

Queanbeyan-Palerang Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021



Queanbeyan-Palerang Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	67
On the Financial Statements (Sect 417 [3])	70

Overview

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

256 Crawford Street
Queanbeyan NSW 2620

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.qprc.nsw.gov.au.

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder.
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2021.



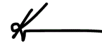
Cr Timothy Overall
Mayor



Cr Michele Biscotti
Deputy Mayor



Peter Tegart
Chief Executive Officer



Kate Monaghan
Responsible Accounting Officer

Queanbeyan-Palerang Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		74,921	78,018
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>234,001</u>	<u>2,466</u>
Total other comprehensive income for the year		234,001	2,466
Total comprehensive income for the year attributable to Council		308,922	80,484

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

Queanbeyan-Palerang Regional Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	49,969	13,296
Investments	C1-2	71,269	105,461
Receivables	C1-4	28,050	36,058
Inventories	C1-5	344	272
Other		869	804
Non-current assets classified as 'held for sale'	C1-6	10,545	120
Total current assets		161,046	156,011
Non-current assets			
Investments	C1-2	71,400	71,200
Receivables	C1-4	64	80
Infrastructure, property, plant and equipment	C1-7	1,800,187	1,486,566
Intangible Assets	C1-8	6,459	7,002
Right of use assets	C2-1	158	172
Total non-current assets		1,878,268	1,565,020
Total assets		2,039,314	1,721,031
LIABILITIES			
Current liabilities			
Payables	C3-1	17,960	16,556
Contract liabilities	C3-2	20,463	20,549
Lease liabilities	C2-1	59	52
Borrowings	C3-3	5,992	5,373
Employee benefit provisions	C3-4	10,554	11,615
Provisions	C3-5	3,399	3,128
Total current liabilities		58,427	57,273
Non-current liabilities			
Lease liabilities	C2-1	101	121
Borrowings	C3-3	79,864	75,677
Employee benefit provisions	C3-4	798	594
Provisions	C3-5	5,584	1,748
Total non-current liabilities		86,347	78,140
Total liabilities		144,774	135,413
Net assets		1,894,540	1,585,618
EQUITY			
Accumulated surplus	C4-1	1,646,158	1,571,237
IPPE revaluation reserve	C4-1	248,382	14,381
Council equity interest		1,894,540	1,585,618
Total equity		1,894,540	1,585,618

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

Queanbeyan-Palerang Regional Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,571,237	14,381	1,585,618	1,517,626	11,915	1,529,541
Changes due to AASB 1058 and AASB 15 adoption ¹		-	-	-	(24,407)	-	(24,407)
Restated opening balance		1,571,237	14,381	1,585,618	1,493,219	11,915	1,505,134
Net operating result for the year		74,921	-	74,921	78,018	-	78,018
Restated net operating result for the period		74,921	-	74,921	78,018	-	78,018
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	-	234,001	234,001	-	2,466	2,466
Total comprehensive income		74,921	234,001	308,922	78,018	2,466	80,484
Closing balance		1,646,158	248,382	1,894,540	1,571,237	14,381	1,585,618

(1) Council's Accumulated Surplus balance was restated at 1 July 2019, as a result of the modified approach mandated for implementation of AASB 15 & 1058.

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

Queanbeyan-Palerang Regional Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
74,338	Rates and annual charges		75,788	71,364
30,412	User charges and fees		33,078	34,134
4,000	Investment and interest revenue received		5,377	4,660
69,056	Grants and contributions		71,125	57,403
–	Bonds, deposits and retention amounts received		564	592
2,395	Other		13,667	10,883
<i>Payments:</i>				
(41,058)	Employee benefits and on-costs		(42,032)	(40,531)
(38,744)	Materials and services		(84,639)	(76,290)
(4,274)	Borrowing costs		(3,302)	(3,499)
–	Bonds, deposits and retention amounts refunded		(187)	(1,182)
(11,839)	Other		(2,219)	(12,228)
84,286	Net cash flows from operating activities	G1-1a	67,220	45,306
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		30,842	53,286
32,000	Redemption of term deposits		69,075	64,400
–	Sale of real estate assets		351	593
1,170	Sale of infrastructure, property, plant and equipment		2,166	861
–	Deferred debtors receipts		16	16
<i>Payments:</i>				
–	Purchase of investment securities		(26,850)	(43,089)
–	Acquisition of term deposits		(39,075)	(41,000)
(170,861)	Purchase of infrastructure, property, plant and equipment		(71,769)	(75,600)
–	Purchase of intangible assets		(53)	(251)
(137,691)	Net cash flows from investing activities		(35,297)	(40,784)
Cash flows from financing activities				
<i>Receipts:</i>				
60,474	Proceeds from borrowings		10,180	1,634
<i>Payments:</i>				
(7,037)	Repayment of borrowings		(5,374)	(5,386)
–	Principal component of lease payments		(56)	(54)
53,437	Net cash flows from financing activities		4,750	(3,806)
32	Net change in cash and cash equivalents		36,673	716
13,296	Cash and cash equivalents at beginning of year		13,296	12,580
13,328	Cash and cash equivalents at end of year	C1-1	49,969	13,296

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

Queanbeyan-Palerang Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	16
B2-3 Other revenue	17
B2-4 Grants and contributions	18
B2-5 Interest and investment revenue	20
B3 Costs of providing services	21
B3-1 Employee benefits and on-costs	21
B3-2 Materials and services	21
B3-3 Borrowing costs	21
B3-4 Depreciation, amortisation and impairment of non-financial assets	22
B3-5 Other expenses	22
B4 Gains or losses	24
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	24
B5 Performance against budget	25
B5-1 Material budget variations	25
C Financial position	27
C1 Assets we manage	27
C1-1 Cash and cash equivalents	27
C1-2 Financial investments	27
C1-3 Restricted cash, cash equivalents and investments	28
C1-4 Receivables	29
C1-5 Inventories	30
C1-6 Non-current assets classified as held for sale	30
C1-7 Infrastructure, property, plant and equipment	31
C1-8 Intangible assets	34
C1-9 Other	34
C2 Leasing activities	36
C2-1 Council as lessee	36
C3 Liabilities of Council	38
C3-1 Payables	38
C3-2 Contract Liabilities	38
C3-3 Borrowings	39
C3-4 Employee benefit provisions	41
C3-5 Provisions	41
C4 Reserves	43

Queanbeyan-Palerang Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

C4-1 Nature and purpose of reserves	43
D Council structure	44
D1 Results by fund	44
D1-1 Income Statement by fund	44
D1-2 Statement of Financial Position by fund	44
E Risks and accounting uncertainties	46
E1-1 Risks relating to financial instruments held	46
E2-1 Fair value measurement	49
E3-1 Contingencies	52
F People and relationships	55
F1 Related party disclosures	55
F1-1 Key management personnel (KMP)	55
F1-2 Councillor and Mayoral fees and associated expenses	56
F2 Other relationships	57
F2-1 Audit fees	57
G Other matters	58
G1-1 Statement of Cash Flows information	58
G2-1 Commitments	59
G3-1 Events occurring after the reporting period	60
G4 Statement of developer contributions as at 30 June 2021	61
G4-1 Summary of developer contributions	61
G4-2 Developer contributions by plan	61
G4-3 Contributions not under plans	62
G5 Statement of performance measures	63
G5-1 Statement of performance measures – consolidated results	63
G5-2 Statement of performance measures by fund	64
H Additional Council disclosures (unaudited)	65
H1-1 Statement of performance measures – consolidated results (graphs)	65

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 20 December 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. estimated tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, 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
- water service

A1-1 Basis of preparation (continued)

- sewerage service

The Trust Fund

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

Trust monies and property subject to Council's control have not been included in these reports.

