

Weddin Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021



Weddin Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Weddin Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

Weddin Shire Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

Corner Camp & Weddin Streets
Grenfell NSW 2810

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.weddin.nsw.gov.au.

Weddin 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 30 November 2021.



Mark Liebich
Mayor
30 November 2021



Paul Best
Councillor
30 November 2021



Jaymes Rath
Acting General Manager
30 November 2021



Michael Chalmers
Responsible Accounting Officer
30 November 2021

Weddin 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			
3,844	Rates and annual charges	B2-1	3,777	3,671
3,550	User charges and fees	B2-2	2,915	2,995
146	Other revenue	B2-3	223	142
5,158	Grants and contributions provided for operating purposes	B2-4	5,465	6,278
15,218	Grants and contributions provided for capital purposes	B2-4	10,870	2,320
109	Interest and investment income	B2-5	44	117
85	Other income	B2-6	343	4,035
180	Net gains from the disposal of assets	B4-1	91	127
28,290	Total income from continuing operations		23,728	19,685
	Expenses from continuing operations			
4,616	Employee benefits and on-costs	B3-1	4,213	4,100
4,329	Materials and services	B3-2	4,794	5,195
154	Borrowing costs	B3-3	182	164
3,734	Depreciation, amortisation and impairment for non-financial assets	B3-4	2,964	2,913
285	Other expenses	B3-5	364	1,422
13,118	Total expenses from continuing operations		12,517	13,794
15,172	Operating result from continuing operations		11,211	5,891
15,172	Net operating result for the year attributable to Council		11,211	5,891
(46)	Net operating result for the year before grants and contributions provided for capital purposes		341	3,571

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

Weddin 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		11,211	5,891
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	1,082	28,237
Other comprehensive income – joint ventures and associates		447	360
Total items which will not be reclassified subsequently to the operating result		1,529	28,597
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	668
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	668
Total other comprehensive income for the year		1,529	29,265
Total comprehensive income for the year attributable to Council		12,740	35,156

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

Weddin Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	12,454	8,583
Investments	C1-2	2,500	–
Receivables	C1-4	1,542	604
Inventories	C1-5	198	149
Contract assets and contract cost assets	C1-6	–	1,195
Total current assets		16,694	10,531
Non-current assets			
Receivables	C1-4	263	231
Inventories	C1-5	83	–
Infrastructure, property, plant and equipment	C1-7	207,257	194,215
Right of use assets	C2-1	17	26
Investments accounted for using the equity method	D2-1	29,812	29,110
Total non-current assets		237,432	223,582
Total assets		254,126	234,113
LIABILITIES			
Current liabilities			
Payables	C3-1	1,823	1,004
Contract liabilities	C3-2	6,671	1,106
Lease liabilities	C2-1	9	8
Borrowings	C3-3	263	80
Employee benefit provisions	C3-4	1,623	1,584
Total current liabilities		10,389	3,782
Non-current liabilities			
Payables	C3-1	2	1
Lease liabilities	C2-1	9	18
Borrowings	C3-3	4,308	3,665
Employee benefit provisions	C3-4	40	37
Provisions	C3-5	757	729
Total non-current liabilities		5,116	4,450
Total liabilities		15,505	8,232
Net assets		238,621	225,881
EQUITY			
Accumulated surplus	C4-1	166,794	155,136
IPPE revaluation reserve	C4-1	71,827	70,745
Council equity interest		238,621	225,881
Total equity		238,621	225,881

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

Weddin 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	Financial assets at FVOCI	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity
Opening balance at 1 July		155,136	70,745	–	225,881	148,739	42,508	118	191,365
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	–	(640)	–	–	(640)
Net operating result for the year		11,211	–	–	11,211	5,891	–	–	5,891
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	1,082	–	1,082	–	28,237	–	28,237
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		–	–	–	–	–	–	668	668
Realised (gain) loss on financial assets at fair value through other comprehensive income		–	–	–	–	786	–	(786)	–
Joint ventures and associates		447	–	–	447	360	–	–	360
Other comprehensive income		447	1,082	–	1,529	1,146	28,237	(118)	29,265
Total comprehensive income		11,658	1,082	–	12,740	7,037	28,237	(118)	35,156
Closing balance at 30 June		166,794	71,827	–	238,621	155,136	70,745	–	225,881

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

Weddin Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
3,844	Rates and annual charges		3,734	3,646
3,550	User charges and fees		2,531	4,292
109	Investment and interest revenue received		44	120
20,376	Grants and contributions		23,079	7,955
–	Bonds, deposits and retention amounts received		4	–
231	Other		1,608	972
<i>Payments:</i>				
(4,616)	Employee benefits and on-costs		(4,208)	(4,152)
(4,329)	Materials and services		(4,555)	(4,723)
(154)	Borrowing costs		(171)	(115)
–	Bonds, deposits and retention amounts refunded		–	(1)
(285)	Other		(1,624)	(3,037)
18,726	Net cash flows from operating activities	G1-1a	20,442	4,957
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		–	786
–	Sale of real estate assets		101	184
180	Sale of infrastructure, property, plant and equipment		257	315
–	Deferred debtors receipts		75	22
<i>Payments:</i>				
–	Acquisition of term deposits		(2,500)	–
(20,657)	Purchase of infrastructure, property, plant and equipment		(14,238)	(4,651)
–	Deferred debtors and advances made		(111)	(202)
(20,477)	Net cash flows from investing activities		(16,416)	(3,546)
Cash flows from financing activities				
<i>Payments:</i>				
(80)	Repayment of borrowings		(147)	(76)
(8)	Principal component of lease payments		(8)	(9)
(88)	Net cash flows from financing activities		(155)	(85)
(1,839)	Net change in cash and cash equivalents		3,871	1,326
9,000	Cash and cash equivalents at beginning of year		8,583	7,257
7,161	Cash and cash equivalents at end of year	C1-1	12,454	8,583
–	plus: Investments on hand at end of year	C1-2	2,500	–
7,161	Total cash, cash equivalents and investments		14,954	8,583

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

Weddin Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 30 November 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 C1-7.
- (ii) estimated tip remediation provisions – refer Note C3-5.
- (iii) employee benefit provisions – refer Note C3-4.

Covid 19 Impacts

During the 2021 financial year, Covid-19 ('COVID') has continued to cause a disruption to Council's business practices with a number of staff working remotely from home or at other Council facilities away from the main administration building when required. 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.

Rate collections are similar to the previous years, as detailed in Note C1-4. Other receivables have not been impacted.

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 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 Council has no evidence of material changes to these values.

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.

(iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

(iv) Estimated fair values of infrastructure, property, plant and equipment.

Council has made significant judgements in calculating the fair value of its infrastructure, property, plant and equipment - refer Note C1-7.

(v) Estimated tip remediation liabilities

Council has made significant judgements in calculating the timing and value of its tip remediation liabilities - refer Note C3-5.

(vi) Employee benefit provisions

Council has made significant judgements concerning the timing of its Employee benefit provisions - refer Note C3-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Sewerage service

The Trust Fund

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

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

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not make use of volunteer services.

New accounting standards and interpretations issued 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.

A1-1 Basis of preparation (continued)

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

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

New accounting standards adopted during the year

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

Those newly adopted standards had no impact on Council's reported financial position, financial performance and/or associated financial statement.

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										
Community and Culture	368	320	942	765	(574)	(445)	285	215	207	198
Local Economy	41	224	501	1,516	(460)	(1,292)	–	2	–	783
Environmental	354	669	2,402	2,240	(2,048)	(1,571)	174	68	27,050	17,208
Infrastructure	6,402	7,476	6,948	7,379	(546)	97	4,740	4,938	177,877	167,623
Government and Representation	7,081	5,912	1,351	1,510	5,730	4,402	1,904	2,826	16,988	14,072
Share of Central Tablelands Water	255	3,989	–	–	255	3,989	–	–	29,812	29,110
Sewer Services	9,227	1,095	373	384	8,854	711	9,232	549	2,166	5,119
Other	–	–	–	–	–	–	–	–	26	–
Total functions and activities	23,728	19,685	12,517	13,794	11,211	5,891	16,335	8,598	254,126	234,113

B1-2 Components of functions or activities

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

Community and Culture

- Art Gallery
- Community Technology Centre
- Emergency Services
- Library
- Taxi

Local Economy

- Caravan Park
- Economic Development
- Tourism

Environmental

- Animal Control
- Council Buildings & Property
- Heritage
- Planning & Building
- Swimmings Pools
- Waste
- Weeds

Infrastructure

- Cemeteries
- Depot
- Engineering
- Parks & Gardens
- Plant
- Private Works
- Public Conveniences
- Transport for NSW
- Roads & Transportation
- Stormwater

Government and Representation

- Corporate
- General Revenue
- Governance

Sewer Fund

- Sewer

Central Tablelands Water

- Councils share of Central Tablelands Water

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	974	950
Farmland	1,731	1,691
Mining	7	7
Business	133	140
Less: pensioner rebates (mandatory)	(110)	(111)
Rates levied to ratepayers	2,735	2,677
Pensioner rate subsidies received	61	60
Total ordinary rates	2,796	2,737
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	360	344
Sewerage services	536	518
Waste management services (non-domestic)	97	85
Less: pensioner rebates (mandatory)	(28)	(28)
Annual charges levied	965	919
Pensioner subsidies received:		
– Sewerage	16	15
Total annual charges	981	934
Total rates and annual charges	3,777	3,671
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time (2)	3,777	3,671
Total rates and annual charges	3,777	3,671

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.

