

Liverpool Plains Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021



Liverpool Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	69
On the Financial Statements (Sect 417 [3])	72

Liverpool Plains 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.



Doug Hawkins OAM

Mayor

27 October 2021



Joanne Sangster
General Manager

27 October 2021



Ken Cudmore

Deputy Mayor

27 October 2021



Raju Koirala

Responsible Accounting Officer

27 October 2021

Liverpool Plains 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				
11,161	Rates and annual charges	B2-1	12,348	12,003
6,354	Grants and contributions provided for operating purposes	B2-4	8,844	7,695
4,371	User charges and fees	B2-2	3,683	2,931
405	Other revenue	B2-3	395	465
2,125	Grants and contributions provided for capital purposes	B2-4	5,471	2,109
352	Interest and investment income	B2-5	252	590
–	Other income	B2-6	267	217
24,768	Total income from continuing operations		31,260	26,010
Expenses from continuing operations				
11,370	Employee benefits and on-costs	B3-1	10,422	10,016
6,098	Materials and services	B3-2	9,058	8,239
369	Borrowing costs	B3-3	311	363
9,999	Depreciation, amortisation and impairment for non-financial assets	B3-4	14,353	13,354
1,437	Other expenses	B3-5	379	362
–	Net losses from the disposal of assets	B4-1	594	68
29,273	Total expenses from continuing operations		35,117	32,402
(4,505)	Operating result from continuing operations		(3,857)	(6,392)
(4,505)	Net operating result for the year attributable to Council		(3,857)	(6,392)
(6,630)	Net operating result for the year before grants and contributions provided for capital purposes		(9,328)	(8,501)

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

Liverpool Plains 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		(3,857)	(6,392)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>(50,999)</u>	<u>726</u>
Total items which will not be reclassified subsequently to the operating result		(50,999)	726
Total other comprehensive income for the year		(50,999)	726
Total comprehensive income for the year attributable to Council		(54,856)	(5,666)

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

Liverpool Plains Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,379	8,776
Investments	C1-2	25,200	25,250
Receivables	C1-4	3,314	2,619
Inventories	C1-5	697	759
Contract assets and contract cost assets	C1-6	827	255
Other		-	5
Total current assets		38,417	37,664
Non-current assets			
Receivables	C1-4	21	19
Infrastructure, property, plant and equipment	C1-7	481,577	538,368
Investment property	C1-8	600	600
Total non-current assets		482,198	538,987
Total assets		520,615	576,651
LIABILITIES			
Current liabilities			
Payables	C3-1	1,546	1,589
Contract liabilities	C3-2	3,482	3,330
Borrowings	C3-3	247	237
Employee benefit provisions	C3-4	2,097	2,293
Total current liabilities		7,372	7,449
Non-current liabilities			
Borrowings	C3-3	3,605	3,852
Employee benefit provisions	C3-4	138	116
Provisions	C3-5	12,449	13,327
Total non-current liabilities		16,192	17,295
Total liabilities		23,564	24,744
Net assets		497,051	551,907
EQUITY			
Accumulated surplus	C4-1	205,922	209,779
IPPE revaluation reserve	C4-1	291,129	342,128
Council equity interest		497,051	551,907
Total equity		497,051	551,907

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

Liverpool Plains 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		209,779	342,128	551,907	214,459	341,402	555,861
Correction of prior period errors		-	-	-	1,758	-	1,758
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(46)	-	(46)
Restated opening balance		209,779	342,128	551,907	216,171	341,402	557,573
Net operating result for the year		(3,857)	-	(3,857)	(6,392)	-	(6,392)
Restated net operating result for the period		(3,857)	-	(3,857)	(6,392)	-	(6,392)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	(50,999)	(50,999)	-	726	726
Other comprehensive income		-	(50,999)	(50,999)	-	726	726
Total comprehensive income		(3,857)	(50,999)	(54,856)	(6,392)	726	(5,666)
Closing balance at 30 June		205,922	291,129	497,051	209,779	342,128	551,907

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

Liverpool Plains Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021 ¹	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
-	Rates and annual charges		12,901	11,659
-	User charges and fees		3,108	4,234
-	Investment and interest revenue received		105	727
-	Grants and contributions		14,146	13,764
-	Bonds, deposits and retention amounts received		79	-
-	Other		2,207	1,644
<i>Payments:</i>				
-	Employee benefits and on-costs		(10,581)	(10,021)
-	Materials and services		(10,824)	(8,171)
-	Borrowing costs		(212)	(231)
-	Bonds, deposits and retention amounts refunded		-	(3)
-	Other		(1,985)	(2,618)
-	Net cash flows from operating activities	G1-1	8,944	10,984
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of infrastructure, property, plant and equipment		368	42
-	Deferred debtors receipts		1	2
<i>Payments:</i>				
-	Purchase of investment securities		-	(750)
-	Disposal of term deposits		50	-
-	Purchase of infrastructure, property, plant and equipment		(9,523)	(5,018)
-	Net cash flows from investing activities		(9,104)	(5,724)
Cash flows from financing activities				
<i>Payments:</i>				
-	Repayment of borrowings		(237)	(226)
-	Net cash flows from financing activities		(237)	(226)
-	Net change in cash and cash equivalents		(397)	5,034
-	Cash and cash equivalents at beginning of year		8,776	3,742
-	Cash and cash equivalents at end of year	C1-1	8,379	8,776
-	plus: Investments on hand at end of year	C1-2	25,200	25,250
-	Total cash, cash equivalents and investments		33,579	34,026

(1) Please refer Note B5-1 for more details regarding the original unaudited budget

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

Liverpool Plains Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenue	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	24
B4 Gains or losses	25
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	25
B5 Performance against budget	26
B5-1 Material budget variations	26
C Financial position	28
C1 Assets we manage	28
C1-1 Cash and cash equivalents	28
C1-2 Financial investments	29
C1-3 Restricted cash, cash equivalents and investments	30
C1-4 Receivables	31
C1-5 Inventories	32
C1-6 Contract assets and Contract cost assets	33
C1-7 Infrastructure, property, plant and equipment	34
C1-8 Investment properties	37
C2 Leasing activities	38
C2-1 Council as a lessee	38
C2-2 Council as a lessor	38
C3 Liabilities of Council	39
C3-1 Payables	39
C3-2 Contract Liabilities	40
C3-3 Borrowings	41
C3-4 Employee benefit provisions	43
C3-5 Provisions	45

Liverpool Plains Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

C4 Reserves	46
C4-1 Nature and purpose of reserves	46
D Council structure	47
D1 Results by fund	47
D1-1 Income Statement by fund	47
D1-2 Statement of Financial Position by fund	48
E Risks and accounting uncertainties	49
E1-1 Risks relating to financial instruments held	49
E2-1 Fair value measurement	52
E3-1 Contingencies	55
F People and relationships	58
F1 Related party disclosures	58
F1-1 Key management personnel (KMP)	58
F1-2 Councillor and Mayoral fees and associated expenses	59
F2 Other relationships	59
F2-1 Audit fees	59
G Other matters	60
G1-1 Statement of Cash Flows information	60
G2-1 Commitments	61
G3-1 Events occurring after the reporting date	61
G4 Statement of developer contributions as at 30 June 2021	62
G4-1 Summary of developer contributions	62
G4-2 Developer contributions by plan	63
G4-3 Contributions not under plans	64
G4-4 S7.4 planning agreements	n/a
G4-4 S64 contributions	64
G5 Statement of performance measures	65
G5-1 Statement of performance measures – consolidated results	65
G5-2 Statement of performance measures by fund	66
H Additional Council disclosures (unaudited)	67
H1-1 Statement of performance measures – consolidated results (graphs)	67

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 consolidated financial statements are set out below.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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 infrastructure, property, plant and equipment – refer Note C1-8
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

COVID 19 Impacts

Covid 19 has caused minor disruption to council's business practices with some staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to the COVID. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID.

For assets where fair value is determined by market value, the Council has no evidence of material changes to these values. With COVID emerging late in the financial reporting cycle it is not practical to obtain external valuations of these assets at 30 June 2021.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.

A1-1 Basis of preparation (continued)

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.

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

Council does not maintain a separate and distinct Trust Fund in accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended). Separate and distinct cash funded liability accounts are maintained to account for all money and assets 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.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council makes use of volunteers for the community, museums, theatre and also library services. Such volunteer services have not been recognised in the income statement for the year ended on 30 June 2021 for the reason that the services would not be purchased if not donated through consolidation or relocation of services currently provided by the Council.

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 the 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 an impact on the reported position or performance

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
Functions or activities										
Social	2,327	2,297	2,017	2,223	310	74	969	840	23,268	21,745
Governance	2,801	2,423	3,161	2,760	(360)	(337)	614	606	5,697	6,282
Environment	24,210	19,905	27,046	25,345	(2,836)	(5,440)	12,045	8,033	475,337	532,121
Economic	1,922	1,385	2,893	2,074	(971)	(689)	687	325	16,313	16,503
Total functions and activities	31,260	26,010	35,117	32,402	(3,857)	(6,392)	14,315	9,804	520,615	576,651

B1-2 Components of functions or activities

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

Social

Having a great rural lifestyle with access to quality services.

- Beautiful landscapes
- Celebrate local events and festivals
- Transport and telecommunication options to support our businesses and lifestyle safe communities

Governance

Strong community, council and business leadership.

