cannot be outsourced, other than through a shared arrangement with another council – this is to ensure that the council retains strategic control of the internal audit function and is able to actively monitor the performance of the internal audit function
- must be independent, impartial, unbiased and objective when performing their work and free from conflicts of interest
- should possess the following skills, knowledge and experience to effectively carry out their role:

- the credibility to ensure they can negotiate on a reasonably equal footing with the general manager (or their delegate), governing body and audit, risk and improvement committee
- the skills, knowledge and personal qualities necessary to lead credible and accepted internal audit activities in the council
- strong experience overseeing internal audit
- appropriate qualifications and professional certifications, and
- local government experience (preferred).

The head of the internal audit function must also operate and conduct the internal audit activities in accordance with the International Professional Practices Framework, including its Code of Ethics.

As a council employee, the head of the internal audit function must comply with all relevant council policies and procedures, including the council's code of conduct.

### Independence

It is important that the head of an in-house internal audit function has the functional independence necessary to independently assess and report on the way the council operates.

As a safeguard, the Local Government Regulation (section #16c) requires the general manager to consult with the chair of the audit, risk and improvement committee on any decisions affecting the employment of the head of the internal audit function (including disciplinary measures).

If the head of the internal audit function is dismissed, the general manager must report the reasons for their dismissal to the governing body of the council.

Where the chair of the audit, risk and improvement committee has any concerns about the treatment of the head of the internal audit function, or any action taken that may compromise the head of the internal audit function's ability to undertake their functions

independently, they can report their concerns to the governing body of the council.

The head of the internal audit function is required to confirm at least annually to the audit, risk and improvement committee the independence of internal audit activities from the council.

### Access to council staff and information

**All internal audit personnel, including the head of an in-house internal audit function have direct and unrestricted access to council staff, the audit risk and improvement committee and council information and resources necessary to undertake their role and responsibilities.**



All council staff and contractors should have unrestricted access to the head of the internal audit function to allow them to alert them to emerging risks or internal audit related issues.

### Internal audit team

Any other staff members appointed to council's in-house internal audit function report directly to the head of the internal audit function.

As council employees, internal audit staff must comply with all relevant council policies and procedures including the council's code of conduct.

In-house internal auditors must also conduct internal audit activities in accordance with the International Professional Practices Framework.

Internal audit should be performed by professionals with an appropriate level of understanding of the council's culture, systems and processes to provide assurance that the internal controls in place are sufficient to mitigate risk, that governance processes are adequate, and that organisational goals and objectives are met.

In-house internal auditors should therefore possess the following skills, knowledge and experience to effectively carry out their role:

- the skills, knowledge and experience necessary to conduct internal audit activities in the council – for example:
  - accounting
  - finance
  - economics
  - governance
  - management
  - law
  - taxation
  - fraud and corruption
  - IT
- effective interpersonal and communication skills to ensure they can engage with council staff effectively and collaboratively
- honesty, integrity and due diligence, and
- appropriate qualifications and professional certifications.

Local government experience or expertise is also strongly preferred.

### Dual responsibilities

To ensure the internal audit function's independence and objectivity, it is best practice that the head of the in-house internal audit function and any other members of an in-house internal audit team have no other council responsibilities other than internal audit.

However, it is recognised that some councils may find it difficult to employ a stand-alone head of an in-house internal audit function or other supporting internal auditors because of the cost involved, or because the council's location, size and risk profile may not warrant stand-alone employees.

Councils can combine the role of the head of the internal audit function and/or members of the internal audit team with other responsibilities provided there are adequate safeguards put in place by the council to limit any real or perceived bias or conflicts of interest that may lead to faulty decision-making and cognitive bias.

An internal audit role must not be combined with the role of the general manager, chief



financial officer or risk management function as it will create conflicts of interest that cannot be resolved.

Councils can also share their head of the internal audit function with another council, county council or joint organisation as part of a shared arrangement.

Depending on the specific needs and circumstances of the council, safeguards could include:

- any potential issues or conflicts of interest arising from a dual role being formally documented in the council's internal audit charter
- the audit, risk and improvement committee, or another suitably qualified and independent party, reviewing internal audit briefs, findings and recommendations before they are finalised where they concern any key risks overseen by the head of the internal audit function or internal audit team member in another role
- the head of the internal audit function or an internal audit team member not having responsibility for managing any risks or implementing any audit recommendations or corrective actions in their other role/s, and/or
- the audit, risk and improvement committee including an assessment of the independence and objectivity (for internal audit purposes) of the head of the internal audit function or any internal audit team members exercising a dual role in their annual assessment report to the governing body.

The endorsement of the governing body, in consultation with the audit, risk and improvement committee is also required for any combined roles.

Where the head of the internal audit function has a dual role in a council, they are to remain independent and report functionally to the audit, risk and improvement committee on their internal audit responsibilities.

For other council responsibilities, the head of the internal audit function reports functionally through normal council reporting lines to the general manager.

---

## Outsourced internal audit function

Where a council outsources their internal audit function, the internal audits programmed by the audit, risk and improvement committee are undertaken by an external provider such as an internal audit or accounting firm, or an individual practitioner.

Contract management is overseen by an employee within the council.

The advantages of using external providers for internal audit activities may include:

- flexibility
- access to a wide range of expertise and experience that the council may not otherwise have in-house
- provides a window to better practice methods for smaller councils they may otherwise find difficult to access
- the ability to purchase services as and when required
- can increase internal audit's independence from the council
- overcoming challenges recruiting a head of an internal audit function and internal audit staff, and
- potential to negotiate lower fee-for-service costs.

Disadvantages may include:

- increased costs
- potential loss of corporate knowledge from the council
- difficulty building and maintaining professional relationships between council management and external contractors
- reduced oversight and control of internal audit activities
- additional in-house staff time required to source and manage external providers and contracts
- the external provider lacking council-specific knowledge
- internal audit coordinator is unlikely to be audit trained and may not have the knowledge to ensure audit quality is maintained, and



- potential confidentiality breaches.

Given their size, resources, geographical isolation and risk profiles, rural and smaller regional councils are encouraged, at a minimum, to establish an outsourced internal audit function.

## Head of an outsourced internal audit function

Compared to the head of an in-house internal audit function which directly conducts or supervises internal audits and provides opinions and recommendations to the audit, risk and improvement committee, the head of an outsourced internal audit function will, in practice, primarily be a coordination and administrative role.

The key responsibilities of any council staff member assigned responsibility for leading an outsourced internal audit function include:

- contract management
- managing the internal audit budget
- ensuring the external provider completes internal audits in line with the audit, risk and improvement committee's annual and four-year strategic work plans
- forwarding audit reports by the external provider to the audit, risk and improvement committee
- acting as a liaison between the external provider and the audit, risk and improvement committee
- monitoring the council's implementation of corrective actions that arise from the findings of audits and reporting progress to the audit, risk and improvement committee, and
- assisting the audit, risk and improvement committee to ensure the council's internal audit activities comply with these Guidelines.

To fulfil these responsibilities, the head of an outsourced function:

- reports functionally to the audit, risk and improvement committee
- must be free from conflicts of interest
- must be a council employee and cannot be outsourced, other than through a shared

arrangement with another council, county council or joint organisation – this is to ensure that the council retains control of the internal audit function and is able to actively monitor the performance of the external provider

- should possess the following skills, knowledge and experience to effectively carry out their role:
  - a good understanding of the work of audit, risk and improvement committees and internal audit, and
  - the skills, knowledge and personal qualities necessary to manage the council's contract with the external provider and liaise between the external provider and the audit, risk and improvement committee.

As a council employee, the head of an outsourced function must comply with all relevant council policies and procedures, including the council's code of conduct.

---

## Dual responsibilities

The head of an outsourced internal audit function can be assigned other roles and responsibilities in the council.

Where the head of an outsourced function has a dual role in a council, they are to remain independent and report functionally to the audit, risk and improvement committee in relation to their internal audit responsibilities.

For other council responsibilities, the head of an outsourced function reports functionally through normal council reporting lines to the general manager.

Councils can combine the head of an outsourced internal audit function's role with other responsibilities provided there are adequate safeguards put in place by the council to limit any real or perceived bias or conflicts of interest.

Depending on the specific needs and circumstances of the council, safeguards could include:

- any potential issues or conflicts of interest arising from a dual role being formally

- documented in the council's internal audit charter
- the audit, risk and improvement committee endorsing the dual roles
  - the head of the outsourced function not having responsibility for managing any risks or implementing any audit recommendations or corrective actions in their other role/s, and/or
  - the committee including an assessment of the independence and objectivity (for internal audit purposes) of the head of the outsourced function in their annual assessment report to the governing body.

### External provider/s

It is important that any external provider engaged by a council is independent and can objectively assess and report on the way council operates.

To ensure the independence of an external provider, the head of an outsourced internal audit function must ensure the external provider:

- does not conduct any audits on specific council operations or areas that they have worked on within the last two years
- is not the same auditor conducting the council's external audit
- is not the auditor of any contractors of the council that may be subject to the internal audit, and
- can satisfy the requirements in these Guidelines relating to internal audit.

The head of the outsourced function must also consult with the audit, risk and improvement committee and general manager regarding the appropriateness of the skills, knowledge and experience of any external provider before they are engaged by the council.

### Chair of the audit, risk and improvement committee

The chair of an audit, risk and improvement committee overseeing an outsourced internal audit function is likely to have greater responsibilities than a chair overseeing an in-house internal audit function. Because the

head of an outsourced internal audit function is largely a coordination/administrative role, the chair and members of the audit, risk and improvement committee will do much of the 'heavy lifting' and will be the primary source of advice on the findings and recommendations of audits conducted by the external provider and assurance to the council.

Councils that establish an outsourced internal audit function must ensure that their audit, risk and improvement committee has the capacity and capability to undertake this enhanced role.

---

### Shared internal audit function

Councils can:

- share an internal audit function with another council or joint organisation as part of an independent shared arrangement
- utilise the internal audit function established by their joint organisation that is shared by member councils
- for county councils – share an internal audit function with a constituent council where possible, or with another council
- for joint organisations – share an internal audit function with a member council where possible or with another council or joint organisation.

Councils can establish an in-house or outsourced internal audit function as part of a shared arrangement.

A shared internal audit function must operate as a standalone internal audit function for each participating council in the shared arrangement and satisfy the requirements of these Guidelines for each participating council.

A shared internal audit function should only be established and utilised where all participating councils can be confident that the shared function can deliver a high level of understanding and fulfilment of each council's internal audit needs and maintain effective working and reporting relationships with each participating council in the shared arrangement.

Councils that establish a shared internal audit function should develop and sign a formal agreement with the other councils in the shared arrangement that outlines how the shared arrangement will operate and how costs will be shared.

## Implementation

Given the administrative complexity of an internal audit function shared between and reporting to different councils, the following arrangements are recommended:

- the internal audit function is hosted by one of the councils, county councils or joint organisations in the shared arrangement
- the head of the internal audit function and any other internal audit team members are employees of the host council
- the head of the internal audit function reports administratively to the general manager (or their delegate) of the host council, and
- the general manager of the host council can only appoint or dismiss the head of the internal audit function in consultation with the general managers and audit, risk and improvement committees of each participating council.

For internal audit functions established by joint organisations and shared between member councils it is recommended that:

- the internal audit function is physically located at the offices of the joint organisation or a member council
- the head of the internal audit function reports administratively to the executive officer of the joint organisation
- the head of the internal audit function and any internal audit staff are employees of the joint organisation, and
- the executive officer of the joint organisation can only appoint or dismiss the head of the internal audit function in consultation with the general managers and audit, risk and improvement committees of each member council.

