

# Bland Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Bland Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Bland Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

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

6-10 Shire Street  
West Wyalong NSW 2671

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.blandshire.nsw.gov.au](http://www.blandshire.nsw.gov.au)

# Bland Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

## Bland 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 21 September 2021.

  
Brian Monaghan

Mayor

21 September 2021

  
Rodney Crowe

Councillor

21 September 2021

  
Ray Smith PSM

General Manager

21 September 2021

  
Leesa Bryant

Responsible Accounting Officer

21 September 2021

# Bland Shire Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	<b>Income from continuing operations</b>			
9,438	Rates and annual charges	B2-1	<b>9,764</b>	9,346
1,116	User charges and fees	B2-2	<b>1,110</b>	2,122
218	Other revenue	B2-3	<b>458</b>	1,123
7,275	Grants and contributions provided for operating purposes	B2-4	<b>11,407</b>	13,764
4,500	Grants and contributions provided for capital purposes	B2-4	<b>7,224</b>	13,787
420	Interest and investment income	B2-5	<b>730</b>	472
114	Other income	B2-6	<b>301</b>	140
605	Net gains from the disposal of assets	B4-1	<b>—</b>	—
<b>23,686</b>	<b>Total income from continuing operations</b>		<b>30,994</b>	40,754
	<b>Expenses from continuing operations</b>			
6,919	Employee benefits and on-costs	B3-1	<b>7,082</b>	6,393
9,411	Materials and services	B3-2	<b>8,251</b>	7,473
51	Borrowing costs	B3-3	<b>133</b>	79
8,889	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>7,260</b>	8,659
532	Other expenses	B3-5	<b>678</b>	599
—	Net losses from the disposal of assets	B4-1	<b>1,356</b>	798
<b>25,802</b>	<b>Total expenses from continuing operations</b>		<b>24,760</b>	24,001
<b>(2,116)</b>	<b>Operating result from continuing operations</b>		<b>6,234</b>	16,753
<b>(2,116)</b>	<b>Net operating result for the year attributable to Council</b>		<b>6,234</b>	16,753
<b>—</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(990)</b>	2,966

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

## Bland Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>6,234</b>	<b>16,753</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>808</b>	25,382
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>808</b>	25,382
<b>Total other comprehensive income for the year</b>		<b>808</b>	25,382
<b>Total comprehensive income for the year attributable to Council</b>		<b>7,042</b>	42,135

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

# Bland Shire Council

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	5,564	7,130
Investments	C1-2	32,700	34,200
Receivables	C1-4	1,117	1,628
Inventories	C1-5	1,503	1,326
<b>Total current assets</b>		<b>40,884</b>	<b>44,284</b>
<b>Non-current assets</b>			
Investments	C1-2	13,000	6,000
Receivables	C1-4	506	210
Infrastructure, property, plant and equipment	C1-6	354,781	347,035
Investment property	C1-7	1,254	1,254
Other		198	198
<b>Total non-current assets</b>		<b>369,739</b>	<b>354,697</b>
<b>Total assets</b>		<b>410,623</b>	<b>398,981</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	1,126	938
Contract liabilities	C3-2	3,190	172
Borrowings	C3-3	93	93
Employee benefit provisions	C3-4	2,730	2,729
<b>Total current liabilities</b>		<b>7,139</b>	<b>3,932</b>
<b>Non-current liabilities</b>			
Payables	C3-1	39	39
Borrowings	C3-3	800	925
Employee benefit provisions	C3-4	2	2
Provisions	C3-5	5,901	4,383
<b>Total non-current liabilities</b>		<b>6,742</b>	<b>5,349</b>
<b>Total liabilities</b>		<b>13,881</b>	<b>9,281</b>
<b>Net assets</b>		<b>396,742</b>	<b>389,700</b>
<b>EQUITY</b>			
Accumulated surplus		164,027	157,793
IPPE revaluation reserve	C4-1	232,715	231,907
<b>Council equity interest</b>		<b>396,742</b>	<b>389,700</b>
<b>Total equity</b>		<b>396,742</b>	<b>389,700</b>

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



## Bland Shire Council

### Statement of Changes in Equity for the year ended 30 June 2021

\$ '000	as at 30/06/21			as at 30/06/20		
	Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July	157,793	231,907	389,700	143,872	206,525	350,397
Changes due to AASB 1058 and AASB 15 adoption	–	–	–	(2,832)	–	(2,832)
<b>Restated opening balance</b>	<b>157,793</b>	<b>231,907</b>	<b>389,700</b>	<b>141,040</b>	<b>206,525</b>	<b>347,565</b>
Net operating result for the year	6,234	–	6,234	16,753	–	16,753
<b>Restated net operating result for the period</b>	<b>6,234</b>	<b>–</b>	<b>6,234</b>	<b>16,753</b>	<b>–</b>	<b>16,753</b>
<b>Other comprehensive income</b>						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	–	808	808	–	25,382	25,382
<b>Other comprehensive income</b>	<b>–</b>	<b>808</b>	<b>808</b>	<b>–</b>	<b>25,382</b>	<b>25,382</b>
<b>Total comprehensive income</b>	<b>6,234</b>	<b>808</b>	<b>7,042</b>	<b>16,753</b>	<b>25,382</b>	<b>42,135</b>
<b>Closing balance at 30 June</b>	<b>164,027</b>	<b>232,715</b>	<b>396,742</b>	<b>157,793</b>	<b>231,907</b>	<b>389,700</b>

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

## Bland Shire Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
9,438	Rates and annual charges		9,770	9,721
1,116	User charges and fees		1,413	1,282
420	Investment and interest revenue received		603	744
11,775	Grants and contributions		21,649	24,891
1,500	Other		1,917	1,371
<b>Payments:</b>				
(6,919)	Employee benefits and on-costs		(7,081)	(6,777)
(9,411)	Materials and services		(7,689)	(5,797)
(101)	Borrowing costs		(208)	(39)
–	Bonds, deposits and retention amounts refunded		(1)	(2)
(634)	Other		(589)	(2,829)
7,184	<b>Net cash flows from operating activities</b>	G1-1	<b>19,784</b>	<b>22,565</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
325	Sale of real estate assets		233	–
500	Sale of infrastructure, property, plant and equipment		558	569
<b>Payments:</b>				
–	Purchase of investment securities		(13)	(9,503)
–	Acquisition of term deposits		(5,500)	–
–	Purchase of investment property		–	(888)
(14,506)	Purchase of infrastructure, property, plant and equipment		(16,332)	(11,383)
–	Purchase of real estate assets		(171)	(507)
(13,681)	<b>Net cash flows from investing activities</b>		<b>(21,225)</b>	<b>(21,712)</b>
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(150)	Repayment of borrowings		(125)	(75)
(150)	<b>Net cash flows from financing activities</b>		<b>(125)</b>	<b>(75)</b>
(6,647)	<b>Net change in cash and cash equivalents</b>		<b>(1,566)</b>	<b>778</b>
7,130	Cash and cash equivalents at beginning of year		7,130	6,352
483	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>5,564</b>	<b>7,130</b>
45,000	plus: Investments on hand at end of year	C1-2	45,700	40,200
45,483	<b>Total cash, cash equivalents and investments</b>		<b>51,264</b>	<b>47,330</b>

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

# Bland Shire Council

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# Bland Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 21 September 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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 financial assets and liabilities and certain classes of 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 C1-6
- (ii) employee benefit provisions – refer C3-4
- (iii) estimated tip remediation provisions - refer C3-5

#### 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 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.

Council provided some rent relief to 186 Main Street (Hall & Co) to compensate for lost income due to the lockdown restrictions and some additional costs have been incurred in the cleaning of Council facilities. Council also offered community groups donations up to \$4,000 each to assist with the Covid implications.

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 of 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.

## A1-1 Basis of preparation (continued)

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

#### (i) Impairment of receivables

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

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

### Monies and other assets received by Council

#### The Consolidated Fund

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

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 other assets subject to Council's control have been included in these reports

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Bland Shire Council is fortunate to have community minded individuals volunteering for Council in several service areas including, but not limited to the library, children's services, aged care services and community services. The volunteer services have not been recognised in these financial statements given that Council is not in a position to purchase these services had they not been provided voluntarily and the fair value is going to be an unreliable measure. This treatment of volunteer services is acceptable under AASB 1058.

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

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

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

## A1-1 Basis of preparation (continued)

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

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

None of these standards had an impact on the reported position or performance.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Our People	606	2,053	4,698	2,515	(4,092)	(462)	1,409	6,857	184	–
Our Places	18,090	21,283	19,053	16,936	(963)	4,347	17,130	14,080	367,949	326,425
Our Leadership	12,293	17,194	873	3,342	11,420	13,852	–	4,538	271	–
Our Prosperity	5	224	136	1,208	(131)	(984)	92	699	42,219	40,831
Other	–	–	–	–	–	–	–	–	–	31,725
<b>Total functions and activities</b>	<b>30,994</b>	<b>40,754</b>	<b>24,760</b>	<b>24,001</b>	<b>6,234</b>	<b>16,753</b>	<b>18,631</b>	<b>26,174</b>	<b>410,623</b>	<b>398,981</b>



## B1-2 Components of functions or activities

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### **Our People**

Ensure health and support services address the needs of the community. Partner with organisations to strengthen community health and safety. Nurture a strong sense of community and enrich the cultural life of the residents. Ensure services are accessible for all residents.

### **Our Places**

Work in partnership with key stakeholders to provide equitable access to Council's road infrastructure, services and facilities. Manage waste and recycling to improve the utilisation of existing resources, including exploring new technologies. Manage water and sewerage resources. Ensure that public places and facilities are well maintained and easily accessible. Develop, implement and monitor appropriate programs, plans and budgets for the effective and efficient management of Council's assets and infrastructure.

### **Our Leadership**

To provide quality leadership, governance and management to develop strong community partnerships. Provide opportunities for all stakeholders to contribute to Council's decision making. Lead the community. Develop and maintain a framework of plans and policies that ensures open and transparent Council information.