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)			
Sewerage services	2	23	22
Total specific user charges		23	22
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	57	44
Private works – section 67	2	41	59
Town planning	2	56	41
Total fees and charges – statutory/regulatory		154	144
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park	2	99	62
Cemeteries	2	47	65
Leaseback fees – Council vehicles	2	20	–
Transport for NSW works (state roads not controlled by Council)	2	2,366	2,455
Swimming centres	2	45	36
Waste disposal tipping fees	2	9	24
Community technology centre	2	74	101
Other	2	78	86
Total fees and charges – other		2,738	2,829
Total user charges and fees		2,915	2,995
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		2,915	2,995
Total user charges and fees		2,915	2,995

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.

B2-3 Other revenue

\$ '000	Timing	2021	2020
Legal fees recovery – rates and charges (extra charges)	2	2	11
Commissions and agency fees	2	63	64
Diesel rebate	2	36	33
Recycling income (non-domestic)	2	33	7
Insurance rebates	2	17	27
Other	2	16	–
Contributions for long service leave	2	56	–
Total other revenue		223	142
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		223	142
Total other revenue		223	142

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 are recognised as revenue when the service has been provided or the payment is received, whichever occurs first.

Fines are recognised as revenue when the penalty is paid.

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	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	920	863	–	–
Financial assistance – local roads component	507	509	–	–
Payment in advance - future year allocation				
Financial assistance – general component	984	914	–	–
Financial assistance – local roads component	545	541	–	–
Amount recognised as income during current year	2,956	2,827	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Sewerage services	–	–	9,210	534
Bushfire and emergency services	210	122	–	–
Floodplain management	89	–	–	–
Heritage and cultural	11	12	–	–
Library – per capita	75	69	–	–
Noxious weeds	42	42	–	–
Recreation and culture	–	–	–	78
Storm/flood damage	–	91	–	–
Stronger Country Communities	–	283	81	1,362
Street lighting	35	35	–	–
Safer Communities CCTV	–	–	10	100
Drought Communities	239	1,010	426	–
Emergency Water Carting	–	22	–	–
Transport (roads to recovery)	953	953	–	–
Transport (other roads and bridges funding)	–	47	168	53
Planning portal	32	–	–	–
Fixing local roads	–	–	595	–
Local roads and community infrastructure	–	–	236	–
Regional cultural	–	–	122	–
Other specific grants	13	7	–	–
Transport for NSW contributions (regional roads, block grant)	810	758	–	178
Total special purpose grants and non-developer contributions – cash	2,509	3,451	10,848	2,305
Total special purpose grants and non-developer contributions (tied)	2,509	3,451	10,848	2,305
Total grants and non-developer contributions	5,465	6,278	10,848	2,305
Comprising:				
– Commonwealth funding	4,159	4,579	672	100
– State funding	1,306	1,699	10,176	2,205
	5,465	6,278	10,848	2,305

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4				
Cash contributions					
S 64 – sewerage service contributions		–	–	22	15
Total developer contributions – cash		–	–	22	15
Total developer contributions		–	–	22	15
Total contributions		–	–	22	15
Total grants and contributions		5,465	6,278	10,870	2,320
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		–	283	10,188	2,074
Grants and contributions recognised at a point in time (2)		5,465	5,995	682	246
Total grants and contributions		5,465	6,278	10,870	2,320

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	51	65	–	740
Add: Funds received and not recognised as revenue in the current year	–	–	6,671	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(23)	(14)	–	(740)
Unspent Grants at 30 June	28	51	6,671	–

Unspent capital grants for the construction of assets and unspent operating grants for provision of goods and services.

Contributions

Unspent funds at 1 July	–	–	200	183
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	22	17
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	222	200

Unspent Section 64 contributions.

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 such things as 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.

B2-4 Grants and contributions (continued)

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	14	14
– Cash and investments	30	87
Southern Phone Shares Dividend	–	16
Total interest and investment income (losses)	44	117
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	11	11
General Council cash and investments	30	101
Restricted investments/funds – external:		
Development contributions		
– Section 64	–	2
Sewerage fund operations	3	3
Total interest and investment income	44	117

Accounting policy

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

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Residential Rental		11	11
Commercial Rental		77	34
Tower Rental		-	1
Total Other lease income		88	46
Total rental income	C2-2	88	46
Net share of interests in joint ventures and associates using the equity method			
Associates		255	3,989
Total net share of interests in joint ventures and associates using the equity method	D2-1	255	3,989
Total other income		343	4,035

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	3,548	3,464
Superannuation	458	441
Workers' compensation insurance	176	136
Fringe benefit tax (FBT)	28	21
Occupational health and safety	3	38
Total employee costs	4,213	4,100
Total employee costs expensed	4,213	4,100
Number of 'full-time equivalent' employees (FTE) at year end	55	55

Accounting policy

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

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.

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		1,585	1,495
Contractor and consultancy costs		2,400	2,871
Audit Fees	F2-1	38	37
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	149	150
Advertising		32	35
Electricity and heating		128	154
Insurance		249	228
Postage		13	11
Street lighting		71	91
Telephone and communications		37	52
Training costs (other than salaries and wages)		63	59
Legal expenses:			
– Legal expenses: other		19	6
Expenses from leases of low value assets		10	6
Total materials and services		4,794	5,195
Total materials and services		4,794	5,195

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		1	1
Interest on loans		170	156
Total interest bearing liability costs		171	157
Total interest bearing liability costs expensed		171	157
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	11	7
Total other borrowing costs		11	7
Total borrowing costs expensed		182	164

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		494	405
Office equipment		42	39
Furniture and fittings		9	9
Infrastructure:	C1-7		
– Buildings – non-specialised		364	366
– Buildings – specialised		115	89
– Other structures		92	96
– Roads		1,196	1,196
– Bridges		257	256
– Footpaths		35	35
– Stormwater drainage		71	71
– Sewerage network		75	75
– Swimming pools		148	206
Right of use assets	C2-1	9	9
Other assets:			
– Library books		24	23
– Other		1	1
Reinstatement, rehabilitation and restoration assets:			
– Asset reinstatement costs	C3-5,C1-7	32	37
Total gross depreciation and amortisation costs		2,964	2,913
Total depreciation and amortisation costs		2,964	2,913
Total depreciation, amortisation and impairment for non-financial assets		2,964	2,913

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 not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		(26)	(1)
Total impairment of receivables	C1-4	(26)	(1)
Other			
Contributions/levies to other levels of government			
– Emergency services levy		7	6
– NSW fire brigade levy		30	27
– NSW rural fire service levy		326	228
Donations, contributions and assistance to other organisations (Section 356)		27	1,162
Total other		390	1,423
Total other expenses		364	1,422

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 property (excl. investment property)			
Proceeds from disposal – property		156	–
Less: carrying amount of property assets sold/written off		(171)	–
Gain (or loss) on disposal		(15)	–
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		101	315
Less: carrying amount of plant and equipment assets sold/written off		(48)	(209)
Gain (or loss) on disposal		53	106
Gain (or loss) on disposal of infrastructure			
	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	(138)
Gain (or loss) on disposal		–	(138)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		101	184
Less: carrying amount of real estate assets sold/written off		(48)	(25)
Gain (or loss) on disposal		53	159
Net gain (or loss) on disposal of assets		91	127

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 18/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
User charges and fees	3,550	2,915	(635)	(18)% U
Income from the Transport for NSW road maintenance contract for works on State Roads was less than original budget.				
Other revenues	146	223	77	53% F
Council received a contribution of \$56,000 for long service leave for employees transferring from other councils as well as other sundry items totalling \$16,000.				
Operating grants and contributions	5,158	5,465	307	6% F
Council received operating grant funding of \$239,000 under the Drought Communities program which was not budgeted as well as some additional Financial Assistance Grant.				
Capital grants and contributions	15,218	10,870	(4,348)	(29)% U
Capital grants were less than original budget due to delayed commencement of a number of granted funded capital projects including the sewerage treatment works and Fixing Local Roads.				
Interest and investment revenue	109	44	(65)	(60)% U
Interest on investments was down on original budget due to the continuing fall in interest rates.				
Net gains from disposal of assets	180	91	(89)	(49)% U
Proceeds from the sale of assets was less than original budget.				
Other income	85	343	258	304% F
\$255,000 was taken up as councils share Central Tablelands Water assets.				

