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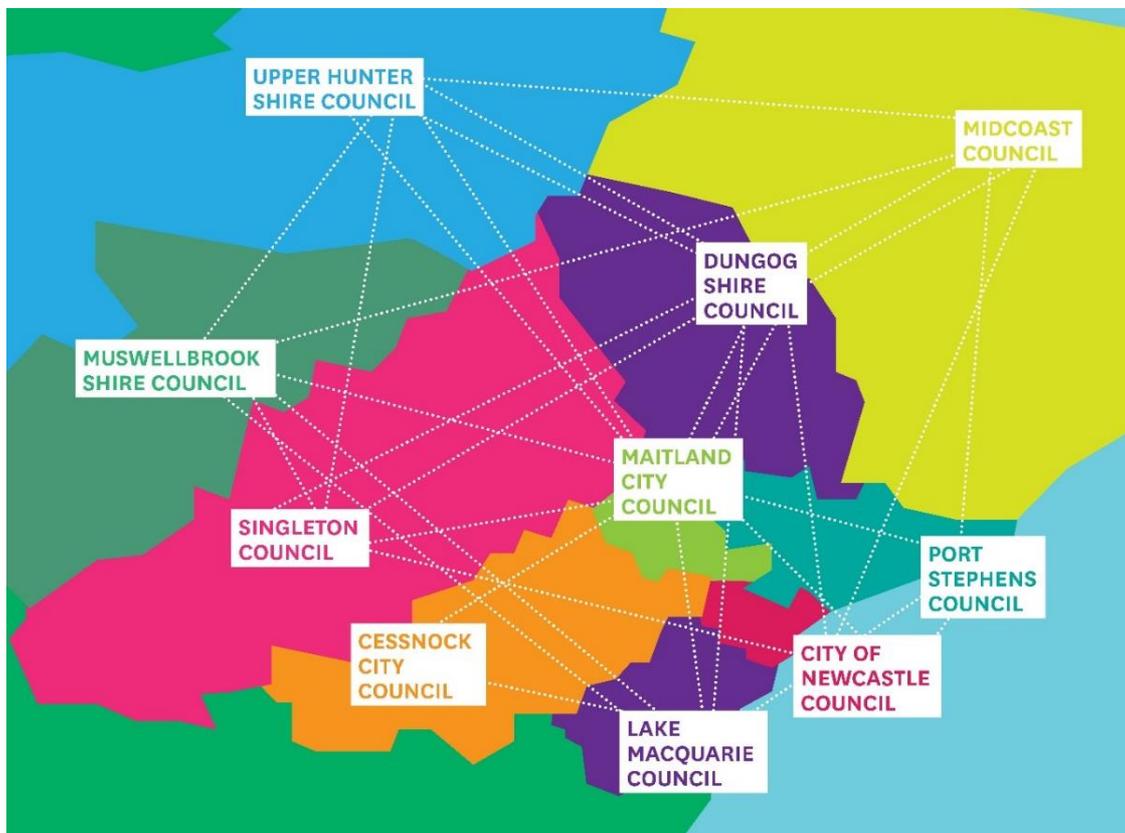
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FOLLOW OUR PROGRESS  

## Hunter Joint Organisation Board

### Annual General Meeting

2:30pm, Thursday 26 November 2020



LGL/SSA/GMAC Meetings  
Thu, Nov 26, 2020 10:00 AM - 4:00 PM (AEDT)

**Please join my meeting from your computer, tablet or smartphone.**  
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Australia: [+61 2 9091 7603](tel:+61290917603)

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## 1. Welcome and Apologies

### 1.1 Acknowledgement of Country

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*The Hunter Joint Organisation acknowledges the country and history of the traditional custodians of the lands upon which we meet today. We pay our respects to the Elders past, present and emerging, of our region, and of Australia.*

## 2. Adoption of the Minutes of the Previous Annual General Meeting

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Hunter Joint Organisation Board  
Annual General Meeting Minutes  
Thursday 14 November 2019  
Jubilee Room, Parliament House, Sydney

### **Voting Directors Present**

Cr Bob Pynsent,	Cessnock City Council
Cr Tracy Norman,	Dungog Shire Council
Cr Sue Moore,	Singleton Shire Council
Cr Wayne Bedggood,	Upper Hunter Shire Council
Cr Loretta Baker,	Maitland City Council
Cr Nuatali Nelmes,	Newcastle City Council
Cr Kay Fraser,	Lake Macquarie City Council
Cr Martin Rush,	Muswellbrook Shire Council

### **Non-Voting Members Present**

Steve McDonald,	General Manager, Upper Hunter Shire Council
Coralie Nichols,	General Manager, Dungog Shire Council
Jeremy Bath,	CEO, Newcastle City Council
David Evans,	General Manager, Maitland City Council
Fiona Plesman,	General Manager, Muswellbrook Shire Council
Jason Linnane,	General Manager, Singleton Council
Morven Cameron,	CEO, Lake Macquarie City Council
Lotta Jackson	General Manager, Cessnock City Council
Alison McGaffin	Director, Hunter & Central Coast, Regional NSW (DPIE)

### **Apologies**

Cr David West,	MidCoast Council
Cr Ryan Palmer,	Port Stephens Council
Adrian Panuccio,	General Manager, MidCoast Council
Wayne Wallis,	General Manager, Port Stephens Council

### **Staff in attendance**

Joe James, CEO, Hunter Joint Organisation

Graham Dean, Manager Finance & Administration, Strategic Services Australia

Steve Wilson, Director, Environment Division, Strategic Services Australia

Louisa Bulley, Executive Assistant to the CEO (Secretariat)

#### **Observers**

Virginia Errington, Office of Local Government

Xanthe Addison, Marketing & Communications, Hunter Joint Organisation

*Meeting opened at 11:07pm*

#### **Item 1 Welcomes and Apologies**

*The Chair welcomed the Directors to the meeting, and noted the apologies.*

#### **Resolved:**

- ***That the apologies be noted.***

***Moved: Kay Fraser***

***Seconded: Wayne Bedggood***

***Carried.***

#### **Item 2 Adoption of Minutes from the Previous Meeting**

*As this was the inaugural Annual General Meeting of the Hunter Joint Organisation, there are no previous minutes for review and adoption.*

#### **Item 3 Business Arising from Previous Minutes**

*Nil.*

#### **Item 4 Nomination of Chairperson**

*As per the Local Government Act 1993, Section 400V(2), the appointment of the Chair of the Hunter Joint Organisation is for a period of two years and was therefore still filled by Cr Bob Pynsent as of July 2018.*

#### **Item 5 Nomination of Vice Chairperson**

The Secretariat Louisa Bulley acted as returning officer and noted that there had been a nomination received for Kay Fraser for the position of Vice Chairperson. Kay Fraser accepted the nomination. No other nominations being received, Louisa Bulley declared Kay Fraser as Vice Chairperson.

#### **Item 6 Financial Reports**

##### **6.1 Hunter Joint Organisation Annual Audited Accounts 2018-19 and Management Representation Letter**

#### **Resolved:**

- ***THAT the annual audited accounts be accepted***

***Moved: Sue Moore***

***Seconded: Loretta Baker***

***Carried.***

##### **6.2 Appointment of Auditors**

*As per the Local Government Act 1993, Division 3, Section 422, the NSW Auditor General's Office will act as the auditor for the Joint Organisation.*

#### **Resolved:**

- ***THAT the auditors be appointed by the NSW Auditor General's Office***

***Moved: Wayne Bedggood***

**Seconded: Loretta Baker**

**Carried.**

**Item 7. General Business**

*Nil matters raised.*

Meeting closed 11.13 pm

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**Recommendation:**

- **That the minutes of the previous Annual General Meeting of 14 November 2019 be endorsed and adopted by the Board**

3. Matters Arising from Previous Minutes

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4. Nomination of Chairperson

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*As per the Local Government Act 1993, Section 400V(2), the appointment of the Chair of the Hunter Joint Organisation is for a period of two years and is therefore still filled by Cr Bob Pynsent as of June 2020.*

5. Nomination of Vice Chairperson

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- *Attachment 1: Nomination form for Vice Chairperson Position*

6. Hunter JO Annual Performance Statement 2019-2020

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**Report Author: Louisa Bulley, Executive Officer**

**Responsible Officer: Joe James, CEO**

As per the OLG Calendar of Compliance and Reporting Requirements, the submission of the Annual Performance Statement 2019-20 for the Hunter JO is due for submission to OLG on 30 November 2020, and for publication on the Hunter JO Website by the end of December 2020.

The draft Hunter JO Annual Performance Statement 2019-20 has been included at Attachment 2 for review.

The Annual Performance Statement 2019-20 addresses the progress that the Hunter JO has made against its Strategic Regional Priorities. In a change from last year's report, which was largely completed as a legislative report, the 2019-20 Annual Performance Statement has been designed to not only update our stakeholders on progress against the Hunter JO's strategic priorities, but to act as a key communication resource to both internal and external stakeholders.

Similar to a council's Annual Report, this document can be used beyond meeting its legislative requirement, and can help to educate on what the Hunter JO is, what it does, and what it aspires to do in the future. Imagery from all ten LGAs has been incorporated into the document to showcase the region.

The financials within the document are in draft, pending their endorsement by the Hunter JO Board under Item 7.1 within the Annual General Meeting.

**RECOMMENDATION:**

- **THAT the Hunter JO Annual Performance Report 2019-20 be endorsed for delivery to the Office of Local Government**
- **That the Hunter JO Annual Performance Statement 2019-20 be endorsed for publication on the Hunter JO Website**
- **That the Hunter JO Annual Performance Statement 2019-20 be circulated to councillors of all member councils**

## 7. Financial Reports

### 7.1 Hunter Joint Organisation Annual Audited Accounts 2019-20 and Management Representation Letter

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*Please refer to the below:*

- *Attachment 3: Draft Independent Audit Report for Hunter Joint Organisation - to be provided Monday 23 November*
- *Attachment 4: Report on the Conduct of the Audit 2020*
- *Attachment 5: Draft Financial Statements – Hunter Joint Organisation Audited Accounts 2019-20*
- *Attachment 6: Engagement Closing Report*
- *Attachment 7: Auditor Final Management Letter - to be provided Monday 23 November*
- *Attachment 8: Hunter JO Representation Letter*

**Recommendation:**

- ***THAT the annual audited accounts be accepted***

### 7.2 Appointment of Auditors

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*As per the Local Government Act 1993, Division 3, Section 422, the NSW Auditor General's Office will act as the auditor for the Joint Organisation.*

**Recommendation:**

- **THAT the auditors be appointed by the NSW Auditor General's Office**

## 8. General Business

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*There is no notified general business.*

Annexure A:

Hunter Joint Organisation – Nomination for the position of Vice Chairperson

Note: This nomination is to be made by two or more Mayors of Member Councils of the Hunter Joint Organisation (one of whom may be the nominee) and is not valid unless the nominee has indicated consent, in writing, to be nominated.

This nomination is to be delivered or sent to the Returning Officer (Joe James, CEO), this can be done via email to [ceo@hunterjo.com.au](mailto:ceo@hunterjo.com.au)

We, as voting representatives of the Hunter Joint Organisation,  
nominate:

Cr \_\_\_\_\_  
as a candidate for the Office of Vice Chairperson of the Hunter Joint  
Organisation.

Cr \_\_\_\_\_ Mayor of \_\_\_\_\_ Date \_\_\_\_\_

Cr \_\_\_\_\_ Mayor of \_\_\_\_\_ Date \_\_\_\_\_

Cr \_\_\_\_\_ Mayor of \_\_\_\_\_ Date \_\_\_\_\_

I \_\_\_\_\_ (insert name of person  
proposed for nomination)  
accept nomination as a candidate for the Office of Vice Chairperson  
of the Hunter Joint Organisation.

---

Signature of nominee

Date



# ANNUAL REPORT

2019 - 2020



## ACKNOWLEDGEMENT OF COUNTRY

The Hunter Joint Organisation acknowledges the country and history of the traditional custodians of the lands upon which we meet today. We pay our respects to the Elders past, present and emerging, of our region, and of Australia.

## CONTACT DETAILS FOR THE HUNTER JOINT ORGANISATION

If you have any feedback or questions on our Annual Performance Statement please contact us with any enquiries.

