
Financial Statements

2020-21



Randwick City Council
a sense of community



Financial Statements

For the year ended 30 June 2021

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Overview

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

30 Frances Street
Randwick NSW 2031

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 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.randwick.nsw.gov.au

Randwick City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Randwick City Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

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.

Randwick City Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements (continued)

Changes to Financial Statements

In December 2020 the Office of Local Government released an update to the Code of Accounting Practice & Financial Reporting for 2020-21.

This update largely dealt with how the associated Notes of the Financial Statement package is presented.

The presentation of the Associated Notes has created Reportable Notes that are aligned with the nature of the service revenue & expenditure. Whereas previously they were more separated by the strict nature of income, expenditure, assets, etc

This year's Code update has also brought about a change to the assessment of certain income and expenditure streams. Only reporting on the Face of the Income Statement if the category is of material value.

Key Events of 2020-21

COVID-19

The global health crisis from the COVID-19 virus has had material impact on Council's operations again this Financial Year, which is reflected in the financial statements.

In March 2020 Council originally endorsed a COVID-19 Community Support Package that provided financial support to Randwick's business community. Additionally a number of facilities, services and events were significantly affected during the period of pandemic restrictions which resulted in reduced revenues.

Though many ratepayers experienced financial difficulty during the financial year, by 30 June 2021 Council's outstanding rates collections for the financial year dropped last financial year by 1.04% to 3.80% which takes us closer to pre-pandemic levels.

In response to the pandemic and to assist with economic recovery, State and Federal government made additional funding available to Council via grants, enabling Council to undertake works & activities that support local community, roads and infrastructure. In addition to the pandemic assistance grants, we received a number of other major grants for both capital & operational projects, including, Maroubra Junction Centre Oasis, NSW Public Spaces Legacy Program, Faster Regionally Significant Development Assessment Pilot Program, and Food Organics & Garden Organics Collection.

Randwick City Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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:

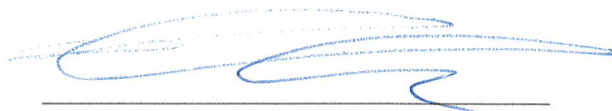
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 24 August 2021.



Danny Said
Mayor
24 August 2021



Philipa Veitch
Councillor
24 August 2021



Therese Manns
General Manager
24 August 2021



Cherie Muir
Responsible Accounting Officer
24 August 2021

Randwick City Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Revenue from continuing operations			
128,813	Rates and annual charges	B2-1	129,047	122,504
12,821	User charges and fees	B2-2	18,309	18,598
4,458	Other revenue	B2-3	6,676	6,532
6,876	Grants and contributions provided for operating purposes	B2-4	10,250	8,704
2,491	Grants and contributions provided for capital purposes	B2-4	6,666	20,856
1,300	Interest and investment income	B2-5	1,202	1,937
1,755	Other income	B2-6	2,674	2,621
158,514	Total Revenue from continuing operations		174,824	181,752
	Expenses from continuing operations			
70,105	Employee benefits and on-costs	B3-1	68,432	66,371
53,803	Materials and services	B3-2	58,784	56,021
354	Borrowing costs	B3-3	6	6
25,998	Depreciation, amortisation and impairment for non-financial assets	B3-4	28,814	28,021
4,397	Other expenses	B3-5	4,368	3,649
–	Net losses from the disposal of assets	B4-1	6,513	4,443
154,657	Total expenses from continuing operations		166,917	158,511
3,857	Operating result from continuing operations		7,907	23,241
3,857	Net operating result for the year attributable to Council		7,907	23,241
1,368	Net operating result for the year before grants and contributions provided for capital purposes		1,241	2,385

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

Randwick City Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		7,907	23,241
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	37,601	–
Total items which will not be reclassified subsequently to the operating result		37,601	–
Total other comprehensive income for the year		37,601	–
Total comprehensive income for the year attributable to Council		45,508	23,241

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

Randwick City Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	18,332	11,612
Investments	C1-2	77,375	72,907
Receivables	C1-4	10,490	10,538
Inventories	C1-5	644	627
Other	C1-7	825	745
Total current assets		107,666	96,429
Non-current assets			
Receivables	C1-4	592	502
Infrastructure, property, plant and equipment	C1-6	1,869,269	1,829,019
Right of use assets	C2-1	235	238
Investments accounted for using the equity method	D1-1	7	7
Total non-current assets		1,870,103	1,829,766
Total assets		1,977,769	1,926,195
LIABILITIES			
Current liabilities			
Payables	C3-1	15,005	15,382
Income received in advance	C3-1	2,169	1,730
Contract liabilities	C3-2	4,253	1,457
Lease liabilities	C2-1	5	–
Employee benefit provisions	C3-4	21,756	19,901
Total current liabilities		43,188	38,470
Non-current liabilities			
Income received in advance	C3-1	893	–
Lease liabilities	C2-1	237	242
Employee benefit provisions	C3-4	722	262
Total non-current liabilities		1,852	504
Total liabilities		45,040	38,974
Net assets		1,932,729	1,887,221
EQUITY			
Accumulated surplus	C4-1	848,273	840,366
IPPE revaluation reserve	C4-1	1,084,456	1,046,855
Council equity interest		1,932,729	1,887,221
Total equity		1,932,729	1,887,221

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

Randwick City Council

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000							
Opening balance at 1 July		840,366	1,046,855	1,887,221	819,705	1,046,855	1,866,560
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(2,580)	–	(2,580)
Restated opening balance		840,366	1,046,855	1,887,221	817,125	1,046,855	1,863,980
Net operating result for the year		7,907	–	7,907	23,241	–	23,241
Restated net operating result for the period		7,907	–	7,907	23,241	–	23,241
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	37,601	37,601	–	–	–
Other comprehensive income		–	37,601	37,601	–	–	–
Total comprehensive income		7,907	37,601	45,508	23,241	–	23,241
Closing balance at 30 June		848,273	1,084,456	1,932,729	840,366	1,046,855	1,887,221

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

Randwick City Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
120,737	Rates and annual charges		130,088	120,111
12,877	User charges and fees		20,939	18,728
1,184	Investment and interest revenue received		919	1,917
9,944	Grants and contributions		19,117	13,223
1,484	Bonds, deposits and retention amounts received		1,627	2,357
6,554	Other		17,209	15,887
Payments:				
(69,112)	Employee benefits and on-costs		(65,952)	(65,133)
(43,742)	Materials and services		(62,970)	(50,978)
(354)	Borrowing costs		(6)	(6)
(800)	Bonds, deposits and retention amounts refunded		(1,525)	(1,615)
(21,139)	Other		(10,403)	(15,051)
17,633	Net cash flows from operating activities	G1-1a	49,043	39,440
Cash flows from investing activities				
Receipts:				
58,000	Sale of investment securities		70,848	60,074
1,686	Sale of infrastructure, property, plant and equipment		1,340	1,050
Payments:				
(33,139)	Purchase of investment securities		(75,100)	(68,627)
(56,958)	Purchase of infrastructure, property, plant and equipment		(39,411)	(25,774)
(30,411)	Net cash flows from investing activities		(42,323)	(33,277)
Cash flows from financing activities				
Receipts:				
14,500	Proceeds from borrowings		—	—
Payments:				
(1,293)	Repayment of borrowings		—	—
13,207	Net cash flows from financing activities		—	—
429	Net change in cash and cash equivalents		6,720	6,163
5,449	Cash and cash equivalents at beginning of year		11,612	5,449
5,878	Cash and cash equivalents at end of year	C1-1	18,332	11,612
28,702	plus: Investments on hand at end of year	C1-2	77,375	72,907
34,580	Total cash, cash equivalents and investments		95,707	84,519

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

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 24 August 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations

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.

No trust funds are currently held by the Council.

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not have material dependence on volunteer services. Volunteers are utilised in Library Services, Aquatic Services, Cultural Events & Sustainability. These services are not recognised due to their nature as a large percentage of services would not go ahead should there not be volunteers to undertake the roles and their non-material value.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Responsible management	101,490	113,478	42,940	43,591	58,550	69,887	4,059	3,785	308,730	291,607
A sense of community	1,839	1,769	7,550	7,130	(5,711)	(5,361)	768	949	135,377	135,314
Places for people	29,059	26,986	78,424	73,428	(49,365)	(46,442)	9,965	24,110	1,086,427	1,052,769
A prospering City	147	123	748	710	(601)	(587)	22	10	6,704	6,698
Moving around	2,390	2,529	5,878	5,564	(3,488)	(3,035)	120	82	26,782	26,776
Looking after our environment	39,899	36,867	31,377	28,088	8,522	8,779	1,982	624	413,749	413,031
Total functions and activities	174,824	181,752	166,917	158,511	7,907	23,241	16,916	29,560	1,977,769	1,926,195

B1-2 Components of functions or activities

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

Responsible management

Outcome 1: Leadership in sustainability

We will demonstrate leadership by continuously improving the sustainability and rigour of our internal systems of governance, including financial and administrative management, as well as the sustainability of our facilities and activities for the benefit (including environmental and social) of the whole community.

A sense of community

Outcome 2: A vibrant and diverse community

Our community will be proud to be part of our City and celebrate and support its range of cultures and people.

Outcome 3: An informed and engaged community

Our community will participate in shaping our City.

Places for people

Outcome 4: Excellence in urban design and development

Our places and spaces will be inviting, safe, sustainable and contribute to our City's liveability.

Outcome 5: Excellence in recreation and lifestyle opportunities

We will have world class parks, beaches, and a wide range of passive and active recreational facilities and activities.

