



General purpose financial statements

for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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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.cbccity.nsw.gov.au.

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

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 2020.

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 part of the Department of Planning, Industry and Environment.

General Purpose Financial Statements
for the year ended 30 June 2020

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:

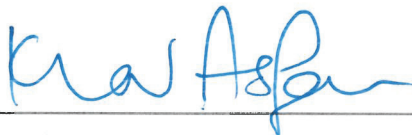
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

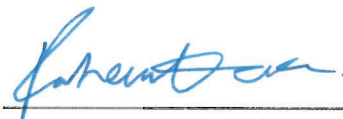
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

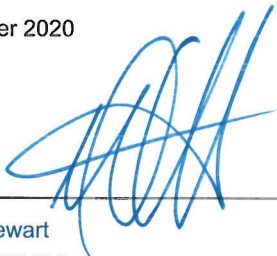
Signed in accordance with a resolution of Council made on 24 November 2020.



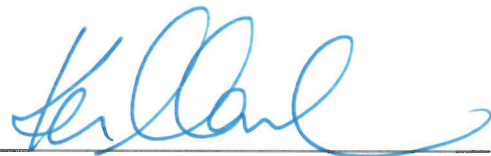
Khal Asfour
Mayor
24 November 2020



Rachelle Harika
Councillor
24 November 2020



Matthew Stewart
General Manager
24 November 2020



Ken Manoski
Responsible Accounting Officer
24 November 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
233,977	Rates and annual charges	3a	237,851	232,277
23,023	User charges and fees	3b	19,369	21,350
20,884	Other revenues	3c	17,017	27,257
23,874	Grants and contributions provided for operating purposes	3d,3e	24,590	22,392
26,545	Grants and contributions provided for capital purposes	3d,3e	20,936	21,367
9,880	Interest and investment income	4	9,076	10,711
–	Fair value increment on investment properties	12	200	1,575
–	Rental income	15e	5,363	–
338,183	Total income from continuing operations		334,402	336,929
Expenses from continuing operations				
139,632	Employee benefits and on-costs	5a	132,887	130,473
470	Borrowing costs	5b	219	472
84,401	Materials and contracts	5c	78,601	79,866
67,306	Depreciation and amortisation	5d	75,111	72,786
37,802	Other expenses	5e	35,324	35,879
–	Net losses from the disposal of assets	6	10,664	14,188
–	Revaluation decrement / impairment of IPP&E	5d	–	1,516
329,611	Total expenses from continuing operations		332,806	335,180
8,572	Operating result from continuing operations		1,596	1,749
8,572	Net operating result for the year		1,596	1,749
8,572	Net operating result attributable to council		1,596	1,749
(17,973)	Net operating result for the year before grants and contributions provided for capital purposes		(19,340)	(19,618)

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		1,596	1,749
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	11(a)	6,689	6,356
Total items which will not be reclassified subsequently to the operating result		6,689	6,356
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)		(3)	290
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(3)	290
Total other comprehensive income for the year		6,686	6,646
Total comprehensive income for the year		8,282	8,395
Total comprehensive income attributable to Council		8,282	8,395

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	Restated 2019	Restated 1 July 2018
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	45,278	26,452	24,339
Investments	7(b)	123,207	135,884	88,627
Receivables	8	25,715	23,521	26,457
Inventories	9a	747	877	644
Other	9b	4,601	2,580	1,621
Current assets classified as 'held for sale'	10	33	—	—
Total current assets		199,581	189,314	141,688
Non-current assets				
Investments	7(b)	197,111	182,989	195,279
Receivables	8	2,311	2,135	2,017
Infrastructure, property, plant and equipment	11(a)	3,515,841	3,536,049	3,554,762
Investment property	12	7,550	7,350	5,775
Intangible Assets	13	651	788	1,037
Right of use assets	15a	546	—	—
Total non-current assets		3,724,010	3,729,311	3,758,870
Total assets		3,923,591	3,918,625	3,900,558
LIABILITIES				
Current liabilities				
Payables	16	29,873	29,910	24,049
Income received in advance	16	—	2,741	2,827
Contract liabilities	14	3,092	—	—
Lease liabilities	15b	601	—	—
Provisions	17	53,702	55,275	51,440
Total current liabilities		87,268	87,926	78,316
Non-current liabilities				
Payables	16	439	320	320
Income received in advance	16	—	178	512
Provisions	17	21,623	21,655	21,259
Total non-current liabilities		22,062	22,153	22,091
Total liabilities		109,330	110,079	100,407
Net assets		3,814,261	3,808,546	3,800,151
EQUITY				
Accumulated surplus	18	3,551,131	3,552,249	3,550,334
Revaluation reserves	18	262,463	255,774	249,545
Other reserves	18	667	523	272
Council equity interest		3,814,261	3,808,546	3,800,151
Total equity		3,814,261	3,808,546	3,800,151

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

	Notes	as at 30/06/20				as at 30/06/19			
		Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPP&E revaluation reserve	Financial assets at FVOCI	Total equity
\$ '000									
Opening balance		3,552,249	255,774	523	3,808,546	3,610,974	249,545	–	3,860,519
Correction of prior period errors	18b	–	–	–	–	(60,368)	–	–	(60,368)
Adoption of new accounting standards – not retrospective	18c	–	–	–	–	(272)	–	272	–
Changes due to AASB 1058 and AASB 15 adoption	18c-ii	(2,452)	–	–	(2,452)	–	–	–	–
Changes due to AASB 16 adoption	18c-iii	(115)	–	–	(115)	–	–	–	–
Restated opening balance		3,549,682	255,774	523	3,805,979	3,550,334	249,545	272	3,800,151
Net operating result for the year		1,596	–	–	1,596	1,749	–	–	1,749
Restated net operating result for the period		1,596	–	–	1,596	1,749	–	–	1,749
Other comprehensive income									
– Gain (loss) on revaluation of IPP&E	11(a)	–	6,689	–	6,689	–	6,356	–	6,356
– 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)		(147)	–	144	(3)	–	–	290	290
– Other reserves movements		–	–	–	–	127	(127)	–	–
Other comprehensive income		(147)	6,689	144	6,686	166	6,229	251	6,646
Total comprehensive income		1,449	6,689	144	8,282	1,915	6,229	251	8,395
Equity – balance at end of the reporting period		3,551,131	262,463	667	3,814,261	3,552,249	255,774	523	3,808,546

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
233,977	Rates and annual charges		237,527	231,576
23,023	User charges and fees		16,222	21,123
9,880	Investment and interest revenue received		10,628	10,394
50,420	Grants and contributions		44,162	41,039
20,883	Other		22,686	28,940
Payments:				
(135,798)	Employee benefits and on-costs		(129,936)	(126,809)
(84,401)	Materials and contracts		(80,448)	(74,665)
–	Borrowing costs		(32)	–
–	Bonds, deposits and retention amounts refunded		(558)	(450)
(37,802)	Other		(41,143)	(35,866)
80,182	Net cash provided (or used in) operating activities	19b	79,108	95,282
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		161,641	318,584
1,877	Sale of infrastructure, property, plant and equipment		1,439	2,047
Payments:				
–	Purchase of investment securities		(163,076)	(353,259)
(104,499)	Purchase of infrastructure, property, plant and equipment		(59,160)	(60,326)
–	Purchase of intangible assets		(265)	(215)
(102,622)	Net cash provided (or used in) investing activities		(59,421)	(93,169)
Cash flows from financing activities				
Payments:				
–	Lease liabilities (principal repayments)		(861)	–
–	Net cash flow provided (used in) financing activities		(861)	–
(22,440)	Net increase/(decrease) in cash and cash equivalents		18,826	2,113
46,779	Plus: cash and cash equivalents – beginning of year	19a	26,452	24,339
24,339	Cash and cash equivalents – end of the year	19a	45,278	26,452
243,880	plus: Investments on hand – end of year	7(b)	320,318	318,873
268,219	Total cash, cash equivalents and investments		365,596	345,325

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 24 November 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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.

(a) 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.

(b) 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 12
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 11
- (iii) estimated tip remediation provisions – refer Note 17
- (iv) employee benefit provisions – refer Note 17

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

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.

Volunteer services

Councils most significant dependence on volunteer services occurs with its Meals on Wheels service. The aim of this service is to provide residents who are permanently, or in some cases temporarily, unable to cater for themselves and have no other reasonable or acceptable source of assistance.

Council's Meals on Wheels service has more than 160 dedicated and caring volunteers who support this service to deliver around 55,000 meals per year.

Council has not recognised these volunteer services in the financial statements as the service is not considered to be a core service for the Council. Council would be unlikely to provide this service without the assistance of the volunteers that carry out the service. The Meals on Wheels services in NSW are generally funded at a State Government level with councils often providing ancillary support services.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 18.

Notes to the Financial Statements
for the year ended 30 June 2020

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		Carrying amount of assets
	2020	2019	2020	2019	2020	2019	
Functions or activities							
Safe and strong	9,869	9,114	17,802	17,550	(7,933)	(8,436)	
Clean and green	73,371	67,431	77,292	75,255	(3,921)	(7,824)	40,322
Liveable and distinctive	29,049	32,836	30,457	27,414	(1,408)	5,422	20,572
Moving and integrated	16,815	1,772	70,658	57,102	(53,843)	(55,330)	–
Healthy and active	8,668	5,667	86,128	65,214	(77,460)	(59,547)	2,270,345
Prosperous and innovative	168	318	3,956	4,474	(3,788)	(4,156)	1,099,160
Leading and engaged	196,462	219,791	46,513	88,171	149,949	131,620	8,700
							47
							10,851
Total functions and activities	334,402	336,929	332,806	335,180	1,596	1,749	3,923,591
							21,537
							463,106
							3,918,625

Notes to the Financial Statements

for the year ended 30 June 2020

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

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 2020

Note 3. Revenue from continuing operations

\$ '000	2020	2019
(a) Rates and annual charges		
Ordinary rates		
Residential	123,727	123,578
Business	44,675	44,304
Less: pensioner rebates (mandatory)	(3,954)	(4,126)
Rates levied to ratepayers	164,448	163,756
Pensioner rate subsidies received	2,011	2,087
Total ordinary rates	166,459	165,843
Special rates		
Town improvement	680	663
Rates levied to ratepayers	680	663
Total special rates	680	663
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	66,891	62,076
Stormwater management services	3,267	3,243
Waste management services (non-domestic)	1,397	1,273
Section 611 charges	216	233
Less: pensioner rebates (mandatory)	(1,839)	(1,800)
Annual charges levied	69,932	65,025
Pensioner subsidies received:		
– Domestic waste management	780	746
Total annual charges	70,712	65,771
TOTAL RATES AND ANNUAL CHARGES	237,851	232,277

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 which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

2019 accounting policy

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 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
(b) User charges and fees		
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	747	887
Planning and building regulation	3,126	4,559
Registration fees	622	538
Regulatory fees	620	536
Section 10.7 certificates (EP&A Act)	548	536
Section 603 certificates	378	292
Total fees and charges – statutory/regulatory	6,041	7,348
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Child care	1,989	2,287
Restoration charges	3,689	2,336
Aquatic / fitness centre	5,640	7,172
Chargeable works	44	109
Ground/hall hire	1,179	1,610
Meals on wheels	257	302
Other	530	186
Total fees and charges – other	13,328	14,002
<u>TOTAL USER CHARGES AND FEES</u>	<u>19,369</u>	<u>21,350</u>

Accounting policy for user charges and fees

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

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

2019 accounting policy

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
(c) Other revenues		
Lease rental income – investment properties (2019 only)	–	265
Ex gratia rates	879	443
Fines	9,129	9,146
Legal fees recovery – rates and charges (extra charges)	473	1,134
Legal fees recovery – other	431	22
Insurance claims recoveries	726	2,494
External income – other	577	754
External income – trade waste	1,292	1,282
Lease rental income – car parking	–	251
Lease rental income – civic tower	–	2,123
Lease rental income – ground/hall hire	–	418
Lease rental income – other	–	148
Lease rental income – property management	–	2,079
Lease rental income – telecommunications	–	468
Lease rental income – vehicle leaseback	–	604
Compensation - WestConnex	–	3,746
Compensation settlement - footbridge	2,250	–
Other	1,260	1,880
<u>TOTAL OTHER REVENUE</u>	<u>17,017</u>	<u>27,257</u>

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

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 when the service has been provided, or when the penalty has been applied, whichever occurs first.