## Head of a shared internal audit function

### In-house function

The head of a shared in-house internal audit function needs to be able to:

- liaise with the governing body and general manager of each participating council about that council's internal audit activities
- implement the annual and four-year strategic work plans for each council
- conduct or oversee the individual audits of each council and monitor the implementation of corrective actions
- manage any contractual arrangements with external providers on behalf of each council (where required)
- attend the audit, risk and improvement committee meetings of each respective council on behalf of that council, and
- maintain separate and confidential information for each council.

### Outsourced function

The head of a shared outsourced internal audit function needs to be able to:

- manage contracts with external providers on behalf of all councils in the shared arrangement
- liaise with the audit, risk and improvement committee and general manager of each council
- coordinate the completion of audits by the external provider in line with each council's annual and four-year strategic work plans
- provide audit reports by the external provider to the relevant audit, risk and improvement committee and general manager and coordinate council responses
- monitor implementation by each council of corrective actions arising from the findings of audits and report progress to the audit, risk and improvement committee
- assist each council's audit, risk and improvement committee to ensure the council's internal audit activities comply with these Guidelines, and

- maintain separate and confidential information for each council.

---

## Work plans

**The work of each council's internal audit function will be guided by the four-year strategic work plan and annual work plan developed by the audit, risk and improvement committee (see core requirement 1).**



---

## Performing internal audits

It is essential that a council's internal audit function performs the council's internal audits to a high and consistent standard and that the findings and recommendations that arise from audits can be relied upon by the audit, risk and improvement committee and the council.

**Each council's internal audits must be performed in accordance with the requirements of the International Professional Practices Framework.**



The internal audit tools, techniques and methodologies used by the internal audit function must be approved by the audit, risk and improvement committee.

Where risk information or ratings are used during the internal audit process, they must be developed and applied consistently with the current Australian risk management standard.

## Audit reports

The head of the internal audit function must report the findings and recommendations of internal audits to the audit, risk and improvement committee when they are finalised.

The audit, risk and improvement committee will determine whether audit reports should be

distributed to committee members out-of-session as they are completed, or at each quarterly meeting of the committee.

Each internal audit report must reflect the requirements of the International Professional Practices Framework.

This includes:

- necessary background information, including the objective and scope of the audit
- the audit processes and methodology used
- findings and recommendations based on the audit's objectives, prioritised according to their level of risk
- recommended remedial actions to address problems identified which have been prioritised according to risk, and
- a response or action plan from the general manager and/or responsible senior managers of the council.

Before reports are finalised, the head of the internal audit function must provide a draft of each report to the responsible senior manager/s for comment so that a response to each recommendation from each relevant business unit is included in the final report submitted to the audit, risk and improvement committee.

Timeframes for management responses to internal audit recommendations are to be agreed between the general manager and the head of the internal audit function and chair of the audit, risk and improvement committee.

Responsible senior managers may reject recommended corrective action/s on reasonable grounds but should discuss their position with the head of the internal audit function or the chair of the audit, risk and improvement committee before finalising the council's position with the general manager. Reasons for rejecting the recommendation/s must be included in the final audit report.

For the recommendations that are accepted, responsible senior managers are required to ensure that:

- an action plan is prepared for each recommendation that assigns responsibility for implementation to a

council staff member/s and timeframes for implementation

- all corrective actions are implemented within proposed timeframes, and
- the head of the internal audit function is provided regular updates in relation to the implementation of the internal audit action plan.

Where corrective actions are not implemented within agreed timeframes, the audit, risk and improvement committee can invite the responsible senior manager to explain why implementation has not occurred and how the resulting risk is being addressed in the interim.

The audit, risk and improvement committee can raise any concerns it may have about the council's response to internal audit reports with the general manager and in the committee's quarterly report to the governing body so that they are aware of the risks posed to the council.

### Ongoing monitoring

The head of the internal audit function should establish an ongoing monitoring system to track the internal audits undertaken for the council and follow-up the council's progress in implementing corrective actions.

Key risks or emerging issues must be reported to the audit, risk and improvement committee and general manager to ensure they can be rectified quickly before their consequences escalate.

The audit, risk and improvement committee can raise any concerns it has that may arise between meetings with the governing body via an additional report where needed. The chair of the committee can also request to meet with the mayor.

This will ensure that the governing body is kept informed of significant emerging risks posed to the council.

### Policies and procedures

The general manager, in consultation with the audit, risk and improvement committee, must develop and maintain policies and procedures to guide the operation of the council's internal

audit function and the performance of internal audits.

These policies and procedures could include:

- the structure and resourcing of the internal audit function
- how internal audits will be conducted, reported, implemented and monitored
- audit methodology
- timeframes for reporting and the council's response to recommendations
- how any internal audit-related disputes are to be resolved
- the internal audit function's access to council staff, resources and information
- how the performance of the internal audit function will be reviewed
- communication between the audit, risk and improvement committee and internal audit function, and the internal audit function and the general manager, and
- information management including document retention, security and access to audit reports.

---

### Providing advice to the audit, risk and improvement committee

Ongoing reporting to the audit, risk and improvement committee is essential to ensure that the committee is kept informed of matters considered by the internal audit function and any emerging issues that may require reporting to the governing body or general manager.

### Quarterly updates

The head of the internal audit function is to ensure that the audit, risk and improvement committee is advised at each of the committee's quarterly meetings of

- the internal audits completed during that quarter

- progress in implementing the annual work plan, and
- progress made implementing corrective actions arising from any past internal audits.

The way this information is communicated is to be decided by the audit, risk and improvement committee in consultation with the head of the internal audit function.

### Ongoing advice

The head of the internal audit function can meet with the chair of the audit, risk and improvement committee at any time, as necessary, between committee meetings.

This is particularly important to ensure that any urgent or emerging issues identified by the internal audit function can be quickly reported to the audit, risk and improvement committee for consideration and action before their consequences escalate.

---

## Internal audit documents

Internal audit documentation includes any information or documents produced or obtained by a council's internal audit function that relates to the internal audit activities of the council.

All internal audit documents:

- are for internal use only, subject to the requirements of the *Government Information (Public Access) Act 2009* (GIPA Act)
- are to remain the property of the audited council, including where internal audit services are performed by an external provider – all rights reside with the audited council
- must be documented, retained and controlled in accordance with the International Professional Practices Framework and council policies
- can be accessed by the audit, risk and improvement committee and external auditor without restriction

- can be accessed by the governing body by resolution, subject to the approval of the chair of the audit, risk and improvement committee (any disputes can be referred to the Office of Local Government for resolution)
- subject to the GIPA Act, can only be released to an external party with the approval of the general manager and the chair of the audit, risk and improvement committee, except where the information is being provided to an external oversight or investigative body for the purposes of informing that agency of a matter that may warrant its attention.

Any internal audit documentation provided to any individual, including members of the governing body, should be treated as strictly confidential.

The chair of the audit, risk and improvement committee may refuse to provide access to internal audit documents or information to anyone who has previously released such information without authorisation.

---

## Review of internal audit function performance

It is important that the work of each council's internal audit function is regularly assessed, and that internal auditors are accountable for their performance.

This will ensure that the internal audit function is making a valuable contribution to the council and allows the audit, risk and improvement committee and the council to understand how the council is performing in relation to the matters listed in section 428A of the Local Government Act.

It will also ensure that the audit, risk and improvement committee and council can determine whether any changes to the internal audit function are required.

### Annual assessment

The audit, risk and improvement committee must review the performance of the internal



audit function each year and report its findings to the governing body as part of the committee's annual assessment.

The annual assessment is to ensure that any concerns regarding the operation of the internal audit function and compliance with the International Professional Practices Framework can be dealt with before they are identified in the four-yearly strategic review, by which time their consequences may have escalated.

An annual assessment will also encourage continuous improvement of the council's internal audit activities.

The audit, risk and improvement committee is to determine the nature of this assessment. It could be conducted, for example, via a self-assessment performed by the head of the internal audit function.

More information about the audit, risk and improvement committee's annual assessments is provided under core requirement 1.

#### Four-yearly strategic assessment

**A council's audit, risk and improvement committee is to provide an assessment of the effectiveness of the council's internal audit function to the general manager and governing body in each term of the council, as part of the committee's four-yearly strategic assessment.**



This assessment is to occur regardless of whether the council has established an in-house or outsourced internal audit function, as the assessment focuses on how the council has implemented its internal audit function.

As part of the audit, risk and improvement committee's assessment of the council's internal audit function, it should consider:

- the views of an independent external party with strong knowledge of internal audit operation
- the independence of the internal audit function
- whether resourcing is sufficient
- whether the internal audit function complies with these Guidelines and the

International Professional Practices Framework

- the appropriateness of annual and strategic work plans based on the risks facing the council
- progress against key performance indicators
- whether the internal audit function adds value and delivers outcomes for the council, and
- the appropriateness of the internal audit charter.

To ensure the views of the external party consulted are robust, the external party should have:

- strong skills, knowledge and expertise in internal audit
- a working knowledge of the International Professional Practices Framework, and
- no conflicts of interest that may result in bias or a lack of objectivity.

The audit, risk and improvement committee, in consultation with the general manager, is to develop an action plan for the governing body to address any issues identified by the committee in relation to the performance of the internal audit function.

The audit, risk and improvement committee's strategic assessment and action plan is to be discussed with the governing body and general manager at the strategic assurance meeting held each council term.

More information about the audit, risk and improvement committee's strategic assessment is provided under core requirement 1.

---

### Reporting concerns about councillors or council staff

Given the nature of internal audit, there may be times when the internal audit function identifies concerns about the conduct of council staff.

Where the head of the internal audit function has concerns regarding a staff member, they can:

- raise their concerns with the chair of the audit, risk and improvement committee (if it relates to the effectiveness of the internal audit function)
  - report breaches of the council's code of conduct to the general manager, or by the general manager to the mayor, as required by the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*
  - report their concerns through the council's internal reporting policy, complaints handling policy or other associated protocols, and/or
  - make a public interest disclosure under the *Public Interest Disclosures Act 1994* to the:
    - Independent Commission Against Corruption (concerning corrupt conduct)
    - NSW Ombudsman (concerning maladministration)
    - NSW Auditor General (concerning serious and substantial waste of public money)
    - Office of Local Government (concerning serious and substantial waste in local government and breaches of pecuniary interest obligations), and/or
    - Information and Privacy Commissioner (concerning government information contraventions).
- the council's internal audit function reports to the audit, risk and improvement committee on internal audit matters
  - the internal audit function operates independently of the council
  - the council's internal audit function operates according to an internal audit charter, which is consistent with the approved Model Internal Audit Charter contained in these Guidelines
  - the council has appointed an appropriately skilled and eligible staff member to direct the council's internal audit activities or is part of a shared arrangement where a participating council has appointed a staff member to lead internal audit
  - internal audit activities are conducted in accordance with the International Professional Practices Framework
  - council's internal audit function operates according to the annual and four-year strategic work plans adopted by the governing body of the council
  - the council provides the internal audit function with direct and unrestricted access to the general manager and other staff, council information and resources so it can fulfil its responsibilities, and
  - at least once each council term (i.e. four years) the audit, risk and improvement committee conducts a review of the effectiveness of the council's internal audit function.

Further information on annual attestation requirements is detailed in the statutory framework section of these Guidelines.

---

## Annual attestation

Commencing with the 2024-2025 annual report, the general manager will be required under the Local Government Regulation to attest each year in the council's annual report whether the council has complied with the following internal audit requirements:

- the council has an internal audit function that provides an independent unbiased assessment of the council's operations and risk and control activities



## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their internal audit function.

