



NEW ENGLAND  
JOINT ORGANISATION

**nejo**

**Annual Performance  
Statement  
2020-2021**



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## **ABOUT THIS REPORT**

Within five months from the end of each financial year, a Joint Organisation must prepare an Annual Performance Statement.

This report is designed to outline the New England Joint Organisation's (NEJO) progress in implementing and delivering its strategic regional priorities.

This Statement provides advice in line with the legislative and regulatory framework specifically 397J (Annual performance statements) of the Local Government Act

# Chair's Message

I have pleasure presenting to you the New England Joint Organisation (NEJO) 2020-2021 Annual Performance Statement.

This statutory report outlines the performance of the Joint Organisation in achieving the objectives within the 2018-2021 Strategic Plan. There has been a wide variety of activity occurring to meet these regional priorities.

During the year we have also seen a transition in staff with Brooke Southwell departing the organisation to take on a new opportunity. We thank Brooke for her contribution and wish her well. I am pleased to advise that Melissa McLeod commenced in the role of Executive Officer in June 2021 and we look forward to working with her.

2020-2021 has seen our region take the first steps to recover from the significant impacts of drought, bushfires and more recently Covid 19. More than ever, communities are relying on their elected officials to show the way forward and we all share the same goal; to contribute to making our communities prosper.

I am pleased to report that during what has been the most challenging of times, NEJO has continued to be a positive forum where councils come together to benefit each other through the sharing of skills and knowledge. By bringing our unique strengths to the table we aim to grow opportunities and advocate for the benefit of our communities across the region. A sincere thanks to my fellow Mayors for their continued cooperation and support of the Joint Organisation.

Mr Michael Pearce  
NEJO Chairman



## Introduction

The New England Joint Organisation consists of seven (7) Councils and (1) Associate membership located on the highlands, slopes, and plains of Northern New South Wales.

The Councils include:

- Armidale Regional Council
- Glen Innes Severn Council
- Inverell Shire Council
- Moree Plains Shire Council
- Narrabri Shire Council
- Tenterfield Shire Council
- Uralla Shire Council
- Gwydir Shire Council – Associate Membership

While the area covered by our Member Councils is diverse in geography and economic drivers, the Members are united in their commitment to work together for the improvement and enhancement of their respective communities.

The key regional priorities for the organisation are:

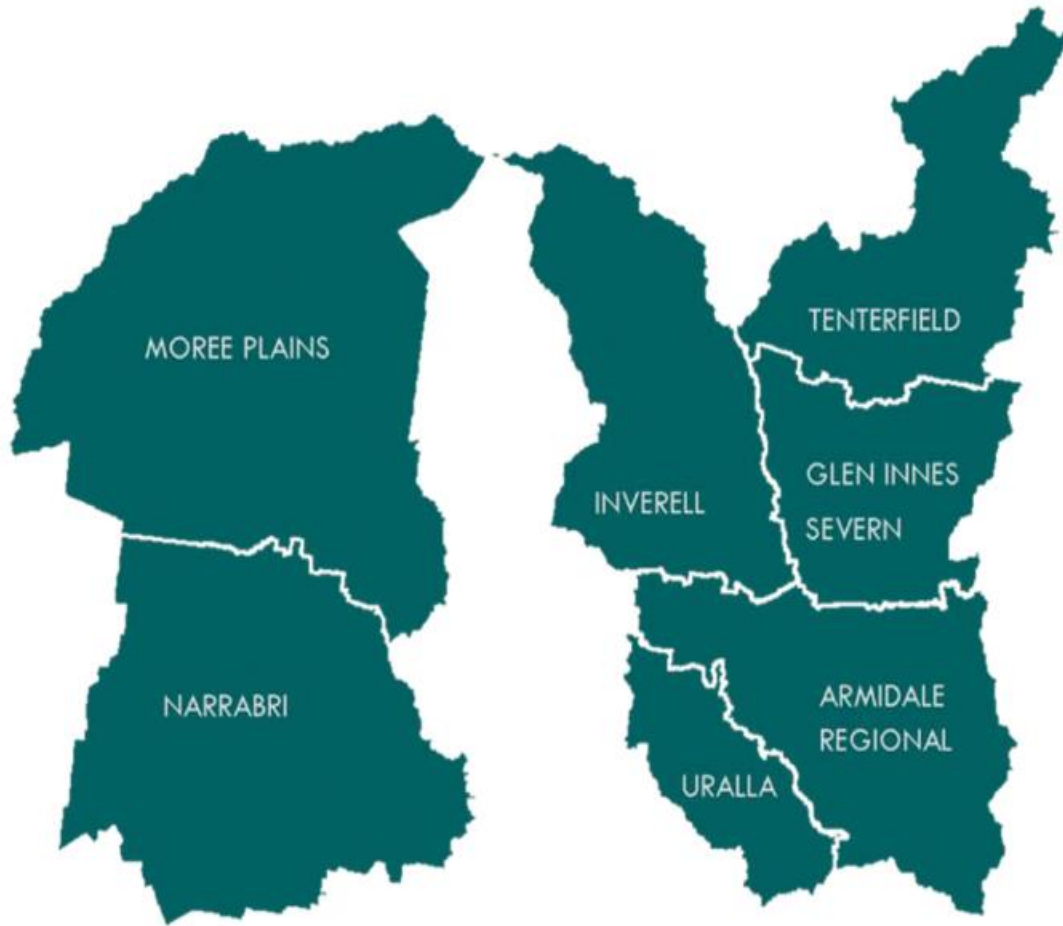
- To drive economic sustainability
- To have educated, healthy and safe communities that are well connected
- To attract investment in critical infrastructure