Outcome 6: A liveable City

We will proactively plan and manage for the built environment to meet our diverse community's needs now and into the future.

Outcome 7: Heritage that is protected and celebrated

Our natural, Aboriginal, built and cultural heritage will be recognised and conserved.

A prospering City

Outcome 8: A strong local economy

Our commercial centres, businesses, industries and institutions will foster innovation and will be thriving, vibrant and attractive places to work, shop and interact.

Moving around

Outcome 9: Integrated and accessible transport

A range of transport choices will enable effective movement to, from and around our City.

Looking after our environment

Outcome 10: A healthy environment

Our natural environment will be protected, enhanced and promoted for future generations.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	68,383	64,479
Business	19,131	18,162
Less: pensioner rebates (mandatory)	(731)	(743)
Rates levied to ratepayers	86,783	81,898
Pensioner rate subsidies received	402	409
Total ordinary rates	87,185	82,307
Special rates		
Environmental	4,890	4,622
Less: pensioner rebates (Council policy)	(110)	(110)
Rates levied to ratepayers	4,780	4,512
Total special rates	4,780	4,512
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	36,275	34,867
Stormwater management services	1,138	1,132
Section 611 charges	154	181
Less: pensioner rebates (mandatory)	(344)	(351)
Less: pensioner rebates (Council policy)	(331)	(336)
Annual charges levied	36,892	35,493
Pensioner subsidies received:		
– Domestic waste management	190	192
Total annual charges	37,082	35,685
Total rates and annual charges	129,047	122,504

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	1,384	1,326
Total specific user charges		1,384	1,326
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	2,205	1,812
Regulatory/ statutory fees	2	1,618	1,626
Alignment fees	2	73	93
Construction zones	2	763	1,093
Other	2	50	36
Total fees and charges – statutory/regulatory		4,709	4,660
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Leaseback fees – Council vehicles	2	531	570
Bus shelter advertising fees	2	315	402
Cemetery fees	2	53	38
Child care centre fees	2	767	522
Community facilities and park hire	2	963	1,360
Enquiries	2	99	91
Filming permits	2	54	67
Home maintenance services	2	47	38
Leisure centre fees	1	5,806	6,190
Library	2	3	6
Microfilm prints	2	198	159
Parking meters	2	892	732
Parking schemes and traffic management	2	146	169
Photocopying	2	59	65
Road and other infrastructure reinstatements	2	1,230	1,425
Sale of recycled materials	2	410	264
Shrub and tree sales	2	390	277
Other	2	253	237
Total fees and charges – other		12,216	12,612
Total user charges and fees		18,309	18,598
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,806	6,190
User charges and fees recognised at a point in time (2)		12,503	12,408
Total user charges and fees		18,309	18,598

B2-2 User charges and fees (continued)

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 14 days of the provision of the service or in some cases such as facility hire, casual gym or swim activities, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines – parking	2	5,281	4,144
Fines – other	2	332	282
Legal fees recovery – other	2	79	122
Commissions and agency fees	2	85	51
Insurance claims recoveries	2	102	51
Other	2	236	1,109
Aquatic centre kiosk and merchandise sales	2	561	773
Total other revenue		6,676	6,532

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	6,676	6,532
Total other revenue	6,676	6,532

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,074	1,062	–	–
Financial assistance – local roads component	2	1,007	996	–	–
Payment in advance - future year allocation					
Financial assistance	2	2,228	2,181	–	–
Amount recognised as income during current year		4,309	4,239	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Child care	2	172	337	–	–
Community centres	2	–	–	601	–
Environmental programs	2	630	612	–	–
Food Organics & Garden Organics (FOGO)	2	1,301	–	–	–
Community services	2	378	378	–	–
Library	2	453	435	–	–
Street lighting	2	406	406	–	–
Transport (roads to recovery)	2	617	617	–	–
Recreation and culture	2	–	–	80	88
Transport (other roads and bridges funding)	2	–	–	522	134
Local Community & Roads Infrastructure	2	–	–	–	–
Stronger Community Fund	2	–	–	1,487	1,123
Smart City Grants	2	53	44	–	–
Smart Parking	2	167	–	–	–
Streets as Shared Spaces	2	100	–	–	–
Environmental Service Levy	2	326	–	–	–
Faster Regionally Significant DA Pilot Program	2	200	–	–	–
At the Heart of the Village - Waratah Ave	2	–	–	–	–
Other specific grants	2	144	309	–	–
Previously contributions:					
Driveways	2	309	320	123	296
Ex gratia rates	2	19	19	–	–
Tree amenity income	2	46	41	–	–
Parks and beaches	2	–	217	–	–
Transport for NSW contributions (regional roads, block grant)	2	493	558	268	269
Surf Club Facility	2	–	–	–	88
Paid parental leave scheme	2	41	50	–	–
Interest free loan for IT devices	2	69	98	–	–
Other contributions	2	17	24	150	270
Total special purpose grants and non-developer contributions – cash		5,941	4,465	3,231	2,268
Non-cash contributions					
Drainage	2	–	–	–	1,821
Paving	2	–	–	–	11,979
Other	2	–	–	–	1,824
Total other contributions – non-cash		–	–	–	15,624
Total special purpose grants and non-developer contributions (tied)		5,941	4,465	3,231	17,892

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Total grants and non-developer contributions		10,250	8,704	3,231	17,892
Comprising:					
– Commonwealth funding		5,533	4,856	–	–
– State funding		4,188	2,521	2,959	1,345
– Other funding		529	1,327	272	16,547
		10,250	8,704	3,231	17,892

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

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

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
s7.12 – fixed development consent levies		2	–	–	3,334	2,688
s7.2 – affordable housing		2	–	–	101	276
Total developer contributions – cash			–	–	3,435	2,964
Total developer contributions			–	–	3,435	2,964
Total contributions			–	–	3,435	2,964
Total grants and contributions			10,250	8,704	6,666	20,856
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			10,250	8,704	6,666	20,856
Total grants and contributions			10,250	8,704	6,666	20,856

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

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

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	1,053	1,182	906	3,228
Add: operating grants recognised as income in the current period but not yet spent	2,005	314	80	260
Less: capital grants recognised in a previous reporting period now spent	(549)	(443)	(172)	(1,125)
Less: Funds received in prior year but revenue recognised and funds spent in current year	—	—	—	(1,457)
Unspent funds at 30 June	2,509	1,053	814	906
Contributions				
Unspent funds at 1 July	—	—	9,909	8,142
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	3,480	3,039
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	—	—	(1,949)	(1,272)
Unspent contributions at 30 June	—	—	11,440	9,909

Accounting policy

Accounting policy from 1 July 2019

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income Under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets 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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

B2-4 Grants and contributions (continued)

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

Contributions

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

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	177	193
– Cash and investments	809	1,600
– Other	–	6
Fair value adjustments		
– Movements in investments at fair value through profit and loss	216	138
Total interest and investment income (losses)	1,202	1,937

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	124	136
General Council cash and investments	925	1,598

Restricted investments/funds – external:

Development contributions		
– Section 7.12 fixed development consent levies	18	30
– Section 7.2 affordable housing	27	45
Domestic waste management operations	30	50
Domestic waste management operations – overdue annual charges	51	56
Stormwater management operations – overdue annual charges	1	1

Restricted investments/funds – internal:

Internally restricted assets	26	21
Total interest and investment income	1,202	1,937

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Lease Income		2,674	2,621
Total Other lease income		2,674	2,621
Total rental income	C2-2	2,674	2,621
Total other income		2,674	2,621

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	55,148	52,653
Employee termination costs (where material – other than vested leave paid)	–	96
Travel expenses	40	57
Employee leave entitlements (ELE)	6,632	6,064
Superannuation – defined contribution plans	4,432	4,304
Superannuation – defined benefit plans	1,111	1,106
Workers' compensation insurance	1,305	1,327
Fringe benefits tax (FBT)	282	324
Training costs (other than salaries and wages)	470	467
Other	347	524
Total employee costs	69,767	66,922
Less: capitalised costs	(1,335)	(551)
Total employee costs expensed	68,432	66,371
Number of 'full-time equivalent' employees (FTE) at year end	537	527

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.

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.