This is not an exhaustive list but provides a useful starting point for councils seeking to better understand internal audit, how it can be used by councils to improve performance, and practical tools, examples and templates to adapt for their own use.

### **International Professional Practices Framework (mandatory guidance) – Institute of Internal Auditors (2017)**

Outlines the mandatory requirements for undertaking internal auditing under the International Professional Practices Framework.

Consists of four parts:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing

### **International Professional Practices Framework (recommended guidance) – Institute of Internal Auditors (2017)**

Provides detailed guidance on how to implement the International Professional Practice Framework.

Consists of two parts:

- Implementation Guide – assists an internal audit function to apply the standards and understand how compliance will be measured by the audit, risk and improvement committee, and

- Supplemental Guide (Practice Guides) – provides detailed processes and procedures for the internal audit function.

### **How can audit committee members add value? – PriceWaterhouseCoopers (2011)**

Provides a checklist for measuring the performance of an internal audit function.

### **Internal Audit in Australia – Institute of Internal Auditors Australia (2016)**

Provides an overview of the role of internal audit and the internal audit function, including:

- the different types of work plans that can be used to guide internal audit activity
- the skills, knowledge, experience and qualifications/certifications required of internal auditors
- performing, reporting and monitoring internal audits, and
- how to review the performance of an internal audit function, including performance measures that could be used

### **Practice Guide – Talent Management: Recruiting, Developing, Motivating and Retaining Great Team Members – Institute of Internal Auditors (2015)**

Provides guidance on how to establish an effective internal audit team (for purchase from the Institute of Internal Auditors).

### **Quality Assessment Manual for the Internal Audit Activity – Institute of Internal Auditors (2017)**

Outlines how the performance of council's internal audit function can be assessed both internally and externally against the International Professional Practices Framework.

# Implementation

Under the Local Government Act, all councils and joint organisations are required to have appointed an audit, risk and improvement committee by **4 June 2022**.

Councils and joint organisations have a further two years, until **1 July 2024**, to comply with these Guidelines.

---

## Audit, risk and improvement committees

### New committees

Councils and joint organisations are required under section 428A of the Local Government Act to appoint an audit, risk and improvement committee by **4 June 2022**.

Councils and joint organisations that do not have an audit, risk and improvement committee must take immediate steps to appoint a committee or to enter into an arrangement with another council or joint organisation to share a committee.

### Existing committees

Councils and joint organisations that already have an audit, risk and improvement committee will already comply with the requirement under the Local Government Act to appoint a committee.

### Transitional arrangements

Councils and joint organisations with existing committees have until **1 July 2024** to ensure the membership and operations of their committee comply with the requirements in these Guidelines.

---

## Risk management framework

Councils and joint organisations have until **1 July 2024** to establish a risk management framework and to ensure it complies with these Guidelines.

Councils and joint organisations that already have a risk management framework are encouraged to comply sooner.

---

## Internal audit function

Councils and joint organisations have until **1 July 2024** to establish an internal audit function and to ensure it complies with these Guidelines.

Councils and joint organisations that already have an internal audit function are encouraged to comply sooner.

---

## Attestation

Commencing with the **2024-2025 annual report**, general managers of councils and executive officers of joint organisations will be required to publish an attestation statement each year in the annual report indicating whether, during the preceding financial year, the council's or joint organisation's audit, risk and improvement committee, risk management framework and internal audit function complied with these Guidelines.

Councils and joint organisations with an established audit, risk and improvement committee, internal audit function and/or risk management framework may wish to consider publishing attestation certificates in their annual reports sooner.

# Appendices

DRAFT

# Appendix 1:

## Attestation and exemption templates

## Internal audit and risk management attestation statement for the [years] financial year for [council/joint organisation]

I am of the opinion that [council/joint organisation] has an audit, risk and improvement committee, risk management framework and internal audit function that operate in compliance with the following requirements except as may be otherwise provided below:

### Audit, risk and improvement committee

	Requirement	Compliance
1.	[Council/joint organisation] has appointed an audit, risk and improvement committee that comprises of an independent chair and at least two independent members.	[compliant or non-compliant]
2.	The chair and all members of [council's/joint organisation's] audit, risk and improvement committee meet the relevant independence and eligibility criteria specified in the Departmental Chief Executive's Guidelines and have not exceeded the membership term limits specified in the Guidelines.	[compliant or non-compliant]
3.	[Council/joint organisation] has adopted terms of reference for its audit, risk and improvement committee that are consistent with the model terms of reference approved by the Departmental Chief Executive and the committee operates in accordance with the terms of reference.	[compliant or non-compliant]
4.	[Council/joint organisation] provides the audit, risk and improvement committee with direct and unrestricted access to the [general manager/executive officer] and other senior management and the information and resources necessary to exercise its functions.	[compliant or non-compliant]
5.	[Council's/joint organisation's] audit, risk and improvement committee exercises its functions in accordance with a four-year strategic work plan that has been endorsed by the governing body and an annual work plan that has been developed in consultation with the governing body and senior management.	[compliant or non-compliant]
6.	[Council's/joint organisation's] audit, risk and improvement committee provides the governing body with an annual assessment each year, and a strategic assessment each council term of the matters listed in section 428A of the <i>Local Government Act 1993</i> reviewed during that term.	[compliant or non-compliant - include date of last strategic assessment provided]
7.	The governing body of [council/ joint organisation] reviews the effectiveness of the audit, risk and improvement committee at least once each council term.	[compliant or non-compliant - include date of last review]

### Membership

The chair and membership of the audit, risk and improvement committee are:

Chair	[name]	[start term date]	[finish term date]
Independent member	[name]	[start term date]	[finish term date]
Independent member	[name]	[start term date]	[finish term date]
[Councillor/board] member <sup>1</sup>	[name]	[start term date]	[finish term date]

### Risk Management

	Requirement	Compliance
8.	[Council/joint organisation] has adopted a risk management framework that is consistent with current Australian risk management standard and that is appropriate for the [council's/joint organisation's] risks.	[compliant or non-compliant]
9.	[Council's/joint organisation's] audit, risk and improvement committee reviews the implementation of its risk management framework and provides a strategic assessment of its effectiveness to the governing body each council term.	[compliant or non-compliant - include date of last strategic assessment provided]

### Internal Audit

	Requirement	Compliance
10.	[Council/joint organisation] has an internal audit function that reviews the council's operations and risk management and control activities.	[compliant or non-compliant]
11.	[Council's/joint organisation's] internal audit function reports to the audit, risk and improvement committee on internal audit matters.	[compliant or non-compliant]
12.	[Council's/joint organisation's] internal audit function is independent and internal audit activities are not subject to direction by the [council/joint organisation].	[compliant or non-compliant]
13.	[Council/joint organisation] has adopted an internal audit charter that is consistent with the model internal audit charter approved by the Departmental Chief Executive and the internal audit function operates in accordance with the charter.	[compliant or non-compliant]
14.	[Council/joint organisation] has appointed a member of staff who satisfies the independence and eligibility requirements specified in the Departmental Chief Executive's Guidelines to direct and coordinate internal audit activities or is part of a shared arrangement where a participating [council/joint organisation] has appointed a staff member to direct and coordinate internal audit activities for all participating councils.	[compliant or non-compliant]
15.	Internal audit activities are conducted in accordance with the International Professional Practices Framework.	[compliant or non-compliant]

	Requirement	Compliance
16.	[Council/joint organisation] provides the internal audit function with direct and unrestricted access to staff, the audit, risk and improvement committee, and the information and resources necessary to undertake internal audit activities.	[compliant or non-compliant]
17.	[Council's/joint organisation's] internal audit function undertakes internal audit activities in accordance with a four-year strategic work plan that has been endorsed by the governing body and an annual work plan that has been developed in consultation with the governing body and senior management.	[compliant or non-compliant]
18.	[Council's/joint organisation's] audit, risk and improvement committee reviews the effectiveness of the internal audit function and reports the outcome of the review to the governing body each council term.	[compliant or non-compliant - include date of last strategic assessment provided]

### Exemptions from compliance

I advise that [council's/joint organisation's] [audit, risk and improvement committee/risk management/internal audit processes] (delete where relevant) have been exempted from compliance with the following requirements by the Departmental Chief Executive:

Non-compliance	Reason	Alternative measures being implemented	Exemption granted by the Departmental Chief Executive
[requirement]	[detailed description of reasons giving rise to the non-compliance]	[detailed description of the practicable alternative measures implemented to achieve equivalent level of assurance]	[yes/no]

These processes, including the alternative measures implemented, demonstrate that [council/joint organisation] has established and maintained frameworks, systems, processes and procedures for appropriately managing audit and risk within [council/joint organisation].

[signed]

[name and position]

[date]



---

## Exemption from compliance with risk management and internal audit requirements

I am advised that [council/joint organisation] has not complied with the following requirements with respect to the operation of its [audit, risk and improvement committee/risk management/internal audit processes] (omit where relevant):

Requirement	Reason for non-compliance
[requirement]	[detailed description of reasons giving rise to the non-compliance]

I note that the following alternative arrangements have been implemented to achieve outcomes equivalent to the relevant requirement/s:

Summary of alternative arrangements	How they will achieve equivalent outcomes
[summary of alternative arrangement]	[summary of how they will achieve equivalent outcomes]

I am satisfied that these alternative arrangements will achieve outcomes equivalent to the requirement/s.

This exemption from compliance with the requirements listed above is valid for the [years] financial year.

[signed]

[name and position]

[date]

[Office of Local Government officer's contact details]

# Appendix 2:

## **Audit, risk and improvement committee – role and responsibilities**

Under section 428A of the Local Government Act, each council (including county councils and joint organisations) must have an audit, risk and improvement committee to independently review and provide advice to the council regarding the following aspects of the council's operations:

- compliance
- risk management
- fraud control
- financial management
- governance
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data by the council, and
- any other matters prescribed by the regulation (i.e. internal audit).

The committee must also provide information to the council for the purpose of improving the council's performance of its functions.

The audit, risk and improvement committee and the council are to agree on the specific activities the committee is to review based on the council's needs, risks and business functions.

The following is a list of activities audit, risk and improvement committees and councils should consider as part of the committee's 'audit', 'risk' and 'improvement' roles based on the requirements of section 428A of the Local Government Act.

This is not an exhaustive list and audit, risk and improvement committees and councils are encouraged to carefully consider the council's business operations, service delivery, financial management processes, internal audit function, external accountability requirements, risk management framework, governance arrangements and integrated planning and reporting framework to maximise the advice and assistance the committee can provide to the council.

## Audit

### Internal audit

Section 428A(2)(i) of the Local Government Act

#### Principle

The council has an effective internal audit function and receives maximum value from its internal audit activities.

#### Committee's role

- Provide overall strategic oversight of internal audit activities.
- Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit.
- Coordinate as far as is practicable, the work programs of internal audit and other assurance and review functions.
- Advise the general manager and governing body of the council:
  - whether the council is providing the resources necessary to successfully deliver the internal audit function
  - if the council is complying with internal audit requirements, including compliance with the International Professional Practices Framework
  - if the council's internal audit charter is appropriate and whether the internal audit policies and procedures and audit/risk methodologies used by the council are suitable
  - of the strategic four-year work plan and annual work plan of internal audits to be undertaken by the council's internal audit function
  - if the council's internal audit activities are effective, including the performance of the head of the internal audit function and the internal audit function
  - of the findings and recommendations of internal audits conducted, and corrective actions needed to address issues raised

- of the implementation by the council of the corrective actions
- on the appointment of the head of the internal audit function and external providers, and
- if the internal audit function is structured appropriately and has sufficient skills and expertise to meet its responsibilities.