The New England Joint Organisation acknowledges that fostering strong partnerships with all tiers of government and non-government agencies, and supporting Member Councils, will greatly enhance its ability to achieve outcomes for the region that are aligned to the agreed regional priorities and related strategic actions.

The organisation's role is to:

- Plan for and prioritise services/projects which deliver regional benefits
- Advocate to relevant partners on the need for specific projects and services
- Collaborate with relevant partners for project/service delivery

# Our LGA's



# Our organisation

The organisational structure is outlined below.



The mayors receive advice and information about strategic and operational opportunities from the General Managers of member Councils. Working Groups are established with key experienced personnel from within each member Council.

The Board, the General Managers Group and various working groups meet when required and are intended to be flexible and responsive to the needs of the JO. The administration of the organisation is reliant on the support of member Councils and their staff. The organisation employs an Executive Officer in a part time capacity to conduct strategic project activities and public officer duties.

# Regional Priorities & Strategies (2018-2021)

## 1. Drive Economic Sustainability

- 1.1 Establish a positive planning environment to facilitate industry and business activity in the New England Region.
- 1.2 Support the agricultural sector to improve productivity, build resilience and reduce risks.
- 1.3 Support the renewable energy sector within the New England Region and advocate for delivery of renewable energy solutions.
- 1.4 Ensure a unified water security strategy across multiple catchments.

## 2. Educated, Healthy and Safe Communities that are Well Connected

- 2.1 Build collaborative relationships with key NSW Government agencies to understand the status of resourcing and service delivery across the New England Region as a basis for informed advocacy.
- 2.2 Grow the capacity of our young people within the New England Joint Organisation Region.

## 3. Attract Investment in Critical Infrastructure

- 3.1 Plan key road corridors and networks to improve inter and intra region transport, and rail and air intermodal connectivity, specifically to drive efficiency in moving regional freight to ports.
- 3.2 Plan to overcome gaps and pinch points for freight and road connectivity to the proposed Inland Rail.
- 3.3 Advocate for improved telecommunications infrastructure and services to enhance connectivity.
- 3.4 Leverage the capacity of individual airports to increase freight and tourism opportunities, and optimise access to professional specialists and services.
- 3.5 Develop robust business cases (demonstrating BCR of >1.0) for regionally significant infrastructure items as the basis for making collective applications under available funding opportunities.



# 2020 – 2021 Highlights

## Key Function 1: Delivering on our Strategic Priorities

### 1. Drive Economic Sustainability

The role of the JO in economic sustainability has been predicated on creating a positive environment for industry and business activity in the region. The region contributes \$7billion to the NSW economy. In the 2020-2021 period the region has continued to feel pressure from the ongoing impact from drought and bushfires and the compounding effects of COVID 19. The role of the JO has been to continue to find ways to support our communities by acting together on solving strategic issues and taking up opportunities. The JO undertook the following activities;

- *Marketing campaigns for High Country Tourism and the Great Artesian Drive;* Capacity Building Funding was applied to support council members in the development of marketing campaigns and associated tools as a major initiative to draw back visitors to our region after experiencing severe drought, devastating bushfires and the ongoing impacts of COVID-19. The campaign was designed to specifically support the recovery of our regional visitor economy which contributed \$1.1billion in 2019 (Source: National and International Visitor Surveys, Tourism Research Australia.)
- *Successful application from the Bushfire Communities Recovery & Resilience Fund.* With many communities across the region impacted by the bushfire events of 2019-2020, the JO was successful in gaining funding for a targeted economic development strategy and communication process. The first stage of the project will provide specific economic development opportunities and actions to be picked up by councils. Regional level strategies will focus the future advocacy work of the Joint Organisation to support the opportunities identified through the report.

