



# **Attachment 2 to Item 228 and Attachment 1 to Item 234**

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General Purpose Financial  
Statements and Special Purpose  
Financial Statements for the year  
ended 30 June 2021

Date of meeting: 23 November 2021  
Location: By audio-visual link  
Time: 6:30 p.m.



# Hawkesbury City Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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*Hawkesbury City Council leading and working with our  
community to create a healthy and resilient future*

# Hawkesbury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*Hawkesbury City Council leading and working with our  
community to create a healthy and resilient future*

# Hawkesbury City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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# Hawkesbury City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

# Hawkesbury City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 September 2021.

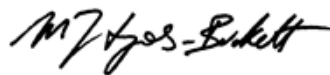


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Patrick Conolly

**Mayor**

28 September 2021



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Mary Lyons-Buckett

**Deputy Mayor**

28 September 2021



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Elizabeth Richardson

**General Manager**

28 September 2021



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Emma Galea

**Responsible Accounting Officer**

28 September 2021

# Hawkesbury City Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
<b>Income from continuing operations</b>				
66,875	Rates and annual charges	B2-1	67,039	62,129
6,075	User charges and fees	B2-2	6,241	5,944
1,464	Other revenue	B2-3	2,981	3,398
7,949	Grants and contributions provided for operating purposes	B2-4	11,188	10,112
6,068	Grants and contributions provided for capital purposes	B2-4	12,302	18,483
839	Interest and investment income	B2-5	1,167	1,388
2,371	Other income	B2-6	2,959	2,945
91,641	<b>Total income from continuing operations</b>		<b>103,877</b>	<b>104,399</b>
<b>Expenses from continuing operations</b>				
30,789	Employee benefits and on-costs	B3-1	32,865	30,865
28,738	Materials and services	B3-2	32,154	29,073
590	Borrowing costs	B3-3	219	285
18,605	Depreciation, amortisation and impairment for non-financial assets	B3-4	25,889	22,108
5,241	Other expenses	B3-5	5,710	5,401
–	Net losses from the disposal of assets	B4-1	10,845	40
83,963	<b>Total expenses from continuing operations</b>		<b>107,682</b>	<b>87,772</b>
7,678	<b>Operating result from continuing operations</b>		<b>(3,805)</b>	<b>16,627</b>
7,678	<b>Net operating result for the year attributable to Council</b>		<b>(3,805)</b>	<b>16,627</b>
1,610	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(16,107)</b>	<b>(1,856)</b>

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



## Hawkesbury City Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
<b>Net operating result for the year – from Income Statement</b>		<b>(3,805)</b>	<b>16,627</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>32,248</b>	390,621
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	<b>(9,680)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>22,568</b>	390,621
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		–	(38)
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	<b>(38)</b>
<b>Total other comprehensive income for the year</b>		<b>22,568</b>	<b>390,583</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>18,763</b>	<b>407,210</b>

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

# Hawkesbury City Council

## Statement of Financial Position

as at 30 June 2021

	Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	21,978	10,893
Investments	C1-2	40,300	52,620
Receivables	C1-4	14,731	7,998
Inventories	C1-5	266	228
Other		1,269	1,083
<b>Total current assets</b>		<b>78,544</b>	<b>72,822</b>
<b>Non-current assets</b>			
Investments	C1-2	3,747	–
Infrastructure, property, plant and equipment	C1-6	1,477,473	1,453,617
Investment property	C1-7	39,826	49,253
Intangible Assets	C1-8	325	455
Right of use assets	C2-1	2,569	2,833
Investments accounted for using the equity method	D2-2	–	3,247
<b>Total non-current assets</b>		<b>1,523,940</b>	<b>1,509,405</b>
<b>Total assets</b>		<b>1,602,484</b>	<b>1,582,227</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	11,825	11,524
Contract liabilities	C3-2	1,809	124
Lease liabilities	C2-1	712	561
Borrowings	C3-3	634	701
Employee benefit provisions	C3-4	9,938	9,189
Provisions	C3-5	448	352
<b>Total current liabilities</b>		<b>25,366</b>	<b>22,451</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	2,088	2,298
Borrowings	C3-3	672	1,204
Employee benefit provisions	C3-4	2,500	2,133
Provisions	C3-5	8,319	9,365
<b>Total non-current liabilities</b>		<b>13,579</b>	<b>15,000</b>
<b>Total liabilities</b>		<b>38,945</b>	<b>37,451</b>
<b>Net assets</b>		<b>1,563,539</b>	<b>1,544,776</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	482,521	486,326
IPPE revaluation reserve	C4-1	1,081,018	1,058,450
<b>Council equity interest</b>		<b>1,563,539</b>	<b>1,544,776</b>
<b>Total equity</b>		<b>1,563,539</b>	<b>1,544,776</b>

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

## Hawkesbury City Council

## Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
<b>Opening balance</b>		<b>486,326</b>	<b>1,058,450</b>	<b>1,544,776</b>	<b>469,737</b>	<b>667,829</b>	<b>1,137,566</b>
Net operating result for the year		(3,805)	–	(3,805)	16,627	–	16,627
<b>Net operating result for the period</b>		<b>(3,805)</b>	<b>–</b>	<b>(3,805)</b>	<b>16,627</b>	<b>–</b>	<b>16,627</b>
<b>Other comprehensive income</b>							
– Gain on revaluation of IPP&E	C1-6	–	32,248	32,248	–	390,621	390,621
– Impairment (loss) reversal relating to IPP&E	C1-6	–	(9,680)	(9,680)	–	–	–
- Other movements - net movement		–	–	–	(38)	–	(38)
<b>Other comprehensive income</b>		<b>–</b>	<b>22,568</b>	<b>22,568</b>	<b>(38)</b>	<b>390,621</b>	<b>390,583</b>
<b>Total comprehensive income</b>		<b>(3,805)</b>	<b>22,568</b>	<b>18,763</b>	<b>16,589</b>	<b>390,621</b>	<b>407,210</b>
<b>Closing balance at 30 June</b>		<b>482,521</b>	<b>1,081,018</b>	<b>1,563,539</b>	<b>486,326</b>	<b>1,058,450</b>	<b>1,544,776</b>

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

## Hawkesbury City Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
63,530	Rates and annual charges		65,957	61,395
6,015	User charges and fees		6,227	6,600
839	Investment and interest revenue received		806	1,492
12,192	Grants and contributions		14,623	15,607
–	Bonds, deposits and retention amounts received		36	249
3,795	Other		11,241	10,899
<b>Payments:</b>				
(29,866)	Employee benefits and on-costs		(31,749)	(30,156)
(25,677)	Materials and services		(38,076)	(33,355)
(848)	Borrowing costs		(143)	(460)
(7,962)	Other		(6,564)	(5,954)
22,018	<b>Net cash flows from operating activities</b>	G1-1a	22,358	26,317
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Redemption of term deposits		24,940	19,380
1,108	Sale of infrastructure, property, plant and equipment		1,191	935
<b>Payments:</b>				
–	Acquisition of term deposits		(12,620)	(21,000)
–	Purchase of investment property		(155)	(119)
(36,452)	Purchase of infrastructure, property, plant and equipment		(23,347)	(27,221)
(184)	Purchase of intangible assets		(186)	(372)
–	Contributions paid to joint ventures and associates		–	465
(35,528)	<b>Net cash flows from investing activities</b>		(10,177)	(27,932)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
23,500	Proceeds from borrowings		–	–
<b>Payments:</b>				
(2,891)	Repayment of borrowings		(599)	(965)
–	Principal component of lease payments		(497)	(590)
20,609	<b>Net cash flows from financing activities</b>		(1,096)	(1,555)
7,099	<b>Net change in cash and cash equivalents</b>		11,085	(3,170)
3,500	Cash and cash equivalents at beginning of year		10,893	14,063
10,599	<b>Cash and cash equivalents at end of year</b>	C1-1	21,978	10,893

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

# Hawkesbury City Council

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# Hawkesbury City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 28 September 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements. Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

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

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

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

Council is a not for-profit entity.

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

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

#### Impact of COVID-19 Pandemic

Council has analysed the impact of the COVID-19 Pandemic upon its financial performance and financial position and has determined that there was no material impact upon the General Purpose and Special Purpose Financial Statements for the year ended 30 June 2021.

At time of reporting, Council is also not anticipating a material change as a result of the COVID-19 Pandemic upon its results for the 2021/2022 financial year.

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4
- (v) Judgement in determining leases under AASB 16 - Note C2-1

## A1-1 Basis of preparation (continued)

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

#### (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4

### Monies and other assets received by Council

#### The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of the Council.

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

- General purpose operations
- Sewerage service
- Hawkesbury Sports Council Incorporated

#### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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.

### Volunteer services

Council benefits from the input of volunteers, in relation to the operation of the Hawkesbury Regional Gallery, Hawkesbury Regional Museum, the Hawkesbury Regional Library, the Richmond Library and the Hawkesbury Companion Animal Shelter. While these services are highly valued by Council, the enhanced service level provided by the volunteers, would not be provided without their donated time. Due to this, Council has not placed a financial value of volunteer services and are not included within the Income Statement.

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.



## A1-1 Basis of preparation (continued)

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### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

Those newly adopted standards did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
<b>Functions or activities</b>										
Governance	17	12	524	321	(507)	(309)	–	–	994	732
Our Leadership	54,674	49,471	10,157	10,295	44,517	39,176	2,682	2,779	78,156	89,048
Our Community	5,827	4,245	13,377	10,825	(7,550)	(6,580)	2,111	1,481	26,908	23,162
Our Environment	826	824	2,532	2,144	(1,706)	(1,320)	1,420	89	3,093	3,537
Our Assets	41,056	49,484	77,681	61,714	(36,625)	(12,230)	17,265	24,244	1,484,062	1,459,189
Our Future	1,477	363	3,411	2,473	(1,934)	(2,110)	12	2	9,271	6,559
<b>Total functions and activities</b>	<b>103,877</b>	<b>104,399</b>	<b>107,682</b>	<b>87,772</b>	<b>(3,805)</b>	<b>16,627</b>	<b>23,490</b>	<b>28,595</b>	<b>1,602,484</b>	<b>1,582,227</b>

## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure and legislative compliance.

### Our Leadership

Be a respected civic leader through consistent, transparent and engaged decision making that the community can understand.

### Our Community

Partner with our community and key service providers to deliver outcomes that support a connected, health and inclusive Hawkesbury.

### Our Environment

Through leadership, stewardship and education, ensure that our natural and built environment is protected and enhanced for current community and for future generations.

### Our Assets

Provide, upgrade and maintain assets to support our community.

### Our Future

Be a place that is vibrant, attractive and welcoming that treasures and celebrates our shared history, environment, local economy and lifestyle.

## B2 Sources of income

### B2-1 Rates and annual charges

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Ordinary rates</b>		
Residential	35,150	32,860
Farmland	1,855	1,607
Business	5,196	3,916
Less: pensioner rebates (mandatory)	(581)	(574)
<b>Rates levied to ratepayers</b>	<b>41,620</b>	<b>37,809</b>
Pensioner rate subsidies received	319	317
<b>Total ordinary rates</b>	<b>41,939</b>	<b>38,126</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	13,728	13,164
Stormwater management services	554	549
Sewerage services	7,868	7,629
Waste management services (non-domestic)	1,452	1,333
Section 611 charges	21	20
Less: pensioner rebates (mandatory)	(303)	(310)
Less: pensioner rebates (Council policy)	(402)	(393)
Sullage	2,016	1,837
<b>Annual charges levied</b>	<b>24,934</b>	<b>23,829</b>
Pensioner subsidies received:		
– Sewerage	41	43
– Domestic waste management	125	131
<b>Total annual charges</b>	<b>25,100</b>	<b>24,003</b>
<b>Total rates and annual charges</b>	<b>67,039</b>	<b>62,129</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

	Timing	2021 Actual \$ '000	2020 Actual \$ '000
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Sewerage services	2	1,077	969
Sullage	2	378	316
<b>Total specific user charges</b>		<b>1,455</b>	<b>1,285</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	2	20	20
Planning and building regulation	2	1,121	1,160
Regulatory/ statutory fees	2	225	289
Section 10.7 certificates (EP&A Act)	2	259	223
Section 603 certificates	2	142	101
SMF inspection fees	2	308	326
<b>Total fees and charges – statutory/regulatory</b>		<b>2,075</b>	<b>2,119</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Caravan park	2	–	8
Cemeteries	2	315	310
Park rents	2	144	82
Restoration charges	2	206	241
Swimming centre	2	215	201
Animal shelter income	2	590	606
Library, museum and gallery income	2	58	56
Waste management facility	2	1,020	867
Other	2	163	169
<b>Total fees and charges – other</b>		<b>2,711</b>	<b>2,540</b>
<b>Total user charges and fees</b>		<b>6,241</b>	<b>5,944</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		6,241	5,944
<b>Total user charges and fees</b>		<b>6,241</b>	<b>5,944</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

## B2-3 Other revenue

	Timing	2021 Actual \$ '000	2020 Actual \$ '000
Fines – parking	2	398	701
Fines – other	2	214	227
Legal fees recovery – rates and charges (extra charges)	2	12	38
Legal fees recovery – other	2	147	13
Insurance claims recoveries	2	1,431	25
Recycling income (non-domestic)	2	241	151
Sales – general	2	–	2
Agricultural income	2	19	22
External income	2	41	821
GST fuel rebates	2	148	148
NSW rural fire reimbursement	2	–	846
Nursery income	2	86	46
Private works printing income	2	10	5
Other	2	234	269
Vary LEP applications	2	–	84
<b>Total other revenue</b>		<b>2,981</b>	<b>3,398</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	2,981	3,398
<b>Total other revenue</b>	<b>2,981</b>	<b>3,398</b>

### Accounting policy for other revenue

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

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

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

**B2-4 Grants and contributions**

		<b>Operating 2021 Actual \$ '000</b>	<b>Operating 2020 Actual \$ '000</b>	<b>Capital 2021 Actual \$ '000</b>	<b>Capital 2020 Actual \$ '000</b>
	Timing				
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	<b>1,293</b>	1,303	–	–
Financial assistance – local roads component	2	<b>857</b>	879	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	<b>1,382</b>	1,400	–	–
Financial assistance – local roads component	2	<b>920</b>	914	–	–
<b>Amount recognised as income during current year</b>		<b>4,452</b>	<b>4,496</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Aged care	2	<b>41</b>	40	–	–
Community care	2	<b>117</b>	43	<b>21</b>	–
Environmental programs	2	<b>310</b>	64	<b>1,176</b>	–
Library – per capita	2	<b>211</b>	209	–	18
Heritage and cultural	2	<b>23</b>	277	–	–
LIRS subsidy	2	<b>61</b>	83	–	–
Recreation and culture	2	<b>117</b>	97	<b>87</b>	315
Street lighting	2	<b>172</b>	172	–	–
Traffic route subsidy	2	<b>10</b>	13	–	–
Transport (other roads and bridges funding)	2	<b>2,505</b>	1,817	<b>2,593</b>	602
Public order and safety	2	<b>529</b>	1,708	–	1
Transport (roads to recovery)	2	<b>1,131</b>	–	–	–
<b>Previously contributions:</b>					
Bushfire services	2	<b>298</b>	–	<b>1,232</b>	83
Other councils – joint works/services	2	<b>51</b>	551	–	–
Recreation and culture	2	–	–	<b>92</b>	–
Roads and bridges	2	<b>978</b>	86	<b>733</b>	–
Tourism	2	<b>10</b>	–	–	–
Other contributions	2	<b>21</b>	396	–	240
Hawkesbury Sports Council	2	<b>54</b>	51	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>6,639</b>	<b>5,607</b>	<b>5,934</b>	<b>1,259</b>