### **Our Prosperity**

Work with our communities and businesses to use our resources in a sustainable way for the future of the Bland Shire. Promote the Shire as a place to do business. Visitors and tourists are welcomed.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	Timing	2021	2020
<b>Ordinary rates</b>			
Residential	2	1,260	1,215
Farmland	2	4,143	4,038
Mining	2	980	955
Business	2	506	494
Less: pensioner rebates (mandatory)	2	(67)	(69)
<b>Rates levied to ratepayers</b>		<b>6,822</b>	<b>6,633</b>
Pensioner rate subsidies received	2	41	42
<b>Total ordinary rates</b>		<b>6,863</b>	<b>6,675</b>
<b>Special rates</b>			
Sewerage services	2	1,674	1,556
<b>Rates levied to ratepayers</b>		<b>1,674</b>	<b>1,556</b>
<b>Total special rates</b>		<b>1,674</b>	<b>1,556</b>
<b>Annual charges</b>			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	2	945	805
Waste management services (non-domestic)	2	290	264
Less: pensioner rebates (mandatory)	2	(52)	—
<b>Annual charges levied</b>		<b>1,183</b>	<b>1,069</b>
Pensioner subsidies received:			
– Sewerage	2	19	20
– Domestic waste management	2	25	26
<b>Total annual charges</b>		<b>1,227</b>	<b>1,115</b>
<b>Total rates and annual charges</b>		<b>9,764</b>	<b>9,346</b>

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

#### Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	299	269
Sewerage services	2	33	30
Waste management services (non-domestic)	2	64	49
<b>Total specific user charges</b>		<b>396</b>	<b>348</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	2	213	123
Private works – section 67	2	31	908
Section 603 certificates	2	18	14
<b>Total fees and charges – statutory/regulatory</b>		<b>262</b>	<b>1,045</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	2	1	–
Aged care	2	64	41
Cemeteries	2	65	114
Child care	2	149	208
Lease rentals	2	–	217
Leaseback fees – Council vehicles	2	50	46
Transport for NSW works (state roads not controlled by Council)	2	3	4
Saleyards	2	30	24
Community amenities	2	60	49
Community development	2	6	10
Drainage diagrams	2	5	3
Libraries	2	4	2
Public health	2	15	11
<b>Total fees and charges – other</b>		<b>452</b>	<b>729</b>
<b>Total user charges and fees</b>		<b>1,110</b>	<b>2,122</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		1,110	2,122
<b>Total user charges and fees</b>		<b>1,110</b>	<b>2,122</b>

### Accounting policy

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

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

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

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

## B2-3 Other revenue

\$ '000	Timing	2021	2020
Rental income – investment property	2	55	40
Fines	2	2	6
Commissions and agency fees	2	1	–
Diesel rebate	2	83	95
Insurance claims recoveries	2	9	65
Sales – general	2	22	12
Donations	2	1	2
Paid parental leave	2	15	41
Staff contributions	2	33	17
WHS incentive	2	27	6
Other	2	210	839
<b>Total other revenue</b>		<b>458</b>	<b>1,123</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	458	1,123
<b>Total other revenue</b>	<b>458</b>	<b>1,123</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,326	2,346	–	–
Financial assistance – local roads component	2	1,508	1,521	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	2,492	2,487	–	–
Financial assistance – local roads component	2	1,615	1,612	–	–
<b>Other</b>					
Other grants	2	–	2,872	17	–
<b>Amount recognised as income during current year</b>		<b>7,941</b>	<b>10,838</b>	<b>17</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Bushfire and emergency services	2	42	15	–	–
Community care	2	68	56	–	–
Community centres	2	179	182	–	–
Economic development	2	23	–	–	–
Library	2	87	74	–	–
Noxious weeds	2	62	61	–	–
Recreation and culture	1	–	–	–	849
Storm/flood damage	2	10	46	–	–
Childrens services	2	1,268	1,360	–	–
Community services	2	101	655	–	–
Street lighting	2	159	–	–	–
Transport (roads to recovery)	2	–	–	3,967	2,775
Transport (other roads and bridges funding)	2	14	365	1,018	8,894
Other specific grants	2	–	4	–	–
Bushfire services	2	191	–	–	–
Recreation and culture	1	–	18	–	–
Transport for NSW contributions (regional roads, block grant)	2	–	–	1,121	1,229
Tourism	2	234	–	–	8
Other contributions	2	308	89	–	–
Stronger Country Communities - Council Projects	1	–	–	80	–
Stronger Country Communities - Community Projects	1	–	–	104	–
Resources for Regions Council Projects	1	–	–	327	–
Resources for Regions Community Projects	1	–	–	–	–
Local Roads & Community Infrastructure - Council Projects	1	–	–	335	–
Local Roads & Community Infrastructure - Community Projects		–	–	–	–
Showground Stimulus Program - Community Projects	2	–	–	172	–
Drought Communities	1	720	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,466</b>	<b>2,925</b>	<b>7,124</b>	<b>13,755</b>
<b>Non-cash contributions</b>					
RMS contributions (regional roads, block grant)	2	–	1	–	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,466</b>	<b>2,926</b>	<b>7,124</b>	<b>13,755</b>

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

<b>\$ '000</b>	Timing	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
Total grants and non-developer contributions		<b>11,407</b>	13,764	<b>7,141</b>	13,755
<b>Comprising:</b>					
– Commonwealth funding		<b>8,854</b>	7,986	<b>4,302</b>	2,775
– State funding		<b>2,287</b>	2,849	<b>2,822</b>	9,915
– Other funding		<b>266</b>	2,929	<b>17</b>	1,065
		<b>11,407</b>	13,764	<b>7,141</b>	13,755

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	8	24
S 64 – sewerage service contributions		2	–	–	25	5
Other developer contributions		2	–	–	50	–
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>83</b>	<b>29</b>
<b>Non-cash contributions</b>						
S 64 – sewerage service contributions		2	–	–	–	3
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>83</b>	<b>32</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>83</b>	<b>32</b>
<b>Total grants and contributions</b>			<b>11,407</b>	<b>13,764</b>	<b>7,224</b>	<b>13,787</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			720	18	846	849
Grants and contributions recognised at a point in time (2)			10,687	13,746	6,378	12,938
<b>Total grants and contributions</b>			<b>11,407</b>	<b>13,764</b>	<b>7,224</b>	<b>13,787</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,218	2,013	2,736	819
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	459	385	115	2,123
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	—	—	—	—
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(429)	(180)	(168)	(206)
<b>Unspent funds at 30 June</b>	<b>2,248</b>	<b>2,218</b>	<b>2,683</b>	<b>2,736</b>
<b>Contributions</b>				
Unspent funds at 1 July	250	221	—	—
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	29	—	—
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(250)	—	—	—
<b>Unspent contributions at 30 June</b>	<b>—</b>	<b>250</b>	<b>—</b>	<b>—</b>

### Accounting policy

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

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

#### Developer contributions



## B2-4 Grants and contributions (continued)

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
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	15	39
– Cash and investments	715	433
<b>Total interest and investment income (losses)</b>	<b>730</b>	<b>472</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	15	39
General Council cash and investments	711	421
<b>Restricted investments/funds – external:</b>		
Sewerage fund operations	4	12
<b>Total interest and investment income</b>	<b>730</b>	<b>472</b>

### 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 unless the dividend clearly represents a recovery of part of the cost of the investment.

## B2-6 Other income

\$ '000	Notes	2021	2020
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		18	23
Lease income relating to variable lease payments not dependent on an index or a rate		132	25
<b>Total Investment properties</b>		<b>150</b>	<b>48</b>
<b>Other lease income</b>			
Other		6	17
Staff Housing		96	75
<b>Total Other lease income</b>		<b>151</b>	<b>92</b>
<b>Total rental income</b>	C2-2	<b>301</b>	<b>140</b>
<b>Total other income</b>		<b>301</b>	<b>140</b>

## B3 Costs of providing services

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

\$ '000	2021	2020
Salaries and wages	5,488	3,885
Travel expenses	8	15
Employee leave entitlements (ELE)	1,284	1,348
Superannuation	858	815
Workers' compensation insurance	218	162
Fringe benefit tax (FBT)	70	65
Training costs (other than salaries and wages)	60	82
Other	28	21
<b>Total employee costs</b>	<b>8,014</b>	<b>6,393</b>
Less: capitalised costs	(932)	—
<b>Total employee costs expensed</b>	<b>7,082</b>	<b>6,393</b>
Number of 'full-time equivalent' employees (FTE) at year end	113	125

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

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

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		5,462	4,842
Contractor and consultancy costs		675	407
Audit Fees	F2-1	64	63
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	147	159
Advertising		73	88
Bank charges		20	18
Electricity and heating		223	232
Fire control expenses		108	50
Insurance		487	493
Printing and stationery		1	–
Street lighting		117	139
Subscriptions and publications		92	97
Telephone and communications		86	100
Tourism expenses (excluding employee costs)		15	–
Child care – parent fees		223	393
Other expenses		381	314
<b>Legal expenses:</b>			
– Legal expenses: other		4	3
Expenses from leases of low value assets		73	75
<b>Total materials and services</b>		<b>8,251</b>	<b>7,473</b>
<b>Total materials and services</b>		<b>8,251</b>	<b>7,473</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on loans	58	39
<b>Total interest bearing liability costs</b>	<b>58</b>	<b>39</b>
<b>Total interest bearing liability costs expensed</b>	<b>58</b>	<b>39</b>
<b>(ii) Other borrowing costs</b>		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	75	40
<b>Total other borrowing costs</b>	<b>75</b>	<b>40</b>
<b>Total borrowing costs expensed</b>	<b>133</b>	<b>79</b>

### Accounting policy

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

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		727	869
Office equipment		156	147
Furniture and fittings		4	6
Land improvements (depreciable)		52	52
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		814	818
– Other structures		108	105
– Roads		3,070	4,347
– Bridges		329	330
– Footpaths		171	171
– Stormwater drainage		327	327
– Sewerage network		298	297
– Swimming pools		108	108
– Other open space/recreational assets		776	757
– Other infrastructure		313	312
<b>Reinstatement, rehabilitation and restoration assets:</b>			
- Gravel Pits		6	11
- Sewer		1	2
<b>Total depreciation and amortisation costs</b>		<b>7,260</b>	<b>8,659</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>7,260</b>	<b>8,659</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in C1-6 for IPPE assets.

#### Impairment of non-financial assets

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

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

## B3-5 Other expenses

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
Other		14	10
<b>Total impairment of receivables</b>	C1-4	<b>14</b>	<b>10</b>
<b>Other</b>			
Contributions/levies to other levels of government		622	436
Donations, contributions and assistance to other organisations (Section 356)		42	153
<b>Total other</b>		<b>664</b>	<b>589</b>
<b>Total other expenses</b>		<b>678</b>	<b>599</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(166)	—
<b>Gain (or loss) on disposal</b>		<b>(166)</b>	<b>—</b>
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		558	569
Less: carrying amount of plant and equipment assets sold/written off		(590)	(629)
<b>Gain (or loss) on disposal</b>		<b>(32)</b>	<b>(60)</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,378)	(725)
<b>Gain (or loss) on disposal</b>		<b>(1,378)</b>	<b>(725)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		233	—
<b>Gain (or loss) on disposal</b>		<b>233</b>	<b>—</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Less: carrying amount of investments sold/redeemed/matured		(13)	(3)
<b>Gain (or loss) on disposal</b>		<b>(13)</b>	<b>(3)</b>
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		—	—
Less: carrying amount of term deposits sold/redeemed/matured		—	—
<b>Gain (or loss) on disposal</b>		<b>—</b>	<b>—</b>
<b>Other Open Space/Recreational Assets</b>			
Less: carrying amount of other open space/recreational assets sold/written off		—	(10)
<b>Gain (or loss) on disposal</b>		<b>—</b>	<b>(10)</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(1,356)</b>	<b>(798)</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 16/06/2020 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 -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>9,438</b>	<b>9,764</b>	<b>326</b>	<b>3% F</b>
<b>User charges and fees</b>	<b>1,116</b>	<b>1,110</b>	<b>(6)</b>	<b>(1)% U</b>
<b>Other revenues</b>	<b>218</b>	<b>458</b>	<b>240</b>	<b>110% F</b>
An increase of other revenues was due to the sale of computer equipment, an increase in WHS incentive payment, and other minor sales.				
<b>Operating grants and contributions</b>	<b>7,275</b>	<b>11,407</b>	<b>4,132</b>	<b>57% F</b>
Council received an unbudgeted advance FAG payment of \$4,107,000.				
<b>Capital grants and contributions</b>	<b>4,500</b>	<b>7,224</b>	<b>2,724</b>	<b>61% F</b>
Additional capital grants were received for Fixing Country Roads \$762,000, Safer Roads Program \$253,000, Resources for Regions \$327,000 and Local Roads and Community Infrastructure \$335,000.				
<b>Interest and investment revenue</b>	<b>420</b>	<b>730</b>	<b>310</b>	<b>74% F</b>
Additional funds were invested this year, resulting in an increase to budgeted revenue.				
<b>Net gains from disposal of assets</b>	<b>605</b>	<b>–</b>	<b>(605)</b>	<b>(100)% U</b>
Council did not record any net gains from the disposal of assets this year.				
<b>Other income</b>	<b>114</b>	<b>301</b>	<b>187</b>	<b>164% F</b>
An increase in lease payments resulted in additional income for Council this year.				