EXPENSES

Employee benefits and on-costs	4,616	4,213	403	9% F
Councils salaries budget is a mix of operating and capital with staff allocating more time to capital projects therefore reducing operating employment costs.				
Materials and services	4,329	4,794	(465)	(11)% U
Contractors were engaged for the completion of some operating grant funded projects.				
Borrowing costs	154	182	(28)	(18)% U
Borrowing costs were higher than budget due to council taking up 3 new loans for plant purchases.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
Depreciation, amortisation and impairment of non-financial assets	3,734	2,964	770	21% F
Depreciation was under budget as a number of projects are yet to be commissioned.				
Other expenses	285	364	(79)	(28)% U
State Government levies for NSW Fire & Rescue, NSW Rural Fire Service and State Emergency Services were far higher than original budget and council was only notified of the increases after the budget had been adopted.				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	18,726	20,442	1,716	9% F
Council received additional grants for several projects including Local Roads and Community Infrastructure and Fixing Local Roads.				
Cash flows from investing activities	(20,477)	(16,416)	4,061	(20)% F
Commencement of a number of capital projects were delayed therefore reducing capital expenditure.				
Cash flows from financing activities	(88)	(155)	(67)	76% U
Council took out 3 loans for the purchase of plant which was not in the original budget				

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	2,454	2,583
Cash-equivalent assets		
– Short-term deposits	10,000	6,000
Total cash and cash equivalents	12,454	8,583

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	12,454	8,583
Balance as per the Statement of Cash Flows	12,454	8,583

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Long term deposits	2,500	–	–	–
Total	2,500	–	–	–
Total financial investments	2,500	–	–	–
Total cash assets, cash equivalents and investments	14,954	–	8,583	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

C1-2 Financial investments (continued)

- 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.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

Financial assets through profit or loss

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

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

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	14,954	–	8,583	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	6,671	504
Specific purpose unexpended grants – sewer fund	–	602

External restrictions – included in liabilities

	6,671	1,106
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External restrictions – other

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

Developer contributions – sewer fund	222	200
Specific purpose unexpended grants - general fund	28	51
Sewer fund	987	581

External restrictions – other

	1,237	832
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Total external restrictions

	7,908	1,938
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Internal restrictions

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

Plant and vehicle replacement	287	247
Employees leave entitlement	500	500
Domestic Waste Management	50	–
Development projects	81	93
Gravel pits	36	36
Office equipment	40	40
Town and shire works	2,416	2,243
Financial Assistance Grant advance payment	1,529	1,454

Total internal restrictions

	4,939	4,613
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Total restrictions

	12,847	6,551
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	323	-	289	-
User charges and fees	799	-	135	-
Private works	5	-	6	-
Accrued revenues				
– Other income accruals	11	-	12	-
Deferred debtors	73	263	69	231
Net GST receivable	336	-	123	-
Total	1,547	263	634	231
Less: provision of impairment				
Rates and annual charges	-	-	(25)	-
User charges and fees	(5)	-	(5)	-
Total provision for impairment – receivables	(5)	-	(30)	-
Total net receivables	1,542	263	604	231

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 estimating ECL, 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.

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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.

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

Covid 19

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision. The State Government legislated for the 2020/21 financial year that rate instalments can be deferred until September 30 and no interest can be charged for the first 6 months. The impact on cash flow and income has not been significant.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	–	83	37	–
Stores and materials	198	–	112	–
Total inventories at cost	198	83	149	–
Total inventories	198	83	149	–

(i) Other disclosures

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development				
Industrial/commercial	–	83	37	–
Total real estate for resale	–	83	37	–

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

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

\$ '000	2021	2020
Real estate for resale	–	37
	–	37

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.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	-	1,195
Total contract assets and contract cost assets		-	1,195

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	-	-	1,195	-
Total contract assets	-	-	1,195	-

Significant changes in contract assets

Council had a significant amount due as at 30 June 2020 which has now been paid..Council has no amounts due as at 30 June 2021.

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	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-4)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	1,192	–	1,192	9,974	1,024	–	–	–	–	–	12,190	–	12,190
Plant and equipment	6,078	(3,910)	2,168	158	1,302	(48)	(494)	–	–	–	7,070	(3,983)	3,087
Office equipment	1,176	(956)	220	–	27	–	(42)	–	–	–	1,203	(998)	205
Furniture and fittings	181	(124)	57	–	1	–	(9)	–	–	–	182	(133)	49
Land:													
– Operational land	1,353	–	1,353	–	–	–	–	–	–	–	1,353	–	1,353
– Community land	1,133	–	1,133	29	–	–	–	–	–	277	1,439	–	1,439
Infrastructure:													
– Buildings – non-specialised	14,359	(7,454)	6,905	–	192	(171)	(364)	–	–	138	14,505	(7,805)	6,700
– Buildings – specialised	5,856	(2,344)	3,512	21	–	–	(115)	–	–	–	5,877	(2,459)	3,418
– Other structures	3,141	(1,201)	1,940	14	157	–	(92)	–	(94)	625	3,127	(576)	2,551
– Roads	115,966	(50,265)	65,701	1,260	–	–	(1,196)	–	–	–	117,227	(51,461)	65,766
– Bridges	44,151	(13,085)	31,066	–	–	–	(257)	–	–	–	44,151	(13,342)	30,809
– Footpaths	1,640	(629)	1,011	19	–	–	(35)	–	–	–	1,659	(664)	995
– Bulk earthworks (non-depreciable)	63,396	–	63,396	38	–	–	–	–	–	–	63,434	–	63,434
– Stormwater drainage	10,093	(4,437)	5,656	878	–	–	(71)	–	–	–	10,971	(4,508)	6,463
– Sewerage network	13,351	(11,131)	2,220	1	–	–	(75)	–	–	21	13,475	(11,309)	2,166
– Swimming pools	7,063	(1,081)	5,982	–	76	–	(148)	–	–	–	7,139	(1,229)	5,910
Other assets:													
– Library books	580	(439)	141	–	38	–	(24)	–	–	–	617	(462)	155
– Other	65	(49)	16	–	–	–	(1)	–	–	21	72	(36)	36
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	813	(267)	546	–	–	–	(32)	17	–	–	830	(299)	531
Total infrastructure, property, plant and equipment	291,587	(97,372)	194,215	12,392	2,817	(219)	(2,955)	17	(94)	1,082	306,521	(99,264)	207,257

(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	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	691	–	691	501	–	–	–	–	–	–	1,192	–	1,192
Plant and equipment	6,613	(4,296)	2,317	–	465	(209)	(405)	–	–	–	6,078	(3,910)	2,168
Office equipment	1,111	(918)	193	–	66	–	(39)	–	–	–	1,176	(956)	220
Furniture and fittings	179	(115)	64	–	2	–	(9)	–	–	–	181	(124)	57
Land:													
– Operational land	1,353	–	1,353	–	–	–	–	–	–	–	1,353	–	1,353
– Community land	1,133	–	1,133	–	–	–	–	–	–	–	1,133	–	1,133
Infrastructure:													
– Buildings – non-specialised	14,281	(7,088)	7,193	78	–	–	(366)	–	–	–	14,359	(7,454)	6,905
– Buildings – specialised	5,096	(2,858)	2,238	1,501	–	(138)	(89)	–	–	–	5,856	(2,344)	3,512
– Other structures	2,928	(1,105)	1,823	68	145	–	(96)	–	–	–	3,141	(1,201)	1,940
– Roads	93,445	(19,175)	74,270	649	–	–	(1,196)	–	(8,022)	–	115,966	(50,265)	65,701
– Bridges	32,721	(8,135)	24,586	264	–	–	(256)	–	–	6,472	44,151	(13,085)	31,066
– Footpaths	1,602	(775)	827	35	–	–	(35)	–	–	184	1,640	(629)	1,011
– Bulk earthworks (non-depreciable)	32,968	–	32,968	579	–	–	–	–	–	29,849	63,396	–	63,396
– Stormwater drainage	8,646	(2,654)	5,992	–	–	–	(71)	–	(265)	–	10,093	(4,437)	5,656
– Sewerage network	13,001	(10,952)	2,049	227	–	–	(75)	–	–	19	13,351	(11,131)	2,220
– Swimming pools	7,020	(875)	6,145	16	27	–	(206)	–	–	–	7,063	(1,081)	5,982
Other assets:													
– Library books	551	(415)	136	–	28	–	(23)	–	–	–	580	(439)	141
– Other	65	(48)	17	–	–	–	(1)	–	–	–	65	(49)	16
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	899	(230)	669	–	–	–	(37)	(86)	–	–	813	(267)	546
Total infrastructure, property, plant and equipment	224,303	(59,639)	164,664	3,918	733	(347)	(2,904)	(86)	(8,287)	36,524	291,587	(97,372)	194,215