Lease 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 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	4,020	3,993	–	–
Financial assistance – local roads component	1,334	1,330	–	–
Payment in advance - future year allocation				
Financial assistance – general component	4,257	4,139	–	–
Financial assistance – local roads component	1,416	1,380	–	–
Total general purpose	11,027	10,842	–	–
Specific purpose				
Child care	5,146	4,399	–	–
Employment and training programs	12	9	–	–
Recreation and culture	95	236	–	–
Storm/flood damage	15	20	–	5
Street lighting	1,064	1,051	–	–
Community related projects	397	392	–	–
Environmental improvement projects	3,106	2,450	–	–
Library – annual subsidy	917	680	–	–
Meals on wheels	386	349	–	–
Sport and recreation	–	–	861	1,104
Transport (3x3, flood works, roads to recovery)	–	–	1,851	–
Total specific purpose	11,138	9,586	2,712	1,109
Total grants	22,165	20,428	2,712	1,109
Grant revenue is attributable to:				
– Commonwealth funding	11,743	11,656	2,451	780
– State funding	10,420	8,772	261	329
– Other funding	2	–	–	–
	22,165	20,428	2,712	1,109

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	240	–
S 7.11 – contributions towards amenities/services		–	–	11,209	8,235
S 7.12 – fixed development consent levies		–	–	218	4,532
Total developer contributions – cash		–	–	11,667	12,767
Non-cash contributions					
S 7.11 – contributions towards amenities/services		–	–	–	2,640
Total developer contributions non-cash		–	–	–	2,640
Total developer contributions	27	–	–	11,667	15,407
Other contributions:					
Cash contributions					
RMS contributions (regional roads, block grant)		1,109	1,010	5,873	4,273
Other		603	101	684	578
Cooks River Alliance		363	363	–	–
Regional Illegal Dumping (RID)		350	490	–	–
Total other contributions – cash		2,425	1,964	6,557	4,851
Total other contributions		2,425	1,964	6,557	4,851
Total contributions		2,425	1,964	18,224	20,258
TOTAL GRANTS AND CONTRIBUTIONS		24,590	22,392	20,936	21,367

Accounting policy for grants and contributions

Accounting policy from 1 July 2019

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include specified events and specified program delivery. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

Capital grants

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

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

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

Contributions

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

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

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

Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time 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.

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 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
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(f) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

Operating grants

Unexpended at the close of the previous reporting period	7,034	5,870
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	6,770	7,348
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(6,184)
Less: operating grants received in a previous reporting period now spent and recognised as income	(6,654)	–
Unexpended and held as externally restricted assets (operating grants)	7,150	7,034

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

Capital grants

Unexpended at the close of the previous reporting period	1,031	1,077
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	848	557
Less: capital grants recognised in a previous reporting period now spent (2019 only)	–	(603)
Less: capital grants received in a previous reporting period now spent and recognised as income	(544)	–
Unexpended and held as externally restricted assets (capital grants)	1,335	1,031

Capital grants include library local priority grant.

Contributions

Unexpended at the close of the previous reporting period	115,577	111,359
Add: contributions recognised as income in the current period but not yet spent	12,431	17,267
Less: contributions recognised in a previous reporting period now spent	(6,665)	(13,049)
Unexpended and held as externally restricted assets (contributions)	121,343	115,577

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB 15 2020	AASB 1058 2020
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(g) Disaggregation of material revenue streams

The following shows the revenue recognition pattern for the material revenue streams of Council.

Revenue recognition at a point in time

Rates and annual charges	–	237,851
Financial assistance grants	–	11,027
User charges and fees	8,860	3,690
Grant revenue and non-developer contributions	5,146	15,991
Developer contributions	–	11,667
Fines	–	9,129
Compensation settlement - footbridge	–	2,250
Ex gratia rates	–	879
Insurance claims recoveries	–	726
Other	1,240	1,501
	<u>15,246</u>	<u>294,711</u>

Revenue recognised over time

Grant revenue	1,378	–
Grants to acquire or construct Council controlled assets	–	317
User charges and fees - ground/hall hire	1,179	–
User charges and fees - aquatic/fitness centres	5,640	–
External income - trade waste	1,292	–
	<u>9,489</u>	<u>317</u>

Note 4. Interest and investment income

\$ '000	2020	2019
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Interest on financial assets measured at amortised cost

– Overdue rates and annual charges (incl. special purpose rates)	732	714
– Cash and investments	8,344	9,997

Total Interest and investment income

<u>9,076</u>	<u>10,711</u>
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Interest revenue is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	732	714
General Council cash and investments	4,896	5,875

Restricted investments/funds – external:

Development contributions		
– Section 7.11	2,618	2,587
– Section 7.12	–	679

Domestic waste management operations	830	856
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Total interest and investment revenue	<u>9,076</u>	<u>10,711</u>
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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 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	95,489	88,904
Employee termination costs	314	290
Travel expenses	50	77
Employee leave entitlements (ELE)	16,400	17,560
Superannuation	11,578	10,762
Workers' compensation insurance ¹	(1,584)	2,008
Fringe benefit tax (FBT)	296	320
Training costs (other than salaries and wages)	872	971
Protective clothing / corporate apparel	421	760
Contract / temporary staff	12,919	11,313
Other	301	202
Total employee costs	137,056	133,167
Less: capitalised costs	(4,169)	(2,694)
TOTAL EMPLOYEE COSTS EXPENSED	132,887	130,473
Number of 'full-time equivalent' employees (FTE) at year end	1,284	1,195

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 21 for more information.

(1) Workers compensation insurance, reversal of a previous provision for State Cover Mutual redemption \$2.4 Million

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases		32	–
Total interest bearing liability costs		32	–
Total interest bearing liability costs expensed		32	–
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	17	187	472
Total other borrowing costs		187	472
TOTAL BORROWING COSTS EXPENSED		219	472

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 as incurred.

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	7,229	8,992
Contractor and consultancy costs		
– Contractors	7,814	9,032
– Family day care	1,765	1,738
– Mechanical services	443	455
– Programmed/responsive maintenance	31,857	28,924
– Security services	592	987
– Tipping fees	22,846	22,293
Auditors remuneration ²	297	263
Legal expenses:		
– Legal expenses: planning and development	555	766
– Legal expenses: rates and annual charges	472	1,164
– Legal expenses: debt recovery	7	4
– Legal expenses: employee	8	35
– Legal expenses: other	1,014	2,321
Expenses from leases of low value assets (2020 only)	424	–
Variable lease expense relating to usage (2020 only)	862	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	413
Plant and vehicle costs: – registration and CTP	743	500
Plant and vehicle costs: – fuel	1,673	1,979
TOTAL MATERIALS AND CONTRACTS	78,601	79,866

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
1. Operating lease payments are attributable to:		
Other	—	413
	—	413
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	207	234
Remuneration for audit and other assurance services	207	234
Total Auditor-General remuneration	207	234
Non NSW Auditor-General audit firms		
(i) Non-assurance services		
Other services (workers compensation audits)	90	29
Remuneration for non-assurance services	90	29
Total remuneration of non NSW Auditor-General audit firms	90	29
Total Auditor remuneration	297	263

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		5,788	5,378
Office equipment		186	190
Furniture and fittings		347	365
Infrastructure:	11(a)		
– Buildings		17,894	17,627
– Other structures		2,872	2,823
– Roads		25,103	24,768
– Bridges		683	683
– Footpaths		5,227	5,190
– Other road assets		680	667
– Stormwater drainage		6,663	6,638
– Other open space/recreational assets		5,059	4,835
Right of use assets	15	801	–
Other assets:			
– Library books		992	935
– Information management – hardware		919	723
– Low value assets		21	25
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	17,11(a)	1,474	1,475
Intangible assets	13	402	464
Total gross depreciation and amortisation costs		75,111	72,786
Total depreciation and amortisation costs		75,111	72,786
Impairment / revaluation decrement of IPP&E			
Community Land		–	1,516
Total gross IPP&E impairment / revaluation decrement costs / (reversals)		–	1,516
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		–	1,516
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>75,111</u>	<u>74,302</u>

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**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 11 for IPPE assets and Note 13 for intangible assets and Note 15 for right of use 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 above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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	2020	2019
(e) Other expenses		
Administrative costs: – agents commission	1,139	1,119
Administrative costs: – corporate memberships	223	256
Administrative costs: – other	405	358
Office expenses	16	865
Advertising and promotions	923	914
Bad and doubtful debts	198	(89)
Bank charges	271	279
Catering	215	368
Collection costs	335	358
Computer software charges	1,004	–
Consultants	2,560	3,621
Contributions/levies to other levels of government		
– Department of planning levy	561	548
– Emergency services levy (includes FRNSW, SES, and RFS levies)	4,510	4,070
– EPA	4,252	3,720
– Work cover	285	443
Councillor expenses – mayoral fee	89	86
Sydney South Planning Panel	2	9
Councillor expenses – councillors' fees	448	445
Councillors' expenses (incl. mayor) – other (excluding fees above)	117	203
Donations, contributions and assistance to other organisations (Section 356)	1,187	1,173
Equipment (minor)	664	482
Insurance	2,648	2,940
Postage	725	789
Printing and stationery	695	890
Street lighting	4,214	5,275
Subscriptions and publications	847	620
Telephone and communications	1,368	891
Utilities: – electricity	2,137	2,325
Utilities: – gas	628	600
Utilities: – water charges	1,857	1,518
Valuation fees	606	664
Other	195	139
Total other expenses	35,324	35,879
TOTAL OTHER EXPENSES	35,324	35,879

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 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Property (excl. investment property)			
Proceeds from disposal – property		313	286
Less: carrying amount of property assets sold/written off		(313)	–
Net gain/(loss) on disposal		–	286
Plant and equipment			
	11(a)		
Proceeds from disposal – plant and equipment		1,112	1,719
Less: carrying amount of plant and equipment assets sold/written off		(1,452)	(2,185)
Net gain/(loss) on disposal		(340)	(466)
Infrastructure			
	11(a)		
Less: carrying amount of infrastructure assets sold/written off		(10,351)	(14,052)
Net gain/(loss) on disposal		(10,351)	(14,052)
Investments			
	7(b)		
Proceeds from disposal/redemptions/maturities – investments		161,641	318,584
Less: carrying amount of investments sold/redeemed/matured		(161,628)	(318,582)
Net gain/(loss) on disposal		13	2
Other assets			
Proceeds from disposal – Other assets		14	42
Net gain/(loss) on disposal		14	42
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(10,664)	(14,188)

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 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank ¹	1,470	188
Cash-equivalent assets		
– Deposits at call	43,808	26,264
Total cash and cash equivalents	45,278	26,452

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.

(1) Cash and cash equivalents - Council is also holding cash in trust to the value of \$36K on behalf of the Bangladesh community for the installation of a Mother Language Day Monument.

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
'Financial assets at amortised cost'	113,421	141,500	118,730	136,500
'Financial assets at fair value through other comprehensive income'	9,786	55,611	17,154	46,489
Total Investments	123,207	197,111	135,884	182,989
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	168,485	197,111	162,336	182,989
Financial assets at amortised cost				
Long term deposits	113,421	141,500	118,730	136,500
Total	113,421	141,500	118,730	136,500
Financial assets at fair value through other comprehensive income				
FRN's (with maturities > 3 months)	9,786	55,611	17,154	46,489
Total	9,786	55,611	17,154	46,489

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

	Fair value at 30/06/20	Dividend income recognised during 1/7/19 – 30/6/20
Financial assets designated as at fair value through other comprehensive income		
The investments shown below are designated 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.		
FRN's	65,397	–
Total	65,397	–

Total investments sold during 2020 was \$10,611,075 and total matured was \$6,542,685. Gain on sale relating to these investments was \$13,000.