### 2. Educated, Healthy and Safe Communities that are Well Connected

A key role for the JO is to ensure our region is linked into effective communication with regional and state agencies and appropriate networks and where appropriate advocate for improvements.

- Working regularly with state government agencies through the Regional Leadership Executive allows issues to be raised and discussed and importantly for the local government perspective to be considered. Whilst COVID 19 has impacted on regional collaboration, there are still a number of working groups which have had a focus on skills gaps, drought and resilience focused outcomes.
- General Managers talk regularly through the General Managers Advisory Committee to progress issues, share opportunities and consider strategic projects for the consideration of the Board.
- A joint meeting with Hunter New England Health service and Commonwealth Primary Health Network was conducted in 2020. This discussion was focused on considering the impediments to and challenges facing regional GP and Allied health skills and services to inform Board advocacy of the issues.

### 3. Attract investment in Critical Infrastructure

- The Roads Network Strategy was completed and adopted by the Board in November 2020. The strategy outlines the key priorities for roads that form part of strategic networks identified for their contributions to the economic and social prosperity of the region. As a completed document the strategy will be utilised to secure additional funding, support cross-regional collaboration and consider how linkages can be better supported with key industries that rely on the road network. Individual councils will also benefit through accessing the strategy to support local infrastructure bids.
- The JO was successful in applying for additional Capacity Building Funding to secure business case development for seven (7) key roads identified by each LGA. The business cases will enable councils to seek their own funding for additional road upgrades to compliment the regional strategy.

## Key Function 2: Intergovernmental relationships

One of the key functions of a Joint Organisation is inter-governmental relations and the NEJO has participated in a number of key Government stakeholder groups, including:

- Participation and collaboration in a range of regionally based networks such as the State Government led Regional Leadership Executive and the Regional Development Sub-Committee, Drought taskforce and associated working groups.
- Engagement with Transport for NSW including Northern and Western Divisions, in the development of the New England Road Network Strategy and future projects.
- Contribution to the development of the Regional Reference Group for the establishment of the Renewable Energy Zone (DPIE)
- Participating in and taking up advocacy items from the Northern Inland Regional Waste Group (NIRW)
- NEJO continues to contribute to the Joint Chairs network and joint advocacy efforts associated with the network. The network plays an important role in advocating on behalf of local government and
- Participation in the Northern Border Recovery Committee which was established in 2020 to focus on:
  - pressure testing recovery ideas and NSW policy;
  - identifying measures to support NSW businesses and communities;
  - supporting local government operations;
  - bringing together key service providers and stakeholders to ensure holistic planning to social and economic recovery; and being the focal consultation point for NSW Government

### **Key Function 3: Advocacy and leadership**

Advocacy is an important focus area for the NEJO. Member Councils have established the following priority areas of advocacy:

- Drought review – contributing to the review and providing feedback to the process of assessing future drought strategies through the taskforce.
- Airport timeslots at Sydney – advocating for a return to limited flights following lock downs. Providing data to inform the work that continues to secure timeslots that enable travel efficiency for regional businesses and equitable community access to medical and specialist services
- Waste strategy – contribute to consultation processes and feedback on the implementation of waste strategy goals through Northern Inland Regional Waste Group and raising individual council issues
- Telecommunications – ongoing discussion held at regional level aimed at improving connectivity to facilitate business improvement & recovery.
- Youth Training and employment – discussion held at regional level to prioritise and with UNE to consider business development training to fast-track employment options
- Water security – Discussions with DPIE and the Town Water Risk Reduction Program
- Renewable energy opportunities and challenges for local government
- GP and Allied services and the impact on community prosperity; The Board initiated a process with Hunter New England Health Service and the Primary Health Network which defined the challenges facing many communities such as the aging medical workforce in general practice, why is it difficult to attract medical practitioners to the bush and associated issues. Ongoing advocacy work will continue in this space.
- Local Government - Submission provided to Parliamentary Inquiry into providing recovery and support funding for local government.