Email your feedback or questions to: [admin@hunterjo.com.au](mailto:admin@hunterjo.com.au)

Write to us at: **Hunter JO, 59 Bonville Avenue Thornton NSW 2322**

Speak to our Administration Officer on: **4978 4040**



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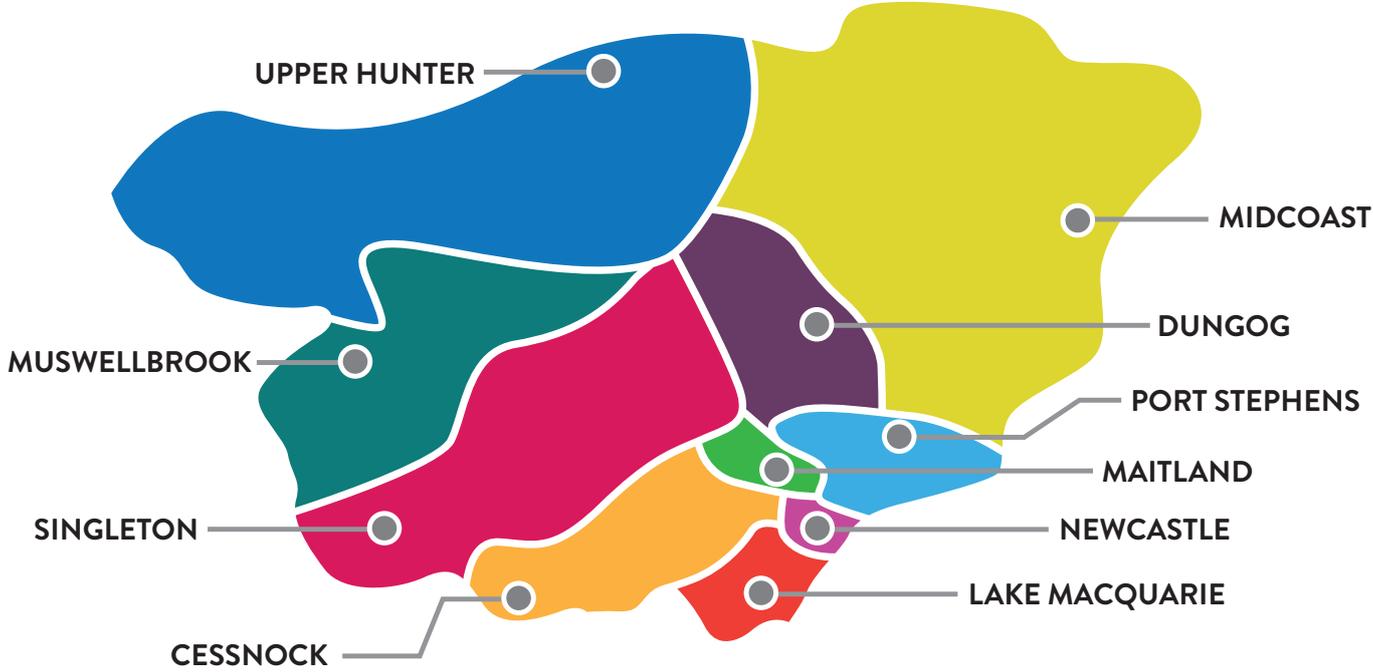
# PART 1

# HUNTER JO SUMMARY

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# WHO WE ARE / OUR REGION





## WHO WE ARE / OUR REGION

The Hunter Joint Organisation is a collaborative body that brings together the ten councils in the region to provide a united and local voice for our communities. As the hub for local intergovernmental collaboration, our statutory mandate includes identifying key regional strategic priorities, advocating for these priorities, and building collaborations around these priorities with other levels of government, industry and community.

Collaboration across the Hunter region is the cornerstone of the Hunter JO. The connection and coordination between our member councils has grown and developed since the 1950s, when local government combined their efforts in the best interests of their communities to respond to floods across the region.

With two Boards made up of twenty regional leaders who dedicate contributions and influence, the opportunities and support for the Hunter JO is significant. Consisting of communities located around the Manning and Hunter River Valleys, the Hunter JO is responsible to over 730,000 people – growing to at least 860,000 by 2036. We have the largest share of both regional population and regional employment and are located in the State’s fastest growing corridor – from the northern edge of Sydney to Newcastle. The Hunter boasts a diverse natural environment, and one of the fastest growing regional economies in Australia.

Our communities are also diverse; encompassing coastal hamlets, historic villages, growing suburbs, country towns, regional centres, and an emerging global city. Our region has been home to many generations of the Awabakal, Biripi, Darkinjung, Geawegal, Wonarua and Worimi people, with over ten Local Aboriginal Land Councils spanning the region.

The Hunter JO is a leading JO in New South Wales for a great many reasons, mostly because it invites true collaboration from its Member Councils in a consistent and regular way. Where the vision and goal is clear, the responsibility and work required across different entities is much more easily shared, and the possibility of great outcomes is highly attainable.



At its first formal meeting on Thursday 28 June 2018, The Hunter JO adopted its Strategic Plan for the region. This document has helped to guide the operations of the Hunter JO by identifying strategic priorities for the region, structured around six key areas;



In all that it delivers the Hunter JO is focused on:

- Research and analysis to ensure evidence-based planning and advocacy
- Knowledge and learning to the benefit of all Member Councils
- Collaborative foresight and direction for regional priorities and outcomes.
- Joint action on areas where a real difference can be achieved for the region
- Uniting to create a strong voice and enabling advocacy for the needs and interests of the region.

The Hunter JO is financially funded in its programs by a large key stakeholder base and funded in its operations by both the Member Councils and by the affiliated commercial business units which offer shared services to Local Government. The projects of the organisation are also often made possible by state grant funding.

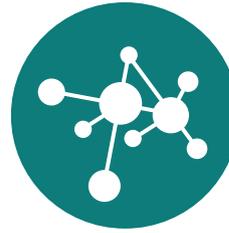
## OUR HUNTER JO VALUES

### COLLABORATION



Through true collaboration we are able to achieve great outcomes for the Hunter region. As a relationship-focussed organisation we come from a place of listening and inclusion to create win-win opportunities and further develop strong foundations for our regional community.

### CONNECTION



We believe in creating deep connections with our Hunter Region, Member Councils and broader community. When we all feel a sense of deep connection to one another's success we can offer and deliver our best support and service.

### TRUST



We know trust to be the currency of interactions. As we further create stronger interactions, consistent communications and clear understandings with our stakeholders we in turn build deeper levels of trust. Our consistent delivery of strategic support, services and results to our Member Councils and region ensures our community can continue to place faith, hope and trust in the Hunter Joint Organisation.

### LEADERSHIP



The Hunter JO is responsible for providing leadership and advocacy on strategic regional priorities. We inspire, connect, collaborate and lead via the development of trusting relationships.

# A WORD FROM THE CHAIR



This Annual Performance Statement outlines the Hunter JO's organisational performance in 2019/2020. It is my great pleasure to be presenting this report, as the performance of the Hunter JO over the past 12 months is really a reflection of the performance of our region over this period, showing the true value of collaboration through our efforts.

The 2019/2020 year has been one of renewing and embedding our Hunter JO model. Since our establishment as a Joint Organisation in 2018 we have seen significant growth for the organisation, and for the benefits we can deliver in the region. In light of this, February 2020 saw our Board adopt a new funding model, to enable and build capacity within the organisation. The increased capacity that this model has enabled, and the results of our continued collaboration are shown in the program and project reporting within this Annual Performance Statement.

The Hunter JO has been able to increase its role as an advocate for our region, showing the power of cross-council collaboration in providing a strong, united voice for our communities.

Our focus on intergovernmental collaboration has seen the establishment of a Memorandum of Understanding with the NSW Planning and Public Spaces Minister Rob Stokes to collaborate in the delivery of the Greater Newcastle Metropolitan Plan, as well as establishment of a Reference Group

with Transport for NSW, and industry partners to drive transport outcomes for the region.

The Hunter JO has driven Circular Economy over the past 12 months as a strategic priority for the region, with great strides being made within the Hunter BioCircular program, and with the launch of the Hunter Circular Website.

We have also build capacity across the region with new resources launched by the Hunter JO in the areas of Disaster Readiness and Communication, Contaminated Land Management, and Waste Management through our Small Acts, Big Change program.

I thank my ten fellow Mayors for their contribution to the Hunter JO over the past 12 months, and their commitment to true collaboration. Our Hunter JO Board has driven key advocacy and has delivered a wide range of projects and programs for the region. I also thank the General Managers of our ten councils for their contribution to the Hunter JO through our Board and as members of our General Managers Advisory Committee.

The incoming year will bring many new opportunities for collaboration, advocacy and leadership, and I look forward to delivering on these priorities as a part of the Hunter JO.

**Cr Bob Pynsent**  
**Mayor of Cessnock**  
**Chair of the Hunter JO**



# A MESSAGE FROM THE CEO



The Hunter JO's focus for the 2019/2020 year has been on sustainable growth, and building capacity both internally and within our member councils.

The Local Government Act sets out three principal functions for joint organisations:

1. Strategic planning and priority setting
2. Regional leadership and advocacy
3. Intergovernmental collaboration

The past 12 months have seen a change in our Hunter JO funding model and delivery program, building a framework for sustainable growth and increasing our capacity to deliver these key functions.

We have significantly restructured our long-running Environment Division model, establishing a Regional Policy and Programs team, with the capability to deliver projects across the range of action areas identified in the Hunter JO's Strategic Plan.

Through this restructure we have been able to significantly increase our engagement across the region, with our member councils, with other levels of government, and with industry.

Our Hunter JO subcommittees have helped to facilitate a joint agency approach to a range of regional priorities, through the;

- Greater Newcastle Metropolitan Plan Steering Committee

- Circular Economy Working Group
- Regional Economic Transition Standing Committee

We have been able to make a number of regional submissions in a range of areas including economic and energy transition, waste and resource recovery, and contaminated land management. We have also continued to deliver the Hunter & Central Coast Regional Environment Program (HCCREMS), targeting a range of pressing issues for our environment across the region.

I am truly proud of what our team has achieved over the 2019/2020 year across all levels of our organisation; our Mayors, General Managers, Council staff, and our internal staff. All have shown their commitment to collaboration and to our mission of providing "a united and local voice for our communities."

**Joe James**  
**Org Structure of HJO**

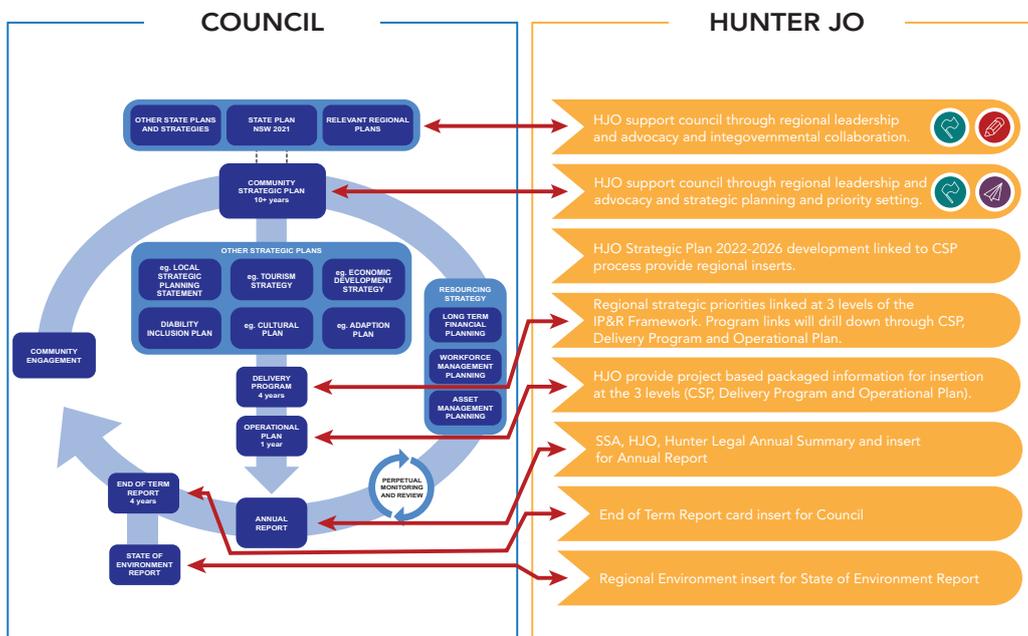


# STRATEGIC PLANNING AND INTEGRATED PLANNING & REPORTING

## IP&R FRAMEWORK & OUR RELATIONSHIP TO OUR MEMBER COUNCILS

The Local Government Act 1993 requires Councils to be consistent with the Local Government Integrated Planning and Reporting (IP&R) Framework, which aims to ensure a more sustainable Local Government sector. This requires Councils take a long-term view and consider social, economic and environmental aspects and the needs of the current and future generations when making decisions.

On Thursday 8 October 2020 the Hunter JO Board endorsed the development of the new Hunter JO Strategic Plan 2022-2026 to align with Councils IP&R Framework. This will strengthen the linkages between the Hunter JO and its member Councils and provide better support to our Councils.



The LOCAL GOVERNMENT ACT sets out three principal functions for joint organisations.



### STRATEGIC PLANNING AND PRIORITY SETTING

to establish strategic regional priorities for the Joint Organisation Area and to establish strategies and plans for delivering those regional priorities.



### REGIONAL LEADERSHIP AND ADVOCACY

to provide regional leadership for the Joint Organisation Area and to be an advocate for strategic regional priorities.



### INTEGOVERNMENTAL COLLABORATION

to identify and take up the opportunity for inter government co-operation on matters relating to Joint Organisation Areas.

