

Bellingen Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

Connected, Sustainable, Creative.



Bellingen Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Connected, Sustainable, Creative.



Bellingen Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Bellingen Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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:

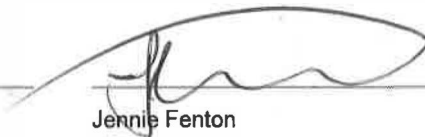
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

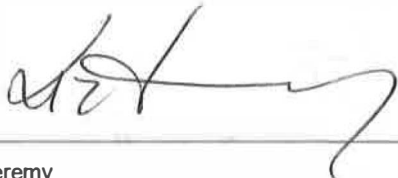
Signed in accordance with a resolution of Council made on 27 October 2021.



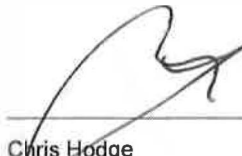
Dominic King
Mayor
27 October 2021



Jennie Fenton
Councillor
27 October 2021



Liz Jeremy
General Manager
27 October 2021



Chris Hodge
Responsible Accounting Officer
27 October 2021

Bellingen Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
15,799	Rates and annual charges	B2-1	16,068	15,528
8,180	User charges and fees	B2-2	9,423	8,490
484	Other revenue	B2-3	487	363
6,284	Grants and contributions provided for operating purposes	B2-4	7,853	7,546
14,352	Grants and contributions provided for capital purposes	B2-4	11,487	2,058
729	Interest and investment income	B2-5	1,026	1,242
–	Other income	B2-6	375	268
–	Net gains from the disposal of assets	B4-1	363	195
45,828	Total income from continuing operations		47,082	35,690
Expenses from continuing operations				
11,148	Employee benefits and on-costs	B3-1	11,537	10,594
10,193	Materials and services	B3-2	14,057	14,282
404	Borrowing costs	B3-3	396	487
7,765	Depreciation, amortisation and impairment for non-financial assets	B3-4	8,562	7,886
3,620	Other expenses	B3-5	1,993	1,233
33,130	Total expenses from continuing operations		36,545	34,482
12,698	Operating result from continuing operations		10,537	1,208
12,698	Net operating result for the year attributable to Council		10,537	1,208
Net operating result for the year before grants and contributions provided for capital purposes				
(1,654)			(950)	(850)

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

Bellingen Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		10,537	1,208
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	7,786	27,169
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	(15,150)	–
Total items which will not be reclassified subsequently to the operating result		(7,364)	27,169
Total other comprehensive income for the year		(7,364)	27,169
Total comprehensive income for the year attributable to Council		3,173	28,377

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

Bellingen Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,557	8,976
Investments	C1-2	28,882	16,919
Receivables	C1-4	8,332	6,255
Inventories	C1-5	516	462
Contract assets and contract cost assets	C1-6	271	400
Current assets classified as 'held for sale'	C1-7	705	–
Total current assets		44,263	33,012
Non-current assets			
Investments	C1-2	–	3,100
Receivables	C1-4	325	281
Infrastructure, property, plant and equipment	C1-8	453,453	452,951
Investment property	C1-9	2,890	2,630
Intangible Assets	C1-10	1,010	1,070
Total non-current assets		457,678	460,032
Total assets		501,941	493,044
LIABILITIES			
Current liabilities			
Payables	C3-1	2,786	5,022
Contract liabilities	C3-2	3,553	100
Borrowings	C3-3	1,342	779
Employee benefit provisions	C3-4	2,835	2,748
Provisions	C3-5	969	978
Total current liabilities		11,485	9,627
Non-current liabilities			
Payables	C3-1	10	9
Borrowings	C3-3	9,424	5,522
Employee benefit provisions	C3-4	146	141
Provisions	C3-5	1,049	1,091
Total non-current liabilities		10,629	6,763
Total liabilities		22,114	16,390
Net assets		479,827	476,654
EQUITY			
Accumulated surplus	C4-1	290,095	279,558
IPPE revaluation reserve	C4-1	189,732	197,096
Council equity interest		479,827	476,654
Total equity		479,827	476,654

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

Bellingen Shire Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		279,558	197,096	476,654	279,361	169,927	449,288
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(1,011)	-	(1,011)
Restated opening balance		279,558	197,096	476,654	278,350	169,927	448,277
Net operating result for the year		10,537	-	10,537	1,208	-	1,208
Net operating result for the period		10,537	-	10,537	1,208	-	1,208
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	-	7,786	7,786	-	27,169	27,169
- Impairment (loss) reversal relating to IPP&E	C1-8	-	(15,150)	(15,150)	-	-	-
Other comprehensive income		-	(7,364)	(7,364)	-	27,169	27,169
Total comprehensive income		10,537	(7,364)	3,173	1,208	27,169	28,377
Closing balance at 30 June		290,095	189,732	479,827	279,558	197,096	476,654

Bellingen Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
15,774	Rates and annual charges		16,154	15,180
8,022	User charges and fees		8,151	8,805
683	Investment and interest revenue received		1,028	1,457
21,168	Grants and contributions		14,733	8,344
–	Bonds, deposits and retention amounts received		50	4
336	Other		1,922	1,240
<i>Payments:</i>				
(11,134)	Employee benefits and on-costs		(11,603)	(10,466)
(9,888)	Materials and services		(16,294)	(15,363)
(382)	Borrowing costs		(395)	(537)
(3,620)	Other		(4,301)	(1,542)
20,959	Net cash flows from operating activities	G1-1	9,445	7,122
Cash flows from investing activities				
<i>Receipts:</i>				
5,662	Sale of investment securities		19,000	17,500
–	Sale of infrastructure, property, plant and equipment		677	271
<i>Payments:</i>				
–	Purchase of investment securities		(13,863)	(6,774)
–	Acquisition of term deposits		(14,000)	–
–	Purchase of investment property		–	(47)
(31,670)	Purchase of infrastructure, property, plant and equipment		(9,061)	(9,083)
–	Purchase of intangible assets		(82)	(651)
(26,008)	Net cash flows from investing activities		(17,329)	1,216
Cash flows from financing activities				
<i>Receipts:</i>				
6,000	Proceeds from borrowings		5,500	–
<i>Payments:</i>				
(783)	Repayment of borrowings		(1,035)	(738)
5,217	Net cash flows from financing activities		4,465	(738)
168	Net change in cash and cash equivalents		(3,419)	7,600
1,500	Cash and cash equivalents at beginning of year		8,976	1,376
1,668	Cash and cash equivalents at end of year	C1-1	5,557	8,976
21,556	plus: Investments on hand at end of year	C1-2	28,882	16,919
23,224	Total cash, cash equivalents and investments		34,439	25,895

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

Bellingen Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 October 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.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-9
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

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
- Water service

A1-1 Basis of preparation (continued)

- Sewerage service

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

Income relating to volunteer services should be recognised where the amount is material, the services would be purchased if they were not donated and the amounts of the volunteer services can be measured reliably. Council is not able to reliably measure the value of volunteer services at this time and so are unable to recognise them in the financial statements. Council does not consider the amount to be material.

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 2021 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.

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 1 July 2020.

None of these standards had a significant impact on the reported financial position or performance.

COVID-19 Impact

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has continued to impact Councils operations. This impact is reflected in the financial statements for the year ended 30 June 2021.

In early March 2020, Council facilitated the establishment of the Bellingen Shire Pandemic Response Group. The Pandemic Response Group consists of representatives from council and business, local medical and emergency services professionals, and community service providers. The groups focus was on the key community areas of clinical support, community preparedness and resilience, community information, business support services and the maintenance of council's essential community services.

As the pandemic has continued to emerge, a large proportion of Councils indoor based staff were required to work from home for extended periods throughout the year and other work health and safety procedures were introduced to ensure social distancing and the general well being of staff, contractors and other stakeholders.

Going concern

A1-1 Basis of preparation (continued)

Council has considered its updated Operation Plan and Long Term Financial Plans and the key financial risks and uncertainties in assessing Council as a going concern including liquidity and working capital risk, credit risk, significant accounting judgements and key sources of estimate uncertainty.

Despite the continued impact of COVID-19 on the 2020/21 financial year, the continuation of some of the financial support concessions introduced in the 2019/20 financial year, and the uncertain timeframe required for some areas of Council's operations to fully recover from COVID-19, as at the date of preparing and signing Council's financial statements, Council has sufficient resources to conclude that using the going concern basis is appropriate in preparing its financial statements.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020 ¹
Functions or activities										
Governance	–	–	408	265	(408)	(265)	–	–	–	–
Administration	1,259	2,565	3,101	1,810	(1,842)	755	177	–	36,642	34,696
Public order and safety	520	406	1,261	978	(741)	(572)	416	264	7,940	7,518
Health	43	46	80	2	(37)	44	–	–	25	24
Environment	4,753	4,961	3,941	4,847	812	114	662	231	308	292
Community services and education	388	418	928	876	(540)	(458)	161	179	6,138	5,812
Housing and community amenities	382	330	1,242	1,351	(860)	(1,021)	119	10	20,792	19,688
Water supplies	3,118	3,414	2,701	3,130	417	284	40	373	56,415	55,580
Sewerage services	4,393	3,864	3,288	3,238	1,105	626	386	–	48,003	46,386
Recreation and culture	176	1,162	3,040	3,238	(2,864)	(2,076)	262	1,083	41,959	39,731
Mining, manufacturing and construction	251	299	376	608	(125)	(309)	–	85	375	355
Transport and communication	15,974	8,963	15,377	13,569	597	(4,606)	4,813	2,874	293,601	278,011
Economic Affairs	746	722	802	570	(56)	152	150	73	5,228	4,951
General Purpose	15,079	8,540	–	–	15,079	8,540	3,910	4,432	–	–
Other	–	–	–	–	–	–	8,244	–	(15,485)	–
Total functions and activities	47,082	35,690	36,545	34,482	10,537	1,208	19,340	9,604	501,941	493,044

B1-2 Components of functions or activities

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 (e.g. GIPA), and legislative compliance.

Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

Public order and safety

Includes fire protection, emergency services, beach control, enforcement of regulations and animal control.

Health

Activities related to food control and health centres.

Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation— as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family daycare; child care; and other family and children services.

Housing and community amenities

Includes public cemeteries; public conveniences; streetlighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

Water supplies

Includes management of water, and activities associated with water supply and services provided by water utilities.

Sewerage services

Includes management of sewer, and activities associated with sewerage treatment and services provided by sewer utilities.

Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

Mining, manufacturing and construction

Includes building control, quarries and pits.

Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths and parking areas.