## External audit

### Principle

The council receives maximum value from its external audit activities.

### Committee's role

- Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit.
- Coordinate as far as is practicable, the work programs of internal audit and external audit.
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided.
- Review all external plans and reports in respect of planned or completed audits and monitor council's implementation of audit recommendations.
- Provide advice to the governing body and/or general manager on action taken on significant issues raised in relevant external audit reports and better practice guides.

## Risk

### Compliance framework

Section 428A(2)(a) of the Local Government Act

#### Principle

The council has an effective compliance framework that ensures it is complying with its legal obligations and other governance and contractual requirements when undertaking its functions.

#### Committee's role

Advise the general manager and governing body of the council of the adequacy and effectiveness of the council's compliance framework, including:

- if the council has appropriately considered legal and compliance risks as part of the council's risk management framework
- how the council manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

### Risk management

Section 428A(2)(b) of the Local Government Act

#### Principle

The council has an effective risk management framework and internal controls that successfully identify and manage the risks it faces.

#### Committee's role

Advise the general manager and governing body of the council on the following:

##### Risk management framework

- whether the council is providing the resources necessary to successfully implement its risk management framework

- if the council has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the council's risk management framework is adequate and effective for identifying and managing the risks the council faces, including those associated with individual projects, programs and other activities
- if risk management is integrated across all levels of the council and across all processes, operations, services, decision-making, functions and reporting
- of the adequacy of risk reports and documentation, for example, the council's risk register and risk profile
- whether a sound approach has been followed in developing risk management plans
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- if the council has taken steps to embed a culture that is committed to ethical and lawful behaviour
- if there is a positive risk culture within the council and strong leadership that supports effective risk management
- of the adequacy of staff training and induction in risk management
- how the council's risk management approach impacts on the council's insurance arrangements
- of the effectiveness of the council's management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

#### Internal control framework

- if the internal controls in place are appropriate for the risk the council faces
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the council's monitoring and review of controls, including policies and procedures, is sufficient, and

- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately.

## **Fraud and corruption control framework**

Section 428A(2)(c) of the Local Government Act

### **Principle**

The council has an effective fraud and corruption control framework in place that minimises the incidence of fraud and corruption.

### **Committee's role**

Advise the general manager and governing body of the council of the adequacy and effectiveness of the council's fraud and corruption prevention framework and activities, including whether the council has:

- a fraud and corruption policy
- clearly defined responsibilities for managing fraud and corruption
- risk-based preventative and detective controls
- policies, systems and processes to respond to, investigate and report suspected fraud and corruption
- employee awareness/education measures
- robust third-party management systems
- appropriate processes and systems in place to capture and effectively investigate fraud-related information
- regular review of the fraud and corruption control framework and reporting, and
- implemented applicable guidance and other better practice measures by the Independent Commission Against Corruption.

## Financial management framework

Section 428A(2)(d) of the Local Government Act

### Principle

The council has an effective financial management framework, sustainable financial position and positive financial performance.

### Committee's role

Advise the general manager and governing body of the council on the following:

#### External accountability and financial reporting framework

- if the council is complying with accounting standards and external accountability requirements
- of the appropriateness of the council's accounting policies and disclosures
- of the implications for the council of the findings of external audits and performance audits and the council's responses and implementation of recommendations
- whether the council's financial statement preparation procedures and timelines are sound
- the accuracy of the council's annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues
  - the methods used by the council to account for significant or unusual transactions and areas of significant estimates or judgements
  - appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the council's annual report is consistent with signed financial statements.

#### Financial management framework

- if the council's financial management processes are adequate

- the adequacy of cash management and credit card use policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases.

#### Financial position and performance

- if policies and procedures for management review and consideration of the financial position and performance of the council are adequate.

#### Grants and tied funding policies and procedures

- if the council's grants and tied funding policies and procedures are sound.

## Governance framework

Section 428A(2)(e) of the Local Government Act

### Principle

The council has an effective governance framework to ensure it is appropriately directing and controlling the management of the council.

### Committee's role

Advise the governing body and general manager if the council's governance framework is sound, including the council's:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key roles and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities

- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge.

## Improvement

### Strategic planning

Section 428A(2)(f) of the Local Government Act

#### Principle

The council has an effective framework that ensures it achieves its strategic plans and objectives under the integrated planning and reporting (IP&R) framework.

#### Committee's role

Advise the general manager and governing body of the council:

- of the adequacy and effectiveness of the council's IP&R processes
- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and
- whether the council is successfully implementing and achieving its IP&R objectives and strategies.

### Service reviews and business improvement

Section 428A(2)(g) and section 428A(3) of the Local Government Act

#### Principle

The council has an effective framework to ensure it is delivering services and conducting its business and functions to an expected standard.

#### Committee's role

- Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, NSW

government agencies, Commonwealth government agencies, insurance bodies).

- Advise the general manager and governing body of the council:
  - if the council has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
  - if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
  - how the council can improve its service delivery and the council's performance of its business and functions generally.

### Performance data and measurement

Section 428A(2)(h) of the Local Government Act

#### Principle

The council's performance management framework ensures the council can measure its performance and if it is achieving its strategic goals.

#### Committee's role

Advise the general manager and governing body of the council:

- if the council has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- the performance indicators the council uses are effective, and
- of the adequacy of performance data collection and reporting.

# Appendix 3:

## **Model terms of reference for audit, risk and improvement committees**



## Model terms of reference for local government audit, risk and improvement committees

[Council/joint organisation] has established an audit, risk and improvement committee in compliance with section 428A of the *Local Government Act 1993*, section (#1bc) of the *Local Government (General) Regulation 2021* and the Departmental Chief Executive's *Guidelines for risk management and internal audit for local government in NSW*. These terms of reference set out the committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

### Objective

The objective of [council's/joint organisation's] audit, risk and improvement committee is to provide independent assurance to [council/joint organisation] by monitoring, reviewing and providing advice about the [council's/joint organisation's] governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

### Independence

The committee is to be independent to ensure it has no real or perceived bias or conflicts of interest that may interfere with its ability to act independently and to provide [council/joint organisation] with robust, objective and unbiased advice and assurance.

The committee is to have an advisory and assurance role only and is to exercise no administrative functions, delegated financial responsibilities or any management functions of the [council/joint organisation]. The committee will provide independent advice to the [council/joint organisation] that is informed by the [council's/joint organisation's] internal audit and risk management activities and information and advice provided by staff, relevant external bodies and subject matter experts.

The committee must always ensure it maintains a direct reporting line to and from the [council's/joint organisation's] internal audit function and act as a mechanism for internal audit to report to the governing body and the [general manager/executive officer] on matters affecting the performance of the internal audit function.

### Authority

[Council/joint organisation] authorises the committee, for the purposes of exercising its responsibilities, to:

- access any information it needs from the [council/joint organisation]
- use any [council/joint organisation] resources it needs
- have direct and unrestricted access to the [general manager/executive officer] and senior management of the [council/joint organisation]
- seek the [general manager's/executive officer's] permission to meet with any other [council/joint organisation] staff member or contractor
- discuss any matters with the external auditor or other external parties
- request the attendance of any employee at committee meetings, and

- obtain external legal or other professional advice in line with councils' procurement policies.  
[Detail any prior approval needed or pre-determined budget for costs].

Information and documents pertaining to the committee are confidential and are not to be made publicly available. The committee may only release [council/joint organisation] information to external parties that are assisting the committee to fulfil its responsibilities with the approval of the [general manager/executive officer], except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention. [amend if documentation is to be made available to the public].

## Composition and tenure

The committee consists of an independent chair and [two] independent members who have voting rights and [one non-voting councillor/board member], as required under the *Guidelines for risk management and internal audit for local government in NSW*.

The governing body is to appoint the chair and members of the committee. Current committee members are:

[name]	Independent chair (voting)
[name]	Independent member (voting)
[name]	Independent member (voting)
[name]	[Councillor/board] member (non-voting) (if applicable) [cannot be the mayor]

All committee members must meet the independence and eligibility criteria prescribed in the *Guidelines for risk management and internal audit for local government in NSW*.

Members will be appointed for up to a four-year term. Members can be reappointed for one further term, but the total period of continuous membership cannot exceed eight years. This includes any term as chair of the committee. Members who have served an eight-year term (either as a member or as chair) must have a two-year break from serving on the committee before being appointed again. To preserve the committee's knowledge of the [council/joint organisation], ideally, no more than one member should retire from the committee because of rotation in any one year.

The terms and conditions of each member's appointment to the committee are to be set out in a letter of appointment. New members will be thoroughly inducted to their role and receive relevant information and briefings on their appointment to assist them to meet their responsibilities.

Prior to approving the reappointment or extension of the chair's or an independent member's term, the governing body is to undertake an assessment of the chair's or committee member's performance. Reappointment of the chair or a committee member is also to be subject to that person still meeting the independence and eligibility requirements.

Members of the committee must possess and maintain a broad range of skills, knowledge and experience relevant to the operations, governance and financial management of the [council/joint organisation], the environment in which the [council/joint organisation] operates, and the contribution that the committee makes to the [council/joint organisation]. At least one member of the committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a local government environment. All members should have sufficient understanding of the [council's/joint organisation's] financial reporting responsibilities to be

able to contribute to the committee's consideration of the [council's/joint organisation's] annual financial statements.

[Add any relevant details about shared arrangements, if applicable].

## Role

As required under section 428A of the *Local Government Act 1993* (the Act), the role of the committee is to review and provide independent advice to the [council/joint organisation] regarding the following aspects of the [council's/joint organisation's] operations:

- compliance
- risk management
- fraud control
- financial management
- governance
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data by the [council/joint organisation], and
- internal audit.

The committee must also provide information to the [council/joint organisation] for the purpose of improving the [council's/joint organisation's] performance of its functions.

The committee's specific audit, risk and improvement responsibilities under section 428A of the Act are outlined in Schedule 1 to this charter.

The committee will act as a forum for consideration of the [council's/joint organisation's] internal audit function and oversee its planning, monitoring and reporting to ensure it operates effectively.

The committee has no power to direct external audit or the way it is planned and undertaken but will act as a forum for the consideration of external audit findings.

The committee is directly responsible and accountable to the governing body for the exercise of its responsibilities. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of the [council/joint organisation] rests with the governing body and the [general manager/executive officer].

The responsibilities of the committee may be revised or expanded in consultation with, or as requested by, the governing body from time to time.

## Responsibilities of members

### Independent members

The chair and members of the committee are expected to understand and observe the requirements of the *Guidelines for risk management and internal audit for local government in NSW*. Members are also expected to:

- make themselves available as required to attend and participate in meetings
- contribute the time needed to review and understand information provided to it
- apply good analytical skills, objectivity and judgement

- act in the best interests of the [council/joint organisation]
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry
- maintain effective working relationships with the [council/joint organisation]
- have strong leadership qualities (chair)
- lead effective committee meetings (chair), and
- oversee the [council's/joint organisation's] internal audit function (chair).

### **[Councillor/board] members (if applicable)**

To preserve the independence of the committee, the [councillor/board] member of the committee is a non-voting member. Their role is to:

- relay to the committee any concerns the governing body may have regarding the [council/joint organisation] and issues being considered by the committee
- provide insights into local issues and the strategic priorities of the [council/joint organisation] that would add value to the committee's consideration of agenda items
- advise the governing body (as necessary) of the work of the committee and any issues arising from it, and
- assist the governing body to review the performance of the committee.