(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:

	Useful lives
Plant, office equipment, furniture and fittings	10
Infrastructure:	
– Buildings and other structures	20 to 40
– Roads, bridges and footpaths	19 to 160
– Bulk earthworks	infinite
– Stormwater drainage	109 to 120
– Sewerage network	15 to 85
– Open space / recreational assets	10 to 80
– Swimming pools	15 to 50
Library Books	10
Playground equipment, benches	5 to 20
Tip assets	25

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 5 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 in accordance with AASB 1051 Land Under Roads.

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.

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

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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will only recognise land and building Rural Fire Service assets.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

Council leases an item of plant with lease terms of 5 years; the lease payments are fixed during the lease term and there is no renewal option.

Office and IT equipment

Leases for photocopiers are for low value assets. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Total
2021		
Opening balance at 1 July	26	26
Depreciation charge	(9)	(9)
Balance at 30 June	17	17
2020		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	35	35
Depreciation charge	(9)	(9)
Balance at 30 June	26	26

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	9	9	8	18
TOTAL LEASE LIABILITIES at 30 June 2020	9	9	8	18

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	9	9	–	18	18
2020					
Cash flows	8	18	–	26	26

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	1	1
Depreciation of right of use assets	9	9
Expenses relating to low-value leases	10	6
	20	16

(e) Statement of Cash Flows

Total cash outflow for leases	19	24
	19	24

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

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

- community arts centre
- railway station, used for recreation

The leases are generally varying terms and require payments of a maximum amount of \$500 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

C2-1 Council as a lessee (continued)

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups and for medical services; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

\$ '000	2021	2020
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council buildings for the purpose of medical services and community groups,		
Lease income (excluding variable lease payments not dependent on an index or rate)	88	46
Total income relating to operating leases for Council assets	88	46

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

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

< 1 year	61	46
1–2 years	46	46
2–3 years	46	46
3–4 years	24	–
4–5 years	19	–
> 5 years	54	–
Total undiscounted lease payments to be received	250	138

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	1,369	–	577	–
Accrued expenses:				
– Borrowings	25	–	25	–
– Salaries and wages	94	2	84	1
– Other expenditure accruals	18	–	17	–
Security bonds, deposits and retentions	229	–	225	–
Other	–	–	4	–
Prepaid rates	88	–	72	–
Total payables	1,823	2	1,004	1
Total payables	1,823	2	1,004	1

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	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)	6,653	-	1,102	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	18	-	4	-
Total grants received in advance		6,671	-	1,106	-
Total contract liabilities		6,671	-	1,106	-

Notes

(i) Council has received funding to construct assets including sporting facilities, 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)	1,102	576
Operating grants (received prior to performance obligation being satisfied)	4	59
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,106	635

Significant changes in contract liabilities

Council has received several grants in advance and has only completed minor works at this stage. All grant liabilities from 2019/20 have been expended and taken up as grant income in 20/21.

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	263	4,308	80	3,665
Total borrowings	263	4,308	80	3,665

(1) Loans for infrastructure are secured over the general rating income of Council, loans for plant purchases are secured against the plant item.

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,745	(147)	973	–	–	–	4,571
Lease liability (Note C2-1b)	26	(8)	–	–	–	–	18
Total liabilities from financing activities	3,771	(155)	973	–	–	–	4,589

\$ '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	3,821	(76)	–	–	–	–	3,745
Lease liability (Note C2-1b)	–	–	–	–	–	26	26
Total liabilities from financing activities	3,821	(76)	–	–	–	26	3,771

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	50	50
Total financing arrangements	300	300
Drawn facilities		
– Credit cards/purchase cards	12	12
Total drawn financing arrangements	12	12
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	38	38
Total undrawn financing arrangements	288	288

(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.

C3-3 Borrowings (continued)

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	668	–	696	–
Long service leave	955	40	888	37
Total employee benefit provisions	1,623	40	1,584	37

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	1,345	1,297
	1,345	1,297

Description of and movements in provisions

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 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	757	–	729
Sub-total – asset remediation/restoration	–	757	–	729
Total provisions	–	757	–	729

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	729	729
Changes to provision:		
– Revised costs	17	17
Unwinding of discount	11	11
Total other provisions at end of year	757	757
2020		
At beginning of year	807	807
– Revised costs	(85)	(85)
Unwinding of discount	7	7
Total other provisions at end of year	729	729

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

C3-5 Provisions (continued)

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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	Sewer 2021
Income from continuing operations		
Rates and annual charges	3,240	537
User charges and fees	2,891	24
Interest and investment revenue	41	3
Other revenues	223	–
Grants and contributions provided for operating purposes	5,465	–
Grants and contributions provided for capital purposes	1,638	9,232
Net gains from disposal of assets	91	–
Other income	343	–
Total income from continuing operations	13,932	9,796
Expenses from continuing operations		
Employee benefits and on-costs	3,993	220
Materials and services	4,710	84
Borrowing costs	182	–
Depreciation, amortisation and impairment of non-financial assets	2,889	75
Other expenses	364	–
Total expenses from continuing operations	12,138	379
Operating result from continuing operations	1,794	9,417
Net operating result for the year	1,794	9,417
Net operating result attributable to each council fund	1,794	9,417
Net operating result for the year before grants and contributions provided for capital purposes	156	185

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Sewer 2021
ASSETS		
Current assets		
Cash and cash equivalents	11,245	1,209
Investments	2,500	–
Receivables	740	802
Inventories	198	–
Total current assets	14,683	2,011
Non-current assets		
Receivables	263	–
Inventories	83	–
Infrastructure, property, plant and equipment	194,429	12,828
Investments accounted for using the equity method	29,812	–
Right of use assets	17	–
Total non-current assets	224,604	12,828
TOTAL ASSETS	239,287	14,839
LIABILITIES		
Current liabilities		
Payables	839	984
Contract liabilities	6,671	–
Lease liabilities	9	–
Borrowings	263	–
Employee benefit provision	1,587	36
Total current liabilities	9,369	1,020
Non-current liabilities		
Payables	2	–
Lease liabilities	9	–
Borrowings	4,308	–
Employee benefit provision	40	–
Provisions	757	–
Total non-current liabilities	5,116	–
TOTAL LIABILITIES	14,485	1,020
Net assets	224,802	13,819
EQUITY		
Accumulated surplus	153,581	13,213
Revaluation reserves	71,221	606
Council equity interest	224,802	13,819
Total equity	224,802	13,819

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Associates	29,812	29,110
Total net share of interests in joint ventures and associates using the equity method – assets	29,812	29,110
Total Council's share of net assets	29,812	29,110

Interests in associates

Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Central Tablelands Water County Council	Associate	Blayney	33%	33%	29,365	29,110
Total carrying amounts – material associates					29,365	29,110

Central Tablelands Water County Council

Central Tablelands Water County Council is a water authority supplying water to the shires of Blayney, Weddin and Cabonne.

Council has incorporated the following associates into its consolidated financial statements. Note this information is based upon financial statements for the year ended 30 June 2021 being the most recent audited financial statements available.

