



# General purpose financial statements

for the year ended 30 June 2019



## General Purpose Financial Statements

for the year ended 30 June 2019

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Contents	Page
<b>1. Understanding Council's Financial Statements</b>	<b>3</b>
<b>2. Statement by Councillors &amp; Management</b>	<b>4</b>
<b>3. Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>4. Notes to the Financial Statements</b>	<b>10</b>

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### Overview

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

66-72 Rickard Road  
Bankstown NSW 22000

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

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

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

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

## General Purpose Financial Statements

for the year ended 30 June 2019

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of 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 2019.

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.

## Canterbury-Bankstown Council

### General Purpose Financial Statements

for the year ended 30 June 2019

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Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

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


- the *Local Government Act 1993* (NSW) (as amended) 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 22 October 2019.




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Khal Asfour  
**Mayor**  
22 October 2019



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Matthew Stewart  
**General Manager**  
22 October 2019



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Bilal El-Hayek  
**Councillor**  
22 October 2019



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Ken Manoski  
**Responsible Accounting Officer**  
22 October 2019



# Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 <sup>1</sup>
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
228,395	Rates and annual charges	3a	232,277	221,757
25,667	User charges and fees	3b	21,350	22,778
9,175	Interest and investment revenue	3c	10,711	9,501
18,999	Other revenues	3d	27,257	19,540
21,966	Grants and contributions provided for operating purposes	3e,3f	22,392	19,832
20,688	Grants and contributions provided for capital purposes	3e,3f	21,367	28,364
<u>Other income:</u>				
–	Net gains from the disposal of assets	5	–	667
–	Fair value increment on investment properties	10	1,575	415
324,890	<b>Total income from continuing operations</b>		<b>336,929</b>	<b>322,854</b>
<b>Expenses from continuing operations</b>				
132,303	Employee benefits and on-costs	4a	130,473	122,485
–	Borrowing costs	4b	472	440
82,114	Materials and contracts	4c	79,866	70,170
66,424	Depreciation and amortisation	4d	72,786	57,550
35,713	Other expenses	4e	35,879	35,918
–	Net losses from the disposal of assets	5	14,188	–
–	Revaluation decrement / impairment of IPP&E	4d	1,516	9,206
316,554	<b>Total expenses from continuing operations</b>		<b>335,180</b>	<b>295,769</b>
8,336	<b>Operating result from continuing operations</b>		<b>1,749</b>	<b>27,085</b>
8,336	<b>Net operating result for the year</b>		<b>1,749</b>	<b>27,085</b>
8,336	Net operating result attributable to council		1,749	27,085
(12,352)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(19,618)</b>	<b>(1,279)</b>

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement

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

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>Net operating result for the year (as per Income Statement)</b>		<b>1,749</b>	<b>27,085</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9(a)	6,356	249,545
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>6,356</b>	<b>249,545</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		290	—
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>290</b>	<b>—</b>
<b>Total other comprehensive income for the year</b>		<b>6,646</b>	<b>249,545</b>
<b>Total comprehensive income for the year</b>		<b>8,395</b>	<b>276,630</b>
Total comprehensive income attributable to Council		8,395	276,630

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

# Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	Restated 2018 <sup>1</sup>	Restated 1 July 2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalent assets	6(a)	26,452	24,339	38,103
Investments	6(b)	135,884	88,627	94,263
Receivables	7	23,521	26,457	26,209
Inventories	8a	877	644	698
Other	8b	2,580	1,621	2,491
<b>Total current assets</b>		<b>189,314</b>	<b>141,688</b>	<b>161,764</b>
<b>Non-current assets</b>				
Investments	6(b)	182,989	195,279	141,224
Receivables	7	2,135	2,017	1,670
Infrastructure, property, plant and equipment	9(a)	3,596,417	3,615,130	3,373,204
Investment property	10a	7,350	5,775	5,360
Intangible assets	11	788	1,037	1,548
<b>Total non-current assets</b>		<b>3,789,679</b>	<b>3,819,238</b>	<b>3,523,006</b>
<b>TOTAL ASSETS</b>		<b>3,978,993</b>	<b>3,960,926</b>	<b>3,684,770</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	12	29,910	24,049	31,619
Income received in advance	12	2,741	2,827	2,598
Borrowings	12	–	–	882
Provisions	13	55,275	51,440	47,427
<b>Total current liabilities</b>		<b>87,926</b>	<b>78,316</b>	<b>82,526</b>
<b>Non-current liabilities</b>				
Payables	12	320	320	1,015
Income received in advance	12	178	512	–
Provisions	13	21,655	21,259	17,340
<b>Total non-current liabilities</b>		<b>22,153</b>	<b>22,091</b>	<b>18,355</b>
<b>TOTAL LIABILITIES</b>		<b>110,079</b>	<b>100,407</b>	<b>100,881</b>
<b>Net assets</b>		<b>3,868,914</b>	<b>3,860,519</b>	<b>3,583,889</b>
<b>EQUITY</b>				
Accumulated surplus	14a	3,612,617	3,610,974	3,583,889
Revaluation reserves	14a	255,774	249,545	–
Other reserves	14a	523	–	–
<b>Council equity interest</b>		<b>3,868,914</b>	<b>3,860,519</b>	<b>3,583,889</b>
<b>Total equity</b>		<b>3,868,914</b>	<b>3,860,519</b>	<b>3,583,889</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

Statement of Changes in Equity  
for the year ended 30 June 2019

	Notes	2019				2018 <sup>1</sup>			
		Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity
Opening balance		3,610,974	249,545	–	3,860,519	3,606,099	–	–	3,606,099
Correction of prior period errors	14b	–	–	–	–	(22,210)	–	–	(22,210)
Adoption of new accounting standards – not retrospective	14c	(272)	–	272	–	–	–	–	–
<b>Restated opening balance</b>		<b>3,610,702</b>	<b>249,545</b>	<b>272</b>	<b>3,860,519</b>	<b>3,583,889</b>	<b>–</b>	<b>–</b>	<b>3,583,889</b>
Net operating result for the year		1,749	–	–	1,749	27,085	–	–	27,085
<b>Other comprehensive income</b>									
– Gain (loss) on revaluation of IPP&E	9(a)	–	6,356	–	6,356	–	249,545	–	249,545
– Realised (gain) loss on financial assets at fair value through other comprehensive income		39	–	(39)	–	–	–	–	–
– Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		–	–	290	290	–	–	–	–
– Other reserves movements		127	(127)	–	–	–	–	–	–
<b>Other comprehensive income</b>		<b>166</b>	<b>6,229</b>	<b>251</b>	<b>6,646</b>	<b>–</b>	<b>249,545</b>	<b>–</b>	<b>249,545</b>
<b>Total comprehensive income</b>		<b>1,915</b>	<b>6,229</b>	<b>251</b>	<b>8,395</b>	<b>27,085</b>	<b>249,545</b>	<b>–</b>	<b>276,630</b>
<b>Equity – balance at end of the reporting period</b>		<b>3,612,617</b>	<b>255,774</b>	<b>523</b>	<b>3,868,914</b>	<b>3,610,974</b>	<b>249,545</b>	<b>–</b>	<b>3,860,519</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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



## Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
	<u>Receipts</u>			
228,395	Rates and annual charges		231,576	218,218
25,667	User charges and fees		21,123	23,152
9,175	Investment and interest revenue received		10,394	8,361
42,655	Grants and contributions		41,039	53,373
18,999	Other		28,940	18,755
	<u>Payments</u>			
(128,896)	Employee benefits and on-costs		(126,809)	(122,019)
(53,235)	Materials and contracts		(74,665)	(71,388)
–	Borrowing costs		–	(42)
–	Bonds, deposits and retention amounts refunded		(450)	(303)
(64,592)	Other		(35,866)	(34,670)
<b>78,168</b>	<b>Net cash provided (or used in) operating activities</b>	15b	<b>95,282</b>	<b>93,437</b>
<b>Cash flows from investing activities</b>				
	<u>Receipts</u>			
–	Sale of investment securities		318,584	92,500
2,020	Sale of infrastructure, property, plant and equipment		2,047	1,511
	<u>Payments</u>			
–	Purchase of investment securities		(353,259)	(140,860)
(90,064)	Purchase of infrastructure, property, plant and equipment		(60,326)	(59,470)
–	Purchase of intangible assets		(215)	–
<b>(88,044)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(93,169)</b>	<b>(106,319)</b>
<b>Cash flows from financing activities</b>				
	<u>Payments</u>			
–	Repayment of borrowings and advances		–	(882)
–	<b>Net cash flow provided (used in) financing activities</b>		<b>–</b>	<b>(882)</b>
<b>(9,876)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,113</b>	<b>(13,764)</b>
–	Plus: cash and cash equivalents – beginning of year	15a	24,339	38,103
<b>(9,876)</b>	<b>Cash and cash equivalents – end of the year</b>	15a	<b>26,452</b>	<b>24,339</b>
Additional Information:				
–	plus: Investments on hand – end of year	6(b)	318,873	283,906
<b>(9,876)</b>	<b>Total cash, cash equivalents and investments</b>		<b>345,325</b>	<b>308,245</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Basis of preparation	11
2(a)	Council functions/activities – financial information	15
2(b)	Council functions/activities – component descriptions	16
3	Income from continuing operations	17
4	Expenses from continuing operations	23
5	Gains or losses from the disposal, replacement and de-recognition of assets	27
6(a)	Cash and cash equivalent assets	28
6(b)	Investments	28
6(c)	Restricted cash, cash equivalents and investments – details	31
7	Receivables	33
8	Inventories and other assets	35
9(a)	Infrastructure, property, plant and equipment	36
9(b)	Externally restricted infrastructure, property, plant and equipment	39
10	Investment property	40
11	Intangible assets	41
12	Payables and borrowings	42
13	Provisions	44
14	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	48
15	Statement of cash flows – additional information	52
16	Commitments	53
17	Contingencies and other assets/liabilities not recognised	54
18	Financial risk management	57
19	Material budget variations	61
20	Fair Value Measurement	63
21	Related Party Transactions	70
22	Events occurring after the reporting date	71
23	Statement of developer contributions	72
24(a)	Statement of performance measures – consolidated results	75
	<b>Additional Council disclosures (unaudited)</b>	
24(b)	Statement of performance measures – consolidated results (graphs)	76

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 22 October 2019. Council has the power to amend and reissue these 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 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

#### (a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time during the year ended 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 14.

#### (b) Historical cost convention

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

#### (c) Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note 10
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) estimated tip remediation provisions – refer Note 13
- (iv) employee benefit provisions – refer Note 13.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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#### 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 7.

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of the Council.

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

- General purpose operations

#### 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.

#### 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 have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

Council's assessment of these new standards and interpretations (where they have been deemed as not having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

##### AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils should assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council has reviewed all of its income streams and determined how each will be accounted for. There will be some changes to the timing of revenue recognition whereby more grants and contributions will be deferred as the performance obligations under the agreements have been met. However, these changes will not have a significant impact on Council's reported results.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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#### AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

Council has reviewed all of its income streams and determined how each will be accounted for under AASB1058. There will be some changes to the timing of revenue recognition whereby more grants and contributions will be deferred as the performance obligations under the agreements have been met. However, these changes will not have a significant impact on Council's reported results.

Council needs to identify and value the incidence of volunteer services and peppercorn rentals so they can be brought to account at fair value. This exercise is in progress and will be completed by December 2019. It is not expected to have a significant impact on Council's reported results.

#### AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect on Council's future financial statements, financial performance, financial position and cash flows are set out below:

#### AASB 16 Leases

Council has reviewed its existing leases and contracts to ensure that all agreements satisfying the definition of a lease under the new standard have been identified. The new standard may result in a higher number of leases being recognised on the Balance Sheet and a change in the description and timing of expenditure in the Income Statement.



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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Council has not used leasing extensively as a means of acquiring the use of assets and is currently contracted to only seven minor operating leases. It has been determined that these minor leases can be exempted from recognition under the new standard because they fall below the \$10,000 recognition threshold for individual assets.

There are, however, a number of large waste contracts entered into by the former Canterbury and Bankstown Councils which may contain leases. These contracts have been reviewed against the evaluation criteria in the new standard to determine whether they contain embedded leases, and they appear to do so. The contractors have been requested to provide the information necessary for Council to calculate the value of the 'right of use assets' and corresponding lease liabilities which are to be recognised on the balance sheet. The recognition of these leases may have a significant impact on Council's reported results but this can only be accurately determined after the necessary information is obtained from the contractors. Council expects to receive this information

Apart from those standards listed above, there are no other released standards (with future effective dates) that are expected to have a material impact on Council.

During the year, Council adopted all standards which were mandatory effective for the first time at 30 June 2019. The standards which had an impact on reported position, performance or disclosures have been discussed in Note 14. Council has not elected to apply any pronouncements before their operative date in these financial statements.

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 2(a). Council functions/activities – financial information

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).										
\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Safe and strong	9,114	8,966	17,550	13,982	(8,436)	(5,016)	5,376	3,846	42,925	45,805
Clean and green	67,431	62,967	75,255	77,040	(7,824)	(14,073)	1,077	420	21,545	21,104
Liveable and distinctive	32,836	35,752	27,414	25,891	5,422	9,861	1,536	865	—	—
Moving and integrated	1,772	12,015	57,102	50,033	(55,330)	(38,018)	1,056	3,818	2,275,632	2,295,925
Healthy and active	5,667	10,961	65,214	57,619	(59,547)	(46,658)	1,594	1,607	1,166,803	1,183,311
Prosperous and innovative	318	359	4,474	3,879	(4,156)	(3,520)	47	12	8,976	9,033
Leading and engaged	219,791	191,834	88,171	67,325	131,620	124,509	10,851	10,651	463,106	427,958
General purpose income	—	—	—	—	—	—	—	—	6	(22,210)
<b>Total functions and activities</b>	<b>336,929</b>	<b>322,854</b>	<b>335,180</b>	<b>295,769</b>	<b>1,749</b>	<b>27,085</b>	<b>21,537</b>	<b>21,219</b>	<b>3,978,993</b>	<b>3,960,926</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 2(b). Council functions/activities - component descriptions

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Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

#### **Safe and Strong**

Includes costs relating children's services and community services such as community facilities, aged and disability, youth development and Aboriginal and Torres Strait islander services.

#### **Clean and Green**

Includes cost relating to environment and sustainability, flood emergency and stormwater management and waste recycling and street cleaning.