- A strong supported volunteer base
- Council, community and business leaders work together
- Liverpool Plain Shire Council represents the community it serves

Environment

A sustainable environment.

- Well planned and maintained infrastructure
- Access to affordable clean water supplies
- We actively foster and utilise renewable energy
- Actively manage the impact on our environment

Economic

A thriving economy.

- Have a growing economy which offers a diverse range of job opportunities
- Foster new business development for our future prosperity
- Town planning reflects the diversity of our towns and villages
- We embrace tourism

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	2,239	2,180
Farmland	4,432	4,315
Mining	440	372
Business	305	327
Less: pensioner rebates (mandatory)	(147)	(130)
Rates levied to ratepayers	7,269	7,064
Pensioner rate subsidies received	73	69
Total ordinary rates	7,342	7,133
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,490	1,432
Water supply services	2,281	2,239
Sewerage services	1,226	1,180
Waste management services (non-domestic)	106	99
Less: pensioner rebates (mandatory)	(191)	(169)
Annual charges levied	4,912	4,781
Pensioner subsidies received:		
– Water	33	31
– Sewerage	25	24
– Domestic waste management	36	34
Total annual charges	5,006	4,870
Total rates and annual charges	12,348	12,003

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	268	172
Water supply services	2	1,045	1,182
Sewerage services	2	166	169
Total specific user charges		1,479	1,523
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	73	52
Building services – other	2	41	34
Inspection services	2	25	31
Planning and building regulation	2	2	2
Private works – section 67	2	317	117
Regulatory/ statutory fees	2	2	2
Registration fees	2	4	2
Section 10.7 certificates (EP&A Act)	2	23	18
Section 603 certificates	2	29	16
Total fees and charges – statutory/regulatory		516	274
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	13	4
Aged care	2	40	37
Cemeteries	2	105	135
Child care	2	619	595
Transport for NSW works (state roads not controlled by Council)	2	618	36
Swimming centres	2	52	59
Water connection fees	2	16	15
Septic tanks	2	8	5
Sporting and recreation	2	217	248
Total fees and charges – other		1,688	1,134
Total user charges and fees		3,683	2,931
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		3,683	2,931
Total user charges and fees		3,683	2,931

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	7	3
Legal fees recovery – rates and charges (extra charges)	2	33	57
Commissions and agency fees	2	161	153
Sales – general	2	36	45
Insurance discounts	2	30	52
Theatre	2	26	56
Other	2	102	99
Total other revenue		395	465
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		395	465
Total other revenue		395	465

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	2	1,231	1,209	–	–
Financial assistance – local roads component	2	689	693	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	1,317	1,280	–	–
Financial assistance – local roads component	2	739	736	–	–
Amount recognised as income during current year		3,976	3,918	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	–	53	–
Bushfire and emergency services	2	228	228	–	–
Child care	2	12	–	–	–
Community care	2	251	298	–	–
Heritage and cultural	2	95	103	–	–
Library – special projects	1	–	–	164	–
Noxious weeds	2	71	67	–	–
Recreation and culture	2	12	–	840	1,204
Storm/flood damage	2	1,124	–	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,848	1,768	1,345	532
Drought Funding	1	–	–	1,717	30
Transport (other roads and bridges funding)	1	–	–	433	–
Local Road and Community Infrastructure	1	–	–	405	–
Transport (roads to recovery)	2	1,225	1,300	–	–
Other contributions	2	–	7	–	–
Other specific grants	1	2	6	295	135
Total special purpose grants and non-developer contributions – cash		4,868	3,777	5,252	1,901
Total special purpose grants and non-developer contributions (tied)		4,868	3,777	5,252	1,901
Total grants and non-developer contributions		8,844	7,695	5,252	1,901
Comprising:					
– Commonwealth funding		4,067	5,517	1,708	30
– State funding		4,777	2,171	3,544	1,871
– Other funding		–	7	–	–
		8,844	7,695	5,252	1,901

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 7.4 – contributions using planning agreements		2	–	–	137	97
S 7.11 – contributions towards amenities/services		2	–	–	82	76
S 64 – water supply contributions		2	–	–	–	35
Total developer contributions – cash			–	–	219	208
Total developer contributions			–	–	219	208
Total contributions			–	–	219	208
Total grants and contributions			8,844	7,695	5,471	2,109
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,126	6	3,014	165
Grants and contributions recognised at a point in time (2)			7,718	7,689	2,457	1,944
Total grants and contributions			8,844	7,695	5,471	2,109

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	3,007	6,261	3,386	874
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,521	239	53	–
Add: Funds received and not recognised as revenue in the current year	168	146	1,927	3,386
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,582)	(3,639)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(1,755)	(874)
Unspent funds at 30 June	3,114	3,007	3,611	3,386

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 evidence of the event taking place or satisfactory achievement of 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.

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.

B2-4 Grants and contributions (continued)

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)	48	95
– Cash and investments	204	495
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	252	590
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	40	79
General Council cash and investments	74	164
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	5	12
– Section 64	4	9
Water fund operations	74	183
Sewerage fund operations	55	143
Total interest and investment income	252	590

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Investment properties			
Land rental		12	12
Total Investment properties	C2-2	12	12
Room/Facility Hire		214	174
Leaseback fees - council vehicles		32	31
Other income		9	–
Total Other lease income	C2-2	255	205
Total rental income		267	217
Total other income		267	217

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	8,112	7,559
Travel expenses	13	15
Employee leave entitlements (ELE)	1,314	1,422
Superannuation	830	772
Superannuation – defined contribution plans	81	88
Workers' compensation insurance	484	450
Fringe benefit tax (FBT)	48	48
Training costs	116	147
Protective clothing	17	40
Total employee costs	11,015	10,541
Less: capitalised costs	(593)	(525)
Total employee costs expensed	10,422	10,016
Number of 'full-time equivalent' employees (FTE) at year end	115	117

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		2,687	3,546
Contractor and consultancy costs		4,258	2,693
Audit Fees	F2-1	153	119
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	107	130
Advertising		47	36
Bank charges		7	7
Electricity and heating		397	417
Insurance		618	639
Postage		31	24
Printing and stationery		26	25
Street lighting		117	97
Subscriptions and publications		245	151
Telephone and communications		99	113
Library (Central Northern Regional Library)		142	140
Other expenses		36	–
Legal expenses:			
– Legal expenses: other		88	102
Total materials and services		9,058	8,239

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 leases		–	–
Interest on loans		212	231
Total interest bearing liability costs		212	231
Total interest bearing liability costs expensed		212	231
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	99	132
Total other borrowing costs		99	132
Total borrowing costs expensed		311	363

Accounting policy

Borrowing costs are expensed as incurred, Council did not have any borrowing costs for the construction of a qualifying asset.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		804	809
Office equipment		32	7
Furniture and fittings		27	27
Infrastructure:	C1-7		
– Buildings		653	644
– Other structures		323	252
– Roads		8,997	8,156
– Bridges		939	935
– Footpaths		79	69
– Stormwater drainage		275	270
– Water supply network		1,060	1,044
– Sewerage network		732	725
Other assets:			
– Other		167	167
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	159	167
– Quarry assets	C3-5,C1-7	106	82
Total depreciation and amortisation costs		14,353	13,354
Total depreciation, amortisation and impairment for non-financial assets		14,353	13,354

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.

Impairment of non-financial assets

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

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	2021	2020
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	379	362
Total other expenses	379	362

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 land and building	C1-7		
Proceeds from disposal - land and building		368	42
Less: carrying amount of land and building assets sold/written off		(962)	(110)
Gain (or loss) on disposal		(594)	(68)
Net gain (or loss) on disposal of assets		(594)	(68)

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 17 June 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.

Due to lack of detail, Council is unable to furnish note in relation to the Cash Flow budget variation.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each quarterly budget review.

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	11,161	12,348	1,187	11%	F
Waste management annual charges were included under user charges and fees in the original budget, resulting in large variance.					
User charges and fees	4,371	3,683	(688)	(16)%	U
Waste management annual charges were included under user charges and fees in the original budget, resulting in large variance.					
Other revenues	405	395	(10)	(2)%	U
Operating grants and contributions	6,354	8,844	2,490	39%	F
Council received additional funding under Roads to Recovery \$433 thousand and Storm/flood damage funding \$1124 thousand which were not considered in the original budget. Recurring grants, such as Roads to Recovery, were classified as Capital for budget purposes, but are now included under operational grants, which has contributed to the positive variance as well.					
Capital grants and contributions	2,125	5,471	3,346	157%	F
During the year, Council has been successful in receiving additional capital grants funding such as funding for Glenyalla Bridge \$433 thousand, Local Road and Community Infrastructure Funding \$405 thousand, Library project funding \$164 thousand and Drought funding of \$1717 thousand. Such funding was not considered during the original budget process.					
Interest and investment revenue	352	252	(100)	(28)%	U
Interest and investment income was again lower than original budget estimates due to the continuing decline in interest rates on investments, and also due the cessation of interest on overdue rates and annual charges for the first 6 months of the financial year.					
Other income	-	267	267	∞	F
Other income, primarily rental and lease income was included under other revenue in original budget.					
Employee benefits and on-costs	11,370	10,422	948	8%	F
Materials and services	6,098	9,058	(2,960)	(49)%	U
Expenses on items such as utilities, communication, advertising and insurance premiums were previously budgeted for under Other Expenses in the original budget, but are now reported under Materials and Services. Furthermore Council has spent approximately \$1.1 million for flood damage repair work, expenses which were not budgeted for in the original budget					

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
Borrowing costs	369	311	58	16% F
Council was expecting to commence a loan facility for the Quipolly Water Project which did not eventuate during 2020/21, resulting in a favourable variance.				
Depreciation, amortisation and impairment of non-financial assets	9,999	14,353	(4,354)	(44)% U
Commencing in the 2019/20 financial year, Council implemented the straight line method of depreciation on its transportation assets resulting in a considerable increase in depreciation expenses. The original budget was based on the non-linear method of depreciation.				
Other expenses	1,437	379	1,058	74% F
As stated under Materials and Services, costs which were previously disclosed under other expenses are now classified under Materials and Services resulting in a favourable variance.				
Net losses from disposal of assets	-	594	(594)	∞ U
The loss or gain on sale of assets were not budgeted for during the preparation of the original budget, hence the unfavourable difference.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	8,379	8,776
Total cash and cash equivalents	8,379	8,776
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	8,379	8,776
Balance as per the Statement of Cash Flows	8,379	8,776

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. As at 30 June, 2021 Council had not availed itself of its bank overdraft facility.