Accounting policy for investments

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. 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total cash, cash equivalents and investments	168,485	197,111	162,336	182,989
attributable to:				
External restrictions	26,034	164,461	18,739	151,640
Internal restrictions	133,778	32,650	132,611	31,349
Unrestricted	8,673	–	10,986	–
	168,485	197,111	162,336	182,989

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Self insurance claims	3,921	3,230
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External restrictions – included in liabilities

External restrictions – other

Contributions - developer - sec 7.11	124,025	93,300
Contributions – developer – sec 7.12	218	23,085
Contributions – developer – sec 7.4 planning agreements	1,360	1,120
Domestic waste management	47,179	36,875
Storm water levy	6,734	4,464
Specific purpose unexpended grants & contributions	4,223	6,137
Town centre improvement rate – special rate(d)	2,835	2,168

External restrictions – other

Total external restrictions

186,574	167,149
190,495	170,379

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments (continued)

\$ '000	2020	2019
Internal restrictions		
Liabilities – workers compensation	–	691
Infrastructure – roads, footpaths & bridges	8,848	7,817
Infrastructure – buildings	11,490	14,677
Infrastructure – other structures	6,045	6,090
Infrastructure – land improvement	4,265	4,375
Infrastructure – stormwater drainage	2,168	358
Infrastructure – plant, vehicles, equipment & IT	9,585	10,142
Infrastructure – strategic priorities	14,457	14,527
Infrastructure – SRV capital projects	13,101	14,038
Liabilities – contingent insurance renewal	1,060	3,468
Liabilities – employee leave entitlements	20,848	18,785
Liabilities – holding deposits	6,661	7,220
New Council implementation fund	2,051	2,752
Stronger community fund	6,821	7,445
Other – carryover works	1,685	2,007
Other – council elections	1,629	1,029
Other – energy efficiency reserve	584	621
Other – land investment fund	21,619	21,431
Other – Velodrome fund	794	648
Other – Georges River footbridge maint. reserve	5,300	117
Other – grants program	250	250
Other – operational contingency reserve	21,369	20,010
Other – RMS M5 reserve	5,387	5,387
Other - Councillor fund	150	75
Other - operational library resource	261	–
Total internal restrictions	166,428	163,960
TOTAL RESTRICTIONS	356,923	334,339

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	10,047	1,585	8,184	1,452
Interest and extra charges	1,484	800	1,650	737
User charges and fees	3,174	–	2,933	–
Accrued revenues				
– Interest on investments	2,592	–	4,083	–
– Grants and contributions	1,514	–	1,317	–
– Other income accruals	802	–	1,108	–
Development contributions	–	–	720	–
Government grants and subsidies	3,931	–	2,008	–
Net GST receivable	2,336	–	1,793	–
Total	25,880	2,385	23,796	2,189
Less: provision of impairment				
User charges and fees	(165)	–	(275)	–
Other (provision for postponed rates)	–	(74)	–	(54)
Total provision for impairment – receivables	(165)	(74)	(275)	(54)
TOTAL NET RECEIVABLES	25,715	2,311	23,521	2,135
Externally restricted receivables				
Domestic waste management	2,714	587	2,708	525
Town improvement	38	1	25	1
Stormwater management	160	23	150	21
Other				
– Voluntary planning agreements	–	–	720	–
– Grants and contributions	5,445	–	3,325	–
Total external restrictions	8,357	611	6,928	547
Unrestricted receivables	17,358	1,700	16,593	1,588
TOTAL NET RECEIVABLES	25,715	2,311	23,521	2,135

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	329	468
+ new provisions recognised during the year	176	(122)
– amounts already provided for and written off this year	(264)	–
– amounts provided for but recovered during the year	(2)	(17)
Balance at the end of the year	239	329

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

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

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

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

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

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

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

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

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

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Council has recorded no significant impact on expected credit losses due to COVID.

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

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

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

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	747	—	877	—
Total inventories at cost	747	—	877	—
<u>TOTAL INVENTORIES</u>	<u>747</u>	<u>—</u>	<u>877</u>	<u>—</u>
(b) Other assets				
Prepayments	2,914	—	2,550	—
Other	1,687	—	30	—
<u>TOTAL OTHER ASSETS</u>	<u>4,601</u>	<u>—</u>	<u>2,580</u>	<u>—</u>

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Non-current assets classified as held for sale

(i) Non-current assets and disposal group assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Non-current assets 'held for sale'				
Land	33	—	—	—
Total non-current assets 'held for sale'	33	—	—	—
<u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u>	<u>33</u>	<u>—</u>	<u>—</u>	<u>—</u>

(ii) Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations

\$ '000	2020 Assets 'held for sale'	2019 Assets 'held for sale'
Opening balance	—	—
<u>Plus new transfers in:</u>		
– Assets 'held for sale'	33	—
Closing balance of 'held for sale' non-current assets and operations	<u>33</u>	<u>—</u>

Accounting policy for non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11(a). Infrastructure, property, plant and equipment

\$ '000	as at 30/06/19			Asset movements during the reporting period							as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	10,659	–	10,659	15,090	–	(792)	–	(2,900)	–	–	22,057	–	22,057
Plant and equipment	59,676	(35,958)	23,718	6,307	–	(660)	(5,788)	2	–	–	61,009	(37,431)	23,578
Office equipment	7,893	(7,015)	878	–	49	–	(186)	–	–	–	7,942	(7,201)	741
Furniture and fittings	6,150	(4,676)	1,474	–	18	–	(347)	–	–	–	6,168	(5,023)	1,145
Land:													
– Crown land	37,970	–	37,970	–	–	–	–	–	4,280	(2,702)	39,548	–	39,548
– Operational land	500,812	–	500,812	–	–	–	–	–	(1,546)	21,436	520,702	–	520,702
– Community land	219,586	–	219,586	–	–	(313)	–	–	(2,767)	(12,045)	204,462	–	204,462
– Land under roads (post 30/6/08)	959	–	959	–	–	–	–	–	–	–	959	–	959
Infrastructure:													
– Buildings	607,300	(305,427)	301,873	3,796	53	(586)	(17,894)	301	–	–	609,809	(322,266)	287,543
– Other structures	114,355	(49,485)	64,870	983	543	(344)	(2,872)	307	–	–	115,523	(52,036)	63,487
– Roads	1,304,171	(361,328)	942,843	19,829	3,472	(8,019)	(25,103)	1,757	–	–	1,317,024	(382,246)	934,778
– Bridges	58,068	(24,086)	33,982	84	–	(13)	(683)	1	–	–	58,126	(24,755)	33,371
– Footpaths	307,809	(99,736)	208,073	2,516	719	(664)	(5,227)	214	–	–	310,232	(104,600)	205,632
– Other road assets	16,934	(6,840)	10,094	543	51	(95)	(680)	2	–	–	17,314	(7,399)	9,915
– 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	702,710	(254,364)	448,346	654	576	(172)	(6,663)	180	–	–	703,849	(260,929)	442,920
– Other open space/recreational assets	132,504	(41,740)	90,764	1,633	450	(458)	(5,059)	58	–	–	133,971	(46,582)	87,389
Other assets:													
– Library books	17,479	(14,539)	2,940	–	1,020	–	(992)	–	–	–	18,499	(15,531)	2,968
– Information management – hardware	16,473	(14,899)	1,574	–	849	–	(919)	–	–	–	17,322	(15,818)	1,504
– Low value assets	483	(465)	18	–	3	–	(21)	–	–	–	486	(486)	–
– Artworks	2,657	–	2,657	–	–	–	–	–	–	–	2,657	–	2,657
Reinstatement, rehabilitation and restoration assets (refer Note 13):													
– Tip assets	15,235	(6,512)	8,723	–	–	–	(1,474)	–	–	–	15,235	(7,986)	7,249
Total Infrastructure, property, plant and equipment	4,763,119	(1,227,070)	3,536,049	51,435	7,803	(12,116)	(73,908)	(78)	(33)	6,689	4,806,130	(1,290,289)	3,515,841

(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 2020

Note 11(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period							as at 30/06/19			
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	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:														
– Operational land	500,812	–	500,812	–	–	–	–	–	–	–	–	500,812	–	500,812
– Community land	221,047	–	221,047	–	1,845	–	–	(1,516)	–	–	–	219,586	–	219,586
– Crown land	37,970	–	37,970	–	–	–	–	–	–	–	–	37,970	–	37,970
– 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 (non-depreciable)	562,501	–	562,501	–	–	–	–	–	–	–	–	562,501	–	562,501
– 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
– Bulk earthworks drainage (non-deprec.)	60,735	–	60,735	–	–	–	–	–	–	–	–	60,735	–	60,735
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 17):														
– Tip assets	15,235	(5,037)	10,198	–	–	–	(1,475)	–	–	–	–	15,235	(6,512)	8,723
Total Infrastructure, property, plant and equipment	4,723,955	(1,167,403)	3,556,552	41,720	22,242	(16,237)	(72,322)	(1,516)	(3,635)	4,680	6,356	4,763,119	(1,227,070)	3,536,049

(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 2020

Note 11(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:

Plant and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	20 to 60
Office furniture	5 to 10		
Vehicles	5	Stormwater assets	
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
Land improvement assets		Other Infrastructure assets	
Park and street furniture	10 to 80	Bulk earthworks	Infinite
Active sportsfields	30 to 90	Other structures	25 to 99
Golf course	50	Swimming pools	60
Lighting	20 to 40		
Irrigation	20	Other assets	
Playgrounds	20	Library books	5
Transportation assets		Information management hardware	3
Road pavement: surface	25 to 30		
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 2020

Note 11(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.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note 15.

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 11(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Domestic waste management						
Plant and equipment	18,472	10,150	8,322	18,047	10,812	7,235
Total DWM	18,472	10,150	8,322	18,047	10,812	7,235
<u>TOTAL RESTRICTED IPP&E</u>	18,472	10,150	8,322	18,047	10,812	7,235

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Investment properties

\$ '000	2020	2019
Owned investment property		
Investment property on hand at fair value	7,550	7,350
Total owned investment property	7,550	7,350

(a) Reconciliation – owned investment property

Reconciliation of annual movement:

Opening balance	7,350	5,775
– Net gain/(loss) from fair value adjustments	200	1,575
CLOSING BALANCE – OWNED INVESTMENT PROPERTY	7,550	7,350

(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 2020 revaluations were based on independent assessments made by Scott Fullarton Valuations Pty Ltd

(c) Contractual obligations at reporting date (2019 only)

Refer to Note 14 for disclosures relating to any capital and service obligations that have been contracted.

\$ '000	2020	2019
(d) Leasing arrangements – Council as lessor (2019 only)		
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
Later than 1 year but less than 5 years	–	1,110
Total minimum lease payments receivable	–	1,384

(e) Investment property income and expenditure – summary (2019 only)

Rental income from investment property:

– Minimum lease payments	–	265
Net revenue contribution from investment property	–	265

plus:

Fair value movement for year	200	1,575
Total income attributable to investment property	200	1,840

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 2020

Note 13. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
Software		
Opening values at 1 July		
Gross book value	13,459	13,244
Accumulated amortisation	(12,671)	(12,207)
Net book value – opening balance	788	1,037
Movements for the year		
– Purchases	265	215
– Amortisation charges	(402)	(464)
Closing values at 30 June		
Gross book value	13,724	13,459
Accumulated amortisation	(13,073)	(12,671)
Total software – net book value	651	788
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u>	<u>651</u>	<u>788</u>

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 2020

Note 14. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	146	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	235	—
Unexpended capital contributions (to construct Council controlled assets)	(i)	141	—
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	37	—
Total grants received in advance		559	—
User fees and charges received in advance:			
Upfront fees – user fees and charges		679	—
Upfront fees – DA fees (where no determination has been made)	(iii)	1,854	—
Total user fees and charges received in advance		2,533	—
Total contract liabilities		3,092	—

Notes

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

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

(iii) Upfront user fees and charges received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

\$ '000	2020 Current	2020 Non-current
(i) Contract liabilities relating to restricted assets		
Externally restricted assets		
Unspent grants held as contract liabilities (excl. Water & Sewer)	559	—
Contract liabilities relating to externally restricted assets	559	—
Total contract liabilities relating to restricted assets	559	—
Total contract liabilities relating to unrestricted assets	2,533	—
Total contract liabilities	3,092	—

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Contract assets and liabilities (continued)

\$ '000	2020
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	278
Operating grants (received prior to performance obligation being satisfied)	212
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	1,856

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has leases in of land and photocopies. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

- Land - Lease agreements are peppercorn type agreements with RailCorp.
- Photocopiers - Lease agreements are with S.E. Rentals Pty Ltd for seven (7) photocopiers for the period of 60 months from July 2016 to June 2021.