#### **Liveable and Distinctive**

Includes costs relating to provision of development services, future planning and regulation and compliance services and the planning and provision of town centres.

#### **Moving and Integrated**

Includes costs relating to carpark, footpaths, roads, streetscape and traffic management.

#### **Healthy and Active**

Includes costs related to leisure and aquatics, libraries, parks and open spaces and sport and recreation

#### **Prosperous and Innovative**

Includes costs relating to art and culture, events and economic development.

#### **Leading and Engaged**

Includes costs relating to community and engagement, customer experience and operational support, leadership and governance and property management.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations

\$ '000	2019	2018
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	123,578	119,852
Business	44,304	43,260
Less: pensioner rebates (mandatory)	(4,126)	(4,251)
<b>Rates levied to ratepayers</b>	<b>163,756</b>	<b>158,861</b>
Pensioner rate subsidies received	2,087	2,222
<b>Total ordinary rates</b>	<b>165,843</b>	<b>161,083</b>
<b>Special rates</b>		
Town improvement	663	633
<b>Rates levied to ratepayers</b>	<b>663</b>	<b>633</b>
<b>Total special rates</b>	<b>663</b>	<b>633</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	62,076	56,435
Stormwater management services	3,243	3,215
Waste management services (non-domestic)	1,273	1,161
Section 611 charges	233	238
Less: pensioner rebates (mandatory)	(1,800)	(1,755)
<b>Annual charges levied</b>	<b>65,025</b>	<b>59,294</b>
Pensioner subsidies received:		
– Domestic waste management	746	747
<b>Total annual charges</b>	<b>65,771</b>	<b>60,041</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>232,277</b>	<b>221,757</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy for rates and charges**

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	887	951
Planning and building regulation	4,559	4,269
Registration fees	538	601
Regulatory fees	536	362
Section 10.7 certificates (EP&A Act)	536	666
Section 603 certificates	292	397
<b>Total fees and charges – statutory/regulatory</b>	<b>7,348</b>	<b>7,246</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Child care	2,287	3,120
Restoration charges	2,336	3,209
Aquatic / fitness centre	7,172	7,065
Chargeable works	109	50
Ground/hall hire	1,610	1,570
Meals on wheels	302	324
Other	186	194
<b>Total fees and charges – other</b>	<b>14,002</b>	<b>15,532</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>21,350</b>	<b>22,778</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

**(c) Interest and investment revenue (including losses)**

<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	714	598
– Cash and investments	9,997	8,844
<b>Fair value adjustments</b>		
– Movements in investments at fair value through profit and loss	–	59
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>10,711</b>	<b>9,501</b>

**Interest revenue is attributable to:****Unrestricted investments/financial assets:**

Overdue rates and annual charges (general fund)	714	598
General Council cash and investments	5,875	5,477

**Restricted investments/funds – external:**

Development contributions		
– Section 7.11	2,587	2,202
– Section 7.12	679	533
Domestic waste management operations	856	691
<b>Total interest and investment revenue</b>	<b>10,711</b>	<b>9,501</b>

**Accounting policy for interest and investment revenue**

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



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2019	2018
<b>(d) Other revenues</b>			
Rental income – investment property	10	265	249
Ex gratia rates		443	837
Fines		9,146	7,949
Legal fees recovery – rates and charges (extra charges)		1,134	997
Legal fees recovery – other		22	20
Insurance claims recoveries		2,494	388
External income – other		754	739
External income – trade waste		1,282	1,286
Lease rental income – car parking		251	188
Lease rental income – civic tower		2,123	2,328
Lease rental income – ground/hall hire		418	447
Lease rental income – other		148	167
Lease rental income – property management		2,079	1,851
Lease rental income – telecommunications		468	450
Lease rental income – vehicle leaseback		604	619
Compensation - WestConnex		3,746	–
Other		1,880	1,025
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>27,257</u></b>	<b><u>19,540</u></b>

**Accounting policy for other revenue**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue upon payment of that revenue from Revenue NSW.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	3,993	3,744	–	–
Financial assistance – local roads component	1,330	1,285	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	4,139	4,286	–	–
Financial assistance – local roads component	1,380	1,331	–	–
<b>Total general purpose</b>	<b>10,842</b>	<b>10,646</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Child care	4,399	2,924	–	–
Economic development	–	5	–	–
Employment and training programs	9	5	–	–
Recreation and culture	236	–	–	–
Storm/flood damage	20	27	5	40
Street lighting	1,051	1,038	–	–
Community related projects	392	439	–	–
Environmental improvement projects	2,450	1,295	–	–
Library – annual subsidy	680	665	–	–
Meals on wheels	349	322	–	–
Sport and recreation	–	162	1,104	1,424
Transport (3x3, flood works, roads to recovery)	–	–	–	2,227
<b>Total specific purpose</b>	<b>9,586</b>	<b>6,882</b>	<b>1,109</b>	<b>3,691</b>
<b>Total grants</b>	<b>20,428</b>	<b>17,528</b>	<b>1,109</b>	<b>3,691</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	11,656	11,062	780	2,685
– State funding	8,772	6,466	329	733
– Other funding	–	–	–	273
	<b>20,428</b>	<b>17,528</b>	<b>1,109</b>	<b>3,691</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(f) Contributions</b>					
<b>Developer contributions:</b> <b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	8,235	20,458
S 7.12 – fixed development consent levies		–	–	4,532	–
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>12,767</b>	<b>20,458</b>
<b>Non-cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	2,640	–
<b>Total developer contributions non-cash</b>		<b>–</b>	<b>–</b>	<b>2,640</b>	<b>–</b>
<b>Total developer contributions</b>	23	<b>–</b>	<b>–</b>	<b>15,407</b>	<b>20,458</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
RMS contributions (regional roads, block grant)		1,010	978	4,273	4,145
Other		101	144	578	70
Cooks River Alliance		363	542	–	–
Regional Illegal Dumping (RID)		490	640	–	–
<b>Total other contributions – cash</b>		<b>1,964</b>	<b>2,304</b>	<b>4,851</b>	<b>4,215</b>
<b>Total other contributions</b>		<b>1,964</b>	<b>2,304</b>	<b>4,851</b>	<b>4,215</b>
<b>Total contributions</b>		<b>1,964</b>	<b>2,304</b>	<b>20,258</b>	<b>24,673</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>22,392</b>	<b>19,832</b>	<b>21,367</b>	<b>28,364</b>

**Accounting policy for grants and contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

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.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
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## (g) Unspent grants and contributions

**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

**Operating grants**

Unexpended at the close of the previous reporting period	5,870	7,348
<b>Add:</b> operating grants recognised in the current period but not yet spent	7,348	5,055
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(6,184)	(6,533)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>7,034</b>	<b>5,870</b>

Operating grants include financial assistance grant (FAG) and waste and recycling grants.

**Capital grants**

Unexpended at the close of the previous reporting period	1,077	1,523
<b>Add:</b> capital grants recognised in the current period but not yet spent	557	361
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(603)	(807)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>1,031</b>	<b>1,077</b>

Capital grants include library local priority grant.

**Contributions**

Unexpended at the close of the previous reporting period	111,359	90,754
<b>Add:</b> contributions recognised in the current period but not yet spent	17,267	27,236
<b>Less:</b> contributions recognised in a previous reporting period now spent	(13,049)	(6,631)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>115,577</b>	<b>111,359</b>

Contributions include developer contributions levied under S7.11, S7.12 and S7.4.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	88,904	84,523
Employee termination costs	290	303
Travel expenses	77	54
Employee leave entitlements (ELE)	17,560	13,635
Superannuation	10,762	10,704
Workers' compensation insurance	2,008	3,951
Fringe benefit tax (FBT)	320	335
Training costs (other than salaries and wages)	971	779
Protective clothing	760	503
Uniforms	–	2
Contract / temporary staff	11,313	10,890
Other	202	168
<b>Total employee costs</b>	<b>133,167</b>	<b>125,847</b>
Less: capitalised costs	(2,694)	(3,362)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>130,473</b>	<b>122,485</b>
Number of 'full-time equivalent' employees (FTE) at year end	1,195	1,170

**Accounting policy for employee benefits and on-costs**

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

*Retirement benefit obligations*

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

*Superannuation plans*

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 17 for more information.

\$ '000	Notes	2019	2018
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		–	40
<b>Total interest bearing liability costs expensed</b>		<b>–</b>	<b>40</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	13	472	400
<b>Total other borrowing costs</b>		<b>472</b>	<b>400</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>472</b>	<b>440</b>

**Accounting policy for borrowing costs**

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.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	8,992	7,534
Contractor and consultancy costs	304	397
– Contractors	8,728	6,698
– Family day care	1,738	875
– Mechanical services	455	670
– Programmed/responsive maintenance	28,924	25,196
– Security services	987	970
– Tipping fees	22,293	20,253
Auditors remuneration <sup>2</sup>	263	223
<b>Legal expenses:</b>		
– Legal expenses: planning and development	766	1,913
– Legal expenses: debt recovery	4	19
– Legal expenses: rates and annual charges	1,164	1,002
– Legal expenses: employee	35	31
– Legal expenses: other	2,321	1,405
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	413	519
Plant and vehicle costs: – registration and CTP	500	664
Plant and vehicle costs: – fuel	1,979	1,801
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>79,866</b>	<b>70,170</b>

**Accounting policy for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**1. Operating lease payments are attributable to:**

Other	413	519
	<b>413</b>	<b>519</b>

**2. Auditor remuneration**

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	234	165
<b>Remuneration for audit and other assurance services</b>	<b>234</b>	<b>165</b>

**Total Auditor-General remuneration**

<b>234</b>	<b>165</b>
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**Non NSW Auditor-General audit firms****(i) Non-assurance services**

Other services (workers compensation audits)	29	58
<b>Remuneration for non-assurance services</b>	<b>29</b>	<b>58</b>

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

<b>29</b>	<b>58</b>
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**Total Auditor remuneration**

<b>263</b>	<b>223</b>
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
<b>Depreciation and amortisation</b>			
Plant and equipment		5,378	4,955
Office equipment		190	346
Furniture and fittings		365	856
<b>Infrastructure:</b>			
– Buildings		17,627	10,627
– Other structures		2,823	1,955
– Roads		24,768	21,590
– Bridges		683	640
– Footpaths		5,190	3,429
– Other road assets		667	659
– Stormwater drainage		6,638	5,079
– Other open space/recreational assets		4,835	4,476
<b>Other assets:</b>			
– Library books		935	859
– Information management – hardware		723	672
– Low value assets		25	20
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9(a), 13	1,475	862
Intangible assets	11	464	525
<b>Total gross depreciation and amortisation costs</b>		<b>72,786</b>	<b>57,550</b>
Total depreciation and amortisation costs		72,786	57,550
<b>Impairment / revaluation decrement of IPP&amp;E</b>			
Community Land		1,516	–
<b>Infrastructure:</b>			
– Stormwater drainage		–	9,206
<b>Total gross IPP&amp;E impairment / revaluation decrement costs / (reversals)</b>		<b>1,516</b>	<b>9,206</b>
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		1,516	9,206
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&amp;E</b>		<b>74,302</b>	<b>66,756</b>

## Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&amp;E

## Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 11 for intangible 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.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

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.

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Administrative costs: – agents commission	1,119	1,252
Administrative costs: – corporate memberships	256	483
Administrative costs: – other	358	214
Advertising and promotions	914	840
Bad and doubtful debts	(89)	128
Bank charges	279	252
Catering	368	333
Collection costs	358	367
Consultants	3,621	2,625
Contributions/levies to other levels of government		
– Department of planning levy	548	536
– Emergency services levy (includes FRNSW, SES, and RFS levies)	4,070	4,260
– EPA	3,720	3,809
– Work cover	443	98
Councillor expenses – mayoral fee	86	67
Administrator fees	–	79
Councillor expenses – councillors' fees	445	343
Councillors' expenses (incl. mayor) – other (excluding fees above)	203	206
Sydney South Planning Panel	9	10
Donations, contributions and assistance to other organisations (Section 356)	1,173	1,024
Election expenses	–	1,447
Equipment (minor)	482	483
Insurance	2,940	2,578
Office expenses	865	1,074
Postage	789	730
Printing and stationery	890	837
Street lighting	5,275	4,794
Subscriptions and publications	620	666
Telephone and communications	891	839
Utilities: – electricity	2,325	2,240
Utilities: – gas	600	549
Utilities: – water charges	1,518	1,941
Valuation fees	664	664
Other	139	150
<b>Total other expenses</b>	<b>35,879</b>	<b>35,918</b>
<b>TOTAL OTHER EXPENSES</b>	<b>35,879</b>	<b>35,918</b>

## Accounting policy for other expenses

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

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		286	160
Less: carrying amount of property assets sold/written off		–	(25)
<b>Net gain/(loss) on disposal</b>		<b>286</b>	<b>135</b>
<b>Plant and equipment</b>			
	9(a)		
Proceeds from disposal – plant and equipment		1,719	1,314
Less: carrying amount of plant and equipment assets sold/written off		(2,185)	(819)
<b>Net gain/(loss) on disposal</b>		<b>(466)</b>	<b>495</b>
<b>Infrastructure</b>			
	9(a)		
Less: carrying amount of infrastructure assets sold/written off		(14,052)	–
<b>Net gain/(loss) on disposal</b>		<b>(14,052)</b>	<b>–</b>
<b>Investments</b>			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		318,584	92,500
Less: carrying amount of investments sold/redeemed/matured		(318,582)	(92,500)
<b>Net gain/(loss) on disposal</b>		<b>2</b>	<b>–</b>
<b>Other assets</b>			
Proceeds from disposal – Other assets		42	37
<b>Net gain/(loss) on disposal</b>		<b>42</b>	<b>37</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(14,188)</b>	<b>667</b>

### Accounting policy for disposal of assets

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.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	188	1,097
Cash-equivalent assets		
– Deposits at call	26,264	23,242
<b>Total cash and cash equivalents</b>	<b>26,452</b>	<b>24,339</b>

**Accounting policy for cash and cash equivalents**

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.

## Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
– 'Held for trading'	–	–	1,004	34,279
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	118,730	136,500	87,623	161,000
c. 'Financial assets at fair value through other comprehensive income' / 'available for sale financial assets' (2018)	17,154	46,489	–	–
<b>Total Investments</b>	<b>135,884</b>	<b>182,989</b>	<b>88,627</b>	<b>195,279</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>162,336</b>	<b>182,989</b>	<b>112,966</b>	<b>195,279</b>
<b>Financial assets at fair value through the profit and loss</b>				
FRN's (with maturities > 3 months)	–	–	1,004	34,279
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,004</b>	<b>34,279</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	118,730	136,500	87,623	161,000
<b>Total</b>	<b>118,730</b>	<b>136,500</b>	<b>87,623</b>	<b>161,000</b>
<b>Financial assets at fair value through other comprehensive income / available for sale financial assets (2018)</b>				
FRN's (with maturities > 3 months)	17,154	46,489	–	–
<b>Total</b>	<b>17,154</b>	<b>46,489</b>	<b>–</b>	<b>–</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(b). Investments (continued)

	Fair value at 30/06/19	Dividend income recognised during 1/7/18 – 30/6/19
<b>Financial assets designated as at fair value through other comprehensive income</b>		
At 1 July 2018, Council designated the investments shown below as financial assets as at fair value through other comprehensive income because these financial assets represent investments that the Council intends to hold for the long-term for strategic purposes. In 2018, these investments were classified as available for sale.		
	\$'000	\$'000
FRN's	63,643	–
<b>Total</b>	<b>63,643</b>	<b>–</b>

Total investments sold during 2019 was \$3.034million and total matured was \$1.004million. Gain on sale relating to these investments was \$2000

## Accounting policy for investments

## Accounting policy under AASB 9 – applicable from 1 July 2018

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

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

## Financial assets

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

## Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

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

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

## Fair value through other comprehensive income – equity instruments

Council has investments in FRN's and Council has made an irrevocable election to classify these investments as fair value through other comprehensive income as they are not held for trading purposes.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

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

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

#### Financial assets through profit or loss

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

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

#### Accounting policy under AASB 139 – applicable for 2018 comparatives only

##### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

##### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

##### (b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

##### (c) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

##### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

##### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	162,336	182,989	112,966	195,279
<b>attributable to:</b>				
External restrictions	18,739	151,640	18,032	137,190
Internal restrictions	132,611	31,349	90,880	58,089
Unrestricted	10,986	–	4,054	–
	162,336	182,989	112,966	195,279

\$ '000	2019	2018
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## Details of restrictions

## External restrictions – included in liabilities

Self insurance claims	3,230	2,623
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## External restrictions – included in liabilities

## External restrictions – other

Developer contributions – general	93,300	88,883
Contributions – developer – sec 7.12	23,085	23,350
Contributions – developer – sec 7.4 planning agreements	1,120	1,128
Specific purpose unexpended grants & contributions	6,137	4,945
Domestic waste management	36,875	29,401
Storm water levy	4,464	3,110
Town centre improvement rate – special rate(d)	2,168	1,782

## External restrictions – other

## Total external restrictions

	167,149	152,599
	170,379	155,222

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2019	2018
<b>Internal restrictions</b>		
Liabilities – workers compensation	691	607
Infrastructure – renewal levy	–	3,716
Infrastructure – roads, footpaths & bridges	7,817	5,955
Infrastructure – buildings	14,677	11,965
Infrastructure – other structures	6,090	4,995
Infrastructure – land improvement	4,375	3,875
Infrastructure – stormwater drainage	358	480
Infrastructure – plant, vehicles, equipment & IT	10,142	9,792
Infrastructure – strategic priorities	14,527	15,360
Infrastructure – SRV capital projects	14,038	8,743
Liabilities – contingent insurance renewal	3,468	3,468
Liabilities – employee leave entitlements	18,785	18,785
Liabilities – holding deposits	7,220	7,670
New Council implementation fund	2,752	4,008
Other – carryover works	2,007	2,476
Other – council elections	1,029	429
Other – energy efficiency reserve	621	581
Other – land investment fund	21,431	24,004
Other – Velodrome fund	648	308
Other – Georges River footbridge maint. reserve	117	104
Other – grants program	250	250
Other – operational contingency reserve	20,010	12,700
Stronger community fund	7,445	8,698
Other – RMS M5 reserve	5,387	–
Other - Councillor fund	75	–
<b>Total internal restrictions</b>	<b>163,960</b>	<b>148,969</b>
<b>TOTAL RESTRICTIONS</b>	<b>334,339</b>	<b>304,191</b>

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	8,184	1,452	7,567	1,368
Interest and extra charges	1,650	737	1,460	703
User charges and fees	2,933	–	3,265	–
Capital debtors (being sale of assets)				
– Sale of land	–	–	2,040	–
Accrued revenues				
– Interest on investments	4,083	–	3,990	–
– Grants and contributions	1,317	–	3,046	–
– Other income accruals	1,108	–	958	–
Development contributions	720	–	720	–
Government grants and subsidies	2,008	–	1,928	–
Net GST receivable	1,793	–	1,817	–
Other debtors	–	–	80	–
<b>Total</b>	<b>23,796</b>	<b>2,189</b>	<b>26,871</b>	<b>2,071</b>
<b>Less: provision of impairment</b>				
User charges and fees	(275)	–	(414)	–
Other (provision for postponed rates)	–	(54)	–	(54)
<b>Total provision for impairment – receivables</b>	<b>(275)</b>	<b>(54)</b>	<b>(414)</b>	<b>(54)</b>
<b>TOTAL NET RECEIVABLES</b>	<b>23,521</b>	<b>2,135</b>	<b>26,457</b>	<b>2,017</b>
<b>Externally restricted receivables</b>				
Domestic waste management	2,708	525	1,892	488
Town improvement	25	1	16	1
Stormwater management	150	21	117	21
Other				
– Voluntary planning agreements	720	–	2,760	–
– Grants and contributions	3,325	–	4,974	–
<b>Total external restrictions</b>	<b>6,928</b>	<b>547</b>	<b>9,759</b>	<b>510</b>
<b>Unrestricted receivables</b>	<b>16,593</b>	<b>1,588</b>	<b>16,698</b>	<b>1,507</b>
<b>TOTAL NET RECEIVABLES</b>	<b>23,521</b>	<b>2,135</b>	<b>26,457</b>	<b>2,017</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	468	346
+ new provisions recognised during the year	(122)	130
– amounts provided for but recovered during the year	(17)	(8)
<b>Balance at the end of the period</b>	<b>329</b>	<b>468</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables (continued)

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#### Accounting policy for receivables

##### Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

##### Impairment

##### Accounting policy under AASB 9 applicable from 1 July 2018

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.

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.

##### Accounting policy under AASB 139 – applicable for 2018 comparatives only

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	877	–	644	–
<b>Total inventories at cost</b>	<b>877</b>	<b>–</b>	<b>644</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>877</u></b>	<b><u>–</u></b>	<b><u>644</u></b>	<b><u>–</u></b>
(b) Other assets				
Prepayments	2,550	–	1,335	–
Other	30	–	286	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>2,580</u></b>	<b><u>–</u></b>	<b><u>1,621</u></b>	<b><u>–</u></b>

## Accounting policy for inventories and other assets

**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.

**Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.



# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment

	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount Restated	Accumulated depreciation Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000														
Capital work in progress	13,107	–	13,107	9,676	–	–	–	–	(12,124)	–	–	10,659	–	10,659
Plant and equipment	60,379	(38,878)	21,501	–	9,456	(2,185)	(5,378)	–	325	–	–	59,676	(35,958)	23,718
Office equipment	7,419	(6,826)	593	–	453	–	(190)	–	22	–	–	7,893	(7,015)	878
Furniture and fittings	6,072	(4,311)	1,761	–	68	–	(365)	–	10	–	–	6,150	(4,676)	1,474
Land:														
– Crown land	34,873	–	34,873	–	–	–	–	–	–	–	–	34,873	–	34,873
– Operational land	511,890	–	511,890	–	–	–	–	–	–	–	–	511,890	–	511,890
– Community land	271,644	–	271,644	–	1,845	–	–	(1,516)	–	–	–	271,973	–	271,973
– Land under roads (post 30/6/08)	959	–	959	–	–	–	–	–	–	–	–	959	–	959
Infrastructure:														
– Buildings	590,086	(285,841)	304,245	3,534	1,359	(2,015)	(17,627)	–	1,341	4,680	6,356	607,300	(305,427)	301,873
– Other structures	112,647	(47,079)	65,568	1,319	1,020	(893)	(2,823)	–	679	–	–	114,355	(49,485)	64,870
– Roads	1,293,314	(339,820)	953,494	18,165	1,336	(6,599)	(24,768)	–	1,215	–	–	1,304,171	(361,328)	942,843
– Bridges	58,068	(23,403)	34,665	–	–	–	(683)	–	–	–	–	58,068	(24,086)	33,982
– Footpaths	305,514	(94,872)	210,642	1,493	1,369	(596)	(5,190)	–	355	–	–	307,809	(99,736)	208,073
– Other road assets	16,592	(6,391)	10,201	500	119	(268)	(667)	–	209	–	–	16,934	(6,840)	10,094
– Bulk earthworks roads (non-deprec.)	562,501	–	562,501	–	–	–	–	–	–	–	–	562,501	–	562,501
– Bulk earthworks drainage (non-deprec.)	60,735	–	60,735	–	–	–	–	–	–	–	–	60,735	–	60,735
– Stormwater drainage	700,104	(247,885)	452,219	1,129	1,286	(498)	(6,638)	–	848	–	–	702,710	(254,364)	448,346
– Other open space/recreational assets	126,412	(38,839)	87,573	5,904	1,860	(3,183)	(4,835)	–	3,445	–	–	132,504	(41,740)	90,764
Other assets:														
– Library books	16,262	(13,604)	2,658	–	1,215	–	(935)	–	2	–	–	17,479	(14,539)	2,940
– Information management – hardware	15,789	(14,176)	1,613	–	653	–	(723)	–	31	–	–	16,473	(14,899)	1,574
– Low value assets	441	(441)	–	–	38	–	(25)	–	5	–	–	483	(465)	18
– Artworks	2,490	–	2,490	–	165	–	–	–	2	–	–	2,657	–	2,657
Reinstatement, rehabilitation and restoration assets (refer Note 13):														
– Tip assets	15,235	(5,037)	10,198	–	–	–	(1,475)	–	–	–	–	15,235	(6,512)	8,723
Total Infrastructure, property, plant and equipment	4,782,533	(1,167,403)	3,615,130	41,720	22,242	(16,237)	(72,322)	(1,516)	(3,635)	4,680	6,356	4,823,487	(1,227,070)	3,596,417

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

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

	as at 30/6/2017			Asset movements during the reporting period										as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment revaluation loss / decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation Restated	Net carrying amount Restated	
\$ '000																
Capital work in progress	3,669	–	3,669	12,703	–	–	–	–	(2,860)	(406)	–	–	13,107	–	13,107	
Plant and equipment	55,304	(36,682)	18,622	8,653	–	(819)	(4,955)	–	–	–	–	–	60,379	(38,878)	21,501	
Office equipment	9,317	(8,400)	917	–	22	–	(346)	–	–	–	–	–	7,419	(6,826)	593	
Furniture and fittings	9,619	(7,003)	2,616	–	–	–	(856)	–	–	–	–	–	6,072	(4,311)	1,761	
Land:																
– Operational land	490,851	–	490,851	–	844	(25)	–	–	–	3,495	–	16,725	511,890	–	511,890	
– Community land	274,359	–	274,359	–	821	–	–	–	–	(3,536)	–	–	271,644	–	271,644	
– Crown land	34,873	–	34,873	–	–	–	–	–	–	–	–	–	34,873	–	34,873	
– Land under roads (post 30/6/08)	959	–	959	–	–	–	–	–	–	–	–	–	959	–	959	
Infrastructure:																
– Buildings	556,835	(275,308)	281,527	1,372	2,997	–	(10,627)	–	2,321	–	–	26,655	590,086	(285,841)	304,245	
– Other structures	99,766	(46,398)	53,368	877	423	–	(1,955)	–	3	–	–	12,852	112,647	(47,079)	65,568	
– Roads	1,165,532	(326,577)	838,955	13,427	1,720	–	(21,590)	–	347	–	–	120,634	1,293,314	(339,820)	953,494	
– Bridges	58,881	(19,314)	39,567	449	118	–	(640)	–	5	–	(4,833)	–	58,068	(23,403)	34,665	
– Footpaths	239,906	(74,454)	165,452	2,790	1,359	–	(3,429)	–	136	–	–	44,333	305,514	(94,872)	210,642	
– Other road assets	16,482	(6,709)	9,773	218	332	–	(659)	–	22	–	–	516	16,592	(6,391)	10,201	
– Bulk earthworks (non–depreciable)	590,707	–	590,707	–	–	–	–	–	–	(60,666)	–	32,460	562,501	–	562,501	
– Stormwater drainage	706,225	(242,594)	463,631	440	2,423	–	(5,079)	(9,206)	11	–	–	–	700,104	(247,885)	452,219	
– Other open space/recreational assets	135,931	(45,495)	90,436	669	726	–	(4,476)	–	15	–	–	203	126,412	(38,839)	87,573	
– Bulk earthworks drainage (non-deprec.)	–	–	–	69	–	–	–	–	–	60,666	–	–	60,735	–	60,735	
Other assets:																
– Library books	15,158	(12,745)	2,413	–	1,104	–	(859)	–	–	–	–	–	16,262	(13,604)	2,658	
– Information management – hardware	14,698	(13,504)	1,194	–	1,091	–	(672)	–	–	–	–	–	15,789	(14,176)	1,613	
– Low value assets	421	(421)	–	–	20	–	(20)	–	–	–	–	–	441	(441)	–	
– Artworks	2,490	–	2,490	–	–	–	–	–	–	–	–	–	2,490	–	2,490	
Reinstatement, rehabilitation and restoration assets (refer Note 14):																
– Tip assets	11,000	(4,175)	6,825	–	–	–	(862)	–	–	4,235	–	–	15,235	(5,037)	10,198	
Total Infrastructure, property, plant and equipment	4,492,983	(1,119,779)	3,373,204	41,667	14,000	(844)	(57,025)	(9,206)	–	3,788	(4,833)	254,378	4,782,533	(1,167,403)	3,615,130	