C1-2 Financial investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Term deposits	25,200	–	25,250	–
Total	25,200	–	25,250	–
Total financial investments	25,200	–	25,250	–
Total cash assets, cash equivalents and investments	33,579	–	34,026	–

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, Council at June 30, only held funds in term deposits.

Financial assets

All recognised financial assets are measured in their entirety at fair value, given Council's investments are term deposits held with ADI's fair value is deemed to be equal to the amount of the original investment.

Classification

Given the nature of Council's investments all financial assets are classified as Financial assets measured at Amortised Cost and 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.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	33,579	–	34,026	–
attributable to:				
External restrictions	26,624	–	26,120	–
Internal restrictions	5,982	–	6,766	–
Unrestricted	973	–	1,140	–
	33,579	–	34,026	–

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

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	3,482	3,330
---	--------------	-------

External restrictions – included in liabilities

	3,482	3,330
--	--------------	--------------

External restrictions – other

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

Developer contributions – general	1,045	1,317
Developer contributions – water fund	596	593
Developer contributions – sewer fund	30	29
Specific purpose unexpended grants (recognised as revenue) – general fund	–	801
Specific purpose unexpended grants (recognised as revenue) – water fund	320	320
Water fund	10,587	10,389
Sewer fund	9,572	9,277
Remediation - Waste	850	–
Deposits, Retentions & Bonds	142	64
External restrictions – other	23,142	22,790

Total external restrictions

	26,624	26,120
--	---------------	---------------

Internal restrictions

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

Assets management (2020 Property)	1,154	500
Employees leave entitlement	894	1,200
Remediation - Quarry	100	100
Remediation - Waste	–	1,000
Infrastructure/ Renewal	–	200
FAG Operational - 2021/22 Received in Advance	1,317	1,280
FAG Road - 2021/22 Received in Advance	739	736
Information Technology	650	800
Plant and vehicle replacement reserve	1,128	950
Total internal restrictions	5,982	6,766

Total restrictions

	32,606	32,886
--	---------------	---------------

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	1,138	21	1,370	19
Interest and extra charges	330	-	90	-
User charges and fees	1,893	-	1,238	-
Accrued revenues				
– Interest on investments	36	-	129	-
Deferred debtors	20	-	21	-
Net GST receivable	263	-	138	-
Other levels of government	8	-	7	-
Total	3,688	21	2,993	19
Less: provision of impairment				
Rates and annual charges	(106)	-	(106)	-
User charges and fees	(268)	-	(268)	-
Judgement Debt	-	-	-	-
Total provision for impairment – receivables	(374)	-	(374)	-
Total net receivables	3,314	21	2,619	19
Externally restricted receivables				
Water supply				
– Rates and availability charges	282	-	293	-
– User Fees & Charges	383	-	368	-
Sewerage services				
– Rates and availability charges	130	-	141	-
– User Fees & Charges	1	-	-	-
Total external restrictions	796	-	802	-
Unrestricted receivables	2,518	21	1,817	19
Total net receivables	3,314	21	2,619	19

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	374	374
Balance at the end of the year	374	374

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.

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

C1-4 Receivables (continued)

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 90 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

COVID 19

Council's rate collections are slightly less than previous years due to the governments direction in relation to debt recovery. Receivables other than those affected by the government directions have not been significantly impacted by the COVID 19 pandemic.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	697	-	759	-
Total inventories at cost	697	-	759	-
Total inventories	697	-	759	-

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	827	255
Total contract assets and contract cost assets	827	255

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Royal Theatre amenities	-	-	34	-
David Taylor Freedom Camping Ground and amenities	169	-	36	-
Werris Creek footpath paving	-	-	185	-
Quirindi library precinct	251	-	-	-
Bridge renewal program	283	-	-	-
Warrah Creek tennis courts	17	-	-	-
Plains fitness air condition replacement	9	-	-	-
Bell park amenities	21	-	-	-
Showground bore and piping	55	-	-	-
Willow Tree recreation ground	15	-	-	-
Eastside child care refurbishment	7	-	-	-
Total contract assets	827	-	255	-

Significant changes in contract assets

Council has initiated or completed some grant funded capital projects and is awaiting the payment from the funding bodies.

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.

C1-7 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	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	2,220	–	2,220	5,016	–	–	–	(677)	(68)	–	–	6,491	–	6,491
Plant and equipment	10,439	(5,728)	4,711	353	–	–	(804)	–	–	–	–	10,792	(6,532)	4,260
Office equipment	144	(14)	130	77	–	–	(32)	–	–	–	–	219	(44)	175
Furniture and fittings	163	(60)	103	30	–	–	(27)	–	–	–	–	193	(87)	106
Land:														
– Operational land	9,009	–	9,009	–	16	(166)	–	–	(496)	–	–	8,363	–	8,363
– Community land	4,303	–	4,303	–	–	–	–	–	496	–	–	4,799	–	4,799
Infrastructure:														
– Buildings	54,693	(26,554)	28,139	329	–	(795)	(653)	–	–	–	–	53,972	(26,952)	27,020
– Other structures	6,171	(1,232)	4,939	66	782	–	(323)	145	8	–	–	7,164	(1,547)	5,617
– Roads	288,571	(61,635)	226,936	2,610	70	–	(8,997)	477	(7)	(32,163)	–	228,972	(40,046)	188,926
– Bridges	73,676	(5,929)	67,747	760	–	–	(939)	55	–	(10,607)	–	81,367	(24,351)	57,016
– Footpaths	5,662	(851)	4,811	15	–	–	(79)	–	–	(193)	–	6,322	(1,768)	4,554
– Bulk ear hworks (non-depreciable)	79,874	–	79,874	–	–	–	–	–	–	(17,367)	–	62,507	–	62,507
– Stormwater drainage	19,978	(4,982)	14,996	–	116	–	(275)	–	–	–	8,637	36,904	(13,430)	23,474
– Water supply network	76,064	(25,303)	50,761	116	126	–	(1,060)	–	108	–	458	77,171	(26,662)	50,509
– Sewerage network	32,755	(6,398)	26,357	111	–	–	(732)	–	(1)	–	236	33,167	(7,196)	25,971
Other assets:														
– Other	4,081	(2,331)	1,750	–	–	–	(167)	–	(134)	–	–	3,946	(2,497)	1,449
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	10,898	(579)	10,319	–	–	(893)	(159)	–	–	–	–	10,005	(738)	9,267
– Quarry assets	1,730	(467)	1,263	–	–	(84)	(106)	–	–	–	–	1,646	(573)	1,073
Total infrastructure, property, plant and equipment	680,431	(142,063)	538,368	9,483	1,110	(1,938)	(14,353)	–	(94)	(60,330)	9,331	634,000	(152,423)	481,577

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

C1-7 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	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	5,259	–	5,259	1,056	–	–	–	(4,095)	–	–	2,220	–	2,220
Plant and equipment	10,500	(4,961)	5,539	42	–	(61)	(809)	–	–	–	10,439	(5,728)	4,711
Office equipment	35	(7)	28	–	83	–	(7)	26	–	–	144	(14)	130
Furniture and fittings	163	(33)	130	–	–	–	(27)	–	–	–	163	(60)	103
Land:													
– Operational land	9,030	–	9,030	–	–	–	–	–	(21)	–	9,009	–	9,009
– Community land	4,303	–	4,303	–	–	–	–	–	–	–	4,303	–	4,303
Infrastructure:													
– Buildings	53,661	(25,911)	27,750	485	–	–	(644)	527	21	–	54,693	(26,554)	28,139
– Other structures	5,271	(992)	4,279	279	–	(35)	(252)	668	–	–	6,171	(1,232)	4,939
– Roads	285,216	(53,477)	231,739	2,554	–	–	(8,156)	2,657	(1,858)	–	288,571	(61,635)	226,936
– Bridges	73,410	(4,994)	68,416	266	–	–	(935)	–	–	–	73,676	(5,929)	67,747
– Footpaths	5,352	(803)	4,549	222	–	(2)	(69)	111	–	–	5,662	(851)	4,811
– Bulk ear hworks (non-depreciable)	78,016	–	78,016	–	–	–	–	–	1,858	–	79,874	–	79,874
– Stormwater drainage	19,601	(4,718)	14,883	395	–	(12)	(270)	–	–	–	19,978	(4,982)	14,996
– Water supply network	75,348	(24,021)	51,327	–	–	–	(1,044)	–	–	478	76,064	(25,303)	50,761
– Sewerage network	32,446	(5,612)	26,834	–	–	–	(725)	–	–	248	32,755	(6,398)	26,357
Other assets:													
– Other	3,975	(2,164)	1,811	–	–	–	(167)	106	–	–	4,081	(2,331)	1,750
Reinstatement, rehabilitation and restoration assets (refer Note 12):													
– Tip assets	11,215	(412)	10,803	–	–	(317)	(167)	–	–	–	10,898	(579)	10,319
– Quarry assets	1,777	(385)	1,392	–	–	(47)	(82)	–	–	–	1,730	(467)	1,263
Total infrastructure, property, plant and equipment	674,578	(128,490)	546,088	5,299	83	(474)	(13,354)	–	–	726	680,431	(142,063)	538,368