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

- South East Weights and Loads
- Unclaimed money, funds held for sale of land, RFS donations and other money held in trust

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not recognise volunteer services in the income statement. Council does not rely on volunteers in the provision of services, and would not purchase those services if they were not provided for free.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and Associated Amendments
- AASB 2018 - 6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 - 5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

A1-1 Basis of preparation (continued)

- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating results		Grants		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Community	4,473	5,607	12,287	13,095	(7,814)	(7,488)	1,438	1,996	7,212	5,954
Choice	1,845	2,428	3,836	3,615	(1,991)	(1,187)	461	1,142	-	-
Character	65,324	24,188	21,408	23,635	43,916	553	60,846	2,391	135,141	100,474
Connection	108,353	110,038	100,946	102,009	7,407	8,029	45,790	60,422	1,883,688	1,510,708
Capability	50,758	82,532	17,355	4,421	33,403	78,111	6,634	44,702	13,273	103,895
Total functions and activities	230,753	224,793	155,832	146,775	74,921	78,018	115,169	110,653	2,039,314	1,721,031

B1-2 Components of functions or activities

Community

- We are a friendly and caring community
- We feel safe in the places we visit in our built and natural environment
- We respect the indigenous relationships with the land we live on
- Our community and our identity are made vibrant by the expression of arts and culture around us

Choice

- We have a diverse, resilient and smart economy fostering businesses that create jobs and wealth for all in our community

Character

- We enjoy the natural beauty and opportunity of our natural environment, and act to protect it through our management of waste and energy

Connection

- We are well connected to accessible services and facilities that provide our needs for living, work and leisure

Capability

- We are served by a Council that listens to us and responds in our best interest in all their actions, and provides the leadership we need to achieve our common aspirations

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	30,208	28,872
Farmland	2,593	2,532
Business	6,334	6,179
Mining	23	25
Less: Pensioner rebates	(525)	(522)
Rates levied to ratepayers	38,633	37,086
Pensioner rate subsidies received	261	256
Total ordinary rates	38,894	37,342
Annual charges		
<small>(pursuant to s496, 496A, 496B, 501 & 611)</small>		
Domestic waste management services	7,571	7,220
Water supply	7,077	6,798
Sewerage services	17,085	16,403
Stormwater management services charge	374	368
Waste management services (not domestic)	4,038	3,828
Recycled water supply	622	549
Less: Pensioner rebates	(448)	(447)
Annual charges levied	36,319	34,719
Pensioner annual charges subsidies received	242	231
Total annual charges	36,561	34,950
Total rates and annual charges	75,455	72,292

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2021	2020
User charges		
Water supply services	14,435	16,194
Sewerage services	1,181	1,153
Waste management services (not domestic)	63	45
Total user charges	15,679	17,392
Fees		
Private works - s67	118	1,957
Transport for NSW works (state roads not controlled by Council)	5,474	7,459
Building services - other	54	51
Planning and building - regulatory	2,729	1,819
Inspection fees	1,168	877
s10.7 certificates (EP&A Act)	153	148

B2-2 User charges and fees (continued)

\$ '000	2021	2020
s603 certificates	288	242
Registration fees	62	66
Cemeteries	1,169	1,102
Sports and aquatic centres	1,020	1,149
Community centres	1,386	1,443
Childcare	79	93
Saleyards	80	60
Regional landfill	1,046	1,332
Other	1,037	1,056
Total fees	15,863	18,854
Total user charges and fees	31,542	36,246
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	31,542	36,246
Total user charges and fees	31,542	36,246

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided. However, Development Application fees are recognised as income prior to the development application being determined.

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

B2-3 Other revenue

\$ '000	2021	2020
Fines	795	872
Recycling income (non-domestic)	104	90
Insurance claims recoveries	98	88
Commissions and agency fees	12	16
Diesel rebate	243	4
Legal fees recovery	29	7
Risk management rebate	125	216
Other reimbursements	286	196
Redemption of carbon credits	525	-
Other	166	202
Total other revenue	2,383	1,691
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	2,383	1,691
Total other revenue	2,383	1,691

Accounting policy for other revenue

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

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

B2-3 Other revenue (continued)

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

B2-4 Grants and contributions

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
– Relating to current year	3,008	3,072	–	–
– Prepayment received in advance for subsequent year	3,222	3,256	–	–
Amount recognised as income during current year	6,230	6,328	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	–	53	–	–
Sewerage services	–	39	–	300
Community care	1,417	1,465	–	–
Economic development	–	1,142	–	–
Environmental programs	612	255	40	–
Recreation and culture	190	189	2,941	8,571
Storm/flood/fire damage	17,806	11,126	–	–
Transport for NSW contributions (regional roads, block grant)	1,997	1,997	–	219
Roads to recovery	1,505	1,528	–	–
Other roads and bridges	232	252	4,996	30,357
LIRS and Low Cost Loan Initiative subsidy	496	551	–	–
NSW Rural Fire Services	853	2,229	571	–
Other	853	350	13,205	75
Non-cash contributions				
Other	–	–	40,718	11,546
Total special purpose grants and non-developer contributions (tied)	25,961	21,176	62,471	51,068
Total grants and non-developer contributions	32,191	27,504	62,471	51,068
Comprising:				
– Commonwealth funding	1,265	4,074	988	41
– State funding	28,062	23,149	52,556	50,792
– Other funding	2,864	281	8,927	235
	32,191	27,504	62,471	51,068

(1) \$3m of the 2021-2022 Financial Assistance Grant from Commonwealth Government was received by Council in June 2021 and hence is reported as 2020-2021 income although it relates to 2021-2022 financial year.

Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions	G4	151	365	8,510	6,159
Non-cash contributions		–	–	11,846	25,557
Total developer contributions		151	365	20,356	31,716
Total contributions		151	365	20,356	31,716

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Total grants and contributions		32,342	27,869	82,827	82,784
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		–	12,846	–	39,522
Grants and contributions recognised at a point in time		32,342	15,023	82,827	43,262
Total grants and contributions		32,342	27,869	82,827	82,784

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent funds at 1 July	4,390	4,514	26,378	29,414
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,148	1,754	2,430	2,509
Add: Funds received and not recognised as revenue in the current year	390	65	3,785	14,579
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,680)	(1,457)	(5,438)	(2,051)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(74)	(486)	(4,166)	(18,072)
Unspent funds at 30 June	4,174	4,390	22,989	26,379

Accounting policy**Grants and contributions – enforceable agreement with sufficiently specific performance obligations**

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

The performance obligations vary according to the agreement but include events, provision of services and acquittal of funds. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

B2-4 Grants and contributions (continued)

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment revenue

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	300	237
– Cash and investments	5,171	3,635
Dividend income relating to investments held at fair value through other comprehensive income	–	39
Total interest and investment revenue	5,471	3,911

Accounting policy

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

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	34,735	34,379
Employee leave entitlements	3,418	4,029
Superannuation	3,708	3,716
Workers' compensation insurance	1,034	1,107
FBT	96	114
Payroll tax	110	79
Less: capitalised costs	(2,531)	(2,525)
Total employee costs expensed	40,570	40,899

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		4,288	3,944
Consultancy costs		1,219	1,301
Contractor costs		41,544	32,681
Legal fees		880	724
IT expenses		2,177	1,963
Insurance		1,915	1,694
Street lighting		864	1,105
Electricity		2,029	1,829
Subscriptions and publications		666	658
Telephone		728	846
Repairs and maintenance		1,801	2,009
Postage, printing and stationery		480	596
Audit Fees	F2-1	149	150
Councillor and Mayoral fees and associated expenses	F1-2	256	277
Water charges – Icon Water		11,335	12,551
Other		2,253	2,455
Total materials and services		72,584	64,783

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2021	2020
Interest on loans and advances	3,245	3,464
Interest on leases	4	3
Amortisation of discounts and premiums:		
– Remediation (tip) - Note C3-5	3,249	67

continued on next page ...

B3-3 Borrowing costs (continued)

\$ '000		2021	2020
– Interest-free loan received		–	20
Total borrowing costs expensed		6,498	3,554

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	28,924	25,992
Right of use assets	C2-1	57	55
Intangible assets	C1-8	484	507
Total depreciation and amortisation costs		29,465	26,554
Impairment / revaluation decrement of IPPE			
Infrastructure Assets		–	8,224
Open space / recreational assets		–	–
Sewer Network		3,958	–
Land		592	–
Total impairment costs charged to Income Statement (IPPE)		4,550	8,224
Total depreciation, amortisation and impairment for non-financial assets		34,015	34,778

Accounting policy**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables	C1-4	11	(37)
Donations, contributions and assistance to other organisations (s356)		567	585
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,587	1,213

B3-5 Other expenses (continued)

\$ '000	Notes	2021	2020
Total other expenses		2,165	1,761

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-7		
Proceeds from disposal		2,166	861
Less: carrying amount of assets sold		(1,552)	(2,729)
Gain (or loss) on disposal		614	(1,868)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		30,842	53,286
Less: carrying value of investments		(30,842)	(52,611)
Gain (or loss) on disposal		-	675
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		69,075	64,400
Less: carrying amount of term deposits sold/redeemed/matured		(69,075)	(64,400)
Gain (or loss) on disposal		-	-
Gain (or loss) on disposal of non-current assets held for sale	C1-6		
Proceeds from disposal		351	593
Less: carrying amount of 'held for sale' assets sold/written off		(120)	(400)
Gain (or loss) on disposal		231	193
Gain (or loss) on disposal of intangible assets	C1-8		
Less: carrying amount of intangible assets sold/written off		(112)	-
Gain (or loss) on disposal		(112)	-
NET GAIN (OR LOSS) FROM DISPOSAL OF ASSETS		733	(1,000)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 24/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
REVENUES					
Rates and annual charges	74,537	75,455	918	1%	F
User charges and fees	30,315	31,542	1,227	4%	F
Other revenues	2,393	2,383	(10)	0%	U
Operating grants and contributions	15,714	32,342	16,628	106%	F
Natural disaster funding of \$17.8m received due to fires and floods in the region in 2020 and 2021.					
Capital grants and contributions	60,747	82,827	22,080	36%	F
Non-cash capital contributions of \$40.7m recognised as a state government contribution towards Ellerton Drive.					
Interest and investment revenue	4,000	5,471	1,471	37%	F
Increased investment returns due to managed funds held by council recovering from a downturn in 2020.					
Net gains from disposal of assets	770	733	(37)	(5)%	U
EXPENSES					
Employee benefits and on-costs	45,875	40,570	5,305	12%	F
Decrease in salaries due to staff attrition and vacancies. Low interest rates have decreased employee leave liabilities offsetting leave expenditure.					
Materials and services	34,802	72,584	(37,782)	(109)%	U
Restoration works on fire and flood affected areas has increased operational expenditure on infrastructure. This has been partly offset by increased grant income. Reallocation of line items between "other expenses" and "materials and services" has also impacted the variance.					
Borrowing costs	4,274	6,498	(2,224)	(52)%	U
A review of the estimated costs to restore council tips has led to an increase of \$3m.					
Depreciation, amortisation and impairment of non-financial assets	28,054	34,015	(5,961)	(21)%	U
As part of Council's external revaluation of IPPE, Council recorded a \$4.55M revaluation decrement.					
Other expenses	11,838	2,165	9,673	82%	F
Reallocation of line items between "other expenses" and "materials and services" is responsible for this variance.					

STATEMENT OF CASH FLOWS

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
Cash flows from operating activities	84,286	67,220	(17,066)	(20)% U
Restoration costs from the natural disasters of 2020 and 2021 have increased operational expenditure, partly offset by the receipt of grants.				
Cash flows from investing activities	(137,691)	(35,297)	102,394	(74)% F
Deferral of capital projects has impacted the investment in IPPE.				
Cash flows from financing activities	53,437	4,750	(48,687)	(91)% U
Deferral of capital projects has delayed the draw down of borrowings.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash at bank and on hand	8,114	2,487
Deposits at call	41,855	10,809
Total cash and cash equivalents	49,969	13,296

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	49,969	13,296
Balance as per the Statement of Cash Flows	49,969	13,296

Accounting policy

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

C1-2 Financial investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
Managed funds	35,469	–	31,961	–
Non-convertible debentures or floating rate notes	9,800	54,400	22,500	49,200
Debt securities at amortised cost				
Term deposits	26,000	17,000	51,000	22,000
Total	71,269	71,400	105,461	71,200

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

C1-2 Financial investments (continued)

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

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

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

Fair value through other comprehensive income – equity instruments

Asset measured at fair value through other comprehensive income are strategic investments over which the entity does not have significant influence or control which are not held for trading purposes.