Details

	Principal activity	Measurement method
Central Tablelands Water County Council	Maintains and administers water supply schemes	Equity method

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Central Tablelands Water County Council	33%	33%	33%	33%

D2-1 Interests in associates (continued)

Summarised financial information for associates

\$ '000	Central Tablelands Water County Council	
	2021	2020
Statement of financial position		
Current assets		
Cash and cash equivalents	1,292	2,029
Other current assets	7,212	5,216
Non-current assets	82,927	83,110
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	413	497
Other current liabilities	1,549	1,556
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	23	962
Net assets	89,446	87,340
Statement of comprehensive income		
Income	15,045	18,666
Interest income	179	195
Depreciation and amortisation	(5,425)	(2,761)
Interest expense	(132)	(114)
Other expenses	(8,902)	(4,019)
Profit/(loss) from continuing operations	765	11,967
Profit/(loss) for period	765	11,967
Other comprehensive income	1,341	1,082
Total comprehensive income	2,106	13,049
Share of income – Council (%)	33%	33%
Profit/(loss) – Council (\$)	255	3,989
Total comprehensive income – Council (\$)	702	4,349
Reconciliation of the carrying amount		
Opening net assets (1 July)	87,340	74,291
Profit/(loss) for the period	765	11,967
Other comprehensive income – revaluations	1,341	1,082
Closing net assets	89,446	87,340
Council's share of net assets (%)	33%	33%
Council's share of net assets (\$)	29,812	29,110

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 financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- 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 a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks 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	125	60

(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.

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

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	57	94	30	54	88	323
2020						
Gross carrying amount	88	148	13	28	12	289

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	1,451	3	2	5	26	1,487
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	19.20%	0.34%
ECL provision	–	–	–	–	5	5
2020						
Gross carrying amount	354	135	1	–	86	576
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	5.80%	0.87%
ECL provision	–	–	–	–	5	5

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	229	1,507	–	–	1,736	1,737
Loans and advances	4.28%	–	453	1,727	4,782	6,962	4,571
Total financial liabilities		229	1,960	1,727	4,782	8,698	6,308
2020							
Trade/other payables	0.00%	225	708	–	–	933	933
Loans and advances	4.13%	–	233	932	5,017	6,182	3,745
Total financial liabilities		225	941	932	5,017	7,115	4,678

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
- Financial assets

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					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	3,087	2,168	3,087	2,168
Office equipment		–	–	205	220	205	220
Furniture and fittings		–	–	49	57	49	57
Operational land		–	–	1,353	1,353	1,353	1,353
Community land		–	–	1,439	1,133	1,439	1,133
Buildings – non specialised		–	–	6,700	6,905	6,700	6,905
Buildings – specialised		–	–	3,418	3,512	3,418	3,512
Other structures		–	–	2,551	1,940	2,551	1,940
Roads		–	–	65,766	65,701	65,766	65,701
Bridges		–	–	30,809	31,066	30,809	31,066
Footpaths		–	–	995	1,011	995	1,011
Bulk earthworks		–	–	63,434	63,396	63,434	63,396
Stormwater drainage		–	–	6,463	5,656	6,463	5,656
Sewerage network		–	–	2,166	2,220	2,166	2,220
Swimming pools		–	–	5,910	5,982	5,910	5,982
Library books		–	–	155	141	155	141
Other assets		–	–	36	16	36	16
Reinstatement tip assets		–	–	531	546	531	546
Work in Progress		–	–	12,190	1,192	12,190	1,192
Total infrastructure, property, plant and equipment		–	–	207,257	194,215	207,257	194,215

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:

Infrastructure, property, plant and equipment (IPPE) Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

E2-1 Fair value measurement (continued)

Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks etc.

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

Operational & Community Land

The valuation of Council's operational land was undertaken at 30 June 2018 by AssetVal Pty Ltd with the direct comparison method.

Community land values are based on the Land Value provided by the Valuer-General as these are considered representative of the actual market values in the Weddin Shire LGA. The valuations have been updated as at 30 June 2021.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

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

Buildings Non Specialised & Specialised

The valuation of Council's Buildings – Non-Specialised & Specialised was undertaken at 30 June 2018 by AssetVal Pty Ltd cost approach to determine Depreciated Replacement Cost.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year, Council added the Rural Fire Service assets back into the asset register in line with the recent determination by the Audit Office of NSW.

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

Other Structures

Other Structures were valued by Shepherd Asset Management Services Pty Ltd as at 30 June 2021. Examples of assets within this class are fencing, lighting, playground equipment etc. Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

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

Roads

Roads comprise road carriageway, roadside shoulders & kerb & gutter. The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Bridges

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. While all bridges were physically inspected and unit rates based on square metres were other inputs (such as estimates of residual value and pattern of consumption) require extensive professional judgement that impacts significantly on the final determination of fair value. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Footpaths

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering

E2-1 Fair value measurement (continued)

Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Bulk Earthworks

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Storm Water Drainage

Assets within this class comprise pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

These assets were valued by Shepherd Asset Management Services as at 30 June 2020.

Sewerage Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long-lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Primary Industries Water.

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

Swimming Pools

Other Structures including Swimming Pools were internally accessed as at 30 June 2021.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

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

Library Books

Library Books were valued using the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

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

Other Assets

This asset class relates to the town clock which was valued by Shepherd Asset Management Services Pty Ltd as at 30 June 2021.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

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

E2-1 Fair value measurement (continued)

Reinstatement Tip Assets

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications.

It has been recognised that there will be significant costs associated with the closure and post closure management of tip/landfill sites. Closure of the landfill sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future management requirements.

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.

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant, equipment, furniture, fittings and office equipment	3,341	Refer to Note E2-1	Current replacement cost of modern equivalent, asset condition, useful life, increase/decrease in cost of unit or useful life
Operational land	1,353	Refer to Note E2-1	Land value, land area, price per square metre
Community land	1,439	Refer to Note E2-1	Land value, land area, restrictions
Buildings	10,118	Refer to Note E2-1	Current replacement cost of modern equivalent using componentisation, asset condition, remaining useful lives
Roads, Bridges, Footpaths, Earthworks	161,004	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Other Structures, Pools, Library Assets, Town Clock, Work in Progress	20,842	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Drainage Network	6,463	Refer to Note E2-1	Asset condition, remaining lives, increase/decrease in cost of unit
Sewerage Network	2,166	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Reinstatement Tip Assets	531	Refer to Note E2-1	Environmental legislation, timing of expected cash outflows, asset condition, increase/decrease in cost of unit

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	Total IPP&E	
	2021	2020
Opening balance	194,215	164,664
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	1,082	28,237
Other movements		
Purchases (GBV)	15,209	4,651
Disposals (WDV)	(219)	(347)
Depreciation and impairment	(2,955)	(2,904)
Other movement - Adjustments & Transfers	(75)	(86)
Closing balance	207,257	194,215

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

No transfers were made in or out of the Level 3 Fair value Hierarchy

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$84,411. 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 \$58,100. Council's expected contribution to the plan for the next annual reporting period is \$84,800.

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 .15%

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

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

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

* Plus promotional increases

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(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.

(iii) Rural Fire Service Assets

Throughout the shire there are numerous rural fire appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable that Department to provide bushfire protection defences set out in their Service Level Agreement with Council. As Council does not have control over these assets Council does not recognise these as assets in our financial statements.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

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	832	869
Other long-term benefits	66	82
Termination benefits	35	–
Total	933	951

Other transactions with KMP and their related parties

With the exception of the purchase of water from Central Tablelands Water Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed. Further information in relation to transactions with Central Tablelands Water is disclosed below.

2021

Council has significant influence over Central Tablelands Water as it retains 33.33% of its voting power. During the financial year transactions totalling \$79,356.48 were undertaken with Central Tablelands Water for the purchase of water. These transactions were undertaken on the same terms and conditions as those offered to the General Public.

2020

Council has significant influence over Central Tablelands Water as it retains 33.33% of its voting power. During the financial year transactions totalling \$87,435.25 were undertaken with Central Tablelands Water for the purchase of water. These transactions were undertaken on the same terms and conditions as those offered to the General Public.

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	27	27
Councillors' fees	109	108
Other Councillors' expenses (including Mayor)	13	15
Total	149	150

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	37	37
Total Auditor-General remuneration	37	37
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other assurance services	1	-
Total remuneration of non NSW Auditor-General audit firms	1	-
Total audit fees	38	37

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	11,211	5,891
Adjust for non-cash items:		
Depreciation and amortisation	2,964	2,913
Net losses/(gains) on disposal of assets	(91)	(127)
Non-cash Movement in Garbage Tip AIFRS Asset	(17)	86
Adoption of AASB 15/1058	–	(640)
Unwinding of discount rates on reinstatement provisions	11	7
Share of net (profits)/losses of associates/joint ventures using the equity method	(255)	(3,989)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(909)	980
Increase/(decrease) in provision for impairment of receivables	(25)	(1)
Decrease/(increase) in inventories	(86)	62
Decrease/(increase) in contract assets	1,195	(1,195)
Increase/(decrease) in payables	792	73
Increase/(decrease) in accrued interest payable	–	42
Increase/(decrease) in other accrued expenses payable	12	(121)
Increase/(decrease) in other liabilities	16	75
Increase/(decrease) in contract liabilities	5,565	1,106
Increase/(decrease) in provision for employee benefits	42	(120)
Increase/(decrease) in other provisions	17	(85)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	20,442	4,957

(b) Non-cash investing and financing activities

Non Cash Movement in Garbage Tip AIFRS Asset	17	(86)
Total non-cash investing and financing activities	17	(86)

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Sewerage treatment works	1,014	11,504
Total commitments	1,014	11,504

These expenditures are payable as follows:

Within the next year	1,014	11,504
Total payable	1,014	11,504

Sources for funding of capital commitments:

Future grants and contributions	784	11,274
Externally restricted reserves	230	230
Total sources of funding	1,014	11,504

Details of capital commitments

Completion of the renewal and upgrade of Grenfell sewerage treatment works.