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5	Playground equipment	5 to 15
Office furniture	5	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	50 to 60
		Stormwater assets	
Water and sewer assets		Drains	70
Dams and reservoirs	25 to 100	Culverts	40 to 80
Bores	20 to 40		
Reticulation pipes: PVC	70		
Reticulation pipes: other	50 to 70		
Pumps and telemetry	15 to 25		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	N/A
Sealed roads: surface	15 to 18	Swimming pools	50
Sealed roads: structure	40 to 100	Other open space/recreational assets	5 to 100
Bridge: concrete	80	Other infrastructure	5 to 100
Bridge: other	80		
Kerb, gutter and footpaths	50 to 100		

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

Revaluation model

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

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

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

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.

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

Crown reserves

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

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

Rural Fire Service assets

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

Council only recognises Rural Fire Service assets that have been constructed on Council owned or controlled land, however does not recognise the vehicles and fire-fighting equipments as it has no control of these assets.

C1-8 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	600	600
Total owned investment property	600	600
Owned investment property		
At fair value		
Opening balance at 1 July	600	600
Closing balance at 30 June	600	600

Accounting policy

Council owns one investment property being grazing land, it 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.

C2 Leasing activities

C2-1 Council as a lessee

Council has reviewed existing arrangement associated with the leasing and it is being determined that the Council does not require to report under AASB 16 for the financial year ending on 30 June 2021 as most of the current leasing are for a period of 12 or less months and value of total lease contract collectively is not material.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for staff housing, health services, emergency services and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note C1-7).

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

(i) Assets held as investment property

Investment property operating leases relates to one investment property being grazing land, it is held for long-term rental yields and is owned by the Council.

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)	12	12
Total income relating to operating leases for investment property assets	12	12

Investment property expenses

Repairs and maintenance: investment property	9	3
Total expenses relating to investment property	9	3

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council properties for the purpose of staff housing, health services, emergency services, caravan park and community groups, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	255	205
Total income relating to operating leases for Council assets	255	205

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	737	–	1,202	–
Accrued expenses:				
– Salaries and wages	343	–	323	–
Security bonds, deposits and retentions	143	–	64	–
Prepaid rates	323	–	–	–
Total payables	1,546	–	1,589	–
Total payables	1,546	–	1,589	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total payables relating to unrestricted assets	1,546	–	1,589	–
Total payables	1,546	–	1,589	–

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs.

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,313	-	3,223	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	169	-	107	-
Total grants received in advance		3,482	-	3,330	-
Total contract liabilities		3,482	-	3,330	-

Notes

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

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

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)	1,941	703
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,941	703

Significant changes in contract liabilities

Council spent large component of grants previously held as liabilities. There is a significant transfer to the liability as at 30 June due to the number of state and commonwealth funded programs currently being undertaken.

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	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured ¹	247	3,605	237	3,852
Total borrowings	247	3,605	237	3,852

(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.

Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	185	3,100	174	3,284
Borrowings relating to externally restricted assets	185	3,100	174	3,284
Total borrowings relating to restricted assets	185	3,100	174	3,284
Total borrowings relating to unrestricted assets	62	505	63	568
Total borrowings	247	3,605	237	3,852

(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	4,089	(237)	–	–	–	–	3,852
Total liabilities from financing activities	4,089	(237)	–	–	–	–	3,852

\$ '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	4,315	(226)	–	–	–	–	4,089
Total liabilities from financing activities	4,315	(226)	–	–	–	–	4,089

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	30	30
Total financing arrangements	180	180
Undrawn facilities		
– Bank overdraft facilities	150	150
– Credit cards/purchase cards	23	23
Total undrawn financing arrangements	173	173

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over the general rating income of Council.

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	849	–	840	–
Sick leave	28	–	27	–
Long service leave	1,043	128	1,225	107
ELE on-costs	177	10	201	9
Total employee benefit provisions	2,097	138	2,293	116

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	1,250	1,419
	1,250	1,419

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	
2021					
At beginning of year	840	27	1,332	210	2,409
Additional provisions	627	–	129	–	756
Amounts used (payments)	(645)	–	(379)	–	(1,024)
Remeasurement effects	27	1	89	(23)	94
Total ELE provisions at end of year	849	28	1,171	187	2,235
2020					
At beginning of year	787	26	1,406	240	2,459
Additional provisions	626	–	233	–	859
Amounts used (payments)	(590)	–	(398)	–	(988)
Remeasurement effects	17	1	91	(30)	79
Total ELE provisions at end of year	840	27	1,332	210	2,409

C3-4 Employee benefit provisions (continued)

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)	–	12,449	–	13,327
Sub-total – asset remediation/restoration	–	12,449	–	13,327
Total provisions	–	12,449	–	13,327
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	–	12,449	–	13,327
Total provisions	–	12,449	–	13,327

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	13,327	13,327
Unwinding of discount	99	99
Revised costs	(977)	(977)
Total other provisions at end of year	12,449	12,449
2020		
At beginning of year	13,559	13,559
Unwinding of discount	132	132
Revised costs	(364)	(364)
Total other provisions at end of year	13,327	13,327

Nature and purpose of provisions

Asset remediation

Council has various landfill sites (tips) and gravel quarries situated throughout the Shire. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

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

Restoration

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

C3-5 Provisions (continued)

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 costs are estimated on the basis of a closure plan. 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.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques. Council only recognises an estimate for remediation costs for quarries where it has a Development Application requiring it to do so.

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.

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	8,697	2,234	1,417
User charges and fees	2,497	1,184	2
Interest and investment revenue	123	74	55
Other revenues	395	–	–
Grants and contributions provided for operating purposes	8,791	53	–
Grants and contributions provided for capital purposes	5,471	–	–
Other income	267	–	–
Total income from continuing operations	26,241	3,545	1,474
Expenses from continuing operations			
Employee benefits and on-costs	9,315	831	276
Materials and services	6,959	1,252	847
Borrowing costs	115	196	–
Depreciation, amortisation and impairment of non-financial assets	12,561	1,060	732
Other expenses	378	1	–
Net losses from the disposal of assets	594	–	–
Total expenses from continuing operations	29,922	3,340	1,855
Operating result from continuing operations	(3,681)	205	(381)
Net operating result for the year	(3,681)	205	(381)
Net operating result attributable to each council fund	(3,681)	205	(381)
Net operating result for the year before grants and contributions provided for capital purposes	(9,152)	205	(381)

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	2,257	3,285	2,837
Investments	10,217	8,218	6,765
Receivables	2,518	665	131
Inventories	697	–	–
Contract assets and contract cost assets	827	–	–
Total current assets	16,516	12,168	9,733
Non-current assets			
Receivables	21	–	–
Infrastructure, property, plant and equipment	403,222	52,430	25,925
Investment property	600	–	–
Total non-current assets	403,843	52,430	25,925
TOTAL ASSETS	420,359	64,598	35,658
LIABILITIES			
Current liabilities			
Payables	1,546	–	–
Contract liabilities	3,482	–	–
Borrowings	62	185	–
Employee benefit provision	2,097	–	–
Total current liabilities	7,187	185	–
Non-current liabilities			
Borrowings	505	3,100	–
Employee benefit provision	138	–	–
Provisions	12,449	–	–
Total non-current liabilities	13,092	3,100	–
TOTAL LIABILITIES	20,279	3,285	–
Net assets	400,080	61,313	35,658
EQUITY			
Accumulated surplus	162,191	30,514	13,217
Revaluation reserves	237,889	30,799	22,441
Council equity interest	400,080	61,313	35,658
Total equity	400,080	61,313	35,658

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the instruments held are:

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

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

(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	252	258

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

(b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	687	200	144	128	1,159
2020						
Gross carrying amount	–	925	205	139	120	1,389

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	173	785	37	1,048	507	2,550
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	51.00%	10.50%
ECL provision	–	–	–	9	259	268
2020						
Gross carrying amount	192	428	373	77	553	1,623
Expected loss rate (%)	0.00%	0.00%	0.50%	1.00%	48.00%	16.52%
ECL provision	–	–	2	1	265	268

(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.