Economic Affairs

Includes camping areas; tourism and area promotion; industrial development promotion; saleyards and markets; real estate development; and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	6,802	6,581
Farmland	1,125	1,122
Business	527	513
Less: pensioner rebates (mandatory)	(226)	(233)
Rates levied to ratepayers	8,228	7,983
Pensioner rate subsidies received	125	129
Total ordinary rates	8,353	8,112
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	2,990	2,871
Water supply services	661	635
Sewerage services	3,563	3,432
Waste management services (non-domestic)	615	594
Less: pensioner rebates (mandatory)	(266)	(269)
Annual charges levied	7,563	7,263
Pensioner subsidies received:		
– Water	56	53
– Sewerage	40	41
– Domestic waste management	56	59
Total annual charges	7,715	7,416
Total rates and annual charges	16,068	15,528

Council has used 1 July 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	1,737	1,610
Sewerage services	1	181	140
Waste management services (non-domestic)	2	290	220
Liquid trade waste	2	44	42
Total specific user charges		2,252	2,012
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67	1	242	252
Regulatory/ statutory fees	2	323	320
Planning Certificates	2	123	51
Section 603 Certificates	2	31	21
Inspection Fees	2	33	35
Other	2	49	53
Total fees and charges – statutory/regulatory		801	732
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	49	51
Leaseback fees – Council vehicles	1	57	60
Transport for NSW works (state roads not controlled by Council)	1	5,931	5,315
Respite Care	1	221	186
Other	2	37	31
Parking Fines	2	75	103
Total fees and charges – other		6,370	5,746
Total user charges and fees		9,423	8,490
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		8,369	7,309
User charges and fees recognised at a point in time (2)		1,054	1,181
Total user charges and fees		9,423	8,490

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided. The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Rental income – other council properties	2	7	6
Legal fees recovery – rates and charges (extra charges)	2	13	27
Raleigh reuse centre	2	47	39
SES reimbursements	2	–	4
Scrap metal sales	2	90	74
Tourist centre income	2	8	22
Town planning income	2	–	6
Other	2	48	43
Workers compensation/OHS rebate	2	88	99
Insurance Claim Recoveries	2	136	14
Container Deposit Scheme	2	50	29
Total other revenue		487	363

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		363
Total other revenue		487

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component ¹	2	1,432	1,430	–	–
Financial assistance – local roads component ¹	2	456	480	–	–
Payment in advance - future year allocation					
Financial assistance – general component ¹	2	1,532	1,514	–	–
Financial assistance – local roads component ¹	2	489	510	–	–
Amount recognised as income during current year		3,909	3,934	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	373	–	–
Sewerage services	2	–	–	374	–
Community care	2	161	179	–	–
Bushfire and emergency services	2	369	263	–	–
Diesel fuel rebate	2	71	85	–	–
Employment and training programs	2	32	10	–	–
Environmental programs	2	5	–	–	–
Library	2	100	92	7	234
Heritage and cultural	2	12	10	–	–
Noxious weeds	2	83	121	–	–
Public halls	1	–	–	(88)	577
Recreation and culture	1	–	–	222	181
Storm/flood damage	2	1,259	10	–	–
Street lighting	2	15	–	–	–
Transport (other roads and bridges funding)	1	96	178	1,650	173
Waste	2	553	58	–	–
Bushfire Recovery	2	–	1,325	–	–
Planning	2	50	–	–	–
Economic Development	2	–	–	–	63
Bridges	2	–	–	892	645
Transport (roads to recovery)	1	595	595	–	–
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	268	268	54	54
Tourism	2	140	–	–	–
Other contributions	2	135	–	10	–
Crown lands		–	45	8,244	–
Total special purpose grants and non-developer contributions – cash		3,944	3,612	11,365	1,927
Total special purpose grants and non-developer contributions (tied)		3,944	3,612	11,365	1,927
Total grants and non-developer contributions		7,853	7,546	11,365	1,927
Comprising:					
– Commonwealth funding		4,504	4,529	–	–
– State funding		2,950	2,704	3,072	1,873
– Other funding		399	313	8,293	54
		7,853	7,546	11,365	1,927

B2-4 Grants and contributions (continued)

- (1) (1) \$2.021M of the 2021-2022 Financial Assistance Grant from the Commonwealth Government was received by Council in June 2021. This is reported as 2020-2021 income although it relates to the 2021-2022 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	70	41
S 64 – water supply contributions		2	–	–	40	63
S 64 – sewerage service contributions		2	–	–	12	27
Total developer contributions – cash			–	–	122	131
Total developer contributions			–	–	122	131
Total grants and contributions			7,853	7,546	11,487	2,058
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			691	–	1,784	–
Grants and contributions recognised at a point in time (2)			7,162	7,546	9,703	2,058
Total grants and contributions			7,853	7,546	11,487	2,058

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

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

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:

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	1,397	2,218	308	1,279
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	52	1,309	-	100
Add: Funds received and not recognised as revenue in the current year	-	-	4,523	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(817)	(2,130)	-	(1,071)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	(1,275)	-
Unspent funds at 30 June	632	1,397	3,556	308
Contributions				
Unspent funds at 1 July	7,864	8,928	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	290	166	-	-
Add: contributions received and not recognised as revenue in the current year	-	-	-	-
Add: 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	-	-	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(25)	(1,230)	-	-
Unspent contributions at 30 June	8,129	7,864	-	-

Council has received funding for expenditure predominantly relating to the construction of capital infrastructure. All funds are expected to be spent within the next reporting period.

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include the construction of infrastructure and delivery of project milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by 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* (EP&A Act).

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	28	37
– Cash and investments	998	1,183
– Other	–	22
Total interest and investment income (losses)	1,026	1,242

Accounting policy

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

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

B2-6 Other income

\$ '000	Notes	2021	2020
Fair value increment on investment properties			
Fair value increment on investment properties		260	128
Total fair value increment on investment properties	C1-9	260	128
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		115	140
Total Investment properties		115	140
Total rental income	C2-2	115	140
Total other income		375	268

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	10,129	9,139
Employee leave entitlements (ELE)	1,552	1,533
Superannuation – defined contribution plans	880	879
Superannuation – defined benefit plans	128	133
Workers' compensation insurance	372	296
Fringe benefit tax (FBT)	13	11
Training costs (other than salaries and wages)	178	201
Other	76	73
Total employee costs	13,328	12,265
Less: capitalised costs	(1,791)	(1,671)
Total employee costs expensed	11,537	10,594

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

\$ '000	Notes	2021	2020
Raw materials and consumables		1,731	2,299
– Externally hired plant		1,072	613
– Labour hire		2,216	859
– Swimming pool		394	382
– Transport (roads, bridges, footpaths maintenance)		826	1,952
– Waste contracts		1,786	1,809
– Other contractors		2,876	3,459
– Building and regulation		–	–
Contractor and consultancy costs			
– Contractor and consultancy costs		334	498
- IT Support		26	78
Audit Fees	F2-1	90	69
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	111	111
Advertising		116	113
Bank charges		64	73
Electricity and heating		460	404
Insurance		475	418
Postage		43	34
Printing and stationery		81	84
Street lighting		115	143
Subscriptions and publications		28	27
Telephone and communications		117	103
Valuation fees		54	49
Other expenses		184	73
Licence fees		682	386
Cleaning		60	89
Councillor Expenses Other		16	30
Gas & Other Energy Costs		–	1
Internet, Network Connectivity & Other Communication		62	57
Legal expenses:			
– Legal expenses: planning and development		16	7
– Legal expenses: debt recovery		12	37
– Legal expenses: other		10	25
Total materials and services		14,057	14,282
Total materials and services		14,057	14,282

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on loans		449	444
Total interest bearing liability costs		449	444
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	(53)	43
Total other borrowing costs		(53)	43
Total borrowing costs expensed		396	487

Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required

continued on next page ...

B3-3 Borrowing costs (continued)

to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		914	811
Office equipment		51	55
Furniture and fittings		7	7
Land improvements (depreciable)		66	68
Infrastructure:	C1-8		
– Buildings – non-specialised		662	658
– Buildings – specialised		364	365
– Roads		2,422	2,703
– Bridges		557	508
– Footpaths		35	36
– Stormwater drainage		238	227
– Water supply network		737	721
– Sewerage network		1,177	1,113
– Swimming pools		51	61
– Other open space/recreational assets		142	123
– Other infrastructure		108	64
Other assets:			
– Other		2	2
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-8	61	61
Intangible Assets:			
- Intangible assets	C1-10	142	61
Total depreciation and amortisation costs		7,736	7,644
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		161	–
Infrastructure:	C1-8		
– Buildings – non-specialised		–	104
– Buildings – specialised		125	42
– Roads		2,823	–
– Bridges		1,447	96
– Bulk earthworks		11,325	–
– Water supply network		48	–
– Sewerage network		47	–
Total gross IPPE impairment / revaluation decrement costs		15,976	242
Amounts taken through revaluation reserve	C1-8	(15,150)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		826	242
Total depreciation, amortisation and impairment for non-financial assets		8,562	7,886

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.

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

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

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		49	154
Total impairment of receivables	C1-4	49	154
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		576	403
– Emergency services levy (includes FRNSW, SES, and RFS levies)		25	20
– Libraries contribution		242	234
– NSW fire brigade levy		60	54
– Waste levy		229	49
– Donations, contributions and assistance to local and regional bodies		811	319
Total other		1,943	1,079
Total other expenses		1,992	1,233

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**

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		677	271
Less: carrying amount of plant and equipment assets sold/written off		(314)	(76)
Gain (or loss) on disposal		363	195
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		19,000	17,500
Less: carrying amount of investments sold/redeemed/matured		(19,000)	(17,500)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		363	195

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 state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
REVENUES					
Rates and annual charges	15,799	16,068	269	2%	F
User charges and fees	8,180	9,423	1,243	15%	F
Revenue for user charges and fees exceeded budget due to Council receiving additional revenue due to flood related contract works on State Road MR716.					
Other revenues	484	487	3	1%	F
Operating grants and contributions	6,284	7,853	1,569	25%	F
Operating grant revenues exceeded budget due to Council receiving funds to cover costs of repairing infrastructure damaged during the 2021 floods.					
Capital grants and contributions	14,352	11,487	(2,865)	(20)%	U
Capital grants income is considerably lower than budget due to the delay in the commencement of the Sewering Coastal Villages Project and a delay in the commencement of the Memorial Hall redevelopment project.					
Interest and investment revenue	729	1,026	297	41%	F
Interest and investment revenue exceeded budget due to higher returns received from the TCorp Medium Term managed fund, primarily driven by high share market returns during 2020/21. Original budget estimates assumed a total portfolio return of 2.75%, final return for the financial year was 3.16%.					
Net gains from disposal of assets	-	363	363	∞	F
Other income	-	375	375	∞	F
EXPENSES					
Employee benefits and on-costs	11,148	11,537	(389)	(3)%	U
Materials and services	10,193	14,057	(3,864)	(38)%	U
Material and contracts expenditure is higher as a result in an increase in costs associated with the 2021 flood event. Additionally, a change in the NSW code of Accounting Practice resulted in a significant movement of 'Other Expenses' now being classified in 'Materials and Contracts'.					
Borrowing costs	404	396	8	2%	F
Borrowing costs were lower than budget estimates due to new borrowings interest coming in lower than originally forecast.					
Depreciation, amortisation and impairment of non-financial assets	7,765	8,562	(797)	(10)%	U
Other expenses	3,620	1,993	1,627	45%	F
Other expenses are lower than budget estimates due to a change in the NSW code of Accounting Practice resulting in a significant movement of 'Other Expenses' now being classified as "Materials and Contracts".					

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	20,959	9,445	(11,514)	(55)%	U
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Cashflow from operating activities are lower then estimated due to lower grant revenues. Details outlined above.

Cash flows from investing activities	(26,008)	(17,329)	8,679	(33)%	F
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Cash flows from investing activities are down due to the delay in the commencement of signifcant capital works projects, as outlined above.

Cash flows from financing activities	5,217	4,465	(752)	(14)%	U
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Cash flows from financing activities are lower due to Council not taking out forecast sewer borrowings during the year as a result of the delays in the Sewering Coastal Villages project.

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2021	2020
Cash and cash equivalents		
Cash at bank	5,455	6,973
Cash on Hand	2	2
ME Bank Call Account	100	2,001
Total cash and cash equivalents	5,557	8,976

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,557	8,976
Balance as per the Statement of Cash Flows	5,557	8,976

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

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
Managed funds	10,782	–	9,917	–
Total	10,782	–	9,917	–
Debt securities at amortised cost				
Long term deposits	15,000	–	1,000	–
NCD's, FRN's (with maturities > 3 months)	3,100	–	6,002	3,100
Total	18,100	–	7,002	3,100
Total financial investments	28,882	–	16,919	3,100
Total cash assets, cash equivalents and investments	34,439	–	25,895	3,100

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.