Issues or information the councillor member raises with or provides to the committee must relate to the matters listed in Schedule 1 and issues being considered by the committee.

The [councillor/board] member of the committee must conduct themselves in a non-partisan and professional manner. The [councillor/board] member of the committee must not engage in any conduct that seeks to politicise the activities of the committee or the internal audit function or that could be seen to do so.

If the [councillor/board] member of the committee engages in such conduct or in any other conduct that may bring the committee and its work into disrepute, the chair of the committee may recommend to the [council/joint organisation], that the [councillor/board] member be removed from membership of the committee. Where the [council/joint organisation] does not agree to the committee chair's recommendation, the [council/joint organisation] must give reasons for its decision in writing to the chair.

### **Conduct**

Independent committee members are required to comply with the [council's/joint organisation's] code of conduct.

Complaints alleging breaches of the [council's/joint organisation's] code of conduct by an independent committee member are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*. The [general manager/executive officer] must consult with the governing body before taking any disciplinary action against an independent committee member in response to a breach of the [council's/joint organisation's] code of conduct.

### **Conflicts of interest**

Once a year, committee members must provide written declarations to the [council/joint organisation] stating that they do not have any conflicts of interest that would preclude them from being members of the committee. Independent committee members are 'designated persons' for the purposes of the [council's/joint organisation's] code of conduct and must also complete and submit returns of their interests.

Committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest they may have in a matter being considered at the meeting at the start of each meeting or as soon as they become aware of the conflict of interest. Where a committee member or observer declares a pecuniary or a significant non-pecuniary conflict of interest, they must remove themselves from committee deliberations on the issue. Details of conflicts of interest declared at meetings must be appropriately minuted.

### Standards

Committee members are to conduct their work in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and [current Australian risk management standard], where applicable.

### Work plans

The work of the committee is to be thoroughly planned and executed. The committee must develop a strategic work plan every four years to ensure that the matters listed in Schedule 1 are reviewed by the committee and considered by the internal audit function when developing their risk-based program of internal audits. The strategic work plan must be reviewed at least annually to ensure it remains appropriate.

The committee may, in consultation with the governing body, vary the strategic work plan at any time to address new or emerging risks. The governing body may also, by resolution, request the committee to approve a variation to the strategic work plan. Any decision to vary the strategic work plan must be made by the committee.

The committee must also develop an annual work plan to guide its work, and the work of the internal audit function over the forward year.

The committee may, in consultation with the governing body, vary the annual work plan to address new or emerging risks. The governing body may also, by resolution, request the committee to approve a variation to the annual work plan. Any decision to vary the annual work plan must be made by the committee.

When considering whether to vary the strategic or annual work plans, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the work plan.

### Assurance reporting

The committee must regularly report to the [council/joint organisation] to ensure that it is kept informed of matters considered by the committee and any emerging issues that may influence the strategic direction of the [council/joint organisation] or the achievement of the [council's/joint organisation's] goals and objectives.

The committee will provide an update to the governing body and the [general manager/executive officer] of its activities and opinions after every committee meeting.

The committee will provide an annual assessment to the governing body and the [general manager/executive officer] on the committee's work and its opinion on how the [council/joint organisation] is performing.

The committee will provide a comprehensive assessment every council term of the matters listed in Schedule 1 to the governing body and the [general manager/executive officer].

The committee may at any time report to the governing body or the [general manager/executive officer] on any other matter it deems of sufficient importance to warrant their attention. The [mayor/chairperson] and the chair of the committee may also meet at any time to discuss issues relating to the work of the committee.

Should the governing body require additional information, a request for the information may be made to the chair by resolution. The chair is only required to provide the information requested by the governing body where the chair is satisfied that it is reasonably necessary for the governing body to receive the information for the purposes of performing its functions under the Local Government Act. Individual [councillors/board members] are not entitled to request or receive information from the committee.

## Administrative arrangements

### Meetings

The committee will meet at least [number (minimum of 4)] times per year, [including a special meeting to review the [council's/joint organisation's financial statements]].

The committee can hold additional meetings when significant unexpected issues arise, or if the chair is asked to hold an additional meeting by a committee member, the [general manager/executive officer] or the governing body.

Committee meetings can be held in person, by telephone or videoconference. Proxies are not permitted to attend meetings if a committee member cannot attend.

A quorum will consist of a majority of independent voting members. Where the vote is tied, the chair has the casting vote.

The chair of the committee will decide the agenda for each committee meeting. Each committee meeting is to be minuted to preserve a record of the issues considered and the actions and decisions taken by the committee.

The [general manager/executive officer] and the [head of the internal audit function] should attend committee meetings as non-voting observers. The external auditor (or their representative) is to be invited to each committee meeting as an independent observer. The chair can request the [council's/joint organisation's] [chief finance officer or equivalent], [head of risk management function or equivalent], [senior managers or equivalent], any [councillors/board members], any employee/contractor of the council and any subject matter expert to attend committee meetings. Where requested to attend a meeting, persons must attend the meeting where possible and provide any information requested. Observers have no voting rights and can be excluded from a meeting by the chair at any time.

The committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with only voting members of the committee present.

The committee must meet separately with the [head of the internal audit function] and the [council's/joint organisation's] external auditor at least once each year.

### Dispute resolution

Members of the committee and the [council's/joint organisation's] management should maintain an effective working relationship and seek to resolve any differences they may have in an amicable and professional way by discussion and negotiation.

In the event of a disagreement between the committee and the [general manager/executive officer] or other senior managers, the dispute is to be resolved by the governing body.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Departmental Chief Executive in writing.

### Secretariat

The [general manager/executive officer] will nominate a staff member to provide secretariat support to the committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated after approval from the chair at least [number] weeks before the meeting and ensure that minutes of meetings are prepared and maintained. Minutes must be approved by the chair and circulated within [agreed timeframe] of the meeting to each member.

### Resignation and dismissal of members

Where the chair or a committee member is unable to complete their term or does not intend to seek reappointment after the expiry of their term, they should give [agreed timeframe] notice to the chair and the governing body prior to their resignation to allow the [council/joint organisation] to ensure a smooth transition to a new chair or committee member.

The governing body can, by resolution, terminate the appointment of the chair or an independent committee member before the expiry of their term where that person has:

- breached the council's code of conduct
- performed unsatisfactorily or not to expectations
- declared, or is found to be in, a position of a conflict of interest which is unresolvable
- been declared bankrupt or found to be insolvent
- experienced an adverse change in business status
- been charged with a serious criminal offence
- been proven to be in serious breach of their obligations under any legislation, or
- experienced an adverse change in capacity or capability.

The position of a [councillor/board] member on the committee can be terminated at any time by the governing body by resolution.

### Review arrangements

At least once every council term, the governing body must review or arrange for an external review of the effectiveness of the committee.

These terms of reference must be reviewed annually by the committee and once each council term by the governing body. Any substantive changes are to be approved by the governing body.

## Further information

For further information on [council's/joint organisation's] audit, risk and improvement committee, contact [name] on [email address] or by phone [phone number].

Reviewed by chair of the audit, risk and improvement committee

[signed]

[date]

Reviewed by [council/joint organisation] in accordance with a resolution of the governing body.

[signed]

[date]

[resolution reference]

Next review date: [date]

DRAFT



## Schedule 1 – Audit, risk and improvement committee responsibilities

*[Note: each council/joint organisation is to determine the responsibilities of its committee related to each matter listed in section 428A of the Local Government Act 1993 and list them in Schedule 1 to the committee's terms of reference. Suggested responsibilities are provided below and further detailed in core requirement 1 and Appendix 2 of these Guidelines.]*

### Audit

#### Internal audit

- Provide overall strategic oversight of internal audit activities
- Act as a forum for communication between the governing body, [general manager/executive officer], senior management, the internal audit function and external audit
- Coordinate, as far as is practicable, the work programs of internal audit and other assurance and review functions
- Review and advise the [council/joint organisation]:
  - on whether the [council/joint organisation] is providing the resources necessary to successfully deliver the internal audit function
  - if the [council/joint organisation] is complying with internal audit requirements, including conformance with the International Professional Practices Framework
  - if the [council's/joint organisation's] internal audit charter is appropriate and whether the internal audit policies and procedures and audit/risk methodologies used by the [council/joint organisation] are suitable
  - of the strategic four-year work plan and annual work plan of internal audits to be undertaken by the [council's/joint organisation's] internal audit function
  - if the [council's/joint organisation's] internal audit activities are effective, including the performance of the head of the internal audit function and the internal audit function
  - of the findings and recommendations of internal audits conducted, and corrective actions needed to address issues raised
  - of the implementation by the [council/joint organisation] of these corrective actions
  - on the appointment of the head of the internal audit function and external providers, and
  - if the internal audit function is structured appropriately and has sufficient skills and expertise to meet its responsibilities

#### External audit

- Act as a forum for communication between the governing body, [general manager/executive officer], senior management, the internal audit function and external audit
- Coordinate as far as is practicable, the work programs of internal audit and external audit
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- Review all external plans and reports in respect of planned or completed audits and monitor council's implementation of audit recommendations
- Provide advice to the governing body and/or [general manager/executive officer] on action taken on significant issues raised in relevant external audit reports and better practice guides

## Risk

### Risk management

Review and advise the [council/joint organisation]:

- if the [council's/joint organisation's] has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the [council/joint organisation] is providing the resources necessary to successfully implement its risk management framework
- whether the [council's/joint organisation's] risk management framework is adequate and effective for identifying and managing the risks the [council/joint organisation] faces, including those associated with individual projects, programs and other activities
- if risk management is integrated across all levels of the [council/joint organisation] and across all processes, operations, services, decision-making, functions and reporting
- of the adequacy of risk reports and documentation, for example, the [council's/joint organisation's] risk register and risk profile
- whether a sound approach has been followed in developing risk management plans for major projects or undertakings
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- if the [council/joint organisation] has taken steps to embed a culture which is committed to ethical and lawful behaviour
- if there is a positive risk culture within the [council/joint organisation] and strong leadership that supports effective risk management
- of the adequacy of staff training and induction in risk management
- how the [council's/joint organisation's] risk management approach impacts on the [council's/joint organisation's] insurance arrangements
- of the effectiveness of the [council's/joint organisation's] management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

### Internal controls

Review and advise the [council/joint organisation]:

- whether the [council's/joint organisation's] approach to maintaining an effective internal audit framework, including over external parties such as contractors and advisors, is sound and effective
- whether the [council/joint organisation] has in place relevant policies and procedures and that these are periodically reviewed and updated
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the [council's/joint organisation's] monitoring and review of controls is sufficient, and
- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately

## Compliance

Review and advise the [council/joint organisation] of the adequacy and effectiveness of the [council's/joint organisation's] compliance framework, including:

- if the [council/joint organisation] has appropriately considered legal and compliance risks as part of the [council's/joint organisation's] risk management framework
- how the [council/joint organisation] manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

## Fraud and corruption

Review and advise the [council/joint organisation] of the adequacy and effectiveness of the [council's/joint organisation's] fraud and corruption prevention framework and activities, including whether the [council/joint organisation] has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

## Financial management

Review and advise the [council/joint organisation]:

- if the [council/joint organisation] is complying with accounting standards and external accountability requirements
- of the appropriateness of the [council's/joint organisation's] accounting policies and disclosures
- of the implications for the [council/joint organisation] of the findings of external audits and performance audits and the [council's/joint organisation's] responses and implementation of recommendations
- whether the [council's/joint organisation's] financial statement preparation procedures and timelines are sound
- the accuracy of the [council's/joint organisation's] annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues
  - the methods used by the [council/joint organisation] to account for significant or unusual transactions and areas of significant estimates or judgements
  - appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the [council's/joint organisation's] annual report is consistent with signed financial statements
- if the [council's/joint organisation's] financial management processes are adequate
- the adequacy of cash management policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases
- if policies and procedures for management review and consideration of the financial position and performance of the [council/joint organisation] are adequate
- if the [council's/joint organisation's] grants and tied funding policies and procedures are sound.