Office and IT equipment

Leases for photocopiers are of low value. Leases are for period of 60 months from July 2016 to June 2021.

\$ '000	Plant & Equipment	Total
(a) Right of use assets		
Opening balance at 30 June 2019	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	1,335	1,335
Adjustments to right-of-use assets due to re-measurement of lease liability	12	12
Depreciation charge	(801)	(801)
<u>RIGHT OF USE ASSETS</u>	<u>546</u>	<u>546</u>

\$ '000	2020 Current	2020 Non-current
(b) Lease liabilities		
Lease liabilities	601	–
<u>TOTAL LEASE LIABILITIES</u>	<u>601</u>	<u>–</u>

(i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	601	–	–	601	601

\$ '000	2020 Current	2020 Non-current
Total lease liabilities relating to unrestricted assets	601	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

<u>Total lease liabilities</u>	<u>601</u>	<u>—</u>
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\$ '000

2020

(c) Income Statement

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

Interest on lease liabilities	32
Variable lease payments based on usage not included in the measurement of lease liabilities	862
Depreciation of right of use assets	801
Expenses relating to low-value leases	424
	<u>2,119</u>

(d) Statement of Cash Flows

Total cash outflow for leases	1,318
	<u>1,318</u>

Leases at significantly below market value – concessionary / peppercorn leases

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

- Car parking
- Pedestrian facilities
- Community facilities
- Stormwater / Drainage
- Open space embellishment
- Roadway
- Bus terminal

The leases are generally have year-to-year hold over provisions and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy**Accounting policies under AASB 16 – applicable from 1 July 2019**

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 16.

(ii) Council as a lessor

(e) Operating leases

Council leases out a number of properties and these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note 12) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2020
(i) Operating lease income	
Investment properties	
Lease income (excluding variable lease payments not dependent on an index or rate)	274
Other lease income	
Leaseback fees - council vehicles	612
Property lease - Room/Facility Hire	2,283
Property lease - Car parking	136
Property lease - Civic Tower	1,460
Property lease - Telecommunications	598
Total income relating to operating leases	5,363

(ii) Maturity analysis of contractual lease income

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

< 1 year	285
1–2 years	293
2–3 years	263
3–4 years	250
Total undiscounted contractual lease income receivable	1,091

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Leases (continued)

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services – operating expenditure	17,292	–	19,269	–
Accrued expenses:				
– Salaries and wages	2,843	–	1,393	–
– Other expenditure accruals	1,425	–	1,812	–
Security bonds, deposits and retentions	6,223	439	6,900	320
Prepaid rates	1,672	–	–	–
Payroll liabilities	418	–	175	–
Unearned income – trade waste	–	–	332	–
Other	–	–	29	–
Total payables	29,873	439	29,910	320
Income received in advance (2019 only)				
Payments received in advance	–	–	2,741	178
Total income received in advance	–	–	2,741	178
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>29,873</u>	<u>439</u>	<u>32,651</u>	<u>498</u>

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Domestic waste management	2,235	–	2,835	–
Payables and borrowings relating to externally restricted assets	2,235	–	2,835	–
Total payables and borrowings relating to restricted assets	2,235	–	2,835	–
Total payables and borrowings relating to unrestricted assets	27,638	439	29,816	498
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>29,873</u>	<u>439</u>	<u>32,651</u>	<u>498</u>

\$ '000	2020	2019
(b) Current payables and borrowings not anticipated to be settled within the next twelve months		
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
Total payables and borrowings	5,000	5,000

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Payables and borrowings (continued)

\$ '000	2020	2019
(c) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	100	100
Total financing arrangements	600	600
Drawn facilities as at balance date:		
– Credit cards/purchase cards	4	16
Total drawn financing arrangements	4	16
Undrawn facilities as at balance date:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	96	84
Total undrawn financing arrangements	596	584

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 (2019 only)

Council is not party to any finance leasing arrangements.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	12,401	–	10,647	–
Sick leave	9,937	–	11,089	–
Long service leave	29,006	–	28,085	–
Gratuities	199	–	198	–
ELE on-costs	576	–	599	–
Sub-total – aggregate employee benefits	52,119	–	50,618	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	18,865	–	18,688
Sub-total – asset remediation/restoration	–	18,865	–	18,688
Other provisions				
Self insurance – workers compensation	677	2,758	888	2,967
Insurance claims below excess	906	–	1,361	–
State Cover Mutual – workers compensation	–	–	2,408	–
Sub-total – other provisions	1,583	2,758	4,657	2,967
<u>TOTAL PROVISIONS</u>	<u>53,702</u>	<u>21,623</u>	<u>55,275</u>	<u>21,655</u>

(a) Provisions relating to restricted assets

Externally restricted assets

Self insurance	677	2,758	888	2,967
Provisions relating to externally restricted assets	677	2,758	888	2,967
Total provisions relating to restricted assets	677	2,758	888	2,967
Total provisions relating to unrestricted assets	53,025	18,865	54,387	18,688
<u>TOTAL PROVISIONS</u>	<u>53,702</u>	<u>21,623</u>	<u>55,275</u>	<u>21,655</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions (continued)

\$ '000	2020	2019
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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	38,712	38,359
	<u>38,712</u>	<u>38,359</u>

(c) Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
2020						
At beginning of year	10,647	11,089	28,085	599	198	50,618
Additional provisions	7,877	5,515	4,006	–	–	17,398
Amounts used (payments)	(6,631)	(4,927)	(3,076)	–	–	(14,634)
Remeasurement effects	508	(1,740)	(9)	(23)	1	(1,263)
Total ELE provisions at end of year	<u>12,401</u>	<u>9,937</u>	<u>29,006</u>	<u>576</u>	<u>199</u>	<u>52,119</u>
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 year	<u>10,647</u>	<u>11,089</u>	<u>28,085</u>	<u>599</u>	<u>198</u>	<u>50,618</u>

\$ '000	Other provisions				Total
	Self insurance	Asset remediation	State Cover workers compensation	Insurance claims below excess	
2020					
At beginning of year	3,855	18,688	2,408	1,361	26,312
Additional provisions	1,704	–	–	–	1,704
Amounts used (payments)	(1,244)	(10)	–	–	(1,254)
Remeasurement effects	(880)	–	(2,408)	(455)	(3,743)
Unwinding of discount	–	187	–	–	187
Total other provisions at end of year	<u>3,435</u>	<u>18,865</u>	<u>–</u>	<u>906</u>	<u>23,206</u>
2019					
At beginning of year	3,105	18,749	2,408	1,476	25,738
Additional provisions	1,491	–	–	–	1,491
Amounts used (payments)	(1,258)	(533)	–	(115)	(1,906)
Remeasurement effects	517	–	–	–	517
Unwinding of discount	–	472	–	–	472
Total other provisions at end of year	<u>3,855</u>	<u>18,688</u>	<u>2,408</u>	<u>1,361</u>	<u>26,312</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions (continued)

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. Council had previously taken up a provision on the basis that it had ceased to be a StateCover policyholder, and in accordance with StateCover's constitution (under clause 4.5) the Board could elect to commence a share redemption process which would require a payment by council of actuarially-determined outstanding liabilities.

The StateCover Board has elected not to commence the share redemption process for the Council Share held by the former Canterbury City Council. As such, Canterbury Bankstown Council retains the rights and obligations which attach to this Council Share, as described in clauses 4.3 and 4.4 of StateCover's constitution. Therefore the provision has now been reversed.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Provisions (continued)

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.

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 7(c).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. 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.

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.

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

Nature of prior-period error

During the current financial year Council revalued Community Land, Crown land and Operational Land. Errors identified have been corrected by restating balance for 1 July 2018 and 30 June 2019.

The corrections required are as a result of assets previously not recognised, classification changes, doubleups and values significantly overstated. Total adjustments are as following:

- Crown Land increase of \$3.1 million
- Community Land decrease of \$52.4 million
- Operational Land decrease of \$11 million

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2018) 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 2018**Statement of Financial Position**

\$ '000	Original Balance 1 July, 2018	Impact Increase/ (decrease)	Restated Balance 1 July, 2018
Infrastructure, property, plant and equipment	3,615,130	(60,368)	3,554,762
Total assets	3,960,926	(60,368)	3,900,558
Total liabilities	100,407	—	100,407
Accumulated surplus	3,610,974	(60,368)	3,550,606
Revaluation reserves	249,545	—	249,545
Total equity	3,860,519	(60,368)	3,800,151

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. 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 2019

Statement of Financial Position

\$ '000	Original Balance 30 June, 2019	Impact Increase/ (decrease)	Restated Balance 30 June, 2019
Infrastructure, property, plant and equipment	3,596,417	(60,368)	3,536,049
Total assets	3,978,993	(60,368)	3,918,625
Total liabilities	110,079	–	110,079
Accumulated surplus	3,612,617	(60,368)	3,552,249
Revaluation reserves	255,774	–	255,774
FVOCI	523	–	523
Total equity	3,868,914	(60,368)	3,808,546

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

Notes

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

(ii) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.

Revenue recognition from contract modifications

In relation to contract modifications, AASB 15 requires customer approval, which is a more prudent criteria than the probability requirement in the previous standards and has resulted in deferral of revenue where unapproved works have been performed.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

over the contract using a single margin.

Principal v agent

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the "commission" to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

For example:

- Movement of balances between receivables and contract assets.
- Additional line items of contract assets, contract cost assets and contract liabilities have been created.

	Balance at 1 July 2019
\$ '000	
Opening contract balances at 1 July 2019	
Contract liabilities	
– Under AASB 15	2,410
– Under AASB 1058	42
Total Contract liabilities	2,452

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur-e ment	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	45,278	—	—	45,278	
Investments	123,207	—	—	123,207	
Receivables	25,715	—	—	25,715	
Inventories	747	—	—	747	
Other	4,601	—	—	4,601	
Current assets classified as 'held for sale'	33	—	—	33	
Total current assets	199,581	—	—	199,581	
Current liabilities					
Payables	29,873	(1,671)	—	28,202	
Income received in advance	—	2,909	—	2,909	
Contract liabilities	3,092	(1,238)	2,452	4,306	
Lease liabilities	601	—	115	716	
Provisions	53,702	—	—	53,702	
Total current liabilities	87,268	—	2,567	89,835	
Non-current assets					
Investments	197,111	—	—	197,111	
Receivables	2,311	—	—	2,311	
Infrastructure, property, plant and equipment	3,515,841	—	—	3,515,841	
Investment property	7,550	—	—	7,550	
Intangible assets	651	—	—	651	
Right of use assets	546	—	—	546	
Total non-current assets	3,724,010	—	—	3,724,010	
Non-current liabilities					
Payables	439	—	—	439	
Provisions	21,623	—	—	21,623	
Total Non-current liabilities	22,062	—	—	22,062	
Net assets	3,814,261	—	(2,567)	3,811,694	
Equity					
Accumulated surplus	3,551,131	—	(2,567)	3,548,564	
Revaluation reserves	262,463	—	—	262,463	
Other reserves	667	—	—	667	
Total equity	3,814,261	—	(2,567)	3,811,694	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Under the previous standard, prepaid rates and prepaid rental income was classified under payables as income received in advance.