Council's financial assets measured at fair value through profit or loss comprise investments of \$28,881,682 in the Statement of Financial Position.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	34,439	–	25,895	3,100
attributable to:				
External restrictions	30,822	–	22,758	3,100
Internal restrictions	3,188	–	2,264	–
Unrestricted	429	–	873	–
	34,439	–	25,895	3,100

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	3,455	100
Deposits, bonds, etc	71	71
External restrictions – included in liabilities	3,526	171

External restrictions – other

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

Developer contributions – general	1,950	1,865
Developer contributions – water fund	5,358	5,207
Developer contributions – sewer fund	821	792
Specific purpose unexpended grants (recognised as revenue) – general fund	733	1,605
Water fund	10,410	9,737
Sewer fund	7,254	5,766
Domestic waste management	276	276
Environmental levy	417	362
Crown reserves	77	77
External restrictions – other	27,296	25,687

Total external restrictions

	30,822	25,858
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Internal restrictions

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

Plant and vehicle replacement	1,113	685
Employees leave entitlement	512	512
Quarry remediation	61	70
Revolving energy	345	284
Waste management	771	271
Weeds	–	56
Proceeds from sale of investment property	386	386
Total internal restrictions	3,188	2,264

Total restrictions

	34,010	28,122
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	679	251	812	212
Interest and extra charges	20	74	18	69
User charges and fees	6,871	-	4,783	-
Accrued revenues				
– Interest on investments	27	-	36	-
Net GST receivable	847	-	667	-
Fringe Benefit Tax (FBT) Instalments Paid	1	-	3	-
Rural Fire Service	168	-	168	-
Total	8,613	325	6,487	281
Less: provision for impairment				
Rates and annual charges	(258)	-	(225)	-
User charges and fees	(23)	-	(7)	-
Total provision for impairment – receivables	(281)	-	(232)	-
Total net receivables	8,332	325	6,255	281

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	232	78
+ new provisions recognised during the year	49	154
Balance at the end of the year	281	232

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.

C1-4 Receivables (continued)

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.

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	516	-	462	-
Total inventories at cost	516	-	462	-
Total inventories	516	-	462	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	2021	2020
Contract assets	271	400
Total contract assets and contract cost assets	271	400

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	271	-	400	-
Total contract assets	271	-	400	-

Significant changes in contract assets

Contract assets arise due to grant monies yet to be received by Council for the construction of assets which will be under Council's control.

Accounting policy

Contract assets

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

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

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

Contract cost asset – costs to fulfil a contract

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

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

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

C1-6 Contract assets and Contract cost assets (continued)

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

C1-7 Non-current assets classified as held for sale

\$ '000	2021 Current	2020 Current
Non-current assets held for sale		
Land	705	—
Total non-current assets held for sale	705	—
Total non-current assets classified as held for sale	705	—

Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Description of assets classified as held for sale

Council has property assets as held for sale as at 30 June 2021. Previously these assets were designated as "Land - Operational" and disclosed in Note C1-8 Infrastructure, property, plant and equipment. The sale of the assets have been endorsed by Council, and settlement is anticipated to occur during the 2021/22 financial year.

C1-8 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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Other adjustments recognised in P/L	Tfrs from/(to) 'held for sale' category	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	4,991	–	4,991	2,919	2,071	–	–	–	–	(4,579)	–	–	–	–	5,402	–	5,402
Plant and equipment	13,212	(7,331)	5,881	65	1,127	(314)	(914)	–	–	–	160	–	–	12,654	(6,649)	6,005	
Office equipment	1,634	(1,294)	340	–	–	–	(51)	–	–	–	–	–	–	1,634	(1,345)	289	
Furniture and fittings	467	(392)	75	–	–	–	(7)	–	–	86	–	–	–	553	(399)	154	
Land:																	
– Operational land	10,400	–	10,400	–	–	–	–	–	–	–	(1,905)	–	(705)	8,410	–	8,410	
– Community land	7,654	–	7,654	–	–	–	–	–	–	–	1,786	–	–	10,462	–	10,462	
– Crown land	7,867	–	7,867	–	8,243	–	–	–	–	–	119	–	–	18,511	–	18,511	
Land improvements – depreciable	2,588	(1,458)	1,130	142	–	–	(66)	(161)	–	–	279	–	–	4,765	(1,973)	2,792	
Infrastructure:																	
– Buildings – non-specialised	29,415	(14,617)	14,798	–	–	–	(662)	–	–	312	–	–	–	29,727	(15,279)	14,448	
– Buildings – specialised	16,676	(9,014)	7,662	–	–	–	(364)	(125)	–	–	–	–	–	16,551	(9,378)	7,173	
– Roads	131,886	(47,925)	83,961	2,083	–	–	(2,422)	(65)	(2,758)	1,191	–	–	–	132,337	(50,347)	81,990	
– Bridges	42,205	(18,881)	23,324	–	–	–	(557)	(380)	(1,067)	1,087	–	–	–	41,845	(19,438)	22,407	
– Footpaths	2,886	(771)	2,115	–	–	–	(35)	–	–	708	–	–	–	3,594	(806)	2,788	
– Bulk earthworks (non-depreciable)	188,062	–	188,062	–	–	–	–	–	(11,325)	–	–	–	–	176,737	–	176,737	
– Stormwater drainage	25,223	(10,545)	14,678	–	–	–	(238)	–	–	84	–	–	–	25,307	(10,783)	14,524	
– Water supply network	60,127	(24,514)	35,613	194	–	–	(737)	(48)	–	4	–	–	–	60,833	(25,252)	35,581	
– Sewerage network	62,412	(24,672)	37,740	110	–	–	(1,177)	(47)	–	38	–	–	–	63,089	(25,850)	37,239	
– Swimming pools	1,988	(1,168)	820	24	–	–	(51)	–	–	–	(152)	–	–	2,749	(1,148)	1,601	
– Other open space/recreational assets	5,279	(2,490)	2,789	125	–	–	(142)	–	–	357	182	–	–	6,492	(3,181)	3,311	
– Other infrastructure	3,261	(966)	2,295	24	175	–	(108)	–	–	712	(469)	–	–	4,118	(1,185)	2,933	
Other assets:																	
– Library books	5	(5)	–	–	–	–	–	–	–	–	–	–	–	5	(5)	–	
– Other	169	(78)	91	–	–	–	(2)	–	–	–	–	–	–	120	(31)	89	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																	
– Tip assets	849	(184)	665	–	–	–	(61)	–	–	–	–	3	–	849	(242)	607	
– Quarry assets	34	(34)	–	–	–	–	–	–	–	–	–	–	–	34	(34)	–	
Total infrastructure, property, plant and equipment	619,290	(166,339)	452,951	5,686	11,616	(314)	(7,594)	(826)	(15,150)	–	–	3	(705)	7,786	626,778	(173,325)	453,453

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

C1-8 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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	7,358	–	7,358	5,129	452	–	–	–	(7,949)	–	4,991	–	4,991
Plant and equipment	11,964	(7,325)	4,639	–	1,520	(71)	(811)	–	604	–	13,212	(7,331)	5,881
Office equipment	1,641	(1,240)	401	–	–	(6)	(55)	–	–	–	1,634	(1,294)	340
Furniture and fittings	467	(385)	82	–	–	–	(7)	–	–	–	467	(392)	75
Land:													
– Operational land	10,400	–	10,400	–	–	–	–	–	–	–	10,400	–	10,400
– Community land	7,654	–	7,654	–	–	–	–	–	–	–	7,654	–	7,654
– Crown land	7,867	–	7,867	–	–	–	–	–	–	–	7,867	–	7,867
Land improvements – depreciable	2,588	(1,390)	1,198	–	–	–	(68)	–	–	–	2,588	(1,458)	1,130
Infrastructure:													
– Buildings – non-specialised	29,391	(14,015)	15,376	–	–	–	(658)	(104)	184	–	29,415	(14,617)	14,798
– Buildings – specialised	16,776	(8,707)	8,069	–	–	–	(365)	(42)	–	–	16,676	(9,014)	7,662
– Roads	128,688	(52,001)	76,687	1,908	–	–	(2,703)	–	1,134	6,934	131,886	(47,925)	83,961
– Bridges	38,652	(14,001)	24,651	14	–	–	(508)	(96)	879	(1,616)	42,205	(18,881)	23,324
– Footpaths	2,654	(691)	1,963	–	–	–	(36)	–	437	(249)	2,886	(771)	2,115
– Bulk earthworks (non-depreciable)	168,365	–	168,365	–	–	–	–	–	–	19,697	188,062	–	188,062
– Stormwater drainage	22,721	(9,109)	13,612	–	–	–	(227)	–	10	1,283	25,223	(10,545)	14,678
– Water supply network	57,567	(23,794)	33,773	–	167	–	(721)	–	1,847	547	60,127	(24,514)	35,613
– Sewerage network	60,342	(23,559)	36,783	22	280	–	(1,113)	–	1,195	573	62,412	(24,672)	37,740
– Swimming pools	1,988	(1,107)	881	–	–	–	(61)	–	–	–	1,988	(1,168)	820
– Other open space/recreational assets	4,594	(2,367)	2,227	160	–	–	(123)	–	525	–	5,279	(2,490)	2,789
– Other infrastructure	2,695	(902)	1,793	–	35	–	(64)	–	531	–	3,261	(966)	2,295
Other assets:													
– Library books	4	(4)	–	–	–	–	–	–	–	–	5	(5)	–
– Other	169	(76)	93	–	–	–	(2)	–	–	–	169	(78)	91
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	849	(121)	728	–	–	–	(61)	–	–	–	849	(184)	665
– Quarry assets	34	(34)	–	–	–	–	–	–	–	–	34	(34)	–
Total infrastructure, property, plant and equipment	585,428	(160,828)	424,600	7,233	2,454	(77)	(7,583)	(242)	(603)	27,169	619,290	(166,339)	452,951

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

C1-8 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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.

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

Plant and equipment	Years		
Office equipment	5 to 10		
Office furniture	5 to 20		
Computer equipment	4		
Vehicles	3 to 8	Buildings	Years
Other plant and equipment	5 to 20	Buildings: Non Specialised	10 to 60
		Buildings: Specialised	5 to 60
Water and sewer assets		Stormwater assets	
Sewer Network	30 to 100	Drains	85 to 106
Water Network	30 to 100	Pipes	85 to 106
Transportation assets		Other infrastructure assets	
Sealed roads: surface	25	Bulk earthworks	Infinite
Sealed roads: structure	60 to 175	Land improvements	30 to 60
Unsealed roads	25	Swimming pools	27 to 120
Bridges	30 to 106	Other open space/recreational assets	25 to 80
Road pavements - Sealed	55		
Road pavements - Unsealed	20		
Kerb and gutter	100		
Footpaths and cycleways	15 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 amount. These are included in the Income Statement.

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.

C1-8 Infrastructure, property, plant and equipment (continued)

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”.

Council has assessed and determined to not recognise rural fire service assets including land, buildings, plant and vehicles.

Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2021	2020
(i) Impairment losses recognised in the Income Statement:			
Buildings - non specialised		–	104
Buildings - specialised		125	42
Bridges		380	96
Land improvements		161	–
Roads		65	–
Water infrastructure		48	–
Sewer infrastructure		47	–
Total impairment losses		826	242
Impairment of assets – gains/(losses) in P/L	B3-4	826	242
(iii) Impairment losses recognised direct to equity (ARR):			
Roads		2,758	–
Bridges		1,067	–
Bulk Earthworks		11,325	–
Total impairment losses		15,150	–
Impairment of assets – direct to equity (ARR)		15,150	–

C1-9 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	2,890	2,630
Total owned investment property	2,890	2,630

Owned investment property

At fair value

Opening balance at 1 July	2,630	2,455
Capitalised subsequent expenditure	–	47
Net gain/(loss) from fair value adjustments	260	128
Closing balance at 30 June	2,890	2,630

Accounting policy

Investment property, principally comprising business premises, 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 a separate line item.

C1-10 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	1,131	–
Accumulated amortisation	(61)	–
Net book value – opening balance	1,070	–
Movements for the year		
Additions	82	1,131
Amortisation expense	(142)	(61)
Closing values at 30 June		
Gross book value	1,183	1,131
Accumulated amortisation	(173)	(61)
Total software – net book value	1,010	1,070

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 several short term and/or low-value asset lease arrangements for which a right-of-use asset and corresponding lease liability are not required to be recognised under AASB 16.