Superannuation plans

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		4,904	6,781
Contractor and consultancy costs			
– Garbage and recycling contracts		17,737	17,222
– Other contractor and consultancy costs		24,330	20,035
Audit Fees ¹	F2-1	85	97
Infringement notice contract costs (SEINS)		685	579
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	562	561
Electricity and heating		1,083	1,150
Insurance		2,639	2,203
Street lighting		1,846	1,933
Subscriptions and publications		323	314
Telephone and communications		1,246	1,164
Valuation fees		162	177
Animal pest control		35	32
Bank charges, investment charges and payments to council collection		425	375
Community events and functions		828	1,152
Other expenses		399	507
Vehicle registration fees		191	234
Water and sewerage		416	572
Legal expenses:			
– Legal expenses: planning and development		730	750
– Legal expenses: other		158	183
Total materials and services		58,784	56,021
Total materials and services		58,784	56,021

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on leases	6	6
Total interest bearing liability costs	6	6
Total interest bearing liability costs expensed	6	6
Total borrowing costs expensed	6	6

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		2,808	2,790
Office equipment		2,251	2,122
Furniture and fittings		417	359
Land improvements (depreciable)		585	532
Infrastructure:	C1-6		
– Buildings – non-specialised		1,848	1,845
– Buildings – specialised		2,397	2,367
– Roads		11,111	11,116
– Footpaths		2,489	1,973
– Stormwater drainage		2,732	2,716
– Swimming pools		92	90
– Other open space/recreational assets		1,808	1,800
Right of use assets	C2-1	3	3
Other assets:			
– Library books		273	308
Total gross depreciation and amortisation costs		28,814	28,021
Total depreciation and amortisation costs		28,814	28,021
Total depreciation, amortisation and impairment for non-financial assets		28,814	28,021

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

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

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). 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
Impairment of receivables			
Other		307	18
Total impairment of receivables	C1-4	307	18
Other			
Contributions/levies to other levels of government			
– Department of planning levy		287	282
– Emergency services levy (includes FRNSW, SES, and RFS levies)		298	236
– NSW fire brigade levy		2,640	2,376
Donations, contributions and assistance to other organisations (Section 356)		836	737
Total other		4,061	3,631
Total other expenses		4,368	3,649

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		1,340	1,050
Less: carrying amount of plant and equipment assets sold/written off		(893)	(1,341)
Gain (or loss) on disposal		447	(291)
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(6,960)	(4,152)
Gain (or loss) on disposal		(6,960)	(4,152)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		70,848	60,074
Less: carrying amount of investments sold/redeemed/matured		(70,848)	(60,074)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(6,513)	(4,443)

Accounting policy

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

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 28/07/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	128,813	129,047	234	0% F
User charges and fees	12,821	18,309	5,488	43% F
The major contributors to the favourable original budget variation to User Charges & Fees include increased income in the following areas:				
<ul style="list-style-type: none"> Leisure Centre fees Parking Meters Road & Infrastructure Reinstatements Sale of Recycled Materials; 				
All original budgeted figures were underestimated due to the unprecedented impact of COVID 19.				
Other revenues	4,458	6,676	2,218	50% F
The major contributors to the favourable original budget variation to Other Revenues include an increase in revenue of the following:				
<ul style="list-style-type: none"> Parking Fines Legal Fees Recovery Aquatic Centre Kiosk & Merchandise Sales 				
Operating grants and contributions	6,876	10,250	3,374	49% F
The major contributors to the favourable original budget variation to Grants & Contributions - Operating include:				
<ul style="list-style-type: none"> Organic collection grants program (FOGO) from NSW Environmental Trust Better Waste and Recycling fund from NSW Environment Protection Authority Traffic Facility Block Grant from Roads and Maritime Services 				
Capital grants and contributions	2,491	6,666	4,175	168% F
The major contributors to the favourable budget variation to Grants & Contributions - Capital include:				
<ul style="list-style-type: none"> The Heffron Centre milestone payments from NSW Office of Sport Walking and Cycling Improvement Grants from Transport for NSW Coogee Surf Lifesaving Club Grant from 2019/20 transferred from liability account Developer Contributions 				
Interest and investment revenue	1,300	1,202	(98)	(8)% U
Other income	1,755	2,674	919	52% F
The major contributor to the favourable budget variation to Other Revenue is the Commercial Rentals income due to an underestimated budget due to COVID-19				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	70,105	68,432	1,673	2% F
Materials and services	53,803	58,784	(4,981)	(9)% U
Borrowing costs	354	6	348	98% F
Council deferred the loan drawdown to future financial years based on the staging of capital works funding requirements				
Depreciation, amortisation and impairment of non-financial assets	25,998	28,814	(2,816)	(11)% U
Asset and infrastructure revaluation has contributed to an increase in the depreciation figure				
Other expenses	4,397	4,368	29	1% F
Net losses from disposal of assets	–	6,513	(6,513)	∞ U
This includes the written down value of fleet assets sold, and the movement in residual value of infrastructure assets. Council does not budget for these movements. The budget reflects the proceeds received from the sale of assets only.				

STATEMENT OF CASH FLOWS

Cash flows from operating activities	17,633	49,043	31,410	178% F
The variance is due to additional grants and contributions and an upturn in user Fees & Charges, as well as Other Revenues				
Cash flows from investing activities	(30,411)	(42,323)	(11,912)	39% U
Original budget figure was compiled during the peak of COVID-19 & we were expecting to purchase less investments, Council though performed better than expected & was able to invest more funds. There was also capital commitments carried forward into FY2021-22				
Cash flows from financing activities	13,207	–	(13,207)	(100)% U
The variation is due to Council deferring the loan drawdown to future financial years based on the staging of capital works funding requirements.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	188	238
Cash-equivalent assets		
– Deposits at call	18,144	11,374
Total cash and cash equivalents	18,332	11,612

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	18,332	11,612
Balance as per the Statement of Cash Flows	18,332	11,612

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
Financial assets at fair value through the profit and loss				
Long term deposits	48,000	–	40,100	–
NCD's, FRN's (with maturities > 3 months)	29,375	–	32,807	–
Total	77,375	–	72,907	–
Total financial investments	77,375	–	72,907	–
Total cash assets, cash equivalents and investments	95,707	–	84,519	–

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.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in floating rate notes in the Statement of Financial Position.

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	95,707	–	84,519	–
attributable to:				
External restrictions	32,315	–	26,587	–
Internal restrictions	52,608	–	45,782	–
Unrestricted	10,784	–	12,150	–
	95,707	–	84,519	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – other

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

Developer contributions – general	11,440	9,909
Specific purpose unexpended grants (recognised as revenue) – general fund	3,323	1,959
Stormwater management	1,322	1,198
Environmental levy	2,881	2,708
Domestic waste management	13,349	10,813
External restrictions – other	32,315	26,587

Total external restrictions

32,315 **26,587**

Internal restrictions

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

Plant and vehicle replacement	7,613	5,407
Employees leave entitlement	7,792	7,292
Deposits, retentions and bonds	3,266	3,266
Affordable housing rental scheme	1,069	1,069
Building Levy	3,008	4,116
Des Renford Leisure Centre	285	385
Economic Development	210	85
Election of Councillors	665	415
Information and communication technology	580	580
Infrastructure reserve	13,823	9,034
Insurance claims / risk management	172	172
Light rail support plan	89	531
Our Community Our Future	4,192	3,009
Prince Henry Centre	62	62
Property Development	1,404	1,404
Randwick Environmental Park	1,186	1,309
Randwick Literary Institute	35	35
Coogee SLSC	–	1,457
The Heffron Centre	6,154	6,154
Lionel Bowen Library	111	–
La Perouse Museum	774	–
Community Connect	22	–
Community Creative	96	–
Total internal restrictions	52,608	45,782

Total restrictions

84,923 **72,369**

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	4,379	453	5,464	409
Interest and extra charges	277	38	206	39
User charges and fees	2,191	–	2,470	–
Accrued revenues				
– Interest on investments	160	–	351	–
– Fines Receivable	611	101	470	54
– Other income accruals	764	–	235	–
Government grants and subsidies	1,146	–	435	–
Net GST receivable	1,433	–	1,077	–
Total	10,961	592	10,708	502
Less: provision of impairment				
User charges and fees	(471)	–	(170)	–
Total provision for impairment – receivables	(471)	–	(170)	–
Total net receivables	10,490	592	10,538	502
Externally restricted receivables				
Domestic waste management	1,362	122	1,326	102
Total external restrictions	1,362	122	1,326	102
Unrestricted receivables	9,128	470	9,212	400
Total net receivables	10,490	592	10,538	502

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	170	198
+ new provisions recognised during the year	318	25
– amounts already provided for and written off this year	(6)	(53)
– amounts provided for but recovered during the year	(11)	–
Balance at the end of the year	471	170

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
(i) Inventories at cost				
Stores and materials	450	–	362	–
Trading stock	194	–	265	–
Total inventories at cost	644	–	627	–
Total inventories	644	–	627	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	17,233	–	17,233	5,551	4,923	–	–	(12,593)	–	–	15,114	–	15,114
Plant and equipment	24,765	(11,683)	13,082	–	2,809	(893)	(2,808)	–	–	–	24,907	(12,717)	12,190
Office equipment	32,927	(24,068)	8,859	–	1,734	–	(2,251)	–	(255)	–	34,406	(26,319)	8,087
Furniture and fittings	9,446	(6,228)	3,218	–	550	–	(417)	372	–	–	10,367	(6,644)	3,723
Land:													
– Operational land	210,307	–	210,307	13	–	–	–	–	–	–	210,320	–	210,320
– Community land	159,604	–	159,604	–	–	–	–	–	–	–	159,604	–	159,604
– Crown land	189,801	–	189,801	–	–	–	–	–	–	–	189,801	–	189,801
– Land under roads (post 30/6/08)	4,075	–	4,075	–	–	–	–	–	–	–	4,075	–	4,075
Land improvements – depreciable	31,977	(9,817)	22,160	130	–	(41)	(585)	–	17	–	32,045	(10,364)	21,681
Infrastructure:													
– Buildings – non-specialised	120,699	(58,115)	62,584	66	–	–	(1,848)	–	–	–	120,764	(59,962)	60,802
– Buildings – specialised	164,585	(60,622)	103,963	4,881	657	(1,148)	(2,397)	2,491	–	–	170,523	(62,076)	108,447
– Roads	1,049,969	(479,223)	570,746	2,684	2,144	(2,970)	(11,111)	4,314	260	37,601	1,056,496	(452,828)	603,668
– Footpaths	171,881	(53,043)	118,838	1,191	1,505	(1,677)	(2,489)	3,106	(205)	–	174,957	(54,688)	120,269
– Stormwater drainage	359,194	(84,820)	274,374	246	237	(664)	(2,732)	1,125	–	–	359,699	(87,113)	272,586
– Swimming pools	6,731	(1,371)	5,360	1,155	699	(98)	(92)	–	24	–	8,498	(1,450)	7,048
– Other open space/recreational assets	77,388	(15,635)	61,753	5,075	2,793	(362)	(1,808)	1,185	(96)	–	85,849	(17,309)	68,540
Other assets:													
– Heritage collections	2,490	–	2,490	12	–	–	–	–	–	–	2,502	–	2,502
– Library books	7,802	(7,230)	572	29	229	–	(273)	–	255	–	8,315	(7,503)	812
Total infrastructure, property, plant and equipment	2,640,874	(811,855)	1,829,019	21,033	18,280	(7,853)	(28,811)	–	–	37,601	2,668,242	(798,973)	1,869,269