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	237,851	—	—	237,851	
User charges and fees	19,369	—	—	19,369	
Other revenues	17,017	—	—	17,017	
Grants and contributions provided for operating purposes	24,590	—	—	24,590	
Grants and contributions provided for capital purposes	20,936	—	—	20,936	
Interest and investment income	9,076	—	—	9,076	
Fair value increment on investment properties	200	—	—	200	
Rental income	5,363	—	—	5,363	
Total Income from continuing operations	334,402	—	—	334,402	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	132,887	—	—	132,887	
Borrowing costs	219	—	—	219	
Materials and contracts	78,601	—	—	78,601	
Depreciation and amortisation	75,111	—	—	75,111	
Other expenses	35,324	—	—	35,324	
Net losses from the disposal of assets	10,664	—	—	10,664	
Total Expenses from continuing operations	332,806	—	—	332,806	
Total Operating result from continuing operations	1,596	—	—	1,596	
Net operating result for the year	1,596	—	—	1,596	
Total comprehensive income	8,282	—	—	8,282	

Under the previous standard Council recognised lease rental income over time.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Total assets	3,978,993	–	3,978,993
Contract liabilities	–	2,452	2,452
Total liabilities	110,079	2,452	112,531
Accumulated surplus	3,612,617	(2,452)	3,610,165
Total equity	3,868,914	(2,452)	3,866,462

(iii) AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$1.451 million as at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 3%.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

	Balance at 1 July 2019
\$ '000	
Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases	
Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	1,451
Lease liabilities recognised at 1 July 2019	<u>1,451</u>

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
\$ '000			
Total assets	<u>3,978,993</u>	<u>–</u>	<u>3,978,993</u>
Total liabilities	<u>110,079</u>	<u>–</u>	<u>110,079</u>
Accumulated surplus	3,612,617	(115)	3,612,502
Total equity	<u>3,868,914</u>	<u>(115)</u>	<u>3,868,914</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	45,278	26,452
Balance as per the Statement of Cash Flows		45,278	26,452
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,596	1,749
Adjust for non-cash items:			
Depreciation and amortisation		75,111	72,786
Net losses/(gains) on disposal of assets		10,664	14,188
Non-cash capital grants and contributions		–	(2,640)
Adoption of AASB 15/1058		(2,452)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		(200)	(1,575)
– Revaluation decrements / impairments of IPP&E direct to P&L		–	1,516
Unwinding of discount rates on reinstatement provisions		187	472
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(2,280)	917
Increase/(decrease) in provision for impairment of receivables		(90)	(139)
Decrease/(increase) in inventories		130	(233)
Decrease/(increase) in other current assets		(2,021)	(959)
Increase/(decrease) in payables		(1,977)	5,434
Increase/(decrease) in other accrued expenses payable		1,063	760
Increase/(decrease) in other liabilities		(1,923)	(753)
Increase/(decrease) in contract liabilities		3,092	–
Increase/(decrease) in provision for employee benefits		1,501	3,657
Increase/(decrease) in other provisions		(3,293)	102
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		79,108	95,282
(c) Non-cash investing and financing activities			
Developer contributions - Voluntary Planning Agreement (VPA)		–	2,640
Total non-cash investing and financing activities		–	2,640

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Commitments

\$ '000	2020	2019
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Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	1,606	1,286
Infrastructure works	15,898	4,890
Information management	77	387
Plant and equipment	10,052	5,960
Total commitments	27,633	12,523

These expenditures are payable as follows:

Within the next year	27,633	12,523
Total payable	27,633	12,523

Sources for funding of capital commitments:

Unrestricted general funds	–	344
Section 7.11 and 64 funds/reserves	2,272	151
Externally restricted reserves	13,049	6,511
Internally restricted reserves	12,312	5,517
Total sources of funding	27,633	12,523

Details of capital commitments

Capital carryover works

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies

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

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

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times 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 2019 for 2 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2019.

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 2020 was \$2,618,219.79. The last valuation of the Scheme was

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (continued)

performed by Richard Boyfield, Fellow of the Institute of Actuaries of Australia on 12 December 2017, and covers the period ended 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$1,230,800. Council's expected contribution to the plan for the next annual reporting period is \$2,195,642.48.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

* 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 2020

Note 21. Contingencies (continued)

(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 2020

Note 22. 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 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	45,278	26,452	45,278	26,452
Receivables	25,690	23,863	25,690	23,857
Investments				
– 'Financial assets at amortised cost'	254,921	255,230	254,921	255,230
Fair value through other comprehensive income				
Investments				
– 'Financial assets at fair value through other comprehensive income'	65,397	63,643	65,397	63,643
Total financial assets	391,286	369,188	391,286	369,182
Financial liabilities				
Payables	28,640	29,898	28,640	29,898
Lease liabilities	601	–	601	–
Total financial liabilities	29,241	29,898	29,241	29,898

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.

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:

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

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

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

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
2020				
Possible impact of a 10% movement in market values	6,540	6,540	(6,540)	(6,540)
Possible impact of a 1% movement in interest rates	3,002	3,002	(3,002)	(3,002)
2019				
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)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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
2020						
Gross carrying amount	10,047	1,585	–	–	–	11,632
2019						
Gross carrying amount	8,184	1,452	–	–	–	9,636

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 2020 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
2020						
Gross carrying amount	12,374	436	208	–	3,615	16,633
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.56%	0.99%
ECL provision	–	–	–	–	165	165
2019						
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%
ECL provision	–	–	–	–	275	275

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

(c) Liquidity risk

Payables, lease liabilities 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 for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2020							
Trade/other payables	0.00%	1,662	21,978	5,000	–	28,640	28,640
Total financial liabilities		1,662	21,978	5,000	–	28,640	28,640
2019							
Trade/other payables	0.00%	2,220	22,678	5,000	–	29,898	29,898
Total financial liabilities		2,220	22,678	5,000	–	29,898	29,898

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 25/06/2019 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose 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	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	233,977	237,851	3,874	2% F
User charges and fees	23,023	19,369	(3,654)	(16)% U
Development activity in the local government area was lower than originally forecast. As a result there has been a corresponding drop in planning and building regulation fees (\$1.99m), and inspections services (\$0.14m). The Covid-19 pandemic had a direct impact through the closure of services with a drop in user charge services including child care (\$0.30m), Aquatic/fitness centres (\$1.53m), and ground/hall hires (\$0.43m).				
Other revenues	20,884	17,017	(3,867)	(19)% U
Operating grants and contributions	23,874	24,590	716	3% F
Capital grants and contributions	26,545	20,936	(5,609)	(21)% U
The decrease in development activity across the local government area has also impacted the capital developer contributions received by Council. Developer contributions are received by Council on commencement of the development. During the second half of the financial year the commencement of many development projects has been delayed giving a timing difference to the receipt of developer contributions to what had been forecast when original budget was set.				
Interest and investment revenue	9,880	9,076	(804)	(8)% U
Fair value increment on investment property	–	200	200	∞ F
Council does not budget for any fair value movements on investment properties.				
Rental income	–	5,363	5,363	∞ F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
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EXPENSES

Employee benefits and on-costs	139,632	132,887	6,745	5%	F
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Borrowing costs	470	219	251	53%	F
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The actual remediation costs were lower than forecast in the original budget. New remediation actions were undertaken during the year that had a significant cost saving over actions originally budgeted for.

Materials and contracts	84,401	78,601	5,800	7%	F
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Depreciation and amortisation	67,306	75,111	(7,805)	(12)%	U
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The original budget was completed prior to the finalisation of the infrastructure revaluation that resulted in changes to depreciation charges for infrastructure assets. The depreciation charges were revised up based on the completion of assessment of infrastructure valuations and useful lives.

Other expenses	37,802	35,324	2,478	7%	F
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Net losses from disposal of assets	–	10,664	(10,664)	∞	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 losses relate to write-offs of various infrastructure assets as part of Council's asset renewal program.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	80,182	79,108	(1,074)	(1)%	U
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Cash flows from investing activities	(102,622)	(59,421)	43,201	(42)%	F
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Council had a substantial amount of capital expenditure project budgets that were carried over from the 2019/20 financial year into the 2020/21 financial year. As such, the cash outflows for the purchase of infrastructure, property, plant and equipment was a lot lower than forecast in the original budget.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. 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

2020	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
Recurring fair value measurements					
Financial assets					
Investments					
– 'Financial assets at fair value through other comprehensive income'	30/06/20	–	65,397	–	65,397
Total financial assets		–	65,397	–	65,397
Investment property					
Investment properties	30/06/20	–	7,550	–	7,550
Total investment property		–	7,550	–	7,550
Infrastructure, property, plant and equipment					
Plant and equipment		–	–	23,579	23,579
Office equipment		–	–	741	741
Furniture and fittings		–	–	1,145	1,145
Operational land	30/06/20	–	520,702	–	520,702
Community land	30/06/20	–	–	204,462	204,462
Crown land	30/06/20	–	–	39,548	39,548
Land under road (post 1 July 2008)	30/06/20	–	–	959	959
Land improvements – depreciable	30/06/18	–	–	87,389	87,389
Buildings	30/06/18	–	64,057	223,486	287,543
Other structures	30/06/18	–	–	63,487	63,487
Roads	30/06/18	–	–	934,778	934,778
Bridges	30/06/18	–	–	33,371	33,371
Footpaths	30/06/18	–	–	205,631	205,631
Bulk earthworks (non-depreciable)	30/06/18	–	–	623,236	623,236
Stormwater drainage	30/06/18	–	–	442,920	442,920
Other road assets	30/06/18	–	–	9,915	9,915
Library books	30/06/18	–	–	2,968	2,968
Information management – hardware		–	–	1,504	1,504
Artworks	30/06/18	–	–	2,657	2,657
Tip asset		–	–	7,249	7,249
Low value assets		–	–	–	–
Total infrastructure, property, plant and equipment		–	584,759	2,909,025	3,493,784

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

2019	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
Recurring fair value measurements					
Financial assets					
Investments					
– '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					
	30/06/19	–	7,350	–	7,350
Total investment property		–	7,350	–	7,350
Infrastructure, property, plant and equipment					
Plant and equipment		–	–	23,718	23,718
Office equipment		–	–	878	878
Furniture and fittings		–	–	1,474	1,474
Operational land	30/06/18	–	500,812	–	500,812
Community land	30/06/19	–	–	219,586	219,586
Crown land	30/06/19	–	–	37,970	37,970
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		–	566,735	2,958,655	3,525,390

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 2020

Note 24. Fair Value Measurement (continued)

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 2020 and was performed by Scott Fullarton Valuation Pty Ltd.

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

Community and Crown land

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

- Property market conditions at the time 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 a change to the valuation process during the reporting period as community and crown land is now valued by Scott Fullarton Valuation Pty rather than the Valuer General NSW valuations previously used. The last valuation was performed on 30 June 2020.