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:

- child care centres
- community halls

The leases are generally between 1 and 10 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

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

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then 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 to businesses and community groups; these leases have been classified as operating leases for financial reporting purposes. Assets relating to commercial property are included as investment property (refer note C1-9) in the Statement of Financial Position.

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

Council leases a number of properties to both commercial tenants and community groups. Those property assets that are held by Council for the purposes of generating rental income and/or capital appreciation are classified as investment property in the statement of financial position. Other property assets generating lease income are held for a range of community and strategic purposes, and income generated through lease arrangements is considered incidental to these longer term strategic aims.

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)	115	140
Total income relating to operating leases for investment property assets	115	140

Operating lease expenses

Direct operating expenses that generated rental income	9	21
Direct operating expenses that did not generate rental income	33	32
Total expenses relating to operating leases for investment property assets	42	53

Repairs and maintenance: investment property

Other	37	34
Total repairs and maintenance: investment property	37	34

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for all operating leases:

< 1 year	107	102
1–2 years	24	13
Total undiscounted lease payments to be received	131	115

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and Services - operating expenditure:				
- Trade Creditors Control	809	-	992	-
- Other	1,049	-	3,045	-
Accrued expenses:				
- Salaries and wages	106	-	204	-
- Borrowings	90	-	89	-
- Other expenditure	264	10	229	9
Security bonds, deposits and retentions	208	-	158	-
Prepaid rates	260	-	301	-
Other Payables	-	-	4	-
Total payables	2,786	10	5,022	9
Total payables	2,786	10	5,022	9

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	3,553	-	100	-
Total grants received in advance	3,553	-	100	-
Total contract liabilities	3,553	-	100	-

Notes

Contract liabilities represent Capital grants received prior to the performance obligation being satisfied. 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.

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	-	1,011
Total revenue recognised that was included in the contract liability balance at the beginning of the period	-	1,011

Significant changes in contract liabilities

The movement in Contract liabilities for the year represents capital grants received prior to the performance obligation being

C3-2 Contract Liabilities (continued)

satisfied. 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.

Accounting policy

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

C3-3 Borrowings

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Loans – secured ¹	1,342	9,424	779	5,522
Total borrowings	1,342	9,424	779	5,522

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,301	4,465	-	-	-	-	10,766
Total liabilities from financing activities	6,301	4,465	-	-	-	-	10,766

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	7,039	(738)	-	-	-	-	6,301
Total liabilities from financing activities	7,039	(738)	-	-	-	-	6,301

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	100	100
Total financing arrangements	100	100
Drawn facilities		
– Credit cards/purchase cards	12	4
Total drawn financing arrangements	12	4
Undrawn facilities		
– Credit cards/purchase cards	88	96
Total undrawn financing arrangements	88	96

Additional financing arrangements information

continued on next page ...

C3-3 Borrowings (continued)

Breaches and defaults

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,000	–	958	–
Sick leave	314	–	298	–
Long service leave	1,310	146	1,267	141
Other leave – RDO and TIL	211	–	225	–
Total employee benefit provisions	2,835	146	2,748	141

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,816	2,713
	2,816	2,713

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	969	1,049	978	1,091
Sub-total – asset remediation/restoration	969	1,049	978	1,091
Total provisions	969	1,049	978	1,091

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	2,069	2,069
Other	(51)	(51)
Total other provisions at end of year	2,018	2,018
2020		
At beginning of year	2,012	2,012
Other	57	57
Total other provisions at end of year	2,069	2,069

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

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.

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	11,878	632	3,558
User charges and fees	7,360	1,816	247
Interest and investment revenue	212	613	201
Other revenues	469	18	–
Grants and contributions provided for operating purposes	7,853	–	–
Grants and contributions provided for capital purposes	11,061	40	386
Net gains from disposal of assets	363	–	–
Other income	375	–	–
Total income from continuing operations	39,571	3,119	4,392
Expenses from continuing operations			
Employee benefits and on-costs	8,793	1,362	1,382
Materials and services	13,005	463	589
Borrowing costs	396	–	–
Depreciation, amortisation and impairment of non-financial assets	6,370	876	1,316
Other expenses	1,992	–	1
Total expenses from continuing operations	30,556	2,701	3,288
Operating result from continuing operations	9,015	418	1,104
Net operating result for the year	9,015	418	1,104
Net operating result attributable to each council fund	9,015	418	1,104
Net operating result for the year before grants and contributions provided for capital purposes	(2,046)	378	718

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	1,714	2,546	1,297
Investments	8,913	13,231	6,738
Receivables	7,416	404	512
Inventories	274	242	–
Contract assets and contract cost assets	271	–	–
Non-current assets classified as held for sale	705	–	–
Total current assets	19,293	16,423	8,547
Non-current assets			
Receivables	288	6	31
Infrastructure, property, plant and equipment	374,665	39,674	39,114
Investment property	2,890	–	–
Intangible assets	386	312	312
Total non-current assets	378,229	39,992	39,457
TOTAL ASSETS	397,522	56,415	48,004
LIABILITIES			
Current liabilities			
Payables	2,735	31	20
Contract liabilities	3,553	–	–
Borrowings	1,342	–	–
Employee benefit provision	2,547	132	156
Provisions	969	–	–
Total current liabilities	11,146	163	176
Non-current liabilities			
Payables	10	–	–
Borrowings	9,424	–	–
Employee benefit provision	130	7	9
Provisions	1,049	–	–
Total non-current liabilities	10,613	7	9
TOTAL LIABILITIES	21,759	170	185
Net assets	375,763	56,245	47,819
EQUITY			
Accumulated surplus	254,776	21,138	14,181
Revaluation reserves	120,987	35,107	33,638
Council equity interest	375,763	56,245	47,819
Total equity	375,763	56,245	47,819

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.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,557	8,976	5,557	8,976
Receivables	8,657	6,536	8,657	6,536
Investments				
– Debt securities at amortised cost	18,100	10,102	18,100	10,102
Fair value through profit and loss				
Investments				
– Held for trading	10,782	9,917	10,782	9,917
Total financial assets	43,096	35,531	43,096	35,531
Financial liabilities				
Payables	2,796	5,031	2,289	4,730
Loans/advances	10,766	6,301	10,766	6,301
Total financial liabilities	13,562	11,332	13,055	11,031

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 independent advisors.

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 its staff 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 financial 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.

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

- **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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
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	312	261
Impact of a 10% movement in price of investments		
– Equity / Income Statement	323	298

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, with the exception of significant risk exposures in its local area given the nature of Council activities.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	679	75	176	–	930
2020						
Gross carrying amount	–	812	53	159	–	1,024

Receivables - non-rates and annual charges and contract assets

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

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	5,666	1,056	628	349	309	8,008
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
2020						
Gross carrying amount	1,938	1,395	1,038	299	1,074	5,744
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%

(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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	208	2,071	–	–	2,279	2,536
Loans and advances	4.23%	–	1,780	6,130	5,122	13,032	10,766
Total financial liabilities		208	3,851	6,130	5,122	15,311	13,302
2020							
Trade/other payables	0.00%	158	4,572	–	–	4,730	4,730
Loans and advances	6.44%	–	1,188	4,479	2,923	8,590	6,301
Total financial liabilities		158	5,760	4,479	2,923	13,320	11,031

E2-1 Fair value measurement

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

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

During the reporting period Council has also measured the following assets at fair value on a non-recurring basis:

- Non current assets held for sale

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).

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs 2021	2020	Level 3 Significant unobservable inputs 2021	2020	2021	2020
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
– 'At fair value through profit and loss'		10,782	9,917	–	–	10,782	9,917
Total financial assets		10,782	9,917	–	–	10,782	9,917
Investment property							
Investment properties	C1-9	2,890	2,630	–	–	2,890	2,630
Total investment property		2,890	2,630	–	–	2,890	2,630
Infrastructure, property, plant and equipment							
Plant and equipment	C1-8	–	–	6,005	5,881	6,005	5,881
Office equipment		–	–	289	340	289	340
Furniture and fittings		–	–	154	75	154	75
Land – operational		8,410	10,400	–	–	8,410	10,400
Land – community and crown		–	–	28,973	15,521	28,973	15,521
Land improvements – depreciated		–	–	2,792	1,130	2,792	1,130
Buildings –specialised		–	–	7,173	7,662	7,173	7,662
Buildings – non-specialised		–	–	14,448	14,798	14,448	14,798
Roads		–	–	81,990	83,961	81,990	83,961
Bridges		–	–	22,407	23,324	22,407	23,324
Footpaths		–	–	2,788	2,115	2,788	2,115
Bulk earthworks		–	–	176,737	188,062	176,737	188,062
Stormwater drainage		–	–	14,524	14,678	14,524	14,678
Water supply network		–	–	35,581	35,613	35,581	35,613
Sewerage network		–	–	37,239	37,740	37,239	37,740
Swimming pools		–	–	1,601	820	1,601	820
Open space and recreation		–	–	3,311	2,789	3,311	2,789
Other infrastructure		–	–	2,933	2,295	2,933	2,295
Other assets		–	–	89	91	89	91
Tip assets		–	–	607	666	607	666

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs 2021	2020	Level 3 Significant unobservable inputs 2021	2020	2021	2020 ¹
Total infrastructure, property, plant and equipment		8,410	10,400	439,641	437,561	448,051	447,961

Note that capital WIP is not included above since it is carried at cost.

E2-1 Fair value measurement (continued)

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:

Investment property

The investment property is included in Level 2 of the hierarchy and the valuation is based upon the best sales evidence in an active market for similar assets. The key unobservable input to the valuation is price per square metre.

The fair value of the investment property is determined by a qualified and experienced valuer. Council's last valuation of its investment property occurred in June 2021 by Cardow & Partners Property (estate agents). There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

Community & Crown Land

Community Land is based on either the Land Value provided by the Valuer-General or an average unit rate based on the land value for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. The last revaluation of community land was undertaken at 30 June 2021. There has been no change to the valuation process during the reporting period.

Operational Land

The valuation of Operational Land has been based upon relevant sales in the area. In certain locations there was a lack of appropriate comparable sales evidence and in these instances the closest comparable sales and factors relating the land parcels geographic, land use and zoning were also taken into consideration. The last valuation was undertaken at 30 June 2018 by Griffin Valuation Advisory.

Land Under Roads

Land under roads has not been recognised in Council's accounts.

Other Structures

This asset class comprises of various park assets such as water tanks, fencing, small sheds & shelters, lighting & retaining walls. The valuation of these assets have been undertaken internally by Councils Engineering department by experienced engineers. The market value approach was utilised on a number of assets where there was sufficient market evidence. For some assets the valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the engineers. The unobservable inputs place this class of asset at Level 3. The last valuation was undertaken internally by Councils Engineers at 30 June 2021. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment, Furniture & Fittings

Office Equipment are valued at cost but disclosed at fair value in the Notes of the financial statements. It is assumed that the carrying amount of these asset classes is approximate fair value. Assets include graders, motor vehicles, mowers, chainsaws, computers, tables and chairs. The key unobservable inputs are residual life, patterns of consumption and useful life. The last revaluation was undertaken at 30 June 2013. There has been no change to the valuation process during the reporting period.

Buildings

Buildings are classified as either Specialised or Non Specialised as required by the NSW Code of Accounting Practice. Where possible the valuation was based upon the Market Value Approach where comparable market transactions have been obtained and used in the valuation. For the remaining assets the depreciated replacement cost approach was used in the valuation process. The unobservable inputs such as asset condition, patterns of consumption, replacement cost value and useful life relies on the experience and judgement of the valuer and therefore these assets are recorded at Level 3.

The last valuation was undertaken at 30 June 2018 by Opus International Consultants (Australia) Pty Ltd.