(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 ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	9,692	—	9,692	8,400	3,980	—	—	(5,330)	491	17,233	—	17,233
Plant and equipment	24,620	(11,085)	13,535	—	3,678	(1,341)	(2,790)	—	—	24,765	(11,683)	13,082
Office equipment	31,604	(21,946)	9,658	—	1,288	—	(2,122)	35	—	32,927	(24,068)	8,859
Furniture and fittings	8,756	(5,869)	2,887	—	410	—	(359)	280	—	9,446	(6,228)	3,218
Land:												
– Operational land	210,292	—	210,292	—	15	—	—	—	—	210,307	—	210,307
– Community land	159,604	—	159,604	—	—	—	—	—	—	159,604	—	159,604
– Crown land	189,801	—	189,801	—	—	—	—	—	—	189,801	—	189,801
– Land under roads (post 30/6/08)	4,075	—	4,075	—	—	—	—	—	—	4,075	—	4,075
Land improvements – depreciable	30,095	(9,228)	20,867	20	1,426	—	(532)	—	379	31,977	(9,817)	22,160
Infrastructure:												
– Buildings – non-specialised	120,695	(56,375)	64,320	156	—	(47)	(1,845)	122	(122)	120,699	(58,115)	62,584
– Buildings – specialised	161,425	(58,394)	103,031	1,051	9	(517)	(2,367)	2,634	122	164,585	(60,622)	103,963
– Roads	1,038,148	(469,744)	568,404	4,117	4,776	(1,592)	(11,116)	1,409	4,748	1,049,969	(479,223)	570,746
– Footpaths	170,157	(51,683)	118,474	2,721	5,419	(944)	(1,973)	253	(5,112)	171,881	(53,043)	118,838
– Stormwater drainage	356,844	(82,355)	274,489	690	2,096	(531)	(2,716)	339	7	359,194	(84,820)	274,374
– Swimming pools	6,419	(1,281)	5,138	91	8	—	(90)	69	144	6,731	(1,371)	5,360
– Other open space/recreational assets	77,164	(14,011)	63,153	647	741	(520)	(1,800)	189	(657)	77,388	(15,635)	61,753
Other assets:												
– Heritage collections	2,472	—	2,472	18	—	—	—	—	—	2,490	—	2,490
– Library books	7,799	(6,921)	878	2	—	—	(308)	—	—	7,802	(7,230)	572
Total infrastructure, property, plant and equipment	2,609,662	(788,892)	1,820,770	17,913	23,846	(5,492)	(28,018)	—	—	2,640,874	(811,855)	1,829,019

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

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

Accounting policy

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

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

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

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

Plant and equipment	Years	Open Space assets	Years
Office equipment	5 to 10	Ocean Pools	100
Office furniture	10 to 20	Swimming pools	50
Computer equipment	3 to 10	Playground equipment	15
Vehicles	5 to 7	Irrigation system	6 to 20
Heavy plant/road making equipment	7	Park furniture	15
Other plant and equipment	2 to 20	Skate park	50
		Cricket nets	10
		Turf cricket wicket	15
Transportation assets		Fencing	20
Road formation	Infinite	Lighting	20
Road pavement	120	Scoreboards	30
Road surface	25	Signage and flagpoles	20
Kerb and Gutter	100	Water tank	15 to 50
Footpaths	25 to 80		
Road furniture	10		
Retaining walls	80	Buildings	
		Buildings: masonry	100
Stormwater assets		Buildings: other	20 to 100
Pits	100		
Pipes/conduit	100 to 150		
Library resources			
Library resources	5		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Land under roads

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

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

Crown reserves

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

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

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Domestic waste management						
Plant and equipment	–	–	–	4,689	2,208	2,481
Total domestic waste management	–	–	–	4,689	2,208	2,481
Total restricted infrastructure, property, plant and equipment	–	–	–	4,689	2,208	2,481

C1-7 Other

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	825	–	745	–
Total other assets	825	–	745	–

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total unrestricted assets	825	–	745	–
Total other assets	825	–	745	–

C2 Leasing activities

C2-1 Council as a lessee

Council has one lease for the asset class buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Buildings

Council leases a portion of a building facility for one of its library branches; the lease is for 80 years and the renewal option to allow Council to renew is not specific.

The building lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Vehicles

Council leases garbage trucks with lease terms of 10 years; the lease payments are variable during the lease term and there is generally no renewal option.

Office and IT equipment

Council does not lease any office or IT equipment.

Extension options

The extension option of the lease has not been specified, therefore extension options are not able to be calculated

(a) Right of use assets

\$ '000	Buildings	Total
2021		
Opening balance at 1 July	238	238
Depreciation charge	(3)	(3)
Balance at 30 June	235	235
2020		
Opening balance at 1 July	–	–
Depreciation charge	(3)	(3)
Balance at 30 June	238	238

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	5	237	–	242
Total lease liabilities	5	237	–	242

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	5	26	497	528	242
2020					
Cash flows	5	27	512	544	242

C2-1 Council as a lessee (continued)

(d) Income Statement

\$ '000	2021	2020
The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:		
Interest on lease liabilities	6	6
Depreciation of right of use assets	3	3
	9	9

(e) Statement of Cash Flows

Total cash outflow for leases	5	5
	5	5

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes.

C2-2 Council as a lessor (continued)

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

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

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

Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	2,674	2,621
Total income relating to operating leases for Council assets	2,674	2,621

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	1,576	1,531
1–2 years	1,289	1,158
2–3 years	1,151	987
3–4 years	874	776
4–5 years	576	529
> 5 years	20,390	20,415
Total undiscounted lease payments to be received	25,856	25,396

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	3,906	–	2,170	–
Goods and services – capital expenditure	938	–	1,036	–
Accrued expenses:				
– Salaries and wages	1,923	–	1,627	–
– Other expenditure accruals	441	–	2,854	–
Security bonds, deposits and retentions	7,797	–	7,695	–
Total payables	15,005	–	15,382	–
Income received in advance				
Payments received in advance	2,169	–	1,730	–
Rent received in advance - Heffron High Performance Centre	–	893	–	–
Total income received in advance	2,169	893	1,730	–
Total payables	17,174	893	17,112	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Domestic waste management	4,005	–	1,778	–
Payables relating to externally restricted assets	4,005	–	1,778	–
Total payables relating to restricted assets	4,005	–	1,778	–
Total payables relating to unrestricted assets	13,169	893	15,334	–
Total payables	17,174	893	17,112	–

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	5,273	5,760
Total payables and borrowings	5,273	5,760

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,072	–	1,457	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	181	–	–	–
Total grants received in advance		4,253	–	1,457	–
Total contract liabilities		4,253	–	1,457	–

Notes

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

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

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,457	1,123
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,457	1,123

Significant changes in contract liabilities

This contractual liability for Council has been finalised as at the end of financial year. The associated performance obligations have been satisfied and the revenue recognised accordingly.

Accounting policy

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. When an amount of 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

Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	400	400
Total financing arrangements	400	400
Undrawn facilities		
– Bank overdraft facilities	400	400
Total undrawn financing arrangements	400	400

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

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	6,319	–	5,210	–
Sick leave	1,472	–	1,475	–
Long service leave	13,717	722	12,958	262
Gratuities	187	–	190	–
Other leave	61	–	68	–
Total employee benefit provisions	21,756	722	19,901	262

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	15,332	13,573
	15,332	13,573

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
2021					
At beginning of year	5,210	1,475	13,220	258	20,163
Additional provisions	4,735	36	1,942	39	6,752
Amounts used (payments)	(3,626)	(39)	(723)	(49)	(4,437)
Total ELE provisions at end of year	6,319	1,472	14,439	248	22,478
2020					
At beginning of year	4,577	1,492	12,875	237	19,181
Additional provisions	4,143	1,662	1,155	71	7,031
Amounts used (payments)	(3,510)	(1,679)	(810)	(50)	(6,049)
Total ELE provisions at end of year	5,210	1,475	13,220	258	20,163

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	7	7
Total net share of interests in joint ventures and associates using the equity method – assets	7	7
Total Council's share of net assets	7	7

D1-1 Interests in joint arrangements

Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Summarised financial information for individually immaterial joint ventures

Council is a member of the Premsure Insurance Pool, but holds an immaterial interest in the Joint Venture. This has been accounted for using the equity method.

\$ '000	2021	2020
Individually immaterial joint ventures		
Aggregate carrying amount of individually immaterial joint ventures	7	7

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	18,332	11,612	18,332	11,612
Receivables	11,082	11,040	11,082	11,040
Fair value through profit and loss				
Investments				
– Held for trading	77,375	72,907	77,375	72,907
Total financial assets	106,789	95,559	106,789	95,559
Financial liabilities				
Payables	15,005	15,382	15,005	15,382
Total financial liabilities	15,005	15,382	15,005	15,382

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 held-to-maturity 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) **'available-for-sale'** – 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.
- **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.