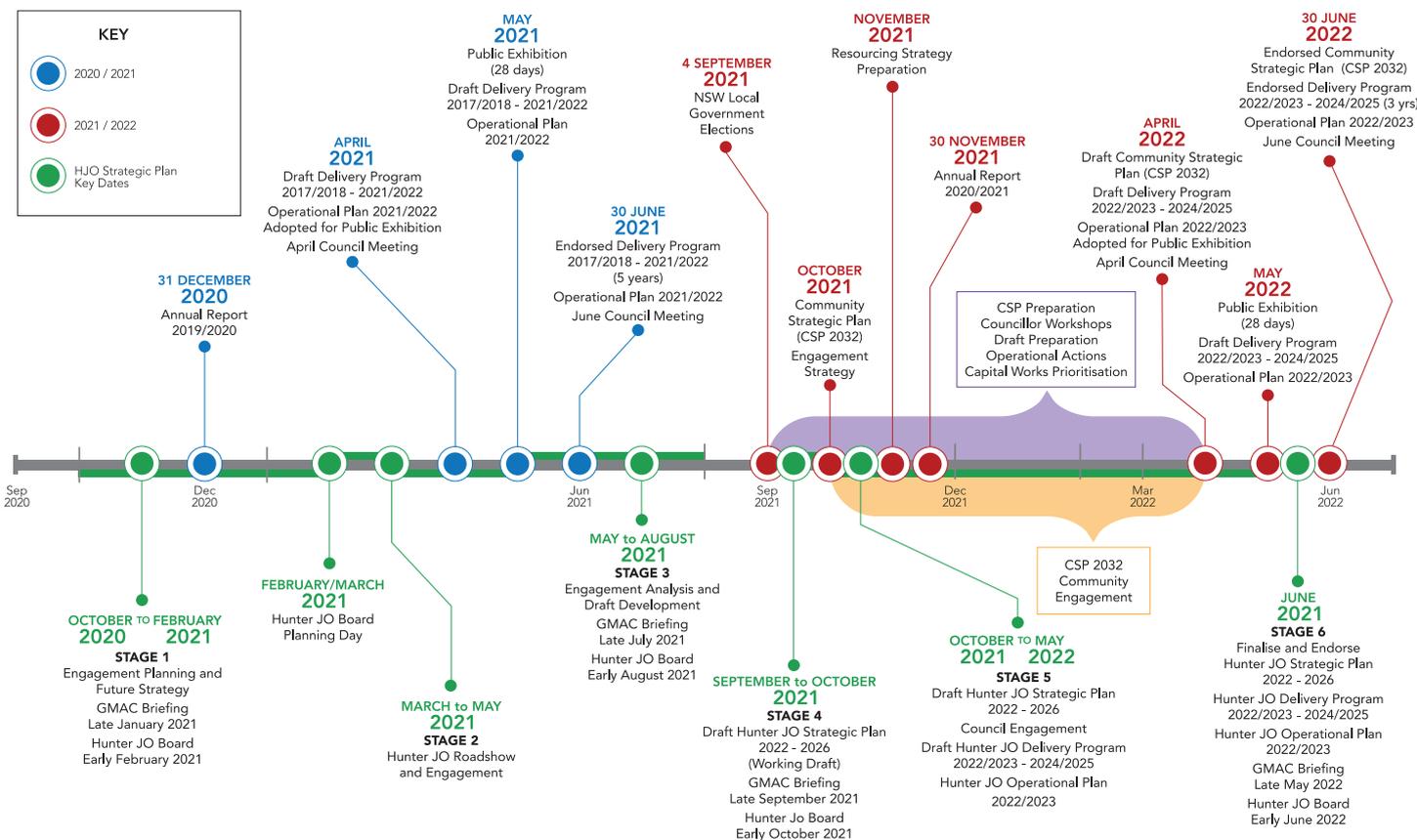
# FUTURE FOCUS – LOOKING TOWARDS NEXT STRATEGIC PLAN & PRIORITIES

To achieve strategic alignment with Councils IP&R Framework, the development of the Hunter Joint Organisation Strategic Plan 2022-2026 will include key support and intersection points with Council's IP&R timeline.

The timeline below identifies the key IP&R dates for the final year of the current Delivery Program (identified in blue) and the new CSP and Delivery Plan cycle (identified in red). Identified in green is the key stages and intersection points for the development of the Hunter JO Strategic Plan 2022-2026. The normal 4-year timeframe has been amended due to COVID and the delay in the Local Government elections, as a result of this the

terms have been adjusted to a 5-year and 3-year cycle. In 2025/2026 it will return to a 4-year cycle.

This timeline is based on the final documents being submitted to Council in April for endorsement as a draft, public exhibition in May and adoption of final documents in June. It is acknowledged that Councils may decide to bring the timeline forward and finalise documents earlier. The Hunter JO approach is flexible enough for potentially varying Council timeframes, as the engagement is progressive which will allow information and feedback to be obtained throughout the process



# STRATEGIC HIGHLIGHTS AND ACHIEVEMENTS 2019/20

## FOUNDATIONS FOR THE FUTURE

The reporting year saw a strong focus on establishing the foundations upon which to build the Joint Organisation's capacity and capability, to effectively and sustainably deliver on our statutory mandate "Through collaboration, we strengthen our communities by facilitating evidence-based strategic outcomes for the Region"

A strong emphasis was placed on the design and implementation of organisational systems and structures to provide an ongoing capability to:

- Provide a strong and united voice to advocate for the needs and interests of the region
- Take joint action on areas where we can make a real difference for the region's communities
- Develop and communicate a strong evidence base for planning and advocacy in areas of shared regional interest
- Plan together for agreed regional priorities and outcomes in close collaboration with partners
- Share best practice and capacity building approaches to operations and service delivery for the benefit of all member councils

### CORE TO ACHIEVING THIS HAS BEEN:

**1.** Establishing and delivering a communications strategy, platform and resources (i.e. website, newsletter and corporate branding), through which to more effectively, regularly and actively engage member Councils, partner organisations and the broader community on the activities and progress of the JO.

**2.** Continuing to influence and build foundational systems and partnerships across governments and their agencies, member Councils, other Joint Organisations, research organisations, business groups and the community that will be core to the ongoing work of the Joint Organisation moving forward.

**3.** Establishment of a Regional Policy and Programs Division (commenced 1 July 2020) to:

- Drive collaborative development of regional policy and advocacy positions
- Design and oversee delivery and resourcing of priority regional projects and initiatives
- Increase the capacity of the CEO's role to build strategic visibility of regional collaboration, and alignment with key partner organisations and decision makers.

# DELIVERY HIGHLIGHTS

Key achievements across our statutory responsibilities for the reporting year include:

## REGIONAL ADVOCACY

- MOU established with the NSW Planning and Public Spaces Minister Rob Stokes to work collaboratively to deliver the Greater Newcastle Metropolitan Plan 2036
- Representations made to State and Commonwealth Government Ministers, members of Parliament and departmental decision makers on establishing the Hunter 2050 Foundation.
- Continued advocacy to State and Federal Governments to establish a City and Regional Deal for the Hunter
- Regional submissions developed with member Councils on a range of topics addressing waste and resource recovery, contaminated land management, and economic and energy transition for the region.

## STRATEGIC PLANNING & PRIORITIES

- Proposed focus and structure for the Hunter 2050 Foundation finalised, which would provide a regional model for economic leadership to assist the Hunter's economic transition
- Continued support and participation in the planning and delivery of the Upper Hunter Economic Diversification Strategy
- Facilitated identification of regional scale priorities and actions for inclusion by Councils in Local Strategic Planning Statements
- Established the baseline data and relationships (ecosystem) through which to prioritise and deliver ongoing Circular Economy initiatives for the region
- Continued to deliver the Hunter & Central Coast Regional Environment Program (HCCREMS), targeting priority issues and needs around Disaster Resilience, Climate Change, Waste & Resource Recovery, Circular Economy, Contaminated Land and Biodiversity Management.

## INTERGOVERNMENTAL COLLABORATION

- Increased, more systemised engagement with State Government via formal JO participation in Regional Leadership Executive, and affiliated Economic Development, Human Services, and Planning & Environment Sub Committees
- Continued operation of Hunter JO Board subcommittees to facilitate joint agency and Council approaches to regional priorities:
  - Greater Newcastle Metropolitan Plan Steering Committee
  - Circular Economy Working Group
  - Sub-Committee on Economic Transition
- Regional Cruise Coordinator appointed to facilitate a collaborative, cross stakeholder approach to the cruise industry transiting Newcastle with a view to enhancing the visitor experience and increasing the number of future cruise visits to the region
- Delivering a range of regional forums, workshops and networks addressing the issues and interests of members Councils: regional planning and population; economic growth and transition; smart region; climate change and disaster resilience, circular economy and waste management; biodiversity and contaminated land.



# PART 2

# HUNTER JO PROGRAM

# REPORT 2020-21

## **ACTION AREA 1**

Our communities stay inclusive, proud and safe and celebrate diversity

14

## **ACTION AREA 2**

Our enviable environment is protected for future generations and our resources are used efficiently

17

## **ACTION AREA 3**

Our economy is multifaceted, resilient and is Australia's leading smart regional economy

22

# ACTION AREA 1

## OUR COMMUNITIES STAY INCLUSIVE, PROUD AND SAFE AND CELEBRATE DIVERSITY

The numbering below is linked to the numbering of actions in the HJO Strategic Plan 2018-21 and is not sequential as it reflects what is currently resourced and a delivery focus of the Hunter JO.

### 1.3 Develop and implement a targeted program to advocate for measures to improve housing affordability in the region

#### REGIONAL BRIEFING SESSION – NATIONAL HOUSING INFRASTRUCTURE FACILITY

**PURPOSE:** To provide HJO Councils with information on the National Housing Infrastructure Facility (NHIF), including finance available to Councils and housing providers for infrastructure projects to unlock new housing supply, particularly affordable housing.

**DELIVERY STATUS:** Completed

### 1.4 Continue to work together to deliver the programs to increase community resilience and preparedness for natural disasters through the Hunter

#### REGIONAL DISASTER PREPAREDNESS OFFICER PROGRAM

**PURPOSE:** To support Councils increase their capacity and capability to prepare, respond to and recover from disasters through:

- Improving collaboration between local councils and agencies
- Strengthening Council local emergency management plans
- Establishing local recovery plans
- Identifying priority systems, strategies and investments (within and across Councils) to mitigate risks
- Integrating climate change adaption strategies into emergency management systems
- Establishing regional networks focussed on building Council and community resilience

**DELIVERY STATUS:** In progress (Funded until March 2022)

## REGIONAL COMMUNITY DISASTER VULNERABILITY MAPPING

**PURPOSE:** To integrate and analyse spatial datasets (demographics, infrastructure and natural hazard characteristics) to identify relative community vulnerability to a range of natural hazards at a local community (Statistical Area) scale across the region.

**DELIVERY STATUS:** In progress

## DISASTER COMMUNICATIONS PROJECT

**PURPOSE:** To develop a Disaster Communications Framework, guidance materials and supporting template resources to assist Councils communicate and engage with their local communities around disaster preparedness, response and recovery.

### PROJECT OUTPUTS:

1. Local Disaster Communication Planning Framework to assist Council staff build and prepare a Disaster Communication Team and prepare to communicate in ways that are most likely to be understood and trusted by the community
2. Disaster Communication Team (DCT) Toolkit comprising:
  - A Work and Information Flowchart
  - Disaster Communication Team - Rapid Reference Tool, a mobile-optimised guide to each DCT role (for placing on phone or tablet devices)
  - Communication Team List to keep team names and contacts up to date
  - A Context report (CONREP) Template to share important contextual information with the DCT team
  - Messaging Strategy Template to help construct messages which can achieve communication objectives
  - Key Messaging Tool message fragments to facilitate corporate sign off prior to a disaster event and to help deal with difficult and sensitive communication challenges.
3. Two disaster communication workshops delivered which:
  - Invited input from participants on Council needs to be addressed by the project
  - Tested participant knowledge through scenario based exercises
  - Piloted the application of resources developed under the project.
4. A short video showcasing disaster communication experts sharing advice on the importance of Councils being prepared for their role in disaster communications. The video provides a resource that can be used by Councils to support Councillor and staff briefings, training and induction processes.

**DELIVERY STATUS:** Completed

## DISASTER READY COUNCILS PROJECT

**PURPOSE:** To raise awareness and build the capacity of Councils to become “Disaster Ready” (i.e. to anticipate the risks posed by natural disasters; regularly identify and review strategies to address risks; and actively implement and test these strategies across the range of functions and services Council provides). Key project outputs will include a suite of guideline documents for Councils focusing on:

- Is Your Council Disaster Ready? A Preparedness Guide for Local Government
- Managing Disaster Generated Waste
- Communicating Natural Disaster Information
- Preparing for Recovery
- Organisational Resilience

**DELIVERY STATUS:** In progress

## SIX STEPS TO RESILIENCE PROJECT

**PURPOSE:** To build the awareness, skills and capacity of Community Organisations (CO’s) across the Hunter and Central Coast region to better prepare their organisation (and in turn clients and communities) for natural disasters.