G3-1 Events occurring after the reporting date

Council is aware of the following 'non-adjusting event' that merits disclosure:

Council is involved in an ongoing legal matter with an unknown estimated cost. The matter is confidential, which restricts the Council's ability to disclose further details.

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					
S64 contributions	200	22	–	–	–	–	222	–
Total contributions	200	22	–	–	–	–	222	–

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.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(31)	(0.25)%	(4.12)%	(4.03)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	12,512				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	7,047	30.14%	44.77%	46.86%	> 60.00%
Total continuing operating revenue ¹	23,382				
3. Unrestricted current ratio					
Current assets less all external restrictions	7,984	5.90x	6.31x	5.38x	> 1.50x
Current liabilities less specific purpose liabilities	1,353				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,115	9.24x	10.16x	10.58x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	337				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	323	7.96%	6.83%	4.44%	< 10.00%
Rates and annual charges collectable	4,057				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	14,954	16.75	8.50	9.12	> 3.00
Monthly payments from cash flow of operating and financing activities	893	mths	mths	mths	mths

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}					
Total continuing operating revenue excluding capital grants and contributions ¹	(1.81)%	(5.57)%	32.80%	29.67%	> 0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding capital grants and contributions ¹					
Total continuing operating revenue ¹	47.72%	44.39%	5.76%	49.86%	> 60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions					
Current liabilities less specific purpose liabilities	5.90x	6.31x	1.75x	20.26x	> 1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹					
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	8.47x	9.21x	∞	∞	> 2.00x
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding					
Rates and annual charges collectable	7.87%	6.57%	8.53%	8.33%	< 10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits					
Monthly payments from cash flow of operating and financing activities	15.84 mths	7.32 mths	47.88 mths	53.71 mths	> 3.00 mths

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

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

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

Corner of Camp & Weddin Streets
Grenfell NSW 2810

Contact details

Mailing Address:

PO Box 125
GRENFELL NSW 2810

Telephone: 02 6343 1212

Facsimile: 02 6343 1203

Opening hours:

8.30 am - 4.00 pm Monday - Friday

Grenfell Waste Depot:

Tue, Thurs, Sat, Sun: 10.00 am - 4.00 pm

Internet: www.weddin.nsw.gov.au

Email: mail@weddin.nsw.gov.au

Officers

Acting General Manager

Jaymes Rath

Responsible Accounting Officer

Michael Chalmers

Public Officer

Michael Chalmers

Auditors

Audit Office of NSW

GPO Box 12

Sydney NSW 2001

Elected members

Mayor

Mark Liebich

Councillors

Cr Paul Best - Deputy Mayor

Cr Craig Bembrick

Cr Carly Brown

Cr Phillip Diprose

Cr Stuart McKellar

Cr John Niven

Cr Stephen O'Bryne

Cr Jan Parlett

Other information

ABN: 73 819 323 291



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

To the Councillors of the Weddin Shire Council

Opinion

I have audited the accompanying financial statements of Weddin 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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

22 December 2021
SYDNEY



Mr Jaymes Rath
Acting General Manager
Weddin Shire Council
PO Box 125
GRENFELL NSW 2810

Contact: Karen Taylor
Phone no: 9275 7311
Our ref: D2128007/1805

22 December 2021

Dear Jaymes

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

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

I expressed an unmodified opinion on the Council's GPFS.

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Rural fire-fighting equipment not recognised in the financial statements





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

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

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

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	3.78	3.67	 3.0
Grants and contributions revenue	16.34	8.60	 90.0
Operating result from continuing operations	11.21	5.89	 90.3
Net operating result before capital grants and contributions	0.34	3.57	 90.5

The Council's operating result from continuing operations \$11.21 million (including depreciation and amortisation expense of \$2.96 million) was \$5.32 million higher than the 2019–20 result.

The net operating result before capital grants and contributions (\$0.34 million) was \$3.23 million lower than the 2019–20 result (\$3.57 million). This was mainly due to the decrease in Central Tablelands Water result impacting Council's share of the investment.

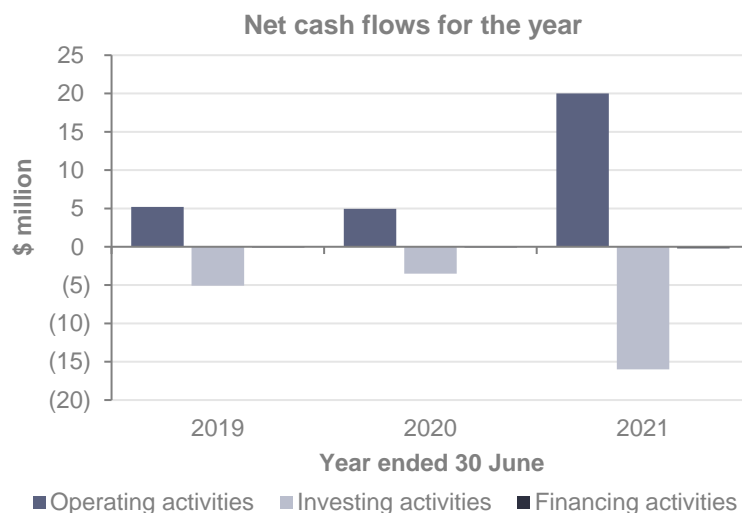
Rates and annual charges revenue (\$3.78 million) increased by \$0.11 million (3.0 per cent) in 2020–21. This is predominantly due to Council the rate peg of 2.7 per cent. The relatively small dollar value of Council's rating income means that small dollar figure movements can have a large impact on reported percentage movements.

Grants and contributions revenue (\$16.34million) increased by \$7.74 million in 2020–21, which was largely due to a \$8.55 million increase in capital grants and contributions offset by a decrease of \$0.81 million in operating grants and contributions. The increase in capital grants and contributions was due to an increase in sewer capital grants and contributions of \$8.7 million for the new sewerage treatment plant.

STATEMENT OF CASH FLOWS

The increase in payments for infrastructure, property, plant and equipment was the main contributor to the decrease in cash flows from investing activities over the prior year. This was mostly due to the construction of the new sewerage treatment plant.

Cash flows from operating activities increased due to higher grants and contributions cash receipts.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	14.9	8.6	Externally restricted balances included unexpended grants.
Restricted cash and investments:			Balances are internally restricted due to Council policy or decisions for forward plans including work programs
• External restrictions	7.9	1.9	
• Internal restrictions	4.9	4.6	

Debt

At 30 June 2021, Council had external borrowings of \$4.57 million (2020: \$3.75 million). The loans are secured against Council's general rating income, except where the loan is for plant and equipment, in which case it is secured against the relevant underlying assets.

Council has an approved overdraft facility of \$250,000 and an approved credit card facility of \$50,000, of which \$12,000 of credit card facility was used.

PERFORMANCE

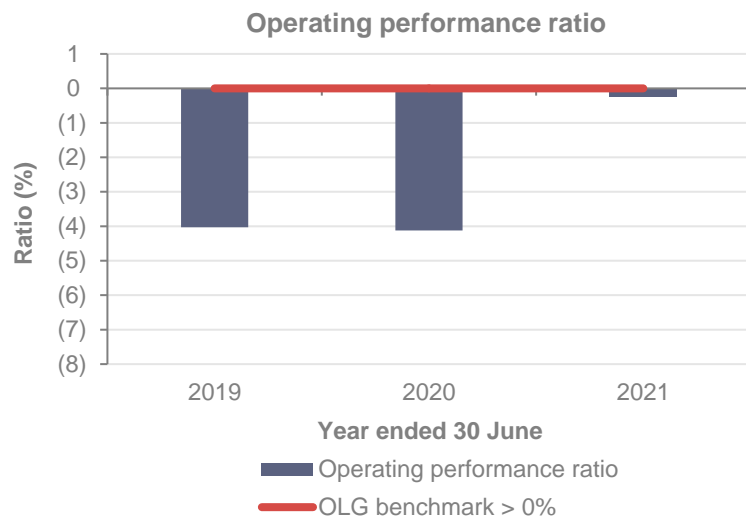
Performance measures

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

Council's result remains below the benchmark and is indicative of the extent to which Council rely on capital grants and contributions.