Swimming Pools

Swimming Pools were valued in June 2021 by APV Valuers & Asset Management Pty Ltd. The valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the valuer. The unobservable inputs place this class of asset at Level 3. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Open Space & Recreation

This asset class comprises of lighting, benches, barbecues, seating and any other asset relating to open spaces and recreation that were in the Other Structures class of asset. The valuation of these assets have been undertaken internally by Councils Engineering department by experienced engineers. The market value approach was utilised on a number of assets where there was sufficient market evidence. For some assets the valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the engineers. The unobservable inputs place this class of asset at Level 3. The last valuation was undertaken internally by Councils Engineers at 30 June 2019. There has been no change to the valuation process during the reporting period.

Water System Assets

This class of assets includes water mains & reticulation, reservoirs, pumping stations and treatment works. Water system assets were valued at 30 June 2017 by JRA Consulting Services. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Sewer System Assets

This class of assets includes sewer mains & reticulation, pumping stations, treatment works and ancillary. The Sewer system assets were valued at 30 June 2017 by JRA Consulting Services. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Roads, Bridges, Bulk Earthworks, Stormwater Drainage and other Infrastructure Assets

This class of asset includes roads, culverts, bridges, footpaths, kerb & gutter, bulk earthworks and causeways. Each asset class has been broken down into significant components with similar physical and operating characteristics. A separate useful life is applied to each component and they are depreciated independently. The unit replacement cost and the useful life of each asset is aligned with Councils Asset Management Plan. The valuation includes observable inputs for some elements of the revaluation but not for the complete asset. Key unobservable inputs include unit rates, gross replacement cost, condition ratings, pattern of consumption, useful life and residual value. The last valuation was undertaken by G7 Asset Management at 30 June 2020.

Remediation Assets

This class of asset includes the Raleigh Waste Facility and Whites Quarry. Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation of these assets. In particular the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, the timing of remediation and indexation of labour costs. There has been no change to the valuation process during the reporting period. The last valuation was undertaken by Impact Environmental at 30 June 2019.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The valuation processes used for fair value on Level 3 assets is the depreciated replacement cost approach and the market value approach. Assets that have been valued using the market value approach have been included in the Level Fair Value as the unobservable inputs rely on the skill and experience of the valuer.

The depreciated replacement cost approach involves using comparative sales evidence, asset conditions and relies on the skill and experience of the valuer.

The land improvements, operational land, community land, other structures, swimming pools, buildings and open space and recreation assets have had valuations completed by external valuers. The external valuers are independent and are qualified and experienced in their field. The valuations have been prepared in accordance with AASB5, AASB13, ASSB116, AASB136 and AASB140.

In the case of stormwater, sewer and water assets, the valuations have been based on the modern engineering equivalent replacement asset (MEERA).

Before engaging a valuer to undertake valuations, Council requires at least three (3) quotations from suitably qualified valuers. Valuation of the road infrastructure assets has been undertaken internally by Council's Engineering Department. This valuation process involved using unit rates to obtain a replacement cost value and condition assessments of the asset obtained a remaining life. The valuation process also relied on the skill and experience of the Engineers.

The analysis of the Level 3 fair value movements after valuations will be undertaken by the Chief Financial Officer.

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Financial assets		
Investments	Value based upon unit prices calculated and published daily	Prices are observable, however no active market exists for these funds as they are only accessible to government agencies.
Investment properties		
Properties	Valued provided by third-party experienced valuer	Price per square metre and future maintainable earnings assessments.
Infrastructure, property, plant and equipment		
Office Equipment, Furniture and Fittings and Plant and Equipment	Replacement cost	Gross replacement cost Asset condition Remaining useful life Residual value
Land - Operational	Rate per square metre	Rate per square metre
Land - Community	Land values obtained from the NSW Valuer-General	Unimproved Capital Value per square metre provided by Valuer General
Land Improvements	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Buildings (Specialised and non-specialised)	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Roads	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Bridges	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Footpaths	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bulk Earthworks	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Stormwater Drainage	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Water Supply Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Sewer Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Swimming pools	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Open space and Recreational Assets	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Other Infrastructure	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Other assets (Library books and Miscellaneous)	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Tip Assets	Industry Cost Indexes, council and contractor construction rates	Future rehabilitation regulations

E2-1 Fair value measurement (continued)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Land operational	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	5,881	4,639	340	401	75	82	10,400	10,400
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	160	604	–	–	86	–	(2,610)	–
Purchases (GBV)	1,192	1,520	–	–	–	–	–	–
Disposals (WDV)	(314)	(71)	–	(6)	–	–	–	–
Depreciation and impairment	(914)	(811)	(51)	(55)	(7)	(7)	–	–
Revaluation increment/(decrement)	–	–	–	–	–	–	620	–
Closing balance	6,005	5,881	289	340	154	75	8,410	10,400

\$ '000	Land community		Land improvements		Buildings non-specialised		Roads	
	2021	2020	2021	2020	2021	2020	2021	2020 ¹
Opening balance	15,521	15,521	1,130	1,198	14,798	15,377	85,990	76,687
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1,905	–	279	–	312	184	(838)	1,134
Purchases (GBV)	8,243	–	1,371	–	–	–	2,083	1,909
Depreciation and impairment	–	–	(227)	(68)	(662)	(763)	(2,487)	(2,703)
Revaluation increment/(decrement)	3,304	–	239	–	–	–	(2,758)	8,963
Closing balance	28,973	15,521	2,792	1,130	14,448	14,798	81,990	85,990

\$ '000	Bridges		Footpaths		Bulk earthworks		Stormwater drainage	
	2021	2020	2021	2020	2021	2020 ¹	2021	2020
Opening balance	23,324	24,651	2,115	1,963	192,440	168,365	14,678	13,612
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1,087	879	708	437	(4,378)	–	84	10
Purchases (GBV)	–	14	–	–	–	–	–	–
Depreciation and impairment	(937)	(604)	(35)	(36)	–	–	(238)	(227)
Revaluation increment/(decrement)	(1,067)	(1,616)	–	(249)	(11,325)	24,075	–	1,283
Closing balance	22,407	23,324	2,788	2,115	176,737	192,440	14,524	14,678

(1)

E2-1 Fair value measurement (continued)

\$ '000	Water supply network		Sewerage network		Swimming pools		Open space/recreational assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	35,613	33,773	37,740	36,783	820	881	2,789	2,227
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	4	1,847	38	1,195	(152)	–	539	525
Purchases (GBV)	194	167	110	302	24	–	125	160
Depreciation and impairment	(785)	(721)	(1,224)	(1,113)	(51)	(61)	(142)	(123)
Revaluation increment/(decrement)	555	547	575	573	960	–	–	–
Closing balance	35,581	35,613	37,239	37,740	1,601	820	3,311	2,789

\$ '000	Buildings specialised		Other infrastructure		Other assets		Tip assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	7,662	8,069	2,295	1,793	91	93	667	728
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	243	531	–	–	–	–
Purchases (GBV)	–	–	24	35	–	–	–	–
Disposals (WDV)	–	–	(508)	–	–	–	–	–
Depreciation and impairment	(489)	(407)	(108)	(64)	(2)	(2)	(61)	(61)
Revaluation increment/(decrement)	–	–	987	–	–	–	–	–
Closing balance	7,173	7,662	2,933	2,295	89	91	606	667

\$ '000	Total	
	2021	2020
Opening balance	454,369	417,243
Transfers from/(to) another asset class	(2,533)	7,346
Purchases (GBV)	13,366	4,107
Disposals (WDV)	(822)	(77)
Depreciation and impairment	(8,420)	(7,826)
Revaluation increment/(decrement)	(7,910)	33,576
Closing balance	448,050	454,369

No transfers were made in or out of Level 3 fair value hierarchy.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements

Pooled Employers are required to pay 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 to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$111,939. The last valuation of the Scheme was performed by Richard Boyfield FIA on 30 June 2020.

E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$42,000. Council's expected contribution to the plan for the next annual reporting period is \$105,972

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 this deficit that is broadly attributed to Council is estimated to be in the order of \$49,900 as at 30 June 2021.

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.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

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

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

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. No notifications were received during the year.

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.

(iii) Mixed Waste Landfill costs

The Council has a tripartite agreement with Coffs Harbour City Council (CHCC) and Nambucca Shire Council for its mixed (red bin) waste to be taken to CHCC's waste management facility for processing. Under an agreement between CHCC and the contractor, the mixed waste organic output (MWO) fraction of this waste is further processed into an organic soil conditioner. Through the tripartite agreement, the Council is required to pay its share of the costs of using the contractor.

In October 2018, the NSW Environmental Protection Authority (the NSW EPA) revoked exemptions which allowed the MWO fraction to be applied to land as an organic soil conditioner and instead by default, required it to be disposed of in approved landfills. As a result, and since November 2018, all mixed waste has been transported to Tamworth to be landfilled, triggering legal action by the contractor with CHCC. The cost of transport and landfilling was met by the NSW EPA until April 2020. Since then, the cost has been shared by CHCC and the contractor.

The outcome of the legal action between CHCC and the contractor is unknown, however Council may have the possible obligation for its share of these costs for the remaining 6 years of CHCC's agreement with the contractor. This has been estimated to be up to \$2.2million (\$360,000 per year).

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 30/6/08.

(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:

\$ '000	2021	2020
Compensation:		
Short-term benefits	901	1,018
Post-employment benefits	75	83
Total	976	1,101

Other transactions with KMP and their related parties

There were no other material transactions between KMP and their related parties and Council during the financial year.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	26	26
Councillors' fees	85	83
Total	111	109

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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	83	69
Remuneration for audit and other assurance services	83	69
Total Auditor-General remuneration	83	69
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Audit Risk and Improvement Committee Expenses	7	–
Remuneration for non-assurance services	7	–
Total remuneration of non NSW Auditor-General audit firms	7	–
Total audit fees	90	69

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	10,537	1,208
Adjust for non-cash items:		
Depreciation and amortisation	7,736	7,644
Net losses/(gains) on disposal of assets	(363)	(195)
Non-cash capital grants and contributions	(8,244)	–
Adoption of AASB 15/1058	–	(1,011)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(260)	(128)
– Revaluation decrements / impairments of IPP&E direct to P&L	826	242
Unwinding of discount rates on reinstatement provisions	–	43
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(2,170)	1
Increase/(decrease) in provision for impairment of receivables	49	154
Decrease/(increase) in inventories	(54)	(53)
Decrease/(increase) in other current assets	–	32
Decrease/(increase) in contract assets	129	(400)
Increase/(decrease) in payables	(183)	(61)
Increase/(decrease) in accrued interest payable	1	6
Increase/(decrease) in other accrued expenses payable	(62)	144
Increase/(decrease) in other liabilities	(1,991)	(651)
Increase/(decrease) in contract liabilities	3,453	100
Increase/(decrease) in provision for employee benefits	92	(10)
Increase/(decrease) in other provisions	(51)	57
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	9,445	7,122

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	2	–
IT Infrastructure	4	–
Buildings	155	–
Road infrastructure	57	–
Total commitments	218	–

G3 Statement of developer contributions as at 30 June 2021

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	11	–	–	–	–	–	11	–
Roads	937	64	–	21	–	–	1,022	–
Parking	30	–	–	–	–	–	30	–
Community facilities	777	6	–	17	(25)	–	775	–
S7.11 contributions – under a plan	1,755	70	–	38	(25)	–	1,838	–
Total S7.11 and S7.12 revenue under plans	1,755	70	–	38	(25)	–	1,838	–
S64 contributions	5,999	52	–	128	–	–	6,179	–
S7.11 not under plans	110	–	–	2	–	–	112	–
Total contributions	7,864	122	–	168	(25)	–	8,129	–

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – Community services and amenities								
Community facilities	627	4	–	14	(25)	–	620	–
Total	627	4	–	14	(25)	–	620	–
CONTRIBUTION PLAN – South Urunga Development Area								
Roads	14	3	–	–	–	–	17	–
Total	14	3	–	–	–	–	17	–
CONTRIBUTION PLAN – Bellingen Council Roads								
Roads	1,769	61	–	39	–	–	1,869	–
Total	1,769	61	–	39	–	–	1,869	–
CONTRIBUTION PLAN – Bridge replacement								
Roads	(846)	–	–	(18)	–	–	(864)	–
Total	(846)	–	–	(18)	–	–	(864)	–

continued on next page ...