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at FVTPL comprise investments in FRNs and NCDs and managed funds.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	121,238	71,400	118,757	71,200
External restrictions	108,727	71,400	109,358	71,200
Internal restrictions	12,237	–	9,311	–
Unrestricted	274	–	88	–
	121,238	71,400	118,757	71,200

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

External restrictions

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

Water fund	27,001	24,511
Sewer fund	64,740	62,107
Developer contributions:		
– General fund	31,564	30,012
– Water fund	5,969	8,280
– Sewer fund	10,238	12,546
Specific purpose unexpended grants:		
– General fund	27,163	30,769
Specific purpose unexpended loans:		
– Water fund	–	269
– General fund	2,453	2,320
Domestic waste management	10,586	8,505
Stormwater management	122	989
Other	291	250

C1-3 Restricted cash, cash equivalents and investments (continued)

\$ '000	2021	2020
Total external restrictions	180,127	180,558
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	1,703	2,211
Infrastructure replacement	128	798
Employees leave entitlement	480	480
Deposits, retentions and bonds	196	196
Corporate reserve	1,087	42
Business waste management	4,830	3,380
WH&S	323	62
Risk management	–	165
Heritage grant program	106	83
Property reserve	2,010	492
Environmental & sustainability	283	347
Elections	406	306
Revolving energy	130	197
Strategic	158	158
Other	397	394
Total internal restrictions	12,237	9,311
Total restrictions	192,364	189,869

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Rates and annual charges	7,045	228	6,913	316
Interest and extra charges	660	53	566	75
User charges and fees	12,605	–	12,555	–
Government grants and subsidies	6,172	–	13,633	–
Net GST receivable	1,404	–	1,803	–
Deferred debtors	16	64	16	80
Other	190	–	603	–
Total	28,092	345	36,089	471
Less: provision for impairment:				
– Rates and annual charges	–	(228)	–	(316)
– Interest and extra charges	–	(53)	–	(75)
– User charges and fees	(42)	–	(31)	–
Total	(42)	(281)	(31)	(391)
NET RECEIVABLES	28,050	64	36,058	80

Accounting policy

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

Impairment

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

C1-4 Receivables (continued)

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
At cost:				
Stores and materials	344	-	272	-
Total inventories	344	-	272	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Non-current assets classified as held for sale

\$ '000	2021	2020
Land	10,545	120
	10,545	120

The assets held for sale represent small parcels of land previously identified and agreed by Council to be sold as soon as practicable, the timing of which is reflective of the activities required to be undertaken.

Accounting policy

Non-current assets 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.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
\$ '000															
Capital work in progress	63,045	–	63,045	13,159	23,549	–	–	–	(49,764)	–	–	–	49,989	–	49,989
Equipment, furniture and fittings	28,580	(16,765)	11,815	4,168	–	(468)	(3,662)	–	–	(135)	–	–	28,656	(16,939)	11,717
Land	148,511	–	148,511	–	1,716	(675)	–	(592)	2,976	67	(10,545)	24,244	165,702	–	165,702
Land improvements	–	–	–	–	1,085	–	–	–	21	–	–	–	1,106	–	1,106
Infrastructure:															
– Buildings and other structures	137,797	(59,092)	78,705	3,151	601	(4)	(2,553)	–	1,344	(788)	–	22,228	150,561	(47,876)	102,685
– Roads, bridges and footpaths	459,364	(148,187)	311,177	14,988	35,137	(465)	(11,813)	–	28,860	(10,752)	–	59,280	543,674	(117,261)	426,413
– Other road assets (including bulk earthworks)	462,643	(18,207)	444,436	2,480	12,900	–	(624)	–	12,672	37,214	–	70,087	607,427	(28,262)	579,165
– Stormwater drainage	182,377	(68,808)	113,569	2,832	3,644	–	(1,476)	–	2,309	(28,303)	–	33,733	200,982	(74,674)	126,308
– Water supply network	164,790	(58,664)	106,126	970	517	(8)	(2,178)	–	98	1,309	–	28,107	233,959	(99,018)	134,941
– Sewerage network	272,503	(95,678)	176,825	833	1,656	(71)	(5,242)	(3,958)	250	1,725	–	(3,935)	272,470	(104,387)	168,083
– Open space / recreational assets	46,348	(14,452)	31,896	941	–	–	(1,242)	–	1,234	(337)	–	257	43,457	(10,708)	32,749
Other assets	1,213	(845)	368	145	–	–	(103)	–	–	–	–	–	664	(255)	409
Tip assets	4,701	(4,608)	93	–	858	–	(31)	–	–	–	–	–	8,984	(8,064)	920
Totals	1,971,872	(485,306)	1,486,566	43,667	81,663	(1,691)	(28,924)	(4,550)	–	–	(10,545)	234,001	2,307,631	(507,444)	1,800,187

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation	Impairment	Transfers	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
\$ '000													
Capital work in progress	89,143	–	89,143	9,898	11,841	–	–	–	(47,837)	–	63,045	–	63,045
Equipment, furniture and fittings	26,940	(14,449)	12,491	3,541	–	(703)	(3,755)	–	241	–	28,580	(16,765)	11,815
Land	146,914	–	146,914	–	1,597	–	–	–	–	–	148,511	–	148,511
Infrastructure:													
– Buildings and other structures	122,249	(53,935)	68,314	384	916	(47)	(2,454)	–	11,592	–	137,797	(59,092)	78,705
– Roads, bridges and footpaths	769,954	(132,464)	637,490	9,311	47,091	(418)	(8,554)	(6,272)	(367,471)	–	459,364	(148,187)	311,177
– Other road assets (including bulk earthworks)	50,501	(17,658)	32,843	947	17,445	(1,111)	(548)	(1,259)	396,119	–	462,643	(18,207)	444,436
– Stormwater drainage	179,736	(66,485)	113,251	2,083	718	–	(1,804)	(693)	14	–	182,377	(68,808)	113,569
– Water supply network	161,185	(56,097)	105,088	399	279	(46)	(2,135)	–	1,554	987	164,790	(58,664)	106,126
– Sewerage network	260,702	(90,767)	169,935	3,042	775	(397)	(5,105)	–	7,096	1,479	272,503	(95,678)	176,825
– Open space / recreational assets	48,111	(15,965)	32,146	2,304	–	–	(1,246)	–	(1,308)	–	46,348	(14,452)	31,896
Other assets	1,081	(743)	338	132	–	–	(102)	–	–	–	1,213	(845)	368
Tip assets	5,089	(4,707)	382	–	–	–	(289)	–	–	–	4,701	(4,608)	93
Totals	1,861,605	(453,270)	1,408,335	32,041	80,662	(2,722)	(25,992)	(8,224)	–	2,466	1,971,872	(485,306)	1,486,566

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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

Useful lives of IPPE

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

	Useful lives
Equipment, furniture and fittings	4-25
Land	n/a
Land improvements	n/a
Infrastructure:	
– Buildings and other structures	40-200
– Roads, bridges and footpaths	10-100
– Bulk earthworks	n/a
– Stormwater drainage	100
– Water supply network	5-100
– Sewerage network	5-100
– Open space / recreational assets	5-100
Other assets	5
Tip assets	20

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

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

Land under roads

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease agreement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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

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

Rural Fire Service assets

Under Section 119 of the Rural Fire Services Act 1997 (NSW), "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Council recognises RFS buildings and land, however Council does not recognise RFS plant and equipment as it is not under Council control.