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	143	1,223	–	–	1,366	1,546
Loans and advances	5.30%	–	451	1,414	2,191	4,056	3,852
Total financial liabilities		143	1,674	1,414	2,191	5,422	5,398
2020							
Trade/other payables	0.00%	64	1,522	–	–	1,586	1,589
Loans and advances	5.52%	–	451	2,230	3,063	5,744	4,089
Total financial liabilities		64	1,973	2,230	3,063	7,330	5,678

E2-1 Fair value measurement

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

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

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Investment property C1-8									
Investment properties		30/06/2018	30/06/2018	600	600	–	–	600	600
Total investment property				600	600	–	–	600	600
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		30/06/18	30/06/18	–	–	4,260	4,711	4,260	4,711
Office equipment		30/06/18	30/06/18	–	–	175	130	175	130
Furniture and fittings		30/06/18	30/06/18	–	–	106	103	106	103
Operational land		30/06/18	30/06/18	8,363	9,101	–	–	8,363	9,101
Community land		30/06/18	30/06/16	–	–	4,799	4,303	4,799	4,303
Buildings		30/06/18	30/06/18	–	–	27,020	28,139	27,020	28,139
Other structures		30/06/16	30/06/13	–	–	5,617	4,939	5,617	4,939
Roads		30/06/21	30/06/14	–	–	188,926	226,936	188,926	226,936
Bridges		30/06/21	30/06/14	–	–	57,016	67,747	57,016	67,747
Footpaths		30/06/21	30/06/19	–	–	4,554	4,811	4,554	4,811
Bulk earthworks (non-depreciable)		30/06/21	30/06/14	–	–	62,507	79,874	62,507	79,874
Stormwater drainage		30/06/21	30/06/14	–	–	23,474	14,996	23,474	14,996
Water supply network		30/06/18	30/06/18	–	–	50,509	50,761	50,509	50,761
Sewerage network		30/06/18	30/06/18	–	–	25,971	26,357	25,971	26,357
Other assets		30/06/10	30/06/10	–	–	1,449	1,750	1,449	1,750
Total infrastructure, property, plant and equipment				8,363	9,101	456,383	515,557	464,746	524,658

Non-recurring fair value measurements

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Investment property

Investment properties were valued using Level 2 inputs as at 30 June, 2018 by Scott Fullarton registered valuer NSW No 67557. Observable inputs used in determining the valuation include net rentals in order to provide a rate per m² this value was then used in conjunction with sales of comparable properties. Unobservable inputs include a limited number of sales evidence on the open market.

There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Fair value measurements using significant unobservable inputs (level 3)

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
Investment property		
Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Infrastructure, property, plant and equipment		
Operational Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Community Land	Land values obtained from the NSW Valuer General	Land value, land area
Buildings	External valuation	Using depreciable replacement cost given limited comparable sales information
Roads, bridges, Footpaths, stormwater	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Sewer Infrastructure	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Water infrastructure	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Other Structures	At cost but disclosed at fair value	No observable or unobservable inputs were used
Remaining Classes	At cost but disclosed at fair value	No observable or unobservable inputs were used

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	Level 3 asset class	
	2021	2020
Opening balance	515,557	519,604
Recognised in other comprehensive income – revaluation gain(loss)	(50,999)	726
Purchases (GBV)	5,561	4,326
Disposals (WDV)	(795)	(110)
Depreciation and impairment	(14,088)	(13,105)
Other movement	1,147	4,116
Closing balance	456,383	515,557

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There were no transfers into our out of level 3.

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

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

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

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

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

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

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

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

Description of any agreed allocation of a deficit or surplus on:

(i) Wind-up of the plan

E3-1 Contingencies (continued)

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

(ii) Entity's withdrawal from the plan

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

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 \$120,162.15. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$81,242.63. Council's expected contribution to the plan for the next annual reporting period is \$113,295.84.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.20%

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

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

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

(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.

E3-1 Contingencies (continued)

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.

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

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	679	911
Post-employment benefits	54	53
Other long-term benefits	36	–
Total	769	964

Other transactions with KMP and their related parties

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

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
2020						
A KMP who is a Mayor provided signage for various projects.	1	14	–		–	–
A KMP who is a Councillor provided supplies and Materials for various projects.	2	3	–		–	–
1		Council purchased numerous signs during the year from Country Mile Signs, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.				
2		Council purchased various plants, small maintenance supplies and materials during the year from Quirindi Grain & Produce, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.				

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	23	23
Councillors' fees	73	90
Other Councillors' expenses (including Mayor)	11	17
Total	107	130

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	95	107
Remuneration for audit and other assurance services	95	107
Total Auditor-General remuneration	95	107
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other assurance services: Council's Auditor	58	12
Remuneration for audit and other assurance services	58	12
Total remuneration of non NSW Auditor-General audit firms	58	12
Total audit fees	153	119

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	Notes	2021	2020
Net operating result from Income Statement		(3,857)	(6,392)
Adjust for non-cash items:			
Depreciation and amortisation		14,353	13,354
Net losses/(gains) on disposal of assets		594	68
Adoption of AASB 15/1058		–	(46)
Remediation Re-measurement		–	–
Unwinding of discount rates on reinstatement provisions		99	132
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(698)	1,706
Decrease/(increase) in inventories		62	118
Decrease/(increase) in other current assets		5	(5)
Decrease/(increase) in contract assets		(572)	(255)
Increase/(decrease) in payables		(465)	(702)
Increase/(decrease) in other accrued expenses payable		20	93
Increase/(decrease) in other liabilities		402	(3)
Increase/(decrease) in contract liabilities		152	3,330
Increase/(decrease) in provision for employee benefits		(174)	(50)
Increase/(decrease) in other provisions		(977)	(364)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		8,944	10,984

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		
Quipolly Dam	34,187	–
Road Construction	–	405
Recreational Assets	1,325	140
Total commitments	35,512	545
These expenditures are payable as follows:		
Within the next year	1,325	545
Later than one year and not later than 5 years	34,187	–
Total payable	35,512	545
Sources for funding of capital commitments:		
Future grants and contributions	20,000	405
Unexpended grants	1,325	140
Internally restricted reserves	4,187	–
New loans (to be raised)	10,000	–
Total sources of funding	35,512	545

Details of capital commitments

Council has accepted funding under the Commonwealth and State Grant Program and is working on improving recreational assets within the community. Roadworks are continuing across the Council. The Quipolly Water Project contracts have now been awarded and work on the project will commence in the 2021-22 financial year.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2021

G4-1 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	1	-	-	-	-	-	1	-
Roads	459	137	-	3	-	-	599	-
Open space	46	-	-	1	-	-	47	-
Community facilities	24	-	-	-	-	-	24	-
Other	165	-	-	1	-	-	166	-
Youth services	21	-	-	-	-	-	21	-
Bushfire	11	-	-	1	-	-	12	-
S7.11 contributions – under a plan	727	137	-	6	-	-	870	-
S7.12 levies – under a plan	495	82	-	3	(500)	-	80	-
Total S7.11 and S7.12 revenue under plans	1,222	219	-	9	(500)	-	950	-
S7.11 not under plans	95	-	-	-	-	-	95	-
S64 contributions	622	-	-	4	-	-	626	-
Total contributions	1,939	219	-	13	(500)	-	1,671	-

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

G4-2 Developer contributions by plan

\$ '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 – Quirindi								
Roads	221	73	-	2	-	-	296	-
Open space	29	-	-	-	-	-	29	-
Community facilities	24	-	-	-	-	-	24	-
Youth services	21	-	-	-	-	-	21	-
Total	295	73	-	2	-	-	370	-
CONTRIBUTION PLAN – Willow Tree								
Drainage	1	-	-	-	-	-	1	-
Roads	238	64	-	1	-	-	303	-
Open space	17	-	-	1	-	-	18	-
Bushfire	11	-	-	1	-	-	12	-
Total	267	64	-	3	-	-	334	-
CONTRIBUTION PLAN – Werris Creek								
Other	165	-	-	1	-	-	166	-
Total	165	-	-	1	-	-	166	-
S7.12 Levies – under a plan								
CONTRIBUTION PLAN								
Other	495	82	-	3	(500)	-	80	-
Total	495	82	-	3	(500)	-	80	-

G4-3 Contributions not under plans

\$ '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					
CONTRIBUTIONS – NOT UNDER A PLAN								
Roads	73	-	-	-	-	-	73	-
Open space	22	-	-	-	-	-	22	-
Total	95	-	-	-	-	-	95	-

G4-4 S64 contributions

S64 contributions

Sewer	29	-	-	1	-	-	30	-
Water	593	-	-	3	-	-	596	-
Total	622	-	-	4	-	-	626	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(8,734)	(33.87)%	(35.28)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	25,789			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	16,945	54.21%	62.31%	> 60.00%
Total continuing operating revenue ¹	31,260			
3. Unrestricted current ratio				
Current assets less all external restrictions	10,997	4.48x	4.25x	> 1.50x
Current liabilities less specific purpose liabilities	2,455			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,930	10.82x	8.97x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	548			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,383	10.02%	10.40%	< 10.00%
Rates and annual charges collectable	13,802			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	33,579	16.90 mths	19.20 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	1,987			

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ^{3, 4}		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}	(41.20)%	(47.02)%	5.78%	11.41%	(25.85)%	(3.24)%	> 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	45.65%	52.80%	98.50%	99.07%	100.00%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.48x	4.25x	64.04x	66.91x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.70x	13.44x	7.45x	4.52x	∞	∞	> 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	10.09%	10.15%	10.74%	12.01%	8.44%	9.50%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.39	8.85	56.27	61.15	102.60	128.65	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

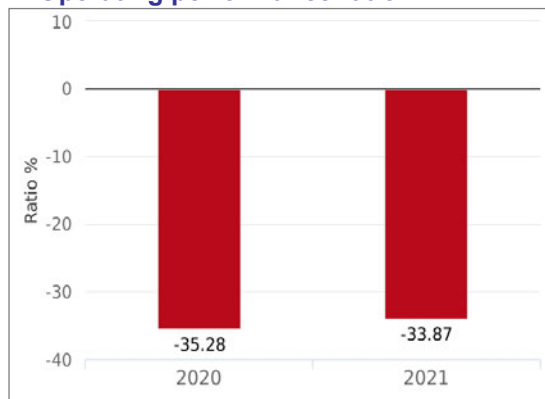
(1) - (2) Refer to Notes at Note G5-1 above.