**B2-4 Grants and contributions (continued)**

		<b>Operating 2021 Actual \$ '000</b>	<b>Operating 2020 Actual \$ '000</b>	<b>Capital 2021 Actual \$ '000</b>	<b>Capital 2020 Actual \$ '000</b>
	Timing				
<b>Non-cash contributions</b>					
Bushfire services	2	–	–	–	384
Recreation and culture	2	–	–	<b>3,087</b>	66
Roads and bridges	2	–	–	–	100
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>3,087</b>	<b>550</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>6,639</b>	<b>5,607</b>	<b>9,021</b>	<b>1,809</b>
<b>Total grants and non-developer contributions</b>		<b>11,091</b>	<b>10,103</b>	<b>9,021</b>	<b>1,809</b>
<b>Comprising:</b>					
– Commonwealth funding		<b>6,867</b>	5,664	–	–
– State funding		<b>3,897</b>	3,355	<b>4,684</b>	936
– Other funding		<b>327</b>	1,084	<b>4,337</b>	873
		<b>11,091</b>	<b>10,103</b>	<b>9,021</b>	<b>1,809</b>



## B2-4 Grants and contributions (continued)

### Developer contributions

	Notes	Timing	Operating 2021 Actual \$ '000	Operating 2020 Actual \$ '000	Capital 2021 Actual \$ '000	Capital 2020 Actual \$ '000
<b>Developer contributions:</b> (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
G5						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	97	9	–	1,853
S 7.11 – contributions towards amenities/services		2	–	–	13	1,207
S 7.12 – fixed development consent levies		2	–	–	679	988
S 64 – sewerage service contributions		2	–	–	104	183
S 64 – stormwater contributions		2	–	–	–	483
<b>Total developer contributions – cash</b>			<b>97</b>	<b>9</b>	<b>796</b>	<b>4,714</b>
<b>Non-cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	1,176	4,788
S 7.11 – contributions towards amenities/services		2	–	–	88	2,995
S 7.12 – fixed development consent levies		2	–	–	1,221	2,721
S 64 - Stormwater Contributions		2	–	–	–	1,456
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>2,485</b>	<b>11,960</b>
<b>Total developer contributions</b>			<b>97</b>	<b>9</b>	<b>3,281</b>	<b>16,674</b>
<b>Total contributions</b>			<b>97</b>	<b>9</b>	<b>3,281</b>	<b>16,674</b>
<b>Total grants and contributions</b>			<b>11,188</b>	<b>10,112</b>	<b>12,302</b>	<b>18,483</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			11,188	10,112	12,302	18,483
<b>Total grants and contributions</b>			<b>11,188</b>	<b>10,112</b>	<b>12,302</b>	<b>18,483</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

	<b>Operating 2021 Actual \$ '000</b>	<b>Operating 2020 Actual \$ '000</b>	<b>Capital 2021 Actual \$ '000</b>	<b>Capital 2020 Actual \$ '000</b>
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	7,144	6,786	127	369
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,930	3,413	53	2
<b>Add:</b> Funds received and not recognised as revenue in the current year	38	—	1,771	—
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(3,416)	(3,055)	(28)	(244)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	—	—	—	—
<b>Unspent funds at 30 June</b>	<b>7,696</b>	<b>7,144</b>	<b>1,923</b>	<b>127</b>
<b>Contributions</b>				
Unspent funds at 1 July	16,518	16,101	—	—
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	893	5,281	—	—
<b>Add:</b> contributions received and not recognised as revenue in the current year	—	—	—	—
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	—	—	—	—
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	2,374	(4,864)	—	—
<b>Unspent contributions at 30 June</b>	<b>19,785</b>	<b>16,518</b>	<b>—</b>	<b>—</b>

The majority of unspent grants relates to programs outstanding in relation to bushfire grant funding as a result of delays arising from the COVID-19 Pandemic. The bulk of the remaining funds relates to the Western Sydney City Deals Liveability funding, which is contributing towards the revitalisation of Windsor, South Windsor and Richmond. Extensive community consultation has been delivered and designs are almost completed, with further consultation currently underway.

## B2-4 Grants and contributions (continued)

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### Accounting policy

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

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

The performance obligations vary according to the agreement but include the conducting of events, delivery of community education program, community outreach programs and weed management. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

#### Developer Contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	179	296
– Cash and investments	488	1,092
<b>Fair value adjustments</b>		
– Movements in investments at fair value through profit and loss	500	–
Finance income on the net investment in the lease	–	–
<b>Total interest and investment income (losses)</b>	<b>1,167</b>	<b>1,388</b>

### Interest and investment income is attributable to:

#### Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	160	265
General Council cash and investments	820	762

#### Restricted investments/funds – external:

Development contributions		
– Section 7.11	72	161
– Section 7.12	28	62
– Section 64	13	29
Sewerage fund operations	51	58
Domestic waste management operations	10	28
Stormwater management	13	23

<b>Total interest and investment income</b>	<b>1,167</b>	<b>1,388</b>
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### Accounting policy

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

## B2-6 Other income

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		2,000	1,853
Lease income relating to variable lease payments not dependent on an index or a rate		538	476
<b>Total Investment properties</b>		<b>2,538</b>	<b>2,329</b>
<b>Other lease income</b>			
Leaseback fees - council vehicles		421	395
<b>Total Other lease income</b>		<b>421</b>	<b>395</b>
<b>Total rental income</b>	C2-2	<b>2,959</b>	<b>2,724</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		–	221
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-2	<b>–</b>	<b>221</b>
<b>Total other income</b>		<b>2,959</b>	<b>2,945</b>

## B3 Costs of providing services

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

	2021 Actual \$ '000	2020 Actual \$ '000
Salaries and wages	24,405	22,841
Employee leave entitlements (ELE)	4,849	4,788
Superannuation	2,913	2,827
Workers' compensation insurance	1,021	631
Fringe benefit tax (FBT)	56	69
Payroll tax	8	27
Protective clothing	80	101
Other	22	16
<b>Total employee costs</b>	<b>33,354</b>	<b>31,300</b>
Less: capitalised costs	(489)	(435)
<b>Total employee costs expensed</b>	<b>32,865</b>	<b>30,865</b>

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

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

## B3-2 Materials and services

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
Raw materials and consumables		3,049	2,438
– Cemeteries		93	101
– Community services		141	158
– Ferry operational		504	530
– Informational technology		283	211
– Internal Audit		74	85
– Other contractors		366	1,552
– Roads, parks and buildings		10,577	7,929
– Waste collection and disposal		7,476	7,131
– Sewer services		681	774
Audit Fees and Assurance Services	F2-1	115	100
Councillor and Mayoral fees and associated expenses	F1-2	368	290
Advertising		186	158
Bank charges		192	191
Computer software charges		1,019	884
Electricity and heating		800	890
Fire control expenses		104	122
Insurance		1,379	1,072
Office expenses (including computer expenses)		43	47
Postage		179	190
Printing and stationery		98	91
Street lighting		682	683
Telephone and communications		139	143
Valuation fees (rates)		154	145
Travel expenses		8	8
Gas		39	50
Licences and subscriptions		353	249
Other expenses		422	408
Better Waste & Recycling Program		90	110
Sewerage treatment works operations		746	853
Stormwater – environmental		59	11
Water		177	181
Staff Training Costs		307	191
<b>Legal expenses:</b>			
– Legal expenses: planning and development		514	359
– Legal expenses: other		285	319
Variable lease expense relating to usage		77	111
Other		375	308
<b>Total materials and services</b>		<b>32,154</b>	<b>29,073</b>
<b>Total materials and services</b>		<b>32,154</b>	<b>29,073</b>

### Accounting policy

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

### B3-3 Borrowing costs

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
<b>(i) Interest bearing liability costs</b>			
Interest on leases		50	45
Interest on loans		93	127
<b>Total interest bearing liability costs</b>		<b>143</b>	<b>172</b>
<b>Total interest bearing liability costs expensed</b>		<b>143</b>	<b>172</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	76	89
Interest applicable on interest free (and favourable) loans to Council		–	24
<b>Total other borrowing costs</b>		<b>76</b>	<b>113</b>
<b>Total borrowing costs expensed</b>		<b>219</b>	<b>285</b>

#### Accounting policy

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

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

	Notes	2021 \$ '000	2020 \$ '000
<b>Depreciation and amortisation</b>			
Plant and equipment		1,842	1,861
Office equipment		155	104
Furniture and fittings		45	42
Land improvements (depreciable)		42	40
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		581	513
– Buildings – specialised		2,731	2,745
– Other structures		298	307
– Roads		12,135	6,204
– Bridges		323	492
– Footpaths		383	364
– Stormwater drainage		2,260	2,000
– Sewerage network		2,022	1,973
– Swimming pools		128	119
– Other open space/recreational assets		1,396	1,424
Right of use assets	C2-1	702	616
<b>Other assets:</b>			
– Library books		263	257
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5, C1-6	218	218
Intangible assets	C1-8	316	255
<b>Total gross depreciation and amortisation costs</b>		<b>25,840</b>	<b>19,534</b>
<b>Total depreciation and amortisation costs</b>		<b>25,840</b>	<b>19,534</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-6		
– Roads		–	2,574
– Land improvements - depreciable		49	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>49</b>	<b>2,574</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>25,889</b>	<b>22,108</b>



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

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### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets and Note C1-10 for intangible assets and Note C2-1 for right of use assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

## B3-5 Other expenses

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
<b>Impairment of receivables</b>			
Other		213	155
<b>Total impairment of receivables</b>	C1-4	<b>213</b>	<b>155</b>
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		306	496
<b>Total fair value decrement on investment properties</b>	C1-7	<b>306</b>	<b>496</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Bushfire fighting fund		718	647
– Department of planning levy		87	86
– Emergency services levy (includes FRNSW, SES, and RFS levies)		130	104
– NSW fire brigade levy		182	163
– Waste S88 EPA contribution		3,524	2,987
– Other contributions/levies		465	666
Donations, contributions and assistance to other organisations (Section 356)		85	97
<b>Total other</b>		<b>5,191</b>	<b>4,750</b>
<b>Total other expenses</b>		<b>5,710</b>	<b>5,401</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		1,105	881
Less: carrying amount of plant and equipment assets sold/written off		(1,079)	(891)
<b>Gain (or loss) on disposal</b>		<b>26</b>	<b>(10)</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Proceeds from disposal – infrastructure		86	50
Less: carrying amount of infrastructure assets sold/written off		(10,857)	(84)
<b>Gain (or loss) on disposal</b>		<b>(10,771)</b>	<b>(34)</b>
<b>Gain (or loss) on disposal of investment property</b>	C1-7		
Less: carrying amount of investment property sold/written off		(100)	–
<b>Gain (or loss) on disposal</b>		<b>(100)</b>	<b>–</b>
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		24,940	19,380
Less: carrying amount of term deposits sold/redeemed/matured		(24,940)	(19,380)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Library Books</b>			
Proceeds from disposal – Library Books		–	4
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>4</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(10,845)</b>	<b>(40)</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>66,875</b>	<b>67,039</b>	<b>164</b>	<b>0% F</b>
<b>User charges and fees</b>	<b>6,075</b>	<b>6,241</b>	<b>166</b>	<b>3% F</b>
<b>Other revenues</b>	<b>1,464</b>	<b>2,981</b>	<b>1,517</b>	<b>104% F</b>
Council received unbudgeted insurance payments for the March 2021 flood and for a property destroyed by fire.				
<b>Operating grants and contributions</b>	<b>7,949</b>	<b>11,188</b>	<b>3,239</b>	<b>41% F</b>
Only known grants and contributions are included in the Original Budget. Additional grants and contributions were received during the year for economic stimulus and bushfire recovery.				
<b>Capital grants and contributions</b>	<b>6,068</b>	<b>12,302</b>	<b>6,234</b>	<b>103% F</b>
Only known grants and contributions are included in the Original Budget. Non cash dedications, which are difficult to predict as they are tied to the timing of development were greater than forecasted. Additional grants were also received in relation to infrastructure works to assist in the recovery of communities impacted by the Gospers Mountain Bushfire.				
<b>Interest and investment revenue</b>	<b>839</b>	<b>1,167</b>	<b>328</b>	<b>39% F</b>
Interest and investment revenue are lower than the Original Budget due to the significant, unpredicted fall in interest rates. While a reduction was built into the Original Budget, the reduction in rates exceeded this. The amount invested was less than projected, with the use of internal funds, as opposed to loan borrowings.				
<b>Other income</b>	<b>2,371</b>	<b>2,959</b>	<b>588</b>	<b>25% F</b>
The provision of rental assistance to support lessees during COVID-19 were less than projected.				

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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**EXPENSES**

**Employee benefits and on-costs** 30,789 32,865 (2,076) (7)% **U**

Movements in the provisions for employee leave entitlements and workers compensation are not included in the Original Budget. Workers compensation expenses were greater than the Original Budget due to several cases requiring significant medical intervention. Overtime and extra hours were greater than projected due to the March 2021 flood. Backfilling of vacancies using casuals was required, which cost more.

**Materials and services** 28,738 32,154 (3,416) (12)% **U**

Significant levels of unbudgeted expenditure was outlaid in response to the March 2021 Flood event, with expenses incurred for \$191K for evacuation centres and additional staffing to support the community, \$493K for buildings, \$2.0M for roads, \$291K for parks and recreational assets and \$625K for flood waste removal.

**Borrowing costs** 590 219 371 63% **F**

The Original Budget included the drawing down of additional loans, which due to higher than projected cash levels, was not required during the financial year. This is a timing difference only. It is anticipated that loan funds will be required in 2021/2022. Adjustments were made to reduce borrowing costs in Quarterly Reviews throughout the year.

**Depreciation, amortisation and impairment of non-financial assets** 18,605 25,889 (7,284) (39)% **U**

Impairment of assets due to damage caused by the March 2021 Flood amounted to \$19.4M, which is detailed within Note 3-4. The revaluation of roads and associated infrastructure was not undertaken until after the adoption of the Original Budget. There was a \$6.5M increase in depreciation as a result of the revaluation undertaken.

**Other expenses** 5,241 5,710 (469) (9)% **U**

**Net losses from disposal of assets** – 10,845 (10,845) ∞ **U**

Net losses from the disposal of assets are not included in the Original Budget. The majority of this relates to the write off of assets damaged and claimed through insurance.