## Governance

Review and advise the [council/joint organisation] regarding its governance framework, including the [council's/joint organisation's]:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key roles and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities
- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge

## Improvement

### Strategic planning

Review and advise the [council/joint organisation]:

- of the adequacy and effectiveness of the [council's/joint organisation's] integrated, planning and reporting (IP&R) processes
- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and
- whether the [council/joint organisation] is successfully implementing and achieving its IP&R objectives and strategies.

### Service reviews and business improvement

- Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, NSW government agencies, Commonwealth government agencies, insurance bodies)
- Review and advise the [council/joint organisation]:
  - If the [council/joint organisation] has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
  - if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
  - how the [council/joint organisation] can improve its service delivery and the [council's/joint organisation's] performance of its business and functions generally

### Performance data and measurement

Review and advise the [council/joint organisation]:

- if the [council/joint organisation] has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- if the performance indicators the [council/joint organisation] uses are effective, and
- of the adequacy of performance data collection and reporting.

# Appendix 4:

## Example risk management policy

---

## Example risk management policy

### Purpose

The purpose of this policy is to express [council's/joint organisation's] commitment to implementing organisation-wide risk management principles, systems and processes that ensure the consistent, efficient and effective assessment of risk in all [council's/joint organisation's] planning, decision-making and operational processes.

### Risk management framework

[Council/joint organisation] provides critical services and infrastructure to the residents, ratepayers and visitors to [area]. [Council/joint organisation] also has service agreements and contractual obligations with government and non-government agencies and organisations and has its own strategic goals and objectives that it seeks to achieve on behalf of the [area] community.

It is therefore incumbent on [council/joint organisation] to understand the internal and external risks that may impact the delivery of these services, contracts and strategic objectives and have processes in place to identify, mitigate, manage and monitor those risks to ensure the best outcome for [council's/joint organisation's], staff and the community. It is also our responsibility to ensure the efficient, effective and ethical use of resources and services by ratepayers, residents, staff and visitors.

[Council/joint organisation] has developed a risk management framework consistent with [Australian standard] to assist it to identify, treat, monitor and review all risks to its operations and strategic objectives and apply appropriate internal controls.

[Council/joint organisation] is committed to the principles, framework and process of managing risk as outlined in [Australian standard] and commits to fully integrating risk management within the [council/joint organisation] and applying it to all decision-making, functions, services and activities of the [council/joint organisation] in accordance with our statutory requirements.

### Responsibilities

[Council/joint organisation] aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making at [council/joint organisation]. It is the responsibility of every staff member and business area to observe and implement this policy and [council's/joint organisation's] risk management framework.

All staff are responsible for identifying and managing risk within their work areas. Key responsibilities include:

- being familiar with, and understanding, the principles of risk management
- complying with all policies, procedures and practices relating to risk management
- alerting management to risks that exist within their area, and
- performing any risk management activities assigned to them as part of their daily role.

Risk management is a core responsibility for all senior staff/management at [council/organisation]. In addition to their responsibilities as staff members, senior staff/management are responsible for:

- ensuring all staff manage their risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken
- encouraging openness and honesty in the reporting and escalation of risks
- ensuring all staff have the appropriate capability to perform their risk management roles
- reporting to the [general manager/executive officer] on the status of risks and controls, and
- identifying and communicating improvements in [council's/joint organisation's] risk management practices to [council's/joint organisation's] risk management function.

[Council's/joint organisation's] risk management function is available to support staff in undertaking their risk management activities.

To ensure [council/joint organisation] is effectively managing its risk and complying with its statutory obligations, [council's/joint organisation's] audit, risk and improvement committee and internal audit function is responsible for reviewing the [council's/joint organisation's]:

- risk management processes and procedures
- risk management strategies for major projects or undertakings
- control environment and insurance arrangements
- business continuity planning arrangements, and
- fraud control plan.

## Monitoring and Review

[Council/joint organisation] is committed to continually improving its ability to manage risk. [Council/joint organisation] will review this policy and its risk management framework at least annually to ensure it continues to meet the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the [council's/joint organisation's] requirements.

## Further information

For further information on [council's/joint organisation's] risk management policy, framework and process, contact [name] on [email address] or by phone [phone number].

[signed – General Manager/Executive officer]

[name]

[date]

[review date]

# Appendix 5:

## Model internal audit charter



---

## Model internal audit charter for local government

[Council/joint organisation] has established the [name of internal audit function] as a key component of the [council's/joint organisation's] governance and assurance framework, in compliance with the Departmental Chief Executive's *Guidelines for risk management and internal audit for local government in NSW*. This charter provides the framework for the conduct of the [name of internal audit function] in the [council/joint organisation] and has been approved by the governing body taking into account the advice of the [council's/joint organisation's] audit, risk and improvement committee.

### Purpose of internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the [council's/joint organisation's] operations. It helps the [council/joint organisation] accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes<sup>1</sup>.

Internal audit provides an independent and objective review and advisory service to provide advice to the governing body, [general manager/executive officer] and audit, risk and improvement committee about the [council's/joint organisation's] governance processes, risk management and control frameworks and its external accountability obligations. It also assists the [council/joint organisation] to improve its business performance.

### Independence

[Council's/joint organisation's] [name of internal audit function] is to be independent of the [council/joint organisation] so it can provide an unbiased assessment of the [council's/joint organisation's] operations and risk and control activities.

[Name of internal audit function] reports functionally to the [council's/joint organisation's] audit, risk and improvement committee on the results of completed audits, and for strategic direction and accountability purposes, and reports administratively to the [general manager/executive officer] to facilitate day-to-day operations. Internal audit activities are not subject to direction by the [council/joint organisation] and the [council's/joint organisation's] management has no role in the exercise of the [council's/joint organisation's] internal audit activities.

The audit, risk and improvement committee is responsible for communicating any internal audit issues or information to the governing body. Should the governing body require additional information, a request for the information may be made to the chair by resolution. The chair is only required to provide the information requested by the governing body where the chair is satisfied that it is reasonably necessary for the governing body to receive the information for the purposes of performing its functions under the Local Government Act. Individual [councillors/board members] are not entitled to request or receive information from the committee.

---

<sup>1</sup> As defined by the International Standards for the Professional Practice of Internal Auditing (2017)

[Detail any delegations made by the general manager/executive officer regarding their internal audit responsibilities].

The [general manager/executive officer] must consult with the chair of the [council's/joint organisation's] audit, risk and improvement committee before appointing or making decisions affecting the employment of the [head of internal audit function]. If the [head of internal audit function] is dismissed, the [general manager/executive officer] must report the reasons for their dismissal to the governing body.

Where the chair of the [council's/joint organisation's] audit, risk and improvement committee has any concerns about the treatment of the [head of internal audit function], or any action taken that may compromise their ability to undertake their functions independently, they can report their concerns to the governing body.

The [head of internal audit function] is to confirm at least annually to the audit, risk and improvement committee the independence of internal audit activities from the [council/joint organisation].

## Authority

[Council/joint organisation] authorises the [name of internal audit function] to have full, free and unrestricted access to all functions, premises, assets, personnel, records and other documentation and information that the [head of internal audit function] considers necessary for the [name of the internal audit function] to undertake its responsibilities.

All records, documentation and information accessed while undertaking internal audit activities are to be used solely for the conduct of those activities. The [head of internal audit function] and individual internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive when undertaking their work.

All internal audit documentation is to remain the property of [council/joint organisation], including where internal audit services are performed by an external third-party provider.

Information and documents pertaining to the [name of the internal audit function] are not to be made publicly available. The [name of the internal audit function] may only release [council/joint organisation] information to external parties that are assisting the [name of the internal audit function] to undertake its responsibilities with the approval of the [general manager/executive officer], except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

## Role

The [name of internal audit function] is to support the [council's/joint organisation's] audit, risk and improvement committee to review and provide independent advice to the [council/joint organisation] in accordance with section 428A of the *Local Government Act 1993*. This includes conducting internal audits of [council/joint organisation] and monitoring the implementation of corrective actions.

The [name of internal audit function] is to also play an active role in:

- developing and maintaining a culture of accountability and integrity
- facilitating the integration of risk management into day-to-day business activities and processes, and
- promoting a culture of high ethical standards.

[Name of internal audit function] has no direct authority or responsibility for the activities it reviews. [Name of internal audit function] has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in [council/joint organisation] functions or activities (except in carrying out its own functions).

## [Head of internal audit function]

### Option 1: In-house internal audit function

[Council's/joint organisation's] [name of internal audit function] is to be led by a member of [council's/joint organisation's] staff with sufficient skills, knowledge and experience to ensure it fulfils its role and responsibilities to the [council/joint organisation] and the audit, risk and improvement committee. The [head of internal audit function] must be independent, impartial, unbiased and objective when performing their work and free from any conflicts of interest.

Responsibilities of the [head of internal audit function] include:

- managing the day-to-day activities of the [name of internal audit function]
- managing the [council's/joint organisation's] internal audit budget
- supporting the operation of the [council's/joint organisation's] audit, risk and improvement committee
- approving internal audit project plans, conducting or supervising audits and assessments and providing independent advice to the audit, risk and improvement committee
- monitoring the [council's/joint organisation's] implementation of corrective actions that arise from the findings of audits
- implementing the audit, risk and improvement committee's annual work plan and four-year strategic work plan
- ensuring the [council's/joint organisation's] internal audit activities comply with the *Guidelines for risk management and internal audit for local government in NSW*, and
- contract management and oversight of supplementary external providers (where appropriate).

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

### Option 2: Outsourced internal audit function

[Council's/joint organisation's] [name of internal audit function] is to be led by a member of [council's/joint organisation's] staff with sufficient skills, knowledge and experience to ensure it fulfils its role and responsibilities to the [council/joint organisation] and the audit, risk and improvement committee. The [head of internal audit function] must be independent, impartial, unbiased and objective when performing their work and free from any conflicts of interest.

Responsibilities of the [head of internal audit function] include:

- contract management
- managing the internal audit budget
- ensuring the external provider completes internal audits in line with the audit, risk and improvement committee's annual work plan and four-year strategic work plan
- forwarding audit reports by the external provider to the audit, risk and improvement committee
- acting as a liaison between the external provider and the audit, risk and improvement committee
- monitoring the [council's/joint organisation's] implementation of corrective actions that arise from the findings of audits and reporting progress to the audit, risk and improvement committee, and

- assisting the audit, risk and improvement committee to ensure the [council's/joint organisation's] internal audit activities comply with the *Guidelines for risk management and internal audit for local government in NSW*.

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

## [Name of internal audit team]

### Option 1: In-house internal audit team

Members of the [name of internal audit function] are responsible to the [head of internal audit function].

Individuals that perform internal audit activities for [council/joint organisation] must have:

- an appropriate level of understanding of the [council's/joint organisation's] culture, systems and processes
- the skills, knowledge and experience necessary to conduct internal audit activities in the [council/joint organisation]
- effective interpersonal and communication skills to ensure they can engage with [council/joint organisation] staff effectively and collaboratively, and
- honesty, integrity and diligence.