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 2020 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 2020

Note 24. Fair Value Measurement (continued)

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 2020

Note 24. 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
2019					
Opening balance	10,198	257,227	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
Closing balance	8,723	257,556	959	90,764	235,950

2020					
Opening balance	8,723	257,556	959	90,764	235,950
Transfers from/(to) another asset class	—	1,513	—	58	106
Purchases (GBV)	—	—	—	2,084	2,249
Disposals (WDV)	—	(313)	—	(458)	(494)
Depreciation and impairment	(1,474)	—	—	(5,059)	(14,325)
FV gains – other comprehensive income	—	(14,747)	—	—	—
Closing balance	7,249	244,009	959	87,389	223,486

\$ '000	Other structures	Roads and grnd. Level carparks	Bridges	Footpaths	Bulk earthworks
2019					
Opening balance	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)	—
Closing balance	64,870	952,937	33,982	208,073	623,236

2020					
Opening balance	64,870	952,937	33,982	208,073	623,236
Transfers from/(to) another asset class	307	1,759	1	214	—
Purchases (GBV)	1,526	23,895	84	3,235	—
Disposals (WDV)	(344)	(8,114)	(13)	(664)	—
Depreciation and impairment	(2,872)	(25,783)	(683)	(5,227)	—
Closing balance	63,487	944,694	33,371	205,631	623,236

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

\$ '000	Stormwater drainage	Library books	Plant/office equipment/ furniture/low value assets	Artwork	Total
2019					
Opening balance	452,220	2,658	25,467	2,490	2,973,699
Transfers from/(to) another asset class	848	2	393	2	7,563
Purchases (GBV)	2,415	1,215	10,668	165	52,801
Disposals (WDV)	(498)	–	(2,185)	–	(16,126)
Depreciation and impairment	(6,639)	(935)	(6,681)	–	(70,318)
FV gains – other comprehensive income	–	–	–	–	11,036
Closing balance	448,346	2,940	27,662	2,657	2,958,655
2020					
Opening balance	448,346	2,940	27,662	2,657	2,958,655
Transfers from/(to) another asset class	180	–	2	–	4,140
Purchases (GBV)	1,230	1,020	7,225	–	42,548
Disposals (WDV)	(172)	–	(660)	–	(11,232)
Depreciation and impairment	(6,663)	(992)	(7,261)	–	(70,339)
FV gains – other comprehensive income	–	–	–	–	(14,747)
Closing balance	442,921	2,968	26,968	2,657	2,909,025

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. 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
Infrastructure, property, plant and equipment		
Community and crown land	Market Approach, external valuation by Scott Fullarton Valuations Pty Ltd	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 and Other Structures assets were valued externally by Scott Fullarton Valuations Pty Ltd as at 30 June 2018. Operational, Community and Crown Land assets were valued externally by Scott Fullarton Valuations Pty Ltd as at 30 June 2020.

(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 2020

Note 25. Related party disclosures

(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	2020	2019
Compensation:		
Short-term benefits	3,053	3,161
Other long-term benefits	30	34
Total	3,083	3,195

(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)	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000					
2020					
Real estate commission managing council properties	1	4	—	—	—

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 2020

Note 26. Events occurring after the reporting date

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

The COVID-19 pandemic is forecast to cost Council approximately \$12 million in 2020/21 through loss of income from government imposed shutdowns, income and expenditure that was indirectly impacted by the crisis, and the cost of other relief measures provided by Council.

The impacts were foreshadowed as part of the the 2020/21 budget documents and reported to Council as part of its annual Integrated Planning and Reporting requirements.

Council has also held more cash and cash equivalents on hand for operational needs as a buffer to any potential cashflow impacts from any delays in recouping council receivables, especially from rates and annual charges. At 30 June 2020 Council's Rates Outstanding ratio was higher than previous years (see note 28 (a) of these financial statements).

Council monitors the impact of COVID-19 on its financials monthly and is reported separately to the Executive Leadership Team. Council will continue to monitor the impacts and make any necessary budget adjustments to Council through the quarterly budget review process as required. At the time of preparation of these financial statements there is not expected to be any material impact on Council's 2020/21 budget over and above that already foreshadowed in the original budget.

Notes to the Financial Statements for the year ended 30 June 2020

Note 27. 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

	as at 30/06/19		as at 30/06/20			
\$ '000	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from
		Cash	Non-cash			
Traffic facilities	393	13	–	9	–	–
Parking	1,503	83	–	35	–	–
Open space	55,538	2,931	–	1,250	(647)	–
Community facilities	16,926	509	–	381	(53)	–
Other	3,906	843	–	85	(276)	–
Environmental amenities	2,809	74	–	63	–	–
Canterbury town centre	9,688	362	–	218	(3,995)	–
Administration	2,534	79	–	57	(75)	–
225-249 Canterbury Road	3	–	–	–	–	–
Bankstown open space	13,625	3,803	–	306	(227)	–
Bankstown plan administration and management	300	5	–	7	–	–
Bankstown roads & active transport	5,537	1,456	–	125	(606)	–
Bankstown public domain	1,595	499	–	36	(27)	–
Bankstown community facilities	2,028	552	–	46	(281)	–
S7.11 contributions – under a plan	116,385	11,209	–	2,618	(6,187)	–
S7.12 levies – under a plan	–	218	–	–	–	–
Total S7.11 and S7.12 revenue under plans	116,385	11,427	–	2,618	(6,187)	–
S7.4 planning agreements	1,120	240	–	–	–	–
Total contributions	117,505	11,667	–	2,618	(6,187)	–

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19	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					
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN NUMBER 1 (former Canterbury)								
Traffic facilities	393	13	–	9	–	–	415	–
Parking	229	–	–	5	–	–	234	–
Environmental amenities	2,809	74	–	63	–	–	2,946	–
Total	3,431	87	–	77	–	–	3,595	–
CONTRIBUTION PLAN NUMBER 2 (former Canterbury)								
Parking	1,274	83	–	30	–	–	1,387	–
Open space	55,538	2,931	–	1,250	(647)	–	59,072	–
Community facilities	16,926	509	–	381	(53)	–	17,763	–
Canterbury town centre	9,688	362	–	218	(3,995)	–	6,273	–
Administration	2,534	79	–	57	(75)	–	2,595	–
225-249 Canterbury Road	3	–	–	–	–	–	3	–
Other	3,906	843	–	85	(276)	–	4,558	–
Total	89,869	4,807	–	2,021	(5,046)	–	91,651	–
BANKSTOWN DEVELOPMENT PLAN								
Bankstown open space	13,625	3,803	–	306	(227)	–	17,507	–
Bankstown plan administration and management	300	5	–	7	–	–	312	–
Bankstown roads & active transport	5,537	1,456	–	125	(606)	–	6,512	–
Bankstown public domain	1,595	499	–	36	(27)	–	2,103	–
Bankstown community facilities	2,028	552	–	46	(281)	–	2,345	–
Total	23,085	6,315	–	520	(1,141)	–	28,779	–

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000								
S7.12 Levies – under a plan								
(former Bankstown)								
CBD – citywide	–	218	–	–	–	–	218	–
Total	–	218	–	–	–	–	218	–
S7.4 planning agreements								
(former Bankstown)								
Planning agreements	699	240	–	–	–	–	939	–
Planning agreements – parking	421	–	–	–	–	–	421	–
Total	1,120	240	–	–	–	–	1,360	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(8,876)	(2.83)%	(1.75)%	2.31%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	313,266				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	288,676	86.38%	86.95%	84.10%	>60.00%
Total continuing operating revenue ¹	334,202				
3. Unrestricted current ratio					
Current assets less all external restrictions	165,190	4.12x	4.01x	3.07x	>1.50x
Current liabilities less specific purpose liabilities	40,085				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	66,454	61.53x	143.58x	49.00x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,080				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	13,916	5.54%	4.90%	4.81%	<5.00%
Rates, annual and extra charges collectible	251,079				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	300,199	14.24 mths	14.21 mths	14.28 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	21,081				

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

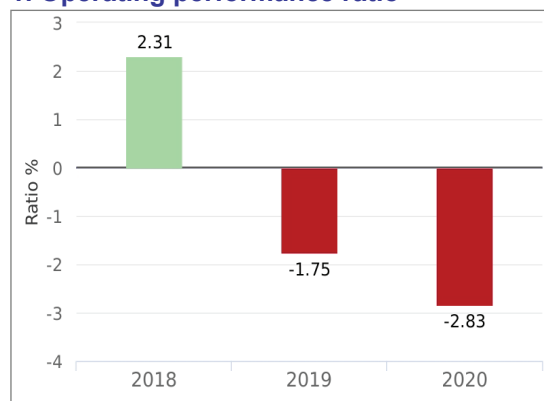
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(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 2019/20 result

2019/20 ratio (2.83)%

Council's operating performance ratio has decreased slightly from last financial year and remains below the benchmark for this ratio of >0.00%. Council's income in 2019/20 was impacted by the loss of \$4.8m of rates income after the former Canterbury City Council Infrastructure Levy ended on 30 June 2018. Council's income was also lower than budget due to COVID-19 impacts.

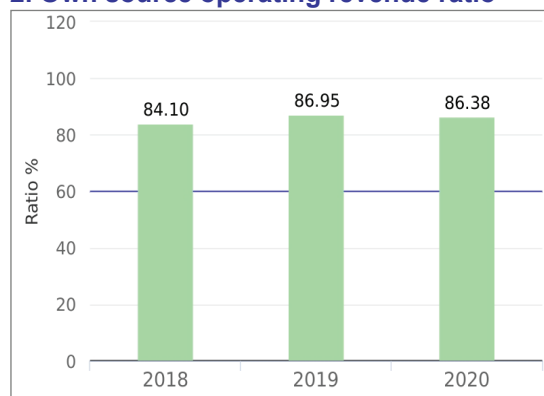
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 86.38%

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

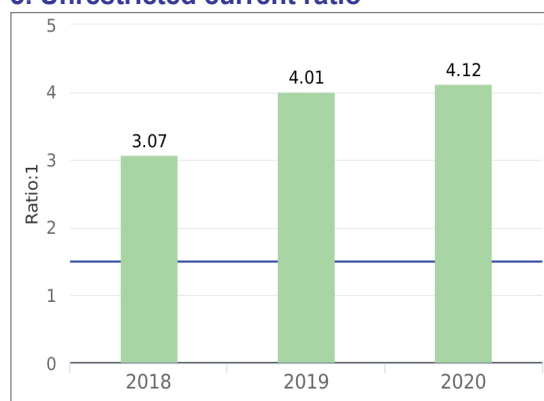
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 4.12x

Council provides for the budgeting and maintenance of sufficient unrestricted working funds so as to meet its short term obligations as they fall due. This result exceeds the required industry benchmark of greater than 1.5x. Council's Financial Management Strategy incorporating its Long Term Financial Plan details the measures taken to maintain this ratio above the minimum industry benchmark.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

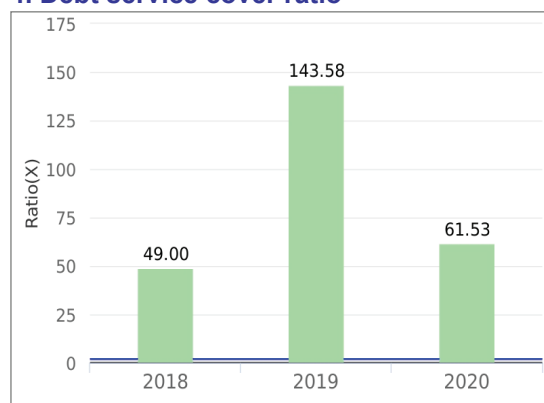
Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(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 2019/20 result

2019/20 ratio 61.53x

Council retired the last of its long term debt obligations during 2017/18. Where appropriate Council will utilise debt to fund capital expenditure, subject to it fulfilling agreed economic, social or environmental benefits without effecting the existing recurrent operations and/or cashflows. This ratio has decreased from the previous year due to the inclusion of leasing payments now calculated as part of the newly introduced leasing accounting standard - AASB 16 Leases.

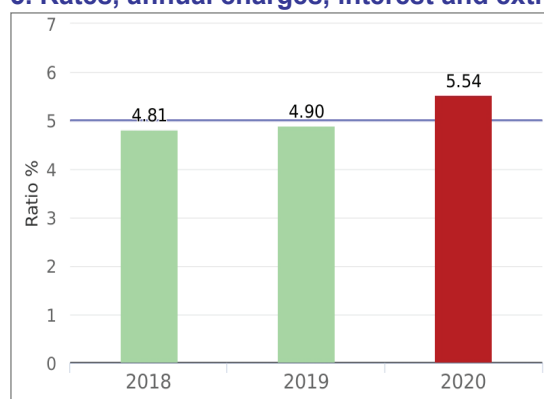
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 5.54%

This ratio aims to measure the adequacy of Council's debt collection efforts in relation to rates and Annual charges. The ratio has increased from the previous year and now sits above the benchmark for metropolitan councils. In response to the COVID-19 pandemic Council has introduced a comprehensive relief package to support the community from the effects of the pandemic including a number of rates relief measures. Rates and Annual charges are considered a secure debt as the charges are held against the relevant rateable property.