C1-8 Intangible assets

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	4,925	5,707
Accumulated amortisation	(982)	(1,501)
Net book value – opening balance	3,943	4,206
Movements for the year		
Purchases	53	251
Amortisation charges	(484)	(507)
Carrying value of disposals	(112)	(7)
Closing values at 30 June		
Gross book value	4,633	4,925
Accumulated amortisation	(1,233)	(982)
Total software – net book value	3,400	3,943
Bio-banking credit		
Opening values at 1 July		
Gross book value	3,059	3,059
Net book value – opening balance	3,059	3,059
Closing values at 30 June		
Gross book value	3,059	3,059
Total intangible assets – net book value	6,459	7,002

Accounting policy

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

Biobanking credits are held by Council as part of the Ellerton Drive environmental offset scheme. Council is required to hold these assets for perpetuity and as such are held as intangible assets with no amortisation.

C1-9 Other

C1-9 Other (continued)

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	869	-	804	-
Total other assets	869	-	804	-

C2 Leasing activities

C2-1 Council as lessee

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

Terms and conditions of leases

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, and the payments are fixed.

(a) Right of use assets

\$ '000	Office Equipment	Total
2021		
Opening balance at 1 July	172	172
Additions	43	43
Depreciation charge	(57)	(57)
Balance at 30 June	158	158
2020		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	123	123
Additions	104	104
Depreciation charge	(55)	(55)
Balance at 30 June	172	172

(b) Lease liabilities

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	59	101	–	160	160
2020					
Cash flows	55	124	–	179	173

(c) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	4	3
Depreciation of right of use assets	57	55
Expenses relating to short-term leases	–	5
Expenses relating to low-value leases	49	51
	110	114

(d) Statement of Cash Flows

C2-1 Council as lessee (continued)

\$ '000	2021	2020
Total cash outflow for leases	(110)	(114)
	(110)	(114)

(e) 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:

- sewerage treatment works

The lease is for 99 years and requires payments of a maximum amount of \$80 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Goods and services	11,345	–	10,228	–
Accrued wages and salaries	798	–	1,300	–
Accrued expenses	474	–	527	–
Deposits and retentions	2,369	–	1,992	–
Prepaid rates	2,974	–	2,509	–
Total payables	17,960	–	16,556	–

\$ '000	2021	2020
Current payables not expected to be settled within the next 12 months	2,005	642

Accounting policy

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2021		2020	
		Current	Non-current	Current	Non-current
Funds to construct Council controlled assets	(i)	20,427	–	20,320	–
Funds received prior to performance obligation being satisfied (upfront payments - AASB 15)	(ii)	–	–	172	–
Upfront fees - sports, aquatic, and community centres	(iii)	36	–	57	–
Total contract liabilities		20,463	–	20,549	–

Notes

(i) Council has received funding to construct assets including sporting facilities, roads 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 seasonal and annual fees for aquatics and sports centres do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the season.

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

\$ '000	2021	2020
Funds to construct Council controlled assets	6,869	18,072
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	74	486

continued on next page ...

C3-2 Contract Liabilities (continued)

	6,943	18,558
--	--------------	---------------

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – unsecured	5,992	79,864	5,373	75,677
Total borrowings	5,992	79,864	5,373	75,677

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements		2021
	Opening Balance	Cash flows	Acquisition	Other	Closing balance
Loans – unsecured	81,050	4,806	–	–	85,856
Lease liability (Note C2-1b)	173	(13)	–	–	160
Total liabilities from financing activities	81,223	4,793	–	–	86,016

\$ '000	2019		Non-cash movements			2020
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other	Closing balance
Loans – unsecured	84,782	(3,732)	–	–	–	81,050
Lease liability (Note C2-1b)	–	(54)	104	–	123	173
Total liabilities from financing activities	84,782	(3,786)	104	–	123	81,223

(b) Financing arrangements

\$ '000	2021	2020
(i) Total facilities:		
Bank overdraft facility ¹	2,000	2,000
Corporate credit cards	210	210
	2,210	2,210
Drawn facilities		
Corporate credit cards	25	77
	25	77
Undrawn facilities		
– Bank overdraft facilities	2,000	2,000
– Corporate credit cards	185	133
	2,185	2,133

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

C3-3 Borrowings (continued)

Breaches and defaults

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	3,464	–	3,843	–
Long service leave	7,090	798	7,772	594
Total employee benefit provisions	10,554	798	11,615	594

Current provisions not expected to be settled within the next twelve months

\$ '000	2021	2020
Provisions – employees benefits	7,018	8,014
	7,018	8,014

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	Non-Current
Asset remediation	3,399	5,584	3,128	1,748
Total provisions	3,399	5,584	3,128	1,748

Movements in provisions

\$ '000	Asset remediation	Net carrying amount
	2021	
At beginning of year	4,876	4,876
Changes to provision:		

continued on next page ...