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	901	771
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,938	3,280

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, other than Council has significant credit risk exposures in its local area given the nature of the business.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements

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
2021						
Gross carrying amount	–	1,884	1,495	761	692	4,832
2020						
Gross carrying amount	1	4,161	698	415	598	5,873

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	4,937	278	102	261	1,143	6,721
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	41.20%	7.01%
ECL provision	–	–	–	–	471	471
2020						
Gross carrying amount	3,177	774	143	27	1,216	5,337
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	13.98%	3.19%
ECL provision	–	–	–	–	170	170

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	7,797	7,208	–	–	15,005	15,005
Total financial liabilities		7,797	7,208	–	–	15,005	15,005
2020							
Trade/other payables	0.00%	7,695	7,687	–	–	15,382	15,382
Total financial liabilities		7,695	7,687	–	–	15,382	15,382

E2-1 Fair value measurement

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

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

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

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

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

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

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		77,375	72,907	—	—	77,375	72,907
Total financial assets		77,375	72,907	—	—	77,375	72,907
Infrastructure, property, plant and equipment							
	C1-6						
Plant & Equipment		—	—	12,190	13,082	12,190	13,082
Office Equipment		—	—	8,087	8,859	8,087	8,859
Furniture & Fittings		—	—	3,723	3,218	3,723	3,218
Operational Land		—	—	210,320	210,307	210,320	210,307
Community Land		—	—	159,604	159,604	159,604	159,604
Land Under Roads		—	—	4,075	4,075	4,075	4,075
Depreciable Land Improvements		—	—	21,681	22,160	21,681	22,160
Buildings – Non Specialised		—	—	60,802	62,584	60,802	62,584
Buildings – Specialised		—	—	108,447	103,963	108,447	103,963
Roads		—	—	603,668	570,746	603,668	570,746
Footpaths		—	—	120,269	118,838	120,269	118,838
Stormwater Drainage		—	—	272,586	274,374	272,586	274,374
Swimming Pools		—	—	7,048	5,360	7,048	5,360
Other Open Space/Recreational Assets		—	—	68,540	61,753	68,540	61,753
Heritage Collections		—	—	2,502	2,490	2,502	2,490
Library Books		—	—	812	572	812	572
Crown Land		—	—	189,801	189,801	189,801	189,801
Total infrastructure, property, plant and equipment		—	—	1,854,155	1,811,786	1,854,155	1,811,786

Non-recurring fair value measurements

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Financial assets

At fair value through profit and loss are represented by Floating Rate Notes, Covered Bonds and Term Deposits. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced from UBS based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset. There has been no change to the valuation techniques during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

The purchase cost of Plant & Equipment, Office Equipment and Furniture & Fittings are taken as their fair value. There has been no change to the valuation techniques during the reporting period.

Operational Land

The valuation of Council's Operational Land was undertaken at 30 June 2018 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

There may, also, be special use parcels where there was no observable market evidence. This land was valued utilising Level 3 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

Community Land

Council's community land was valued based on the Land Value (LV) provided by the Valuer-General in 2016. Where the Valuer-General did not provide LV an average unit rate based on the LV for similar community land was used, having regard to the highest and best use for the land. There has been no change to the valuation techniques during the reporting period.

Crown Land

The valuation of Council's crown land was undertaken at 30 June 2019 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

There are, also, parks, reserves and other special use parcels where there was no observable market evidence.

E2-1 Fair value measurement (continued)

This land was valued utilising Level 3 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

Land Under Roads

Land Under Roads acquired post 1 July 2008 have been valued using the square meter rates of adjacent Community Land having regard to the highest and best use for the land. There has been no change to the valuation techniques during the reporting period.

Buildings: Non-specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd (SFV) at 31 August 2017. SFV's schedule provides the Gross Carrying Amount of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology.

Specialised buildings were valued utilising the cost approach by professionally qualified Registered Valuers.

The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs.

Roads

The valuation of Council's roads was undertaken at 30 April 2021 using the cost approach by in-house staff comprising of Council engineers and asset management staff. The roads asset classes that were revalued on this date were: Road Formation, Road Pavement, Road Surface, and Retaining Walls. The "other roads" assets including Bridges, Carparks, Kerb and Gutter, Traffic Facilities and Footpaths were previously revalued at 30 June 2019 using the cost approach by in-house staff.

The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

The valuation of Council's stormwater drainage assets was undertaken at 30 June 2019 using the cost approach by in-house staff comprising of Council engineers and asset management staff.

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Swimming Pools

The valuation of Council's swimming pools was undertaken at 30 June 2019 using the cost approach by in-house staff comprising of Council engineers and asset management staff.

Assets within this class comprise the Des Renford Leisure Centre Pools and also Council's rockpools. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional

E2-1 Fair value measurement (continued)

judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Open Space Assets

The valuation of Council's open space assets was undertaken at 30 June 2019 using the cost approach by in-house staff comprising of Council engineers and asset management staff.

Assets within this class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. All assets in this class were valued in-house by experienced engineering & asset management staff. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

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
Financial assets			
Investments	77,375	Advisor report	* Unit price
Infrastructure, property, plant and equipment			
Plant & Equipment, Other Equipment & Furniture & Fittings	24,000	Depreciated historical cost used to approximate fair value	* Gross replacement cost * Remaining useful life
Operational Land	210,320	Independent valuer report	* Price per square metre
Community Land	159,604	Land values obtained from the NSW Valuer-General	* VG value (price per square metre)
Crown Land	189,801	Independent valuer report	* Price per square metre
Land Under Roads	4,075	Average municipal rate, determined by the NSW Valuer-General, after applying 90% discount to reflect restricted nature of asset.	* VG value (price per square metre)
Depreciable Land Improvement	21,681	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Buildings	169,249	Non-Specialised Buildings: market value Specialised Buildings: replacement cost	* Gross replacement cost * Asset condition * Remaining useful life
Roads & Footpaths	723,937	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Stormwater Drainage	272,586	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life

E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Swimming Pools	7,048	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Other Open Space/Recreational Assets	68,540	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Library Books	812	Cost used to approximate fair value	* Gross replacement cost * Remaining useful life
Heritage Collections	2,502	Cost used and market values used to approximate fair value	* Gross replacement cost (monuments) * Market value (fine arts)

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

\$ '000	Plant and equipment, other equipment, furniture and fittings		Land		Depreciable land improvement		Buildings	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	25,159	26,080	563,787	563,772	22,160	20,867	166,547	167,351
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	117	–	–	–	17	379	2,490	–
Purchases (GBV)	5,093	5,691	13	15	130	1,446	5,605	3,971
Disposals (WDV)	(894)	(1,341)	–	–	(41)	–	(1,148)	(564)
Depreciation and impairment	(5,475)	(5,271)	–	–	(585)	(532)	(4,245)	(4,211)
Closing balance	24,000	25,159	563,800	563,787	21,681	22,160	169,249	166,547

\$ '000	Infrastructure		Other assets		Total	
	2021	2020	2021	2020	2021	2020
Opening balance	1,031,071	1,029,658	3,062	3,350	1,811,786	1,811,078
Transfers from/(to) another asset class	9,713	(870)	268	–	12,605	(491)
Purchases (GBV)	17,729	23,565	257	20	28,827	34,708
Disposals (WDV)	(5,771)	(3,587)	–	–	(7,854)	(5,492)
Depreciation and impairment	(18,232)	(17,695)	(273)	(308)	(28,810)	(28,017)
Revaluation increments	37,601	–	–	–	37,601	–
Closing balance	1,072,111	1,031,071	3,314	3,062	1,854,155	1,811,786

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) 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.

(ii) Defined benefit 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

* For 180 Point Members: Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members defined benefits.

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million for 1 July 2020 to 30 June 2021 apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

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

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

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

E3-1 Contingencies (continued)

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 \$1,052,619.14. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2020, and covers the period ended 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$567,800.

Council's expected contribution to the plan for the next annual reporting period is \$1,013,754.96.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 1.42% as at 30 June 2021.

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

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

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

* Plus promotional increases

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

E3-1 Contingencies (continued)

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) Premsure Insurance Pool

Council has disclosed it holds an immaterial interest in the joint venture Premsure Insurance Pool in Note D1-1.

It is known that some funds are held by the Pool and that they will be distributed to members upon closure of the pool. Accordingly, at year end there is a potential asset of the Council in the amount of distribution from the Pool.

However, there is no reliable basis upon which Council is able to determine the value of this potential asset.

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.

Council has identified Councillors, the General Manager and Directors as KMP.

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,786	1,745
Post-employment benefits	100	100
Total	1,886	1,845

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	Ref	Transactions during the year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2021						
Supply of Design Review / Planning /Consultant Services	1	224	–	30 days	–	–
Supply of IT&C Managed Colocation Services	2	155	–	30 days	–	–
2020						
Supply of Design Review / Planning /Consultant Services	1	384	116	30 days	–	–
Supply of IT&C Managed Colocation Services	2	130	164	30 days	–	–

1 AJC Architects was awarded the contract by Council through a tender process. A family member of a KMP of Council works for the organisation. The KMP was not involved in the voting of the tender.