- Regional and targeted workshops with CO’s to increase understanding of their role in emergency preparedness, response and recovery
- “Get Ready for Disasters - A Resource Kit for the Community Services Sector” produced to support Community Service Organisations identify and access information materials for engaging and building disaster resilience within their staff, customers and clients.
- Evaluation survey and report on the effectiveness of the “6 Steps Framework” in assisting CSO’s develop Business Continuity Plans.

**DELIVERY STATUS:** Completed

# ACTION AREA 2

## OUR ENVIABLE ENVIRONMENT IS PROTECTED FOR FUTURE GENERATIONS AND OUR RESOURCES ARE USED EFFICIENTLY

The numbering below is linked to the numbering of actions in the HJO Strategic Plan 2018-21 and is not sequential as it reflects what is currently resourced and a delivery focus of the Hunter JO.

### 2.1 Continue to work together to deliver the Hunter and Central Coast Regional Environmental Management Strategy

#### REGIONAL CONTAMINATED LAND PROGRAM

**PURPOSE:** To build capacity and capability of Councils to manage contaminated sites on private and Council managed land, and to support councils transition to their new role as regulator of the Underground Petroleum Storage System (UPSS) Regulation.

Key program focus areas include:

1. Facilitating regular meetings of Regional UPSS Transition Working Group comprising representatives from all Hunter and Central Coast Councils
2. Provision of technical advice to Councils (i.e. a Helpdesk) on issues involving contaminated land management (land use planning, UPSS and public land management)
3. Delivering supporting documentation to build capacity of Council staff and raise the level of compliance of UPSS sites handed over to Councils by NSW EPA (e.g. Standard Conditions of development consent, Template Fuel System Operation Plan (FSOP) Guide, UPSS Procedures, UPSS Risk Assessment Template)
4. Design and piloting of a Contaminated Land Information database template including:
  - Determination of regionally consistent classification categories
  - Sourcing information on a regional basis to populate new and/or upgraded information systems
  - Piloting development of the template database with select Councils
5. Raising issues and queries identified by Councils to the attention of relevant NSW government agencies and Industry bodies, particularly on matters that lack implementation guidance (e.g. UPSS regulation)
6. Coordinating and facilitating joint responses in order to influence NSW statutory guidelines
7. Delivery of free training and capacity building events to Hunter and Central Coast Councils.

**DELIVERY STATUS:** In progress (Program funded from August 2019 – August 2023)

## CITIES POWER PARTNERSHIP

### **PURPOSE:**

- To facilitate additional Hunter JO member Councils joining the Cities Power Partnership (CPP)
- To identify common CPP pledges through which to focus regional collaborative efforts by Councils, the Hunter JO and CPP.

**DELIVERY STATUS:** In progress

## HUNTER RIVER RESERVE REHABILITATION PROJECT

**PURPOSE:** Deliver communications, rehabilitation works and engage community participation in conservation activities within the Hunter River Reserve, Greta, a site that contains one of the last remaining stands of intact native vegetation along the Lower Hunter River - including the endangered Lower Hunter Valley Dry Rainforest, Lower Hunter Spotted Gum Ironbark forest, and Central Hunter Ironbark-Spotted Gum-Grey Box Forest.

**DELIVERY STATUS:** Completed

## REGIONAL COLLABORATION – PEST ANIMAL MANAGEMENT

**PURPOSE:** To identify and facilitate a more collaborative regional approach to the management of pest animals between Local Councils, Hunter Local Land Services, Department of Primary Industries and other key stakeholder organisations.

### **PROJECT OUTPUTS:**

- Regional workshop to explore opportunities for improved collaboration and communication between councils and agencies toward the management of pest animals
- Template Business / Information Paper for Councils to support Executive and/or Councillor level review of the issues and obligations surrounding pest animal management for their Council and communities, and to confirm the focus and level of involvement moving forward
- Increased Local Government representation on the Regional Pest Animal Committee (RPAC).
- Establishment of an annual local government pest animal forum to be coordinated by Hunter Local Land Services.

**DELIVERY STATUS:** Completed

## REGIONAL LITTER GOVERNANCE PROJECT

**PURPOSE:** To support participating Councils review and improve overall corporate governance and management of litter related issues, addressing: litter management costs, litter policies and monitoring systems; staff engagement in litter management and reporting; location and number of public litter bins; and efficacy of current Council litter clean-up practices. The project also produced localised litter educational materials to support community education and internal staff campaigns.

### PROJECT OUTPUTS:

- Development of a Litter Communications Toolkit including library of photos and video clips for future use in community campaigns
- Development of a Litter Engagement Toolkit for Council staff
- Comprehensive audits of public place waste and recycling bins in Port Stephens and Muswellbrook Shire Council areas including recommendations for improvements to bin condition, types and placement
- Case study of public place bin auditing developed to encourage and assist other Councils to undertake this important task, and share key findings from the two audits completed

**DELIVERY STATUS:** Completed

## RECREATIONAL PARKS AND SPORTS FIELD LITTER REDUCTION PROJECT

**PURPOSE:** To support participating Councils reduce litter at selected recreational parks and sports fields to meet objectives set in the Hunter Region Litter Plan. This involves identifying key recurring litter items at each site and delivering community awareness strategies to eliminate these items at their source.

**DELIVERY STATUS:** In progress

## 2.2 Establish a Coastal Resilience Sub Committee, made up of representatives from relevant Hunter JO councils, to increase collaboration in planning for climate change

### REGIONAL COASTAL COUNCILS WORKING GROUP

#### PURPOSE:

- Promote collaboration between Agencies and Councils to address common issues and needs relating to components of the NSW Coastal Management Framework, and on broader initiatives to facilitate adaptation to a range of coastal management issues arising from climate change
- Provide the opportunity to share experiences across the region;
- Work together to integrate coastal management in broader council land use and corporate (IP&R) planning processes.
- Advise the Department on regional themes and topics for future forums, workshops, presentations and other relevant communications on regional coastal management planning and issues.

**DELIVERY STATUS:** Ongoing

## 2.3 Work together to find an effective recycling solution for the region

### CIRCULAR ECONOMY WORKING GROUP

**PURPOSE:** To provide oversight and guidance to the delivery of HJO Circular Economy Initiatives

**DELIVERY STATUS:** Ongoing

### HUNTER CIRCULAR FACILITATORS GROUP

**PURPOSE:** To provide a network of committed, knowledgeable and capable people with the potential to drive the circular economy program forward in the Hunter. The role of the group is to:

- Share information
- Harness, drive and coordinate cross stakeholder efforts toward a circular economy.
- Avoid duplication in progressing the circular economy in the region.

**DELIVERY STATUS:** Ongoing

### STATE AND REGIONAL WASTE MANAGERS NETWORK

**PURPOSE:** To facilitate information sharing and collaboration between Councils and waste regions that contribute to the achievement of local and regional waste reduction targets.

**DELIVERY STATUS:** Ongoing

### "SMALL ACTS BIG CHANGE" CAMPAIGN

**PURPOSE:** Regional communication campaign to improve community waste avoidance behaviours at the top end of the waste management hierarchy, along with reuse and recycling habits. For details on the SABC website and social media channels, [click here](#).

**DELIVERY STATUS:** In progress

### COMMUNITY RECYCLING CENTRES AWARENESS CAMPAIGN

**PURPOSE:** To deliver a regionally coordinated approach to promoting community awareness of Community Recycling Centres (CRC's).

**DELIVERY STATUS:** In progress

## CIRCULAR ECONOMY ECO-SYSTEM PROJECT

**PURPOSE:** To improve understanding of the status of the Circular Economy eco-system in the region and improve opportunities to collaborate and develop the regional economy as it relates to waste streams and resource recovery.

**OUTPUTS:**

- A report on the status of the region's Circular Economy 'eco-system', as it relates to waste streams and resource recovery, showcasing what is already happening in the region and what some of the next steps are to further the region's Circular Economy
- Development of the Hunter Circular website [www.huntercircular.com.au](http://www.huntercircular.com.au) incorporating an "ecosystem" database, designed to support government, business, community and charity sectors identify and engage with each other to further grow the Circular Economy in the Hunter and Central Coast.

**DELIVERY STATUS:** Completed

## REGIONAL MATERIAL FLOW ANALYSIS PROJECT

**PURPOSE:** To develop a baseline of waste material flows across the Hunter & Central Coast Waste Region

**OUTPUTS:**

- Identification, analysis and mapping of the material flows of 21 different waste types across each local government area in the Hunter and Central Coast, to support government and business to identify potential opportunities for collaboration and investment.
- The Hunter Central Coast Material Flow Analysis is available upon request through the website [www.huntercircular.com.au](http://www.huntercircular.com.au), or upon request through the Hunter JO.

**DELIVERY STATUS:** Completed

# ACTION AREA 3

## OUR ECONOMY IS MULTIFACETED, RESILIENT AND IS AUSTRALIA'S LEADING SMART REGIONAL ECONOMY

The numbering below is linked to the numbering of actions in the HJO Strategic Plan 2018-21 and is not sequential as it reflects what is currently resourced and a delivery focus of the Hunter JO.

**3.3 Deepen relationships with the Department of Planning and Environment and the Hunter Development Corporation and gain a commitment to a formal JO role in the implementation, monitoring and review of the Hunter Regional Plan 2036 and Greater Newcastle Metropolitan Plan 2036. Be an effective and outcome-oriented committee member.**

### REGIONAL PLANNING WORKSHOP

**PURPOSE:**

- Facilitate Council input to Hunter Regional Leadership Executive Workshop on Population Projections
- Provide DPIE briefing to Councils on process for 5-year Review of Hunter and Central Coast Regional Plans
- Facilitate Council input to NSW wide review of regional planning process being undertaken by DPIE

**DELIVERY STATUS:** Completed

### LOCAL STRATEGIC PLANNING STATEMENTS

**PURPOSE:** To support member Councils with the development and delivery of their Local Strategic Planning Statements, focusing on identification of regional scale issues and actions with potential for collaborative implementation.

**DELIVERY STATUS:** Completed

### 3.9 Explore and act on smart ways to transform local and global disruptions, such as the disruption of recycling services, into economic opportunities for the Hunter

#### HUNTER 2050 FOUNDATION

**PURPOSE:** The Hunter 2050 Foundation is an innovative approach to manage industrial change. It will lead investment and redevelopment in the region as well as helping businesses and workers seize new opportunities. The 2050 Foundation represents an innovative model for economic leadership that is proactive, market driven and locally led. It draws on the best models in Australia, whilst moving beyond the typical suite of government-led structural adjustment policies of the past by focusing on engaging in key markets to accelerate investment and redevelopment. In April 2020 the Hunter JO Board resolved to approach the Minister for Local Government, for permission to form the Foundation, which in its first three years of operation would:

1. Establish impact investment funds to invest in energy, industrial development and business innovation projects in the Hunter, building a pipeline of capital for new economic activity and local jobs
2. Create a business innovation program supporting 300 local SME's to grow and an annual new industry capability program to grow industries including Defence
3. Build a career transition program to provide support to 6000 workers in the region looking to pursue new opportunities
4. Establish the organisation, its Board and management including the creation of 15 local jobs in the organisation itself.

**DELIVERY STATUS:** Completed

#### UPPER HUNTER ECONOMIC DIVERSIFICATION ACTION PLAN

**PURPOSE:** The Upper Hunter Economic Diversification Action Plan articulates the region's priorities for delivering a sustainable and secure economic future – leveraging existing regional advantages and expanding into new growth areas of agribusiness, renewable energy and the export of expertise in mining, advanced manufacturing and professional services to global markets. The Hunter JO is working with the NSW Government, University of Newcastle and its member councils to develop an integrated suite of policies to help the Upper Hunter's unique communities prosper over the long term.

**DELIVERY STATUS:** In progress

#### HUNTER AND CENTRAL COAST BIOCIRCULAR – REGIONAL ORGANICS PROCESSING

**PURPOSE:** To embrace world-leading innovations to develop a flagship community resources recovery model. By demonstrating a Circular Economy approach, Hunter BioCircular seeks to move the region toward zero waste to landfill, and in doing so provide long term economic, social and environmental benefits from processing waste locally, which will help transition the regional economy, deliver new local jobs and reduce carbon emissions.