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

**Accounting policy for infrastructure, property, plant and equipment**

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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Buildings</b>	<b>Years</b>
Office equipment	3 to 10	Buildings	24 to 60
Office furniture	5 to 10		
Vehicles	5	<b>Stormwater assets</b>	
Heavy plant/road making equipment	5 to 10	Drainage: pipes	120
Other plant and equipment	5 to 10	Drainage: culverts and channels	80
		Drainage: structures	100
		Water quality devices	5 to 50
<b>Land improvement assets</b>		<b>Other Infrastructure assets</b>	
Park and street furniture	10 to 80	Bulk earthworks	Infinite
Active sportsfields	30 to 90	Other structures	29 to 99
Golf course	50	Swimming pools	60
Lighting	40		
Irrigation	20	<b>Other assets</b>	
Playgrounds	20	Library books	5
<b>Transportation assets</b>		Information management hardware	3
Road pavement: surface	25		
Road pavement: base	75 to 90		
Kerb and gutter	75 to 90		
Traffic facilities	40		
Bridges: sub structure, super structure and			
Culvert	100		
Bridges: surface and rail	30		
Boardwalks	40		
Footpaths	10 to 80		

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

**Land under roads**

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

**Crown reserves**

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

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

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
<b>\$ '000</b>						
<b>Domestic waste management</b>						
Plant and equipment	8,133	3,378	4,755	21,244	14,939	6,305
<b>Total DWM</b>	<b>8,133</b>	<b>3,378</b>	<b>4,755</b>	<b>21,244</b>	<b>14,939</b>	<b>6,305</b>
<b><u>TOTAL RESTRICTED I,PP&amp;E</u></b>	<b>8,133</b>	<b>3,378</b>	<b>4,755</b>	<b>21,244</b>	<b>14,939</b>	<b>6,305</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property

\$ '000	2019	2018
(a) Investment property at fair value		
<b>Investment property on hand</b>	<b>7,350</b>	<b>5,775</b>
<b>Reconciliation of annual movement:</b>		
<b>Opening balance</b>	<b>5,775</b>	<b>5,360</b>
– Net gain/(loss) from fair value adjustments	1,575	415
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>7,350</b>	<b>5,775</b>

## (b) Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2019 revaluations were based on independent assessments made by:  
Scott Fullarton Valuations Pty Ltd

## (c) Contractual obligations at reporting date

Refer to Note 16 for disclosures relating to any capital and service obligations that have been contracted.

## (d) Leasing arrangements – Council as lessor

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	274	264
Later than 1 year but less than 5 years	1,110	375
<b>Total minimum lease payments receivable</b>	<b>1,384</b>	<b>639</b>

## (e) Investment property income and expenditure – summary

<b>Rental income from investment property:</b>		
– Minimum lease payments	265	249
<b>Net revenue contribution from investment property</b>	<b>265</b>	<b>249</b>
plus:		
<b>Fair value movement for year</b>	<b>1,575</b>	<b>415</b>
<b>Total income attributable to investment property</b>	<b>1,840</b>	<b>664</b>

**Accounting policy for investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Intangible assets

\$ '000	2019	2018
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Intangible assets are as follows:

**Opening values at 1 July**

Gross book value	13,244	13,229
Accumulated amortisation	(12,207)	(11,681)
<b>Net book value – opening balance</b>	<b>1,037</b>	<b>1,548</b>

**Movements for the year**

– Purchases	215	15
– Amortisation charges	(464)	(525)

**Closing values at 30 June**

Gross book value	13,459	13,244
Accumulated amortisation	(12,671)	(12,207)

**TOTAL INTANGIBLE ASSETS – NET BOOK VALUE**

<b>788</b>	<b>1,037</b>
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The net book value of intangible assets represents:

– Software	788	1,037
	<b>788</b>	<b>1,037</b>

**Accounting policy for intangible assets****IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	19,269	–	13,835	–
Accrued expenses:				
– Salaries and wages	1,393	–	1,386	–
– Other expenditure accruals	1,812	–	1,059	–
Security bonds, deposits and retentions	6,900	320	7,350	320
Payroll liabilities	175	–	74	–
Unearned income – trade waste	332	–	336	–
Other	29	–	9	–
<b>Total payables</b>	<b>29,910</b>	<b>320</b>	<b>24,049</b>	<b>320</b>
<b>Income received in advance</b>				
Payments received in advance	2,741	178	2,827	512
<b>Total income received in advance</b>	<b>2,741</b>	<b>178</b>	<b>2,827</b>	<b>512</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>32,651</u></b>	<b><u>498</u></b>	<b><u>26,876</u></b>	<b><u>832</u></b>

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	2,835	–	1,676	–
Payables and borrowings relating to externally restricted assets	2,835	–	1,676	–
<b>Total payables and borrowings relating to restricted assets</b>	<b>2,835</b>	<b>–</b>	<b>1,676</b>	<b>–</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>29,816</b>	<b>498</b>	<b>25,200</b>	<b>832</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>32,651</u></b>	<b><u>498</u></b>	<b><u>26,876</u></b>	<b><u>832</u></b>

\$ '000	2019	2018
<b>(b) Current payables and borrowings not anticipated to be settled within the next twelve months</b>		
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	5,000	5,000
<b>Total payables and borrowings</b>	<b>5,000</b>	<b>5,000</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings (continued)

\$ '000	2019	2018
<b>(c) Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank overdraft facilities <sup>1</sup>	500	300
Credit cards/purchase cards	100	100
<b>Total financing arrangements</b>	<b>600</b>	<b>400</b>
<b>Drawn facilities as at balance date:</b>		
– Credit cards/purchase cards	16	9
<b>Total drawn financing arrangements</b>	<b>16</b>	<b>9</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	500	300
– Credit cards/purchase cards	84	91
<b>Total undrawn financing arrangements</b>	<b>584</b>	<b>391</b>

## Additional financing arrangements information

## Breaches and defaults

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

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

## Accounting policy for payables and borrowings

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.

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

## Payables

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

## Borrowings

Council did not have any borrowings at the end of the financial reporting period.

## Finance leases

Council is not party to any leasing arrangements.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	10,647	–	10,227	–
Sick leave	11,089	–	10,513	–
Long service leave	28,085	–	25,451	–
Gratuities	198	–	288	–
ELE on-costs	599	–	482	–
<b>Sub-total – aggregate employee benefits</b>	<b>50,618</b>	<b>–</b>	<b>46,961</b>	<b>–</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	18,688	–	18,749
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>18,688</b>	<b>–</b>	<b>18,749</b>
<b>Other provisions</b>				
Self insurance – workers compensation	888	2,967	595	2,510
Insurance claims below excess	1,361	–	1,476	–
State Cover Mutual – workers compensation	2,408	–	2,408	–
<b>Sub-total – other provisions</b>	<b>4,657</b>	<b>2,967</b>	<b>4,479</b>	<b>2,510</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>55,275</u></b>	<b><u>21,655</u></b>	<b><u>51,440</u></b>	<b><u>21,259</u></b>

## (a) Provisions relating to restricted assets

## Externally restricted assets

Self insurance	888	2,967	595	2,510
Provisions relating to externally restricted assets	888	2,967	595	2,510
<b>Total provisions relating to restricted assets</b>	<b>888</b>	<b>2,967</b>	<b>595</b>	<b>2,510</b>
<b>Total provisions relating to unrestricted assets</b>	<b>54,387</b>	<b>18,688</b>	<b>50,845</b>	<b>18,749</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>55,275</u></b>	<b><u>21,655</u></b>	<b><u>51,440</u></b>	<b><u>21,259</u></b>

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Provisions (continued)

\$ '000	2019	2018
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### (b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	38,359	33,976
	<b>38,359</b>	<b>33,976</b>

### (c) Description of and movements in provisions

ELE provisions						
\$ '000	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	Total
2019						
At beginning of year	10,227	10,513	25,451	482	288	46,961
Additional provisions	7,213	4,741	5,473	–	–	17,427
Amounts used (payments)	(6,777)	(4,132)	(2,832)	–	(104)	(13,845)
Remeasurement effects	(16)	(33)	(7)	117	14	75
Total ELE provisions at end of period	10,647	11,089	28,085	599	198	50,618
2018						
At beginning of year	9,810	10,612	25,944	–	275	46,641
Additional provisions	7,183	5,390	3,648	–	1	16,222
Amounts used (payments)	(6,332)	(3,936)	(2,881)	–	–	(13,149)
Remeasurement effects	(434)	(1,553)	(1,259)	482	12	(2,752)
Other	–	–	(1)	–	–	(1)
Total ELE provisions at end of period	10,227	10,513	25,451	482	288	46,961
Other provisions						
\$ '000	State Cover Mutual workers compensation	Insurance claims below excess	Self insurance	Asset remediation	Total	
2019						
At beginning of year	2,408	1,476	3,105	18,749	25,738	
Additional provisions	–	–	1,491	–	1,491	
Amounts used (payments)	–	(115)	(1,258)	(533)	(1,906)	
Remeasurement effects	–	–	517	–	517	
Unwinding of discount	–	–	–	472	472	
Total other provisions at end of period	2,408	1,361	3,855	18,688	26,312	
2018						
At beginning of year	–	1,424	2,588	14,114	18,126	
– Revised costs	–	–	–	4,235	4,235	
Additional provisions	2,408	52	1,004	–	3,464	
Amounts used (payments)	–	–	(1,026)	–	(1,026)	
Remeasurement effects	–	–	539	–	539	
Unwinding of discount	–	–	–	400	400	
Total other provisions at end of period	2,408	1,476	3,105	18,749	25,738	

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions (continued)

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#### Nature and purpose of non-employee benefit provisions

##### Asset remediation

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

##### Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

##### Insurance claims below excess

Insurance provision for under excess claims for public liability, property and motor vehicles.

##### State Cover Mutual - workers compensation

Redemption amount based on the actuarially determined liabilities relating to the policies of insurance held with StateCover by the former Canterbury City Council.

#### Accounting policy for provisions

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

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

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

#### Employee benefits

##### 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, 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions (continued)

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#### Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

##### Restoration

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

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

##### Rehabilitation

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

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

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

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

##### Self-insurance

Council has decided to self-insure for certain risks, including workers compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note 6(c).

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

## (a) Nature and purpose of reserves

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

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

As part of the yearly asset renewal program, Council wrote off infrastructure assets to the value of \$10.5million. This value was reported as a transfer between infrastructure, property, plant and equipment revaluation reserve and accumulated surplus.

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

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired. Council's financial assets are investments in FRN's. These investments were previously recognised as financial assets at fair value through profit and loss. On adoption of AASB 9 effective 1 July 2018, Council recognised \$272 thousand as a non retrospective adjustment to financial assets at FVOCI reserve by restating the opening balance. Additional \$290 thousand was transferred to financial assets at FVOCI reserve which relates to the the financial assets gain on revaluation for period ended 30 June 2019. As a result of FRN sales/maturities, a transfer of \$39 thousand from financial assets at FVOCI reserve to retained earnings was reported.

**Available for sale investments revaluation reserve (2018 only)**

Changes in fair value are taken to the available-for-sale investments revaluation reserve, amounts are recognised in profit and loss when the associated assets are sold or impaired.

## (b) Correction of errors relating to a previous reporting period

**Nature of prior-period error**

During the current financial year Council harmonised its property (land register) data base. As a result adjustments to operational land, community land and crown land were required to correct the balances in the fixed asset register to align with the property data base. Errors identified have been corrected by restating balance for 1 July 2017 and 30 June 2018.

This resulted in adjustments as a result of classification changes and assets previously not recognised, as following:

- Crown Land increase of \$34.9 million
- Community land increase of \$38.9 million
- Operational land decrease of \$96 million

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2017) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

**Changes to the opening Statement of Financial Position at 1 July 2017****Statement of Financial Position**

\$ '000	Original Balance 1 July, 2017	Impact Increase/ (decrease)	Restated Balance 1 July, 2017
Infrastructure, property, plant and equipment	3,395,414	(22,210)	3,373,204
<b>Total assets</b>	<b>3,706,980</b>	<b>(22,210)</b>	<b>3,684,770</b>
<b>Total liabilities</b>	<b>100,881</b>	<b>–</b>	<b>100,881</b>
Accumulated surplus	3,606,099	(22,210)	3,583,889
<b>Total equity</b>	<b>3,606,099</b>	<b>(22,210)</b>	<b>3,583,889</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

## Adjustments to the comparative figures for the year ended 30 June 2018

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2018	Impact Increase/ (decrease)	Restated Balance 30 June, 2018
Infrastructure, property, plant and equipment	3,637,340	(22,210)	3,615,130
<b>Total assets</b>	<b>3,983,136</b>	<b>(22,210)</b>	<b>3,960,926</b>
<b>Total liabilities</b>	<b>100,407</b>	<b>–</b>	<b>100,407</b>
Accumulated surplus	3,633,184	(22,210)	3,610,974
Revaluation reserves	249,545	–	249,545
<b>Total equity</b>	<b>3,882,729</b>	<b>(22,210)</b>	<b>3,860,519</b>

## (c) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

Changes in accounting policies due to adoption of new accounting accounting standard (not retrospective)

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

– AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.

– AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

**Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through other comprehensive income – equity instruments (FVOCI -equity)

**Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).



## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)****Transition adjustments**

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 July 2018 are shown below:

\$ '000	Available for sale invest- ment revaluation reserve	FVOCI reserve	Retained earnings	Non- controlling interests	Total
<b>Adjustments to equity as a result of adoption of AASB 9</b>	–	272	(272)	–	–
<b>Opening equity balances at 1 July 2018 – AASB 9</b>	–	272	3,610,702	–	3,610,974

**Transition adjustments**

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at 1 July 2018.