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>6,919</b>	<b>7,082</b>	<b>(163)</b>	<b>(2)% U</b>
<b>Materials and services</b>	<b>9,411</b>	<b>8,251</b>	<b>1,160</b>	<b>12% F</b>
Council saw a slight decrease in expenditure due to some grant funded projects receiving and extension of time to complete.				
<b>Borrowing costs</b>	<b>51</b>	<b>133</b>	<b>(82)</b>	<b>(161)% U</b>
Borrowing costs increased this year due to remediation liabilities increasing.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>8,889</b>	<b>7,260</b>	<b>1,629</b>	<b>18% F</b>
Council undertook a comprehensive revaluation of assets including adjusting the useful lives to represent a more relevant representation for Bland Shire. This saw Council reduce its depreciation expense by over \$1 million.				
<b>Other expenses</b>	<b>532</b>	<b>678</b>	<b>(146)</b>	<b>(27)% U</b>
The RFS component of the Emergency Services Levy increased by \$186,389 this year. Council did not budget for such a substantial change.				
<b>Net losses from disposal of assets</b>	<b>—</b>	<b>1,356</b>	<b>(1,356)</b>	<b>∞ U</b>
No amount was budgeted for net losses from disposal of assets.				

**STATEMENT OF CASH FLOWS**

<b>Cash flows from operating activities</b>	<b>7,184</b>	<b>19,784</b>	<b>12,600</b>	<b>175% F</b>
Cash flows from operating activities was higher than the budgeted amount due to additional grants received.				
<b>Cash flows from investing activities</b>	<b>(13,681)</b>	<b>(21,225)</b>	<b>(7,544)</b>	<b>55% U</b>
Council invested additional funds throughout the year which were unbudgeted.				
<b>Cash flows from financing activities</b>	<b>(150)</b>	<b>(125)</b>	<b>25</b>	<b>(17)% F</b>
Council did not take up any additional loans this year.				



## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	3,283	3,388
Cash-equivalent assets		
– Deposits at call	2,251	3,742
– Other financial assets	30	–
<b>Total cash and cash equivalents</b>	<b>5,564</b>	<b>7,130</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,564	7,130
<b>Balance as per the Statement of Cash Flows</b>	<b>5,564</b>	<b>7,130</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	32,700	13,000	34,200	6,000
<b>Total</b>	<b>32,700</b>	<b>13,000</b>	<b>34,200</b>	<b>6,000</b>
<b>Total financial investments</b>	<b>32,700</b>	<b>13,000</b>	<b>34,200</b>	<b>6,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>38,264</b>	<b>13,000</b>	<b>41,330</b>	<b>6,000</b>

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

### Financial assets through profit or loss

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

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

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	<b>38,264</b>	<b>13,000</b>	41,330	6,000

\$ '000	2021	2020
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#### Details of restrictions

##### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	<b>3,190</b>	172
<b>External restrictions – included in liabilities</b>	<b>3,190</b>	<b>172</b>

##### External restrictions – other

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

Developer contributions – general	<b>150</b>	149
Developer contributions – sewer fund	<b>101</b>	101
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>4,931</b>	4,954
Sewer fund	<b>4,595</b>	5,187
<b>External restrictions – other</b>	<b>9,777</b>	<b>10,391</b>

<b>Total external restrictions</b>	<b>12,967</b>	<b>10,563</b>
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##### Internal restrictions

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

Plant and vehicle replacement	<b>1,440</b>	1,325
Infrastructure replacement	<b>16,801</b>	12,475
Employees leave entitlement	<b>1,513</b>	1,513
Carry over works	<b>–</b>	76
Land development	<b>337</b>	337
<b>Total internal restrictions</b>	<b>20,091</b>	<b>15,726</b>

<b>Total restrictions</b>	<b>33,058</b>	<b>26,289</b>
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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
<b>Purpose</b>				
Rates and annual charges	168	413	745	210
Interest and extra charges	128	–	113	–
User charges and fees	452	–	755	–
Accrued revenues				
– Interest on investments	112	–	–	–
Loans to non-profit organisations	–	93	–	–
Net GST receivable	356	–	87	–
<b>Total</b>	<b>1,216</b>	<b>506</b>	<b>1,700</b>	<b>210</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(84)	–	(57)	–
User charges and fees	(15)	–	(15)	–
<b>Total provision for impairment – receivables</b>	<b>(99)</b>	<b>–</b>	<b>(72)</b>	<b>–</b>
<b>Total net receivables</b>	<b>1,117</b>	<b>506</b>	<b>1,628</b>	<b>210</b>
<b>Externally restricted receivables</b>				
<b>Sewerage services</b>				
– Other	326	–	243	–
<b>Total external restrictions</b>	<b>326</b>	<b>–</b>	<b>243</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>791</b>	<b>506</b>	<b>1,385</b>	<b>210</b>
<b>Total net receivables</b>	<b>1,117</b>	<b>506</b>	<b>1,628</b>	<b>210</b>
<b>Movement in provision for impairment of receivables</b>				
Balance at the beginning of the year			99	72
<b>Balance at the end of the year</b>			<b>99</b>	<b>72</b>

## C1-4 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	934	—	763	—
Stores and materials	569	—	563	—
<b>Total inventories at cost</b>	<b>1,503</b>	<b>—</b>	<b>1,326</b>	<b>—</b>
<b>Total inventories</b>	<b>1,503</b>	<b>—</b>	<b>1,326</b>	<b>—</b>

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total unrestricted assets</b>	<b>1,503</b>	<b>—</b>	<b>1,326</b>	<b>—</b>
<b>Total inventories</b>	<b>1,503</b>	<b>—</b>	<b>1,326</b>	<b>—</b>

## C1-5 Inventories (continued)

### (i) Other disclosures

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>				
Residential	30	–	30	–
Industrial/commercial	904	–	733	–
<b>Total real estate for resale</b>	<b>934</b>	<b>–</b>	<b>763</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	934	–	763	–
<b>Total costs</b>	<b>934</b>	<b>–</b>	<b>763</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>934</b>	<b>–</b>	<b>763</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	763	–	256	–
– Purchases and other costs	171	–	507	–
<b>Total real estate for resale</b>	<b>934</b>	<b>–</b>	<b>763</b>	<b>–</b>

### Accounting policy

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

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

#### 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 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 <sup>1</sup>	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Asset Remediation	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	356	—	356	2,766	355	—	—	—	(356)	—	—	3,121	—	3,121
Plant and equipment	20,252	(10,456)	9,796	—	1,517	—	(590)	(727)	—	—	—	19,335	(9,339)	9,996
Office equipment	1,905	(1,336)	569	—	81	—	—	(156)	—	—	—	1,984	(1,490)	494
Furniture and fittings	152	(136)	16	—	—	—	—	(4)	—	—	—	152	(140)	12
Land:														
– Operational land	1,445	—	1,445	—	—	—	—	—	—	—	—	1,445	—	1,445
– Community land	9,898	—	9,898	—	—	—	—	—	—	—	—	9,898	—	9,898
Land improvements – depreciable	2,589	(912)	1,677	—	—	—	—	(52)	—	—	—	2,589	(964)	1,625
Infrastructure:														
– Buildings – non-specialised	39,963	(14,333)	25,630	197	—	—	(166)	(814)	—	—	—	39,849	(15,002)	24,847
– Other structures	5,632	(2,356)	3,276	22	—	—	—	(108)	—	—	—	5,653	(2,463)	3,190
– Roads	204,492	(73,641)	130,851	5,446	—	3,800	(1,378)	(3,070)	356	—	—	207,792	(71,787)	136,005
– Bridges	18,429	(4,350)	14,079	—	—	—	—	(329)	—	—	—	18,430	(4,680)	13,750
– Footpaths	9,188	(3,996)	5,192	—	—	—	—	(171)	—	—	—	9,188	(4,167)	5,021
– Bulk earthworks (non-depreciable)	76,626	—	76,626	—	—	—	—	—	—	—	—	76,626	—	76,626
– Stormwater drainage	32,125	(9,836)	22,289	—	—	—	—	(327)	—	—	—	32,125	(10,163)	21,962
– Sewerage network	23,893	(9,002)	14,891	—	20	—	—	(298)	—	—	808	25,793	(10,372)	15,421
– Swimming pools	5,378	(1,611)	3,767	—	—	—	—	(108)	—	—	—	5,377	(1,718)	3,659
– Other open space/recreational assets	32,648	(14,259)	18,389	655	—	—	(13)	(776)	—	—	—	33,265	(15,010)	18,255
– Other infrastructure	16,634	(8,745)	7,889	41	—	—	—	(313)	—	—	—	16,675	(9,058)	7,617
Other assets:														
– Library books	517	(411)	106	—	—	—	—	—	—	—	—	517	(411)	106
Reinstatement, rehabilitation and restoration assets (refer C3-5):														
– Tip assets	280	—	280	—	—	—	—	—	—	(280)	—	—	—	—
– Gravel pits	1,461	(1,461)	—	—	—	—	—	(6)	—	1,690	—	3,151	(1,467)	1,684
– Sewer treatment facilities	67	(54)	13	—	—	—	—	(1)	—	35	—	102	(55)	47
Total infrastructure, property, plant and equipment	503,930	(156,895)	347,035	9,127	1,973	3,800	(2,147)	(7,260)	—	1,445	808	513,067	(158,286)	354,781

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



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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period										At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Asset Remediation	Tfrs from/to investment properties	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress	447	–	447	356	–	–	–	–	(447)	–	–	–	–	356	–	356
Plant and equipment	20,045	(10,246)	9,799	–	1,494	–	(628)	(869)	–	–	–	–	–	20,252	(10,456)	9,796
Office equipment	1,899	(1,190)	709	17	–	–	(10)	(147)	–	–	–	–	–	1,905	(1,336)	569
Furniture and fittings	152	(130)	22	–	–	–	–	(6)	–	–	–	–	–	152	(136)	16
<b>Land:</b>																
– Operational land	1,708	–	1,708	–	–	–	–	–	–	(811)	–	(352)	900	1,445	–	1,445
– Community land	2,631	–	2,631	–	–	–	–	–	–	811	–	–	6,456	9,898	–	9,898
Land improvements – non-depreciable	1,013	–	1,013	–	–	–	–	–	–	(1,013)	–	–	–	–	–	–
Land improvements – depreciable	1,576	(860)	716	–	–	–	–	(52)	–	1,013	–	–	–	2,589	(912)	1,677
<b>Infrastructure:</b>																
– Buildings – non-specialised	40,021	(13,516)	26,505	–	46	–	–	(818)	200	–	–	(304)	–	39,963	(14,333)	25,630
– Other structures	5,591	(2,252)	3,339	42	–	–	–	(105)	–	–	–	–	–	5,632	(2,356)	3,276
– Roads	179,376	(70,901)	108,475	2,762	–	7,164	(858)	(4,347)	–	–	–	(231)	17,886	204,492	(73,641)	130,851
– Bridges	18,429	(4,020)	14,409	–	–	–	–	(330)	–	–	–	–	–	18,429	(4,350)	14,079
– Footpaths	9,180	(3,825)	5,355	8	–	–	–	(171)	–	–	–	–	–	9,188	(3,996)	5,192
– Bulk earthworks (non-depreciable)	76,626	–	76,626	–	–	–	–	–	–	–	–	–	–	76,626	–	76,626
– Stormwater drainage	32,124	(9,508)	22,616	–	–	–	–	(327)	–	–	–	–	–	32,125	(9,836)	22,289
– Sewerage network	23,454	(8,621)	14,833	215	–	–	–	(297)	–	–	–	–	140	23,893	(9,002)	14,891
– Swimming pools	5,378	(1,503)	3,875	–	–	–	–	(108)	–	–	–	–	–	5,378	(1,611)	3,767
– Other open space/recreational assets	31,819	(13,509)	18,310	709	–	–	(3)	(757)	247	–	–	–	–	32,648	(14,259)	18,389
– Other infrastructure	16,596	(8,432)	8,164	37	–	–	–	(312)	–	–	–	–	–	16,634	(8,745)	7,889
<b>Other assets:</b>																
– Library books	517	(411)	106	–	–	–	–	–	–	–	–	–	–	517	(411)	106
<b>Reinstatement, rehabilitation and restoration assets (refer C3-5):</b>																
– Tip assets	–	–	–	–	–	–	–	–	–	(1,341)	1,621	–	–	280	–	280
– Gravel pits	2,030	(1,450)	580	–	–	–	–	(11)	–	1,341	(1,910)	–	–	1,461	(1,461)	–
– Sewer treatment facilities	107	(52)	55	–	–	–	–	(2)	–	–	(40)	–	–	67	(54)	13
<b>Total infrastructure, property, plant and equipment</b>	<b>470,719</b>	<b>(150,426)</b>	<b>320,293</b>	<b>4,146</b>	<b>1,540</b>	<b>7,164</b>	<b>(1,499)</b>	<b>(8,659)</b>	<b>–</b>	<b>–</b>	<b>(329)</b>	<b>(887)</b>	<b>25,382</b>	<b>503,930</b>	<b>(156,895)</b>	<b>347,035</b>

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

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

### Accounting policy

#### 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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	∞
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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 xx 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.