(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 (33.87)%

Council's operating performance ratio has improved slightly, however it is still well below the benchmark due to high depreciation costs and a low income base.

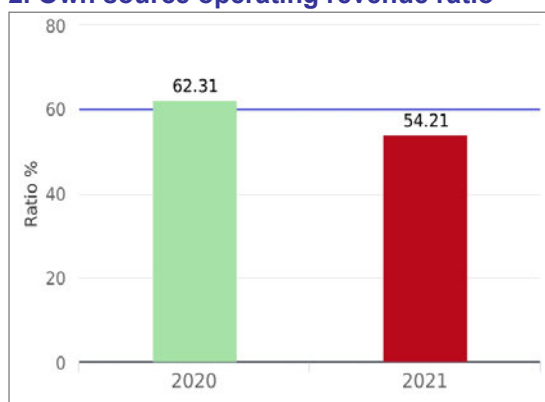
Benchmark: — > 0.00%

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 54.21%

Own source revenue has been impacted by the additional grants funding revenue received for transportation assets. Funding such as Roads to Recovery, Local Roads and Community Infrastructure and other roads and bridge programs have affected the calculation of this ratio.

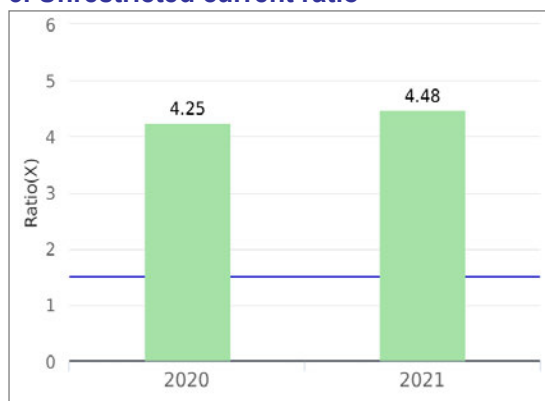
Benchmark: — > 60.00%

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 4.48x

Council's ratio remained well above the benchmark with more than adequate funds to satisfy its short term obligations.

Benchmark: — > 1.50x

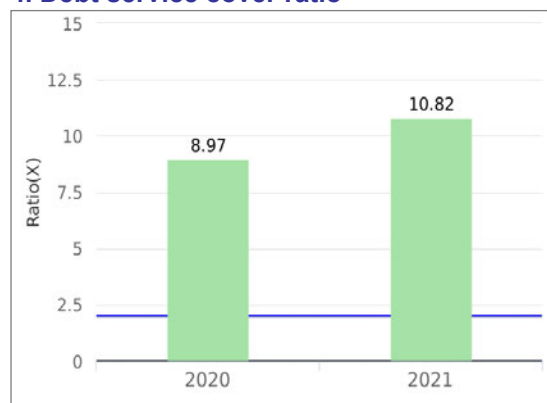
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 10.82x

Council has minor debts from external funding agencies for water fund and storm water loan purposes.

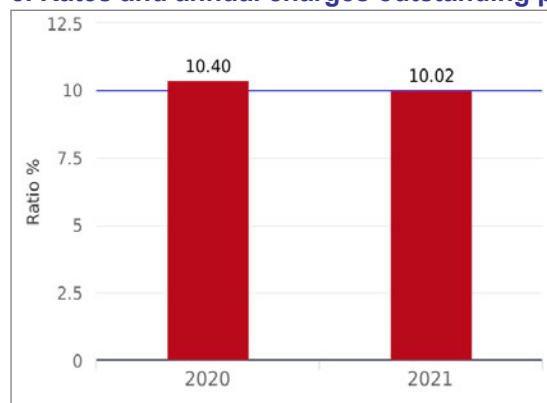
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 10.02%

Council's outstanding rates and charges ratio has decreased slightly despite the regulatory restriction of debt recovery due to COVID 19.

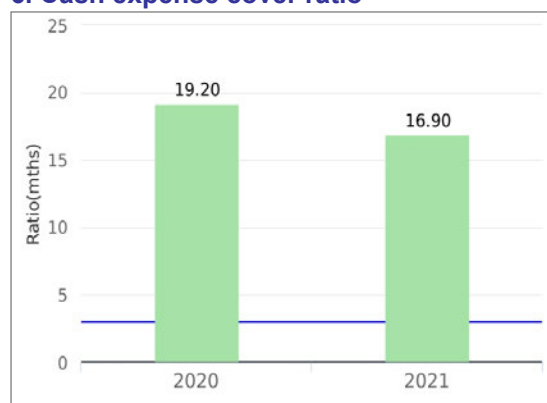
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 16.90 mths

Council has more than adequate cash to meet on-going expenses for more than 16 months without requiring additional cash inflows.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying financial statements of Liverpool Plains 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:

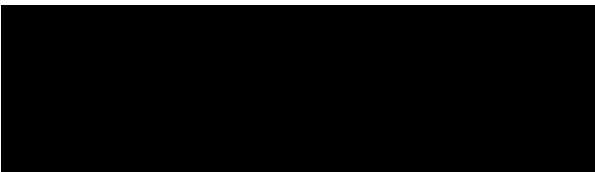
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021
SYDNEY



Cr Doug Hawkins OAM
Mayor
Liverpool Plains Shire Council
PO Box 152
QUIRINDI NSW 2343

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2123480/1756

28 October 2021

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of Liverpool Plains 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 issue during my audit of the Council's financial statements. The issue was 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 NSW Rural Fire Service (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 fire-fighting equipment is not controlled by the RFS.

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	12.3	12.0	 2.5
Grants and contributions revenue	14.3	9.8	 45.9
Operating result from continuing operations	(3.9)	(6.4)	 39.1
Net operating result before capital grants and contributions	(9.3)	(8.5)	 9.4

The Council's negative operating result from continuing operations (\$3.9 million), including depreciation and amortisation expense of \$14.4 million, improved by \$2.5 million compared to the 2019–20 result. This major reasons for the improvement include:

- \$4.5 million increase in grants and contributions provided for operational and capital purposes
- \$752,000 increase in user charges and fees due to additional works undertaken for Transport for NSW.

These increases were offset by:

- \$1.0 million increase in depreciation and amortisation expense due to changes in depreciation estimates
- \$406,000 increase in employee benefits and on-costs due to the Council having filled vacant positions
- \$819,000 increase in material and contracts expenditure due to the additional use of contractors to complete works
- \$526,000 increase in loss on disposals of non-current assets due to an increase in disposals of infrastructure.

The negative net operating result before capital grants and contributions (\$9.3) million was \$827,000 lower than the 2019–20 result. This is due to the reasons explained above.

Rates and annual charges revenue (\$12.3 million) increased by \$300,000 (2.5 per cent) in 2020–21 mainly due to the normal rate peg allowance increases in the year.

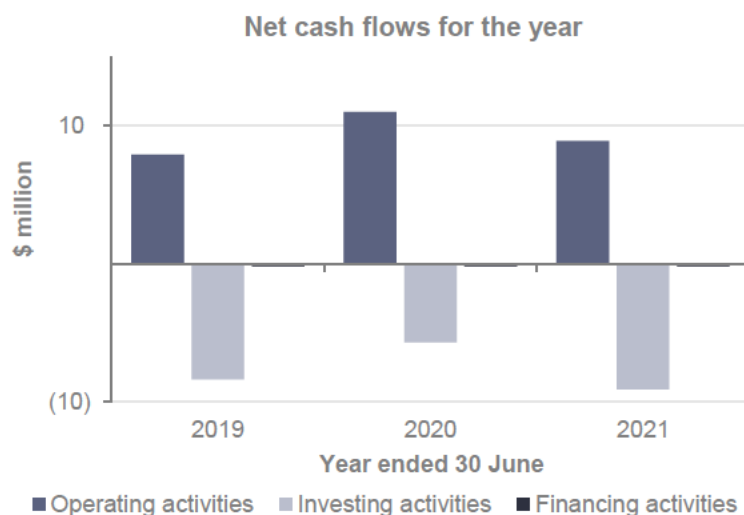
Grants and contributions revenue (\$14.3 million) increased by \$4.5 million (45.9 per cent) in 2020–21 due to the completion of capital grant projects during 2020–21.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$2.1 million due to increased materials and services expenditure during the year.

Cash outflows from investing activities increased by \$3.4 million due to higher capital expenditure on infrastructure, property, plant and equipment.