2 NTT Communications ICT Solutions P/L was awarded the contract by Council through a tender process. A family member of a KMP of Council works for the organisation. The KMP was not involved in the voting of the tender.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	69	70
Councillors' fees	387	387
Other Councillors' expenses (including Mayor)	106	104
Total	562	561

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

	85	97
Remuneration for audit and other assurance services	85	97
Total Auditor-General remuneration	85	97
Total audit fees	85	97

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	7,907	23,241
Adjust for non-cash items:		
Depreciation and amortisation	28,814	28,021
Net losses/(gains) on disposal of assets	6,513	4,443
Non-cash capital grants and contributions	–	(15,624)
Adoption of AASB 15/1058	–	(2,580)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(216)	(138)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(343)	(2,401)
Increase/(decrease) in provision for impairment of receivables	301	(28)
Decrease/(increase) in inventories	(17)	(115)
Decrease/(increase) in other current assets	(80)	90
Increase/(decrease) in payables	1,736	(259)
Increase/(decrease) in other accrued expenses payable	(2,117)	2,077
Increase/(decrease) in other liabilities	1,434	274
Increase/(decrease) in contract liabilities	2,796	1,457
Increase/(decrease) in provision for employee benefits	2,315	982
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	49,043	39,440

(b) Non-cash investing and financing activities

Other dedications	–	15,624
Total non-cash investing and financing activities	–	15,624

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	4,894	8,615
Plant and equipment	1,037	470
Open Space	2,055	5,777
Roads	1,397	1,324
Drainage	601	635
Total commitments	9,984	16,821

These expenditures are payable as follows:

Within the next year	9,984	16,821
Total payable	9,984	16,821

Sources for funding of capital commitments:

Unrestricted general funds	2,990	1,391
Externally restricted reserves	3,180	9,292
Internally restricted reserves	3,814	6,138
Total sources of funding	9,984	16,821

Details of capital commitments

The Council has committed to a number of projects including construction of the Heffron Centre, the refurbishment of the La Perouse Museum, new boardwalk at the Randwick Environmental Park and redevelopment of Pioneers Park. Orders have also been placed for Council's ongoing plant replacement program.

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					
S7.12 levies – under a plan	4,636	3,334	–	18	(1,949)	–	6,039	–
Total S7.11 and S7.12 revenue under plans	4,636	3,334	–	18	(1,949)	–	6,039	–
s7.2 planning agreements (affordable housing)	5,223	101	–	27	–	–	5,351	–
s7.4 planning agreement (operational)	50	–	–	–	–	–	50	–
Total contributions	9,909	3,435	–	45	(1,949)	–	11,440	–

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

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	2020	Prior periods 2019	2018	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7,538	4.49%	4.16%	5.51%	6.20%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	167,942					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	157,692	90.31%	83.72%	90.64%	91.50%	>60.00%
Total continuing operating revenue	174,608					
3. Unrestricted current ratio						
Current assets less all external restrictions	73,989	3.98x	3.95x	4.06x	3.63x	>1.50x
Current liabilities less specific purpose liabilities	18,578					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	36,358	6,059.67x	5,786.17x	0.00x	0.00x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6					
5. Debt Service Cover Ratio (excl Leased Assets)						
Operating result before capital excluding interest and depreciation/impairment/amortisation	36,358					
Principle repayments (Statement of cash flow) excluding leased Assets plus borrowing costs (income statement) excluding lease asset borrowing cost	—	∞	0.00x	0.00x	0.00x	>2.00x
6. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	5,147	3.80%	4.84%	3.13%	2.40%	<5.00%
Rates and annual charges collectable	135,342					
7. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	66,332	5.65 mths	4.67 mths	3.33 mths	3.02 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	11,738					

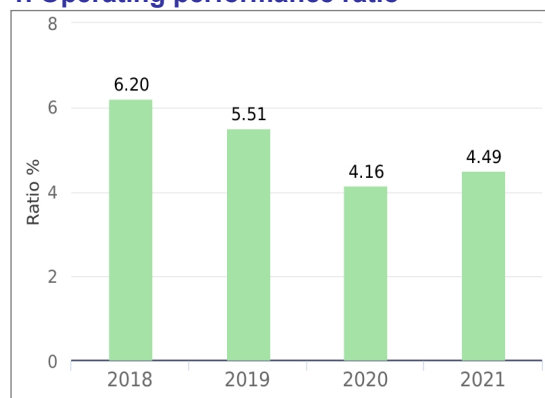
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(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

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 4.49%

The Operating Performance Ratio of 4.49% is a strong positive result and above the 0% industry benchmark set by the Office of Local Government. And compared to last year, has bounced back even with the impacts of the COVID-19 pandemic

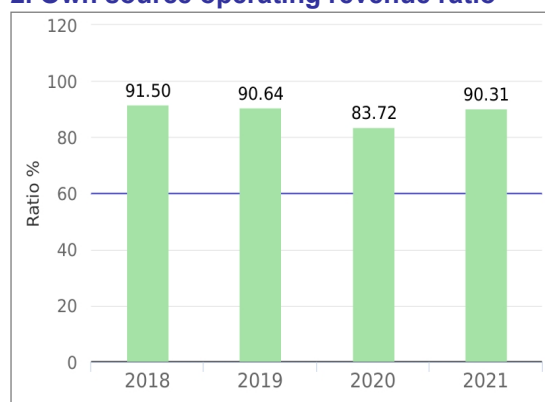
Benchmark: — > 0.00%

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 90.31%

The ratio remains well in excess of the 60% benchmark, with Council's reliance on external funding one of the lowest of all Councils in NSW

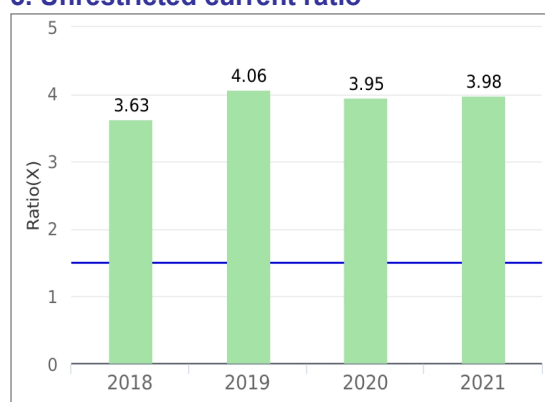
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.98x

Council's liquidity remains strong and is well above the 1.5 benchmark consistent with prior years.

Benchmark: — > 1.50x

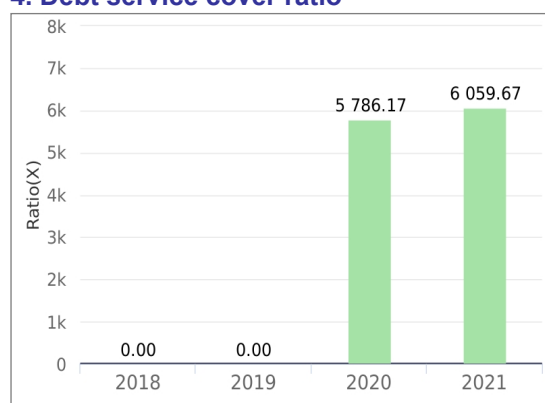
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 6,059.67x

Council has no loans for this reporting period.

The new Accounting Standard AASB16 leases, now requires Council to report leases (where Council is the lessee) as a 'right-of use' asset & capitalise the value of that asset as well as show the same amount as a liability, thus raising a small borrowing liability for the interest payments accounted for.

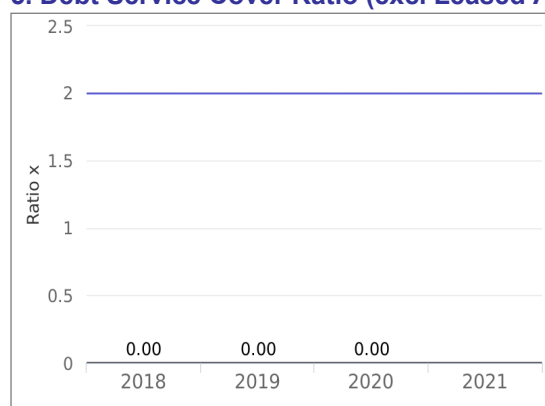
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Debt Service Cover Ratio (excl Leased Assets)



Purpose of debt service cover ratio (excl leased assets)

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

Commentary on 2020/21 result

2020/21 ratio ∞

Council has no loans for this reporting period.

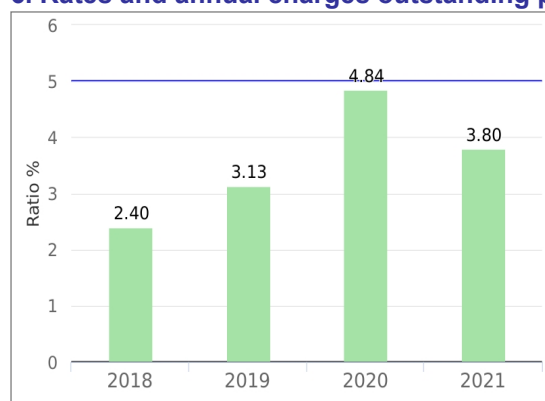
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. 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 3.80%

The outstanding rates and charges ratio of 3.80% is below the benchmark of 5%, and is 1.04% below last year's results, which given we're still in the midst of the COVID-19 pandemic, a significant result.