\$ '000	Classific- ation under AASB 139	Classific- ation under AASB 9	Carrying amount under AASB 139	Reclassi- fication	Remeasu- rements	Carrying amount under AASB 9
<b>Financial assets</b>						
Held for trading - FRN's	Designated as at FVTPL	FVOCI - equity	35,283	(35,283)	–	–
Cash and cash equivalents	Loans and receivables	Amortised cost	24,339	–	–	24,339
Receivables	Loans and receivables	Amortised cost	26,657	–	–	26,657
Term deposits	Held to maturity	Amortised cost	248,623	–	–	248,623
Equity securities - FRN's	Designated as at FVTPL	FVOCI - equity	–	35,283	–	35,283
<b>Total financial assets under AASB 9 at 1 July 2018</b>			<b>334,902</b>	<b>–</b>	<b>–</b>	<b>334,902</b>
<b>Financial liabilities</b>						
Payables	Other financial liabilities	Other financial liabilities	24,033	–	–	24,033
<b>Total financial liabilities under AASB 9 at 1 July 2018</b>			<b>24,033</b>	<b>–</b>	<b>–</b>	<b>24,033</b>

**Notes to the table above****Reclassification from 'loans and receivables' to 'amortised cost'**

Trade and other receivables that would previously have been classified as 'loans and receivables' are now classified at 'amortised cost'. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

**Reclassification from FVTPL to FVOCI–equity**

Certain equity instruments that were previously measured at FVTPL have been designated at FVOCI–equity since, on initial application of AASB 9, these instruments are not held for trading. Related fair value movements of \$272 thousand were transferred from retained earnings to FVOCI reserve on adoption of AASB 9. The fair value movement that would have been recognised in profit or loss for the current year if the assets had not been reclassified is \$39 thousand.

**Reclassification from 'held to maturity' to 'amortised cost'**

Term deposits that would previously have been classified as 'held to maturity' are now classified at 'amortised cost'. Council intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	26,452	24,339
<b>Balance as per the Statement of Cash Flows</b>		<b>26,452</b>	<b>24,339</b>

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

<b>Net operating result from Income Statement</b>	1,749	27,085
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	72,786	57,550
Net losses/(gains) on disposal of assets	14,188	(667)
Non-cash capital grants and contributions	(2,640)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	–	(59)
– Investment property	(1,575)	(415)
– Revaluation decrements / impairments of IPP&E direct to P&L	1,516	9,206
Unwinding of discount rates on reinstatement provisions	472	400
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	917	(717)
Increase/(decrease) in provision for impairment of receivables	(139)	122
Decrease/(increase) in inventories	(233)	54
Decrease/(increase) in other current assets	(959)	870
Increase/(decrease) in payables	5,434	(1,272)
Increase/(decrease) in accrued interest payable	–	(2)
Increase/(decrease) in other accrued expenses payable	760	(4,601)
Increase/(decrease) in other liabilities	(753)	(1,649)
Increase/(decrease) in provision for employee benefits	3,657	320
Increase/(decrease) in other provisions	102	7,212
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>95,282</b>	<b>93,437</b>

**(c) Non-cash investing and financing activities**

Developer contributions - Voluntary Planning Agreement (VPA)	2,640	–
<b>Total non-cash investing and financing activities</b>	<b>2,640</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Commitments

\$ '000	2019	2018
<b>Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	1,286	1,702
Infrastructure works	4,890	9,429
Information management	387	240
Plant and equipment	5,960	4,030
<b>Total commitments</b>	<b>12,523</b>	<b>15,401</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	12,523	15,401
<b>Total payable</b>	<b>12,523</b>	<b>15,401</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	344	—
Section 7.11 and 64 funds/reserves	151	2,494
Unexpended grants	—	575
Externally restricted reserves	6,511	1,286
Internally restricted reserves	5,517	11,046
<b>Total sources of funding</b>	<b>12,523</b>	<b>15,401</b>
<b>Details of capital commitments</b>		
Capital carryover works		

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Contingencies and other assets/liabilities not recognised

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

**LIABILITIES NOT RECOGNISED****1. Guarantees****(i) Defined benefit superannuation contribution plans**

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

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

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

*Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 3,640,302.95. The last valuation of the Scheme was

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Contingencies and other assets/liabilities not recognised (continued)

performed by Richard Boyfield, Fellow of the Institute of Actuaries of Australia on 12 December 2017, and covers the period ended 30 June 2018.

The amount of additional contributions included in the total employer contribution advised above is \$1,208,000. Council's expected contribution to the plan for the next annual reporting period is \$1,217,600.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

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

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

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

\* Plus promotional increases

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

**(ii) Statewide Limited**

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

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

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

**(iii) Other guarantees**

Council has a bank guarantee of \$50,000 with Viva Energy Australia Pty Ltd for the Canterbury Town Centre Redevelopment recoverable works agreement. The Bank Guarantee was issued by the Commonwealth Bank on 9 October 2018 and will expire on 19 October 2020.

**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.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised (continued)

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

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

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

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

#### ASSETS NOT RECOGNISED

##### (i) Land under roads

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

##### (ii) Infringement notices/fines

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management

## Risk management

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 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	26,452	24,339	26,452	24,339
Receivables	23,863	26,657	23,857	26,657
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	255,230	248,623	255,230	248,623
<b>Fair value through other comprehensive income</b>				
Investments				
– 'Financial assets at fair value through other comprehensive income' / 'available for sale financial assets' (2018)	63,643	–	63,643	–
<b>Fair value through profit and loss</b>				
Investments				
– 'Held for trading'	–	35,283	–	35,283
<b>Total financial assets</b>	<b>369,188</b>	<b>334,902</b>	<b>369,182</b>	<b>334,902</b>
<b>Financial liabilities</b>				
Payables	29,898	24,033	29,898	24,033
<b>Total financial liabilities</b>	<b>29,898</b>	<b>24,033</b>	<b>29,898</b>	<b>24,033</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt 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 other comprehensive income'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

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

The risks associated with the instruments held are:

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

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

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

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

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.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 10% movement in market values	6,364	6,364	(6,364)	(6,364)
Possible impact of a 1% movement in interest rates	2,817	2,817	(2,817)	(2,817)
<b>2018</b>				
Possible impact of a 10% movement in market values	3,528	3,528	(3,528)	(3,528)
Possible impact of a 1% movement in interest rates	2,724	2,724	(2,724)	(2,724)

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

## (b) Credit risk

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables 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 secure a charge over the land relating to the debts – 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 the payment of debt.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2019</b>						
Gross carrying amount	8,184	1,452	–	–	–	9,636
<b>2018</b>						
Gross carrying amount	7,567	1,368	–	–	–	8,935

## Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2019</b>						
Gross carrying amount	12,590	–	101	63	3,595	16,349
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	7.65%	1.68%
<b>ECL provision</b>	–	–	–	–	275	275
<b>2018</b>						
Gross carrying amount	14,476	77	280	109	5,065	20,007
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	8.17%	2.07%
<b>ECL provision</b>	–	–	–	–	414	414

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

## (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 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
<b>2019</b>							
Trade/other payables	0.00%	2,220	22,678	5,000	–	29,898	29,898
<b>Total financial liabilities</b>		<u>2,220</u>	<u>22,678</u>	<u>5,000</u>	<u>–</u>	<u>29,898</u>	<u>29,898</u>
<b>2018</b>							
Trade/other payables	0.00%	7,670	16,363	–	–	24,033	24,033
<b>Total financial liabilities</b>		<u>7,670</u>	<u>16,363</u>	<u>–</u>	<u>–</u>	<u>24,033</u>	<u>24,033</u>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 25/06/2019 and is unaudited.

While these General Purpose Financial Statements include the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

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

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

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

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>REVENUES</b>				
Rates and annual charges	228,395	232,277	3,882	2% <b>F</b>
User charges and fees	25,667	21,350	(4,317)	(17)% <b>U</b>
Development activity in the local government area was considerably lower than originally forecast. The drop in development application lodged flowed through into lower than budgeted development related fees and charges. The development fee income budgets were varied as part of the quarterly budget review process during the financial year.				
Interest and investment revenue	9,175	10,711	1,536	17% <b>F</b>
Actual investment portfolio balances were higher than forecast during the financial year due to carry-over budgets and the timing of capital works projects. Therefore, actual investment income was higher than originally budgeted. Investment income budgets were varied during the financial year as part of the quarterly budget review process.				
Other revenues	18,999	27,257	8,258	43% <b>F</b>
Actual other revenue exceeded original budget forecasts during the financial year. The major variances reported included: - Other income miscellaneous \$4.7 million mainly related to compensation from the Roads and Maritime Service M5 widening impacting Canterbury Golf Club of \$3.7 million, and Civic Tower tenant make good payments of \$0.6 million.				
Operating grants and contributions	21,966	22,392	426	2% <b>F</b>
Capital grants and contributions	20,688	21,367	679	3% <b>F</b>
Fair value increment on investment property	–	1,575	1,575	∞ <b>F</b>
Council does not budget for any fair value movements on investment properties.				

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
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**EXPENSES**

Employee benefits and on-costs	132,303	130,473	1,830	1%	F
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Borrowing costs	–	472	(472)	∞	U
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Council did not include an original budget for the amortisation of tip remediation totalling \$0.472 million.

Materials and contracts	82,114	79,866	2,248	3%	F
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Depreciation and amortisation	66,424	72,786	(6,362)	(10)%	U
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The original budget was completed prior to finalisation of the infrastructure revaluations which provided amendments to asset values and lives increasing the future depreciation charges.

Other expenses	35,713	35,879	(166)	0%	U
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Net losses from disposal of assets	–	14,188	(14,188)	∞	U
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Council does not budget for any net losses on disposal of assets unless known at the time of preparing the original budget. The majority of the loss relates to write off of various infrastructure assets as part of the asset renewal program.

**STATEMENT OF CASH FLOWS**

Net cash provided from (used in) operating activities	78,168	95,282	17,114	22%	F
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The operating revenue and expenditure variations outlined above, similarly impact on the cash flow variations to the original budget.

Net cash provided from (used in) investing activities	(88,044)	(93,169)	(5,125)	6%	U
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement

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

– Infrastructure, property, plant and equipment                      – Investment property                      – Financial assets

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).

## (1) Assets and liabilities that have been measured and recognised at fair values

		Fair value measurement hierarchy				
2019	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements						
Financial assets						
Investments	6(b)					
– ‘Financial assets at fair value through other comprehensive income’		30/06/19	–	63,643	–	63,643
Total financial assets			–	63,643	–	63,643
Investment property						
Investment properties	10	30/06/19	–	7,350	–	7,350
Total investment property			–	7,350	–	7,350
Infrastructure, property, plant and equipment						
Plant and equipment	9(a)		–	–	23,718	23,718
Office equipment			–	–	878	878
Furniture and fittings			–	–	1,474	1,474
Operational land		30/06/18	–	511,890	–	511,890
Community land		30/06/19	–	–	271,973	271,973
Crown land		30/06/19	–	–	34,873	34,873
Land under road (post 1 July 2008)			–	–	959	959
Land improvements – depreciable		30/06/18	–	–	90,764	90,764
Buildings		30/06/18	–	65,923	235,950	301,873
Other structures		30/06/18	–	–	64,870	64,870
Roads		30/06/18	–	–	952,937	952,937
Bridges		30/06/18	–	–	33,982	33,982
Footpaths		30/06/18	–	–	208,073	208,073
Bulk earthworks (non-depreciable)		30/06/18	–	–	623,236	623,236
Stormwater drainage		30/06/18	–	–	448,346	448,346
Other road assets		30/06/18	–	–	–	–
Library books			–	–	2,940	2,940
Information management – hardware			–	–	1,574	1,574
Artworks		30/06/18	–	–	2,657	2,657
Tip asset			–	–	8,723	8,723
Low value assets			–	–	18	18
Total infrastructure, property, plant and equipment			–	577,813	3,007,945	3,585,758

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Fair value measurement hierarchy			Total Restated
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs Restated	Level 3 Significant unobserv-able inputs Restated	
Recurring fair value measurements						
Financial assets						
Investments	6(b)					
– At fair value through profit and loss		30/06/18	–	35,283	–	35,283
Total financial assets			–	35,283	–	35,283
Investment property						
Investment properties	10	30/06/18	–	5,775	–	5,775
Total investment property			–	5,775	–	5,775
Infrastructure, property, plant and equipment						
Plant and equipment	9(a)		–	–	21,501	21,501
Office equipment			–	–	593	593
Furniture and fittings			–	–	1,761	1,761
Operational land			–	511,890	–	511,890
Community land			–	–	271,644	271,644
Crown land			–	–	34,873	34,873
Land under road (post 1 July 2008)			–	–	959	959
Land improvements – depreciable			–	–	87,573	87,573
Buildings			–	67,144	237,101	304,245
Other structures			–	–	65,568	65,568
Roads			–	–	953,494	953,494
Bridges			–	–	34,665	34,665
Footpaths			–	–	210,642	210,642
Bulk earthworks (non-depreciable)			–	–	623,236	623,236
Stormwater drainage			–	–	452,219	452,219
Other road assets			–	–	10,201	10,201
Library books			–	–	2,658	2,658
Information management – hardware			–	–	1,613	1,613
Artworks			–	–	2,490	2,490
Tip asset			–	–	10,198	10,198
Low value assets			–	–	–	–
Total infrastructure, property, plant and equipment			–	579,034	3,022,989	3,602,023

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

## (2) 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.

## (3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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:

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

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#### Financial assets

Council receives indicative market valuation advice from an independent external investment advisor. The indicative valuations are based upon recent comparable market based evidence.

#### Operational land

This asset comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. 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 price 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.

The last valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuation Pty Ltd. There has been no change to the valuation process during the reporting period.

#### Community land

Valuations of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General. As these rates were not considered to be observable market evidence they have been classified as Level 3. When valuing the land, the Valuer-General considers the following:

- Property market conditions as at 1 July in the year of valuation
- Most valuable use of the land
- Location of the land
- Constraints on use such as zoning, heritage restrictions
- Land size, shape and land features such as slope and soil type
- Nearby development and infrastructure
- Views

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

#### Roads, bridges, footpaths, drainage, ground level carparks, bulk earthworks and depreciable land improvements

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input, is determined using rates stipulated in contracts with third party suppliers. These assets were valued in-house at 30 June 2018 using the cost approach by experienced Council engineers and asset management staff.

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

#### Buildings and other structures

Buildings and other structures were valued by Scott Fullarton Valuations Pty Ltd as at 30 June 2018.

Specialised assets were valued using the cost approach. The approach estimated the replacement cost of each building. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of residual value, useful life and asset condition) require extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising level 3 inputs.

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

#### Investment property

The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2019 revaluations were based on independent assessments made by:  
Scott Fullarton Valuations Pty Ltd.

The investment valuations are included as level 2 of the fair value hierarchy.