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

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

### **Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

### **Rural Fire Service assets**

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting 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 fire fighting equipment has been purchased or constructed".

Council recognises the RFS buildings on Council controlled land, however does not recognise the vehicles as it has no control of these assets.

## C1-7 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	1,254	1,254
<b>Total owned investment property</b>	<b>1,254</b>	<b>1,254</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	1,254	366
– Transfers from/(to) owner occupied (C1-6)	–	888
<b>Closing balance at 30 June</b>	<b>1,254</b>	<b>1,254</b>

### Accounting policy

Council's sole investment property is held for 12 months and is not occupied by the Council.

## C2 Leasing activities

### C2-1 Council as a lessee

#### (a) Income Statement

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

\$ '000	2021	2020
Variable lease payments based on usage not included in the measurement of lease liabilities	–	2
Expenses relating to low-value leases	73	73
	<b>73</b>	<b>75</b>

#### (b) Statement of Cash Flows

Total cash outflow for leases	73	75
	<b>73</b>	<b>75</b>

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

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

- Car Parks
- Barmedman Community Centre Land

The leases have varying terms and require payments of less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

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

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

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties for staff housing, health services, emergency services, car parks and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E.

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

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

Investment property operating leases relate to 184 Main Street (formerly Hall & Co, now Tamara's), Caltex Truckstop and 19 Lady Mary Drive.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	18	23
Lease income relating to variable lease payments not dependent on an index or a rate	132	25
<b>Total income relating to operating leases for investment property assets</b>	<b>150</b>	<b>48</b>

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

Council provides operating leases on Council buildings for the purpose of staff housing, health services, emergency services, caravan park and pools.

Lease income (excluding variable lease payments not dependent on an index or rate)	151	92
<b>Total income relating to operating leases for Council assets</b>	<b>151</b>	<b>92</b>

#### (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	47	47
1–2 years	42	47
2–3 years	42	42
3–4 years	22	42
4–5 years	22	22
> 5 years	22	22
<b>Total undiscounted lease payments to be received</b>	<b>197</b>	<b>222</b>

### Accounting policy

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

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

## C2-2 Council as a lessor (continued)

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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
<b>Payables</b>				
Goods and services – operating expenditure	874	–	306	–
Accrued expenses:				
Security bonds, deposits and retentions	2	–	3	–
Other	52	39	36	39
Prepaid rates	198	–	593	–
<b>Total payables</b>	<b>1,126</b>	<b>39</b>	<b>938</b>	<b>39</b>
<b>Total payables</b>	<b>1,126</b>	<b>39</b>	<b>938</b>	<b>39</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Sewer	–	7	–	7
Payables relating to externally restricted assets	–	7	–	7
<b>Total payables relating to restricted assets</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>7</b>
<b>Total payables relating to unrestricted assets</b>	<b>1,126</b>	<b>32</b>	<b>938</b>	<b>32</b>
<b>Total payables</b>	<b>1,126</b>	<b>39</b>	<b>938</b>	<b>39</b>



## C3-1 Payables (continued)

### 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
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,190	–	172	–
<b>Total grants received in advance</b>		<b>3,190</b>	<b>–</b>	<b>172</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>3,190</b>	<b>–</b>	<b>172</b>	<b>–</b>

### 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.

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,190	–	172	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>3,190</b>	<b>–</b>	<b>172</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>3,190</b>	<b>–</b>	<b>172</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>3,190</b>	<b>–</b>	<b>172</b>	<b>–</b>

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	3,362	172
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>3,362</b>	<b>172</b>

### Accounting policy

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

## C3-3 Borrowings

2021	2021	2020	2020
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**C3-3 Borrowings (continued)**

<b>\$ '000</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans – secured <sup>1</sup>	<b>93</b>	<b>800</b>	93	925
<b>Total borrowings</b>	<b>93</b>	<b>800</b>	<b>93</b>	<b>925</b>

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

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

**Borrowings relating to restricted assets**

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>93</b>	<b>800</b>	<b>93</b>	<b>925</b>
<b>Total borrowings</b>	<b>93</b>	<b>800</b>	<b>93</b>	<b>925</b>

**Current borrowings not anticipated to be settled within the next twelve months**

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

### C3-3 Borrowings (continued)

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

	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
\$ '000							
Loans – secured	1,018	(125)	–	–	–	–	893
<b>Total liabilities from financing activities</b>	<b>1,018</b>	<b>(125)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>893</b>

	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
\$ '000							
Loans – secured	1,093	(75)	–	–	–	–	1,018
<b>Total liabilities from financing activities</b>	<b>1,093</b>	<b>(75)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,018</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	350	350
Credit cards/purchase cards	61	61
<b>Total financing arrangements</b>	<b>411</b>	<b>411</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	350	350
– Credit cards/purchase cards	61	61
<b>Total undrawn financing arrangements</b>	<b>411</b>	<b>411</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	733	–	733	–
Long service leave	1,988	2	1,988	2
Other leave	9	–	8	–
<b>Total employee benefit provisions</b>	<b>2,730</b>	<b>2</b>	<b>2,729</b>	<b>2</b>

#### 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	1,704	1,739
	<b>1,704</b>	<b>1,739</b>

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

### C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	5,901	–	4,383
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>5,901</b>	<b>–</b>	<b>4,383</b>
<b>Total provisions</b>	<b>–</b>	<b>5,901</b>	<b>–</b>	<b>4,383</b>

#### Provisions relating to restricted assets

## C3-5 Provisions (continued)

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Total provisions relating to restricted assets</b>	—	—	—	—
<b>Total provisions relating to unrestricted assets</b>	—	5,901	—	4,383
<b>Total provisions</b>	—	5,901	—	4,383

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2021</b>		
At beginning of year	4,383	4,383
Unwinding of discount	(75)	(75)
Additional provisions	1,593	1,593
Total other provisions at end of year	5,901	5,901
<b>2020</b>		
At beginning of year	4,671	4,671
Unwinding of discount	40	40
Revised costs recognised as remediation assets in IPP&E	(328)	(328)
Total other provisions at end of year	4,383	4,383

### Nature and purpose of provisions

#### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

#### 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.

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

#### Asset remediation – tips and quarries

##### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

## C3-5 Provisions (continued)

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### Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

#### **Fair value through other comprehensive income reserve (FVOCI)**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General <sup>1</sup> 2021	Sewer 2021
<b>Income from continuing operations</b>		
Rates and annual charges	8,070	1,694
User charges and fees	1,052	58
Interest and investment revenue	726	4
Other revenues	458	—
Grants and contributions provided for operating purposes	11,407	—
Grants and contributions provided for capital purposes	7,224	—
Other income	301	—
<b>Total income from continuing operations</b>	<b>29,238</b>	<b>1,756</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,960	122
Materials and services	7,422	829
Borrowing costs	133	—
Depreciation, amortisation and impairment of non-financial assets	6,945	315
Other expenses	678	—
Net losses from the disposal of assets	1,356	—
<b>Total expenses from continuing operations</b>	<b>23,494</b>	<b>1,266</b>
<b>Operating result from continuing operations</b>	<b>5,744</b>	<b>490</b>
<b>Net operating result for the year</b>	<b>5,744</b>	<b>490</b>
<b>Net operating result attributable to each council fund</b>	<b>5,744</b>	<b>490</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(1,480)</b>	<b>490</b>

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



## D1-2 Statement of Financial Position by fund

<b>\$ '000</b>	<b>General <sup>1</sup> 2021</b>	<b>Sewer 2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	869	4,695
Investments	31,392	1,308
Receivables	791	326
Inventories	1,503	—
<b>Total current assets</b>	<b>34,555</b>	<b>6,329</b>
<b>Non-current assets</b>		
Investments	13,000	—
Receivables	506	—
Infrastructure, property, plant and equipment	338,731	16,050
Investment property	1,254	—
Other	198	—
<b>Total non-current assets</b>	<b>353,689</b>	<b>16,050</b>
<b>TOTAL ASSETS</b>	<b>388,244</b>	<b>22,379</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,126	—
Contract liabilities	3,190	—
Borrowings	93	—
Employee benefit provision	1,203	—
<b>Total current liabilities</b>	<b>5,612</b>	<b>—</b>
<b>Non-current liabilities</b>		
Payables	32	7
Borrowings	800	—
Employee benefit provision	1,350	179
Provisions	5,901	—
<b>Total non-current liabilities</b>	<b>8,083</b>	<b>186</b>
<b>TOTAL LIABILITIES</b>	<b>13,695</b>	<b>186</b>
<b>Net assets</b>	<b>374,549</b>	<b>22,193</b>
<b>EQUITY</b>		
Accumulated surplus	149,200	14,827
Revaluation reserves	225,349	7,366
<b>Council equity interest</b>	<b>374,549</b>	<b>22,193</b>
<b>Total equity</b>	<b>374,549</b>	<b>22,193</b>

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

## E Risks and accounting uncertainties

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

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	5,564	7,130	5,564	7,132
Receivables	1,623	1,838	1,665	1,838
Investments				
– Debt securities at amortised cost	45,700	40,200	45,700	40,200
<b>Total financial assets</b>	<b>52,887</b>	<b>49,168</b>	<b>52,929</b>	<b>49,170</b>
<b>Financial liabilities</b>				
Payables	1,165	977	1,201	977
Loans/advances	893	1,018	857	1,018
<b>Total financial liabilities</b>	<b>2,058</b>	<b>1,995</b>	<b>2,058</b>	<b>1,995</b>

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

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

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	401	387

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

### (b) Credit risk

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

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

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

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	168	139	152	106	16	581
<b>2020</b>						
Gross carrying amount	745	112	54	32	12	955

#### 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
<b>2021</b>						
Gross carrying amount	703	45	68	81	244	1,141
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	6.40%	1.37%
<b>ECL provision</b>	—	—	—	—	16	16
<b>2020</b>						
Gross carrying amount	680	7	114	—	15	816
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	14.81%	0.27%
<b>ECL provision</b>	—	—	—	—	2	2