Benchmark: — < 5.00%

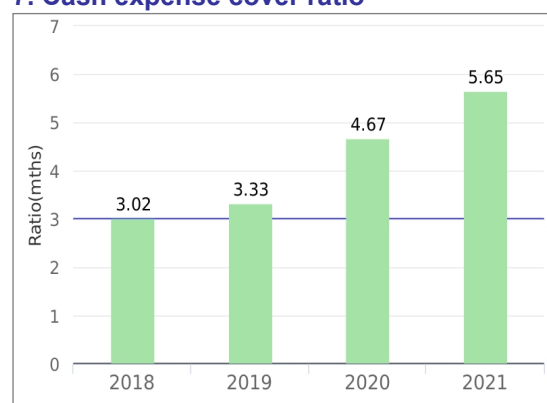
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

7. Cash expense cover ratio



Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 5.65 mths

The cash balance as at 30 June 2021 would support the operations of Council for a period 5.65 months should no other cash be received by Council. This is within industry benchmark and reflects Council's effective cashflow management. Council made a point to ensure adequate cash was kept available throughout the COVID-19 pandemic.

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

30 Frances Street
Randwick NSW 2031

Contact details**Mailing Address:**

30 Frances Street
Randwick NSW 2031

Telephone: 02 9093 6000

Facsimile: 02 9319 1510

Opening hours:

Mon to Fri
8:30am to 5.00pm

Internet: www.randwick.nsw.gov.au

Email: council@randwick.nsw.gov.au

Officers**General Manager**

Therese Manns

Responsible Accounting Officer

Cherie Muir

Public Officer

David Kelly

Auditors

Auditor General
The Audit Office of New South Wales
Level 19, 201 Sussex Street, Darling Park Tower 2,
Sydney, NSW 2000
GPO Box 12, Sydney, NSW 2001

Elected members**Mayor**

Danny Said

Councillors

Philipa Veitch (Deputy Mayor)
Alexandra Luxford
Anthony Andrews
Brendan Roberts
Carlos Da Rocha
Christine Hamilton
Dylan Parker
Harry Stavrinos
Kathy Neilson
Lindsay Shurey
Murray Matson
Noel D'Souza
Ted Seng
Tony Bowen

Other information

ABN: 77 362 844 121



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Randwick City Council

To the Councillors of the Randwick City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

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



Caroline Karakatsanis

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

15 September 2021
SYDNEY



Cr Danny Said
Mayor
Randwick City Council
30 Frances Street
Randwick NSW 2031

Contact: Caroline Karakatsanis
Phone no: 02 9275 7143
Our ref: D2118776/1781

15 September 2021

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2021

Randwick City Council

I have audited the general purpose financial statements (GPFS) of the Randwick City 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.

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	129.0	122.5	5.3
Grants and contributions revenue	16.9	29.6	42.9
Operating result from continuing operations	7.9	23.2	65.9
Net operating result before capital grants and contributions	1.2	2.4	50

Council's operating result (\$7.9 million including the effect of depreciation and amortisation expense of \$28.8 million) was \$15.3 million lower than the 2019–20 result. This was mainly due to reduced capital contributions for dedicated assets in respect to the Sydney South East light rail project which occurred in 2019–20.

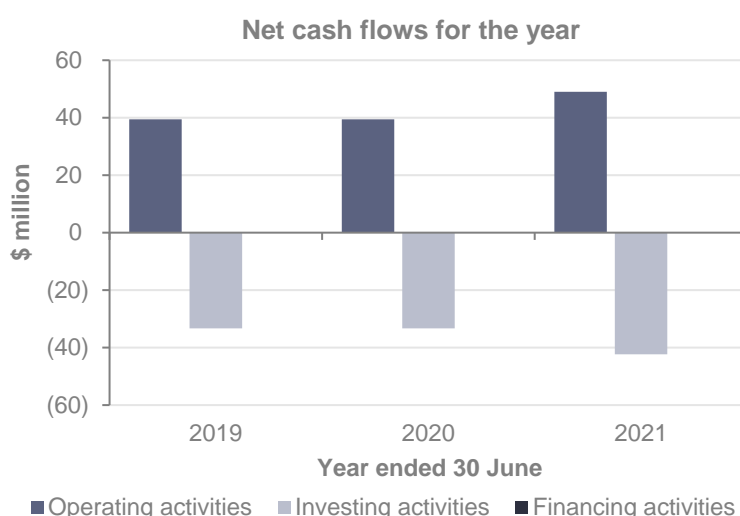
The net operating result before capital grants and contributions (\$1.2 million) was \$1.2 million lower than the 2019–20 result, due in part to an increase in operating expenditure.

Rates and annual charges revenue (\$129 million) increased by \$6.5 million (5.3 per cent) in 2020-21. Council had an approved Special Rate Variation which resulted in an increase of general rates revenue by 5.52 per cent in 2020–21.

Grants and contributions revenue (\$16.9 million) decreased by \$12.7 million (42.9 per cent) in 2020-21. This was mostly to the prior year capital contribution in respect to the Sydney South East light rail project as noted above.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and shows that cash increased by \$6.7 million to \$18.3 million at the close of the year.
- the increase is due to holding more funds in shorter term deposit.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	95.7	84.5	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, developer contributions, domestic waste management stormwater charges, and environmental levies. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	32.3	26.6	
• Internal restrictions	52.6	45.8	

PERFORMANCE

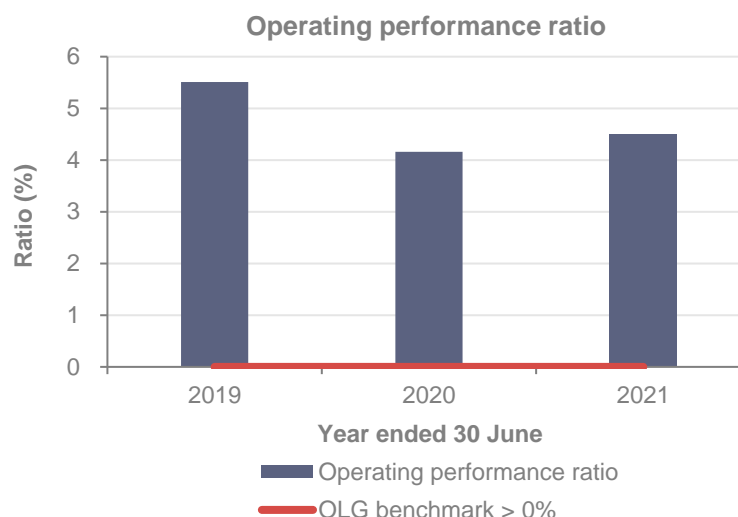
Performance measures

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

Operating performance ratio

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

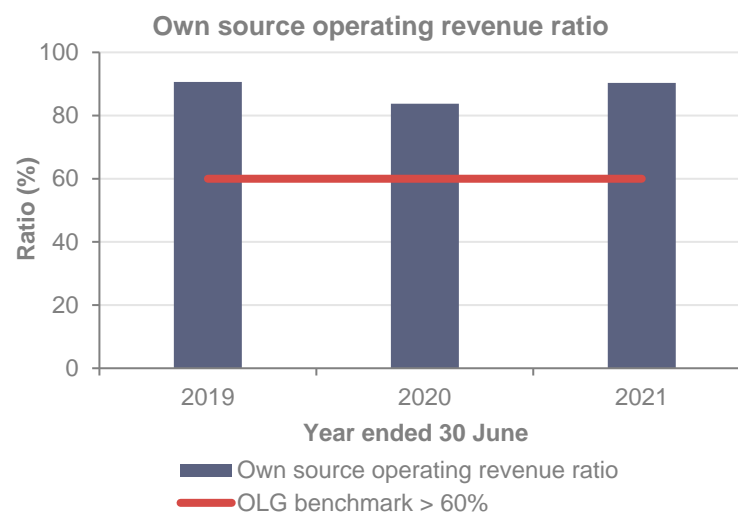
The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

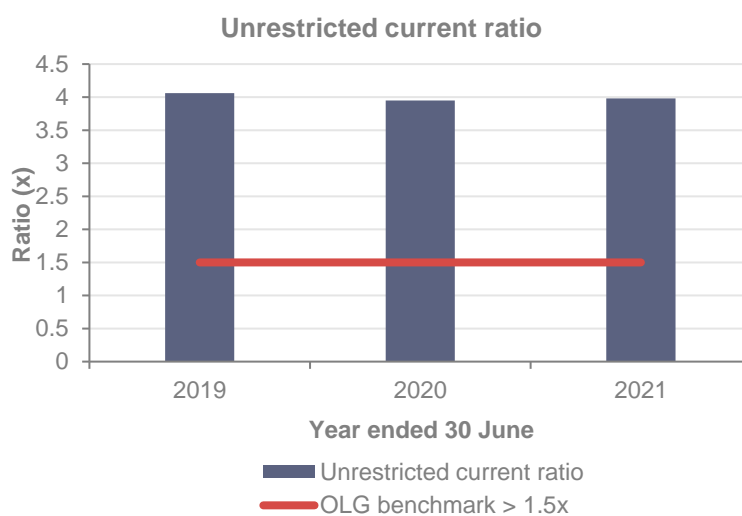
The Council exceeded the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

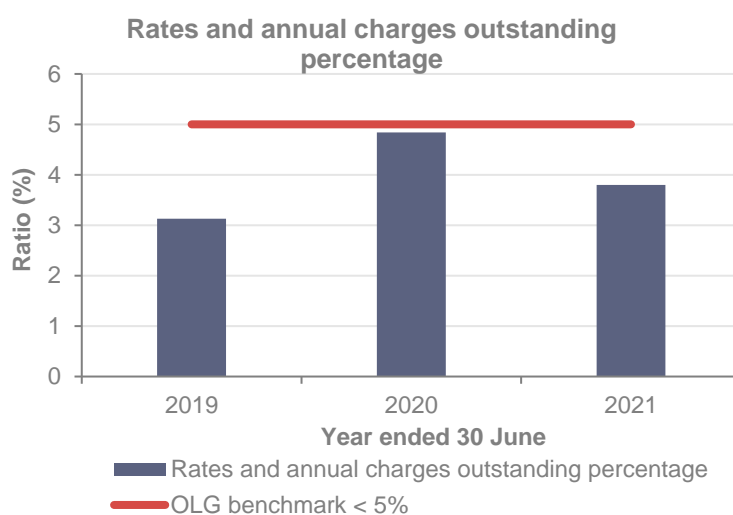
The Council exceeded the OLG benchmark for the current reporting period.