**DELIVERY STATUS:** In progress



# PART 3

# FINANCIALS &

# STATUTORY STATEMENTS

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# FINANCIAL STATEMENTS

A full copy of the Audited Financial Statements for the 2019/2020 year is provided on the Hunter JO website at: [hunterjo.com.au](http://hunterjo.com.au)

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020			
		2020	ACTUAL PERIOD 9 MAY 2018 TO 30 JUNE 2019
	NOTES	\$	\$
Income from continuing operations			
Member council contributions	2a	164,869	200,000
Grants provided for operating purposes	2d	1,736,366	660,794
Other income	2b	100,000	545,000
Interest and investment revenue	2c	2,902	4,641
Total income from continuing operations		2,004,137	1,410,435
Expenses from continuing operations			
Employee benefits and on-costs		308,378	307,590
Project expenses		1,677,449	511,880
Depreciation		11,766	3,348
Administrative expenses	3	179,929	138,293
Total expenses from continuing operations		2,177,522	961,111
Net result for the period		-173,385	449,324
Other comprehensive income		-	-
Total comprehensive income		-173,385	449,324

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

The Joint Organisation has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

## STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020			
		2020	2019
		\$	\$
	NOTES		
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	4	269,397	269,434
Receivables	5	118,635	196,089
Contract assets		-	-
Contract cost assets		-	-
Prepayments		749	777
<b>TOTAL CURRENT ASSETS</b>		<b>388,781</b>	<b>466,300</b>
<b>NON-CURRENT ASSETS</b>			
Investments		-	-
Contract assets		-	-
Contract cost assets		-	-
Plant and equipment	6	42,465	54,232
Right of use assets		-	-
Other		1	-
<b>Total non-current assets</b>		<b>42,466</b>	<b>54,232</b>
<b>TOTAL ASSETS</b>		<b>431,247</b>	<b>520,532</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables	7	125,282	58,273
Contract liabilities			
Lease liabilities			
Borrowings	7	1,353	3,000
Provisions	8	25,691	9,589
<b>TOTAL CURRENT LIABILITIES</b>		<b>152,326</b>	<b>70,862</b>
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities			
Lease liabilities			
Provisions	8	2,981	346
<b>Total non-current liabilities</b>		<b>2,981</b>	<b>346</b>
<b>TOTAL LIABILITIES</b>		<b>155,307</b>	<b>71,208</b>
<b>NET ASSETS</b>		<b>275,940</b>	<b>449,324</b>
<b>EQUITY</b>			
Accumulated surplus		275,940	449,324
Other reserves (specify)			
<b>TOTAL EQUITY</b>		<b>275,940</b>	<b>449,324</b>

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

## STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020				
	2020 \$		2019 \$	
	ACCUMULATED SURPLUS	TOTAL EQUITY	ACCUMULATED SURPLUS	TOTAL EQUITY
Opening balance	449,324	449,324	-	-
Changes due to AASB 16 adoption				
Changes due to AASB 15 and AASB 1058 adoption-refer Note 13				
Restated opening balance	449,324	449,324		
Net operating result for the period	-173,384	-173,384	449,324	449,324
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	449,324	449,324
Closing balance	275,940	275,940	449,324	449,324

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

## STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS		
	2020	PERIOD FROM 9 MAY 2018 TO 30 JUNE 2019
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts:		
Contributions from member councils	164,869	172,060
User charges and fees		
Investments revenue and interest	7,499	44
Grants	1,073,629	660,794
Other	878,425	381,016
Payments:		
Borrowing costs		
Other		
Net cash provided from (or used) in operating activities	-6,037	324,013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts:		
Sale of property, plant and equipment		
Other		
Payments:		
Purchase of property, plant and equipment		(57,579)
Other		
Net cash provided from (or used in) investing activities	-	(57,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts:		
	152,326	70,862
Credit card facility	6,000	3,000
Other		
Payments		
Repayments of lease liabilities (principal only)		
Other		
Net cash provided from (or used in) financing activities	6,000	3,000
Net increase (/decrease) in cash and cash equivalents	-37	269,434
Cash transferred from former entities	-	-
Cash and cash equivalents at beginning of reporting period	269,434	-

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

# STATUTORY STATEMENTS

## GOVERNMENT INFORMATION PUBLIC ACCESS (GIPA)

Hunter JO received zero formal access and zero informal applications for the reporting year under Government Information (Public Access) Act, 2009 (GIPA).

## OVERSEAS TRAVEL

No representatives from the Hunter JO made any overseas trips during the 2019/2020 financial year.

## EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN

Our equal employment opportunity framework and principles is underway, incorporating review of organisational policies and procedures, with full implementation planned for 2021.

## REMUNERATION EXECUTIVE OFFICER

The total remuneration package of the Executive Officer for the 2019/2020 financial year was \$304,683 inclusive of salary, vehicle allowance, superannuation & fringe benefits tax payable (for the period).



Mr Joe James  
Chief Executive Officer  
Hunter Joint Organisation  
PO Box 42  
RAYMOND TERRACE NSW 2324

Contact: Furqan Yousuf  
Phone no: 02 9275 7470  
Our ref: D2027060/1859

18 November 2020

Dear Mr James

## **Report on the Conduct of the Audit for the year ended 30 June 2020 Hunter Joint Organisation**

I have audited the general purpose financial statements (GPFS) of the Hunter Joint Organisation (the Joint Organisation) for the year ended 30 June 2020 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 2020 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 result**

The Joint Organisation's net result for the year ended 30 June 2020 was a deficit of \$173,384.

The Joint Organisation's primary income source during the year was from operating grants of \$1,736,367 which contributed to over 85 per cent of the Joint Organisation's income from continuing operations of \$2,004,138. The Joint Organisation also received \$164,869 of income from member council contributions.

The Joint Organisation's total operating expenses from continuing operations for the period was \$2,177,522 which primarily consisted of project expenses of \$1,677,859, employee benefits and on-costs of \$308,378 and administration expenses of \$179,519.

#### **Financial position**

At 30 June 2020, the Joint Organisation had total assets of \$431,247 and net assets of \$275,940. The Joint Organisation's main assets consist of cash of \$269,397 and trade receivables of \$118,635.

## OTHER MATTERS

### Impact of new accounting standards

#### **AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'**

The Joint Organisation adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a joint organisation's financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribed how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a joint organisation's financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

As disclosed in Note 9 of the financial statements, the adoption of AASB 15 and AASB 1058 has not had a material impact on the Joint Organisation as there were no contracts which contained sufficiently specific performance obligations and therefore no contract liability was recognised at 30 June 2020.

### 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.

The Joint Organisation's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.

Furqan Yousuf  
Delegate of the Auditor-General for New South Wales

cc: Clr Bob Pynsent, Chairperson, Hunter Joint Organisation  
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



# General purpose financial statements for the year ended 30 June 2020

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The Hunter Joint Organisation is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

Hunter Joint Organisation  
59 Bonville Avenue  
Thornton NSW 2322

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.hunterjo.com.au](http://www.hunterjo.com.au)



## Statement by Members of the Board and Management

### **Statement by Members of the Board and Management made pursuant to Section 413 (2c) 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 – Reduced Disclosure Requirements 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 my knowledge and belief, these statements:

- present fairly Hunter Joint Organisation’s operating result and financial position for the period
- accord with Hunter Joint Organisation’s accounting and other records.

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

Signed in accordance with a resolution of the Board of the Hunter Joint Organisation made on 26 November 2020.

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**Cr Bob Pynsent**

**Chairperson**

**Date:**

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**Cr Loretta Baker**

**Voting Representative Board  
Member**

**Date:**

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**Joe James**

**Chief Executive Officer**

**Date:**

Income Statement and Other Comprehensive Income  
for the year ended 30 June 2020

		2020	Actual Period 9 May 2018 to 30 June 2019
	Notes	\$	\$
<b>Income from continuing operations</b>			
Member council contributions	2a	164,869	200,000
Grants provided for operating purposes	2b	1,736,367	660,794
Other income	2c	100,000	545,000
Interest and investment revenue	2d	2,902	4,641
<b>Total income from continuing operations</b>		<b>2,004,138</b>	<b>1,410,435</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs		308,378	307,590
Project expenses		1,677,859	511,880
Depreciation	6	11,766	3,348
Administrative expenses	3	179,519	138,293
<b>Total expenses from continuing operations</b>		<b>2,177,522</b>	<b>961,111</b>
<b>Net result for the period</b>		<b>(173,384)</b>	<b>449,324</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>(173,384)</b>	<b>449,324</b>

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

The Joint Organisation has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

## Statement of Financial Position

### Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	269,397	269,434
Receivables	5	118,635	196,089
Prepayments		749	777
<b>Total current assets</b>		<b>388,781</b>	<b>466,300</b>
<b>Non-current assets</b>			
Plant and equipment	6	42,465	54,232
Other		1	-
<b>Total non-current assets</b>		<b>42,466</b>	<b>54,232</b>
<b>Total assets</b>		<b>431,247</b>	<b>520,532</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	7	125,282	58,273
Borrowings	7	1,353	3,000
Provisions	8	25,691	9,589
<b>Total current liabilities</b>		<b>152,326</b>	<b>70,862</b>
<b>Non-current liabilities</b>			
Provisions	8	2,981	346
<b>Total non-current liabilities</b>		<b>2,981</b>	<b>346</b>
<b>Total liabilities</b>		<b>155,307</b>	<b>71,208</b>
<b>Net assets</b>		<b>275,940</b>	<b>449,324</b>
<b>EQUITY</b>			
Accumulated surplus		275,940	449,324
<b>Total equity</b>		<b>275,940</b>	<b>449,324</b>

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

The Joint Organisation has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

## Statement of Changes in Equity

### Statement of Changes in Equity for the year ended 30 June 2020

	2020		2019	
	\$		\$	
	Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance	449,324	449,324	-	-
Changes due to AASB 16 adoption	-	-	-	-
Changes due to AASB 15 and AASB 1058 adoption -refer Note 9	-	-	-	-
Restated opening balance	449,324	449,324	-	-
Net operating result for the period	(173,384)	(173,384)	449,324	449,324
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	449,324	449,324
<b>Closing balance</b>	<b>275,940</b>	<b>275,940</b>	<b>449,324</b>	<b>449,324</b>

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

The Joint Organisation has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

## Statement of Cash Flows



### Statement of Cash Flows for the year ended 30 June 2020

	2020	Period from 9 May 2018 to 30 June 2019
	\$	\$
<b>Cash flows from operating activities</b>		
<i>Receipts:</i>		
Contributions from member councils	164,869	172,060
User charges and fees		
Investments revenue and interest	7,499	44
Grants	1,268,662	660,794
Other	683,392	381,016
<i>Payments:</i>		
Employees and suppliers	(2,130,459)	(889,901)
<b>Net cash provided from (or used) in operating activities</b>	<b>(6,037)</b>	<b>324,013</b>
<b>Cash flows from investing activities</b>		
<i>Payments:</i>		
Purchase of property, plant and equipment	-	(57,579)
<b>Net cash provided from (or used in) investing activities</b>	<b>-</b>	<b>(57,579)</b>
<b>Cash flows from financing activities</b>		
<i>Receipts</i>		
Credit card facility	6,000	3,000
<b>Net cash provided from (or used in) financing activities</b>	<b>6,000</b>	<b>3,000</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(37)</b>	<b>269,434</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>269,434</b>	<b>-</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>269,397</b>	<b>269,434</b>

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

The Joint Organisation has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

## Notes to the Financial Statements

### Notes to the year ended to 30 June 2020

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### *Note 1: Basis of preparation*

The financial statements include the results for the financial year ended 30 June 2020 and the comparative period from 9 May 2018 to 30 June 2019.

These financial statements were authorised for issue by the Board of the Joint Organisation on 26/11/2020. 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 – Reduced Disclosure Requirements, the Local Government Act 1993 (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. HJO is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

#### *(a) New and amended standards adopted by HJO*

Refer to Note 9 for new and amended standards adopted by the JO during the reporting period.

#### *(b) Historical cost convention*

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the JO'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 JO and that are believed to be reasonable under the circumstances.

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

HJO 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:

- Employee benefit provisions – refer Note 8

#### *(d) Accounting standards issued not yet effective*

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities is a new Standard that sets out the separate disclosure requirements for all entities reporting under the Tier 2 of the Differential Reporting Framework in AASB 1053. AASB 1060 has been developed based on a new methodology and principles to be used in determining the Tier 2 disclosures that are necessary for meeting users' needs.

AASB 1060 does not change:

- which entities are permitted to apply Tier 2 reporting requirements; and
- the recognition and measurement requirements of Tier 2, which are the same as for Tier 1.

AASB 1060 effective for annual periods beginning or after 1 July 2021 with early application permitted.

HJO does not expect AASB 1060 to have a material impact.