C3-5 Provisions (continued)

\$ '000	Asset remediation	Net carrying amount
- Revised costs	3,954	3,954
Unwinding of discount	153	153
Total	8,983	8,983
2020		
At beginning of year	4,810	4,810
- Revised costs	-	-
Unwinding of discount	66	66
Total	4,876	4,876

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	51,030	7,056	17,726
User charges and fees	15,012	15,808	1,390
Other revenues	2,373	–	10
Grants and contributions provided for operating purposes	32,061	92	189
Grants and contributions provided for capital purposes	79,516	1,067	2,244
Interest and investment revenue	2,188	1,019	2,264
Net gain from disposal of assets	733	–	–
Total income from continuing operations	182,913	25,042	23,823
Expenses from continuing operations			
Employee benefits and on-costs	36,944	1,400	2,226
Materials and services	58,445	5,738	9,426
Borrowing costs	5,917	230	351
Depreciation, amortisation and impairment of non-financial assets	21,867	2,250	9,898
Other expenses	(9,309)	11,474	–
Net loss from the disposal of assets	(83)	12	71
Total expenses from continuing operations	113,781	21,104	21,972
Operating result from continuing operations	69,132	3,938	1,851
Net operating result for the year attributable to Council	69,132	3,938	1,851
Net operating result for the year before grants and contributions provided for capital purposes	(10,384)	2,871	(393)

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	19,615	9,238	21,116
Investments	32,507	11,855	26,907
Receivables	20,242	5,821	1,987
Inventories	344	–	–
Other	869	–	–
Non-current assets classified as held for sale	9,245	–	1,300
Total current assets	82,822	26,914	51,310

Non-current assets

Investments	32,568	11,877	26,955
Receivables	64	–	–
Infrastructure, property, plant and equipment	1,477,403	141,602	181,182
Intangible assets	6,459	–	–
Right of use assets	158	–	–
Total non-current assets	1,516,652	153,479	208,137

continued on next page ...

D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2021	Water 2021	Sewer 2021
TOTAL ASSETS	1,599,474	180,393	259,447
LIABILITIES			
Current liabilities			
Payables	17,353	412	195
Contract liabilities	20,463	–	–
Lease liabilities	59	–	–
Borrowings	5,435	217	340
Employee benefit provisions	9,847	382	325
Provisions	3,399	–	–
Total current liabilities	56,556	1,011	860
Non-current liabilities			
Lease liabilities	101	–	–
Borrowings	68,096	4,586	7,182
Employee benefit provisions	751	26	21
Provisions	5,584	–	–
Total non-current liabilities	74,532	4,612	7,203
TOTAL LIABILITIES	131,088	5,623	8,063
Net assets	1,468,386	174,770	251,384
EQUITY			
Accumulated surplus	1,259,027	135,764	251,367
IPPE revaluation reserve	209,359	39,006	17
Total equity	1,468,386	174,770	251,384

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with s.625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,572	1,579
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,547	3,196

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet due	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	4,203	1,452	1,406	212	7,273
2020						
Gross carrying amount	–	4,327	1,442	1,204	256	7,229

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet due	< 30 days overdue	30 - 60 days overdue	60 - 90 days overdue	> 90 days overdue	Total
2021						
Gross carrying amount	15,342	2,018	1,042	133	2,629	21,164
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.60%	0.20%
ECL provision	–	–	–	–	42	42
2020						
Gross carrying amount	25,086	2,011	62	929	1,243	29,331
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.02%	0.09%
ECL provision	–	–	–	–	25	25

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractu al cash outflows	Carrying values
2021						
Payables	0.00%	14,987	–	–	14,987	14,986
Borrowings	3.96%	5,992	26,958	52,906	85,856	85,856
Lease liabilities	4.33%	59	101	–	160	–
Total financial liabilities		21,038	27,059	52,906	101,003	100,842
2020						
Payables	0.00%	14,047	–	–	14,047	14,047
Borrowings	4.20%	5,373	34,538	41,139	81,050	81,050
Lease liabilities	4.33%	55	124	–	179	–
Total financial liabilities		19,475	34,662	41,139	95,276	95,097

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Financial investments	C1-2						
At fair value through profit or loss		35,469	31,961	–	–	35,469	31,961
Infrastructure, property, plant and equipment							
Equipment, furniture and fittings	C1-7	–	–	11,717	11,815	11,717	11,815
Land		39,996	45,941	125,706	102,570	165,702	148,511
Land improvements		–	–	1,106	–	1,106	–
Buildings and other structures		–	–	102,685	78,705	102,685	78,705
Roads, bridges and footpaths		–	–	426,413	311,177	426,413	311,177
Other road assets (including bulk earthworks)		–	–	579,165	444,436	579,165	444,436
Stormwater drainage		–	–	126,308	113,569	126,308	113,569
Water supply network		–	–	134,941	106,126	134,941	106,126
Sewerage network		–	–	168,083	176,825	168,083	176,825
Open space/recreation assets		–	–	32,749	31,896	32,749	31,896
Other assets		–	–	409	368	409	368
Tip assets		–	–	920	93	920	93
Total infrastructure, property, plant and equipment		39,996	45,941	1,710,202	1,377,580	1,750,198	1,423,521
Non-recurring fair value measurements							
Non-current assets classified as held for sale							
Land	C1-6	10,545	120	–	–	10,545	120
Total non-recurring fair value measurements		10,545	120	–	–	10,545	120

Valuation techniques

E2-1 Fair value measurement (continued)

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

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

Level 2 measurements

Where investments are valued at fair value through profit or loss, Council obtains valuations from its investment adviser (Laminar Capital) at the end of each reporting period ensuring financial statements reflect the most up to date valuation.

Council employed the services of Cardno to assess the fair value of Council's Operational Land assets as at 30 June, using sales transactions of similar assets.

Level 3 measurements

QPRC undertook an independent valuation through APV Valuers and Asset Management to assess the fair value of all infrastructure, building and open space assets as at 30 June 2021, using unobservable inputs.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council has completed a full revaluation of all asset classes in the 2020-21 financial year:

- the valuation process/es they use for level 3 fair value measurements,
- a description of what these processes are,
- how (and by who) the valuation processes are decided,
- how (and who) analyses the level 3 fair value movements post valuation.
- who undertakes the valuations,

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant, equipment, furniture, fittings and office equipment	11,717	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition and useful life.
Land	126,812	Community and Crown Land: Values obtained from the NSW Valuer-General. Land under roads: Market-based direct comparison.	Community and Crown Land: Land value, land area, level of restriction. Land under roads: Extent and Impact of use, market cost of land per square metre. The market value of land varies significantly depending on location and current market conditions.
Buildings and others structures (including swimming pools and other recreational buildings)	135,434	Cost approach	Buildings: Current replacement cost and residual value of modern equivalent asset using componentisation, asset condition, and remaining lives. Other structures: Current replacement cost of modern equivalent asset, asset condition, and remaining lives.
Roads (including bridges, footpaths, bulk earthworks) and other similar assets	1,005,578	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater drainage	126,308	Unit rates per square metre or length	Asset condition, remaining lives
Water supply and sewerage network infrastructure	303,024	Cost approach	Asset condition, remaining lives using componentisation.
Tips assets	920	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition.

E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Library books	409	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition, remaining lives.