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

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#### **Infrastructure, property, plant and equipment (IPP&E)**

**Plant and equipment, office equipment and furniture and fittings, library books and information management hardware**

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable input to the valuation is the remaining useful life. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption and estimated remaining useful life.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

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

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Tip asset	Community & Crown Land	Land under Roads (30/6/08)	Land improvements	Buildings
<b>2018</b>					
<b>Opening balance</b>	6,825	309,232	959	90,436	231,242
Transfers from/(to) another asset class	—	(3,536)	—	15	2,321
Purchases (GBV)	—	821	—	1,395	2,259
Depreciation and impairment	(862)	—	—	(4,476)	(7,449)
FV gains – other comprehensive income	—	—	—	203	8,728
Revised costs	4,235	—	—	—	—
<b>Closing balance</b>	<b>10,198</b>	<b>306,517</b>	<b>959</b>	<b>87,573</b>	<b>237,101</b>

<b>2019</b>					
<b>Opening balance</b>	10,198	306,517	959	87,573	237,101
Transfers from/(to) another asset class	—	—	—	3,445	415
Purchases (GBV)	—	1,845	—	7,764	3,408
Disposals (WDV)	—	—	—	(3,183)	(1,904)
Depreciation and impairment	(1,475)	(1,516)	—	(4,835)	(14,106)
FV gains – other comprehensive income	—	—	—	—	11,036
<b>Closing balance</b>	<b>8,723</b>	<b>306,846</b>	<b>959</b>	<b>90,764</b>	<b>235,950</b>

\$ '000	Other structures	Roads and grnd. Level carparks	Bridges	Footpaths	Bulk earthworks
<b>2018</b>					
<b>Opening balance</b>	53,368	848,728	39,567	165,452	590,707
Transfers from/(to) another asset class	3	369	5	136	—
Purchases (GBV)	1,300	15,697	566	4,150	69
Depreciation and impairment	(1,955)	(22,249)	(640)	(3,429)	—
FV gains – other comprehensive income	12,852	121,150	(4,833)	44,333	32,460
<b>Closing balance</b>	<b>65,568</b>	<b>963,695</b>	<b>34,665</b>	<b>210,642</b>	<b>623,236</b>
<b>2019</b>					
<b>Opening balance</b>	65,568	963,695	34,665	210,642	623,236
Transfers from/(to) another asset class	679	1,424	—	355	—
Purchases (GBV)	2,339	20,120	—	2,862	—
Disposals (WDV)	(893)	(6,867)	—	(596)	—
Depreciation and impairment	(2,823)	(25,435)	(683)	(5,190)	—
<b>Closing balance</b>	<b>64,870</b>	<b>952,937</b>	<b>33,982</b>	<b>208,073</b>	<b>623,236</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

\$ '000	Stormwater drainage	Library books	Plant/office equipment/ furniture/low value assets	Artwork	Total
<b>2018</b>					
<b>Opening balance</b>	463,631	2,413	23,349	2,490	<b>2,828,399</b>
Transfers from/(to) another asset class	11	–	–	–	<b>(676)</b>
Purchases (GBV)	2,863	1,104	9,766	–	<b>39,990</b>
Disposals (WDV)	–	–	(819)	–	<b>(819)</b>
Depreciation and impairment	(5,079)	(859)	(6,829)	–	<b>(53,827)</b>
FV gains – other comprehensive income	–	–	–	–	<b>214,893</b>
FV gains – Income Statement <sup>1</sup>	(9,206)	–	–	–	<b>(9,206)</b>
Revised costs	–	–	–	–	<b>4,235</b>
<b>Closing balance</b>	<b>452,220</b>	<b>2,658</b>	<b>25,467</b>	<b>2,490</b>	<b>3,022,989</b>
<b>2019</b>					
<b>Opening balance</b>	452,220	2,658	25,467	2,490	<b>3,022,989</b>
Transfers from/(to) another asset class	848	2	393	2	<b>7,563</b>
Purchases (GBV)	2,415	1,215	10,668	165	<b>52,801</b>
Disposals (WDV)	(498)	–	(2,185)	–	<b>(16,126)</b>
Depreciation and impairment	(6,639)	(935)	(6,681)	–	<b>(70,318)</b>
FV gains – other comprehensive income	–	–	–	–	<b>11,036</b>
<b>Closing balance</b>	<b>448,346</b>	<b>2,940</b>	<b>27,662</b>	<b>2,657</b>	<b>3,007,945</b>

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

**b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:**

Drainage reserves were previously classified as operational land and reclassified to community land as at 30 June 2019.

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Community and crown land	NSW Valuer General	Price per square metre
Land under roads(post 30/6/08)	Market approach, adjoining blocks average m2 rate	Price per square metre
Land improvements (depreciable)	Cost approach	Asset condition, remaining useful life
Buildings	Cost approach	Asset condition, remaining useful life
Other Structures	Cost approach	Asset condition, remaining useful life
Roads, ground level carparks, bridges, footpaths	Cost approach	Asset condition, remaining useful life
Bulk earthworks	Cost approach	Asset condition, remaining useful life
Stormwater drainage	Cost approach	Asset condition, remaining useful life
Library books	Cost approach	Asset condition, remaining useful life
Plant, office equipment, furniture & fittings	Cost used to approximate fair value	Gross replacement cost, useful life and residual value
Artworks	Cost used to approximate fair value	The level of appreciation of the asset
Tip asset	Cost approach	Asset condition, remaining useful life

**d. The valuation process for level 3 fair value measurements**

Council engages external, independent, qualified valuer to determine the fair value of operational land, buildings and other structures.

Measurements are based on information derived from inspections and information supplied by Council. The process estimates the replacement cost for each asset taking into consideration the following factors:

Pattern of consumption, asset condition, unit rates, useful life.

Council revalues all infrastructure assets, community land, operational land, land improvements and artworks assets every five years. The last revaluation of roads, bridges, footpaths, bulk earthworks, drainage and land improvement assets was carried out internally as at 30 June 2018. Buildings, Operational Land and Other Structures assets were valued externally by Scott Fullarton Valuations Pty Ltd as at 30 June 2018.

**(5) Highest and best use**

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

## Notes to the Financial Statements for the year ended 30 June 2019

### Note 21. Related Party Transactions

#### (a) Key management personnel

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

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

\$ '000	2019	2018
<b>Compensation:</b>		
Short-term benefits	3,161	2,562
Other long-term benefits	34	30
Termination benefits	–	72
<b>Total</b>	<b>3,195</b>	<b>2,664</b>

#### (b) Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
<b>\$ '000</b>						
<b>2018</b>						
Real estate commission managing council properties	1	6	–	–	–	–
1 Council utilises LJ Hooker to manage Council properties and receives a commission based on monthly rental. A relative of a Council KMP is an employee of LJ Hooker.						

Notes to the Financial Statements  
for the year ended 30 June 2019

**Note 22. Events occurring after the reporting date**

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Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## Notes to the Financial Statements for the year ended 30 June 2019

### Note 23. Statement of developer contributions

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.

### Summary of contributions and levies

\$ '000	as at 30/6/2018		Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance		Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
Traffic facilities	377		5	-	11	-	-	393	-
Parking	1,391		71	-	41	-	-	1,503	-
Open space	50,483		5,508	-	1,469	(1,922)	-	55,538	-
Community facilities	15,818		648	-	460	-	-	16,926	-
Other	2,970		1,177	-	86	(327)	-	3,906	-
Environmental amenities	2,699		31	-	79	-	-	2,809	-
Canterbury town centre	12,762		636	-	372	(4,082)	-	9,688	-
Administration	2,380		159	-	69	(74)	-	2,534	-
225-249 Canterbury Road	3		-	-	-	-	-	3	-
<b>S7.11 contributions – under a plan</b>	<b>88,883</b>		<b>8,235</b>	<b>-</b>	<b>2,587</b>	<b>(6,405)</b>	<b>-</b>	<b>93,300</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>23,350</b>		<b>4,532</b>	<b>-</b>	<b>679</b>	<b>(5,476)</b>	<b>-</b>	<b>23,085</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>112,233</b>		<b>12,767</b>	<b>-</b>	<b>3,266</b>	<b>(11,881)</b>	<b>-</b>	<b>116,385</b>	<b>-</b>
S7.4 planning agreements	1,128		-	2,640	-	(8)	-	1,120	-
<b>Total contributions</b>	<b>113,361</b>		<b>12,767</b>	<b>2,640</b>	<b>3,266</b>	<b>(11,889)</b>	<b>-</b>	<b>117,505</b>	<b>-</b>

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 23. Statement of developer contributions (continued)

	as at 30/6/2018	Contributions received during the year				Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance	Cash	Non-cash						Held as restricted asset	Cumulative internal borrowings due/(payable)
<b>\$ '000</b>										
<b>S7.11 Contributions – under a plan</b>										
<b>CONTRIBUTION PLAN NUMBER 1 (former Canterbury)</b>										
Traffic facilities	377	5	–			11	–	–	393	–
Parking	222	–	–			7	–	–	229	–
Environmental amenities	2,699	31	–			79	–	–	2,809	–
<b>Total</b>	<b>3,298</b>	<b>36</b>	<b>–</b>			<b>97</b>	<b>–</b>	<b>–</b>	<b>3,431</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 2 (former Canterbury)</b>										
Parking	1,169	71	–			34	–	–	1,274	–
Open space	50,483	5,508	–			1,469	(1,922)	–	55,538	–
Community facilities	15,818	648	–			460	–	–	16,926	–
Canterbury town centre	12,762	636	–			372	(4,082)	–	9,688	–
Administration	2,380	159	–			69	(74)	–	2,534	–
225-249 Canterbury Road	3	–	–			–	–	–	3	–
Other	2,970	1,177	–			86	(327)	–	3,906	–
<b>Total</b>	<b>85,585</b>	<b>8,199</b>	<b>–</b>			<b>2,490</b>	<b>(6,405)</b>	<b>–</b>	<b>89,869</b>	<b>–</b>



Notes to the Financial Statements  
for the year ended 30 June 2019

Note 23. Statement of developer contributions (continued)

	as at 30/6/2018	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative Internal borrowings due/(payable)
\$ '000	Opening Balance	Cash	Non-cash					
<b>S7.12 Levies – under a plan</b>								
<b>(former Bankstown)</b>								
CBD – citywide	21,962	4,532	–	679	(5,476)	–	21,697	–
CBD – parking	1,388	–	–	–	–	–	1,388	–
<b>Total</b>	<b>23,350</b>	<b>4,532</b>	<b>–</b>	<b>679</b>	<b>(5,476)</b>	<b>–</b>	<b>23,085</b>	<b>–</b>
<b>S7.4 planning agreements</b>								
<b>(former Bankstown)</b>								
Planning agreements	699	–	2,640	–	–	–	699	–
Planning agreements – parking	429	–	–	–	(8)	–	421	–
<b>Total</b>	<b>1,128</b>	<b>–</b>	<b>2,640</b>	<b>–</b>	<b>(8)</b>	<b>–</b>	<b>1,120</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018      2017		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(5,489)	(1.75)%	2.31%	(1.18)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	313,987				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	288,762	86.11%	84.10%	75.68%	>60.00%
Total continuing operating revenue <sup>1</sup>	335,354				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	163,647	4.01x	3.07x	2.91x	>1.50x
Current liabilities less specific purpose liabilities	40,844				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	67,769	143.58x	49.00x	18.00x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	472				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	12,023	4.96%	4.81%	4.00%	<5.00%
Rates, annual and extra charges collectible	242,390				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	281,682	14.21 mths	14.28 mths	11.90 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	19,816				

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

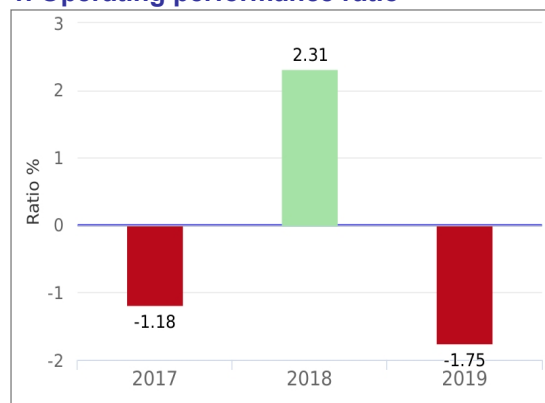
(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24(b). 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 2018/19 result

2018/19 ratio (1.75)%

Council's operating performance ratio decreased from the prior years result and slightly below the industry benchmark. Council had a significant increase in the depreciation expense compared to previous financial year due to the revaluation of infrastructure assets as at 30 June 2018 that harmonised asset management practices across the two former councils.

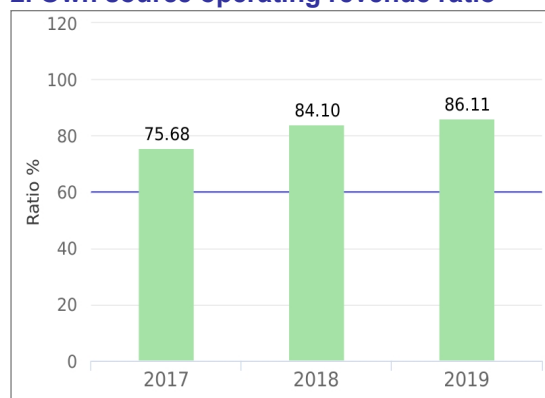
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 86.11%

Council's own source revenue easily exceeds the benchmark for this ratio of greater than 60%. This indicates that Council has a low reliance on external funding sources. It provides Council with greater financial flexibility and income determination.