**STATEMENT OF CASH FLOWS**

**Cash flows from operating activities** 22,018 22,358 340 2% **F**

**Cash flows from investing activities** (35,528) (10,177) 25,351 (71)% **F**

The proportion of cash spent on the purchase and construction of Infrastructure, Property, Plant and Equipment was less than projected in the Original Budget. The Original Budget included \$7.8M of works associated with the development of the Vineyard Precinct Release Area. This development has been delayed, awaiting final approval of the Developer Contributions Plan, subsequently, deferring the need to delivery these works.

**Cash flows from financing activities** 20,609 (1,096) (21,705) (105)% **U**

The Original Budget included the drawing down of additional loans, which due to higher than projected cash levels, was not required during the financial year. This is a timing difference only. It is anticipated that loan funds will be required in 2021/2022.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	2,344	1,266
Cash-equivalent assets		
– Deposits at call	19,634	9,627
<b>Total cash and cash equivalents</b>	<b>21,978</b>	<b>10,893</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	21,978	10,893
<b>Balance as per the Statement of Cash Flows</b>	<b>21,978</b>	<b>10,893</b>

#### Accounting policy

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

## C1-2 Financial investments

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
<b>Debt securities at amortised cost</b>				
Long term deposits	40,300	–	52,620	–
<b>Total</b>	<b>40,300</b>	<b>–</b>	<b>52,620</b>	<b>–</b>
<b>Loans and receivables</b>				
Unlisted equity securities (Civic Risk Mutual)	–	3,747	–	–
<b>Total</b>	<b>–</b>	<b>3,747</b>	<b>–</b>	<b>–</b>
<b>Total financial investments</b>	<b>40,300</b>	<b>3,747</b>	<b>52,620</b>	<b>–</b>

### Equity securities designated as at fair value through other comprehensive income

The investments shown designated as financial assets as at fair value through other comprehensive income represent investments that the Council intends to hold for the long-term strategic purposes.

As at 1 July 2020, Civic Risk Mutual became a public company limited by guarantee with a board structure that no longer meets the control test for Joint Ventures.

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

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

## C1-2 Financial investments (continued)

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Council's financial assets measured at fair value through profit or loss comprise investments of \$3,747,000 in the Statement of Financial Position.



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

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
Total cash, cash equivalents and investments	62,278	3,747	63,513	—

	2021 Actual \$ '000	2020 Actual \$ '000
--	---------------------------	---------------------------

### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	1,809	124
<b>External restrictions – included in liabilities</b>	<b>1,809</b>	<b>124</b>

#### External restrictions – other

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

Developer contributions – general	16,925	13,554
Developer contributions – sewer fund	2,858	2,738
Specific purpose unexpended grants (recognised as revenue) – general fund	—	7,271
Specific purpose unexpended contributions	355	426
Sewer fund	10,693	6,153
Domestic waste management	1,916	2,386
Stormwater management	2,445	1,963
<b>External restrictions – other</b>	<b>35,192</b>	<b>34,491</b>

#### Internal restrictions

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

Employees leave entitlement	1,465	1,465
Contingency	601	485
Election	491	341
Information technology	388	410
Infrastructure projects	1,057	2,884
Legal	200	200
Property	594	278
Tip remediation and sullage	6,771	4,888
Unspent work reserve	7,513	5,363
Workers compensation	500	500
Other	1,060	233
<b>Total internal restrictions</b>	<b>20,640</b>	<b>17,047</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
<b>Purpose</b>				
Rates and annual charges	5,727	—	4,645	—
Interest and extra charges	301	—	283	—
User charges and fees	2,731	—	1,568	—
Private works	66	—	2	—
Accrued revenues				
– Interest on investments	148	—	305	—
Government grants and subsidies	6,318	—	1,338	—
Net GST receivable	326	—	530	—
<b>Total</b>	<b>15,617</b>	<b>—</b>	<b>8,671</b>	<b>—</b>
<b>Less: provision of impairment</b>				
User charges and fees	(886)	—	(673)	—
<b>Total provision for impairment – receivables</b>	<b>(886)</b>	<b>—</b>	<b>(673)</b>	<b>—</b>
<b>Total net receivables</b>	<b>14,731</b>	<b>—</b>	<b>7,998</b>	<b>—</b>

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	673	519
+ new provisions recognised during the year	213	155
<b>Balance at the end of the year</b>	<b>886</b>	<b>674</b>

## C1-4 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
<b>(i) Inventories at cost</b>				
Stores and materials	266	–	228	–
<b>Total inventories at cost</b>	<b>266</b>	<b>–</b>	<b>228</b>	<b>–</b>
<b>Total inventories</b>	<b>266</b>	<b>–</b>	<b>228</b>	<b>–</b>

### (b) Current inventories not anticipated to be settled within the next 12 months

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

	2021 Actual \$ '000	2020 Actual \$ '000
Other	113	118
	<b>113</b>	<b>118</b>

### Accounting policy

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

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

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment loss / revaluation decrements (recognised in P/L) \$ '000	Impairment loss / revaluation decrements (recognised in equity) \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	6,233	–	6,233	–	5,171	–	–	–	–	(756)	–	–	10,649	–	10,649
Plant and equipment	29,891	(10,637)	19,254	73	2,214	(1,079)	(1,842)	–	–	–	–	–	29,838	(11,217)	18,621
Office equipment	3,046	(2,430)	616	28	90	–	(155)	–	–	–	–	–	3,149	(2,571)	578
Furniture and fittings	2,038	(1,757)	281	7	39	–	(45)	–	–	–	–	–	2,083	(1,802)	281
<b>Land:</b>															
– Operational land	88,033	–	88,033	–	–	–	–	–	–	–	9,080	–	97,113	–	97,113
– Community land	103,097	–	103,097	–	3,020	–	–	–	–	–	–	–	106,117	–	106,117
– Land under roads (post 30/6/08)	20,246	–	20,246	–	421	–	–	–	–	11	–	(1,375)	19,304	–	19,304
Land improvements – non-depreciable	1,337	–	1,337	–	56	–	–	–	–	–	–	–	1,393	–	1,393
Land improvements – depreciable	5,804	(4,320)	1,484	36	159	–	(42)	(49)	–	–	–	–	5,997	(4,412)	1,585
<b>Infrastructure:</b>															
– Buildings – non-specialised	28,542	(14,448)	14,094	32	15	–	(581)	–	–	–	–	–	28,590	(15,030)	13,560
– Buildings – specialised	140,291	(53,396)	86,895	771	128	(37)	(2,731)	–	(1,519)	199	–	–	141,337	(57,630)	83,707
– Other structures	13,627	(7,003)	6,624	182	5	(6)	(298)	–	(76)	–	–	–	13,795	(7,364)	6,431
– Roads	897,368	(191,650)	705,718	7,457	4,135	(1,985)	(12,135)	–	(6,891)	337	–	25,977	909,504	(186,892)	722,612
– Bridges	46,556	(9,396)	37,160	–	–	(8,416)	(323)	–	(394)	–	–	722	35,407	(6,656)	28,751
– Footpaths	20,682	(7,130)	13,552	93	1,306	–	(383)	–	–	–	–	1,507	22,083	(6,007)	16,076
– Stormwater drainage	210,953	(29,881)	181,072	347	840	–	(2,260)	–	–	6	–	4,179	212,127	(27,942)	184,185
– Sewerage network	183,284	(46,626)	136,658	398	708	(82)	(2,022)	–	(12)	203	–	1,238	186,141	(49,054)	137,087
– Swimming pools	5,296	(2,976)	2,320	–	–	–	(128)	–	–	–	–	–	5,297	(3,104)	2,193
– Other open space/recreational assets	36,668	(17,425)	19,243	601	425	(332)	(1,396)	–	(788)	–	–	–	37,027	(19,272)	17,755
<b>Other assets:</b>															
– Heritage collections	1,025	–	1,025	–	2	–	–	–	–	–	–	–	1,026	–	1,026
– Library books	3,114	(2,338)	776	–	255	–	(263)	–	–	–	–	–	3,142	(2,374)	768
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	9,141	(1,242)	7,899	–	–	–	(218)	–	–	–	–	–	9,141	(1,460)	7,681
<b>Total infrastructure, property, plant and equipment</b>	<b>1,856,272</b>	<b>(402,655)</b>	<b>1,453,617</b>	<b>10,025</b>	<b>18,989</b>	<b>(11,937)</b>	<b>(24,822)</b>	<b>(49)</b>	<b>(9,680)</b>	<b>–</b>	<b>9,080</b>	<b>32,248</b>	<b>1,880,260</b>	<b>(402,787)</b>	<b>1,477,473</b>

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

## C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment loss / revaluation decrements (recognised in P/L) \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	8,487	–	8,487	–	2,410	–	–	–	(4,664)	–	–	6,233	–	6,233
Plant and equipment	28,545	(9,802)	18,743	2,903	360	(892)	(1,861)	–	1	–	–	29,891	(10,637)	19,254
Office equipment	2,720	(2,326)	394	25	301	–	(104)	–	–	–	–	3,046	(2,430)	616
Furniture and fittings	1,953	(1,715)	238	1	78	–	(42)	–	6	–	–	2,038	(1,757)	281
<b>Land:</b>														
– Operational land	85,077	–	85,077	–	2,896	–	–	–	60	–	–	88,033	–	88,033
– Community land	81,980	–	81,980	–	195	–	–	–	–	–	20,922	103,097	–	103,097
– Land under roads (post 30/6/08)	16,527	–	16,527	–	1,058	–	–	–	17	–	2,644	20,246	–	20,246
Land improvements – non-depreciable	1,219	–	1,219	21	33	–	–	–	64	–	–	1,337	–	1,337
Land improvements – depreciable	5,228	(4,280)	948	–	561	–	(40)	–	15	–	–	5,804	(4,320)	1,484
<b>Infrastructure:</b>														
– Buildings – non-specialised	27,996	(13,881)	14,115	195	–	–	(513)	–	313	(16)	–	28,542	(14,448)	14,094
– Buildings – specialised	137,783	(50,706)	87,077	1,225	360	–	(2,745)	–	962	16	–	140,291	(53,396)	86,895
– Other structures	13,574	(6,696)	6,878	9	49	(5)	(307)	–	–	–	–	13,627	(7,003)	6,624
– Roads	558,417	(189,438)	368,979	9,139	8,460	–	(6,204)	(2,574)	1,443	–	326,475	897,368	(191,650)	705,718
– Bridges	48,207	(16,564)	31,643	–	–	–	(492)	–	–	–	6,009	46,556	(9,396)	37,160
– Footpaths	24,324	(10,632)	13,692	26	1,199	–	(364)	–	23	–	(1,024)	20,682	(7,130)	13,552
– Stormwater drainage	209,411	(67,477)	141,934	340	5,928	–	(2,000)	–	554	–	34,316	210,953	(29,881)	181,072
– Sewerage network	179,609	(44,235)	135,374	807	55	(42)	(1,973)	–	1,158	–	1,279	183,284	(46,626)	136,658
– Swimming pools	5,026	(2,858)	2,168	271	–	–	(119)	–	–	–	–	5,296	(2,976)	2,320
– Other open space/recreational assets	36,272	(16,030)	20,242	229	196	(37)	(1,424)	–	37	–	–	36,668	(17,425)	19,243
<b>Other assets:</b>														
– Heritage collections	1,013	–	1,013	–	1	–	–	–	11	–	–	1,025	–	1,025
– Library books	3,084	(2,324)	760	–	273	–	(257)	–	–	–	–	3,114	(2,338)	776
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	9,141	(1,024)	8,117	–	–	–	(218)	–	–	–	–	9,141	(1,242)	7,899
<b>Total infrastructure, property, plant and equipment</b>	<b>1,485,593</b>	<b>(439,988)</b>	<b>1,045,605</b>	<b>15,191</b>	<b>24,413</b>	<b>(976)</b>	<b>(18,663)</b>	<b>(2,574)</b>	<b>–</b>	<b>–</b>	<b>390,621</b>	<b>1,856,272</b>	<b>(402,655)</b>	<b>1,453,617</b>

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

## C1-6 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 35	Playground equipment	5 to 15
Office furniture	5 to 25	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 12	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 35	Buildings: masonry	50 to 100
Other plant and equipment	2 to 25	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100 to 200	Drains	80 to 100
Bores	20 to 40	Culverts	100
Reticulation pipes	100 to 110	Flood control structures	60 to 100
Pumps and telemetry	20 to 50		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15-100	Bulk earthworks	20-200
Sealed roads: structure	100-200	Swimming pools	20-35
Unsealed roads	25-200	Other open space/recreational assets	20
Bridge: concrete	100 to 200	Other infrastructure	5 to 200
Bridge: other	80 to 200		
Road pavements	100-200		
Kerb, gutter and footpaths	20 to 120		

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

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

## C1-6 Infrastructure, property, plant and equipment (continued)

### Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

### Crown reserves

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

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

### Rural Fire Service assets

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## Infrastructure, property, plant and equipment – current year impairments

	Notes	2021 Actual \$ '000	2020 Actual \$ '000
<b>(ii) Reversal of impairment losses previously recognized in the Income Statement:</b>			
– Impact of March 2021 Flood Event		49	–
<b>Total impairment reversals</b>		<b>49</b>	<b>–</b>
<b>Impairment of assets – gains/(losses) in P/L</b>	B3-4	<b>49</b>	<b>–</b>
<b>(iii) Impairment losses recognised direct to equity (ARR):</b>			
– Impact of March 2021 Flood Event		9,680	–
<b>Total impairment losses</b>		<b>9,680</b>	<b>–</b>
<b>Impairment of assets – direct to equity (ARR)</b>		<b>9,680</b>	<b>–</b>



## C1-7 Investment properties

	2021 \$ '000	2020 \$ '000
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### Owned investment property

Investment property on hand at fair value

	39,826	49,253
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<b>Total owned investment property</b>	<b>39,826</b>	<b>49,253</b>
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### Owned investment property

#### At fair value

Opening balance at 1 July	49,253	49,630
Capitalised subsequent expenditure	59	119
Disposals during year	(100)	—
Net gain/(loss) from fair value adjustments	(306)	(496)
Other movements	(9,080)	—
<b>Closing balance at 30 June</b>	<b>39,826</b>	<b>49,253</b>

#### Accounting policy

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

## C1-8 Intangible assets

Intangible assets are as follows:

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	3,938	3,566
Accumulated amortisation	(3,483)	(3,228)
<b>Net book value – opening balance</b>	<b>455</b>	<b>338</b>
<b>Movements for the year</b>		
Purchases	186	372
Amortisation charges	(316)	(255)
<b>Closing values at 30 June</b>		
Gross book value	4,125	3,938
Accumulated amortisation	(3,800)	(3,483)
<b>Total software – net book value</b>	<b>325</b>	<b>455</b>
<b>Total intangible assets – net book value</b>	<b>325</b>	<b>455</b>

### Accounting policy

#### IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets relating to land for the Waste Management Facility and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Land

Council leases land for the Waste Management Facility; the lease payments are fixed during the lease term for the period of 10 years.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### (a) Right of use assets