### **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.

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**Note 2: Income**

		2020		Period from 9 May 2018 to 30 June 2019
		\$		\$
<b>(a) Revenue recognised on receipt</b> (not enforceable or no sufficiently specific performance obligations – AASB1058)				
<b>Grant Revenue &amp; other income</b>		<b>1,836,367</b>		<b>1,205,794</b>
<b>Member Council contributions</b>				
Cessnock City Council		20,000		20,000
Dungog Shire Council		9,517		20,000
Lake Macquarie City Council		20,000		20,000
Maitland City Council		20,000		20,000
MidCoast Council		20,000		20,000
Muswellbrook Shire Council		10,877		20,000
Newcastle City Council		20,000		20,000
Port Stephens Council		20,000		20,000
Singleton Council		13,596		20,000
Upper Hunter Shire Council		10,877		20,000
<b>Total member council contributions</b>		<b>164,869</b>		<b>200,000</b>
<b>Total</b>		<b>2,001,236</b>		<b>1,405,794</b>
<b>(b) Grants</b>				
	<b>Operating</b>		<b>Capital</b>	
		<b>Period 9 May 2018 To 30 June 2019</b>		<b>Period 9 May 2018 To 30 June 2019</b>
	<b>2020</b>		<b>2020</b>	
	\$	\$	\$	\$
OLG Joint Organisation establishment / capacity building funding	150,000	300,000	-	-
Waste Action, Recycle	431,892	-	-	-
Contaminated Land Program	179,400	176,700	-	-
Small business promotion	418,570	-	-	-
Litter prevention and reduction	21,100	75,900	-	-
Hunter Transition Foundation	150,000	-	-	-
CRIP & Resilience programs	265,435	-	-	-
Film Festival	35,640	-	-	-
DPC funding	81,428	108,194	-	-
<b>Total grants</b>	<b>1,733,465</b>	<b>660,794</b>	-	-
	<b>Operating</b>		<b>Capital</b>	
	<b>2020</b>	<b>Period 9 May 2018</b>	<b>2020</b>	<b>Period 9 May 2018</b>

Comprising:		To 30 June 2019		To 30 June 2019
	\$	\$	\$	\$
- State funding	1,441,492	624,094	-	-
- Other funding	291,973	36,700	-	-
	<b>1,733,465</b>	<b>660,794</b>	-	-
<b>(c) Other income</b>				
			<b>2020</b>	<b>Period 9 May 2018 To 30 June 2019</b>
			\$	\$
Procurement rebates				
Admin fees			100,000	545,000
<b>Total other revenue</b>			<b>100,000</b>	<b>545,000</b>
<b>(d) Interest and investment income</b>				
Interest on financial assets measured at amortised cost			2,902	4,641
<b>Total interest and investment revenue</b>			<b>2,902</b>	<b>4,641</b>

#### Accounting policy for income

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

**Contributions by Member Councils** are accounted for 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:

- Equal contributions by all member Councils in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation; and
- Contributions by participating member Councils for other functions of enhancing strategic capacity and direct service delivery.

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

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

## Accounting Policies for 2020

### Grant revenue –

#### Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. 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.

#### Grant revenue under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the asset's 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.

#### Capital grants

Capital grants received to enable JO to acquire or construct an item of property, plant and equipment to identified specifications which will be under the JO's control and which is enforceable 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 as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the JO.

### Other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

## Accounting Policies for 2019

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

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

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

**Note 3: Expenses**

	<b>2020</b>	<b>Period from 9 May 2018 to 30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Administrative Expenses</b>		
Finance & Administrative services (Strategic Services Australia Limited)	61,704	60,624
Remuneration of auditors	11,080	19,000
IT expenses	5,703	1,885
Board meeting expenses	14,815	24,527
Motor Vehicles expenses	9,456	3,489
Office space rent & outgoings	33,084	17,400
Insurance	7,734	1,451
Travel & accommodation	10,782	7,611
Other	25,161	2,306
<b>Total administrative expenses</b>	<b>179,519</b>	<b>138,293</b>
<b>Auditors' remuneration</b>		
Auditors of Hunter Joint Organisation– NSW Auditor-General		
(i) Audit and other assurance services		
Audit of financial statements	11,080	19,000
Other assurance services	-	-
<b>Total remuneration for audit and other assurance services</b>	<b>11,080</b>	<b>19,000</b>
(ii) Other non-assurance services	-	-
<b>Total fees paid or payable to the Auditor-General</b>	<b>11,080</b>	<b>19,000</b>

**Accounting policy for expenses**

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

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.

**Borrowing costs** are expensed as incurred.

**Depreciation** is calculated using the straight-line method to allocate the cost of the asset, net of residual values, over the asset's estimated useful lives.

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

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

**Note 4: Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	269,397	269,434
Deposits at call	-	-
	<b>269,397</b>	<b>269,434</b>
<b>Restricted cash and cash equivalents</b>		
External restrictions	-	-
Internal restrictions	-	-
Unrestricted	-	-

**Accounting policy for cash and cash equivalents**

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.

**Note 5: Receivables**

	2020	2019
	Current	Current
	\$	\$
Receivables from member councils		
Trade receivables	118,635	32,340
Related Party Loan	-	159,152
Interest	-	4,597
<b>Total</b>	<b>118,635</b>	<b>196,089</b>
Less: provision for impairment:	-	-
<b>Net receivables</b>	<b>118,635</b>	<b>196,089</b>

**Accounting policy for receivables**

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 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.

*Note 6: Property, plant and equipment*

By Asset Class	At 1 July 2019			Movements During the Period			At 30 June 2020		
	Gross carrying amount	Acc. Depn and impairment	Net carrying amount	Additions	Disposals	Depn. And impairment	Gross carrying amount	Acc. Depn. and impairment	Net carrying amount
2020	\$	\$	\$	\$	\$	\$	\$	\$	\$
Office equipment	1,876	99	1,777	-	-	625	1,876	724	1,152
Furniture and fittings									
Vehicles	55,703	3,249	52,455	-	-	11,141	55,703	14,390	41,313
Other (specify)									
<b>Totals</b>	<b>57,579</b>	<b>3,348</b>	<b>54,232</b>	<b>-</b>	<b>-</b>	<b>11,766</b>	<b>57,579</b>	<b>15,114</b>	<b>42,465</b>

By Asset Class	At 9 May 2018			Movements During the Period			At 30 June 2019		
	Gross carrying amount	Acc. Depn and impairment	Net carrying amount	Additions	Disposals	Depn. And impairment	Gross carrying amount	Acc. Depn. and impairment	Net carrying amount
2019	\$	\$	\$	\$	\$	\$	\$	\$	\$
Office equipment	-	-	-	1,876	-	(99)	1,876	(99)	1,777
Furniture and fittings									
Vehicles	-	-	-	55,703	-	(3,249)	55,703	(3,249)	52,455
Others (specify)									
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,579</b>	<b>-</b>	<b>(3,348)</b>	<b>57,579</b>	<b>(3,348)</b>	<b>54,232</b>

### Accounting policy for property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. 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 the JO and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement and Other Comprehensive Income during the financial period in which they are incurred. When property, plant and equipment are acquired by the JO for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

The useful life of Office equipment is determined as five years, and Vehicles as three years.

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

### Note 7 Payables and borrowings

	2020	2019
<b>Payables</b>		
Trade payables	51,619	3,780
Accrued expenses	25,756	26,531
Other payables	47,907	27,962
<b>Total Payables</b>	<b>125,282</b>	<b>58,273</b>
<b>Borrowings</b>		
Credit Cards	1,353	3,000
<b>Total borrowings</b>	<b>1,353</b>	<b>3,000</b>
<b>Financing Arrangements</b>	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Total Facilities</b>		
The amount of total financing facilities available to the JO at the reporting date is:		
- Bank overdraft facility	-	-
- Corporate credit cards	6,000	3,000
<b>Drawn Facilities</b>		
The amount of financing facilities drawn down at the reporting date is:		
- Bank overdraft facility	-	-
- Corporate credit cards	1,353	3,000
<b>Undrawn Facilities</b>		
The amount of undrawn financing facilities available to the JO at the reporting date is:		
- Bank overdraft facility	-	-
- Corporate credit cards	<b>4,647</b>	<b>Nil</b>

### Accounting policy for payables and borrowings

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

### Note 8: Provisions

	2020		2019	
	Current \$	Non-current \$	Current \$	Non-current \$
Employee benefit provisions				
Annual leave	25,691	-	9,589	-
Long Service Leave	-	2,981	-	346
<b>Total provisions</b>	<b>25,691</b>	<b>2,981</b>	<b>9,589</b>	<b>346</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>Nil</b>	<b>n/a</b>	<b>Nil</b>	<b>n/a</b>

### Accounting policy for provisions

Provisions are recognised when: the JO 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.

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

### Employee benefits

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual 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 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 at 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 that will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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

### **Note 9: Change in accounting policy**

#### **Changes in accounting policy due to adoption of new Accounting Standards**

During the year ended 30 June 2020, HJO has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-profit Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

The adoption of AASB 15 and AASB 1058 has not had a material impact as there were no contracts which contained sufficiently specific performance obligations and therefore no contract liability has been recognised at 30 June 2020.

#### **AASB 16 Leases**

The adoption of AASB 16 has not had a material impact on the Hunter Joint Organisation as it had no leases during the period ended 30 June 2020.

### **Note 10: Commitments**

The Hunter Joint Organisation has no commitments at the period ended 30 June 2020.

### **Note 11: Contingencies**

The Hunter Joint Organisation has no contingent assets or contingent liabilities at 30 June 2020.

### **Note 12: Financial risk management**

#### **Risk Management**

The Hunter Joint Organisation's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk.

Financial risk management is carried out by the finance team under policies approved by the Hunter Joint



Organisation Board.

The fair value of receivables and financial liabilities approximates the carrying amount.

***Note 13: Related party disclosures***

**Key management personnel**

Key management personnel (KMP) of the Hunter Joint Organisation are those persons having the authority and responsibility for planning, directing and controlling the activities of the Hunter Joint Organisation, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$292,669.

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*Other related parties*

Type of related party:	Nature of the transactions	Amount of the transactions during the period	Outstanding balances, including commitments at period end	Terms and conditions	Provisions for doubtful debts	Expense recognised during the period relating to bad or doubtful debts
<b>2020</b>						
<b>Strategic Services Australia Ltd</b> – local gov't owned operating entity	Loan to SSA – balance @ 30 June	\$0	\$0	Net 30 days	\$0	\$0
	Interest received	\$2,902	\$0	Net 30 days	\$0	\$0
	Rent paid	\$21,084	\$0	Net 30 days	\$0	\$0
	Grant funds obtained and transferred to related party to undertake grant functions	\$923,629	\$0	n/a	\$0	\$0
	Admin fees paid	\$93,229	\$0	Net 30 days	\$0	\$0
	Admin fees received	\$199,256	\$0	Net 30 days	\$0	\$0
	IT costs incurred	\$1,824	\$0	Net 30 days	\$0	\$0
	Project contributions	\$100,000	\$0	Net 30 days	\$0	\$0
<b>Hunter Councils Incorporated</b> – local gov't owned association	Rent paid	\$12,000	\$0	Net 30 days	\$0	\$0
Lake Macquarie City Council	Subscriptions	\$20,000	\$4,400	Net 30 days	\$0	\$0
	Project Funding	\$4,000				
Newcastle City Council	Subscriptions	\$20,000	\$4,400	Net 30 days	\$0	\$0
	Project Funding	\$4,000				
Port Stephens Council	Subscriptions	\$20,000	\$4,400	Net 30 days	\$0	\$0
	Project Funding	\$4,000				
Mid Coast Council	Subscriptions	\$20,000	\$4,400	Net 30 days	\$0	\$0
	Project Funding	\$4,000				
Upper Hunter Shire Council	Subscriptions	\$10,877	\$3,300	Net 30 days	\$0	\$0
	Project Funding	\$3,000				

Singleton Council	Subscriptions Project Funding	\$13,596 \$3,300	\$0	Net 30 days	\$0	\$0
Dungog Shire Council	Subscriptions Project Funding	\$9,517 \$2,400	\$2,640	Net 30 days	\$0	\$0
Muswellbrook Shire Council	Subscriptions Project Funding	\$10,877 \$2,700	\$0	Net 30 days	\$0	\$0
Cessnock City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Maitland City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$0	Net 30 days	\$0	\$0
<b>2019</b>						
<b>Strategic Services Australia Ltd</b> – local gov't owned operating entity	Loan to SSA – balance @ 30 June	\$159,152	\$0	Net 30 days	\$0	\$0
	Interest received	\$4,596	\$0	Net 30 days	\$0	\$0
	Rent paid	\$6,000	\$0	Net 30 days	\$0	\$0
	Grant funds obtained and transferred to related party to undertake grant functions	\$252,600	\$0	n/a	\$0	\$0
	Admin fees paid	\$187,579	\$0	Net 30 days	\$0	\$0
	Admin fees received	\$21,115	\$0	Net 30 days	\$0	\$0
	IT costs incurred	\$1,584	\$0	Net 30 days	\$0	\$0
	Project contributions	\$545,000	\$0	Net 30 days	\$0	\$0
<b>Hunter Councils Incorporated</b> – local gov't owned association	Rent paid	\$12,000	\$0	Net 30 days	\$0	\$0
Lake Macquarie City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Newcastle City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Port Stephens Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Mid Coast Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Upper Hunter Shire Council	Subscriptions Project Funding	\$20,000 \$3,000	\$3,300	Net 30 days	\$0	\$0

Singleton Council	Subscriptions Project Funding	\$20,000 \$3,300	\$0	Net 30 days	\$0	\$0
Dungog Shire Council	Subscriptions Project Funding	\$20,000 \$2,400	\$2,640	Net 30 days	\$0	\$0
Muswellbrook Shire Council	Subscriptions Project Funding	\$20,000 \$2,700	\$0	Net 30 days	\$0	\$0
Cessnock City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$4,400	Net 30 days	\$0	\$0
Maitland City Council	Subscriptions Project Funding	\$20,000 \$4,000	\$0	Net 30 days	\$0	\$0

**Note 14: Events occurring after reporting date**

There have been no subsequent events post 30 June 2020.