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	2	965	–	–	967	967
Loans and advances	1.49%	–	–	–	–	–	893
<b>Total financial liabilities</b>		<b>2</b>	<b>965</b>	<b>–</b>	<b>–</b>	<b>967</b>	<b>1,860</b>
<b>2020</b>							
Trade/other payables	0.00%	3	384	–	–	387	384
Loans and advances	2.19%	–	151	755	112	1,018	1,018
<b>Total financial liabilities</b>		<b>3</b>	<b>535</b>	<b>755</b>	<b>112</b>	<b>1,405</b>	<b>1,402</b>

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Investment property									
Investment Properties		30/06/20		–	–	1,254	–	1,254	–
Total investment property				–	–	1,254	–	1,254	–
Infrastructure, property, plant and equipment									
	C1-6								
Plant and equipment		30/06/2020	30/06/2018	9,996	9,796	–	–	9,996	9,796
Office equipment		30/06/2020	30/06/2018	494	569	–	–	494	569
Furniture and fittings		30/06/2020	30/06/2018	12	16	–	–	12	16
Operational land		30/06/2020	30/06/2020	1,445	1,445	–	–	1,445	1,445
Community land		30/06/2020	30/06/2020	9,898	9,898	–	–	9,898	9,898
Land improvement – depreciable		30/06/2018	30/06/2018	–	–	1,625	1,677	1,625	1,677
Buildings		30/06/2018	30/06/2018	–	–	24,847	25,740	24,847	25,740
Other structure		30/06/2018	30/06/2018	–	–	3,190	3,276	3,190	3,276
Roads		30/06/2020	30/06/2020	–	–	136,005	130,871	136,005	130,871
Bridges		30/06/2020	30/06/2020	–	–	13,750	14,079	13,750	14,079
Footpath		30/06/2020	30/06/2020	–	–	5,021	5,192	5,021	5,192
Road – formation		30/06/2020	30/06/2020	–	–	76,626	76,626	76,626	76,626
Stormwater		30/06/2018	30/06/2018	–	–	21,962	22,289	21,962	22,289
Sewer		30/06/2021	30/06/2018	–	–	15,421	14,891	15,421	14,891
Library		30/06/2018	30/06/2018	–	–	106	106	106	106
Gravel restoration asset		30/06/2020	30/06/2020	–	–	1,684	–	1,684	–
Sewer restoration asset		30/06/2020	30/06/2020	–	–	47	13	47	13
Tip restoration asset		30/06/2020	30/06/2020	–	–	–	280	–	280
Open Space/Recreational Assets		30/06/2018	30/06/2018	–	–	18,255	18,506	18,255	18,506
Swimming Pools		30/06/2018	30/06/2018	–	–	3,659	3,767	3,659	3,767
Other Infrastructure		30/06/2018	30/06/2018	–	–	7,617	7,889	7,617	7,889
Total infrastructure, property, plant and equipment				21,845	21,724	329,815	325,202	351,660	346,926

## E2-1 Fair value measurement (continued)

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### 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

Level 2 valuation inputs were used to value this asset category.

This asset category includes:

Plant & Equipment - e.g. motor vehicles, trucks, mowers, earthmoving equipment

Office Equipment - e.g. computer equipment

Furniture & Fittings - e.g. chairs, desks, cabinets, display systems

##### Operational and Community Land

Level 2 valuation inputs were used to value land. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

##### Buildings (Residential Properties)

Residential properties fair value has been derived from sales prices of comparable properties after adjusting for property size. The most significant inputs into this valuation approach are price per square metre.

##### Land improvements- Depreciable

Land improvements are valued at current replacement cost. Since there are no active market and the factors cannot be observed these are classified as level 3 input categories.

##### Buildings

Buildings are valued by external valuers based on level 3 input factors. The unit rates based on square meter supported from market evidence. However the significant inputs are unobservable such as estimated residual value, useful life, pattern of consumption and asset condition.

##### Other Structure

Other structures are valued by external valuers based on level 3 input factors. The significant inputs are unobservable such as useful life, pattern of consumption and asset condition.

##### Roads and Aerodrome (Surface and Pavements)

Roads and Aerodrome are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

##### Other Traffic Facilities

Other Traffic Facilities are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

##### Earthwork (Roads and Aerodrome -Formation)

Earthwork externally valued using Current Replacement cost approach. These were valued based on the cost to build the road at the time of valuation.

## E2-1 Fair value measurement (continued)

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### **Stormwater Assets (Pipes, pits and Kerb and Gutter)**

Stormwater assets are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Bridges**

Bridges are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Footpaths**

Footpaths are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Open Space/Recreational Assets**

Open Space/Recreational Assets are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Swimming Pools**

Swimming Pools are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Other Infrastructure**

Other infrastructure are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation.

### **Sewer**

Sewer Network Assets are externally valued using Current Replacement cost approach. The level 3 inputs considered for valuing these assets are current cost of construction at the time of valuation to establish Gross replacement cost and useful life, estimated residual value, pattern of consumption and asset condition to arrive the accumulated depreciation. Sewer assets have been indexed in line with the NSW Reference Rates Manual as published by the Office of Water.

### **Restoration Assets**

Restoration Assets were based on the cost at the time of calculation and the discount rate, CPI at the year end to calculate the amortisation cost. So these become part of level 3 input factors.



## E2-1 Fair value measurement (continued)

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

#### b. 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
<b>Infrastructure, property, plant and equipment</b>			
Land improvement – non-depreciable	–	Written down current replacement cost	Gross replacement cost Asset condition
Land improvement – depreciable	1,625	Written down current replacement cost	Gross replacement cost Asset condition
Buildings	24,847	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Other structure	3,190	Written down current replacement cost	Gross replacement cost Asset condition Useful life
Roads	136,005	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Bridges	13,750	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Footpath	5,021	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Road – formation	76,626	Current replacement cost	Gross replacement cost
Stormwater	21,962	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Sewer	15,421	Written down current replacement cost	Gross replacement cost Asset condition Useful life Residual value
Library	106	Written down current replacement cost	Gross replacement cost Useful life
Gravel restoration asset	1,684	Written down current replacement cost	Restoration cost – historic Discount rate
Sewer restoration asset	47	Gross replacement cost	Restoration cost – historic Discount rate
Tip restoration asset	–	Written down current replacement cost	Restoration cost – historic Discount rate
Other Infrastructure	7,617	Written down current replacement cost	Gross replacement cost Asset condition Useful life
Recreational Assets	18,255	Written down current replacement cost	Gross replacement cost Asset condition Useful life
Swimming Pools	15,421	Written down current replacement cost	Gross replacement cost Asset condition Useful life

## 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	Land improvement non-depreciable		Land improvement depreciable		Buildings		Other structure	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	–	1,013	1,729	716	25,933	26,505	3,276	3,339
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	(1,013)	(52)	1,013	–	–	–	–
Purchases (GBV)	–	–	–	–	197	246	22	42
Disposals (WDV)	–	–	–	–	(166)	–	–	–
Depreciation and impairment	–	–	(52)	–	(814)	(818)	(108)	(105)
Closing balance	–	–	1,625	1,729	25,150	25,933	3,190	3,276

\$ '000	Roads		Aerodrome		Bridges		Traffic facilities	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	131,082	106,060	3,448	3,448	14,079	14,217	522	522
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	125	20,301	–	–	–	192	–	–
Purchases (GBV)	5,446	9,926	–	–	–	–	–	–
Disposals (WDV)	(1,378)	(858)	–	–	–	–	–	–
Depreciation and impairment	(3,070)	(4,347)	–	–	(329)	(330)	–	–
Impairment Reversal	3,800	–	–	–	–	–	–	–
Closing balance	136,005	131,082	3,448	3,448	13,750	14,079	522	522

## E2-1 Fair value measurement (continued)

\$ '000	Footpath		Road-formation (earthwork)		Stormwater pipes, pits and drain		Sewer	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	5,192	5,346	76,626	76,626	22,289	22,616	14,894	14,833
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	-	-	805	140
Purchases (GBV)	-	17	-	-	-	-	20	215
Depreciation and impairment	(171)	(171)	-	-	(327)	(327)	(298)	(294)
Closing balance	5,021	5,192	76,626	76,626	21,962	22,289	15,421	14,894

\$ '000	Library		WIP		Gravel restoration asset		Sewer restoration asset	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	106	106	447	447	-	581	13	54
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	(447)	-	1,690	-	35	-
Purchases (GBV)	-	-	3,121	-	-	-	-	-
Depreciation and impairment	-	-	-	-	(6)	(581)	(1)	(41)
Closing balance	106	106	3,121	447	1,684	-	47	13

## E2-1 Fair value measurement (continued)

\$ '000	Tip restoration asset		Other infrastructure		Recreation asset		Swimming pool	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>280</b>	–	<b>7,889</b>	8,164	<b>18,506</b>	18,513	<b>3,767</b>	3,875
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	(280)	–	–	–	(117)	(203)	–	–
Purchases (GBV)	–	–	41	37	655	956	–	–
Disposals (WDV)	–	–	–	–	(13)	(3)	–	–
Depreciation and impairment	–	280	(313)	(312)	(776)	(757)	(108)	(108)
<b>Closing balance</b>	<b>–</b>	<b>280</b>	<b>7,617</b>	<b>7,889</b>	<b>18,255</b>	<b>18,506</b>	<b>3,659</b>	<b>3,767</b>

\$ '000	Total	
	2021	2020
<b>Opening balance</b>	<b>330,078</b>	<b>306,981</b>
Transfers from/(to) another asset class	1,759	20,430
Purchases (GBV)	9,502	11,439
Disposals (WDV)	(1,557)	(861)
Depreciation and impairment	(6,373)	(7,911)
Impairment Reversal	3,800	–
<b>Closing balance</b>	<b>337,209</b>	<b>330,078</b>

### 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 standard employer contributions and additional lump sum contributions to the fund.

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. 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.

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$130,708.50. The last valuation of the Scheme was performed by the Fund Actuary, Mr Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$55,000. Council's expected contribution to the plan for the next annual reporting period is \$138,423.60

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

Employer reserves only *	\$millions	Asset Coverage
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## E3-1 Contingencies (continued)

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.

Based on a Past Service Liabilities methodology, Council's share of the surplus that can be attributed is 0.24%

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

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

\* Plus promotional increases

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

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## 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.