Cash outflows from financing activities related to the repayment of borrowings and were comparable to prior years.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.6	34.0	<ul style="list-style-type: none"> Major external restrictions include water and sewer operations, as well as grants for specific purposes and developer contributions. Overall, there is no major change to external restrictions.
Restricted cash and investments:			<ul style="list-style-type: none"> Major internal restrictions include the financial assistance grant instalment received in advance, employee leave entitlements, asset renewals and reserves to fund plant and vehicle replacements. Overall, there is no major change to internal restrictions.
• External restrictions	26.6	26.1	
• Internal restrictions	6.0	6.8	

PERFORMANCE

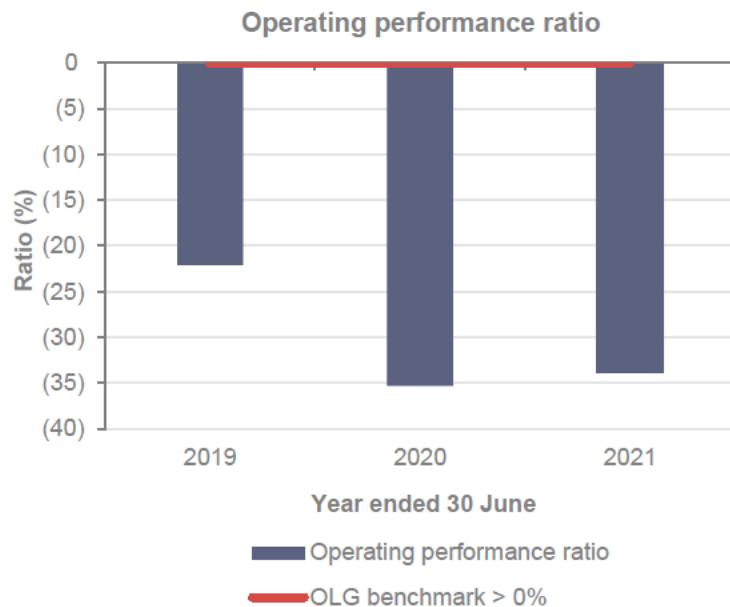
Performance measures

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.

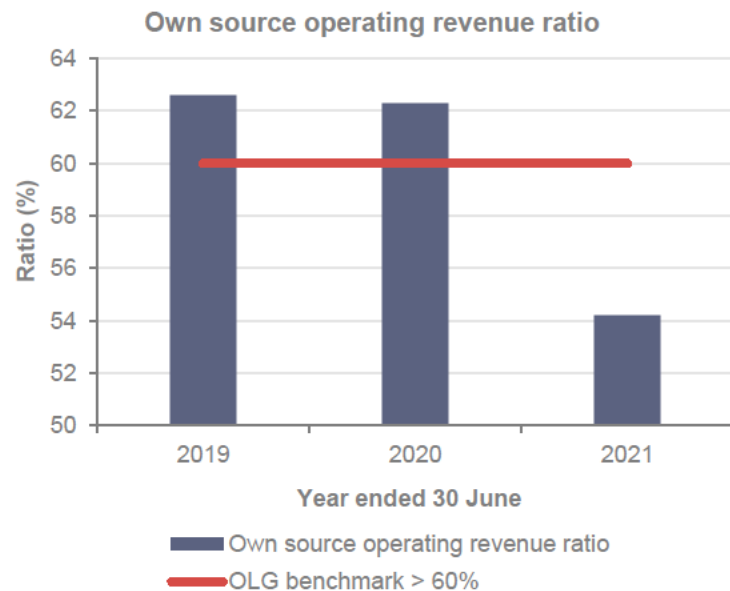
The Council did not meet the OLG benchmark for the current reporting period as Council continues to provide services to meet requirements for asset maintenance and employee benefits. The ratio is consistent with prior year.



Own source operating revenue ratio

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

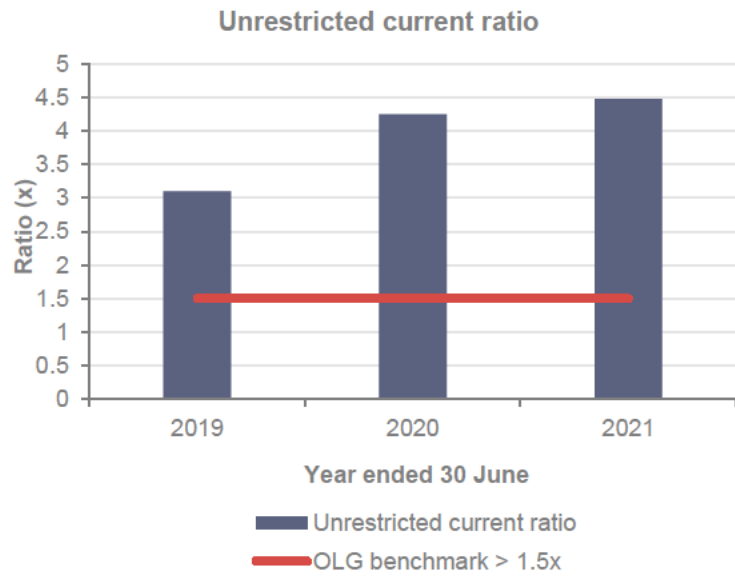
The Council did not meet the OLG benchmark for the current reporting period due to an increase in grants and contributions received for capital purposes.



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.

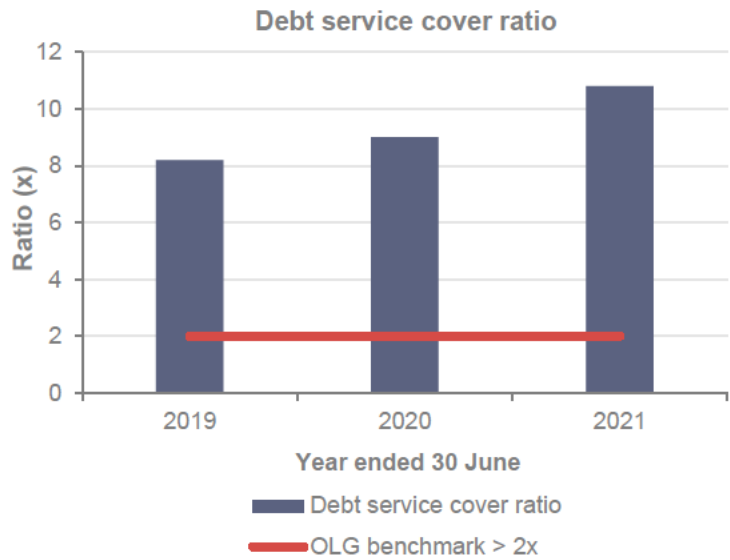
The Council exceeded the OLG benchmark for the current reporting period. The ratio is consistent with the prior year.



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.

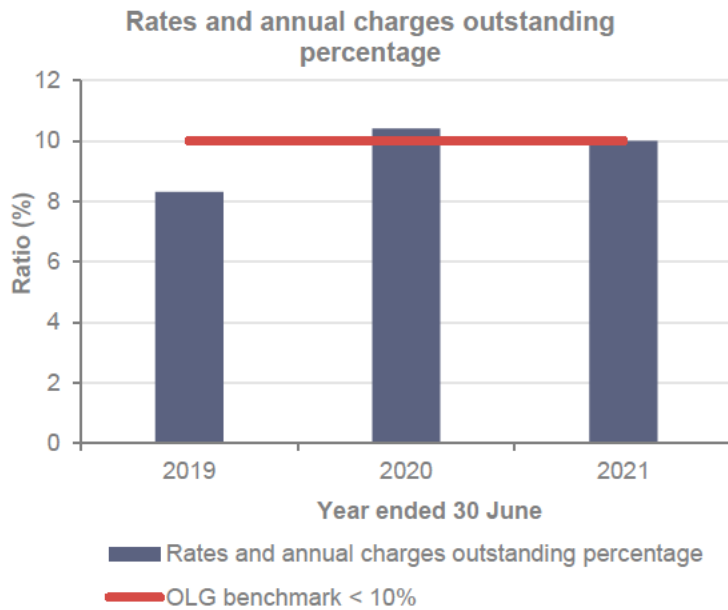
The Council exceeded the OLG benchmark for the current reporting period. The ratio remains consistent with prior year.



Rates and annual charges outstanding percentage

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

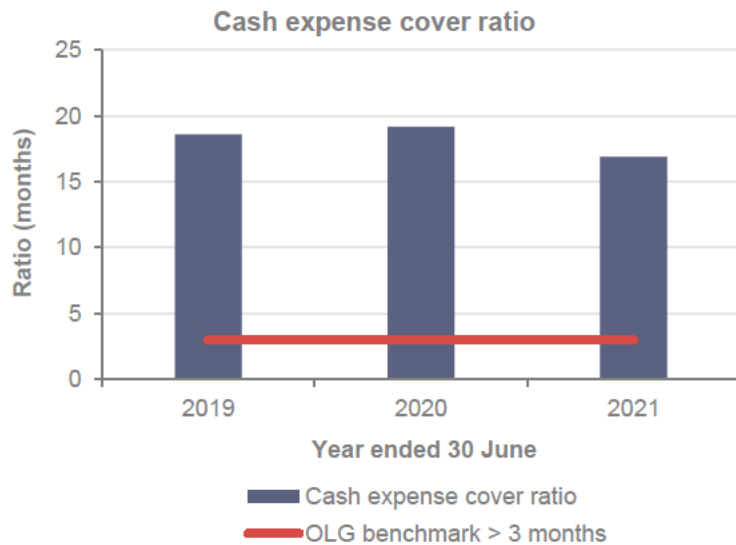
The Council met the OLG benchmark for the current reporting period. The percentage improved from the prior year mainly due to Council commencing legal proceedings on significant overdue receivables.



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. The ratio remains consistent with prior years.