Mr Joe James  
Chief Executive Officer  
Hunter Joint Organisation  
PO Box 42  
RAYMOND TERRACE NSW 2324

Contact: Furqan Yousuf  
Phone no: 02 9275 7470  
Our ref: D2027059/1859

17 November 2020

Dear Mr James

**Engagement Closing Report  
for the year ended 30 June 2020  
Hunter Joint Organisation**

We have audited the Hunter Joint Organisation's (the Joint Organisation) general purpose financial statements (GPFS).

Attached is the Engagement Closing Report, which details findings relevant to you in your role as one of those charged with governance. This report gives you and the Chairperson the opportunity to assess the audit findings, before the representation letter and the Statement by Members of the Board and Management, required for the GPFS under section 413(2)(c) of the *Local Government Act 1993* (the LG Act), are signed.

This report is not intended for publication or distribution to persons other than those described above.

If you need more information about the audit, please contact me on 02 9275 7470 or Mr Cameron Hume, Partner, RSM Australia Partners on 02 8226 4802.

Yours sincerely



Furqan Yousuf  
Delegate of the Auditor-General of New South Wales

cc: Clr Bob Pynsent, Chairperson, Hunter Joint Organisation

# Engagement Closing Report

Audit for the year ended 30 June 2020

Hunter Joint Organisation



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## 1. INTRODUCTION

We have audited the Hunter Joint Organisation’s (the Joint Organisation) general purpose financial statements (GPFS).

This report informs the Chief Executive Officer and Chairperson of audit findings relevant to their responsibilities and oversight of the Joint Organisation’s financial statements. We will inform you if significant new matters are found while finalising the audit.

An audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify all matters of governance interest, nor is it conducted to express an opinion on the effectiveness of internal control. Matters of governance interest identified during the audit are included in this report.

## 2. AUDIT OVERVIEW

The table below provides an overview of findings identified during the audit of the Joint Organisation.

Impact assessment		
	<b>High</b>	Matters identified which had a high impact on the financial statements and/or audit.
	<b>Moderate</b>	Matters identified which had a moderate impact on the financial statements and/or audit.
	<b>Low</b>	No matters or matters identified which had a low impact on the financial statements and/or audit.

Section	Outcome		Reference
<b>Audit outcome:</b>			
GPFS	Unqualified opinion		<u>3.1</u>
Response to key issues and audit risks	Matters partially addressed		<u>4.1</u>
Misstatements	Misstatements noted		<u>4.2</u>
Compliance with legislative requirements	No matters noted		<u>4.3</u>

## 3. AUDIT OUTCOME AND REPORTS

### 3.1 Audit outcome

We are likely to express an unmodified opinion on the GPFS.

The Independent Auditor’s Report will be signed after the outstanding matters listed below are completed and the signed financial statements and management representation letter is received.

The following matters are outstanding at the date of this report:

Outstanding item	Action required	Responsibility
Updated financial statements	Management to provide the audit team with the updated set of financial statements	Management
Review of updated financial statements	The audit team's review of the updated version of the financial statements	Audit team
Subsequent events update	Management and the audit team to assess potential impacts on the financial statements of significant transactions and events after year-end, up to the date the financial statements are signed	Management and audit team
Finalisation of quality review procedures	The audit team's quality review procedures will continue until the date of signing	Audit team

Promptly resolving these matters will avoid delays in issuing the Independent Auditor's Report.

### 'Other Information' section

The Joint Organisation's Annual Performance Statement will include information in addition to the financial statements and Independent Auditor's Report. For the purposes of our audit this is considered 'other information'. Auditing Standards require us to consider whether the other information is materially consistent with the financial statements, is materially consistent with the knowledge we obtained during the audit, and otherwise appears not to be materially misstated. Where matters are identified, we are required to disclose them in the Independent Auditor's Report.

At the date of signing the Independent Auditor's Report, we expect to have received the Statement by Members of the Board and Management, pursuant to section 413(2)(c) of the LG Act, included in the Annual Performance Statement.

We have not identified any material inconsistencies in other information to report in the Independent Auditor's Reports.

### 3.2 Report on the Conduct of the Audit

We will issue the Report on the Conduct of the Audit required by section 417(3) of the *Local Government Act 1993* at the same time as the Independent Auditor's Report. The Report on the Conduct of the Audit will incorporate comments we consider appropriate, based on the audit of the Joint Organisation's financial statements.

### 3.3 Auditor-General's Report to Parliament

The 2020 Auditor-General's Report to Parliament will incorporate the results of the audit.

### 3.4 Management Letter

A Management Letter from the final phase of my audit will be sent to you during December 2020. The Management Letter will be issued once formal management responses have been received.

## 4. AUDIT FINDINGS

### 4.1 Response to key issues and audit risks

The Annual Engagement Plan, sent on 27 February 2020, identified key issues affecting the Joint Organisation and how the audit team planned to respond to them. The results of the audit work are detailed below.

Issue or risk	Audit outcome
<b>New Accounting Standards</b>	
<p>The following new accounting standards issued by the Australian Accounting Standards Board became effective for reporting periods beginning on or after 1 January 2019:</p> <ul style="list-style-type: none"> <li>• AASB 15 'Revenue from Contracts with Customers'</li> <li>• AASB 16 'Leases'</li> <li>• AASB 1058 'Income of Not for Profit Entities'.</li> </ul> <p>AASB 1059 'Service Concession Arrangements: Grantors' also became effective for reporting periods beginning on or after 1 January 2020.</p> <p>Significant preparation is required by management to apply these standards and ensure the 2019–20 financial statements materially comply with the requirements.</p>	<p>We reviewed Joint Organisation's application of AASB 15, AASB 16 and AASB 1058 to ensure:</p> <ul style="list-style-type: none"> <li>• all income streams and lease agreements/service contracts are recognised and measured on a reasonable basis</li> <li>• opening balance adjustments were appropriate</li> <li>• disclosure requirements were met in the 2019–20 financial statements</li> <li>• the sample of transactions tested for 2019–20 audit were accounted for appropriately under the new requirements.</li> </ul> <p>We identified that revenue from contributions amounting to \$0.2 million was not recognised correctly in accordance with the requirements of the new accounting standards. It was corrected in the revised set of financial statements. Refer appendix for further details.</p> <p>Except for the above, our audit work concluded management have appropriately:</p> <ul style="list-style-type: none"> <li>• accounted for the transition of AASB 15, AASB 16 and AASB 1058</li> <li>• accounted for revenue and leasing transactions</li> <li>• met the disclosure requirements.</li> </ul>
<b>Quality and timeliness of financial reporting</b>	
<p>Quality and timeliness of financial reporting is key for sound financial management, public accountability and effective decision making. Absence of an effective project plan for year-end financial reporting can result in delays, errors, poor quality and increased audit costs.</p>	<p>The Joint Organisation provided draft financial statements after the final audit fieldwork.</p> <p>Management can further improve the quality and timeliness of financial reporting by performing the following before year-end:</p> <ul style="list-style-type: none"> <li>• assessing the impact of material, complex and one-off significant transactions</li> <li>• documenting significant judgements and assumptions used to prepare financial statements</li> <li>• assessing the impact of new and revised accounting standards effective in the current and future years</li> <li>• regularly reconciling key accounts and clearing reconciling items.</li> </ul>

Issue or risk	Audit outcome
<p><b>Information Technology General Controls</b></p> <p>Australian Auditing Standards require the auditor to understand the Joint Organisation's control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).</p>	<p>For key information systems relevant to financial reporting, we:</p> <ul style="list-style-type: none"> <li>obtained an understanding of the technology dependencies and related risks relevant to our audit approach, and</li> <li>understood, evaluated and where appropriate, validated the IT general controls that management has implemented to address these risks.</li> </ul> <p>We did not identify any material issues to report.</p>

## 4.2 Misstatements

Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance.

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Joint Organisation's financial reporting framework. Misstatements can arise from error or fraud. Misstatements that resulted from failures in internal controls and / or systemic deficiencies will be reported in the Management Letter.

Appendix lists and explains the nature and impact of the misstatements contained in the GPFS. Table one reports significant corrected misstatements and disclosure deficiencies.

Based on our evaluation, none of the misstatements reported are due to fraud.

## 4.3 Compliance with legislative requirements

The Annual Engagement Plan and Terms of Engagement explain that audit procedures are targeted specifically towards forming an opinion on the Joint Organisation's financial statements. This includes testing whether the Joint Organisation has complied with legislative requirements that may materially impact the financial statements.

Our audit procedures did not identify reportable findings on compliance with legislative requirements.

# 5. THE AUDIT PROCESS

## 5.1 Management co-operation

We appreciated the co-operation and help received from the Joint Organisation's staff, in particular Mr Graham Dean.

## 5.2 Next year's audit

An efficient audit relies on:

- regular and open communications between the audit team and management
- management responding promptly to the audit team's questions and documentation requests
- timely preparation of the financial statements and resolution of financial reporting issues
- management implementing appropriate quality controls over financial statement preparation
- conducting revaluations of property, plant and equipment before year-end in order to identify and resolve potential issues in a timely manner.

Your comments about the audit process are welcomed.

## APPENDIX– GENERAL PURPOSE FINANCIAL STATEMENTS

**Table one: Corrected monetary misstatements and disclosure deficiencies**

### Corrected monetary misstatements

Management corrected the following monetary misstatements in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Net result for the period	Other comprehensive income
Effect of correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$	\$	\$	\$
<b>Factual misstatements</b>				
To recognise contributions received as income on receipt	--	212,125	(212,125)	--
<b>Subtotal</b>	--	<b>212,125</b>	<b>(212,125)</b>	--
<b>Total impact of corrected misstatements</b>	--	<b>212,125</b>	<b>(212,125)</b>	--

## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help parliament hold government accountable for its use of public resources.



ABN 19 949 536 343

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FOLLOW OUR PROGRESS  

**Furqan Yousuf**

Delegate of The Auditor General of NSW  
Audit Office of New South Wales  
GPO Box 12  
SYDNEY NSW 2001

20 November 2020

**Representation Letter**

**Hunter Joint Organisation**

We provide this Representation Letter in connection with your audit of the financial statements of Hunter Joint Organisation (the Joint Organisation) for the year ended 30 June 2020, so you can express an opinion on whether the general purpose financial statements of the Joint Organisation give a true and fair view in accordance with:

- the *Local Government Act 1993* (the LG Act)
- the Australian Accounting Standards
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (the Code).

We acknowledge our responsibility for keeping proper accounts and records and preparing the financial statements. We approved the financial statements on 20 November 2020 and confirm they are free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, having made the enquiries we considered necessary to appropriately inform ourselves, the following representations made to you during your audit.

## ACCOUNTING RECORDS AND TRANSACTIONS

We have given you:

- all financial records and related data, other information, explanations and help necessary to conduct the audit
- information on all government financial assistance received by the Joint Organisation due to the impact of COVID-19
- information on all Joint Organisation fees that have been reduced or waived due to the impact of COVID-19
- information on rent holidays or concessions granted to lessees of Joint Organisation property due to COVID-19
- information on rent holidays or concessions received by the Joint Organisation as lessee due to COVID-19
- minutes of all meetings (e.g. Board, Audit, Risk and Improvement Committee or other management meetings)
- all legal issues and legal opinions that may be relevant to the financial statements
- information about all deficiencies in internal control of which we are aware
- information about all changes in procedures and controls arising as a result of the COVID-19 pandemic
- all relevant information on the impact of COVID-19 on the Joint Organisation
- additional information you have requested from us for the audit
- unrestricted access to all people in the Joint Organisation from whom you determined it necessary to obtain audit evidence from.

All transactions have been recorded in the accounting records and are reflected in the general purpose financial statements, including all 'off-balance sheet' agreements or instruments.

We have examined all actions taken by the Joint Organisation in response to COVID 19, and ensured that these are appropriately reflected in the general purpose financial statements.

For financial records and related data provided electronically to the audit team, we confirm:

- the information has been obtained directly from our accounting systems, and is complete and unaltered
- scanned information is complete and unaltered from the original source document
- we have put processes and controls in place to ensure that information that has been converted in a form that can be provided remotely (such as email) is complete and accurate.

## COMPLIANCE WITH LEGISLATION AND OTHER REQUIREMENTS

We have reviewed legislation we are required to comply with, contracts, agreements and licensing conditions to detect breaches or possible breaches which may impact the general purpose financial statements.

We have no knowledge of any breaches or possible breaches of laws and regulations, contracts, agreements or licensing conditions, the effects of which should be considered when preparing the *general purpose* financial statements.