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – Bushfire Services Plan								
Community facilities	150	2	-	3	-	-	155	-
Total	150	2	-	3	-	-	155	-
CONTRIBUTION PLAN – Bellingen drainage								
Drainage	11	-	-	-	-	-	11	-
Total	11	-	-	-	-	-	11	-
CONTRIBUTION PLAN – Bellingen Parking								
Parking	30	-	-	-	-	-	30	-
Total	30	-	-	-	-	-	30	-

G3-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN								
Drainage	11	-	-	-	-	-	11	-
Other	99	-	-	2	-	-	101	-
Total	110	-	-	2	-	-	112	-

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(697)	(1.99)%	(2.80)%	(12.43)%	0.42%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	34,972					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	35,363	76.12%	72.84%	68.81%	63.41%	> 60.00%
Total continuing operating revenue, inclusive of all grants and contributions ¹	46,459					
3. Unrestricted current ratio						
Current assets less all external restrictions	11,286	2.17x	2.56x	1.94x	2.33x	> 1.50x
Current liabilities less specific purpose liabilities	5,206					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,435	5.20x	6.00x	3.41x	6.44x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,431					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	766	4.51%	5.46%	4.12%	5.25%	< 10.00%
Rates and annual charges collectable	16,995					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	20,557	7.34	8.33	10.43	11.76	> 3.00
Monthly payments from cash flow of operating and financing activities	2,802	mths	mths	mths	mths	mths

(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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(6.43)%	(6.12)%	12.28%	6.62%	17.92%	15.61%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	51.44%	67.46%	98.72%	87.23%	91.21%	99.30%	> 60.00%
Total continuing operating revenue, inclusive of all grants and contributions ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.17x	2.56x	100.75x	56.06x	48.56x	30.53x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.97x	3.59x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	4.44%	5.46%	4.59%	5.50%	4.75%	5.45%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	4.10 mths	3.35 mths	47.20 mths	22.26 mths	23.70 mths	11.16 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

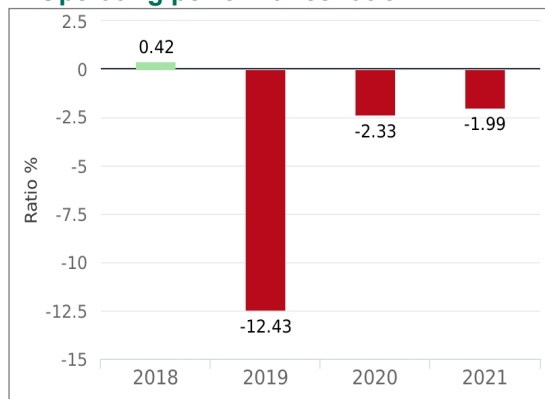
(1) - (2) Refer to Notes at Note G4-1 above.

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

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 (1.99)%

Council's operating performance ratio result represents an improvement from the prior financial year and is significantly better than the 2020/21 ratio estimate of -5.3%. Council is continuing to work on improving this ratio into the future.

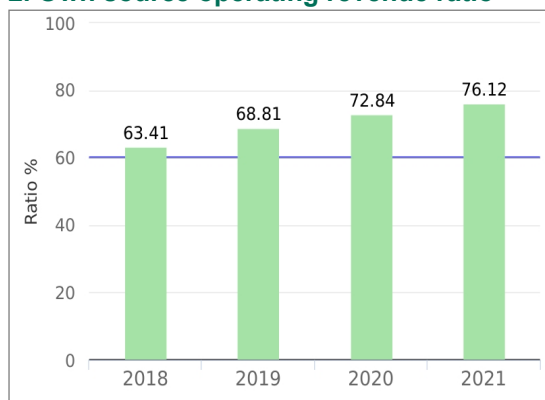
Benchmark: — > 0.00%

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 76.12%

Council's generation of own source revenue is primarily achieved through the collection of rating revenue. Council continues to comfortably exceed the industry benchmark of 60%.

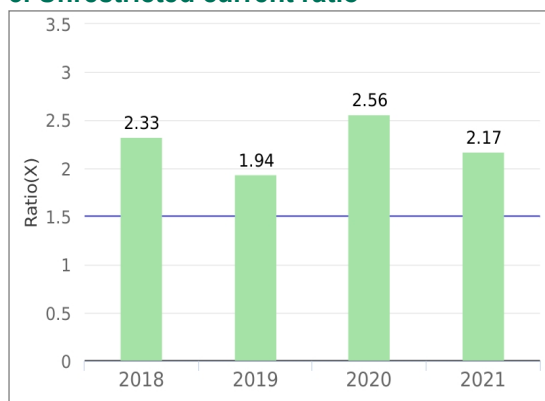
Benchmark: — > 60.00%

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 2.17x

Council's unrestricted current ratio is well above the industry benchmark of 1.50x, indicating Council is able to satisfy its obligations as and when they fall due.

Benchmark: — > 1.50x

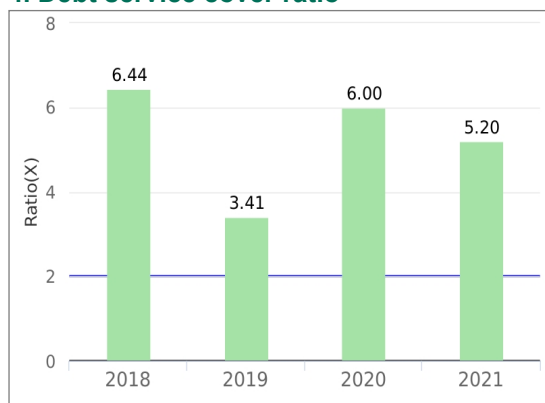
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 5.20x

Council exceeds the industry benchmark on this ratio, indicating sufficient operating cash to service its debts.

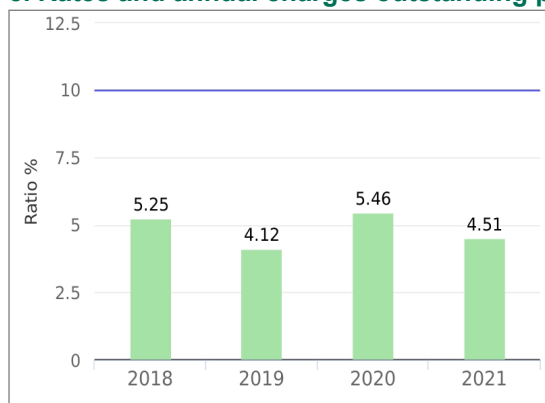
Benchmark: — > 2.00x

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 4.51%

Council's result for 2020/21 is well below the industry benchmark of 10%, reflecting good debt management practices.

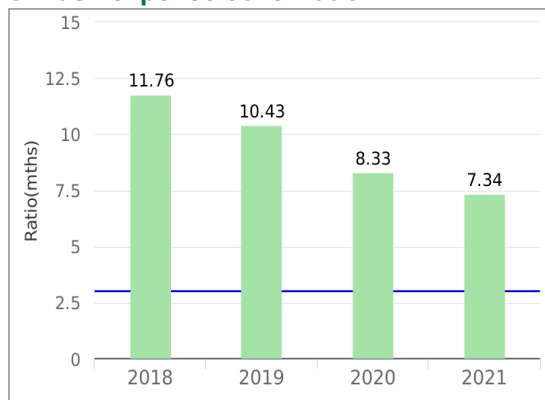
Benchmark: — < 10.00%

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 7.34 mths

This ratio is above the industry benchmark, indicating that Council has sufficient liquidity to mitigate any unforeseen future events.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

Hyde Street
BELLINGEN NSW 2454

Contact details

Mailing Address:

PO Box 117
BELLINGEN NSW 2454

Telephone: 02 6655 7300

Facsimile: 02 6655 2310

Opening hours:

8:30am to 4:30pm
Monday to Friday

Internet: www.bellingen.nsw.gov.au

Email: council@bellingen.nsw.gov.au

Officers

GENERAL MANAGER

Liz Jeremy

RESPONSIBLE ACCOUNTING OFFICER

Chris Hodge

Elected members

MAYOR

Dominic King

Other information

ABN: 26 066 993 265



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Bellingen Shire Council

To the Councillors of the Bellingen Shire Council

Opinion

I have audited the accompanying financial statements of Bellingen Shire 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. 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.



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

28 October 2021
SYDNEY



Mr Dominic King
Mayor
Bellingen Shire Council
33-39 Hyde Street
Bellingen NSW 2454

Contact: Gearoid Fitzgerald
Phone no: 02 9275 7392
Our ref: D2123307/1691

28 October 2020

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Bellingen Shire Council**

I have audited the general purpose financial statements (GPFS) of the Bellingen Shire Council (the 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 the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements

Council did not record rural fire-fighting equipment in the financial statements.

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

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

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	16.1	15.5	↑ 3.9
Grants and contributions revenue	19.3	9.6	↑ 101.0
Operating result from continuing operations	10.5	1.2	↑ 775.0
Net operating result before capital grants and contributions	(1.0)	(0.9)	↓ 11.1

The Council's operating result from continuing operations (\$10.5 million including depreciation and amortisation expense of \$7.7 million) was \$9.3 million higher than the 2019–20 result.

The increase in operating result is largely attributable to the following:

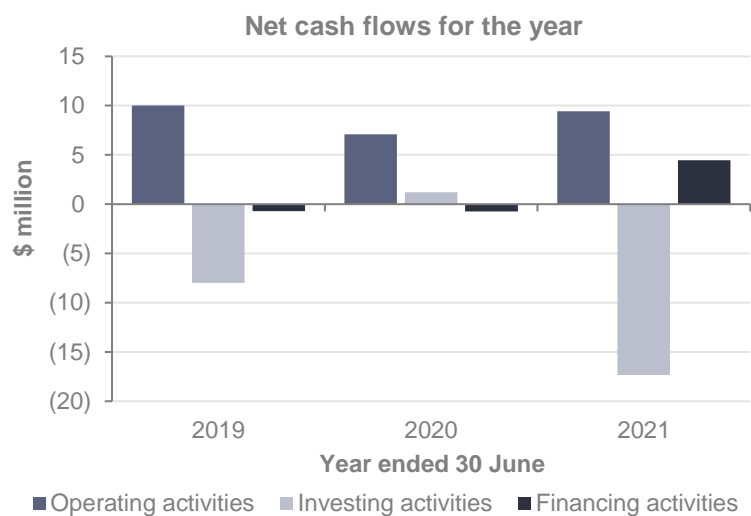
- rates and annual charges revenue (\$16.1 million) increased by \$0.6 million (3.9 per cent). The IPART approved rate peg was 2.0 per cent in 2020–21, however Council had a special rate variation of 3.4% for 2020–21
- grants and contributions revenue (\$19.3 million) increased by \$9.7 million (101.0 per cent)
- employee benefits and on-cost expense (\$11.5 million) increased by \$0.9 million (8.5 per cent)
- depreciation, amortisation and impairment for non-financial assets (\$8.6 million) increased by \$0.7 million (8.5 per cent)

Grants and contributions revenue (\$19.3 million) increased by \$9.7 million (101 per cent) in 2020–21 due to:

- \$8.2 million of Crown land contributions received in 2020–21 as a result of the Crown Lands Handover Review Project
- \$1.3 million of grants received as a result of natural disasters

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$2.3 million. This was largely due to an increase in grants and contributions received, offset by an increase in materials, services, employee and other expenditure
- Net cash used in investing activities increased by \$18.5 million due to Council purchasing additional investment securities (\$13.8 million) and placing additional funds in term deposits (\$14.0 million).
- Net cash from financing activities represented an inflow in 2020–21 due to the receipt of new borrowings of \$5.5 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	34.4	29.0	• Externally restricted cash and investments increased by \$4.9 million largely due to increases in the water and sewerage services reserve.
Restricted cash and investments:			• Internally restricted cash and investments has increased by \$0.9 million primarily due to planned expenditure on plant and vehicle replacements and waste management.
• External restrictions	30.8	25.9	
• Internal restrictions	3.2	2.3	• Unrestricted balances provide liquidity for day-to-day operations.