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

\$ '000	Total	
	2021	2020
Opening balance	1,377,580	1,268,558
Recognised in other comprehensive income – revaluation surplus	230,969	2,466
Total gains or losses for the period		
Other movements		
Transfers from/(to) another asset class	(1,108)	52,545
Purchases (GBV)	138,216	90,949
Disposals (WDV)	(1,691)	(2,722)
Depreciation and impairment	(33,474)	(34,216)
Other asset transfers	(290)	–
Closing balance	1,710,202	1,377,580

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$479,767. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield as at 30 June 2020.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$496,479.48.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,486.7	106.2%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.73% as at 30 June 2021.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

E3-1 Contingencies (continued)

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

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

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

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

The Council is involved from time to time in land acquisitions for the purpose of building community infrastructure. Where land is compulsorily acquired and compensation is disputed, the Council may be required to cover other costs including severance and disturbance costs.

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,963	1,856
Post-employment benefits	182	206
Other Long Term Benefits	26	-
Termination Benefits	-	-
Total	2,171	2,062

Council recorded no other Related Party transactions with KMP during the financial year to June 30 2021.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	205	223
Councillors' (including Mayor) expenses	7	10
Total	256	277

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
(i) Audit and other assurance services: Auditors of Council - NSW Auditor-General		
Audit and review of financial statements	149	150
Total fees paid or payable to the Auditor-General	149	150

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Operating result	74,921	78,018
Add/(less) non-cash items:		
(Gain)/loss on disposal of assets	(733)	1,000
Depreciation and amortisation	29,465	26,554
Impairment of PPE	–	8,224
Interest expense on interest-free loans received by Council	–	20
Non-cash capital grants and contributions	(52,564)	(37,103)
Adoption of AASB 15/1058	–	(24,407)
– Revaluation decrements / impairments of IPP&E direct to P&L	4,550	–
Unwinding of discount rates on reinstatement provisions	153	66
Revised costs on reinstatement provisions	3,096	–
Changes in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase)/decrease in receivables	8,107	(20,397)
(Increase)/decrease in other assets	(65)	(82)
(Increase)/decrease in inventories	(72)	(3)
Increase/(decrease) in trade payables	1,117	(8,951)
Increase/(decrease) in contract liabilities	(86)	20,549
Increase/(decrease) in employee benefit provision	(857)	840
Increase/(decrease) in provision for impairment of receivables	(99)	354
Increase/(decrease) in accrued interest payable	(53)	(31)
Increase/(decrease) in other accrued expenses payable	(502)	(362)
Increase/(decrease) in other liabilities and accruals	842	1,017
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	67,220	45,306

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	11,846	37,103
Grants 'in kind'	40,718	–
	52,564	37,103

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Sewerage & water infrastructure	9,285	8,723
Buildings	64,713	2,944
Road infrastructure	9,218	21,595
Stormwater infrastructure	289	–
Recreation	–	174
Total commitments	83,505	33,436

Details of capital commitments

QPRC hold commitments for major projects as listed. The projects are due to be completed within the next 5 years and are funded by a combination of grants, contributions, loans and Council reserves.

G3-1 Events occurring after the reporting period

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

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	6,501	2,958	–	6	(869)	–	8,596	–
Parking	3	–	–	–	–	–	3	–
Open space	263	62	–	–	(58)	–	267	–
Community facilities	4,536	664	–	5	(346)	–	4,859	–
Other	12,798	2,010	–	11	(3,708)	–	11,111	–
Bushfire	172	14	–	–	–	–	186	–
Waste management	302	–	–	–	–	–	302	–
Rural addressing	18	–	–	–	–	–	18	–
Recreation facilities	1,040	89	–	1	–	–	1,130	–
Pathway	240	36	–	–	–	–	276	–
Street upgrade	548	100	–	1	–	–	649	–
S7.11 contributions – under a plan	26,421	5,933	–	24	(4,981)	–	27,397	–
Total S7.11 and S7.12 revenue under plans	26,421	5,933	–	24	(4,981)	–	27,397	–
S7.11 not under plans	3,436	1,045	–	3	(124)	–	4,360	–
S7.11 planning agreements	155	555	–	–	–	–	710	–
S64 contributions	20,826	1,127	–	16	(5,762)	–	16,207	–
Total contributions	50,838	8,660	–	43	(10,867)	–	48,674	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN (former Palerang)								
Roads	4,578	813	–	4	(611)	–	4,784	–
Community facilities	1,936	99	–	2	–	–	2,037	–
Bushfire	172	14	–	–	–	–	186	–
Waste management	302	–	–	–	–	–	302	–
Rural addressing	18	–	–	–	–	–	18	–

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Recreation facilities	1,040	89	-	1	-	-	1,130	-
Pathway	240	36	-	-	-	-	276	-
Street upgrade	548	100	-	1	-	-	649	-
Total	8,834	1,151	-	8	(611)	-	9,382	-
CONTRIBUTION PLAN (former QCC)								
Roads	1,923	2,145	-	2	(258)	-	3,812	-
Parking	3	-	-	-	-	-	3	-
Open space	263	62	-	-	(58)	-	267	-
Community facilities	2,600	565	-	3	(346)	-	2,822	-
Other (Googong Development, Extractive Industries - C.S.R)	12,798	2,010	-	11	(3,708)	-	11,111	-
Total	17,587	4,782	-	16	(4,370)	-	18,015	-

G4-3 Contributions not under plans

(former Palerang)

Roads	3,315	1,045	-	3	(79)	-	4,284	-
Parking	60	-	-	-	(45)	-	15	-
Community facilities	61	-	-	-	-	-	61	-
Total	3,436	1,045	-	3	(124)	-	4,360	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
1. Operating performance						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4,078)	(2.77)%	3.11%	5.20%	0.39%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	147,193					
2. Own source operating revenue						
Total continuing operating revenue excluding all grants and contributions ¹	114,851	49.93%	50.78%	53.22%	62.37%	> 60.00%
Total continuing operating revenue	230,020					
3. Unrestricted current ratio						
Current assets less all external restrictions	44,511	1.64x	1.57x	1.34x	2.05x	> 1.50x
Current liabilities less specific purpose liabilities	27,106					
4. Debt service cover ratio						
Operating result before capital excluding interest, depreciation, impairment and amortisation ¹	31,885	4.00x	3.84x	6.41x	6.64x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,974					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	7,705	9.25%	9.74%	5.68%	5.05%	< 10.00%
Rates and annual charges collectible	83,263					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus term deposits	92,969	8.10	7.44	14.30	9.41	> 3.00
Payments from cash flow of operating and financing activities	11,484	mths	mths	mths	mths	mths

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(6.46)%	(4.17)%	12.01%	12.91%	(1.49)%	26.05%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue							
Total continuing operating revenue excluding capital grants and contributions ¹	38.75%	39.68%	95.37%	94.18%	89.79%	90.75%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.59x	1.57x	26.62x	8.20x	59.66x	63.19x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest, depreciation, impairment and amortisation ¹	1.53x	2.38x	12.35x	6.99x	14.86x	17.39x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.85%	9.76%	10.49%	9.82%	10.11%	9.66%	< 10.00%
Rates and annual charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	4.42	4.12	10.33	8.84	36.38	40.94	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