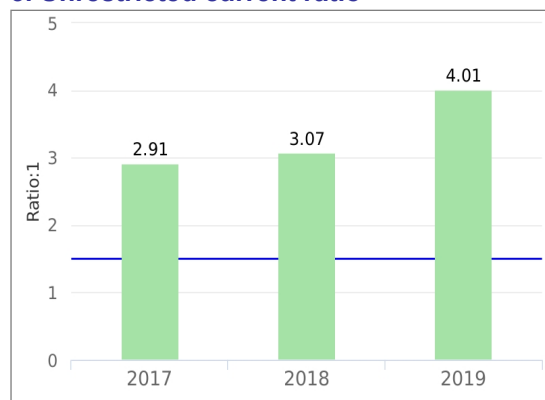
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 4.01x

Council provides for the budgeting and maintenance of sufficient unrestricted working funds to meet its short term obligations as they fall due. This results exceeds required industry better practice guidelines of greater than 1.5. Council's Financial Management Strategy incorporating its Long Term Financial Plan, aims to maintain the ratio above the minimum industry benchmark.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

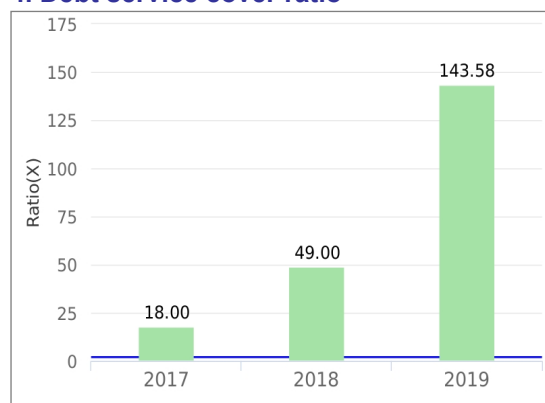
Ratio is outside benchmark

# Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24(b). Statement of performance measures – consolidated results (graphs)

### 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 2018/19 result

2018/19 ratio 143.58x

Council retired the last of its long term debt obligations during the 2017/18 financial year. Where appropriate, Council will utilise debt to fund capital expenditure, subject to it fulfilling agreed economic, social or environmental benefits and not affect existing recurrent operations and/or cashflows.

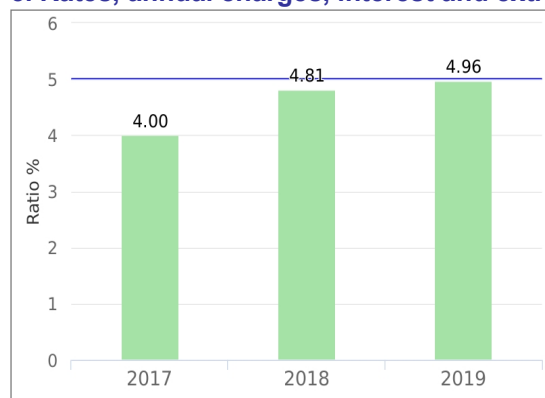
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates, annual charges, interest and extra charges outstanding percentage



#### Purpose of rates, annual charges, interest and extra charges outstanding

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

#### Commentary on 2018/19 result

2018/19 ratio 4.96%

This ratio aims to measure the adequacy of Council's debt collection efforts in relation to outstanding rates and annual charges. The percentage of outstanding rates and annual charges as at 30 June 2019 is within the requirements of the industry benchmark of below 5%.

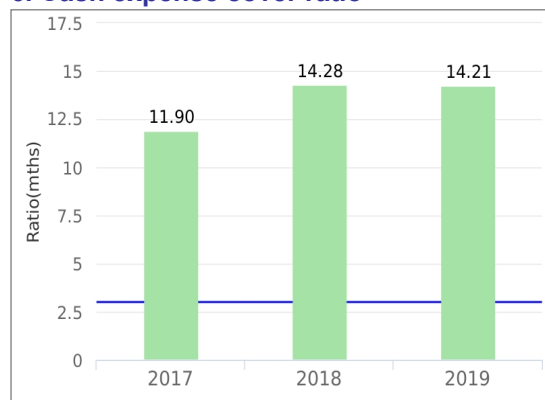
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2018/19 result

2018/19 ratio 14.21 mths

Council holds adequate cash reserves to meet its ongoing liabilities as and when they fall due including reserves for operational contingencies. These cash reserves allow Council to meet immediate expenditure obligations without the need for additional cash inflows. Council's Financial Management Strategy incorporating the Long Term Financial Plan maintains a healthy cash expense coverage ratio over the life of the plan.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Canterbury - Bankstown Council

To the Councillors of the Canterbury - Bankstown Council

### Opinion

I have audited the accompanying financial statements of the Canterbury - Bankstown Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

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 presented, 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 2019, 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' (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 2019 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

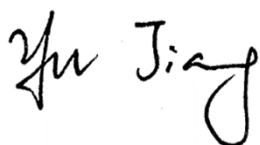
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not 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 19 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.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019  
SYDNEY



Mr Khal Asfour  
Mayor  
Canterbury-Bankstown Council  
PO Box 8  
BANKSTOWN NSW 1885

Contact: Reiky Jiang  
Phone no: 02 9275 7821  
Our ref: D1924361/1708

28 October 2019

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Canterbury-Bankstown Council**

I have audited the general purpose financial statements (GPFS) of the Canterbury-Bankstown Council (the Council) for the year ended 30 June 2019 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 2019 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**

	<b>2019</b>	<b>2018</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	232.3	221.8	4.7
Grants and contributions revenue	43.8	48.2	(9.1)
Operating result for the year	1.7	27.1	(93.7)
Net operating result before capital grants and contributions	(19.6)	(1.3)	(1408)



Council's operating result (\$1.7 million including the effect of depreciation and amortisation expense of \$72.8 million) was \$25.4 million lower than the 2017–18 result. The main reasons for the movement were a \$15.2 million increase in depreciation and amortisation expense and \$14.2 million increase in net losses from the disposal of assets.

The net operating result before capital grants and contributions (\$19.6 million loss) was \$18.3 million lower than the 2017–18 result. This was mainly due to the \$14.2 million losses from disposal of assets.

Rates and annual charges revenue (\$232.3 million) increased by \$10.5 million (4.7 per cent) in 2018–2019. Council did not apply for a Special Rate Variation and set the maximum allowable increase of 2.3 per cent. The remaining movement was driven by a \$5.6 million increase in Domestic Waste Management annual charges due to an increase in rateable properties by 8 per cent.

Grants and contributions revenue (\$43.8 million) decreased by \$4.4 million (9.1 per cent) in 2018–2019 due to:

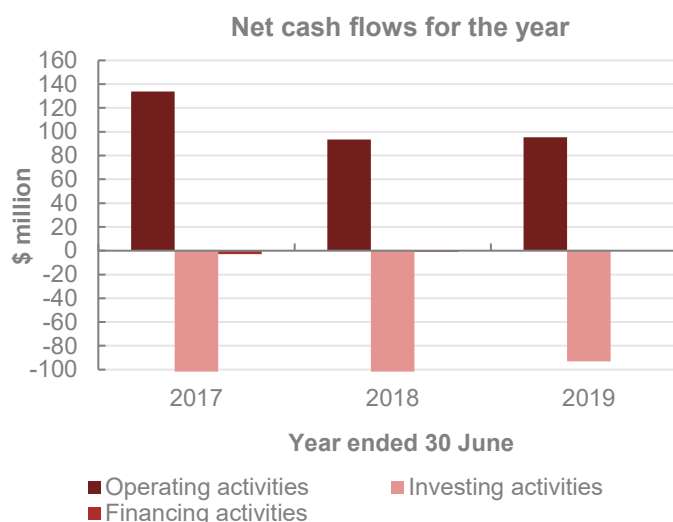
- Roads to Recovery Programme finalised for Council in 2017–18, resulting in a reduction in grant income of \$2.2 million
- \$5.1 million decrease in developer capital contributions.

## STATEMENT OF CASH FLOWS

The Council's cash and cash equivalents balance as at 30 June 2019 was \$26.5 million. The net cash flow for the year was an increase of \$2.1 million.

Council provided a net operating cash flow of \$95.3 million. This was mainly made up of \$231.6 million receipts from rates and annual charges and \$41.0 million from grants and contributions. These receipts were partially offset by \$126.8 million of employee costs and \$74.7 million payment for materials and contracts.

Council spent \$93.2 million on investing activities, primarily due to \$34.7 million for net purchases of investment securities and \$60.3 million in capital expenditure.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	170.4	155.2	<ul style="list-style-type: none"> <li>Externally restricted funds mainly include developer contributions and domestic waste management funds. The increase is primarily due to \$4.4 million increase in developer contributions and \$7.5 million higher domestic waste management fund.</li> </ul>
Internal restrictions	164.0	149.0	
Unrestricted	11.0	4.1	
<b>Cash and investments</b>	<b>345.4</b>	<b>308.3</b>	<ul style="list-style-type: none"> <li>The main reasons for the increase in internally restricted funds are due to an increase of \$7.3 million in operational contingency reserve and \$5.3 million increase in SRV capital projects.</li> </ul>

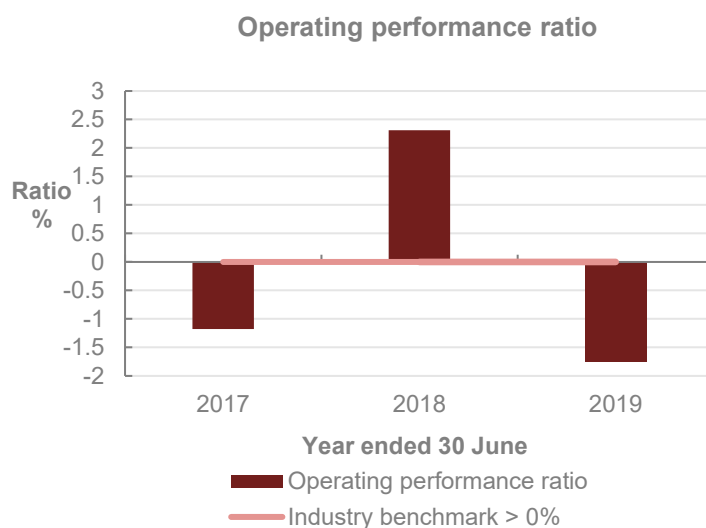
## PERFORMANCE

### Operating performance ratio

The Council's operating performance ratio of (1.75) per cent was below the industry benchmark.

The decrease in the ratio is due to higher depreciation expense in the current year.

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 the former Office of Local Government (OLG) is greater than zero per cent.

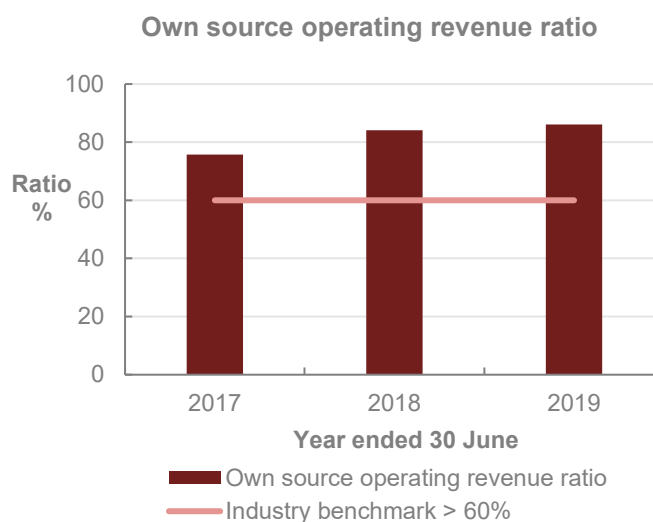


### Own source operating revenue ratio

The Council's own source operating revenue ratio continued to exceed OLG benchmark.

The ratio was 86.1 per cent in 2019. The improvement from prior year is mainly due to the increase in rates and annual charges revenue and lower reliance on external funding sources.

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 the former OLG is greater than 60 per cent.

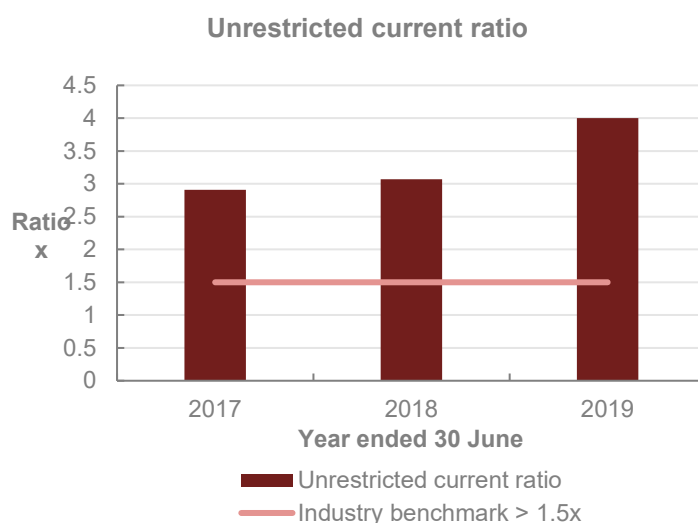


## Unrestricted current ratio

This ratio indicates the Council currently had \$4.01 of unrestricted assets available to service every dollar of its unrestricted current liabilities.

The Council continued to exceed the industry benchmark. The increase of this ratio is mainly due to a \$47.3 million increase in current Investments.

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 the former OLG is greater than 1.5 times.

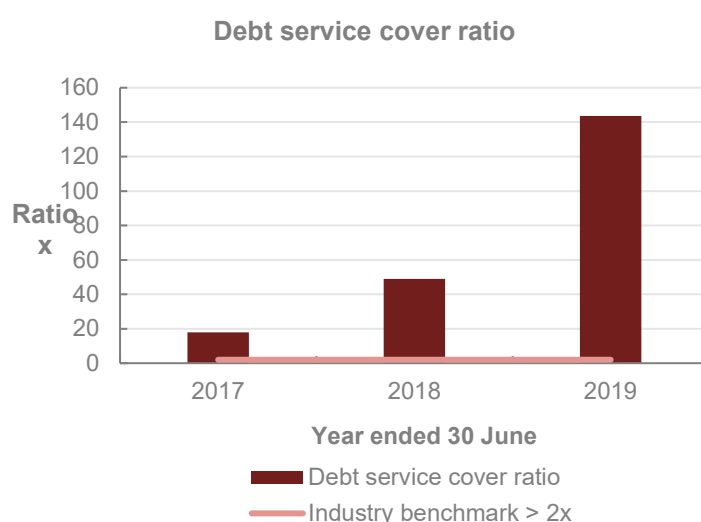


## Debt service cover ratio

Council's debt service cover ratio has increased significantly to 143.58 in 2019.

The increase is primarily due to debt being fully repaid in the previous year. The current year borrowing cost only relates to the discounting of the remediation provision.