With respect to our operations during the year, we have complied with all:

- cabinet and other government directives [including Ministerial orders issued under the LG Act
- Office of Local Government (OLG) within the Department of Planning, Industry and Environment guidelines, circulars and financial reporting requirements
- contractual agreements where non-compliance could materially affect the general purpose financial statements
- directions, regulation and requirements imposed by relevant regulatory bodies.

There has been no communication to/from regulatory authorities or OLG concerning:

- breaches of or non-compliance with legislation, licensing conditions or other requirements
- deficiencies in financial reporting practices that could have a material effect on the general purpose financial statements.

We have notified you of:

- the existence of all entities approved by the Minister under Section 358 of the LG Act
- all transactions or arrangements capable of being regarded as 'private sector funded infrastructure', or outsourcings of significant areas of activity
- all Ministerial orders issued under the LG Act.

All operations and activities undertaken are specifically allowed by the LG Act.

We have notified you of all:

- new programs that the Joint Organisation has or will implement as a result of COVID 19
- existing Joint Organisation operations or programs that will permanently cease as a result of COVID 19.

## **INTERNAL CONTROLS**

We have established and maintained adequate internal control to:

- prepare reliable general purpose financial statements
- maintain adequate financial records
- apply appropriate accounting policies
- record all material transactions in accounting records underlying the general purpose financial statements
- ensure there is appropriate oversight of emergency procurement and new suppliers added to the supplier masterfile
- minimise the risk electronic signatures are inappropriately applied
- ensure security settings for remote connections and secure individual access mechanisms are in place and operating effectively
- monitor and detect unauthorised computer access to the network
- appropriately manage new programs implemented as a result of COVID 19
- provide oversight of staff working remotely
- minimise the theft of Joint Organisation assets
- minimise the risk of fraud and errors

- detect fraud and errors should they occur
- minimise the risk of significant breaches of legislation and other mandatory requirements and detect breaches if they occur.

We have no known deficiencies in internal controls.

## **FRAUD AND ERROR**

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

We have disclosed to you our assessment of the risk the general purpose financial statements may be materially misstated because of fraud.

We have no knowledge of any fraud or suspected fraud affecting the Joint Organisation involving:

- management
- employees who have significant roles in internal control
- others where the fraud could materially affect the general purpose financial statements.

We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Joint Organisation's general purpose financial statements communicated to us by employees, former employees, analysts, regulators or others.

Fraud includes misstatements resulting from fraudulent financial reporting and misstatements resulting from the misappropriation of assets.

## **LITIGATION AND CLAIMS**

We confirm all known actual or possible litigation and claims that should be considered when preparing the general purpose financial statements, have been disclosed to you. The effects of these events have been accounted for and disclosed in accordance with the applicable financial reporting framework.

We have provided to you all information regarding material outstanding legal matters.

## **SERVICE ORGANISATIONS**

We have:

- no knowledge of any fraud, non-compliance with legislation or uncorrected misstatements attributable to the service organisation's management or employees that materially affect the general purpose financial statements
- advised you of the impact of COVID-19 on our shared service arrangements including the impact on our service organisations.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

We acknowledge our responsibility for keeping proper accounts and records, and preparing the general purpose financial statements (the financial statements).

## **General Purpose Financial Statements**

We approved the general purpose financial statements for the Joint Organisation on 26 November 2020 and confirm they are free of material misstatements, including omissions.

We believe, in all material respects, the general purpose financial statements present a view that is consistent with our understanding of the Joint Organisation's financial position as at 30 June 2020, and its financial performance for the year then ended.

We have fulfilled our responsibilities, as set out in the Annual Engagement Plan dated 27 February 2020 and the [Terms of Engagement](#), for preparing the general purpose financial statements in accordance with Australian Accounting Standards, the LG Act and the Code.

We confirm the financial statements are fairly presented in accordance with these requirements.

We confirm there have been no deficiencies in financial reporting practices and changes to accounting policies, including voluntary changes not arising from the initial adoption of an Accounting Standard or an OLG / Department mandate, are properly disclosed in the financial statements.

## **Classification of assets and liabilities**

We have no plans or intentions that may materially affect the carrying values or classification of assets or liabilities.

## **Impairment of trade and lease receivables and contract assets**

We have reviewed the Joint Organisation's methodology for determining expected credit losses for trade and lease receivables, and contract assets and we confirm:

- the impairment estimate is based on the best available information about past events, current conditions and forecasts of economic conditions at the reporting date
- the impairment of trade and lease receivables, and contract assets is sufficient to cover the expected credit losses from possible default events
- the financial statements appropriately disclose the judgements, assumptions and estimation uncertainty for determining expected credit losses for trade and lease receivables, and contract assets
- we have written off all debts where we have no reasonable prospects of recovering any further cashflows.

## **Inventories**

The Joint Organisation has no obsolete or excess inventory. Inventory is stated at an amount that does not exceed the lower of cost or net realisable value.

We have no plans to abandon product lines or other plans or intentions that will result in excess or obsolete inventory.

## **Other current assets**

We expect to realise all other current assets for at least the amounts they are stated at in the financial statements.

## **Non-current assets**

The Joint Organisation has satisfactory title of all assets. There are no liens or encumbrances on assets, nor has any asset been pledged as collateral.

We depreciate physical assets and amortise intangibles on a systematic basis over their useful lives. Useful lives are adjusted for all material items of infrastructure, property, plant and

equipment and intangibles such as software, that are or are becoming technically, functionally or commercially obsolete, or have been abandoned or are otherwise unusable.

We have:

- reviewed depreciation and amortisation rates against estimated asset usage and useful lives considering the impact of COVID-19
- recognised and disclosed in the financial statements the most recent assessment of the useful lives
- provided you with the basis of all relevant assumptions in depreciation models.

We have considered the impact of COVID-19 on the carrying amount of each physical non-current asset and we confirm that at the end of the reporting period:

- the carrying value of each physical non-current asset does not materially differ from its fair value
- significant fair value assumptions, including those with high estimation uncertainty, are reasonable
- the financial statements appropriately disclose the judgements, assumptions and estimation uncertainty in determining the fair value of non-current assets.

When conducting our annual assessment of the impairment of assets, including intangibles, right of use assets and cash generating units (CGUs), we confirm:

- the requirements of AASB 136 'Impairment of Assets' have been considered
- the impact of COVID-19 have been considered
- where recoverable amount has been calculated using discounted cash flows, the assumptions and discount rates used reflect current market conditions
- no asset or CGU's carrying amount exceeds its recoverable amount.

We have communicated to you all indicators of impairment and where these exist we have conducted an appropriate impairment assessment of the relevant asset or CGU.

### **Liabilities**

We have recognised all liabilities including those arising under derivative financial instruments in the financial statements.

### **Provisions, contingent assets and contingent liabilities**

We have properly recorded and/or disclosed in the financial statements:

- arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
- agreements or options to repurchase assets previously sold
- material or contingent liabilities or assets including those arising under derivative financial instruments.
- insurance recoveries as a result of COVID-19.

### **Post-employment benefits**

All post-employment benefits have been identified and properly accounted for and all events impacting the post-employment benefit plans have been brought to the actuary's attention.

## **Commitments**

We have properly recorded and / or disclosed losses arising from the fulfilment of, or inability to fulfil any sale, purchase or lease commitment in the financial statements.

We have disclosed all material commitments for leases, plant and equipment, and purchases of other non-current assets, such as investments or intangibles, in the financial statements.

## **Contracts**

We have reviewed our contracts for the impact of COVID 19 to assess:

- the impact of force majeure provisions
- whether any contracts have become onerous and requiring a provision to be recognised in the financial statements
- the impact of contract renegotiations or modifications on the financial statements.

We confirm:

- where a contract is onerous, a provision has been recognised in the financial statements
- any contract modifications have been reflected in the financial statements in accordance with the relevant accounting standard.

## **Related Party Transactions**

We have appropriately accounted for and disclosed related party relationships and transactions, in accordance with the requirements of Australian Accounting Standards and confirm that:

- material related party transactions and their related balances, including receivables, payables, sales, purchases, loans, transfers, leases, commitments, indemnities and guarantees (written or oral) have been properly recorded and disclosed in the financial statements
- we have identified Joint Organisation's key management personnel (KMP) and, where appropriate, disclosed all compensation paid or payable (including non-monetary compensation) to them for the period.

We have disclosed to you the identity of Joint Organisation's related parties, as defined in AASB 124 'Related Party Disclosures'. These include the Joint Organisation's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have disclosed to you the relationships, transactions and balances between KMPs and their related parties and the Joint Organisation of which we are aware that may be either qualitatively or quantitatively material.

We have made available to you details and records of:

- agreements or transactions between KMP and their related parties and the Joint Organisation
- equity interests or directorships held by KMP and their related parties in other entities, which are party to any agreements or transactions with the Joint
- external accounting or legal advice received on these agreements, transactions or interests.

## **Environmental issues**

We have considered whether environmental matters could materially impact the financial statements and conclude we are not aware of:

- any material liabilities or contingencies arising from environmental matters, including those resulting from illegal or possibly illegal acts
- environmental matters that may result in material impairment of assets.

Where we are aware of matters referred to in the points above, we have disclosed all related facts to you.

#### **Uncorrected accounting misstatements**

There were no monetary misstatements or disclosure deficiencies identified during the audit of the financial statements.

#### **Insurance**

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks including the impact of COVID-19, are adequately covered by insurance.

#### **Accounting estimates**

We confirm the methods, data, and significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

We confirm the disclosures related to accounting estimates are complete and appropriate.

#### **Fair value measurements and disclosures**

Where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is, in the opinion of the Board, the fair value.

We confirm the significant assumptions used in fair value measurements and disclosures are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Joint Organisation.

We confirm the measurement methods, including related assumptions, used by management in determining fair values within the applicable financial reporting framework are appropriate and have been consistently applied. We have considered:

- possible credit value adjustments and debit value adjustments for the credit risk of counterparties
- the impact of the current economic conditions and the impact of COVID-19
- non-performance risk including, but not limited to the Joint Organisation's own credit risk
- the impact of embedded derivatives.

We confirm the fair value disclosures in the financial statements are complete, appropriate and disclose details of estimation uncertainties.

#### **Going concern**

We have considered the impact of COVID-19 on the Joint Organisation and confirm the going concern basis is appropriate for the financial statements.

We have given you our plans for future action, including our assessment of the feasibility of these plans.

#### **After balance date events**

No events have occurred between the end of the reporting period and the date of this letter that require adjustment to, or disclosure in, the financial statements.

## **Electronic presentation of the audited financial statements and audit report**

With respect to publication of the financial statements on our website, we:

- acknowledge we are responsible for the electronic presentation of the financial statements on our website
- will ensure the electronic version of the audited financial statements and the Independent Auditor's Report on our website are identical to the final signed hard copy of the audited financial statements and the Independent Auditor's Report
- will clearly differentiate between audited and unaudited information in the construction of our website as we understand the risk of potential misrepresentation between unaudited and audited information in the absence of appropriate controls
- have assessed the controls over the security and integrity of the data on our website and adequate procedures are in place to ensure the integrity of the published information
- will ensure that where the Independent Auditor's Report is published on our website, the related financial statements are also published in full.

## **Impairment of financial assets**

We have recognised an allowance for all expected credit losses (ECLs) for all debt financial assets not held for through profit or loss (FVPL).

At the reporting date we have recognised a loss allowance based on:

- 12-month ECL for debt financial assets not held at FVPL (other than non-rates and annual charges) where there has been no significant increase in credit risk since initial recognition
- lifetime ECL for non-rates and annual charges, and other debt financial instruments not held at FVPL where there has been a significant increase in credit risk since initial recognition.

We confirm:

- the impairment estimate is based on the best available information about past events, current conditions and forecasts of economic conditions at the reporting date
- the impairment is sufficient to cover the ECLs from possible default events
- the financial statements appropriately disclose the judgements, assumptions and estimation uncertainty for determining ECLs
- we have written off all debts where we have no reasonable prospects of recovering any further cashflows.

## **Financial instruments**

We have provided you with:

- appropriate explanations for all reclassifications of financial instruments during the year, in accordance with the requirements of Australian Accounting Standards
- details of any changes in the Joint Organisation's business model for financial assets under AASB 9 'Financial Instruments'
- all financial guarantees issued by the Joint Organisation.

## **Other**

We understand your examination of the financial statements was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing

an opinion on the financial statements of the Joint Organisation taken as a whole, and your tests of the financial records and other auditing procedures were limited to those you considered necessary for that purpose.

## OTHER

### Other Information included in the Joint Organisation's Annual Performance Statement

We have informed you of all documents we expect to issue that may comprise 'other information' (financial and non-financial, excluding the financial statements and auditor's report) in our Annual Performance Statement.

We have provided you with the other information included in our Annual Performance Statement. We confirm it is consistent with the general purpose financial statements and does not contain any material misstatements.



Joe James  
CEO  
Chair, Hunter Joint Organisation



Graham Dean  
Manager, Finance & Administration