## Statutory information

- A. A copy of the audited financial reports prepared in accordance with the JO Supplement to Local Government Code of Accounting Practice and Financial Reporting - (may be an attachment).  
*(Act s 428(4)(a))*

✓ **Included with this report**

- B. Details, including purpose of overseas visits by board members, Executive Officer or other persons representing the JO (including visits sponsored by other organisations).

*Local Government (General) Regulation 2005 (Reg cl 217(1)(a))*

✓ **No overseas travel to report.**

- C. Total cost during the year of the payment of expenses of, and the provision of facilities to board members in relation to their functions. Identify separate details on the total cost of:

- provision of dedicated office equipment allocated to board members
- telephone calls made by board members
- attendance of board members at conferences and seminars
- interstate visits by board members, including transport, accommodation and other out-of-pocket travelling expenses
- overseas visits by board members, including transport, accommodation and other out-of-pocket travelling expenses
- expenses of any spouse, partner or other person who accompanied a board member in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines for the payment of expenses and the provision of facilities for board members
- expenses involved in the provision of care for a child of, or an immediate family member of, a board member.

*(Reg cl 217(1)(a1) (i), (ii), (iii), (v), (vi), (vii), (viii))*

✓ **The Chairperson attended NSW Joint Organisation meetings in Sydney on the 4 March 2021 and the 27 May 2021.**

- D. Details of each contract awarded (other than employment contracts & contracts less than \$150,000) including:

- name of contractor
- nature of goods or services supplied
- total amount payable.

*(Reg cl 217(1)(a2) (i), (ii))*

✓ **Nil to report.**

Continues...

- E. Summary of the amounts incurred by the JO in relation to legal proceedings including:
- amounts incurred by JO in relation to proceedings taken by or against the JO (including out of court settlements)
  - summary of the state of the progress of each legal proceeding and (if finalised) the result.
- (Reg cl 217(1)(a3))
- ✓ **Nil to report.**
- F. Total amount contributed or otherwise granted to financially assist others.
- (Reg cl 217(1)(a5) & Act s 356)
- ✓ **Nil to report.**
- G. Statement of all external bodies that exercised functions delegated by the JO.
- (Reg cl 217(1)(a6))
- ✓ **Inverell Shire Council has been delegated functions to provide human resources, financial, ICT, GIPA and PID functions to the Joint Organisation**
- H. Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which the JO held a controlling interest.
- (Reg cl 217(1)(a7))
- ✓ **Nil to report.**
- I. Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or no incorporated) in which the JO participated during the year.
- (Reg cl 217(1)(a8))
- ✓ **Nil to report.**
- J. Statement of activities undertaken to implement its EEO management plan.
- (Reg cl 217(1)(a9))
- ✓ **New England Joint Organisation delegates human resources functions to Inverell Shire Council and therefore the EEO principles and management apply.**
- K. Statement of the total remuneration package of the Executive Officer including:
- total value of the salary component of the package
  - total amount of any bonus, performance or other payments that do not form part of the salary component
  - total amount payable by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the Executive Officer may be a contributor
  - total value of any non-cash benefits for which the Executive Officer may elect under the package
  - total amount payable by way of fringe benefits tax for any such non-cash benefits
- (Reg cl 217(1)(b)(i), (ii), (iii), (iv), (v))
- ✓ **The salary component of the Executive Officer's package for the 2020-2021 financial year was \$33,000. \$3,000 was the Employer's contribution, the Employee made Nil additional contributions.**

Continues...

- L. Statement of the total remuneration packages of all senior staff members, expressed as the total (not of the individual members) including:
- total value of salary components of their packages
  - total amount of any bonus, performance or other payments that do not form part of salary components of their packages
  - total amount payable by the JO by way of the employer's contribution or salary sacrifice to any superannuation scheme to which any of the may be a contributor
  - total value of any non-cash benefits for which any of them may elect under the package
  - total amount payable by way of fringe benefits tax for any such non-cash benefits

*(Reg, cl 217(1)(c) (i), (ii), (iii), (iv), (v))*

✓ **Nil to report.**

- M. Report on certain proposed capital works projects where a capital expenditure review has been submitted.