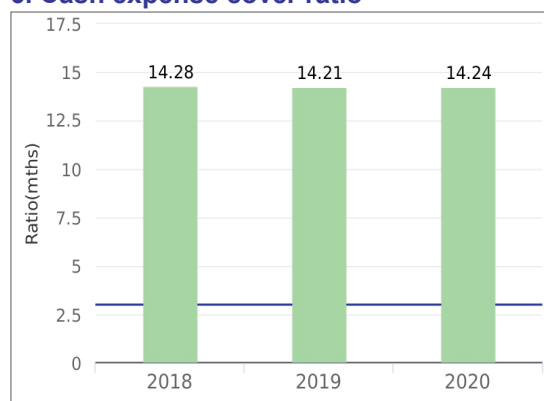
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 14.24 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 #28

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 Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2020 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 Schedule - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

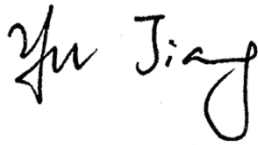
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 23 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

27 November 2020
SYDNEY



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

Contact: Reiky Jiang
Phone no: 02 9275 7281
Our ref: D2018993/ 1708

27 November 2020

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2020
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 2020 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 2020 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

	2020	2019*	Variance
	\$m	\$m	%
Rates and annual charges revenue	237.9	232.3	↑ 2.4
Grants and contributions revenue	45.5	43.8	↑ 3.9
Operating result from continuing operations	1.6	1.7	↓ 5.9
Net operating result before capital grants and contributions	(19.3)	(19.6)	↑ 1.5

The Council's operating result from continuing operations (\$1.6 million including depreciation and amortisation expense of \$75.1 million) was \$0.1 million lower than the 2018–19 result. The decreases in revenue were offset by the decreases in expenses.

The net operating result before capital grants and contributions (\$19.3 million loss) was \$0.3 million lower than the 2018–19 result.

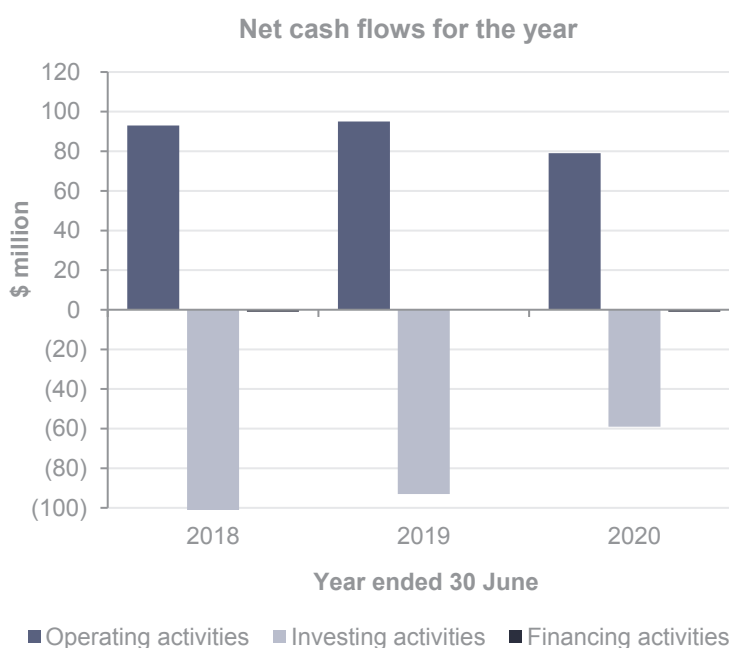
Rates and annual charges revenue (\$237.9 million) increased by \$5.6 million (or 2.4 *per cent*) in 2019–20, which is in line with the allowable rating increase of 2.7 per cent set by IPART.

Grants and contributions revenue (\$45.5 *million*) increased by \$1.7 million (or 3.9 per cent) in 2019–20 due to:

- \$3.1 *million* increase in grants received for a specific purpose in 2019–20
- \$1.6 million increase in RMS cash contributions
- \$3.7 million decrease in developer contributions.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents balance was \$45.3 million. The net cash flow for the year was an increase of \$18.8 million.
- Council provided a net operating cash flow of \$79.1 million. This was mainly made up of \$237.5 million receipts from rates and annual charges and \$44.2 million from grants and contributions. These receipts were partially offset by \$129.9 million of employee related costs and \$80.4 million payment for materials and contracts.
- Council spent \$59.4 million on investing activities, primarily due to \$59.2 million purchase of infrastructure, property, plant and equipment during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	190.5	170.4	<ul style="list-style-type: none"> Externally restricted funds mainly include developer contributions and domestic waste management funds. The increase is primarily due to \$8.1 million increase in developer contributions and \$10.3 million higher domestic waste management fund.
Internal restrictions	166.4	164.0	
Unrestricted	8.7	11.0	
Cash and investments	365.6	345.4	<ul style="list-style-type: none"> The main reasons for the increase in internally restricted funds are due to an increase of \$2.1 million increase in employee leave entitlements.

PERFORMANCE

Performance measures

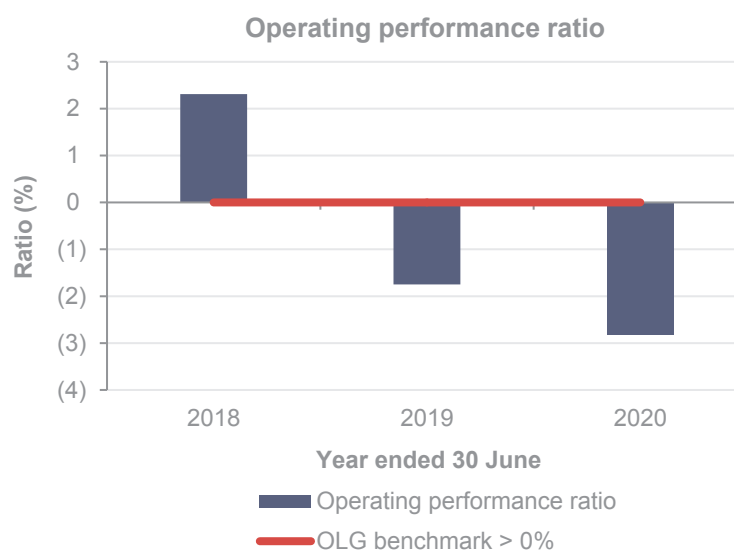
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

Operating performance ratio

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

The Council's operating performance ratio of (2.83) per cent was below the OLG benchmark.

The decrease in the ratio was mainly due to lower user charge and lower other revenues due to the impact of COVID-19.

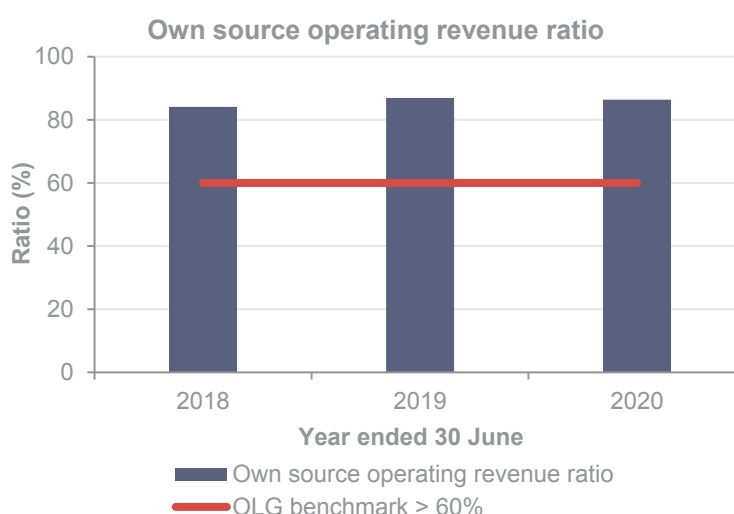


Own source operating revenue ratio

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

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

The ratio was 86.4 per cent in 2020. It is consistent with prior year.

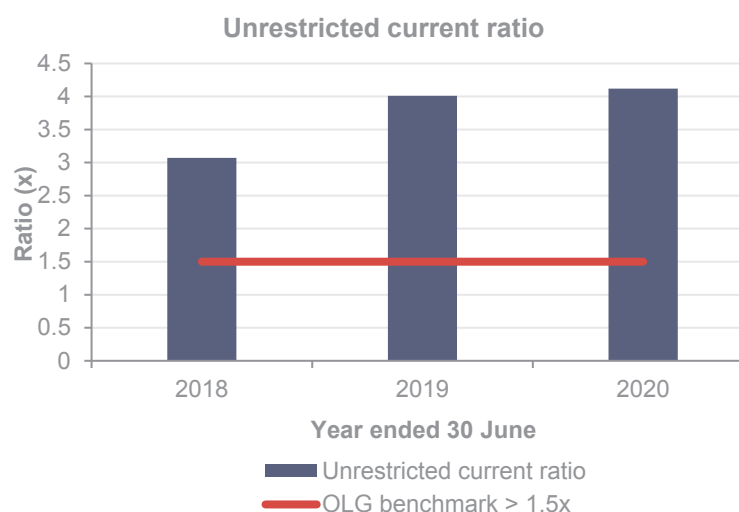


Unrestricted current ratio

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

The Council continued to exceed the OLG benchmark.

The 2020 ratio indicates the Council had \$4.12 of unrestricted assets available to service every dollar of its unrestricted current liabilities.

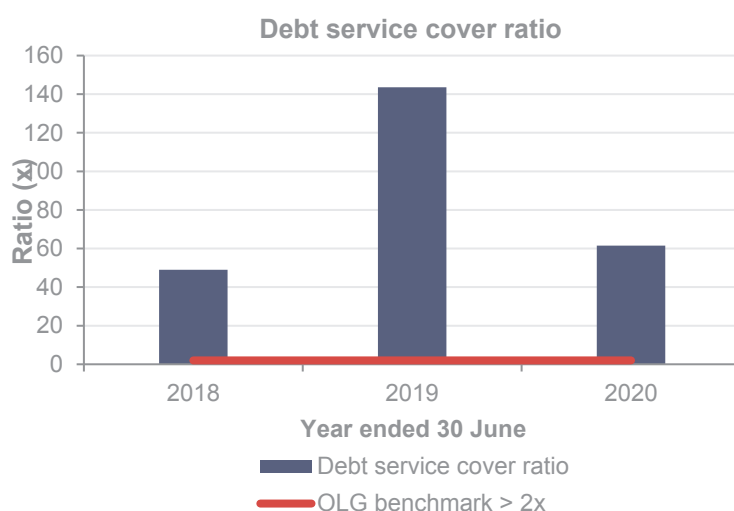


Debt service cover ratio

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

The Council continued to exceed the OLG benchmark.

Council's debt service cover ratio has decreased from 143.58 in 2019 to 61.53 in 2020. The decrease was mainly due to the inclusion of leasing payments in principal repayments as per the new accounting standard - AASB 16 'Leases'.

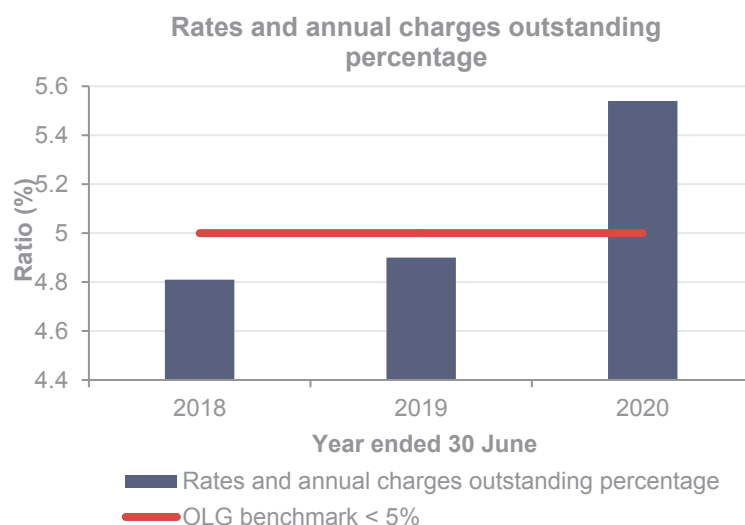


Rates and annual charges outstanding per centage

The 'rates and annual charges outstanding per centage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.