	Plant & Equipment Actual \$ '000	Land Usage Actual \$ '000	Total Actual \$ '000
<b>2021</b>			
Opening balance at 1 July	1,156	1,677	2,833
Additions to right-of-use assets	438	–	438
Depreciation charge	(516)	(186)	(702)
<b>Balance at 30 June</b>	<b>1,078</b>	<b>1,491</b>	<b>2,569</b>
<b>2020</b>			
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	1,586	1,863	3,449
Additions to right-of-use assets	–	–	–
Depreciation charge	(430)	(186)	(616)
<b>Balance at 30 June</b>	<b>1,156</b>	<b>1,677</b>	<b>2,833</b>

#### (b) Lease liabilities

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
Lease liabilities	712	2,088	561	2,298
<b>Total lease liabilities</b>	<b>712</b>	<b>2,088</b>	<b>561</b>	<b>2,298</b>

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

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

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
<b>2021</b>					
<b>Cash flows</b>	<b>712</b>	<b>1,338</b>	<b>750</b>	<b>2,800</b>	<b>2,800</b>
<b>2020</b>					
<b>Cash flows</b>	<b>561</b>	<b>1,603</b>	<b>695</b>	<b>2,859</b>	<b>2,859</b>

### (ii) Lease liabilities relating to restricted assets

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
<b>Internally restricted assets</b>				
Waste Management Facility	131	1,543	131	1,543
<b>Lease liabilities relating to internally restricted assets</b>	<b>131</b>	<b>1,543</b>	<b>131</b>	<b>1,543</b>
<b>Total lease liabilities relating to restricted assets</b>	<b>131</b>	<b>1,543</b>	<b>131</b>	<b>1,543</b>
<b>Total lease liabilities relating to unrestricted assets</b>	<b>581</b>	<b>545</b>	<b>430</b>	<b>755</b>
<b>Total lease liabilities</b>	<b>712</b>	<b>2,088</b>	<b>561</b>	<b>2,298</b>

### (d) Income Statement

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

	2021 Actual \$ '000	2020 Actual \$ '000
Interest on lease liabilities	50	45
Variable lease payments based on usage not included in the measurement of lease liabilities	154	111
Depreciation of right of use assets	702	616
	<b>906</b>	<b>772</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	(690)	(590)
	<b>(690)</b>	<b>(590)</b>

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

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

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

- community facilities
- community services
- childcare centres
- Australian Pioneer Village

The leases are generally between 3 and 20 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council endorses, these services are detailed in the leases.

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

### Accounting policy

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

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

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

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

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

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

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note 12) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2021 Actual \$ '000	2020 Actual \$ '000
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#### (i) Assets held as investment property

Investment property operating leases relate to a range of shops, offices and rental accommodation.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	2,000	1,853
Lease income relating to variable lease payments not dependent on an index or a rate	538	476
<b>Total income relating to operating leases for investment property assets</b>	<b>2,538</b>	<b>2,329</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	(915)	(895)
Direct operating expenses that did not generate rental income	(818)	(348)

#### Repairs and maintenance: investment property

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on a range vehicles for use for both business and private use.

Lease income (excluding variable lease payments not dependent on an index or rate)	421	395
<b>Total income relating to operating leases for Council assets</b>	<b>421</b>	<b>395</b>

#### Other leased assets expenses

Other	(438)	(708)
<b>Total expenses relating to other leases assets</b>	<b>(438)</b>	<b>(708)</b>

#### Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2021 Actual \$ '000	Plant & Equipment 2020 Actual \$ '000
<b>Opening balance as at 1 July</b>	<b>2,261</b>	<b>—</b>
Additions new assets	891	—
Carrying value of disposals	(537)	—
Depreciation expense	(304)	—
<b>Closing balance as at 30 June</b>	<b>2,311</b>	<b>—</b>

	2021 Actual \$ '000	2020 Actual \$ '000
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**C2-2 Council as a lessor (continued)**

	<b>2021 Actual \$ '000</b>	<b>2020 Actual \$ '000</b>
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	<b>260</b>	153
1–2 years	<b>202</b>	135
2–3 years	<b>71</b>	135
3–4 years	<b>130</b>	135
4–5 years	<b>41</b>	134
> 5 years	<b>440</b>	245
<b>Total undiscounted lease payments to be received</b>	<b>1,144</b>	<b>937</b>

**Accounting policy**

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
<b>Payables</b>				
Goods and services – operating expenditure	7,705	–	7,589	–
Accrued expenses:				
– Other expenditure accruals	1,660	–	1,511	–
Security bonds, deposits and retentions	2,460	–	2,424	–
<b>Total payables</b>	<b>11,825</b>	<b>–</b>	<b>11,524</b>	<b>–</b>
<b>Total payables</b>	<b>11,825</b>	<b>–</b>	<b>11,524</b>	<b>–</b>



### C3-1 Payables (continued)

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

	2021 Actual \$ '000	2020 Actual \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	738	727
<b>Total payables</b>	<b>738</b>	<b>727</b>

#### Accounting policy

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

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

#### Payables

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

### C3-2 Contract Liabilities

		2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
	Notes				
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,771	–	100	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	38	–	24	–
<b>Total grants received in advance</b>		<b>1,809</b>	<b>–</b>	<b>124</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>1,809</b>	<b>–</b>	<b>124</b>	<b>–</b>

#### Notes

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

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

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

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	100	127
Operating grants (received prior to performance obligation being satisfied)	24	250

**C3-2 Contract Liabilities (continued)**

	<b>2021 Actual \$ '000</b>	<b>2020 Actual \$ '000</b>
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>124</b>	<b>377</b>

**Significant changes in contract liabilities**

There was significant funds received in advance in relation to grants aimed to stimulate economic recovery and works associated with communities impacted by the Gospers Mountain Fire.

**Accounting policy**

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

### C3-3 Borrowings

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
Loan – LIRS	634	672	701	1,204
<b>Total borrowings</b>	<b>634</b>	<b>672</b>	<b>701</b>	<b>1,204</b>

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

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – LIRS	1,905	(599)	–	–	–	–	1,306
Lease liability (Note C2-1b)	2,859	(437)	378	–	–	–	2,800
<b>Total liabilities from financing activities</b>	<b>4,764</b>	<b>(1,036)</b>	<b>378</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,106</b>

	2019		Non-cash movements				2020
	Opening Balance \$ '000	Repayments \$ '000	Acquisition \$ '000	Interest \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – sewer	376	(400)	–	24	–	–	–
Loan – LIRS	2,470	(565)	–	–	–	–	1,905
Lease liability (Note C2-1b)	–	244	–	–	2,615	–	2,859
<b>Total liabilities from financing activities</b>	<b>2,846</b>	<b>(721)</b>	<b>–</b>	<b>24</b>	<b>2,615</b>	<b>–</b>	<b>4,764</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	800	800
Credit cards/purchase cards	500	500
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	800	800
– Credit cards/purchase cards	500	500
<b>Total undrawn financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

## C3-4 Employee benefit provisions

	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
Annual leave	3,314	–	2,869	–
Sick leave	513	–	481	1
Long service leave	5,420	2,500	5,215	2,132
Leave in lieu	691	–	624	–
<b>Total employee benefit provisions</b>	<b>9,938</b>	<b>2,500</b>	<b>9,189</b>	<b>2,133</b>

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

	2021 Actual \$ '000	2020 Actual \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,559	6,178
	<b>6,559</b>	<b>6,178</b>

### Accounting policy

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

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

## C3-5 Provisions

	2021 Current Actual \$ '000	2021 Non-Current Actual \$ '000	2020 Current Actual \$ '000	2020 Non-Current Actual \$ '000
<b>Other provisions</b>				
Self insurance – workers compensation	267	706	170	510
<b>Sub-total – other provisions</b>	<b>267</b>	<b>706</b>	<b>170</b>	<b>510</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	181	7,613	182	8,855
<b>Sub-total – asset remediation/restoration</b>	<b>181</b>	<b>7,613</b>	<b>182</b>	<b>8,855</b>
<b>Total provisions</b>	<b>448</b>	<b>8,319</b>	<b>352</b>	<b>9,365</b>

## Description of and movements in provisions

	Other provisions			Net carrying amount
	Self insurance \$ '000	Asset remediation \$ '000	PPE Lease Actual \$ '000	\$ '000
<b>2021</b>				
At beginning of year	680	9,037	–	9,717
Unwinding of discount	–	76	–	76
Additional provisions	293	–	–	293
Amounts used (payments)	–	(26)	–	(26)
Remeasurement effects	–	(1,293)	–	(1,293)
Total other provisions at end of year	<b>973</b>	<b>7,794</b>	<b>–</b>	<b>8,767</b>
<b>2020</b>				
At beginning of year	560	9,754	39	10,353
Unwinding of discount	–	89	–	89
Additional provisions	120	–	–	120
Amounts used (payments)	–	(806)	–	(806)
Other	–	–	(39)	(39)
Total other provisions at end of year	<b>680</b>	<b>9,037</b>	<b>–</b>	<b>9,717</b>

## Nature and purpose of provisions

### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip sites.

### Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

### Accounting policy

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

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

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

## C3-5 Provisions (continued)

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### Asset remediation – tips and quarries

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

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

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

### Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

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



## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

	<b>General 2021 \$ '000</b>	<b>Sewer 2021 \$ '000</b>
<b>Income from continuing operations</b>		
Rates and annual charges	59,505	7,534
User charges and fees	5,141	1,100
Interest and investment revenue	1,101	66
Other revenues	2,923	58
Grants and contributions provided for operating purposes	11,188	–
Grants and contributions provided for capital purposes	12,198	104
Other income	2,959	–
<b>Total income from continuing operations</b>	<b>95,015</b>	<b>8,862</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	31,105	1,760
Materials and services	28,439	3,715
Borrowing costs	214	5
Depreciation, amortisation and impairment of non-financial assets	23,701	2,188
Other expenses	5,697	13
Net losses from the disposal of assets	10,766	79
<b>Total expenses from continuing operations</b>	<b>99,922</b>	<b>7,760</b>
<b>Operating result from continuing operations</b>	<b>(4,907)</b>	<b>1,102</b>
<b>Net operating result for the year</b>	<b>(4,907)</b>	<b>1,102</b>
<b>Net operating result attributable to each council fund</b>	<b>(4,907)</b>	<b>1,102</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(17,105)</b>	<b>998</b>

## D1-2 Statement of Financial Position by fund

	General 2021 \$ '000	Sewer 2021 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	16,979	4,999
Investments	34,606	5,694
Receivables	13,908	823
Inventories	266	—
Other	1,269	—
<b>Total current assets</b>	<b>67,028</b>	<b>11,516</b>
<b>Non-current assets</b>		
Investments	3,747	—
Infrastructure, property, plant and equipment	1,335,804	141,669
Investment property	39,826	—
Intangible assets	325	—
Right of use assets	2,569	—
<b>Total non-current assets</b>	<b>1,382,271</b>	<b>141,669</b>
<b>TOTAL ASSETS</b>	<b>1,449,299</b>	<b>153,185</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	11,825	—
Contract liabilities	1,809	—
Lease liabilities	712	—
Borrowings	634	—
Employee benefit provision	9,527	411
Provisions	448	—
<b>Total current liabilities</b>	<b>24,955</b>	<b>411</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,088	—
Borrowings	672	—
Employee benefit provision	2,369	131
Provisions	8,319	—
<b>Total non-current liabilities</b>	<b>13,448</b>	<b>131</b>
<b>TOTAL LIABILITIES</b>	<b>38,403</b>	<b>542</b>
<b>Net assets</b>	<b>1,410,896</b>	<b>152,643</b>
<b>EQUITY</b>		
Accumulated surplus	438,409	44,112
Revaluation reserves	972,487	108,531
<b>Council equity interest</b>	<b>1,410,896</b>	<b>152,643</b>
<b>Total equity</b>	<b>1,410,896</b>	<b>152,643</b>

## D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Notes	Pitt Town O/S
Borrower (Pitt Town Land Acquisition for Open Space)		
Lender (Pitt Town S.7.11 Plan and Section 7.12 Plan)		
Minister Approval: not required as between funds within the same Contributions Plan and Section 7.12 Contributions Plan		
Date raised		24 February 2014
Term years		10 years
Dates of maturity		As surpluses allowed
Amount originally raised (\$'000)		\$4,480
Total repaid during year (principal and interest) (\$'000)		\$3,452
<b>Principal outstanding at end of year (\$'000)</b>	G5	<b>\$55</b>

## D2 Interests in other entities

### D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Name of Operation/Entity	Principal activity
<b>Hawkesbury Sports Council</b>	Sports & Sporting Recreation 2 Stewart Street, SOUTH WINDSOR NSW 2756

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	<b>100%</b>	100%	<b>10%</b>	10%
Non-controlling interest in Subsidiary	<b>0%</b>	0%	<b>90%</b>	90%

#### The nature and extent of significant restrictions relating to the Subsidiary

As HSC is a subsidiary of Council, there are no significant restrictions relating to Cash & Investments of Other Assets.

#### The nature of risks associated with Council's interests in the Subsidiary

Council has delegated the responsibility of the management of sporting facilities and associated auspiced Council funded services to the Hawkesbury Sports Council (HSC). The HSC is an incorporated association that operates autonomously via the entity's constitution. Council contributions, both financial and in-kind, support in the form of land and facilities to ensure adequate provision of sports services and facilities to the community.

As the function of HSC is to perform the functions and services delegated by Council, any financial loss incurred by HSC is borne by Council and recognised in the consolidated Financial Statements. As a mechanism to reduce the risk of financial losses and ensure that decisions made by HSC align with Council's operational and strategic objectives, Council representatives, being the Manager of Parks & Recreation and a nominated Councillor, are invited to attend each meeting. As assets used by HSC are owned by Council, adequate insurance cover is included in Council's insurance policy portfolio to mitigate risks associated with loss or damage.

During 2020/2021, Council contributed \$844K for the operation of HSC and \$337K for capital improvements of facilities. Council currently intends to continue providing operational and capital financial contributions to HSC.

#### Other disclosures

Although Council has limited voting powers on the HSC executive, the existence of this entity is contingent on Council continuing to provide facilities, financial contributions and delegation for the management of its sporting facilities.

## D2-1 Subsidiaries (continued)

### Summarised financial information for the Subsidiary

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Summarised statement of comprehensive income</b>		
Revenue	1,020	936
Expenses	(933)	(1,037)
<b>Profit for the period</b>	<b>87</b>	<b>(101)</b>
<b>Total comprehensive income <sup>(1)</sup></b>	<b>87</b>	<b>(101)</b>
<b>Summarised statement of financial position</b>		
Current assets	1,037	655
Non-current assets	83	123
<b>Total assets</b>	<b>1,120</b>	<b>778</b>
Current liabilities	172	127
<b>Total liabilities</b>	<b>172</b>	<b>127</b>
<b>Net assets <sup>(2)</sup></b>	<b>948</b>	<b>651</b>

### Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

### Consolidated structured entities

Council previously had interest in Civic Risk Mutual and Civic Risk West, which have since been merged and incorporated into its own entity. Council no longer has sufficient control to be accounted for as a Joint Venture and is now accounted for as a Financial Investment.