Infrastructure, property, plant and equipment renewals

Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$9.5 million. This increased by \$4.2 million compared to 2019–20 due to Council increasing its renewal works in accordance with its infrastructure management plans. Renewal expenditure was below depreciation for the year by \$4.9 million.

OTHER MATTERS

Impact of new accounting standards

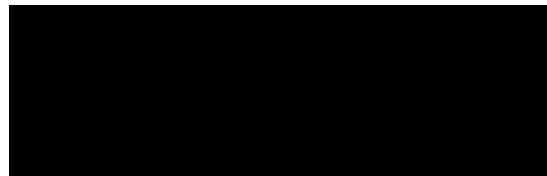
AASB 1059 'Service Concession Arrangements: Grantors'

The Council did not identify any service concession arrangements as part of adopting this standard.

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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021
SYDNEY

cc: Ms Joanne Sangster, General Manager
Mr Michael O'Connor, Chair of the Audit, Risk and Improvement Committee
Mr Raju Koirala, Chief Finance Officer
Mr Geoff Allen, Principal, Forsyths
Ms Kiersten Fishburn, Secretary, Department of Planning, Industry and Environment

Liverpool Plains Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Liverpool Plains 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:

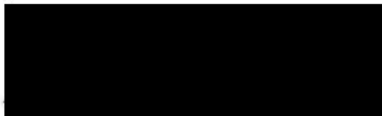
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial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



Doug Hawkins OAM
Mayor
27 October 2021



Ken Cudmore
Deputy Mayor
27 October 2021



Joanne Sangster
General Manager
27 October 2021



Raju Koirala
Responsible Accounting Officer
27 October 2021

Liverpool Plains 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	2,234	2,144
User charges	1,166	1,386
Fees	18	17
Interest	74	184
Grants and contributions provided for non-capital purposes	53	35
Other income	–	2
Total income from continuing operations	3,545	3,768
Expenses from continuing operations		
Employee benefits and on-costs	831	839
Borrowing costs	196	208
Materials and services	1,252	1,215
Depreciation, amortisation and impairment	1,060	1,044
Other expenses	1	1
Total expenses from continuing operations	3,340	3,307
Surplus (deficit) from continuing operations before capital amounts	205	461
Surplus (deficit) from continuing operations after capital amounts	205	461
Surplus (deficit) from all operations before tax	205	461
Less: corporate taxation equivalent [based on result before capital]	(53)	(127)
Surplus (deficit) after tax	152	334
Plus accumulated surplus	30,309	29,848
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	53	127
Closing accumulated surplus	30,514	30,309
Return on capital %	0.8%	1.1%
Subsidy from Council	380	–
Calculation of dividend payable:		
Surplus (deficit) after tax	152	334
Surplus for dividend calculation purposes	152	334
Potential dividend calculated from surplus	76	167

Liverpool Plains Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	1,417	1,373
Fees	2	1
Interest	55	143
Other income	-	26
Total income from continuing operations	1,474	1,543
Expenses from continuing operations		
Employee benefits and on-costs	276	266
Materials and services	847	602
Depreciation, amortisation and impairment	732	725
Total expenses from continuing operations	1,855	1,593
Surplus (deficit) from continuing operations before capital amounts	(381)	(50)
Surplus (deficit) from continuing operations after capital amounts	(381)	(50)
Surplus (deficit) from all operations before tax	(381)	(50)
Surplus (deficit) after tax	(381)	(50)
Plus accumulated surplus	13,598	13,648
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	13,217	13,598
Return on capital %	(1.5)%	(0.2)%
Subsidy from Council	767	282
Calculation of dividend payable:		
Surplus (deficit) after tax	(381)	(50)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Liverpool Plains 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	3,285	3,285
Investments	8,218	8,017
Receivables	665	661
Total current assets	12,168	11,963
Non-current assets		
Infrastructure, property, plant and equipment	52,430	52,120
Total non-current assets	52,430	52,120
Total assets	64,598	64,083
LIABILITIES		
Current liabilities		
Borrowings	185	174
Total current liabilities	185	174
Non-current liabilities		
Borrowings	3,100	3,284
Total non-current liabilities	3,100	3,284
Total liabilities	3,285	3,458
Net assets	61,313	60,625
EQUITY		
Accumulated surplus	30,514	30,309
Revaluation reserves	30,799	30,316
Total equity	61,313	60,625

Liverpool Plains 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	2,837	2,541
Investments	6,765	6,765
Receivables	131	141
Total current assets	9,733	9,447
Non-current assets		
Infrastructure, property, plant and equipment	25,925	26,420
Total non-current assets	25,925	26,420
Total assets	35,658	35,867
Net assets	35,658	35,867
EQUITY		
Accumulated surplus	13,217	13,598
Revaluation reserves	22,441	22,269
Total equity	35,658	35,867

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

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

a. Water Supply Network

Is comprised of water supply operations and net assets system servicing the towns of Quirindi, Werris Creek, Wallabadah, Willow Tree, Spring Ridge, Wahallow, Blackville, Caroon and Premer.

Category 2

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

b. Sewerage Service

Is comprised of sewerage reticulation and treatment operations and net asset system servicing the towns of Quirindi and Werris Creek

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% (2019/20 27.5%)

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

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

In accordance with the Department of Planning, Industry & 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 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% (2019/20 27.5%).

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

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

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

Local government rates and charges

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

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 surplus.

Each dividend must be calculated and approved in accordance with the 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 DPIE – Water.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Liverpool Plains 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021
SYDNEY

Liverpool Plains Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Liverpool Plains Shire Council

Special Schedules

for the year ended 30 June 2021

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

Liverpool Plains 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	7,496	7,709
Plus or minus adjustments ²	b	18	1
Notional general income	c = a + b	7,514	7,710
Permissible income calculation			
Special variation percentage ³	d	0.00%	8.00%
Or rate peg percentage	e	2.60%	0.00%
Plus special variation amount	h = d x (c + g)	–	617
Or plus rate peg amount	i = e x (c + g)	195	–
Sub-total	k = (c + g + h + i + j)	7,709	8,327
Plus (or minus) last year's carry forward total	l	–	1
Sub-total	n = (l + m)	–	1
Total permissible income	o = k + n	7,709	8,328
Less notional general income yield	p	7,708	8,326
Catch-up or (excess) result	q = o – p	1	2
Carry forward to next year ⁶	t = q + r + s	1	2

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

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

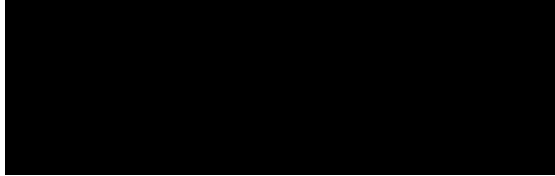
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021
SYDNEY

Liverpool Plains 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	Estimated cost 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	Other	65	65	661	439	27,020	53,972	25.0%	54.0%	21.0%	0.0%	0.0%
	Sub-total	65	65	661	439	27,020	53,972	25.0%	54.0%	21.0%	0.0%	0.0%
Other structures	Other structures	8	8	28	32	5,617	7,164	67.0%	23.0%	10.0%	0.0%	0.0%
	Sub-total	8	8	28	32	5,617	7,164	67.0%	23.0%	10.0%	0.0%	0.0%
Roads	Sealed roads	3,126	3,126	1,292	2,033	115,493	138,883	60.0%	18.0%	14.0%	7.0%	1.0%
	Unsealed roads	4,504	4,504	1,090	2,563	73,433	90,088	62.0%	8.0%	13.0%	16.0%	1.0%
	Bridges	610	610	244	6	57,016	81,366	89.0%	3.0%	6.0%	2.0%	0.0%
	Footpaths	3	3	19	14	4,554	6,322	32.0%	64.0%	4.0%	0.0%	0.0%
	Bulk earthworks	—	—	—	—	62,507	62,507	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	8,243	8,243	2,645	4,616	313,003	379,166	72.8%	10.2%	9.6%	6.8%	0.6%
Water supply network	Water supply network	3,338	3,338	1,211	1,052	50,509	77,170	16.0%	53.0%	14.0%	17.0%	0.0%
	Sub-total	3,338	3,338	1,211	1,052	50,509	77,170	16.0%	53.0%	14.0%	17.0%	0.0%
Sewerage network	Sewerage network	1,607	1,607	581	483	25,971	33,166	17.0%	41.0%	22.0%	20.0%	0.0%
	Sub-total	1,607	1,607	581	483	25,971	33,166	17.0%	41.0%	22.0%	20.0%	0.0%
Stormwater drainage	Stormwater drainage	23	23	965	29	23,474	36,904	3.0%	14.0%	83.0%	0.0%	0.0%
	Sub-total	23	23	965	29	23,474	36,904	3.0%	14.0%	83.0%	0.0%	0.0%
Total – all assets		13,284	13,284	6,091	6,651	445,594	587,542	53.4%	22.0%	16.5%	7.7%	0.4%

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

Infrastructure asset condition assessment 'key'

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

Liverpool Plains Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	5,823	44.59%	51.54%	>= 100.00%
Depreciation, amortisation and impairment	13,058			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	13,284	2.94%	2.09%	< 2.00%
Net carrying amount of infrastructure assets	452,085			
Asset maintenance ratio				
Actual asset maintenance	6,651	109.19%	106.72%	> 100.00%
Required asset maintenance	6,091			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	13,284	2.26%	1.66%	
Gross replacement cost	587,542			

(*) 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.