The Council did not meet the OLG benchmark for the current reporting period. Council's rates and annual charges outstanding ratio has increased from 4.9 per cent in 2019 to 5.54 per cent in 2020.

In response to the COVID-19 pandemic, Council has introduced a relief package to support the community, including a number of rates relief measures. The rates and annual charges receivable at year end increased by \$2.0 million.

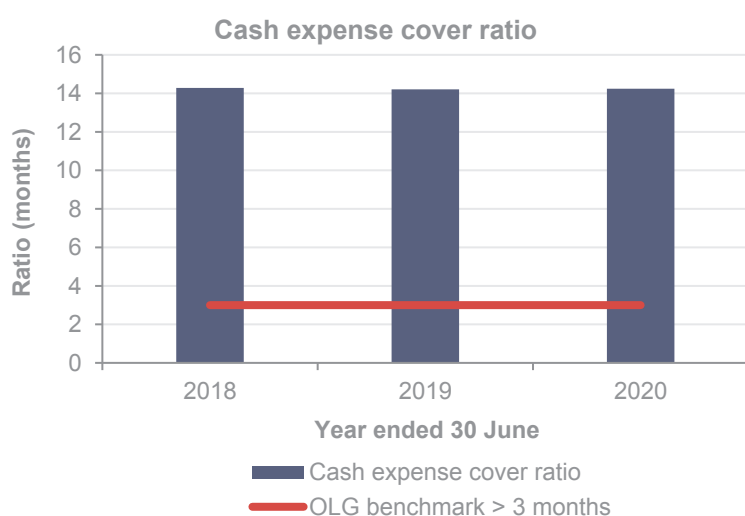


Cash expense cover ratio

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

The Council continued to exceed the OLG benchmark.

The ratio indicates the Council holds enough cash to meet expenditure for the next 14.24 months without additional cash inflow.



Infrastructure, property, plant and equipment renewals

The Council had \$51.4 million of asset renewals for the year ended 30 June 2020, which was \$9.7 million higher than prior year. This increase is mainly due to:

- the renewals of capital works in progress were \$5.4 million higher than prior year for the upgrade of Canterbury Town Centre
- the renewals of plant and equipment were \$6.3 million higher than prior year due to the purchase of garbage trucks and motor vehicles
- the renewals of roads were \$1.6 million higher than prior year
- these were offset by \$4.3 million decrease in other open space/recreational assets.

OTHER MATTERS

Impact of new accounting standards

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$2.5 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 18.

AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

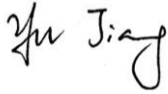
The Council recognised right-of-use assets of \$1.3 million and lease liabilities of \$1.4 million at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 15 and 18.

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
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



Special Schedules

for the year ended 30 June 2020



Special Schedules
for the year ended 30 June 2020

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

Permissible income for general rates

\$ '000	Notes	2020/21 Canterbury	2020/21 Bankstown	2020/21 Canterbury-Bank stown Council	2019/20 Canterbury	2019/20 Bankstown	2019/20 Canterbury-Bank stown Council
Notional general income calculation ¹							
Last year notional general income yield	a	70,722	98,324	169,046	73,169	95,362	168,531
Plus or minus adjustments ²	b	383	552	935	322	382	704
Notional general income	c = a + b	71,105	98,876	169,981	73,491	95,744	169,235
Permissible income calculation							
Or rate peg percentage	e	2.60%	2.60%		2.70%	2.70%	
Less expiring special variation amount	g	–	–	–	(4,723)	–	(4,723)
Or plus rate peg amount	i = e x (c + g)	1,849	2,571	4,420	1,857	2,585	4,442
Sub-total	k = (c + g + h + i + j)	72,954	101,447	174,401	70,625	98,329	168,954
Plus (or minus) last year's carry forward total	l	(100)	11	(89)	7	14	21
Less valuation objections claimed in the previous year	m	(2)	–	(2)	(12)	(8)	(20)
Sub-total	n = (l + m)	(102)	11	(91)	(5)	6	1
Total permissible income	o = k + n	72,852	101,458	174,310	70,620	98,335	168,955
Less notional general income yield	p	72,862	101,449	174,311	70,722	98,324	169,046
Catch-up or (excess) result	q = o – p	(10)	9	(1)	(102)	11	(91)
Plus income lost due to valuation objections claimed	r	7	1	8	2	–	2
Carry forward to next year ⁶	t = q + r + s	(3)	10	7	(100)	11	(89)

Notes

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

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

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Canterbury-Bankstown Council

To the Councillors of the 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 2021.

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 28 (LG Code), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2020 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 2020.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

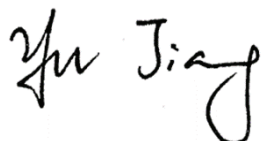
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

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

Reiky Jiang
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

27 November 2020
SYDNEY

Report on Infrastructure Assets
as at 30 June 2020

Asset Class	Asset Category	Estimated cost			2019/20 Required maintenance ^a \$ '000	2019/20 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring the agreed level of service set by Council \$ '000						1	2	3	4	5
(a) Report on Infrastructure Assets - Values													
Buildings	Buildings	5,987	5,987	10,624	10,734	287,543	609,809	5.1%	12.6%	78.4%	3.9%	0.0%	
	Sub-total	5,987	5,987	10,624	10,734	287,543	609,809	5.1%	12.6%	78.4%	3.9%	0.0%	
Other structures	Other structures	518	518	1,030	391	59,239	103,027	36.9%	19.1%	42.3%	1.5%	0.2%	
	Sub-total	518	518	1,030	391	59,239	103,027	36.9%	19.1%	42.3%	1.5%	0.2%	
Roads	Sealed roads	23,496	23,496	9,184	5,368	574,208	799,213	17.6%	40.1%	30.5%	11.7%	0.1%	
	Bridges	2,906	2,906	581	141	33,371	58,126	0.0%	60.0%	20.0%	20.0%	0.0%	
	Footpaths	310	310	4,653	9,224	205,631	310,232	23.0%	29.5%	47.1%	0.4%	0.0%	
	Other road assets	1,971	1,971	5,868	2,569	932,988	1,097,628	13.9%	52.1%	32.5%	1.4%	0.1%	
	Sub-total	28,683	28,683	20,286	17,302	1,746,197	2,265,199	16.1%	45.0%	33.5%	5.4%	0.1%	
Stormwater drainage	Stormwater drainage	2,860	2,860	1,534	1,237	503,655	764,583	2.4%	50.4%	45.7%	1.4%	0.1%	
	Sub-total	2,860	2,860	1,534	1,237	503,655	764,583	2.4%	50.4%	45.7%	1.4%	0.1%	
Open space / recreational assets	Swimming pools	–	–	125	–	4,247	12,496	1.9%	0.0%	98.1%	0.0%	0.0%	
	Other recreational assets	1,925	1,925	9,252	8,537	87,389	133,971	28.1%	38.3%	29.6%	2.3%	1.7%	
	Sub-total	1,925	1,925	9,377	8,537	91,636	146,467	25.9%	35.0%	35.4%	2.1%	1.6%	
TOTAL - ALL ASSETS		39,973	39,973	42,851	38,201	2,688,270	3,889,085	12.6%	39.9%	43.2%	4.1%	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 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods 20192018		Benchmark
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	30,038	46.80%	50.68%	38.37%	>=100.00%
Depreciation, amortisation and impairment	64,181				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	39,973	1.49%	1.51%	1.10%	<2.00%
Net carrying amount of infrastructure assets	2,688,271				
Asset maintenance ratio					
Actual asset maintenance	38,201	89.15%	87.12%	90.53%	>100.00%
Required asset maintenance	42,851				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	39,973	1.03%	1.07%	0.77%	
Gross replacement cost	3,889,085				

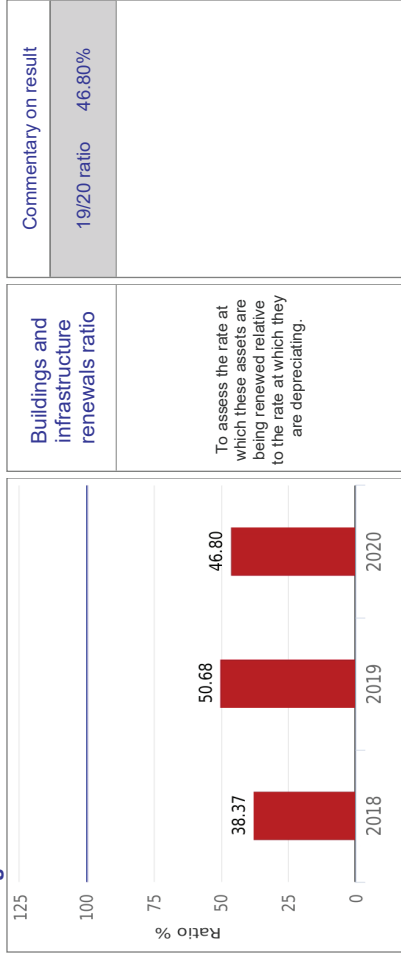
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2020

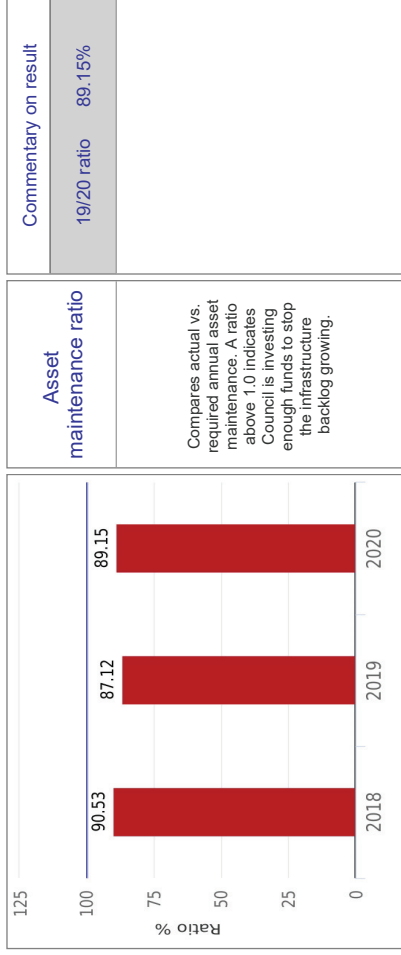
Buildings and infrastructure renewals ratio



Ratio achieves benchmark

Ratio is outside benchmark

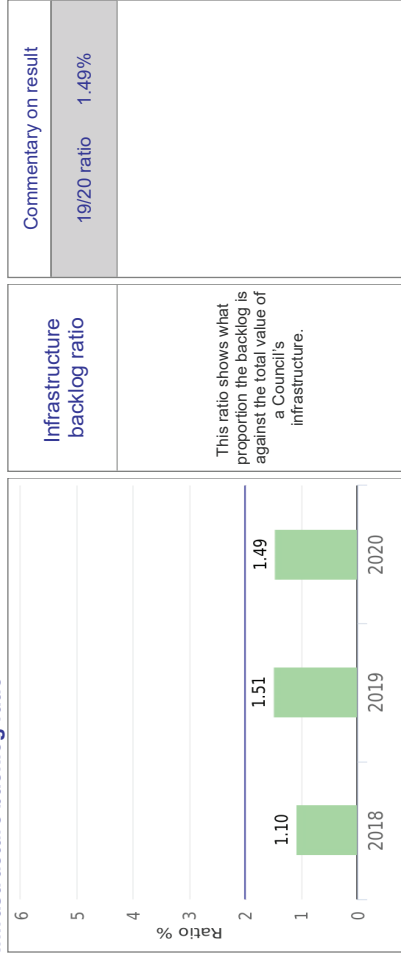
Asset maintenance ratio



Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level