PERFORMANCE

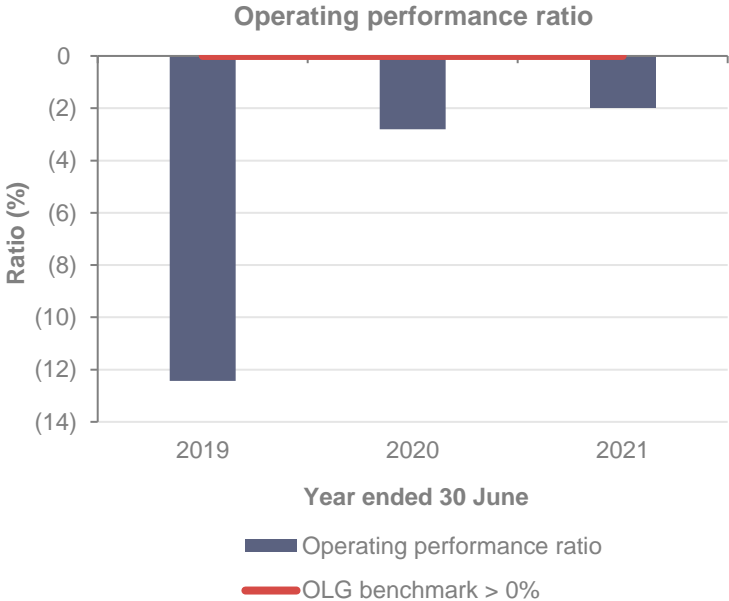
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

Operating performance ratio

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

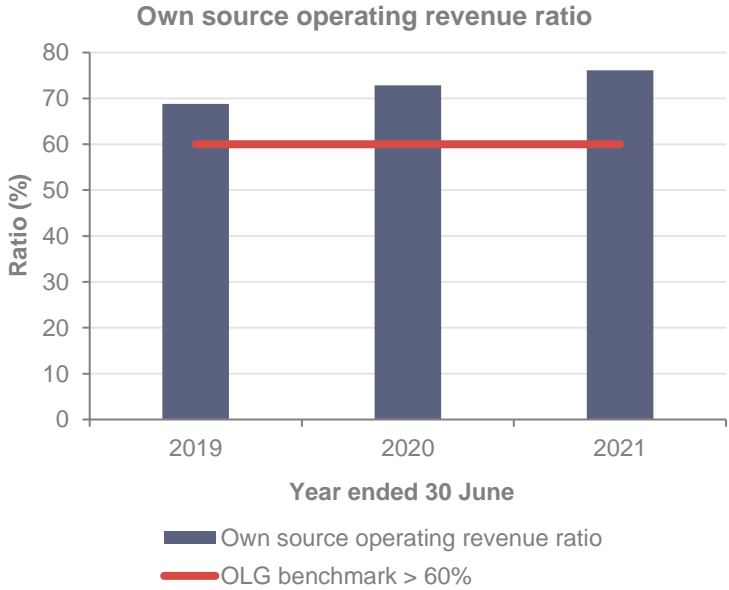
The Council did not meet the OLG benchmark for the current reporting period but demonstrated an improvement in the operating performance ratio compared to the prior year. We note that Council met the benchmark for both the Water and Sewer Funds however did not achieve the benchmark for the General Fund.



Own source operating revenue ratio

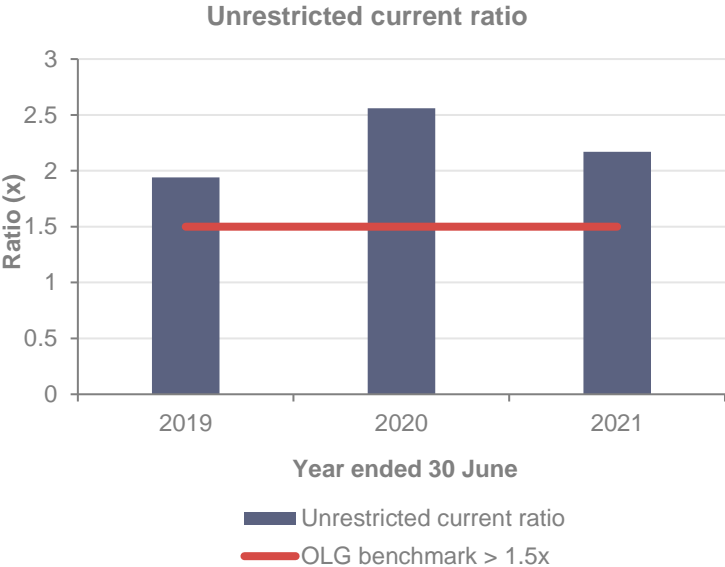
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The Council exceeded the OLG benchmark for the current reporting period.



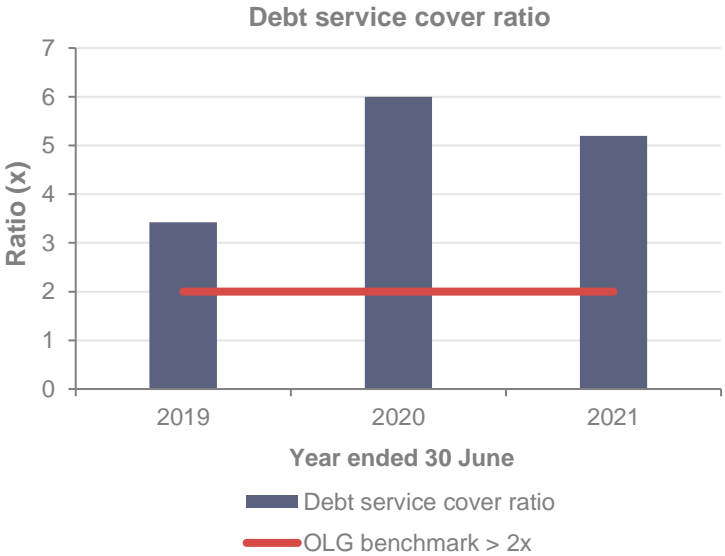
Unrestricted current ratio

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



Debt service cover ratio

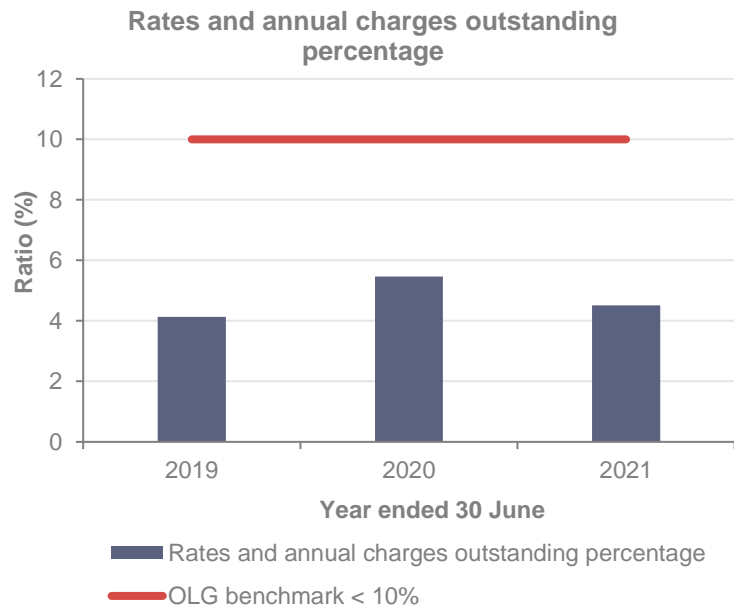
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times. The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

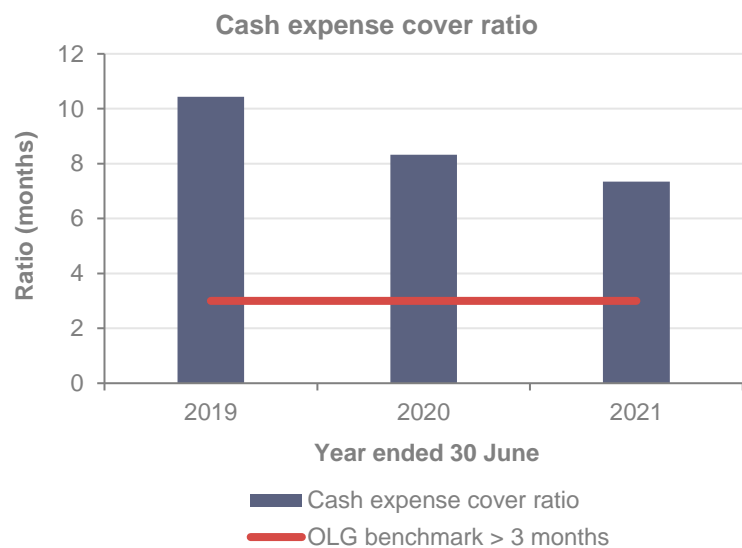
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals


The Council's asset renewal expenditure in the 2020–21 year was \$5.7 million (\$7.2 million in 2019–20). In 2020–21, there was major disruption to the planned capital works program as a result of natural disaster flooding in the local area.

OTHER MATTERS

Legislative compliance

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



Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

cc: Liz Jeremy, General Manager
Allan Shorter, Chair of Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Bellingen Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Connected, Sustainable, Creative.



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Income Statement of sewerage business activity	5
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Statement of Financial Position of sewerage business activity	7
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(1)

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).

Bellingen Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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.

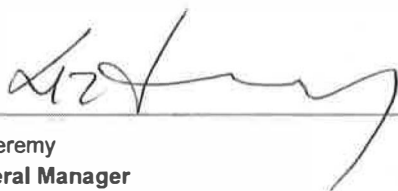
Signed in accordance with a resolution of Council made on 27 October 2021.