*OLG Capital Expenditure Guidelines\**

✓ **Nil report.**

- N. Information included on government information public access activity. Government Information (Public Access) Act 2009, s 125(1) Government Information (Public Access) Regulation 2018, cl 8 , Schedule 2

✓ **Nil to report.**

- O. Information included on public interest disclosure activity. Public Interest Disclosures Act 1994, s 31 Public Interest Disclosures Regulation 2011, cl 4

✓ **Nil to report.**

New England Joint Organisation  
GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*'To lead, advocate, collaborate and deliver outcomes which  
deliver positive benefits for our collective communities'*



# General Purpose Financial Statements

for the year ended 30 June 2021

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## Overview

New England Joint Organisation (NEJO) is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

144 Otho Street  
INVERELL NSW 2360

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

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

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.nejo.nsw.gov.au](http://www.nejo.nsw.gov.au)



# Understanding the Joint Organisation's financial statement

## Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

## What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of the JO for the year ended 30 June 2021.

The format of the financial statements is standard across all NSW JOs and complies with both the accounting and reporting requirements of Australian Accounting Standards – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities set down by the Office of Local Government.

## About the Members of the Board Statement

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

## About the primary financial statements

The financial statements incorporate four 'primary' financial statements:

### 1. The Statement of Income and Accumulated Surplus

Summarises the JO's financial performance for the period, listing all income and expenses.

### 2. The Statement of Financial Position

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

### 3. The Statement of Changes in Equity

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

### 4. The Statement of Cash Flows

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

## About the Notes to the Financial Statements

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

## About the Auditor's Reports

The JO's annual 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 JO's financial performance and position, and

their observations on the conduct of the audit, including commentary on the JO's financial performance and financial position

## Statement by Members of the Board and Management

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards – Simplified Disclosures and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the JO's operating result and financial position for the period
- accord with JO'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 the Board of New England Joint Organisation made on 30 August 2021.



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Cr Michael Pearce  
Chairperson  
30 August 2021



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Cr Paul Harmon  
Voting Representative Board Member  
30 August 2021



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Melissa McLeod  
Executive Officer  
30 August 2021

# Statement of Income and Accumulated Surplus

for the year ended 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
<b>Income</b>			
Member Council contributions	B1-1	149	49
Grants and contributions provided for operating purposes	B1-2	75	241
Interest and investment income	B1-3	–	3
<b>Total income</b>		<b>224</b>	<b>293</b>
<b>Expenses</b>			
Employee benefits and on-costs	B2-1	39	65
Administrative expenses	B2-2	104	182
<b>Total expenses</b>		<b>143</b>	<b>247</b>
<b>Operating result</b>		<b>81</b>	<b>46</b>
<b>Net operating result for the year</b>		<b>81</b>	<b>46</b>
Accumulated surplus at 1 July		78	273
Restatement of accumulated surplus for changes in accounting policy		–	(241)
Restatement of accumulated surplus for corrections in prior period errors		–	–
<b>Accumulated surplus as at 30 June</b>		<b>159</b>	<b>78</b>

## Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	553	231
Receivables	C1-3	–	12
<b>Total current assets</b>		<b>553</b>	<b>243</b>
<b>Total assets</b>		<b>553</b>	<b>243</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	14	12
Contract liabilities	C2-2	379	150
Employee benefit provisions	C2-3	1	3
<b>Total current liabilities</b>		<b>394</b>	<b>165</b>
<b>Total liabilities</b>		<b>394</b>	<b>165</b>
<b>Net assets</b>		<b>159</b>	<b>78</b>
<b>EQUITY</b>			
Accumulated surplus		159	78
<b>Council equity interest</b>		<b>159</b>	<b>78</b>
<b>Total equity</b>		<b>159</b>	<b>78</b>

## Statement of Cash Flows

for the year ended 30 June 2021

	2021	2020
Notes	\$ '000	\$ '000
<b>Cash flows from operating activities</b>		
<b>Receipts:</b>		
Member council contributions	164	54
Investment and interest revenue received	1	2
Grants	319	150
Other	11	4
<b>Payments:</b>		
Employee benefits and on-costs	(43)	(59)
Administrative expenses	(122)	(197)
Other	(8)	–
<b>Net cash flows from operating activities</b>	<b>322</b>	<b>(46)</b>
<b>Net change in cash and cash equivalents</b>	<b>322</b>	<b>(46)</b>
Cash and cash equivalents at beginning of year	231	277
Cash transferred from former entities	–	–
<b>Cash and cash equivalents at end of year</b>	<b>553</b>	<b>231</b>