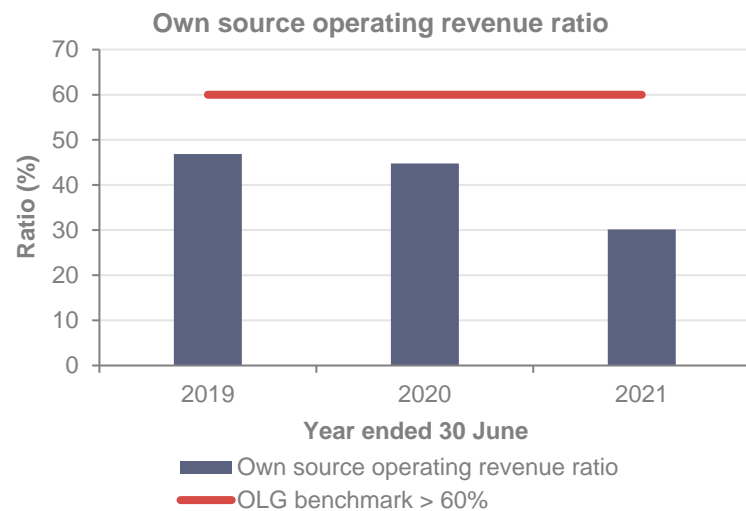
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The proportionately high level of grants and contributions received by Weddin Shire and indeed by most small rural councils, has seen this ratio continue to remain below the benchmark.

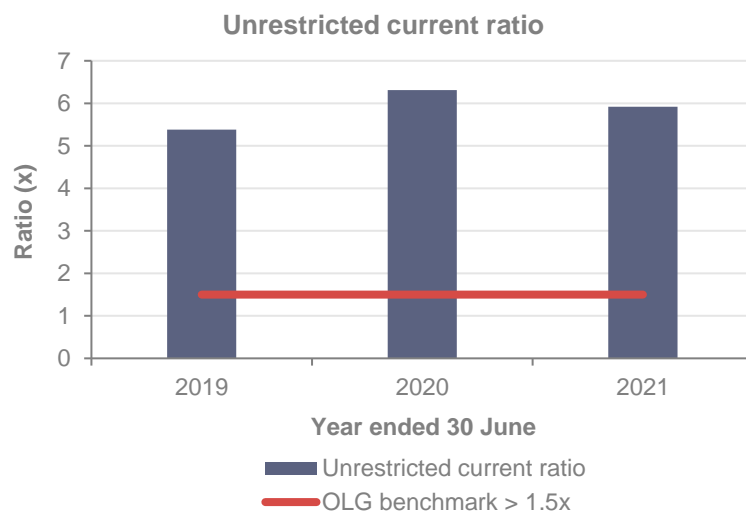
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

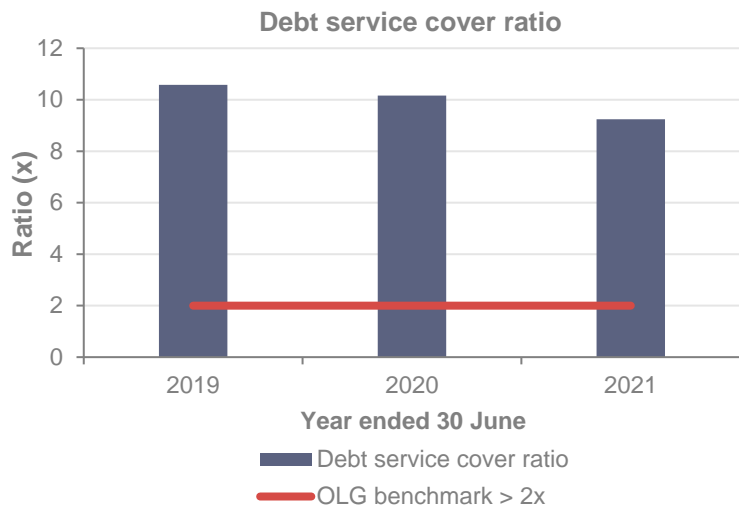
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council continues to exceed the OLG benchmark.

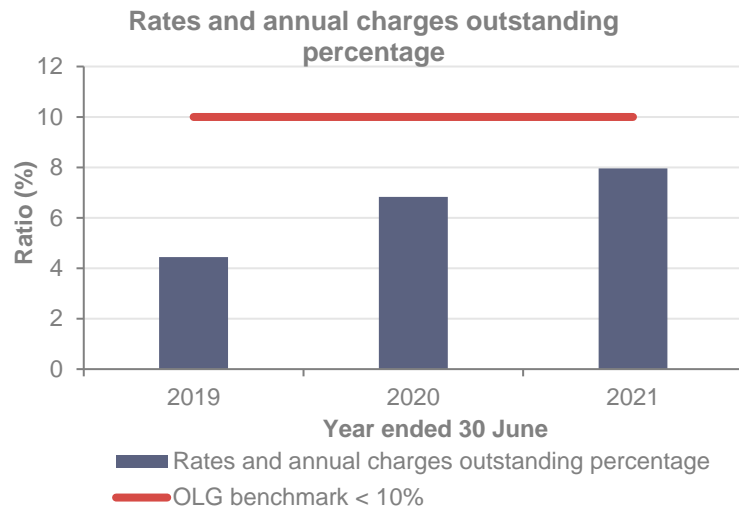
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding ratio is better than the benchmark for rural councils over the past three years. The increase in this ratio in 2020 was impacted by the first-time re-classification of rates received in advance as a liability, whereas prior years saw this reported as a reduction in rates and annual charges receivable. The additional increase in this ratio in 2021 was due to Council's decision not to actively pursue outstanding rates due to COVID-19.

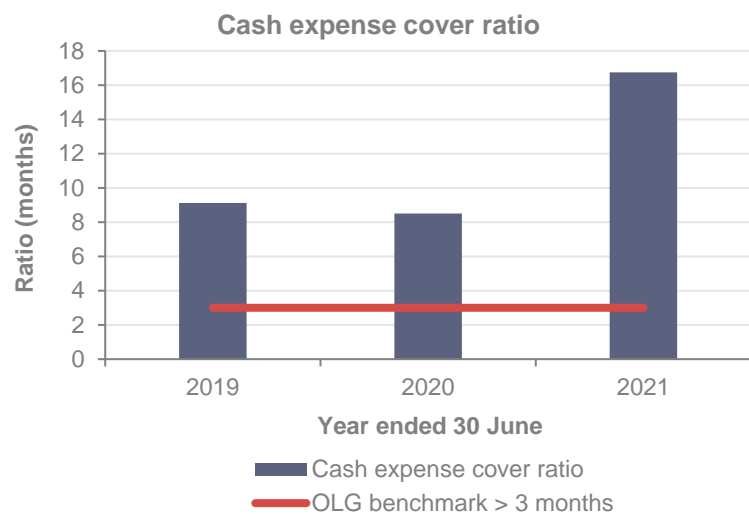
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council continues to exceed the OLG benchmark demonstrating ability pay expenses when due.

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.



Infrastructure, property, plant and equipment renewals

Council has renewed \$12.39 million of assets in the 2020–21 year compared to \$3.92 million in the 2019–20 year. The higher level of expenditure was primarily capital works in progress for the sewer treatment plant compared to the prior year.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council adopted the new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' for the first time in its 2020–21 financial statements.

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

When AASB 1059 applies, the grantor recognises the service concession asset at current replacement cost when the grantor obtains control of the asset and recognises a corresponding financial liability or unearned revenue or a combination of both.

Council does not have any arrangements which fall within the scope of AASB 1059.

Legislative compliance

My audit procedures identified a material deficiency in the Council's accounting records that will be reported in the Management Letter.

The Council's:

- accounting records were not maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.
- My audit procedures did not identify any instances of non-compliance with legislative requirements.

My audit procedures did not identify any other material instances of non-compliance with legislative requirements.



Karen Taylor
Delegate of the Auditor-General for New South Wales

Weddin Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Weddin 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	n/a
Income Statement of sewerage business activity	4
Statement of Financial Position of water supply business activity	n/a
Statement of Financial Position of sewerage business activity	5
Note – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	9

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).