## E3-1 Contingencies (continued)

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

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

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

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

### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

#### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	706	647
<b>Total</b>	<b>706</b>	<b>647</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
<b>2021</b>						
Employee expenses relating to close family of KMP	1	91	–	Council Staff award	–	–
<b>2020</b>						
Employee expenses relating to close family of KMP	1	92	–	Council Staff award	–	–

1 Employee was employed by Council under the relevant pay award on an arms length basis



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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	<b>26</b>	26
Councillors' fees	<b>107</b>	106
Other Councillors' expenses (including Mayor)	<b>14</b>	27
<b>Total</b>	<b>147</b>	<b>159</b>

## 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

	61	55
--	----	----

#### Remuneration for audit and other assurance services

	61	55
--	----	----

#### Total Auditor-General remuneration

#### Non NSW Auditor-General audit firms

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

Audit and review of financial statements

	3	8
--	---	---

	3	8
--	---	---

#### Remuneration for audit and other assurance services

	3	8
--	---	---

#### Total remuneration of non NSW Auditor-General audit firms

	64	63
--	----	----

#### Total audit fees

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>6,234</b>	16,753
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	<b>7,260</b>	8,659
Net losses/(gains) on disposal of assets	<b>1,356</b>	798
Adoption of AASB 15/1058	<b>–</b>	(2,832)
Unwinding of discount rates on reinstatement provisions	<b>(37)</b>	40
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	<b>188</b>	(265)
Increase/(decrease) in provision for impairment of receivables	<b>27</b>	–
Decrease/(increase) in inventories	<b>(6)</b>	35
Increase/(decrease) in payables	<b>568</b>	(261)
Increase/(decrease) in other liabilities	<b>(418)</b>	178
Increase/(decrease) in contract liabilities	<b>3,018</b>	172
Increase/(decrease) in provision for employee benefits	<b>1</b>	(384)
Increase/(decrease) in other provisions	<b>1,593</b>	(328)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>19,784</b>	22,565

## 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

Buildings	149	245
Other infrastructure	260	429
Other	12	62
<b>Total commitments</b>	<b>421</b>	<b>736</b>

#### These expenditures are payable as follows:

Within the next year	421	736
<b>Total payable</b>	<b>421</b>	<b>736</b>

#### Sources for funding of capital commitments:

Externally restricted reserves	149	674
Internally restricted reserves	272	62
<b>Total sources of funding</b>	<b>421</b>	<b>736</b>

## G3 Statement of developer contributions as at 30 June 2021

### G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	3	–	–	–	–	–	3	–
Roads	3	50	–	–	–	–	53	–
Parking	7	–	–	–	–	–	7	–
Open space	1	–	–	–	–	–	1	–
Community facilities	133	8	–	–	–	–	141	–
Other	3	–	–	–	–	–	3	–
<b>S7.11 contributions – under a plan</b>	<b>150</b>	<b>58</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>208</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>150</b>	<b>58</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>208</b>	<b>–</b>
S64 contributions	100	25	–	–	–	–	125	–
<b>Total contributions</b>	<b>250</b>	<b>83</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>333</b>	<b>–</b>

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

### G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN								
Drainage	3	—	—	—	—	—	3	—
Roads	3	50	—	—	—	—	53	—
Parking	7	—	—	—	—	—	7	—
Open space	1	—	—	—	—	—	1	—
Community facilities	133	8	—	—	—	—	141	—
Other	3	—	—	—	—	—	3	—
Total	150	58	—	—	—	—	208	—

## G4 Statement of performance measures

### G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	380	1.60%	13.99%	6.63%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	23,770				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	12,363	39.89%	32.40%	39.42%	> 60.00%
Total continuing operating revenue <sup>1</sup>	30,994				
3. Unrestricted current ratio					
Current assets less all external restrictions	40,558	19.63x	21.46x	16.52x	> 1.50x
Current liabilities less specific purpose liabilities	2,066				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	7,773	30.13x	81.25x	24.15x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	258				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	625	5.79%	9.95%	7.97%	< 10.00%
Rates and annual charges collectable	10,790				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	51,264	39.20	36.60	28.43	> 3.00
Monthly payments from cash flow of operating and financing activities	1,308	mths	mths	mths	mths

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

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

## G4-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(0.50)%	14.14%	27.90%	11.69%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
2. Own source operating revenue ratio					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	36.28%	29.60%	100.00%	99.82%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
3. Unrestricted current ratio					
Current assets less all external restrictions	19.63x	21.46x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	27.01x	78.01x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	6.87%	11.78%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	35.61 mths	33.52 mths	∞	∞	> 3.00 mths
Monthly payments from cash flow of operating and financing activities					

(1) - (2) Refer to Notes at Note 24a above.

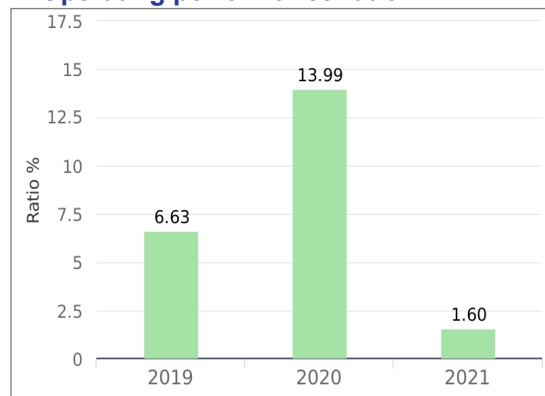
(3) General fund refers to all of Council's activities except for its sewer activities which are listed separately.



## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2020/21 result

2020/21 ratio 1.60%

Council's operating performance ratio is above the benchmark despite showing a reduction from 19/20. Last year Council received the profit from the Southern Phone sale.

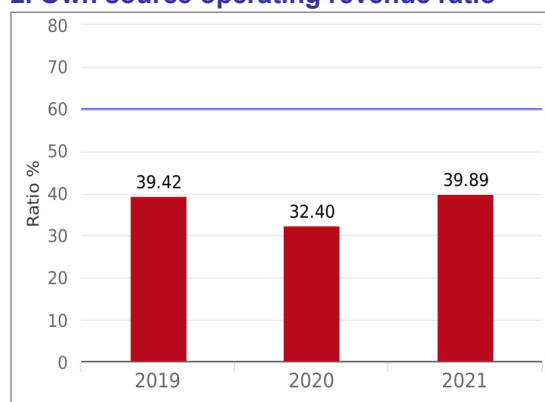
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



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

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

##### Commentary on 2020/21 result

2020/21 ratio 39.89%

Own source revenue is consistent with previous year's results. This year it has again been impacted by additional grant funds for Stronger Country Communities, Drought Communities, Local Roads and Community Infrastructure and other grant funded programs.

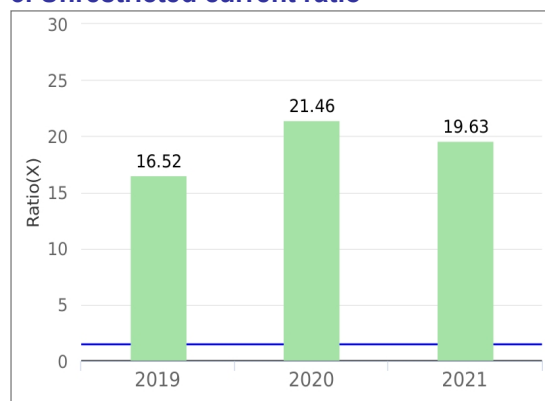
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2020/21 result

2020/21 ratio 19.63x

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

Benchmark: — > 1.50x

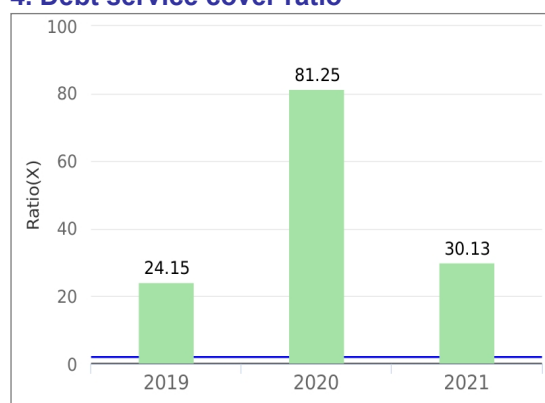
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 30.13x

Council is in a strong position to meet our obligations for our single loan for the Holland Park Pool Upgrade.

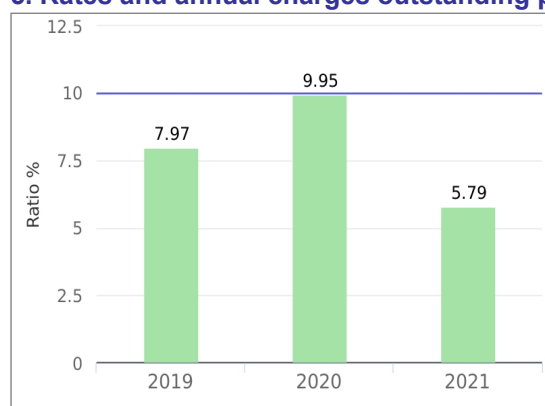
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



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

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

#### Commentary on 2020/21 result

2020/21 ratio 5.79%

Council's newly introduced early intervention approach has seen a number of long term outstanding rate balances paid off and/or entered into manageable payment arrangements.

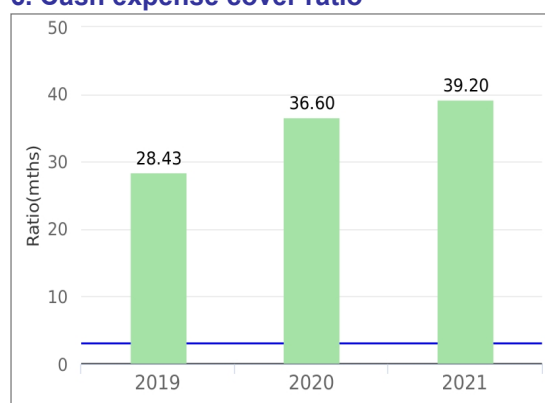
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 39.20 mths

Efficient financial management practices have enabled Council to operate effectively in meeting its expense obligations.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

6-10 Shire Street  
West Wyalong NSW 2671

**Contact details****Mailing Address:**

PO Box 21  
West Wyalong NSW 2671

**Telephone:** (02) 6972 2266

**Facsimile:** (02) 6972 2145

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Internet:** [www.blandshire.nsw.gov.au](http://www.blandshire.nsw.gov.au)

**Email:** [council@blandshire.nsw.gov.au](mailto:council@blandshire.nsw.gov.au)

**Officers****General Manager**

Raymond Smith

**Responsible Accounting Officer**

Leesa Bryant

**Auditors**

NSW Audit Office  
Level 15  
Margaret Street  
Sydney NSW 2001

GPO Box 12

Sydney NSW 2001

**Elected members****Mayor**

Brian Monaghan

**Councillors**

Liz McGlynn  
Bruce Baker  
Rodney Crowe  
Penny English  
Kerry Keatley  
Tony Lord  
Murray Thomas  
Jan Wyse

**Other information**

**ABN:** 13 251 814 087



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Bland Shire Council

To the Councillors of the Bland Shire Council

### Opinion

I have audited the accompanying financial statements of Bland 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

28 October 2021  
SYDNEY



Cr Brian Monaghan  
Mayor  
Bland Shire Council  
PO Box 21  
WEST WYALONG NSW 2671

Contact: [REDACTED]  
[REDACTED]  
Our ref: D2123872/1694

28 October 2021

Dear Mayor

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

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

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

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

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

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

### **Rural fire-fighting equipment not recognised in the financial statements**





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

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

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

## INCOME STATEMENT

### Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	9.76	9.36	 4.3
Grants and contributions revenue	18.63	27.55	 32.4
Operating result from continuing operations	6.23	16.75	 62.8
Net operating result before capital grants and contributions	(0.99)	2.97	 133.3

The Council's operating result from continuing operations (\$6.23 million including depreciation and amortisation expense of \$7.26 million) was \$10.52 million lower than the 2019–20 result. This is primarily due to a \$8.92 million decrease in capital and operating grants and contributions received in the current year.

The net operating result before capital grants and contributions (deficit of \$0.99 million) was \$3.96 million lower than the 2019–20 result. This is primarily due to a \$2.36 million decrease in operating grants and contributions received, a \$0.78 million increase in materials and services expense and a \$0.69 million increase in employee benefits and on-costs expense.

Rates and annual charges revenue (\$9.76 million) increased by \$0.40 million (4.3 per cent) in 2020-21, with the increase mainly due to the rate peg increase of 2.6 per cent and a small increase in the number of rateable properties.