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

### Option 2: Out-sourced internal audit team

[Council/joint organisation] is to contract an external third-party provider to undertake its internal audit activities. To ensure the independence of the external provider, the [head of internal audit function] is to ensure the external provider:

- does not conduct any audits on specific [council/joint organisation] operations or areas that they have worked on within the last two years
- is not the same provider conducting the [council's/joint organisation's] external audit
- is not the auditor of any contractors of the [council/joint organisation] that may be subject to the internal audit, and
- can meet the [council's/joint organisation's] obligations under the *Guidelines for risk management and internal audit for local government in NSW*.

The [head of internal audit function] must consult with the audit, risk and improvement committee and [general manager/executive officer] regarding the appropriateness of the skills, knowledge and experience of any external provider before they are engaged by the [council/joint organisation].

[Details of any shared arrangements].

## Performing internal audit activities

The work of the [name of internal audit function] is to be thoroughly planned and executed. The [council's/joint organisation's] audit, risk and improvement committee must develop a strategic work plan every four years to ensure that the matters listed in Schedule 1 are reviewed by the committee and considered by the internal audit function when developing their risk-based program of internal audits. The strategic work plan must be reviewed at least annually to ensure it remains appropriate.

The committee must also develop an annual work plan to guide the work of the internal audit function over the forward year.

All internal audit activities are to be performed in a manner that is consistent with relevant professional standards including the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and [\[current Australian risk management standard\]](#).

The [\[head of internal audit function\]](#) is to provide the findings and recommendations of internal audits to the audit, risk and improvement committee at the end of each audit. Each report is to include a response from the relevant senior manager.

The [\[head of internal audit function\]](#) is to establish an ongoing monitoring system to follow up [\[council's/joint organisation's\]](#) progress in implementing corrective actions.

The [\[general manager/executive officer\]](#), in consultation with the audit, risk and improvement committee, is to develop and maintain policies and procedures to guide the operation of the [\[council's/joint organisation's\]](#) [\[name of internal audit function\]](#).

The [\[head of internal audit function\]](#) is to ensure that the audit, risk and improvement committee is advised at each of the committee's meetings of the internal audit activities completed during that quarter, progress in implementing the annual work plan and progress made implementing corrective actions.

## Conduct

Internal audit personnel must comply with the [\[council's/joint organisation's\]](#) code of conduct. Complaints about breaches of [\[council's/joint organisation's\]](#) code of conduct by internal audit personnel are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*. The [\[general manager/executive officer\]](#) must consult with the [\[council's/joint organisation's\]](#) audit, risk and improvement committee before any disciplinary action is taken against the [\[head of internal audit function\]](#) in response to a breach of the [\[council's/joint organisation's\]](#) code of conduct.

Internal auditors must also comply with the Code of Ethics for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

## Administrative arrangements

### Audit, risk and improvement committee meetings

The [\[head of internal audit function\]](#) will attend audit, risk and improvement committee meetings as an independent non-voting observer. The [\[head of internal audit function\]](#) can be excluded from meetings by the committee at any time.

The [\[head of internal audit function\]](#) must meet separately with the audit, risk and improvement committee at least once per year.

The [\[head of internal audit function\]](#) can meet with the chair of the audit, risk and improvement committee at any time, as necessary, between committee meetings.

### External audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and to facilitate coordination.

External audit will have full and free access to all internal audit plans, working papers and reports.

### **Dispute resolution**

[Name of internal audit function] should maintain an effective working relationship with the [council/joint organisation] and the audit, risk and improvement committee and seek to resolve any differences they may have in an amicable and professional way by discussion and negotiation.

In the event of a disagreement between the [name of internal audit function] and the [council/joint organisation], the dispute is to be resolved by the [general manager/executive officer] and/or the audit, risk and improvement committee. Disputes between the [name of internal audit function] and the audit, risk and improvement committee are to be resolved by the governing body.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Departmental Chief Executive in writing.

### **Review arrangements**

The [council's/joint organisation's] audit, risk and improvement committee must review the performance of the internal audit function each year and report its findings to the governing body. A strategic review of the performance of the [name of internal audit function] must be conducted each council term that considers the views of an external party with a strong knowledge of internal audit and reported to the [governing body/board].

This charter is to be reviewed annually by the committee and once each council term by the governing body. Any substantive changes are to be approved by the governing body.

### **Further information**

For further information on [council's/joint organisation's] internal audit activities, contact [name] on [email address] or by phone [phone number].

Reviewed by [head of internal audit function]

[sign and date]

Reviewed by chair of the [council's/joint organisation's] audit, risk and improvement committee

[sign and date]

Reviewed by [general manager/executive officer]

[sign and date]

Reviewed by [council/joint organisation] in accordance with a resolution of the governing body

[sign and date]

[resolution reference]

## Schedule 1 – internal audit function responsibilities

*[Note: each council/joint organisation is to determine the responsibilities of its internal audit function in relation to each matter listed in section 428A of the Local Government Act 1993 and list them in Schedule 1 to the council's/joint organisation's internal audit charter. Suggested responsibilities are provided below and further detailed in core requirement 3 and Appendix 2 of these Guidelines.]*

### Audit

#### Internal audit

- Conduct internal audits as directed by the [council's/joint organisation's] audit, risk and improvement committee.
- Implement the [council's/joint organisation's] annual and four-year strategic internal audit work plans.
- Monitor the implementation by the [council/joint organisation] of corrective actions.
- Assist the [council/joint organisation] to develop and maintain a culture of accountability and integrity.
- Facilitate the integration of risk management into day-to-day business activities and processes.
- Promote a culture of high ethical standards.

#### External audit

- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided.
- Review all external plans and reports in respect of planned or completed audits and monitor the [council's/joint organisation's] implementation of audit recommendations.
- Provide advice on action taken on significant issues raised in relevant external audit reports and better practice guides.

### Risk

#### Risk management

Review and advise:

- if the [council's/joint organisation's] has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the [council's/joint organisation's] risk management framework is adequate and effective for identifying and managing the risks the [council/joint organisation] faces, including those associated with individual projects, programs and other activities
- if risk management is integrated across all levels of the [council/joint organisation] and across all processes, operations, services, decision-making, functions and reporting
- of the adequacy of risk reports and documentation, for example, the [council's/joint organisation's] risk register and risk profile
- whether a sound approach has been followed in developing risk management plans for major projects or undertakings
- whether appropriate policies and procedures are in place for the management and exercise of delegations



- if the [council/joint organisation] has taken steps to embed a culture which is committed to ethical and lawful behaviour
- if there is a positive risk culture within the [council/joint organisation] and strong leadership that supports effective risk management
- of the adequacy of staff training and induction in risk management
- how the [council's/joint organisation's] risk management approach impacts on the [council's/joint organisation's] insurance arrangements
- of the effectiveness of the [council's/joint organisation's] management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

### Internal controls

Review and advise:

- whether the [council's/joint organisation's] approach to maintaining an effective internal audit framework, including over external parties such as contractors and advisors, is sound and effective
- whether the [council/joint organisation] has in place relevant policies and procedures and that these are periodically reviewed and updated
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the [council's/joint organisation's] monitoring and review of controls is sufficient, and
- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately.

### Compliance

Review and advise of the adequacy and effectiveness of the [council's/joint organisation's] compliance framework, including:

- if the [council/joint organisation] has appropriately considered legal and compliance risks as part of the [council's/joint organisation's] risk management framework
- how the [council/joint organisation] manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

### Fraud and corruption

Review and advise of the adequacy and effectiveness of the [council's/joint organisation's] fraud and corruption prevention framework and activities, including whether the [council/joint organisation] has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

### Financial management

Review and advise:

- if the [council/joint organisation] is complying with accounting standards and external accountability requirements
- of the appropriateness of the [council's/joint organisation's] accounting policies and disclosures



- of the implications for the [council/joint organisation] of the findings of external audits and performance audits and the [council's/joint organisation's] responses and implementation of recommendations
- whether the [council's/joint organisation's] financial statement preparation procedures and timelines are sound
- the accuracy of the [council's/joint organisation's] annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues
  - the methods used by the [council/joint organisation] to account for significant or unusual transactions and areas of significant estimates or judgements
  - appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the [council's/joint organisation's] report is consistent with signed financial statements
- if the [council's/joint organisation's] financial management processes are adequate
- the adequacy of cash management policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases
- if policies and procedures for management review and consideration of the financial position and performance of the [council/joint organisation] are adequate
- if the [council's/joint organisation's] grants and tied funding policies and procedures are sound.

## Governance

Review and advise of the adequacy of the [council/joint organisation] governance framework, including the [council's/joint organisation's]:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key roles and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities
- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge.

## Improvement

### Strategic planning

Review and advise:

- of the adequacy and effectiveness of the [council's/joint organisation's] integrated, planning and reporting (IP&R) processes

- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and
- whether the [council/joint organisation] is successfully implementing and achieving its IP&R objectives and strategies.

### **Service reviews and business improvement**

Review and advise:

- if the [council/joint organisation] has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
- if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
- how the [council/joint organisation] can improve its service delivery and the [council's/joint organisation's] performance of its business and functions generally

### **Performance data and measurement**

Review and advise:

- if the [council/joint organisation] has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- if the performance indicators the [council/joint organisation] uses are effective, and
- of the adequacy of performance data collection and reporting.




# YASS VALLEY SENIORS MONTH PROGRAM

## FEBRUARY - MARCH 2023

### FREE ACTIVITIES FOR SENIORS ACROSS THE VALLEY

<b>FEB 20</b> Weaving workshop light lunch included 10am-1pm Yass Community Centre	<b>FEB 22</b> High tea & interaction with the animals Black Wattle Alpaca Farm 11am - 1.30	<b>FEB 24</b> Hot Date Lunch Bowring Hotel Bus will pick up from Yass and drive you to Bowring, lunch included	<b>FEB 27</b> National Gallery of Australia Bus leaving Yass, tour & lunch included
<b>MAR 01</b> Hot lunch date Club House Yass Bus to pick up from Bowring, Bookham, Binalong	<b>MAR 02</b> Beeswax Wrap Making Gundaroo Hall Lunch included 10am - 1pm	<b>MAR 03</b> Bingo & Morning Tea Yass Community Centre 10am - 12pm	<b>MAR 07</b> Hot Date Lunch Murrumbateman Hotel bus to pick up from Gundaroo & Sutton 12-2pm
<b>MAR 08</b> Dance for Wellbeing Class Yass Community Centre 10 - 1pm Morning Tea included	<b>MAR 09</b> Murrumbateman Craft Workshop Murrumbateman Hall 10 - 1pm Lunch included	<b>MAR 10</b> Art workshop & Morning Tea at Crisp Galleries 11 - 1pm	<b>MAR 13</b> Seniors Story Time with Preschool Yass Library 10.30
<b>MAR 14</b> Mosaic Workshop & High Tea Tootsie Gallery 10 - 12pm	<b>MAR 17</b> Seniors High Tea Cooma Cottage String quartet performing 11 - 2pm	For more information on our activities or to make a booking please visit <a href="http://www.yassvalley.nsw.gov.au">www.yassvalley.nsw.gov.au</a> or call 0490 088 271	