Weddin Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 30 November 2021.



Mark Liebich
Mayor
30 November 2021



Paul Best
Councillor
30 November 2021



Jaymes Rath
Acting General Manager
30 November 2021



Michael Chalmers
Responsible Accounting Officer
30 November 2021

Weddin Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	537	519
User charges	24	22
Interest	3	5
Total income from continuing operations	564	546
Expenses from continuing operations		
Employee benefits and on-costs	220	219
Materials and services	84	90
Depreciation, amortisation and impairment	75	75
Total expenses from continuing operations	379	384
Surplus (deficit) from continuing operations before capital amounts	185	162
Grants and contributions provided for capital purposes	9,232	549
Surplus (deficit) from continuing operations after capital amounts	9,417	711
Surplus (deficit) from all operations before tax	9,417	711
Less: corporate taxation equivalent [based on result before capital]	(48)	(45)
Surplus (deficit) after tax	9,369	666
Plus accumulated surplus	3,796	3,085
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	48	45
Closing accumulated surplus	13,213	3,796
Return on capital %	1.4%	4.5%
Subsidy from Council	6	–
Calculation of dividend payable:		
Surplus (deficit) after tax	9,369	666
Less: capital grants and contributions (excluding developer contributions)	(9,232)	(549)
Surplus for dividend calculation purposes	137	117
Potential dividend calculated from surplus	68	59

Weddin Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	1,209	1,383
Receivables	802	47
Total current assets	2,011	1,430
Non-current assets		
Infrastructure, property, plant and equipment	12,828	3,585
Total non-current assets	12,828	3,585
Total assets	14,839	5,015
LIABILITIES		
Current liabilities		
Contract liabilities	–	602
Payables	984	–
Employee benefit provisions	36	31
Total current liabilities	1,020	633
Total liabilities	1,020	633
Net assets	13,819	4,382
EQUITY		
Accumulated surplus	13,213	3,796
Revaluation reserves	606	586
Total equity	13,819	4,382

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)

Nil

Category 2

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

a. Grenfell Sewerage Service

Comprising the whole of the operations & net assets of the sewerage reticulation & treatment system servicing the town of Grenfell.

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):

Notional rate applied (%)

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

Note – Significant Accounting Policies (continued)

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 **\$100 + 1.6%**. 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 – 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 Act.

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% (19/20 27.5%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the '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.

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.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant 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 submitted to DPIE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Weddin Shire Council

To the Councillors of the Weddin Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

22 December 2021
SYDNEY

Weddin Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Weddin Shire Council

Special Schedules

for the year ended 30 June 2021

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Weddin 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	2,835	2,902
Plus or minus adjustments ²	b	(7)	2
Notional general income	c = a + b	2,828	2,904
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	74	58
Sub-total	k = (c + g + h + i + j)	2,902	2,962
Plus (or minus) last year's carry forward total	l	15	14
Sub-total	n = (l + m)	15	14
Total permissible income	o = k + n	2,917	2,976
Less notional general income yield	p	2,902	2,962
Catch-up or (excess) result	q = o - p	14	14
Less unused catch-up ⁵	s	-	(11)
Carry forward to next year ⁶	t = q + r + s	14	3

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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (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
Weddin Shire Council

To the Councillors of Weddin Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Weddin 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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

22 December 2021
SYDNEY

Weddin Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings	22	22	22	35	10,118	20,382	41.0%	13.1%	45.9%	0.0%	0.0%	
	Sub-total	22	22	22	35	10,118	20,382	41.0%	13.1%	45.9%	0.0%	0.0%	
Other structures	Other structures	20	20	20	20	2,551	3,127	27.5%	32.6%	39.5%	0.2%	0.2%	
	Sub-total	20	20	20	20	2,551	3,127	27.5%	32.6%	39.5%	0.2%	0.2%	
Roads	Transport Assets	882	882	882	1,258	161,004	226,471	38.8%	39.6%	13.2%	5.5%	2.9%	
	Sub-total	882	882	882	1,258	161,004	226,471	38.8%	39.6%	13.2%	5.5%	2.9%	
Sewerage network	Sewerage network	194	194	194	100	2,166	13,475	0.0%	0.0%	0.0%	0.0%	100.0%	
	Sub-total	194	194	194	100	2,166	13,475	0.0%	0.0%	0.0%	0.0%	100.0%	
Stormwater drainage	Stormwater	10	10	10	8	6,463	10,971	0.0%	0.0%	72.4%	27.6%	0.0%	
	Sub-total	10	10	10	8	6,463	10,971	0.0%	0.0%	72.4%	27.6%	0.0%	
Open space / recreational assets	Swimming pools	30	30	30	19	5,910	7,139	87.8%	0.0%	12.2%	0.0%	0.0%	
	Sub-total	30	30	30	19	5,910	7,139	87.8%	0.0%	12.2%	0.0%	0.0%	
Total – all assets		1,158	1,158	1,158	1,440	188,212	281,565	36.7%	33.2%	17.5%	5.5%	7.1%	

(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

Weddin Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	12,392	526.65%	163.89%	174.62%	>= 100.00%
Depreciation, amortisation and impairment	2,353				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	1,158	0.58%	1.88%	1.65%	< 2.00%
Net carrying amount of infrastructure assets	200,402				
Asset maintenance ratio					
Actual asset maintenance	1,440	124.35%	138.70%	173.71%	> 100.00%
Required asset maintenance	1,158				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	1,158	0.41%	1.64%	1.50%	
Gross replacement cost	281,565				

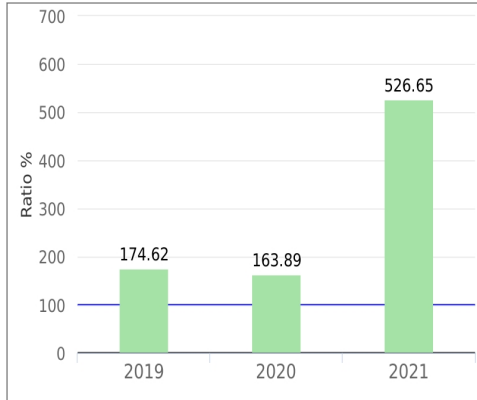
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Weddin Shire Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
20/21 ratio	526.65%

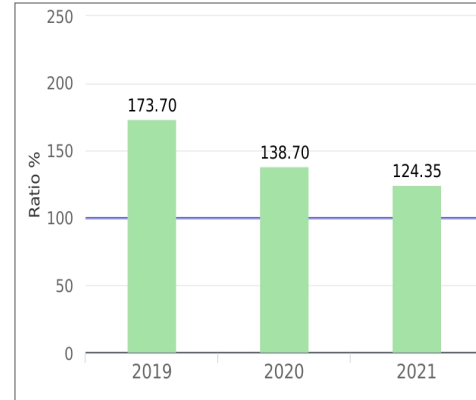
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
20/21 ratio	124.35%

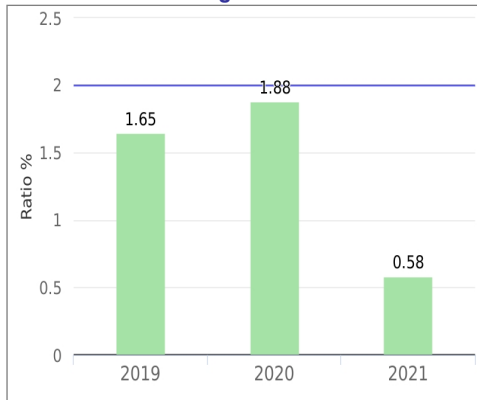
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
20/21 ratio	0.58%

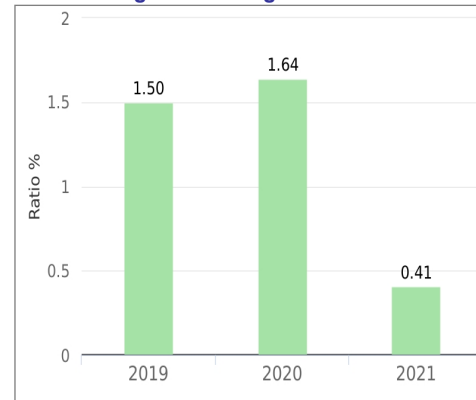
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
20/21 ratio	0.41%

Weddin Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹					
Depreciation, amortisation and impairment	543.99%	137.75%	0.00%	970.67%	>= 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	0.49%	1.90%	8.96%	0.00%	< 2.00%
Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	139.00%	145.36%	51.55%	93.79%	> 100.00%
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council					
Gross replacement cost	0.36%	1.75%	1.44%	0.00%	

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