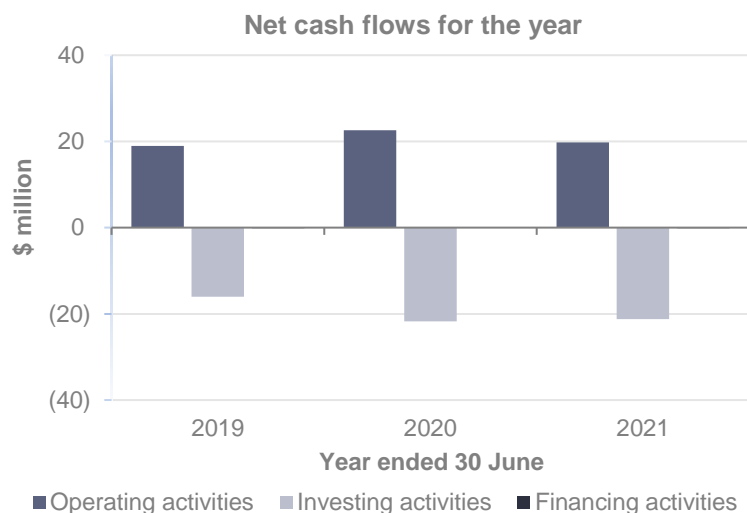
Grants and contributions revenue (\$18.63 million) decreased by \$8.92 million (32.4 per cent) in 2020-21 due to:

- a \$2.88 million reduction in financial assistance grants received year on year
- capital grants related to transport had reduced by \$7.88 million in the 2021 financial year.



## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$5.56 million at 30 June 2021 (\$7.13 million at 30 June 2020). There was a net decrease in cash and cash equivalents of \$1.57 million during the 2020-21 financial year.
- Net cash provided by operating activities decreased by \$2.78 million. This is mainly due to a \$3.24 million reduction in grants and contributions received.
- Net cash used in investing activities decreased by \$0.49 million year on year.
- Net cash used in financing activities remained consistent year on year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>51.26</b>	<b>47.33</b>	<ul style="list-style-type: none"> <li>• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$2.41 million is primarily due to an increase in specific purpose unexpended grants of \$3.0 million.</li> <li>• Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The increase of \$4.36 million is primarily due to an increase in infrastructure replacement restrictions of \$4.33 million.</li> <li>• Unrestricted cash and investments was \$18.21 million, which is available to provide liquidity for day-to-day operations of the Council.</li> </ul>
Restricted cash and investments:			
• External restrictions	12.97	10.56	
• Internal restrictions	20.09	15.73	
• Unrestricted	18.21	21.04	

### Debt

Council has \$0.89 million of external borrowings which is secured over the revenue of Council. There were no new borrowings during the year.

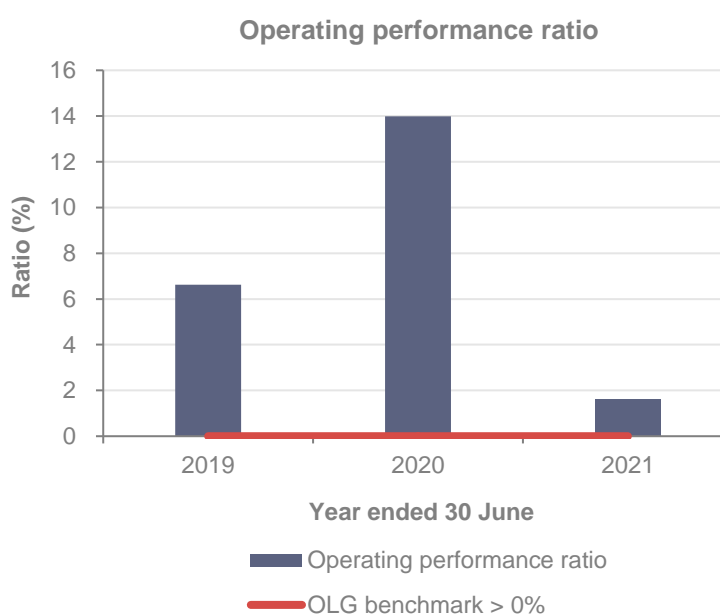
# PERFORMANCE

## Performance measures

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

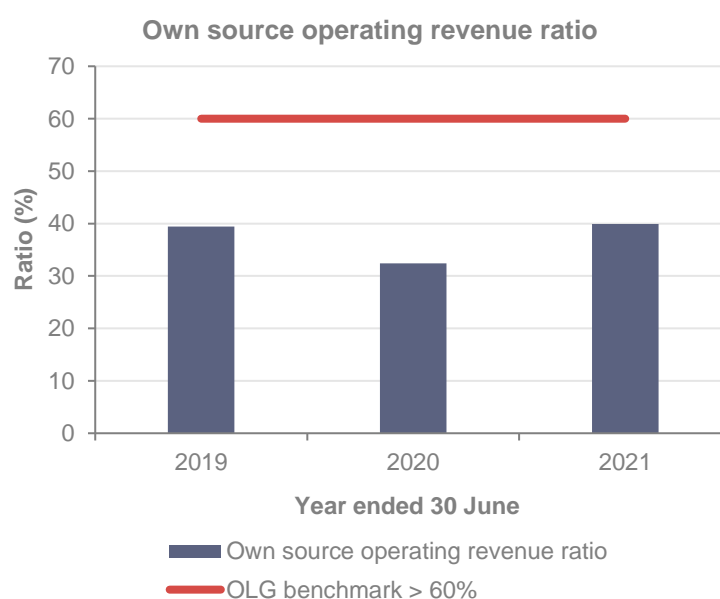
### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council exceeded the OLG benchmark for the current reporting period.
- The operating performance ratio decreased to 1.60 per cent (2020: 13.99 per cent) due to an increase in materials and services and employee benefits and on-costs expenditure.



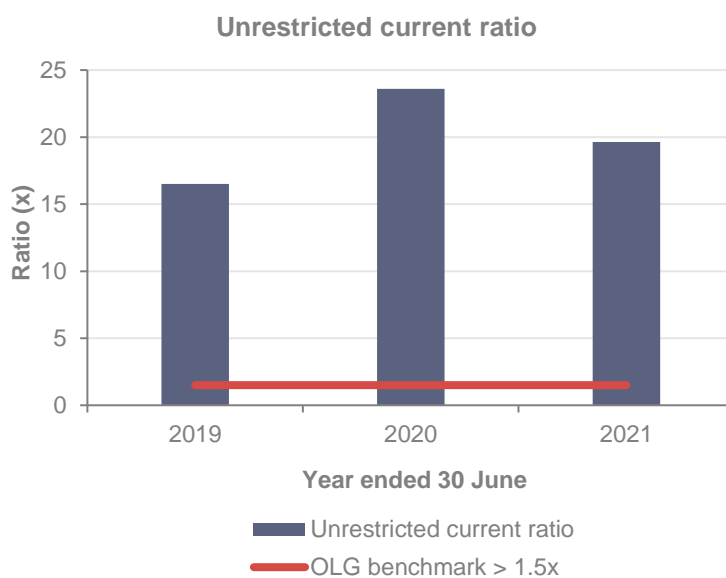
### Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council did not meet the OLG benchmark for the current reporting period.
- The own source operating revenue ratio has remained relatively consistent year-on-year.



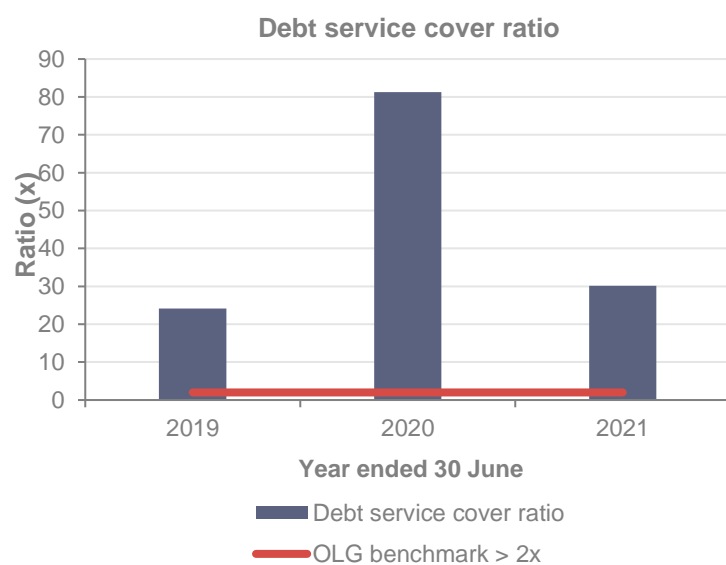
## Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council exceeded the OLG benchmark for the current reporting period.
- Council's unrestricted current ratio has decreased to 19.63 times (2020: 23.61 times) due to an increase in cash restrictions.



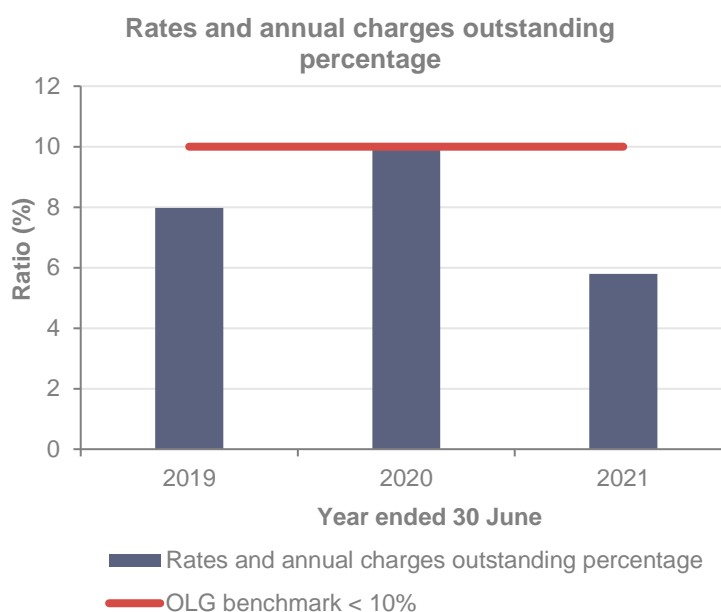
## Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period.
- Council's debt service cover ratio decreased to 30.13 times (2020: 81.25 times) due to increased repayments of borrowings in 2020-21.



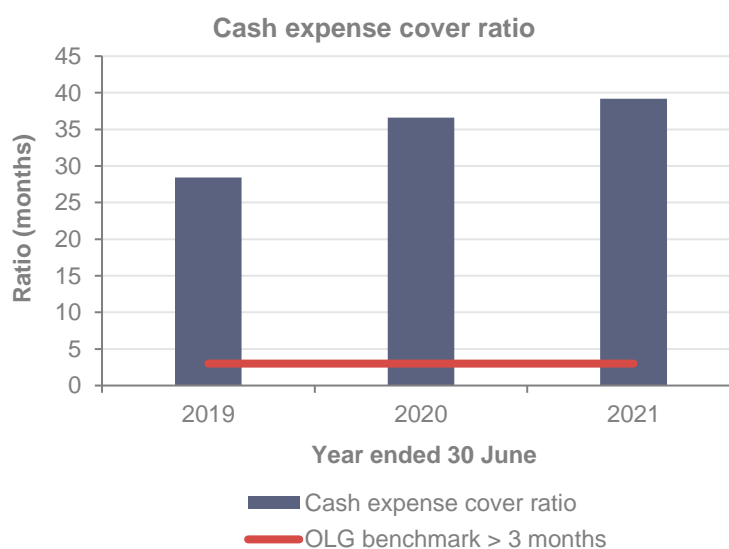
## Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council exceeded the OLG benchmark for the current reporting period, which reflects the debt recovery procedures at Council.



## Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the current reporting period.
- The Council's cash expense cover ratio was 39.2 months. This indicates that Council has the capacity to cover 39.2 months of operating cash expenditure without additional cash inflows at 30 June 2021.