Dominic King
Mayor
27 October 2021



Jennie Fenton
Councillor
27 October 2021



Liz Jeremy
General Manager
27 October 2021



Chris Hodge
Responsible Accounting Officer
27 October 2021

Bellingen Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	632	618
User charges	1,816	1,694
Interest	613	653
Grants and contributions provided for non-capital purposes	–	373
Other income	18	14
Total income from continuing operations	3,079	3,352
Expenses from continuing operations		
Employee benefits and on-costs	1,362	1,428
Materials and services	463	687
Depreciation, amortisation and impairment	828	796
Impairment of IPP&E	48	–
Calculated taxation equivalents (incl. NSW Land tax)	6	9
Other expenses	–	219
Total expenses from continuing operations	2,707	3,139
Surplus (deficit) from continuing operations before capital amounts	372	213
Grants and contributions provided for capital purposes	40	63
Surplus (deficit) from continuing operations after capital amounts	412	276
Surplus (deficit) from all operations before tax	412	276
Less: corporate taxation equivalent [based on result before capital]	(97)	(59)
Surplus (deficit) after tax	315	217
Plus accumulated surplus	20,720	20,435
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	6	9
– Corporate taxation equivalent	97	59
Closing accumulated surplus	21,138	20,720
Return on capital %	0.9%	0.5%
Subsidy from Council	219	135
Calculation of dividend payable:		
Surplus (deficit) after tax	315	217
Less: capital grants and contributions (excluding developer contributions)	(40)	–
Surplus for dividend calculation purposes	275	217
Potential dividend calculated from surplus	138	109

Bellingen Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	3,558	3,450
User charges	205	156
Liquid trade waste charges	42	42
Interest	201	179
Other Revenues	–	10
Total income from continuing operations	4,006	3,837
Expenses from continuing operations		
Employee benefits and on-costs	1,382	1,275
Materials and services	589	579
Depreciation, amortisation and impairment	1,271	1,196
Impairment of IPP&E	45	–
Other expenses	1	188
Total expenses from continuing operations	3,288	3,238
Surplus (deficit) from continuing operations before capital amounts	718	599
Grants and contributions provided for capital purposes	386	27
Surplus (deficit) from continuing operations after capital amounts	1,104	626
Surplus (deficit) from all operations before tax	1,104	626
Less: corporate taxation equivalent [based on result before capital]	(187)	(165)
Surplus (deficit) after tax	917	461
Plus accumulated surplus	13,076	12,450
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	187	165
Closing accumulated surplus	14,180	13,076
Return on capital %	1.8%	1.5%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	917	461
Less: capital grants and contributions (excluding developer contributions)	(386)	–
Surplus for dividend calculation purposes	531	461
Potential dividend calculated from surplus	266	231

Bellingen Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	2,546	4,626
Investments	13,231	8,720
Receivables	404	562
Inventories	242	162
Total current assets	16,423	14,070
Non-current assets		
Investments	–	1,598
Receivables	6	6
Infrastructure, property, plant and equipment	39,674	39,580
Intangible assets	312	326
Total non-current assets	39,992	41,510
Total assets	56,415	55,580
LIABILITIES		
Current liabilities		
Payables	31	119
Employee benefit provisions	132	132
Total current liabilities	163	251
Non-current liabilities		
Employee benefit provisions	7	7
Total non-current liabilities	7	7
Total liabilities	170	258
Net assets	56,245	55,322
EQUITY		
Accumulated surplus	21,138	20,720
Revaluation reserves	35,107	34,602
Total equity	56,245	55,322

Bellingen Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	1,297	2,030
Investments	6,738	3,827
Receivables	512	188
Total current assets	8,547	6,045
Non-current assets		
Investments	–	701
Receivables	31	29
Infrastructure, property, plant and equipment	39,114	39,285
Intangible assets	312	326
Total non-current assets	39,457	40,341
Total assets	48,004	46,386
LIABILITIES		
Current liabilities		
Payables	20	42
Employee benefit provisions	156	156
Total current liabilities	176	198
Non-current liabilities		
Employee benefit provisions	9	9
Total non-current liabilities	9	9
Total liabilities	185	207
Net assets	47,819	46,179
EQUITY		
Accumulated surplus	14,181	13,076
Revaluation reserves	33,638	33,103
Total equity	47,819	46,179

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 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1 - Business activities with gross operating turnover more than \$2 million

a. Bellingen Shire Council Water Supply

Comprising the whole of the operations and assets of the water supply systems servicing the towns of Bellingen, Urunga, Repton, Mylestom and Dorrigo.

b. Bellingen Shire Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the towns of Bellingen, Urunga and Dorrigo.

Category 2 - Business activities with gross operating turnover 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)

Notional rate applied (%)

Corporate income tax rate – 26%

Land tax – the first \$755,000 of combined land values attracts 0%. For the combined land values in excess of \$755,001 up to \$4,488,000 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 Planning, Industry and Environment (DPIE) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the Department of Planning, Industry and Environment (DPIE) – 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%.

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.

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.

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 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 surpluses.

Each dividend must be calculated and approved in accordance with the Department of Planning, Industry and Environment (DPIE) – 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 Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning, Industry and Environment (DPIE) – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Bellingen Shire Council

To the Councillors of the Bellingen Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

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

A handwritten signature in cursive script that reads "Gearoid Fitzgerald".

Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

28 October 2021
SYDNEY

Bellingen Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

Connected, Sustainable, Creative.



Bellingen Shire Council

Special Schedules

for the year ended 30 June 2021

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Bellingen Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	8,278	8,532
Plus or minus adjustments ²	b	35	4
Notional general income	c = a + b	8,313	8,536
Permissible income calculation			
Special variation percentage ³	d	6.00%	0.00%
Or rate peg percentage	e	0.00%	2.00%
Plus special variation amount	h = d x (c + g)	499	-
Or plus rate peg amount	i = e x (c + g)	-	171
Sub-total	k = (c + g + h + i + j)	8,812	8,707
Plus (or minus) last year's carry forward total	l	5	285
Sub-total	n = (l + m)	5	285
Total permissible income	o = k + n	8,817	8,992
Less notional general income yield	p	8,532	8,999
Catch-up or (excess) result	q = o - p	286	(8)
Carry forward to next year ⁶	t = q + r + s	286	(8)

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

Bellingen Shire Council

To the Councillors of Bellingen Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Bellingen Shire 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:

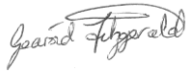
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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. 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.

A handwritten signature in cursive script that reads "Gearoid Fitzgerald".

Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

28 October 2021
SYDNEY

Bellingen Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	2,125	2,125	550	268	–	46,278	1.0%	14.0%	78.0%	7.0%	0.0%
	Sub-total	2,125	2,125	550	268	21,621	46,278	1.0%	14.0%	78.0%	7.0%	0.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	15,815	15,815	1,335	1,335	66,355	102,421	12.0%	25.0%	35.0%	18.0%	10.0%
	Unsealed roads	–	–	534	534	9,075	21,026	9.0%	23.0%	33.0%	23.0%	12.0%
	Bridges	4,759	4,759	390	211	22,407	41,845	25.0%	28.0%	22.0%	18.0%	7.0%
	Footpaths	732	732	55	24	2,788	3,594	23.0%	10.0%	41.0%	23.0%	3.0%
	Bulk earthworks	–	–	–	–	176,737	176,737	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and Gutter	574	574	120	69	6,560	8,890	5.0%	28.0%	54.0%	10.0%	3.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-total	21,880	21,880	2,434	2,173	283,922	354,513	57.2%	12.7%	16.4%	9.2%	4.5%	
Water supply network	Water supply network	4,330	4,330	312	312	35,581	60,833	9.0%	43.0%	39.0%	8.0%	1.0%
	Sub-total	4,330	4,330	312	312	35,581	60,833	9.0%	43.0%	39.0%	8.0%	1.0%
Sewerage network	Sewerage network	3,942	3,942	557	557	37,239	63,089	20.0%	36.0%	30.0%	11.0%	3.0%
	Sub-total	3,942	3,942	557	557	37,239	63,089	20.0%	36.0%	30.0%	11.0%	3.0%
Stormwater drainage	Stormwater drainage	1,019	1,019	130	84	14,524	25,307	0.0%	32.0%	38.0%	25.0%	5.0%
	Sub-total	1,019	1,019	130	84	14,524	25,307	0.0%	32.0%	38.0%	25.0%	5.0%
Open space / recreational assets	Swimming pools	1,736	1,736	–	–	4,912	9,241	1.0%	8.0%	52.0%	31.0%	8.0%
	Sub-total	1,736	1,736	–	–	4,912	9,241	1.0%	8.0%	52.0%	31.0%	8.0%
Other infrastructure assets	Other	503	503	–	–	2,933	4,193	21.0%	56.0%	15.0%	7.0%	1.0%
	Sub-total	503	503	–	–	2,933	4,193	21.0%	56.0%	15.0%	7.0%	1.0%
Total – all assets		35,535	35,535	3,983	3,394	400,732	563,454	39.4%	19.8%	27.0%	10.1%	3.7%

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

Bellingen Shire Council

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

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

Bellingen Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	5,686					
Depreciation, amortisation and impairment	10,983	51.77%	106.04%	127.40%	165.91%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	35,535					
Net carrying amount of infrastructure assets	406,134	8.75%	8.60%	5.85%	6.33%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	3,394					
Required asset maintenance	3,983	85.21%	100.00%	100.00%	100.00%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	35,535	6.31%	6.33%	4.28%	4.63%	
Gross replacement cost	563,454					

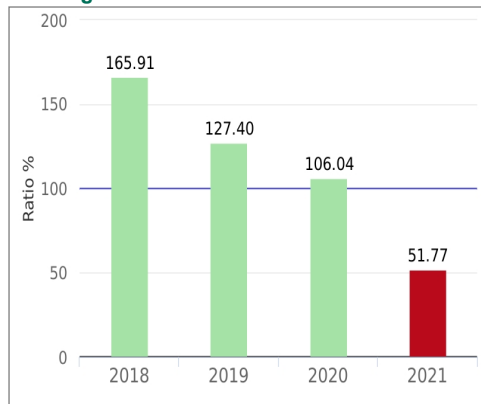
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Bellingen Shire Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
20/21 ratio	51.77%
Councils infrastructure renewals expenditure for 2020/21 of \$10,983,000 (2019/20 \$6,821,000) includes an impairment charge of \$4,490,000 (2019/20 \$242,000). The increase in impairment reflects the impact of the floods during the year. Whilst Council continues to focus on the renewal of road and bridge infrastructure, the impairment cost for the year resulted in Council not meeting the industry benchmark of 100%.	

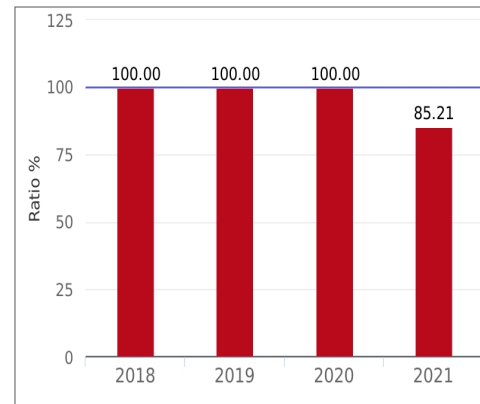
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
20/21 ratio	85.21%
During the year, the required maintenance for selected asset classes was reviewed and updated. The results of the review indicate that additional maintenance is required for Buildings, Bridges and Stormwater Drainage. This resulted in Council not meeting the industry benchmark of 100%.	

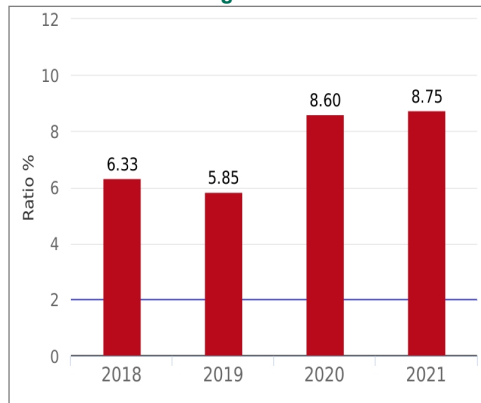
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
20/21 ratio	8.75%
Councils current infrastructure backlog ratio exceeds the acceptable industry benchmark of 2%. Council is focused on reducing its backlog by heavily investing in road and bridge infrastructure during the next 10 years.	

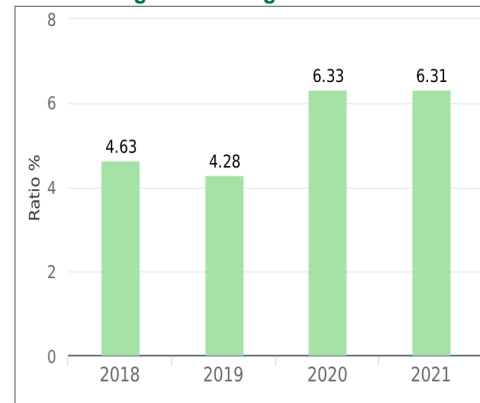
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
20/21 ratio	6.31%
This result reflects the backlog ratio above. The acceptable levels of service has been based on community consultation during the recent special rate variation process.	

Bellingen Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	59.97%	144.60%	24.71%	0.00%	8.99%	1.98%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	8.18%	7.75%	12.17%	15.44%	10.59%	9.95%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	81.09%	100.00%	100.00%	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	6.20%	5.99%	7.12%	9.15%	6.25%	6.01%	
Gross replacement cost							

(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.