C1-1

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

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## **A. About the Joint organisation and these financial statements**

### **A1-1 Basis of preparation**

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These financial statements were authorised for issue by the Board of the Joint Organisation on 30 August 2021. The Board has the power to amend and reissue these financial statements.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the *Local Government Act 1993* (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. NEJO is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **COVID-19 Impacts**

COVID-19 has had no impact on the operations of New England Joint Organisation. There has been no financial impacts to date, and it is anticipated COVID-19 will have no financial impacts in future years.

#### **New and amended standards adopted by JO**

The JO has early adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, the adoption of this standard has not affected the reported financial position or performance of the JO, however certain disclosures have been added, amended or omitted.

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention.

#### **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.

## B. Financial Performance

### B1 Sources of income

#### B1-1 Member Council contributions

	2021 \$ '000	2020 \$ '000
Armidale Regional Council	31	7
Glen Innes Severn Council	17	8
Inverell Shire Council	20	5
Moree Plains Council	17	5
Narrabri Shire Council	20	8
Tenterfield Shire Council	16	8
Uralla Shire Council	16	8
Gwydir Shire Council	12	–
<b>TOTAL MEMBER COUNCIL CONTRIBUTIONS</b>	<b>149</b>	<b>49</b>

#### **Accounting policy**

Contributions by member councils are recognised as revenue at the point in time when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded at its fair value).

The methodology for determining the contribution is:

- Member contributions are paid by all member councils on the basis of a flat fee, plus a per capita fee, plus an increase in accordance with the annual rate peg amount in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation.
- contributions by participating member councils for other functions of enhancing strategic capacity and direct service delivery.



## B1-2 Grants

	Timing	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Office of Local Government (OLG) Joint Organisation Establishment Funding	1	–	241	–	–
Office of Local Government (OLG) Joint Organisation Capacity Building Grant	1	75	–	–	–
<b>Total grants</b>		<b>75</b>	<b>241</b>	<b>–</b>	<b>–</b>
<b>Comprising:</b>					
– Commonwealth funding		–	–	–	–
– State funding		75	241	–	–
– Other funding		–	–	–	–
		<b>75</b>	<b>241</b>	<b>–</b>	<b>–</b>
<b>Timing of revenue recognition for grants</b>					
Grants recognised over time (1)		75	241	–	–
Grants recognised at a point in time (2)		–	–	–	–
<b>Total grants</b>		<b>75</b>	<b>241</b>	<b>–</b>	<b>–</b>

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,  
 (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

### Accounting policy

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

Grant revenue arising 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 completion of contract milestones and reporting. 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 or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

#### Capital grants

Capital grants received under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under JO'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 the JO.

## **Other grants**

Assets (e.g. cash) received from other grants are recognised at fair value when the asset is received. The JO 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.

## B1-3 Interest and investment income

	2021 \$ '000	2020 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Cash and investments	–	3
<b>Total interest and investment income (losses)</b>	<b>–</b>	<b>3</b>

### Accounting policy

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

## B2 Costs of providing services

### B2-1 Employee benefits and on-costs

	2021 \$ '000	2020 \$ '000
Salaries and wages	33	49
Travel Allowance expenses	1	7
Employee leave entitlements (ELE)	1	3
Superannuation	3	5
Workers' compensation insurance	1	1
<b>Total employee costs</b>	<b>39</b>	<b>65</b>
<b>Total employee costs expended</b>	<b>39</b>	<b>65</b>

#### Accounting policy

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

### B2-2 Administrative expenses

	Notes	2021 \$ '000	2020 \$ '000
Contractor and consultancy costs– Administration Support		–	78
Contractor and consultancy costs– Road Survey consulting		–	72
Tourism Promotional Campaign Expenses		75	–
Audit Fees	E2-1	6	6
IT expenses		1	2
Accounting Fees		5	5
Advertising		1	–
Subscriptions		15	15
Training		–	2
Travel		–	2
Email Hosting		1	–
<b>Total administrative expenses</b>		<b>104</b>	<b>182</b>
<b>Total administrative expenses</b>		<b>104</b>	<b>182</b>

#### Accounting policy

Administrative expenses are recorded on an accruals basis as the JO receives the goods or services.