	Council's share of net assets	
	2021 \$ '000	2020 \$ '000
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	–	3,247
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>–</b>	<b>3,247</b>
<b>Total Council's share of net assets</b>	<b>–</b>	<b>3,247</b>

## D2-2 Interests in joint arrangements

### Net carrying amounts – Council's share

	Nature of relationship	Place of business	Interest in ownership		2021 \$ '000	2020 \$ '000
			2021	2020		
Civic Risk Mutual	Joint venture	Penrith	0.0%	4.0%	–	287
Civic Risk West	Joint venture	Penrith	0.0%	7.0%	–	2,960
<b>Total carrying amounts – material joint ventures</b>					<b>–</b>	<b>3,247</b>

### The nature and extent of significant restrictions relating to joint ventures

Effective from 1 July 2020 a separate listed entity "Civic Risk Mutual" was formed, converting all council's to members. There is insufficient control by Council over the entity for it to be classified as a Joint Venture and is now recognised as a Financial Investment.

### Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share. This section now indicates the value of equity within Civic Risk as at 30 June 2020.

### Details

	Principal activity	Measurement method
Civic Risk West	Self insurance provider for public liability and indemnity	Equity method
Civic Risk Mutual	Review Industrial Special Risk and Motor Risk	Equity method

### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Civic Risk West	0.0%	7.0%	0.0%	8.0%
Civic Risk Mutual	0.0%	4.0%	0.0%	5.0%

## D2-2 Interests in joint arrangements (continued)

### Summarised financial information for joint ventures

	<b>Civic Risk West</b>		<b>Civic Risk Mutual</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Actual</b>	Actual	<b>Actual</b>	Actual
	<b>\$ '000</b>	\$ '000	<b>\$ '000</b>	\$ '000
<b>Dividends received by Council</b>	–	465	–	–
<b>Statement of financial position</b>				
<b>Current assets</b>				
Other current assets	–	30,249	–	12,101
<b>Non-current assets</b>	–	33,048	–	5,102
<b>Current liabilities</b>				
Other current liabilities	–	13,178	–	6,413
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	–	7,999	–	3,635
<b>Net assets</b>	–	42,120	–	7,155
<b>Statement of comprehensive income</b>				
Income	–	7,969	–	14,474
Interest income	–	–	–	205
Other expenses	–	(4,788)	–	(14,468)
<b>Profit/(loss) from continuing operations</b>	–	3,181	–	211
<b>Profit/(loss) for the period</b>	–	3,181	–	211
<b>Total comprehensive income</b>	–	3,181	–	211
<b>Share of income – Council (%)</b>	<b>0.0%</b>	8.0%	<b>0.0%</b>	(16.6)%
<b>Profit/(loss) – Council (\$)</b>	–	256	–	(35)
<b>Total comprehensive income – Council (\$)</b>	–	256	–	(35)
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	–	47,388	–	6,945
Profit/(loss) for the period	–	3,181	–	211
Other adjustments to equity	–	(8,449)	–	–
<b>Closing net assets</b>	–	42,120	–	7,156
<b>Council's share of net assets (%)</b>	<b>0.0%</b>	7.0%	<b>0.0%</b>	4.0%
<b>Council's share of net assets (\$)</b>	–	2,960	–	287

### Accounting policy

The council has determined that it no longer has interest in either Joint Ventures or Joint Operations.

## D2-3 Unconsolidated structured entities

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Council did not consolidate the following structured entities:

### **Hawkesbury River County Council**

A statutory body responsible for the management of priority weeds, covering the Hawkesbury, Penrith, Hills and Blacktown LGAs. HRCC earned \$1.5M of revenue and expended \$1.5M in 2020/2021 and holds \$2.4M of equity as at 30 June 2021.

### **Nature of risks relating to the Unconsolidated Structured Entity**

Council contributed \$194,604 to HRCC in 2020/2021, which represented 13% of total revenue. The revenue is sourced by constituent Councils represents 54% of total income.

The HRCC operates within the boundaries of available revenue and therefore is deemed to be low risk. Council's involvement is limited to the contributions paid annually and is represented at board meetings by two Councillors.

### **Current intention to provide financial support**

Council currently intends to continue providing financial contributions to HRCC.

### **Western Sydney Organisation of Councils (WSROC)**

A regional body established to co-ordinate lobbying for Western Sydney, representing 10 councils, including HCC. Additionally, WSROC provides resource-sharing opportunities and joint project management co-ordination.

### **Nature of risks relating to the Unconsolidated Structured Entity**

Council contributed \$90,000 to WSROC in 2020/2021. Council also participates in joint projects and programs when they arise, if they present a sound investment opportunity to council, but is not required to participate.

WSROC operates within the boundaries of contributions received from member Councils and therefore is deemed to be low risk. Council involvement is limited to the membership paid annually and is represented on the board by two Councillors.

### **Current intention to provide financial support**

Council is currently reviewing its continued membership of WSROC.



## E Risks and accounting uncertainties

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

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

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

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

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

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

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of Council's independent advisor.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

	2021 \$ '000	2020 \$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	660	635
Impact of a 10% movement in price of investments		
– Equity / Income Statement	375	–

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

Council makes suitable provision for doubtful receivables as required.

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
<b>2021</b>						
Gross carrying amount	–	3,776	1,328	285	338	5,727
<b>2020</b>						
Gross carrying amount	–	3,673	298	312	362	4,645

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

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

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

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
<b>2021</b>						
Gross carrying amount	8,673	94	39	206	878	9,890
Expected loss rate (%)	1.25%	10.00%	15.00%	50.00%	75.00%	8.95%
<b>ECL provision</b>	<b>108</b>	<b>9</b>	<b>6</b>	<b>103</b>	<b>659</b>	<b>885</b>
<b>2020</b>						
Gross carrying amount	2,859	321	121	104	621	4,026
Expected loss rate (%)	3.70%	10.00%	15.00%	50.00%	75.00%	16.74%
<b>ECL provision</b>	<b>106</b>	<b>32</b>	<b>18</b>	<b>52</b>	<b>466</b>	<b>674</b>

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

### (c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
<b>2021</b>							
Trade/other payables	0.00%	2,460	9,327	38	–	11,825	11,825
Loans and advances	5.82%	–	634	672	–	1,306	1,306
<b>Total financial liabilities</b>		<b>2,460</b>	<b>9,961</b>	<b>710</b>	<b>–</b>	<b>13,131</b>	<b>13,131</b>
<b>2020</b>							
Trade/other payables	0.00%	2,424	8,098	978	–	11,500	11,524
Loans and advances	5.82%	–	509	1,306	–	1,815	1,905
<b>Total financial liabilities</b>		<b>2,424</b>	<b>8,607</b>	<b>2,284</b>	<b>–</b>	<b>13,315</b>	<b>13,429</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

Fair value measurement hierarchy							
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Investment property	C1-7						
Investment Properties		39,726	49,253	—	—	39,726	49,253
Total investment property		39,726	49,253	—	—	39,726	49,253
Infrastructure, property, plant and equipment							
	C1-6						
Operational Land		97,113	88,033	—	—	97,113	88,033
Community Land		—	—	106,117	103,097	106,117	103,097
Land under road		—	—	19,304	20,246	19,304	20,246
Land Improvements – non depreciable		—	—	1,393	1,337	1,393	1,337
Land Improvements – depreciable		—	—	1,585	1,483	1,585	1,483
Buildings – Non Specialised		—	—	13,560	14,095	13,560	14,095
Buildings – Specialised		—	—	83,707	86,895	83,707	86,895
Other Structure		—	—	6,431	6,624	6,431	6,624
Road, Bridges, Footpaths		—	—	767,439	756,430	767,439	756,430
Stormwater Drainage		—	—	184,185	181,073	184,185	181,073
Swimming Pools		—	—	2,193	13,553	2,193	13,553
Sewer Network		—	—	137,087	136,656	137,087	136,656
Other Open Space		—	—	17,755	19,243	17,755	19,243
Library books, Heritage & Tip		—	—	39,604	36,085	39,604	36,085
Total infrastructure, property, plant and equipment		97,113	88,033	1,380,360	1,376,817	1,477,473	1,464,850

### Valuation techniques

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

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

## E2-1 Fair value measurement (continued)

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### Financial assets

The Council's financial assets relate to investments in term deposits and its share of equity within Civic Risk Mutual. The information included under note E1-1 is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note.

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### Financial liabilities

Council does not have any liabilities which are fair valued.

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### Investment property

Council conducts indexation each year and a full revaluation is conducted every three year, and is classified as a Level 2 Fair Value. The full revaluation and indexation is done by independent and qualified valuers to determine the fair value of its investment properties.

The revaluation was conducted by Curtis Valuations Pty Limited as at 30 June 2019. The value of investment property was determined through either capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to this valuation is rent, interest rate property value.

Council revalues investment properties every three years. The next revaluation is due during the 2021/2022 financial year.

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

### Buildings

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings. Buildings were last revalued as at June 2018 by Scott Fullarton Valuations Pty Ltd.

The valuer obtained the gross value of each building, by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre which was benchmarked to construction costs of similar properties across the industry. Non-specialised buildings were valued at market value, having regard to "highest and best" use.

Council revalues the building every 5 years, the next revaluation is due on 2022/2023 financial year.

### Operational Land

Council engages external, independent and qualified valuer to determine the fair value of the council's operational land. Operational land was revalued on 30 June 2018 and fair values were determined by Scott Fullarton Valuation Pty Ltd.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to the description and dimensions of the land, Planning and other constraints on development and the potential for alternative use. In this regard, the valuer analyse sales of land throughout the subject and surrounding council area council area and adopt a rate per square metre, after taking into consideration zoning, location, area and configuration.

Council revalues the operational land every five years, the next revaluation is due on 2022/2023 financial year.

### Land under road

Council conducted the revaluation for the land under road on 30 June 2021. Council used the valuer general's value to determine the fair value of the land under road assets.

Land under road has been determined using a discounted unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General, performed for rating purposes, and is applied to the total square area.

Council revalues the land under road every 3 years in line with the Valuer General's revaluation schedule, which will be in the 2022/2023 financial year.

## E2-1 Fair value measurement (continued)

### Community Land

Council conducted the revaluation for the community land on 30 June 2020. Council used the valuer general's value to determine the fair value of the community land.

Community land has been determined using a unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General for rating purposes.

Council revalues the community land every 3 years in line with the Valuer General's revaluation schedule, which will be in the 2022/2023 financial year.

### Sewerage Network

Council conducts indexation on asset values under this class every year and conducts full revaluation every five years. Council engages an external, independent and qualified valuer to conduct full revaluations.

The Sewerage network was last revalued in 2018/2019 financial year by APV Pty Ltd. The fair value was determined based on asset replacement cost and condition of the assets. In between full revaluations, Council applies the construction cost index rate, which is issued by NSW Office of Water. The next full revaluation is due during the 2023/2024 financial year.

### Road, Bridges, Footpaths and Drainage

Council conducts a revaluation of the above assets every year, as required when using the matching depreciation methodology to commence 1 July 2021. The last revaluation was conducted by APV Ltd during the 2020/2021 financial year.

The fair value of road assets was determined based on the replacement cost per square metre rate and condition of the asset. The fair value of footpaths and drainage assets were determined based on the replacement cost per square meter and condition of the asset. Replacement costs was used to determine the fair value of bridges.

Next revaluation will be during the 2021/2022 financial year.

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

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

	Community Land		Land under Roads		Land imp. non-dep.		Land imp. dep.	
	2021	2020	2021	2020	2021	2020	2021	2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	103,097	81,980	20,246	16,527	1,337	1,219	1,483	948
Total gains or losses for the period								
Other movements								
Purchases (GBV)	3,020	195	421	1,058	56	55	193	561
Depreciation and impairment	–	–	–	–	–	–	(42)	(40)
Impairment Loss	–	–	–	–	–	–	(49)	–
PY Capitalisation	–	–	12	17	–	63	–	14
Revaluation	–	20,922	(1,375)	2,644	–	–	–	–
Closing balance	106,117	103,097	19,304	20,246	1,393	1,337	1,585	1,483

	Buildings non-specialised		Building specialised		Other structures		Roads, bridges, footpaths	
	2021	2020	2021	2020	2021	2020	2021	2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	14,095	14,115	86,895	87,077	6,624	6,878	756,430	414,314
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	(16)	–	16	–	–	–	–
Purchases (GBV)	46	195	899	1,585	187	58	12,992	18,823

continued on next page ...

## E2-1 Fair value measurement (continued)

	Buildings non-specialised		Building specialised		Other structures		Roads, bridges, footpaths	
	2021	2020	2021	2020	2021	2020	2021	2020
	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000
Disposals (WDV)	–	–	(37)	–	(6)	(5)	(10,401)	–
Depreciation and impairment	(581)	(513)	(2,731)	(2,745)	(298)	(307)	(12,841)	(7,059)
Impairment Loss	–	–	(1,519)	–	(76)	–	(7,285)	(2,574)
PY Capitalisation	–	314	200	962	–	–	338	1,466
Revaluation	–	–	–	–	–	–	28,206	331,460
<b>Closing balance</b>	<b>13,560</b>	<b>14,095</b>	<b>83,707</b>	<b>86,895</b>	<b>6,431</b>	<b>6,624</b>	<b>767,439</b>	<b>756,430</b>

	Stormwater drainage		Swimming pools and O/S		Other assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000
<b>Opening balance</b>	<b>181,073</b>	<b>141,934</b>	<b>21,564</b>	<b>22,410</b>	<b>172,741</b>	<b>173,126</b>	<b>1,365,585</b>	<b>960,528</b>
Purchases (GBV)	1,187	6,268	1,026	696	8,987	7,951	29,014	37,445
Disposals (WDV)	–	–	(332)	(36)	(1,161)	(933)	(11,937)	(974)
Depreciation and impairment	(2,260)	(2,000)	(1,523)	(1,543)	(4,546)	(4,431)	(24,822)	(18,638)
Impairment Loss	–	–	(788)	–	(12)	–	(9,729)	(2,574)
PY Capitalisation	6	554	1	37	(556)	(4,251)	1	(824)
Revaluation	4,179	34,317	–	–	1,238	1,279	32,248	390,622
<b>Closing balance</b>	<b>184,185</b>	<b>181,073</b>	<b>19,948</b>	<b>21,564</b>	<b>176,691</b>	<b>172,741</b>	<b>1,380,360</b>	<b>1,365,585</b>

### Highest and best use

Due to the use of facilities and open space for the provision of community services and due to the condition of some assets, not all of Council's non-financial assets are being used at their highest and best use from a purely financial perspective.



## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$ 532,044. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$306,100. Council's expected contribution to the plan for the next annual reporting period is \$307,000.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.77%

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

## E3-1 Contingencies (continued)

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### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

#### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in the Income Statement is:

	2021 \$ '000	2020 \$ '000
<b>Compensation:</b>		
Short-term benefits Other Short Term Payment	1,830	1,805
Annual Leave Entitlements	108	119
Post-employment benefits	148	152
Long Service Leave Entitlements	36	49
<b>Total</b>	<b>2,122</b>	<b>2,125</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
<b>2021</b>					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	—	—	Normal employment terms - on a comparable basis as other Council staff in similar positions	—	—
<b>2020</b>					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	—	—	Normal employment terms - on a comparable basis as other Council staff in similar positions	—	—

## F1-2 Councillor and Mayoral fees and associated expenses

	<b>2021</b>	2020
	<b>Actual</b>	Actual
	<b>\$ '000</b>	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	<b>60</b>	42
Councillors' fees	<b>292</b>	232
Other Councillors' expenses (including Mayor)	<b>16</b>	16
<b>Total</b>	<b>368</b>	<b>290</b>

## F2 Other relationships

### F2-1 Audit fees

	2021 Actual \$ '000	2020 Actual \$ '000
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

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

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

Audit and review of financial statements

	101	86
<b>Remuneration for audit and other assurance services</b>	<b>101</b>	<b>86</b>

<b>Total Auditor-General remuneration</b>	<b>101</b>	<b>86</b>
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#### Non NSW Auditor-General audit firms

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

Audit and review of financial statements

	14	14
<b>Remuneration for audit and other assurance services</b>	<b>14</b>	<b>14</b>

<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>14</b>	<b>14</b>
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<b>Total audit fees</b>	<b>115</b>	<b>100</b>
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## G Other matters

### G1-1 Statement of Cash Flows information

#### (a) Reconciliation of net operating result to cash provided from operating activities

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Net operating result from Income Statement</b>	<b>(3,805)</b>	16,627
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	25,840	19,534
Net losses/(gains) on disposal of assets	10,845	40
Non-cash capital grants and contributions	(5,572)	(12,509)
Adoption of AASB 15/1058	–	(377)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(500)	–
– Investment property	306	496
– Revaluation decrements / impairments of IPP&E direct to P&L	49	2,574
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	–	24
Unwinding of discount rates on reinstatement provisions	76	178
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(221)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(6,946)	(1,140)
Increase/(decrease) in provision for impairment of receivables	213	154
Decrease/(increase) in inventories	(38)	43
Decrease/(increase) in other current assets	(186)	(268)
Increase/(decrease) in payables	116	453
Increase/(decrease) in other accrued expenses payable	149	352
Increase/(decrease) in other liabilities	36	249
Increase/(decrease) in contract liabilities	1,685	124
Increase/(decrease) in provision for employee benefits	1,116	709
Increase/(decrease) in other provisions	(1,026)	(725)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>22,358</b>	<b>26,317</b>

#### (b) Non-cash investing and financing activities

Developer contributions 'in kind'	5,572	12,509
<b>Total non-cash investing and financing activities</b>	<b>5,572</b>	<b>12,509</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

	2021 Actual \$ '000	2020 Actual \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Sewerage and water infrastructure	70	1,067
Buildings	2,290	1,394
Plant and equipment	1,669	985
Other	674	323
Road infrastructure	6,638	1,706
<b>Investment property</b>		
– Buildings	39	7
<b>Total commitments</b>	<b>11,380</b>	<b>5,482</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	11,260	5,018
Later than one year and not later than 5 years	38	185
Later than 5 years	82	279
<b>Total payable</b>	<b>11,380</b>	<b>5,482</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	6,682	2,406
Future grants and contributions	552	26
Section 7.11 and 64 funds/reserves	104	164
Unexpended grants	319	62
Externally restricted reserves	2,144	1,456
Internally restricted reserves	1,579	1,368
<b>Total sources of funding</b>	<b>11,380</b>	<b>5,482</b>



### G3-1 Events occurring after the reporting date

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Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## G4 Statement of developer contributions as at 30 June 2021

### G4-1 Summary of developer contributions

	Opening balance at 1 July 2020 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2021 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
Drainage	(2,934)	–	–	–	(20)	–	(2,954)	–
Roads	4,614	–	88	33	(288)	867	5,226	–
Parking	97	–	–	–	(17)	–	80	–
Open space	1,362	–	–	10	–	593	1,965	–
Community facilities	1,150	–	–	9	–	622	1,781	–
Recreational Facilities	850	–	–	5	(55)	254	1,054	–
Bushfire	1	–	–	–	–	–	1	–
Extractive Industries	191	13	–	1	–	–	205	–
Land Acquisition	2,528	–	–	13	–	–	2,541	–
Plan Administration Reserve	39	–	–	–	(63)	–	(24)	–
<b>S7.11 contributions – under a plan</b>	<b>7,898</b>	<b>13</b>	<b>88</b>	<b>71</b>	<b>(443)</b>	<b>2,336</b>	<b>9,875</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>4,023</b>	<b>679</b>	<b>1,221</b>	<b>28</b>	<b>(511)</b>	<b>1,115</b>	<b>5,334</b>	<b>55</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>11,921</b>	<b>692</b>	<b>1,309</b>	<b>99</b>	<b>(954)</b>	<b>3,451</b>	<b>15,209</b>	<b>55</b>
S7.4 planning agreements	1,922	97	1,176	10	(18)	–	2,011	–
S64 contributions	2,449	104	–	13	(3)	–	2,563	–
<b>Total contributions</b>	<b>16,292</b>	<b>893</b>	<b>2,485</b>	<b>122</b>	<b>(975)</b>	<b>3,451</b>	<b>19,783</b>	<b>55</b>

(\*) Council borrowed within Contribution Plans to acquire open space land at Pitt Town. This has substantially been repaid, with \$55K remaining.

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## G4-2 Developer contributions by plan

	Opening balance at 1 July 2020 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2021 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
<b>CONTRIBUTION PLAN – HAWKESBURY CITY</b>								
Drainage	(2,934)	–	–	–	(20)	–	(2,954)	–
Roads	4,614	–	88	33	(288)	867	5,226	–
Parking	97	–	–	–	(17)	–	80	–
Open space	1,362	–	–	10	–	593	1,965	–
Community facilities	1,150	–	–	9	–	622	1,781	–
Recreational Facilities	850	–	–	5	(55)	254	1,054	–
Bushfire	1	–	–	–	–	–	1	–
Extractive Industries	191	13	–	1	–	–	205	–
Land Acquisition	2,528	–	–	13	–	–	2,541	–
Plan Administration Reserve	39	–	–	–	(63)	–	(24)	–
<b>Total</b>	<b>7,898</b>	<b>13</b>	<b>88</b>	<b>71</b>	<b>(443)</b>	<b>2,336</b>	<b>9,875</b>	<b>–</b>

(\*) Council borrowed within Contribution Plans to acquire open space land at Pitt Town. This has substantially been repaid, with \$55K remaining.

## S7.12 Levies – under a plan

### CONTRIBUTION PLAN – HAWKESBURY CITY

Other	4,023	679	1,221	28	(511)	1,115	5,334	55
<b>Total</b>	<b>4,023</b>	<b>679</b>	<b>1,221</b>	<b>28</b>	<b>(511)</b>	<b>1,115</b>	<b>5,334</b>	<b>55</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>(5,194)</b>	<b>(5.70)%</b>	3.35%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>91,075</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>79,887</b>	<b>77.28%</b>	72.55%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>103,377</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>43,162</b>	<b>3.03x</b>	2.61x	> 1.50x
Current liabilities less specific purpose liabilities	<b>14,239</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>20,865</b>	<b>15.87x</b>	11.42x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,315</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding <sup>3</sup>	<b>6,028</b>	<b>8.35%</b>	7.40%	< 5.00%
Rates and annual charges collectable	<b>72,158</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>62,278</b>	<b>9.63 mths</b>	10.66 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>6,469</b>			

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

(3) Does not account for outstanding balances as a result of payment arrangements, Council's policy not to chase pensioners, and assistance to those impacted by the March 2021 flood.

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(7.63)%</b>	0.25%	<b>12.38%</b>	11.78%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>75.26%</b>	70.27%	<b>98.83%</b>	97.88%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>3.03x</b>	2.61x	<b>21.07x</b>	17.51x	> 1.50x
Current liabilities less specific purpose liabilities					
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>13.45x</b>	12.45x	<b>648.20x</b>	7.70x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>8.15%</b>	7.50%	<b>9.95%</b>	6.58%	< 5.00%
Rates and annual charges collectable					
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>8.60 mths</b>	9.97 mths	<b>22.79 mths</b>	18.65 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities					

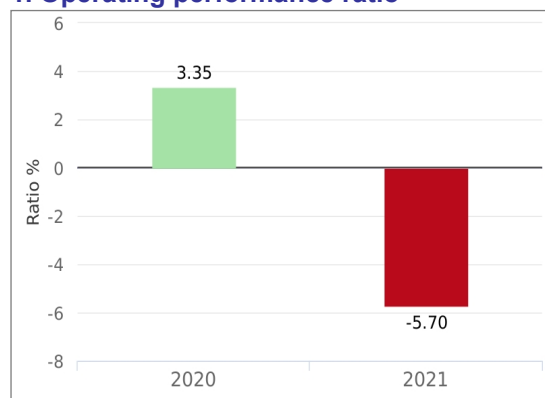
(1) - (2) Refer to Notes at Note G5-1 above.

(3) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

## H Additional Council disclosures (unaudited)

### H1-1 Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

##### Commentary on 2020/21 result

2020/21 ratio (5.70)%

The ratio declined from the previous year, predominantly as a result of the additional expenditure incurred in response to the March 2021 Flood Event and depreciation associated with roads and associated infrastructure assets as a result the revaluation undertaken in 2019/20.

The ratio needs improvement.

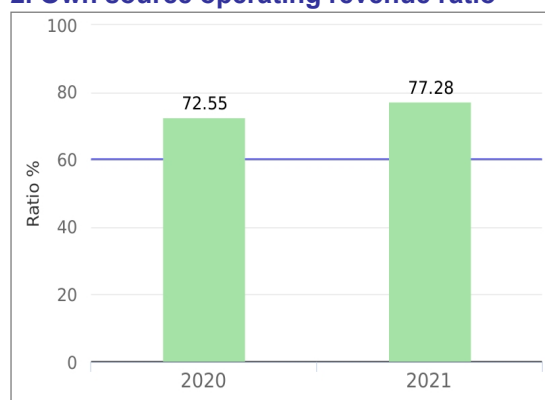
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

##### Commentary on 2020/21 result

2020/21 ratio 77.28%

The ratio improved as a result the decline in capital grants and contributions over the previous reporting period.

The ratio is better than the benchmark.

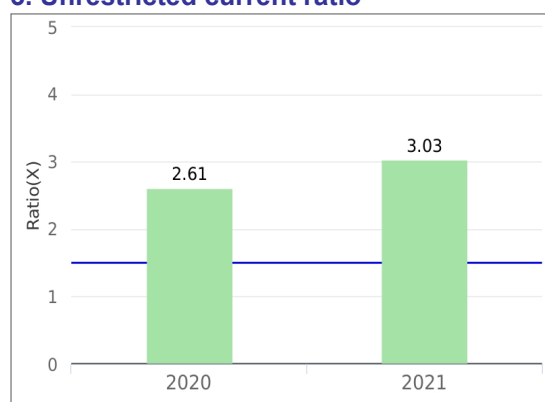
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

##### Commentary on 2020/21 result

2020/21 ratio 3.03x

The ratio improved as a result of the level of current assets less all external restrictions increasing from the previous reporting period.

The ratio is better than the benchmark.

Benchmark: — > 1.50x

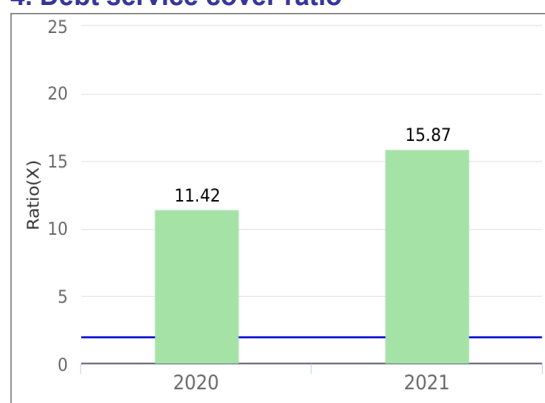
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-1 Statement of performance measures – consolidated results (graphs) (continued)

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

#### Commentary on 2020/21 result

2020/21 ratio 15.87x

The ratio improved due to an increase in available cash to service debt costs, in conjunction with a decrease in debt costs from the previous reporting period.

The ratio is better than the benchmark.

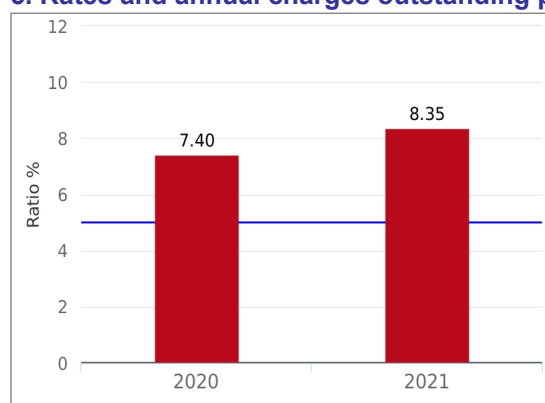
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

#### Commentary on 2020/21 result

2020/21 ratio 8.35%

The ratio declined as a result of an increase in the amount of outstanding rates and annual charges. In order to support the community with the economic impacts of the COVID-19 Pandemic and March 2021 Flood, debt recovery action was significantly reduced. It is to be noted that the ratio does not account for payment arrangements or the impact of Council's Policy in not taking legal action on pensioners.

The ratio needs improvement.

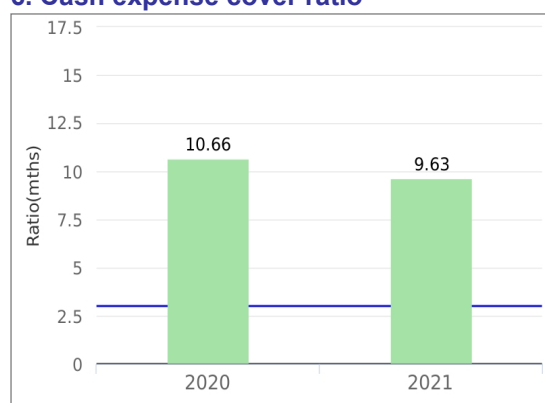
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

#### Commentary on 2020/21 result

2020/21 ratio 9.63 mths

The ratio declined as a result of an increase in the outflow of cash associated with payments for operating and financing activities. This increase is mostly attributable to additional payments made in relation to the March 2021 Flood Event. Most of this outflow will be recovered through inflows of cash through grants and insurance, this will not occur until the 2021/2022 financial year.

The ratio is better than the benchmark.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Hawkesbury City Council

To the Councillors of Hawkesbury City Council

### Opinion

I have audited the accompanying financial statements of Hawkesbury City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.



Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Other Information**

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Kenneth Leung  
Delegate of the Auditor-General for New South Wales

26 October 2021  
SYDNEY



Cr Patrick Conolly  
Mayor  
Hawkesbury City Council  
366 George Street  
WINDSOR NSW 2756

Contact: Kenneth Leung  
Phone no: 02 9275 7257  
Our ref: D2123119/1737

26 October 2021

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
Hawkesbury City Council**

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

I expressed an unmodified opinion on Council's GPFS.

This Report on the Conduct of the Audit (the Report) for Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	<b>2021</b>	<b>2020</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	67.0	62.1	7.9
Grants and contributions revenue	23.5	28.6	17.8
Operating result from continuing operations	(3.8)	16.6	122
Net operating result before capital grants and contributions	(16.1)	(1.9)	947

Council's operating deficit from continuing operations (\$3.8 million including depreciation, amortisation and impairment for non-financial assets expense of \$25.9 million) was \$20.4 million lower than the 2019–20 net result of \$16.6 million. This can largely be attributed to:

- decreases in other revenue and grants and contributions for capital purposes of \$5.1 million
- increases in employee benefits and on-costs, materials and contracts expenses \$4.1 million
- increase in depreciation, amortisation and impairment of non-financial assets of \$3.8 million.

The net operating deficit before capital grants and contributions (\$16.1 million) was \$14.2 million lower than the 2019–20 result.

Rates and annual charges revenue (\$67.0 million) increased by \$4.9 million (7.9 per cent) in 2020–21, largely due to the rate peg and special rate variation in 2020–21.

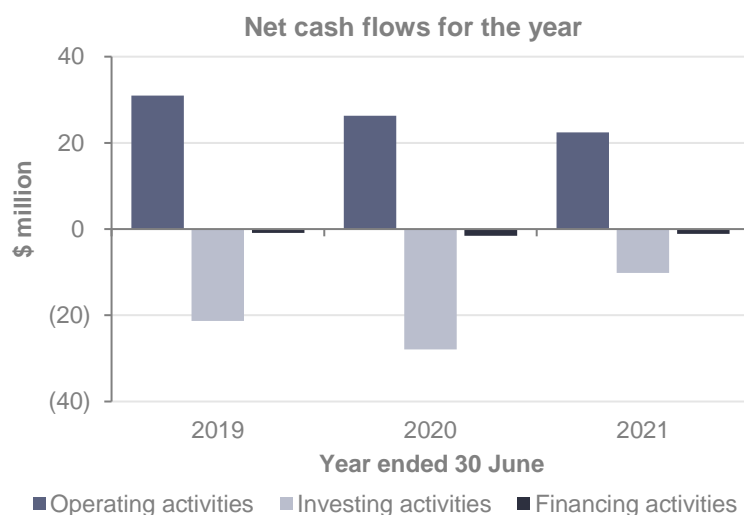
Grants and contributions revenue (\$23.5 million) decreased by \$5.1 million (17.8 per cent) in 2020–21 due to the decrease in non-cash developer contributions received in the current year.

## STATEMENT OF CASH FLOWS

Cash flows from operating activities in 2020–21 slightly decreased by \$4.0 million due to increased outflows in other payments, materials and contracts and employee costs exceeding the increases in rates and annual charges inflows.

Cash outflows from investing activities decreased due to inflow from term deposits and an increase in inflows from the sale of investments.

Cash flows from financing activities was minimal and remained relative stable compared to last year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>66.0</b>	<b>63.5</b>	<ul style="list-style-type: none"> <li>• Significant externally restricted funds include \$16.9 million in general developer contributions and \$10.7 million in the sewer fund</li> </ul>
Restricted cash and investments:			<ul style="list-style-type: none"> <li>• Significant internally restricted funds include \$7.5 million for unspent work reserve, and \$6.8 million for tip remediation and sullage.</li> </ul>
• External restrictions	37.0	34.6	
• Internal restrictions	20.6	17.0	

### Debt

Council has an overdraft facility in place as at 30 June 2021, with a drawdown limit of \$800,000. There were no drawdown as at 30 June 2021. During the current and prior year, there were no defaults or breaches on any of the loans.

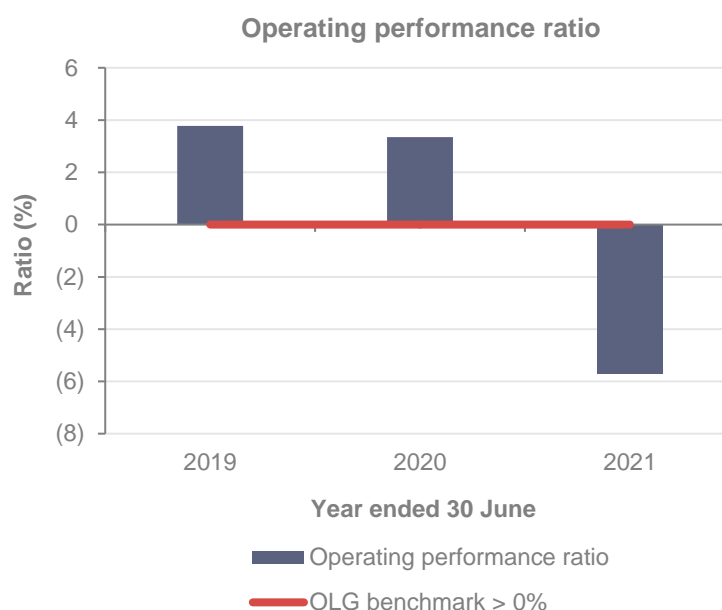
# PERFORMANCE

## Performance measures

### Operating performance ratio

- Council did not meet the OLG benchmark for the current reporting period.
- The ratio declined from the previous year, predominantly as a result of the additional expenditure incurred in response to the March 2021 Flood Event and depreciation expense.

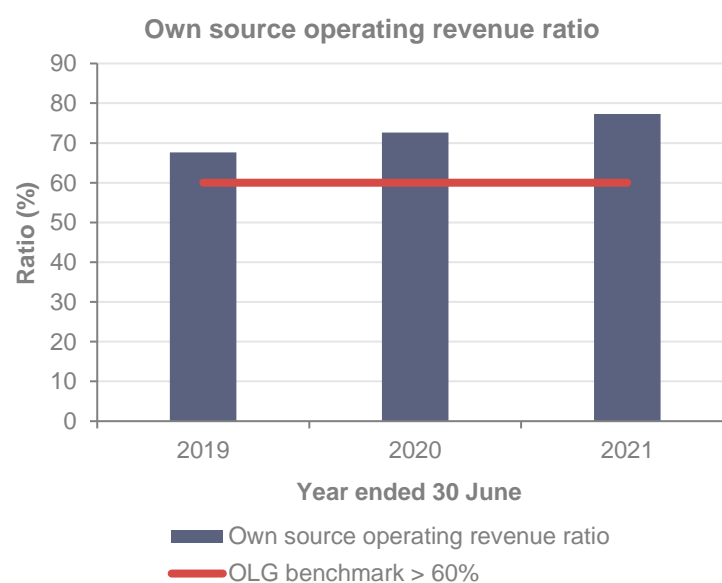
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

- Council exceeded the OLG benchmark for the current reporting period.
- The ratio increased as a result of decreased capital grants and contributions and increased rates and charges, compared to the prior reporting period.

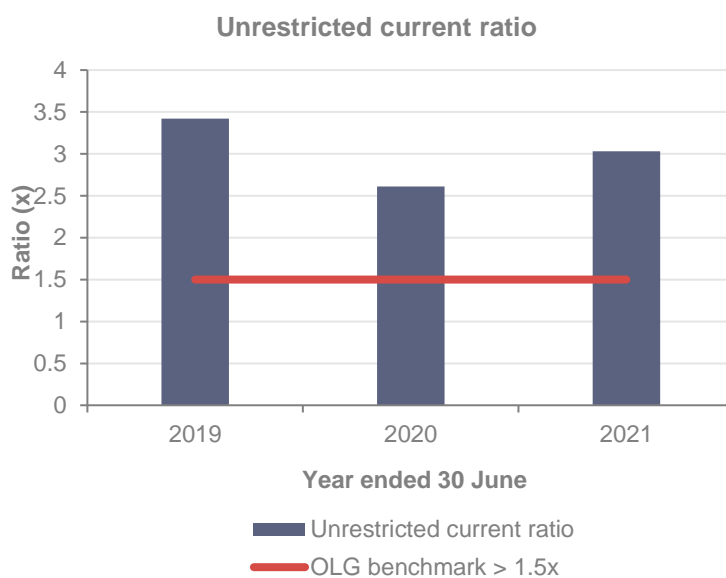
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council continues to exceed exceeded the OLG benchmark.

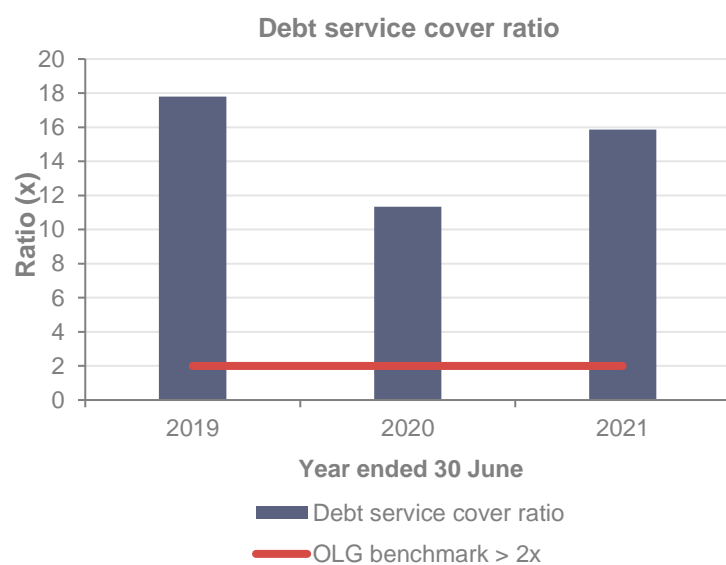
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

Council continues to exceed the OLG benchmark.

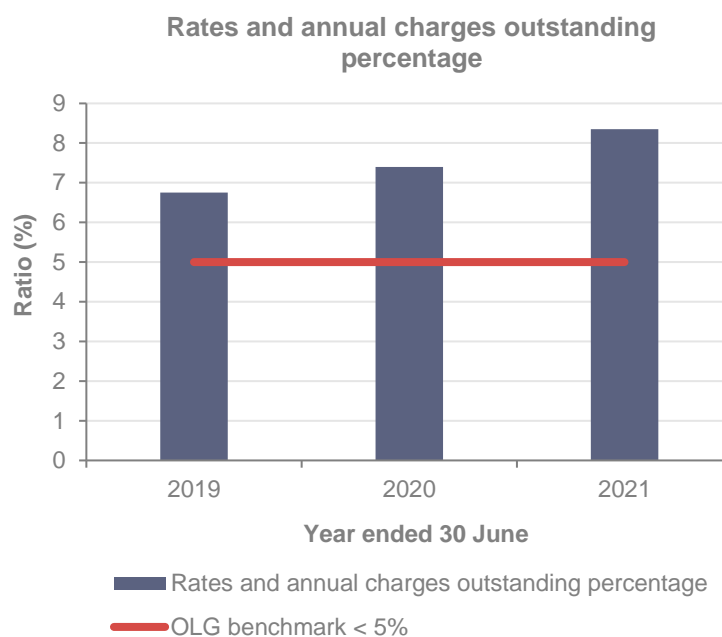
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

- Council did not meet the benchmark for rates and annual charges outstanding percentage.
- The ratio declined as a result of an increase in the amount of outstanding rates and annual charges.
- In response to the economic impacts of the COVID-19 Pandemic and March 2021 Flood, debt recovery action was reduced.

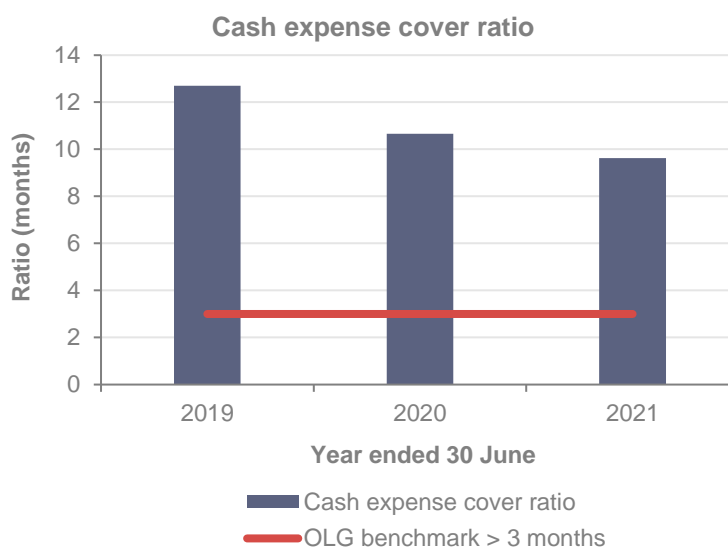
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



## Cash expense cover ratio

Council continues to exceed the OLG benchmark.

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

Council's asset renewals have decreased from \$15.2 million in the 2019–20 financial year to \$10 million in the 2020–21 financial year. Asset renewals in 2021 primarily related to roads, which totalled \$7.4 million.

## OTHER MATTERS

### Legislative compliance

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

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



Kenneth Leung  
Delegate of the Auditor-General for New South Wales

CC:

Ms Elizabeth Richardson, General Manager

Ms Nisha Maheshwari, Chair of the Audit Committee

Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



# Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*Hawkesbury City Council leading and working with our  
community to create a healthy and resilient future*

## Special Purpose Financial Statements

for the year ended 30 June 2021

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Statement of Financial Position of sewerage business activity	106
<b>Note – Significant Accounting Policies</b>	<b>107</b>
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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Hawkesbury City Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

---

#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial Reporting*,
- the NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

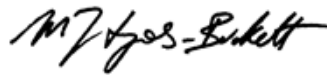
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 28 September 2021.