yass valley council















## Country Mayors Association Inc of NEW SOUTH WALES

**Chairperson:** Cr Jamie Chaffey  
PO Box 63, Gunnedah NSW 2380  
0467 402 412  
ABN 92 803 490 533

### MEETING MINUTES

#### GENERAL MEETING

**Thursday 9 March 2023** held at the Offices of the Port of Newcastle, Level 4, 251 Wharf Road, Newcastle.

***The meeting opened at 8:45am***

#### 1. ATTENDANCE:

Armidale Regional Council, Cr Sam Coupland, Mayor  
Armidale Regional Council, Mr James Roncon, General Manager  
Bega Valley Shire Council, Cr Russell Fitzpatrick, Mayor  
Bellingen Shire Council, Cr Steve Allan, Mayor  
Berrigan Shire Council, Cr Matthew Hannan, Mayor  
Broken Hill City Council, Cr Jim Hickey, Deputy Mayor  
Dungog Shire Council, Cr John Connors, Mayor  
Dungog Shire Council, Mr Gareth Curtis, General Manager  
Federation Council, Cr Patrick Bourke, Mayor  
Federation Council, Mr Adrian Butler, General Manager  
Forbes Shire Council, Cr Phyllis Miller, Mayor  
Forbes Shire Council, Mr Steve Loane, General Manager  
Glen Innes Shire Council, Cr Troy Arandale, Deputy Mayor  
Glen Innes Shire Council, Mr Bernard Smith, General Manager  
Goulburn Mulwaree Council, Cr Peter Walker, Mayor  
Griffith City Council, Cr Doug Curran, Mayor  
Griffith City Council, Mr Brett Stonestreet, General Manager  
Gunnedah Shire Council, Cr Jamie Chaffey, Mayor  
Gunnedah Shire Council, Mr Eric Groth, General Manager  
Kempsey Shire Council, Cr Leo Hauville, Mayor  
Kempsey Shire Council, Mr Craig Milburn, General Manager  
Lachlan Shire Council, Cr John Medcalf, Mayor  
Lachlan Shire Council, Mr Greg Tory, General Manager  
Leeton Shire Council, Cr Tony Reneker, Mayor  
Leeton Shire Council, Ms Jackie Kruger, General Manager  
Liverpool Plains Shire Council, Cr Doug Hawkins, Mayor  
Liverpool Plains Shire Council, Mr Nathan Skelly, Acting General Manager  
Mid-Western/Mudgee Regional Council, Cr Des Kennedy, Mayor

**Page 2**



Moree Plains Shire Council, Cr Mark Johnson, Mayor  
Moree Plains Shire Council, Mr Lester Rogers, General Manager  
Narrabri Shire Council, Cr Ron Campbell, Mayor  
Narrabri Shire Council, Mr Robert Williams, General Manager  
Narromine Shire Council, Cr Dawn Collins, Deputy Mayor  
Oberon Council, Cr Lauren Trembath  
Oberon Council, Mr Gary Wallace, General Manager  
Orange City Council, Cr Jason Hamling, Mayor  
Parkes Shire Council, Cr Ken Keith, Mayor  
Port Stephens Council, Cr Ryan Palmer, Mayor  
Singleton Council, Cr Sue Moore, Mayor  
Singleton Council, Mr Jason Linnane, General Manager  
Tamworth Regional Council, Cr Russell Webb, Mayor  
Tamworth Regional Council, Mr Paul Bennett, General Manager  
Tenterfield Shire Council, Cr Bronwyn Petrie, Mayor  
Uralla Shire Council, Cr Robert Bell, Mayor  
Uralla Shire Council, Ms Kate Jessep, General Manager  
Walcha Council, Cr Eric Noakes, Mayor  
Wingecarribee Shire Council, Mr Viv May, Interim Administrator  
LGNSW, Cr Darriea Turley, President  
LGNSW, Mr Scott Phillips, CEO

**APOLOGIES:**

Ms Linda Scott, President ALGA and as submitted

Further apologies taken from the floor:

- Kent Boyd, GM Parkes
- Cr Rick Firman, Mayor Temora

**SPECIAL GUESTS**

(a) Clr Darriea Turley AM, President, LGNSW

(b) Mr Scott Phillips, CEO, LGNSW

**2. Adoption of Minutes of Previous Meeting:**

RESOLVED that the minutes of the General Meeting held on 18 November 2022 be accepted as a true and accurate record

*Moved: Narrabri Mayor, Councillor Ron Campbell*

*Seconded: Kempsey Mayor, Councillor Leo Hauville*

**Carried**

***Meeting suspended at 8:50am, and Jamie introduced Darriea and Scott***

Darriea addressed current matters for LGNSW including Red Fleet and then handed over to Scott, LGNSW. Scott addressed the following:

- Councillor Conduct Framework
- IPART Review of Rate Peg Methodology- new CEO doesn't believe that they can have report to Government by April deadline, and have been granted a 3 month extension

***Chairman Chaffey introduced Craig Carmody at 9:00am***

Mr Carmody gave the meeting an overview of the operations and aspirations of Port of Newcastle.

Mr Carmody wrapped up at 9:50 with a presentation of a book to Jamie.

Mayor of Singleton, Councillor Sue Moore made a presentation as a token of appreciation to Craig.

***Meeting broke for morning tea to resume at 10:15am.***

***Meeting resumed at 10:15am***

**3. Matters Arising from the Minutes:**

There were no matters arising.

**4. Membership:**

**Motion:** That Junee Shire Council, Muswellbrook Shire Council, Bourke Shire Council be admitted as members of the Association.

*Moved: Forbes Mayor, Councillor Phyllis Miller*

*Seconded: Federation Mayor, Councillor Patrick Bourke*

**Carried unanimously.**

Chairman Chaffey read correspondence received last night from Mayor of Newcastle, which requested that the association grant Newcastle City Council associate membership.

Discussion ensued.

**Motion:** That Country Mayors Association move to work on consideration of change to our membership to align with that of LGNSW rural regional.

*Moved: Forbes Mayor, Councillor Phyllis Miller*

*Seconded: Lachlan Mayor, Councillor John Medcalf*

**Carried**

**Motion:** That 2 months notice be given that there be constitutional change to allow for there to be associate membership to the association.

*Moved: Parkes Mayor, Councillor Ken Keith*

*Seconded: Tenterfield Mayor, Councillor Bronwyn Petrie*

The matter was suggested to be deferred pending the investigation of realignment of membership as per the previous motion. The Chair determined to allow it as it was a separate matter to that of Newcastle's request.

**Carried by 75% majority**

It was noted that the executive would work towards putting words around what associate membership would entitle and how much it would be.

**5. Correspondence:**

*Correspondence Outward and Correspondence Inward sheets provided with General Meeting Agenda*

**Motion:** That the correspondence be noted.

*Moved: Lachlan Mayor, Councillor John Medcalf*

*Seconded: Tamworth Mayor, Councillor Russell Webb*

**Carried**

- (a) NSW Fair Trading Form A12 – T2 Annual Summary of Financial Affairs Tier 2
- (b) Local Government NSW Update for CMA Meeting on 09/03/23  
*Clr Darriea Turley AM, President, LGNSW provided update and addressed CMA members regarding membership*

**6. Financial Report:**

**Motion:** That the financial reports for the last quarter were tabled and accepted.

*Moved: Parkes Mayor, Councillor Ken Keith*

*Seconded: Glen Innes Deputy Mayor, Councillor Troy Arandale*

**Carried**

## 7. General Business

### (a) Change to CMA Constitution

*At the 18 November meeting it was resolved that notice of 2 months be given to members to change the Associations Constitution to provide for the position of Immediate Past Chairman to be a member of the Executive.*

*Under clause 32 of the Constitution, no alterations to the Constitution shall be made unless two months' notice in writing is first given and unless the alteration be supported by 75% of the members present at the meeting at which the vote is taken. Notice of the proposed change was notified to members by e-mail on the 28 November 2022*

**Motion:** That the Country Mayors Association change the Associations Constitution to create the position of Immediate Past Chairman and provide for that position to be a member of the Executive.

*Moved: Forbes Mayor, Councillor Phyllis Miller*

*Seconded: Tamworth Mayor, Councillor Russell Webb*

**Carried unanimously**

### (b) Acknowledgement to Country

**Motion:** That the Country Mayors Association includes an Acknowledgement to Country at its future meetings with the wording of such to be as follows:

*"We acknowledge the Traditional Custodians of the land and waters, and we show our respect for Elders past, present and emerging. We are committed to providing communities in which Aboriginal and Torres Strait Islander People are included socially, culturally and economically".*

*Moved: Kempsey Mayor, Councillor Leo Hauville*

*Seconded: Bellingen Mayor, Councillor Steve Allan*

**Carried unanimously**

**(c) Quotes**

**CMA Banners (Llyod Signs)**

**Website (Two Cats Creative)**

**Motion:** That the Country Mayors Association accepts the quotes for CMA Banners received from Lloyd Signs and for CMA Website received from Two Cats Creative.

*Moved:* Goulburn Mayor, Councillor Peter Walker

*Seconded:* Berrigan Mayor, Councillor Matthew Hannan

**Carried**

**(d) Revised and amended Scholarship Program**

It was noted by the Chair that there was some concern with this item by parties external to CMA as the amount offered was greater than the first prize for the Bluett.

**Motion:** That the matter of the scholarship program be deferred to the May meeting of CMA.

*Moved:* Forbes Mayor, Councillor Phyllis Miller

*Seconded:* Tamworth Mayor, Councillor Russell Webb

**Carried**

**(e) CMA Position on distribution of Letters of Support for Funding**

*The Chairman recently received a request for a Letter of Support for a member council to assist with a grant funding application to a State Government program. A draft letter was presented to the Executive for their approval as CMA currently do not have an endorsed position on the provision of such request for support. It should be noted the letter was supported by the Executive but it was not unanimous and after further discussion with the Executive it was decided that this issue should be debated at the next General Meeting of CMA for a formal position to be developed.*

**Motion:** That the Country Mayors Association not give letters of support to our member Councils for their grant funding applications.

*Moved:* Forbes Mayor, Councillor Phyllis Miller

*Seconded:* Singleton Mayor, Councillor Sue Moore

**Carried**

**General Business from the floor:**

**Motion:**

That the Association, at a future meeting, report on holding two meetings a year in non-metropolitan locations with application criteria being determined by the Executive. These meetings would commence in 2024 if adopted.

*Moved: Kempsey Mayor, Councillor Leo Hauville*

*Seconded: Forbes Mayor, Councillor Phyllis Miller*

*It was clarified by the Chair that this is 2 additional meetings to the 4 meetings per year that CMA will hold in Parliament House aligned with sitting dates, or alternate venue such as York Club.*

**Carried**

**Motion:**

That the Country Mayors Association write to the Board of LGNSW and request that a motion be moved at the next LGNSW Conference to:

1. Revoke the previously passed motion to disallow real estate agents and developers and associated families of such from standing as councillors through NSW LGAs; and
2. That if the motion is successful that the board write to both major political parties advising them of the decision.

*The Chair sought, given the nature of the motion, leave from the meeting about whether the motion should be accepted. The motion was accepted and put to the vote.*

*Moved: Broken Hill Deputy Mayor, Councillor Jim Hickey*

*Seconded: Federation Mayor, Pat Bourke*

**Carried**

There being no further business the meeting closed at 11:15am

The members remained to receive a briefing from Viv May on the Remuneration Tribunal deliberations this year.

A Guided Tour of the Newcastle Port Facilities was then held on conclusion of the meeting.

**Next Meeting**

The date of the next meeting is scheduled for **Friday 26 May 2023**, location in **Sydney** with venue to be advised.

Cr Jamie Chaffey

CHAIRMAN

COUNTRY MAYOR'S ASSOCIATION OF NSW INC.