## Infrastructure, property, plant and equipment renewals

The Council renewed \$9.13 million of assets in the 2020-21 financial year, compared to \$4.15 million of assets in the 2019-20 financial year. The increase is primarily due to:

- \$2.41 million increase in capital work in progress renewals that were in progress at 30 June 2021
- \$2.68 million increase in roads renewed during 2020-21.

## OTHER MATTERS

### Legislative compliance

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

cc: Mr Ray Smith, General Manager  
Mr Gary Lavelle, Chair of Audit, Risk and Improvement Committee  
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Bland Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## Special Purpose Financial Statements

for the year ended 30 June 2021

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### Background

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

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

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

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

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

## Bland 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 21 September 2021.



Brian Monaghan  
**Mayor**  
21 September 2021



Rodney Crowe  
**Councillor**  
21 September 2021



Ray Smith PSM  
**General Manager**  
21 September 2021



Leesa Bryant  
**Responsible Accounting Officer**  
21 September 2021



## Bland Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	1,694	1,576
Liquid trade waste charges	31	28
Fees	27	7
Interest	4	12
Grants and contributions provided for non-capital purposes	–	3
<b>Total income from continuing operations</b>	<b>1,756</b>	<b>1,626</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	122	122
Materials and services	829	1,005
Depreciation, amortisation and impairment	315	309
<b>Total expenses from continuing operations</b>	<b>1,266</b>	<b>1,436</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>490</b>	<b>190</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>490</b>	<b>190</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>490</b>	<b>190</b>
Less: corporate taxation equivalent [based on result before capital]	(127)	(52)
<b>Surplus (deficit) after tax</b>	<b>363</b>	<b>138</b>
<b>Plus accumulated surplus</b>	<b>14,337</b>	<b>14,147</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	127	52
<b>Closing accumulated surplus</b>	<b>14,827</b>	<b>14,337</b>
<b>Return on capital %</b>	<b>3.1%</b>	<b>1.2%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	363	138
<b>Surplus for dividend calculation purposes</b>	<b>363</b>	<b>138</b>
<b>Potential dividend calculated from surplus</b>	<b>181</b>	<b>69</b>

## Bland Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,695	3,980
Investments	1,308	1,308
Receivables	326	243
<b>Total current assets</b>	<b>6,329</b>	<b>5,531</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	16,050	15,412
<b>Total non-current assets</b>	<b>16,050</b>	<b>15,412</b>
<b>Total assets</b>	<b>22,379</b>	<b>20,943</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Payables	7	7
Employee benefit provisions	179	181
<b>Total non-current liabilities</b>	<b>186</b>	<b>188</b>
<b>Total liabilities</b>	<b>186</b>	<b>188</b>
<b>Net assets</b>	<b>22,193</b>	<b>20,755</b>
<b>EQUITY</b>		
Accumulated surplus	14,827	14,337
Revaluation reserves	7,366	6,418
<b>Total equity</b>	<b>22,193</b>	<b>20,755</b>

## Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 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)

#### Sewerage Services

The operation of sewer reticulation and treatment schemes at West Wyalong, Ungarie and Barmedman.

### 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 – 27.5%

## Note – Significant Accounting Policies (continued)

**Land tax** – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

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

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

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

### Income tax

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

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

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

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

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

The rate applied of 27.5% 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**

## Note – Significant Accounting Policies (continued)

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

### (iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Bland Shire Council**

To the Councillors of the Bland Shire Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Bland 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

28 October 2021  
SYDNEY



# Bland Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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Bland Shire Council

Special Schedules

for the year ended 30 June 2021

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## Bland Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	6,701	6,879
Plus or minus adjustments <sup>2</sup>	b	4	—
<b>Notional general income</b>	c = a + b	<b>6,705</b>	<b>6,879</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	174	138
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>6,879</b>	<b>7,017</b>
Plus (or minus) last year's carry forward total	l	1	1
<b>Sub-total</b>	n = (l + m)	<b>1</b>	<b>1</b>
<b>Total permissible income</b>	o = k + n	<b>6,880</b>	<b>7,018</b>
Less notional general income yield	p	6,879	7,016
<b>Catch-up or (excess) result</b>	q = o - p	<b>2</b>	<b>2</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>2</b>	<b>2</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (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

#### Bland Shire Council

To the Councillors of Bland Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Bland 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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

28 October 2021  
SYDNEY

## Bland Shire Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Buildings – non-specialised	3,521	3,521	581	438	24,956	39,849	20.0%	21.0%	50.0%	9.0%	0.0%
	Other	–	–	–	–	(109)	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>3,521</b>	<b>3,521</b>	<b>581</b>	<b>438</b>	<b>24,847</b>	<b>39,849</b>	<b>20.0%</b>	<b>21.0%</b>	<b>50.0%</b>	<b>9.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	255	255	83	91	3,190	5,655	23.0%	12.0%	59.0%	6.0%	0.0%
	<b>Sub-total</b>	<b>255</b>	<b>255</b>	<b>83</b>	<b>91</b>	<b>3,190</b>	<b>5,655</b>	<b>23.0%</b>	<b>12.0%</b>	<b>59.0%</b>	<b>6.0%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	2,331	2,331	360	878	112,624	169,705	25.0%	67.0%	6.0%	2.0%	0.0%
	Unsealed roads	5,500	5,500	629	137	19,256	37,542	18.0%	40.0%	25.0%	11.0%	6.0%
	Bridges	307	307	365	–	13,749	18,429	2.0%	2.0%	95.0%	1.0%	0.0%
	Footpaths	1,009	1,009	180	33	5,021	9,188	12.0%	13.0%	61.0%	14.0%	0.0%
	Other road assets	–	–	3	–	346	546	47.0%	26.0%	27.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	76,626	76,626	100.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>9,147</b>	<b>9,147</b>	<b>1,537</b>	<b>1,048</b>	<b>231,402</b>	<b>312,036</b>	<b>40.9%</b>	<b>41.8%</b>	<b>13.7%</b>	<b>2.9%</b>	<b>0.7%</b>
<b>Sewerage network</b>	Sewerage network	2,248	2,248	252	537	15,423	25,795	10.0%	63.0%	19.0%	5.0%	3.0%
	<b>Sub-total</b>	<b>2,248</b>	<b>2,248</b>	<b>252</b>	<b>537</b>	<b>15,421</b>	<b>25,795</b>	<b>10.0%</b>	<b>63.0%</b>	<b>19.0%</b>	<b>5.0%</b>	<b>3.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	820	820	175	27	21,962	32,124	41.0%	36.0%	21.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>820</b>	<b>820</b>	<b>175</b>	<b>27</b>	<b>21,962</b>	<b>32,124</b>	<b>41.0%</b>	<b>36.0%</b>	<b>21.0%</b>	<b>2.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	7	22	1,916	5,378	36.0%	58.0%	6.0%	0.0%	0.0%
	Other	7,027	7,027	646	690	19,998	35,973	21.0%	26.0%	34.0%	17.0%	2.0%
	<b>Sub-total</b>	<b>7,027</b>	<b>7,027</b>	<b>653</b>	<b>712</b>	<b>21,914</b>	<b>41,351</b>	<b>23.0%</b>	<b>30.2%</b>	<b>30.4%</b>	<b>14.8%</b>	<b>1.7%</b>

## Bland Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Other infrastructure assets	Other	5,648	5,648	318	806	7,617	16,674	24.0%	31.0%	11.0%	34.0%	0.0%
	<b>Sub-total</b>	<b>5,648</b>	<b>5,648</b>	<b>318</b>	<b>806</b>	<b>7,617</b>	<b>16,674</b>	<b>24.0%</b>	<b>31.0%</b>	<b>11.0%</b>	<b>34.0%</b>	<b>0.0%</b>
	<b>Total – all assets</b>	<b>28,666</b>	<b>28,666</b>	<b>3,599</b>	<b>3,659</b>	<b>326,353</b>	<b>473,484</b>	<b>35.1%</b>	<b>39.1%</b>	<b>19.5%</b>	<b>5.6%</b>	<b>0.8%</b>

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

## Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required



## Bland Shire Council

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

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

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	3,659	57.95%	63.37%	18.72%	>= 100.00%
Depreciation, amortisation and impairment	6,314				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	28,666	8.70%	8.81%	14.92%	< 2.00%
Net carrying amount of infrastructure assets	329,474				
Asset maintenance ratio					
Actual asset maintenance	3,659	101.67%	0.00%	113.94%	> 100.00%
Required asset maintenance	3,599				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	28,666	6.05%	∞	10.28%	
Gross replacement cost	473,484				

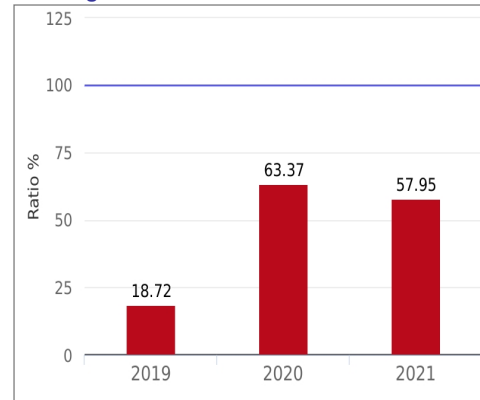
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

## Bland 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 57.95%

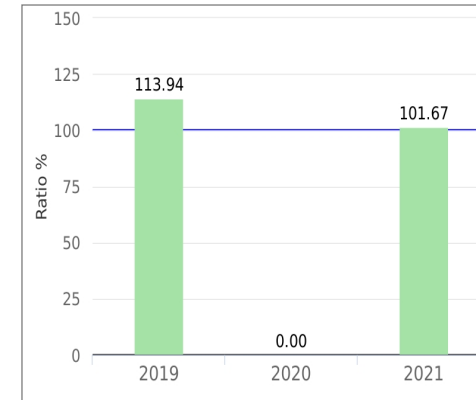
Benchmark: —  $\geq 100.00\%$

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 101.67%

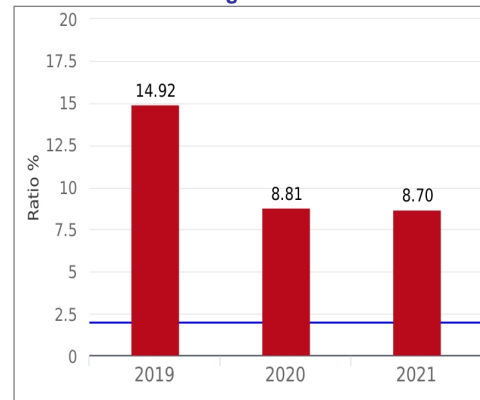
Benchmark: —  $> 100.00\%$

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 8.70%

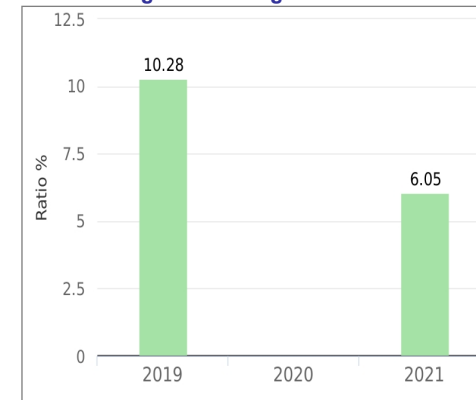
Benchmark: —  $< 2.00\%$

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 6.05%

## Bland 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 <sup>1</sup>	60.82%	65.95%	0.00%	0.00%	>= 100.00%
Depreciation, amortisation and impairment					
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8.41%	9.24%	14.58%	0.00%	< 2.00%
Net carrying amount of infrastructure assets					
Asset maintenance ratio					
Actual asset maintenance	93.28%	0.00%	213.10%	∞	> 100.00%
Required asset maintenance					
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	5.90%	∞	8.71%	∞	
Gross replacement cost					

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