## C. Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2021 \$ '000	2020 \$ '000
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	553	31
Cash-equivalent assets		
– Short-term deposits	–	200
<b>Total cash and cash equivalents</b>	<b>553</b>	<b>231</b>
 <b>Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents per Statement of Financial Position	553	231
<b>Balance as per the Statement of Cash Flows</b>	<b>553</b>	<b>231</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.

## C1-2 Restricted cash, cash equivalents and investments

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total cash, cash equivalents and investments	<b>553</b>	<b>–</b>	<b>231</b>	<b>–</b>
<b>attributable to:</b>				
External restrictions (refer below)	379	–	150	–
Internal restrictions (refer below)	–	–	–	–
Unrestricted	174	–	81	–
	<b>553</b>	<b>–</b>	<b>231</b>	<b>–</b>

	2021 \$ '000	2020 \$ '000
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### Details of restrictions

#### External restrictions – included in liabilities

OLG Capacity Building Grant	75	150
OLG Capacity Building Grant Stage 2	150	–
Bushfire Community Recovery and Resilience Fund	154	–
<b>External restrictions – included in liabilities</b>	<b>379</b>	<b>150</b>

#### External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Council has internally restricted cash, cash equivalents and investments as follows:

<b>Total restrictions</b>	<b>379</b>	<b>150</b>
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-3 Receivables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
<b>Purpose</b>				
Accrued revenues				
– Interest on investments	–	–	1	–
Net GST receivable	–	–	11	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>–</b>
<b>Total net receivables</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>–</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.

The JO applies the simplified approach for receivables in providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

## C2 Liabilities of the joint organisation

### C2-1 Payables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
<b>Payables</b>				
Trade payables – operating expenditure	3	–	9	–
Accrued expenses:				
ATO – net GST payable	10	–	–	–
– Salaries and wages - PAYG	1	–	3	–
Superannuation Payable	–	–	–	–
<b>Total payables</b>	<b>14</b>	<b>–</b>	<b>12</b>	<b>–</b>
<b>Total payables</b>	<b>14</b>	<b>–</b>	<b>12</b>	<b>–</b>

#### Accounting policy

JO 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

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

### C2-2 Contract Liabilities

	Notes	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
<b>Grants and contributions received in advance:</b>					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	154	–	–	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(i)	225	–	150	–
<b>Total grants received in advance</b>		<b>379</b>	<b>–</b>	<b>150</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>379</b>	<b>–</b>	<b>150</b>	<b>–</b>

#### Notes

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

#### Accounting policy

When an amount of consideration is received from a customer / fund provider prior to JO transferring a good or service to the customer, JO presents the funds which exceed revenue recognised as a contract liability.



## C2-3 Employee benefit provisions

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Annual leave	1	–	1	–
Long service leave	–	–	2	–
<b>Total employee benefit provisions</b>	<b>1</b>	<b>–</b>	<b>3</b>	<b>–</b>

### Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
<b>2021</b>			
At beginning of year	1	2	3
Other	–	(2)	(2)
Total ELE provisions at end of year	1	–	1
<b>2020</b>			
Other	1	2	3
Total ELE provisions at end of year	1	2	3

### Accounting policy

#### 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.

## D. Risks and accounting uncertainties

### D1-1 Financial risk management

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

Financial risk management is carried out by JO's finance section under policies approved by the JO Board.

At the reporting date, the JO had no material liquidity, collection or other financial risks.

### D2-1 Contingencies

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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 the JO's financial report.

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

##### (ii) Statewide Limited

JO 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. JO's share of the net assets or liabilities reflects JO's contributions to the pool and the result of insurance claims within each of the fund years.

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

##### (iii) StateCover Limited

JO 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 JO.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

##### (iv) Other guarantees

JO has provided no other guarantees other than those listed above.

##### 2. Other liabilities

JO has provided no other liabilities other than those listed above.