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

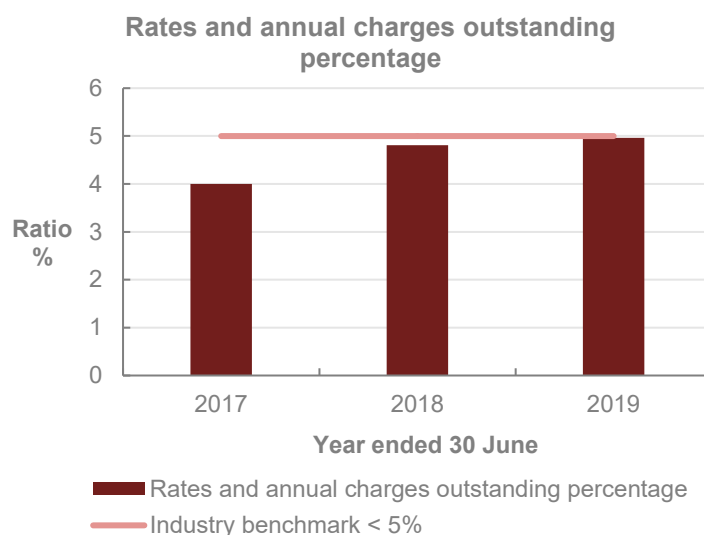


## Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding ratio is 4.96 per cent in 2019, which just met the industry benchmark of less than 5 per cent.

The prior year ratio was more favourable as there were lower rates and charges outstanding at year end.

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 the former OLG is less than 5 per cent for metro councils.

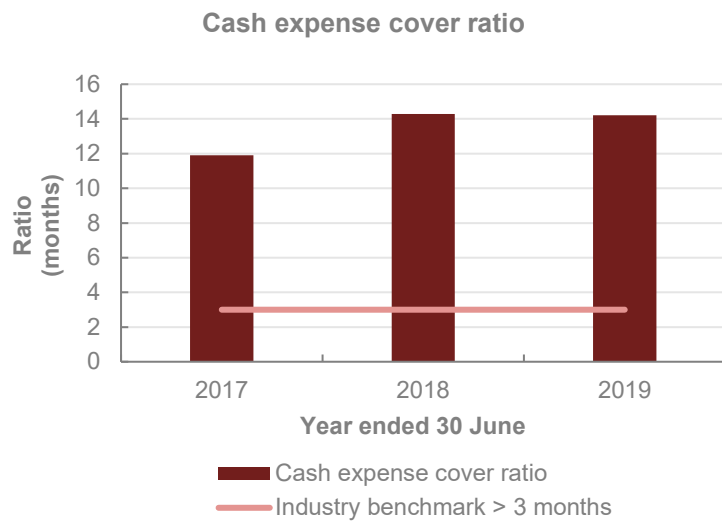


## Cash expense cover ratio

This ratio indicates the Council holds enough cash to meet expenditure for the next 14.21 months without additional cash inflow.

This is consistent with prior year.

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 the former OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

The Council had \$41.7 million of asset renewals for the year ended 30 June 2019:

- the level of asset renewals is the same as prior year
- the renewals of roads and footpaths is \$3.4 million higher than prior year, which is offset by a decrease in capital works in progress of \$3 million.

## OTHER MATTERS

### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"><li>• a simplified model for classifying and measuring financial assets</li><li>• a new method for calculating impairment</li><li>• a new type of hedge accounting that more closely aligns with risk management.</li></ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 14.</p>

### 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.



Reiky Jiang  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Matthew Stewart, General Manager  
Mr Steve Kent, Chair of Audit, Risk and Improvement Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment





# Special Schedules

for the year ended 30 June 2019



Special Schedules  
for the year ended 30 June 2019

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Contents	Page
<b>Special Schedules</b>	
Permissible income for general rates	3
Report on Infrastructure Assets - Values	4

# Canterbury-Bankstown Council

## Permissible income for general rates for the year ended 30 June 2020

\$ '000	2019/20 Canterbury	2019/20 Bankstown	2019/20 Canterbury-Bank stown Council	2018/19 Canterbury	2018/19 Bankstown	2018/19 Canterbury-Bank stown Council
<b>Notional general income calculation</b> <sup>1</sup>						
Last year notional general income yield	a	73,169	168,531	70,837	92,494	163,331
Plus or minus adjustments <sup>2</sup>	b	322	382	636	720	1,356
<b>Notional general income</b>	c = a + b	<b>73,491</b>	<b>95,744</b>	<b>71,473</b>	<b>93,214</b>	<b>164,687</b>
<b>Permissible income calculation</b>						
Or rate peg percentage	e	2.70%	2.70%	2.30%	2.30%	—
Less expiring special variation amount	g	(4,723)	—	—	—	—
Or plus rate peg amount	i = e x (c + g)	1,857	2,585	1,644	2,144	3,788
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>70,625</b>	<b>98,329</b>	<b>73,117</b>	<b>95,358</b>	<b>168,475</b>
Plus (or minus) last year's carry forward total	l	7	14	47	10	57
Less valuation objections claimed in the previous year	m	(12)	(8)	—	—	—
<b>Sub-total</b>	n = (l + m)	<b>(5)</b>	<b>6</b>	<b>47</b>	<b>10</b>	<b>57</b>
<b>Total permissible income</b>	o = k + n	<b>70,620</b>	<b>98,335</b>	<b>73,164</b>	<b>95,368</b>	<b>168,532</b>
Less notional general income yield	p	70,722	98,324	73,169	95,362	168,531
<b>Catch-up or (excess) result</b>	q = o - p	<b>(102)</b>	<b>11</b>	<b>(5)</b>	<b>6</b>	<b>1</b>
Plus income lost due to valuation objections claimed	r	2	—	12	8	20
<b>Carry forward to next year</b> <sup>6</sup>	t = q + r + s	<b>(100)</b>	<b>11</b>	<b>7</b>	<b>14</b>	<b>21</b>

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.

(6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.





## **INDEPENDENT AUDITOR'S REPORT**

### **Special Schedule - Permissible income for general rates**

#### **Canterbury - Bankstown Council**

To the Councillors of Canterbury - Bankstown Council

### **Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of the Canterbury - Bankstown Council (the Council) for the year ending 30 June 2020.

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 – update number 27 (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' (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 2019 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 2019'.

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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does not 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 'Yu Jiang'.

Reiky Jiang  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019  
SYDNEY

## Report on Infrastructure Assets as at 30 June 2019

Asset Class	Asset Category	Estimated cost			2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council	2018/19 Required maintenance <sup>a</sup>				1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	6,920	6,920	7,751	7,492	301,873	607,300	5.1%	12.5%	78.5%	3.9%	0.0%
	Sub-total	6,920	6,920	7,751	7,492	301,873	607,300	5.1%	12.5%	78.5%	3.9%	0.0%
Other structures	Other structures	632	632	1,019	397	60,414	101,860	27.1%	19.3%	51.7%	1.7%	0.2%
	Sub-total	632	632	1,019	397	60,414	101,860	27.1%	19.3%	51.7%	1.7%	0.2%
Roads	Sealed roads	23,302	23,302	3,395	2,916	579,671	790,806	17.7%	40.2%	30.5%	11.6%	0.0%
	Bridges	2,944	2,944	581	18	33,982	58,068	0.0%	60.0%	20.0%	20.0%	0.0%
	Footpaths	359	359	3,078	8,324	208,073	307,809	22.3%	29.7%	47.5%	0.5%	0.0%
	Other road assets	2,186	2,186	3,656	1,960	935,767	1,092,800	15.5%	59.6%	23.2%	1.7%	0.0%
	Sub-total	28,791	28,791	10,710	13,218	1,757,493	2,249,483	16.8%	48.7%	29.0%	5.5%	0.0%
Stormwater drainage	Stormwater drainage	2,986	2,986	1,531	1,759	509,081	763,445	2.2%	50.5%	45.7%	1.4%	0.2%
	Sub-total	2,986	2,986	1,531	1,759	509,081	763,445	2.2%	50.5%	45.7%	1.4%	0.2%
Open space / recreational assets	Swimming pools	29	29	125	–	4,456	12,495	0.0%	0.0%	100.0%	0.0%	0.0%
	Other recreational assets	1,844	1,844	14,182	7,904	90,764	132,504	27.3%	38.7%	30.0%	2.3%	1.7%
	Sub-total	1,873	1,873	14,307	7,904	95,220	144,999	24.9%	35.4%	36.0%	2.1%	1.6%
TOTAL - ALL ASSETS		41,202	41,202	35,318	30,770	2,724,081	3,867,087	12.7%	42.1%	40.9%	4.2%	0.1%

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

### Infrastructure asset condition assessment 'key'

- |   |                     |                                       |
|---|---------------------|---------------------------------------|
| 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     |

# Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018      2017		Benchmark
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>	32,044	50.68%	38.37%	75.75%	>=100.00%
Depreciation, amortisation and impairment	63,231				
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard	41,202	1.51%	1.10%	4.75%	<2.00%
Net carrying amount of infrastructure assets	2,724,081				
Asset maintenance ratio					
Actual asset maintenance	30,770	87.12%	90.53%	94.17%	>100.00%
Required asset maintenance	35,318				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	41,202	1.07%	0.77%	2.57%	
Gross replacement cost	3,867,087				

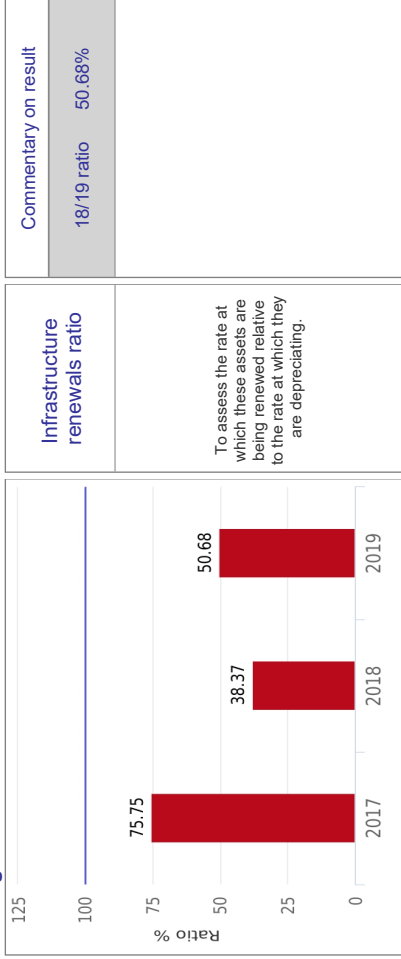
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) 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.

## Report on Infrastructure Assets (continued) as at 30 June 2019

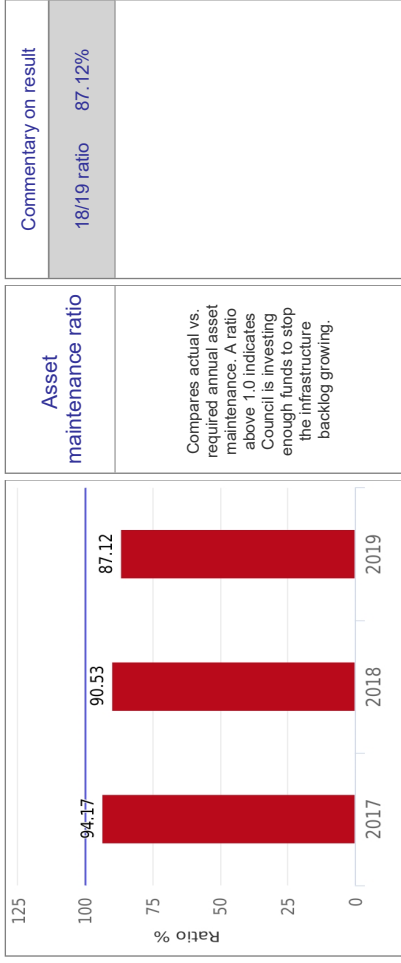
### Buildings and infrastructure renewals ratio <sup>1</sup>



Ratio achieves benchmark

Ratio is outside benchmark

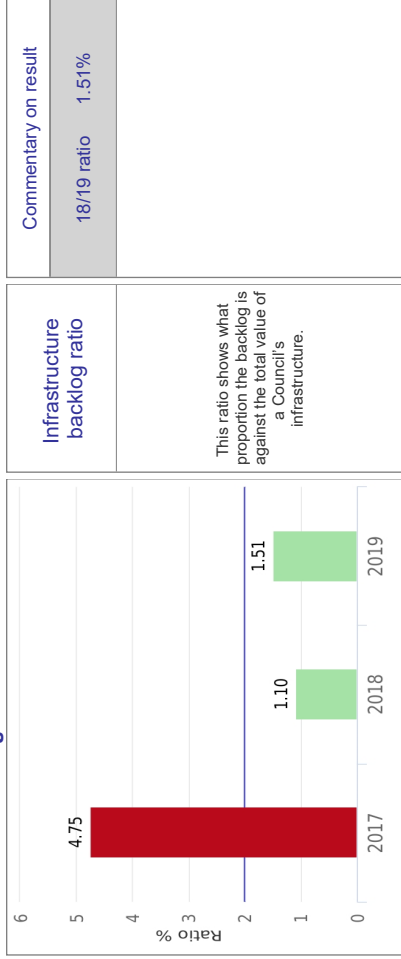
### Asset maintenance ratio



Ratio achieves benchmark

Ratio is outside benchmark

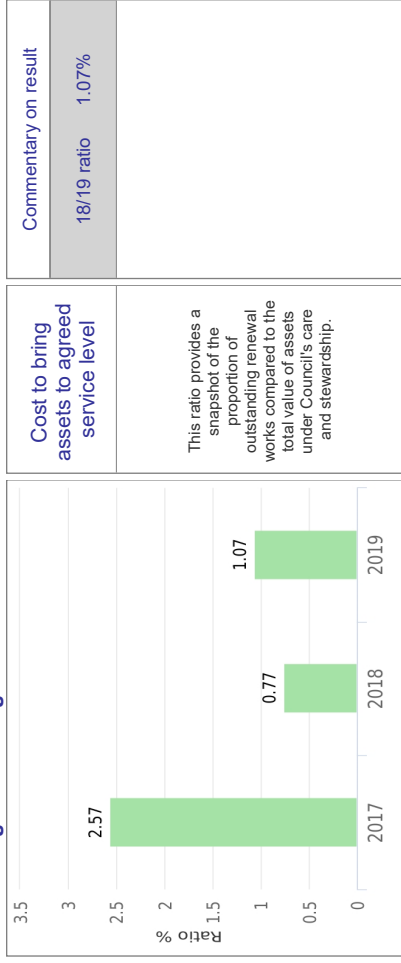
### Infrastructure backlog ratio <sup>1</sup>



Ratio achieves benchmark

Ratio is outside benchmark

### Cost to bring assets to agreed service level



(1) Excludes Work In Progress (WIP)