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 5 per cent for metropolitan councils.

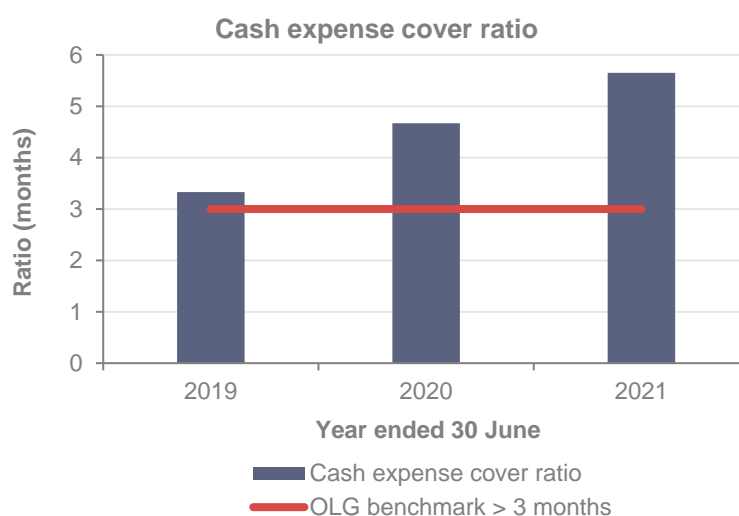
The Council met the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$21 million compared \$17.9 million for the prior year
- Renewals primarily consisted of transport infrastructure and buildings
- The level of asset renewals during the year represented 73 per cent of the total depreciation expense (\$28.8 million) for the year.

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.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'C. Karakatsanis'.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Therese Manns, General Manager
 Carl Millington, Chair of Audit, Risk and Improvement Committee
 Jim Betts, Secretary of the Department of Planning, Industry and Environment

Randwick City Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

Randwick City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	87,430	92,315
Plus or minus adjustments ²	b	69	494
Notional general income	$c = a + b$	87,499	92,809
Permissible income calculation			
Special variation percentage ³	d	5.52%	0.00%
Or rate peg percentage	e	0.00%	2.00%
Plus special variation amount	$h = d \times (c + g)$	4,830	—
Or plus rate peg amount	$i = e \times (c + g)$	—	1,856
Sub-total	$k = (c + g + h + i + j)$	92,329	94,665
Plus (or minus) last year's carry forward total	l	10	24
Sub-total	$n = (l + m)$	10	24
Total permissible income	$o = k + n$	92,339	94,689
Less notional general income yield	p	92,315	94,717
Catch-up or (excess) result	$q = o - p$	24	(28)
Plus income lost due to valuation objections claimed ⁴	r	—	31
Carry forward to next year ⁵	$t = q + r + s$	24	3

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) 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

Randwick City Council

To the Councillors of Randwick City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'C. Karakatsanis', with a stylized flourish at the end.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

15 September 2021
SYDNEY

Randwick City 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 ^a	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
Buildings	Buildings – non-specialised	249	249	1,414	1,692	60,801	120,764	16.0%	23.0%	61.0%	0.0%	0.0%
	Buildings – specialised	255	255	1,219	3,017	108,448	170,524	52.0%	7.0%	40.0%	1.0%	0.0%
	Sub-total	504	504	2,633	4,709	169,249	291,288	37.1%	13.6%	48.7%	0.6%	0.0%
Roads	Sealed roads	2,618	2,618	1,630	2,502	470,565	851,000	25.0%	65.0%	4.0%	4.0%	2.0%
	Footpaths	430	430	501	1,681	120,270	174,956	27.0%	40.0%	31.0%	2.0%	0.0%
	Other road assets	1,063	1,063	861	1,282	133,102	205,494	22.0%	45.0%	28.0%	5.0%	0.0%
	Sub-total	4,111	4,111	2,992	5,465	723,937	1,231,450	24.8%	58.1%	11.8%	3.9%	1.4%
Stormwater drainage	Stormwater drainage	853	853	1,053	1,828	272,586	359,697	17.0%	72.0%	10.0%	1.0%	0.0%
	Sub-total	853	853	1,053	1,828	272,586	359,697	17.0%	72.0%	10.0%	1.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	72	59	7,049	8,500	23.0%	6.0%	71.0%	0.0%	0.0%
	Other Open Space / Recreational Assets	623	623	318	1,550	68,539	85,848	48.0%	41.0%	8.0%	3.0%	0.0%
	Sub-total	623	623	390	1,609	75,588	94,348	45.7%	37.8%	13.7%	2.7%	0.0%
Total – all assets		6,091	6,091	7,068	13,611	1,241,360	1,976,783	26.2%	53.1%	17.0%	2.8%	0.9%

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

Infrastructure asset condition assessment 'key'

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

Randwick City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	2020	Prior periods 2019	2018	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	27,520					
Depreciation, amortisation and impairment	22,477	122.44%	66.09%	106.33%	119.65%	>=100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	6,091					
Net carrying amount of infrastructure assets	1,278,156	0.48%	0.50%	0.51%	0.65%	<2.00%
Asset maintenance ratio						
Actual asset maintenance	13,611					
Required asset maintenance	7,068	192.57%	174.22%	172.14%	159.94%	>100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	6,091	0.31%	0.31%	0.32%	0.39%	
Gross replacement cost	1,976,783					

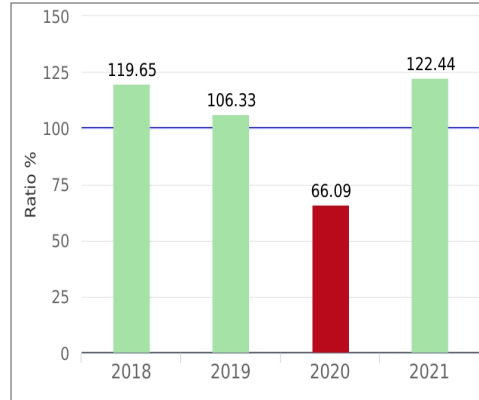
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Randwick City 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 122.44%

Council's renewal ratio has bounced back from last Financial Year, and is now well above benchmark. This is a great result given we are still in the middle of the COVID-19 pandemic.

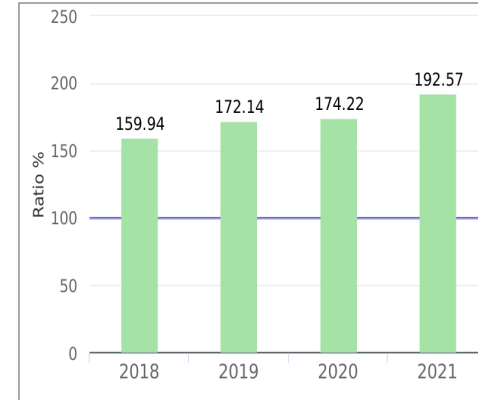
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

20/21 ratio 192.57%

Council continues to sufficiently fund the maintenance of its assets ensuring assets are kept in a satisfactory condition for the community.

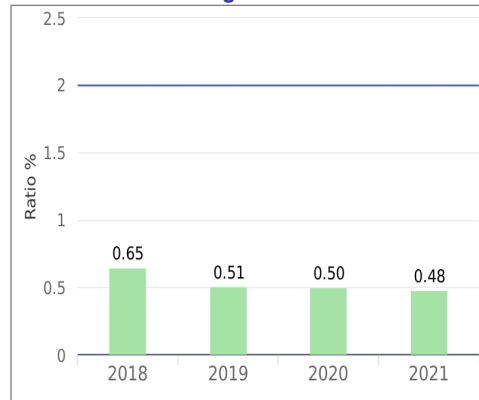
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

20/21 ratio 0.48%

Council's infrastructure backlog ratio remains below the benchmark correlating with the strong level of assets renewals and asset maintenance ratios.

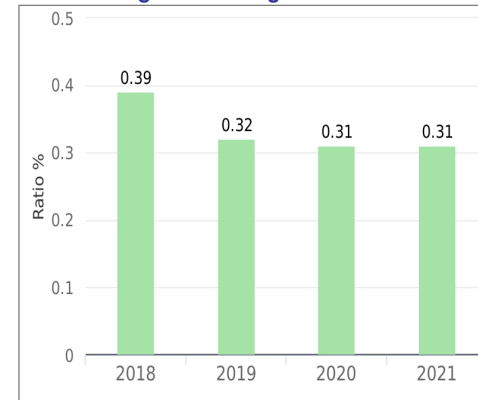
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

20/21 ratio 0.31%

Council's continual high level of asset renewals means that Council has a low cost to bring assets to agreed service level ratio

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