## E. People and relationships

### E1 Related party disclosures

#### E1 Key management personnel (KMP)

Key management personnel (KMP) of the JO 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 employee expenses is:

	2021 \$ '000	2020 \$ '000
<b>Compensation:</b>		
Short-term benefits	34	56
Post-employment benefits	3	5
Other long-term benefits	–	–
Termination benefits	–	–
<b>Total</b>	<b>37</b>	<b>61</b>

### Other transactions with KMP and their related parties

JO has determined that transactions at arm's length between KMP and JO as part of JO delivering a public service objective (e.g. access to library or JO swimming pool by KMP) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
<b>2021</b>						
Administrative Support	2	–	–	12 Months	–	–
<b>2020</b>						
Administrative Support	2	78	–	12 Months	–	–

2. The JO entered into an arrangement for Administrative Support with Inverell Shire Council, an entity that has members of the NEJO's KMPs as a Councillor. This included the provision of Administration Support, Information Technology and Finance Services. The amount was billed in arrears at the end of the financial year.

## E2 Other relationships

### E2-1 Audit fees

	2021 \$ '000	2020 \$ '000
During the year, the following fees were incurred for services provided by the auditor of the JO, related practices and non-related audit firms		
<b>Auditors of the JO - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	6	6
<b>Remuneration for audit and other assurance services</b>	<b>6</b>	<b>6</b>
<b>Total Auditor-General remuneration</b>	<b>6</b>	<b>6</b>
Total audit fees	6	6

## F. Other matters

### F1-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.



## INDEPENDENT AUDITOR'S REPORT

### *Report on the general purpose financial statements New England Joint Organisation*

To the Board of the New England Joint Organisation

### Opinion

I have audited the accompanying financial statements of New England Joint Organisation (the Joint Organisation), which comprise the Statement by Members of the Board and Management, the Statement of Income and Accumulated Surplus for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, and Statement of Cash Flows for the year ended 30 June 2021 and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Joint Organisation'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 Joint Organisation's accounting records
  - present fairly, in all material respects, the financial position of the Joint Organisation as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards–Simplified Disclosures
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Joint Organisation 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 joint organisations
- 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.

## **The Board's Responsibilities for the Financial Statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards–Simplified Disclosures and the *Local Government Act 1993*, and for such internal control as the Board determines 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 Board is responsible for assessing the Joint Organisation'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 Joint Organisation 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.



Chris Harper  
Director, Financial Audit  
Delegate of the Auditor General for New South  
Wales  
SYDNEY  
20 October 2021



Cr Michael Pearce  
Chairperson  
New England Joint  
Organisation PO Box 138  
INVERELL NSW 2360

Contact: Chris Harper  
Phone no: 02 9275 7374  
Our ref: D2118485/1863

20 October 2021

Dear Chairperson

## **Report on the Conduct of the Audit for the year ended 30 June 2021 New England Joint Organisation**

I have audited the general purpose financial statements (GPFS) of the New England Joint Organisation (the Joint Organisation) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Joint Organisation's GPFS.

This Report on the Conduct of the Audit (the Report) for the Joint Organisation for the year ended 30 June 2021 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.

### **PERFORMANCE**

#### **Net operating result**

The Joint Organisation's net operating result for the year ended 30 June 2021 was \$81,000.

The Joint Organisation's primary source of income during the year was member council contributions of \$149,000 which contributed 67 per cent of the Joint Organisation's income from continuing operations of \$224,000. The Joint Organisation also recognised \$75,000 of grants for operating purposes relating to capacity building.

The Joint Organisation's total operating expenses from continuing operations for the year ended 30 June 2021 was \$143,000 which primarily consisted of employee benefits and on-costs of \$39,000 and administrative expenses of \$104,000.

#### **Financial position**

At 30 June 2021, the Joint Organisation had total assets of \$553,000 comprising entirely of cash at bank and net assets of \$159,000.

## OTHER MATTERS

### Impact of new accounting standards

#### ***AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2'***

The Joint Organisation adopted the new accounting standard AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2' in its 2020–21 financial statements.

AASB 1060 sets out a new, separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 'Application of Tiers of Australian Accounting Standards'. AASB 1060 has been developed based on a new methodology and principles to determine the Tier 2 disclosures that are necessary for meeting user needs.

AASB 1060 reduces the reporting requirements of entities using the current Tier 2 reporting requirements for preparing general purpose financial statements.

The adoption of AASB 1060 has not affected the reported financial position or performance of the Joint Organisation, however certain disclosures have been added, amended or omitted.

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Joint Organisation's accounting records or financial statements. The Joint Organisation's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Chris Harper  
Director, Financial Audit  
Delegate of the Auditor-General for New  
South Wales

cc: Ms Melissa McLeod, Executive Officer  
Mr Paul Cornall, Forsyths  
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment