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Patrick Conolly  
Mayor  
28 September 2021



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Mary Lyons-Buckett  
Deputy Mayor  
28 September 2021



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Elizabeth Richardson  
General Manager  
28 September 2021



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Emma Galea  
Responsible Accounting Officer  
28 September 2021

## Hawkesbury City Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

	2021 Actual \$ '000	2020 Actual \$ '000
<b>Income from continuing operations</b>		
Access charges	7,534	7,260
User charges	1,100	1,023
Interest	66	121
Other income	58	29
<b>Total income from continuing operations</b>	<b>8,758</b>	<b>8,433</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,760	1,724
Borrowing costs	5	—
Materials and services	3,715	2,277
Depreciation, amortisation and impairment	2,188	2,095
Loss on sale of assets	79	39
Calculated taxation equivalents	29	47
Unwinding of interest free loan	—	24
Other expenses	13	1,281
<b>Total expenses from continuing operations</b>	<b>7,789</b>	<b>7,487</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>969</b>	<b>946</b>
Grants and contributions provided for capital purposes	104	183
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,073</b>	<b>1,129</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,073</b>	<b>1,129</b>
Less: corporate taxation equivalent [based on result before capital]	(252)	(260)
<b>Surplus (deficit) after tax</b>	<b>821</b>	<b>869</b>
<b>Plus accumulated surplus</b>	<b>42,788</b>	<b>41,641</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	29	47
– Corporate taxation equivalent	252	260
<b>Less:</b>		
– Tax equivalent dividend paid	(8)	(29)
– Surplus dividend paid	230	—
<b>Closing accumulated surplus</b>	<b>44,112</b>	<b>42,788</b>
<b>Return on capital %</b>	<b>0.7%</b>	<b>0.7%</b>
<b>Subsidy from Council</b>	<b>1,137</b>	<b>295</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	821	869
<b>Surplus for dividend calculation purposes</b>	<b>821</b>	<b>869</b>
<b>Potential dividend calculated from surplus</b>	<b>411</b>	<b>435</b>

## Hawkesbury City Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

	2021 Actual \$ '000	2020 Actual \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,999	3,137
Investments	5,694	5,754
Receivables	823	727
<b>Total current assets</b>	<b>11,516</b>	<b>9,618</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	141,669	140,971
<b>Total non-current assets</b>	<b>141,669</b>	<b>140,971</b>
<b>Total assets</b>	<b>153,185</b>	<b>150,589</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	411	393
<b>Total current liabilities</b>	<b>411</b>	<b>393</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	131	115
<b>Total non-current liabilities</b>	<b>131</b>	<b>115</b>
<b>Total liabilities</b>	<b>542</b>	<b>508</b>
<b>Net assets</b>	<b>152,643</b>	<b>150,081</b>
<b>EQUITY</b>		
Accumulated surplus	44,112	42,788
Revaluation reserves	108,531	107,293
<b>Total equity</b>	<b>152,643</b>	<b>150,081</b>

## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Sewerage Service

Comprising the operations & net assets of Council's Sewerage Reticulation & Treatment Operations servicing the Hawkesbury City Council area.

#### Category 2

(where gross operating turnover is less than \$2 million)

Nil

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

## Note – Significant Accounting Policies (continued)

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### Notional rate applied (%)

Corporate income tax rate – **26%** (19/20 27.5%)

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

## Note – Significant Accounting Policies (continued)

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

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**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June**

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As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/21.

#### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.





## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Hawkesbury City Council**

To the Councillors of Hawkesbury City Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Hawkesbury City Council's (the Council) Declared Business Activity, Sewerage Business Activity, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of the Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2021, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

### **Basis for Opinion**

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

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Kenneth Leung

Delegate of the Auditor-General for New South Wales

26 October 2021  
SYDNEY

# Hawkesbury City Council

## SPECIAL SCHEDULES

for the year ended 30 June 2021

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*Hawkesbury City Council leading and working with our  
community to create a healthy and resilient future*

# Hawkesbury City Council

## Special Schedules

for the year ended 30 June 2021

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## Hawkesbury City Council

## Permissible income for general rates

	Notes	Calculation 2020/21 \$ '000	Calculation 2021/22 \$ '000
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	38,392	42,280
Plus or minus adjustments <sup>2</sup>	b	219	155
<b>Notional general income</b>	$c = a + b$	<b>38,611</b>	<b>42,435</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	9.50%	0.00%
Or rate peg percentage	e	0.00%	2.00%
Plus special variation amount	$h = d \times (c + g)$	3,668	—
Or plus rate peg amount	$i = e \times (c + g)$	—	849
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>42,279</b>	<b>43,284</b>
Plus (or minus) last year's carry forward total	l	—	(1)
<b>Sub-total</b>	$n = (l + m)$	<b>—</b>	<b>(1)</b>
<b>Total permissible income</b>	$o = k + n$	<b>42,279</b>	<b>43,283</b>
Less notional general income yield	p	42,280	43,288
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>—</b>	<b>(5)</b>
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>—</b>	<b>(5)</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Hawkesbury City Council

To the Councillors of Hawkesbury City Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Hawkesbury City Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.



The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Kenneth Leung

Delegate of the Auditor-General for New South Wales

26 October 2021  
SYDNEY

## Hawkesbury City Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Council Offices/ Admin Centres	42	1,268	1,340	8,949	17,997	60.8%	31.2%	7.5%	0.5%	0.0%
	Council Work Depot	18	172	211	3,939	7,618	27.9%	61.8%	9.8%	0.6%	0.0%
	Council Public Halls	462	281	324	20,044	31,552	27.9%	47.0%	22.0%	2.3%	0.9%
	Libraries	25	798	850	9,887	15,792	34.9%	59.9%	4.6%	0.6%	0.0%
	Cultural Facilities	82	133	136	4,378	7,195	28.0%	66.0%	4.0%	1.0%	1.0%
	Council Houses	63	45	6	1,119	4,926	0.0%	28.0%	70.0%	2.0%	0.0%
	Child Care Centres	98	169	125	9,914	16,925	15.3%	65.9%	17.8%	1.1%	0.0%
	Amenities/Toilets	1,718	469	450	10,807	22,085	6.0%	73.0%	12.0%	1.0%	8.0%
	Leisure Facilities	129	376	381	20,078	31,070	27.8%	64.5%	6.8%	0.8%	0.1%
	Other – Emergency Services	32	258	192	8,152	14,766	11.8%	66.3%	21.4%	0.4%	0.0%
	<b>Sub-total</b>	<b>2,669</b>	<b>3,969</b>	<b>4,015</b>	<b>97,267</b>	<b>169,926</b>	<b>25.7%</b>	<b>57.6%</b>	<b>14.4%</b>	<b>1.1%</b>	<b>1.3%</b>
<b>Other structures</b>	Other structures	28	8	4	6,431	13,795	25.0%	31.7%	43.0%	0.0%	0.3%
	<b>Sub-total</b>	<b>28</b>	<b>8</b>	<b>4</b>	<b>6,431</b>	<b>13,795</b>	<b>25.0%</b>	<b>31.7%</b>	<b>43.0%</b>	<b>0.0%</b>	<b>0.3%</b>
<b>Roads</b>	Sealed Roads Surface	4,592	1,843	1,613	81,952	113,754	64.0%	13.0%	12.0%	3.0%	8.0%
	Unsealed roads	4,458	2,602	2,186	37,160	64,069	15.0%	57.0%	10.0%	3.0%	15.0%
	Sealed Roads Structure	8,036	5,540	5,570	449,956	544,879	30.0%	44.0%	21.0%	3.0%	2.0%
	Bridges	1,750	76	30	28,751	46,557	23.0%	71.0%	2.0%	0.0%	4.0%
	Footpaths/ Cycle Ways	293	78	66	16,076	22,083	37.0%	24.0%	36.0%	3.0%	0.0%
	Kerb and Gutter	–	16	14	37,207	60,346	15.0%	15.0%	70.0%	0.0%	0.0%
	Car Park	–	32	23	14,225	19,703	7.0%	37.0%	56.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	139	400	501	102,112	109,455	14.0%	10.0%	72.0%	2.0%	2.0%
	<b>Sub-total</b>	<b>19,268</b>	<b>10,587</b>	<b>10,003</b>	<b>767,439</b>	<b>980,846</b>	<b>29.6%</b>	<b>36.4%</b>	<b>28.1%</b>	<b>2.5%</b>	<b>3.4%</b>
<b>Water supply network</b>	Recycle Water Network – Treatment Plant	–	–	–	2,284	3,859	0.0%	100.0%	0.0%	0.0%	0.0%
	Recycle Water Network – Reticulation	–	–	–	3,010	4,130	0.0%	100.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,294</b>	<b>7,989</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Hawkesbury City Council

## Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Mains	—	89	86	12,994	17,862	53.0%	20.0%	27.0%	0.0%	0.0%
	Manholes	20	63	58	15,251	21,039	15.0%	38.0%	46.0%	1.0%	0.0%
	Reticulation	817	263	231	47,692	65,840	23.0%	4.0%	68.0%	5.0%	0.0%
	Pump Stations	—	432	433	18,121	22,780	42.0%	57.0%	1.0%	0.0%	0.0%
	Treatment Works	—	2,814	3,260	37,735	50,631	42.0%	38.0%	20.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>837</b>	<b>3,661</b>	<b>4,068</b>	<b>131,793</b>	<b>178,152</b>	<b>32.9%</b>	<b>26.1%</b>	<b>39.1%</b>	<b>2.0%</b>	<b>0.0%</b>
Stormwater drainage	Retarding Basins	—	—	—	1,974	1,985	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	—	55	54	162,329	187,826	19.0%	46.0%	35.0%	0.0%	0.0%
	Inlet and Junction Pits	—	5	2	13,914	15,157	27.0%	23.0%	50.0%	0.0%	0.0%
	Head Walls	—	2	1	1,349	1,490	12.0%	43.0%	45.0%	0.0%	0.0%
	Gross Pollutant Traps	—	53	59	4,619	5,669	51.0%	17.0%	32.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>115</b>	<b>116</b>	<b>184,185</b>	<b>212,127</b>	<b>21.1%</b>	<b>43.1%</b>	<b>35.7%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space / recreational assets	Swimming pools	—	162	169	2,193	5,297	35.0%	52.0%	13.0%	0.0%	0.0%
	Open Space/Rec	555	4,308	4,466	17,755	37,027	23.0%	53.0%	21.0%	2.0%	1.0%
	<b>Sub-total</b>	<b>555</b>	<b>4,470</b>	<b>4,635</b>	<b>19,948</b>	<b>42,324</b>	<b>24.5%</b>	<b>52.9%</b>	<b>20.0%</b>	<b>1.7%</b>	<b>0.9%</b>
<b>Total – all assets</b>		<b>23,357</b>	<b>22,810</b>	<b>22,841</b>	<b>1,212,357</b>	<b>1,605,159</b>	<b>28.1%</b>	<b>39.1%</b>	<b>28.6%</b>	<b>1.9%</b>	<b>2.3%</b>

(a) Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

## Hawkesbury City Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals <sup>1</sup>	16,350	73.30%	65.52%	>= 100.00%
Depreciation, amortisation and impairment <sup>2</sup>	22,306			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	23,357	1.91%	0.75%	< 2.00%
Net carrying amount of infrastructure assets	1,223,006			
Asset maintenance ratio				
Actual asset maintenance	22,841	100.14%	105.78%	> 100.00%
Required asset maintenance	22,810			

(\*) All asset performance indicators are calculated using classes identified in the previous table.

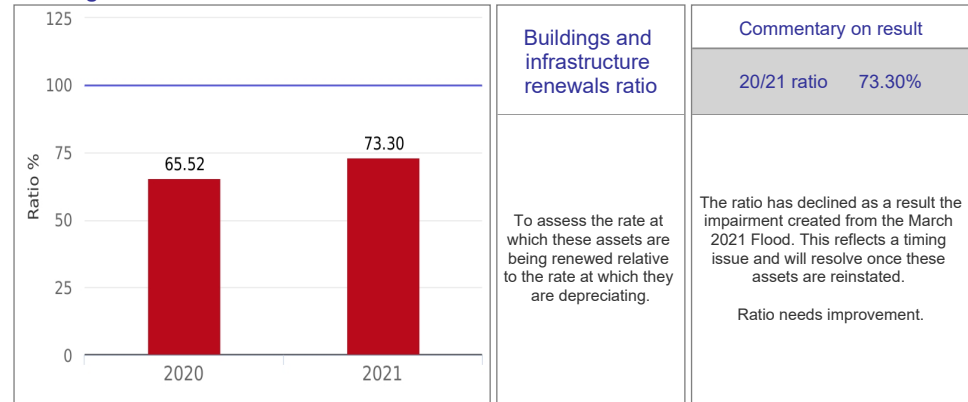
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) Impairment relates to the damage caused by the March 2021 flood. It is anticipated that the reinstatement of these assets will occur within the next two years. Removing impairment would bring this ratio to 71%.

## Hawkesbury City Council

### Report on infrastructure assets as at 30 June 2021

#### Buildings and infrastructure renewals ratio



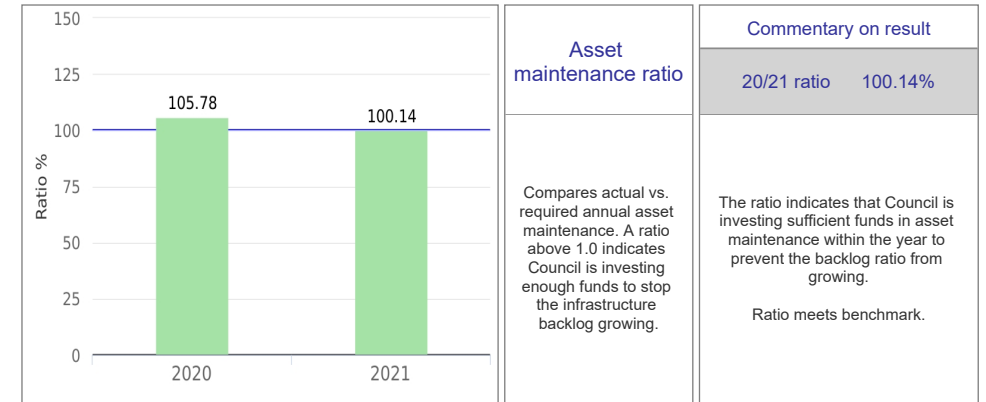
Benchmark: —  $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Asset maintenance ratio



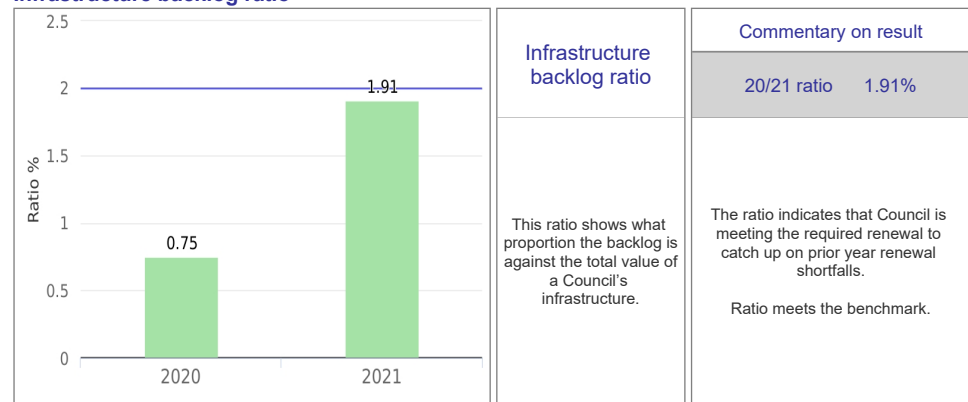
Benchmark: —  $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Infrastructure backlog ratio



Benchmark: —  $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## Hawkesbury City Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>					
Depreciation, amortisation and impairment	78.64%	68.42%	19.68%	40.90%	>= 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	2.07%	0.76%	0.61%	0.64%	< 2.00%
Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	98.04%	104.11%	111.12%	112.55%	> 100.00%

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.