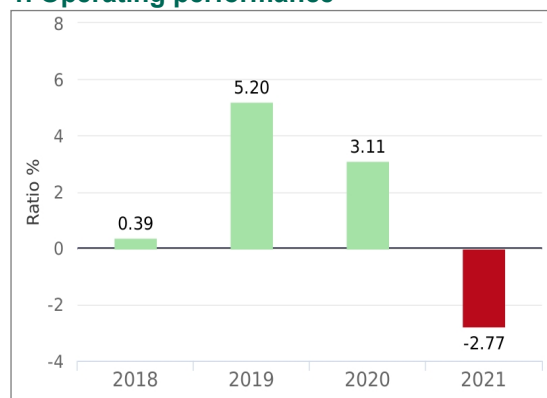
(1) - (2) Refer to Notes at Note G5-1 above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance



Purpose of operating performance

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

Commentary on 2020/21 result

2020/21 ratio (2.77)%

Council has recorded an operational deficit as a consolidated entity, caused by an increase in its depreciation expense from the capitalisation of \$227 million of assets, a once-off adjustment to its tip provisions, and recognition of impairment resulting from a revaluation of Council's IPP&E assets. This has resulted in a negative operating performance ratio.

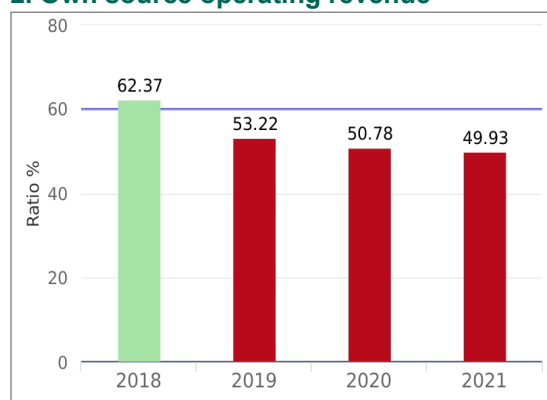
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue



Purpose of own source operating revenue

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

Commentary on 2020/21 result

2020/21 ratio 49.93%

Own source operating revenue ratio remains below the benchmark of 60%, as Council continues to attract a high value of grants from external entities.

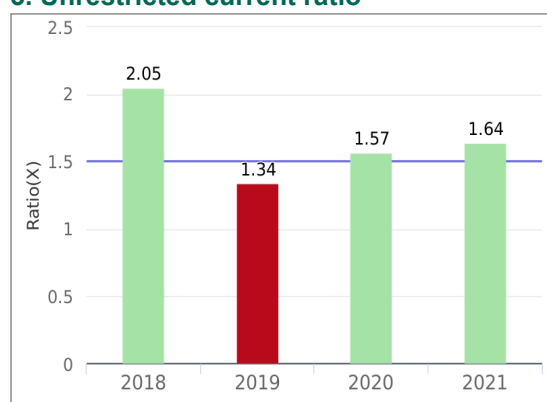
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 1.64x

The unrestricted current ratio remained above benchmark due to a \$10 million increase in land held for sale at year-end.

Benchmark: — > 1.50x

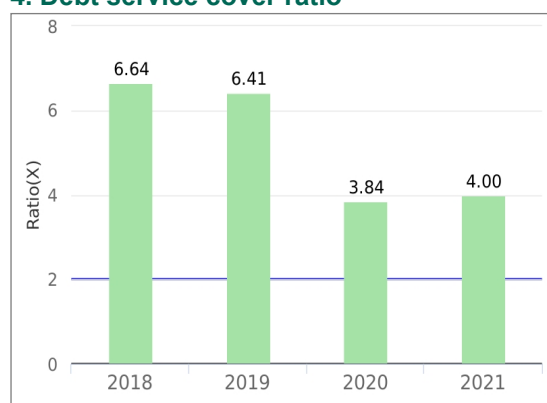
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 4.00x

New loan drawn down in April 2019 (\$36m) for Ellerton Drive extension has increased repayments and therefore reduced this ratio. The ratio remains above benchmark for financial year 2020/21.

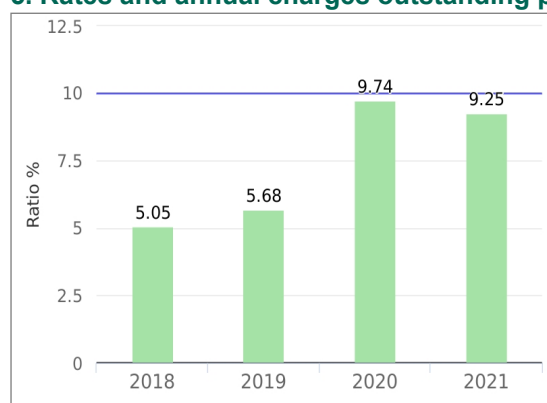
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 9.25%

Rates and Annual charges outstanding ratio rose in 2020 in conjunction with Council's decision to grant financial hardship for ratepayers that were affected by fires, floods and the COVID pandemic. During the current financial year these hardship arrangements have been extended, which has resulted in continually high rates and annual charges outstanding.

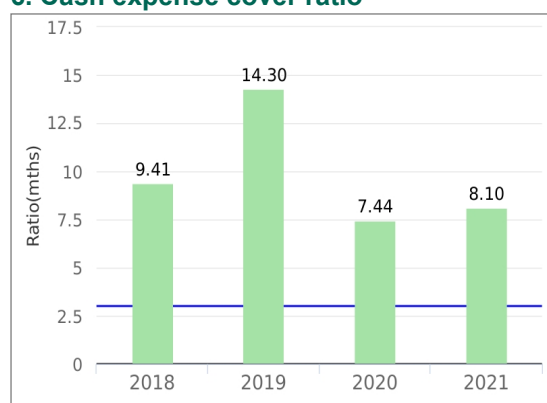
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 8.10 mths

Council's cash expense cover ratio has risen marginally due to the increased balance of cash, cash equivalents and term deposits held by Council at year-end.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Queanbeyan-Palerang Regional Council

To the Councillors of the Queanbeyan-Palerang Regional Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 December 2021
SYDNEY



Cr Tim Overall
Mayor
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: D2125909/1780

20 December 2021

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Queanbeyan-Palerang Regional Council**

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Rural fire-fighting equipment not recognised in the financial statements

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

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

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

Issues identified in asset revaluations

During financial year 2020-21, the Council performed revaluations of all their asset classes. Our review of the revaluations identified following issues:

- the condition ratings for some of the buildings and open space assets were incorrectly applied, resulting in a \$20.6 million understatement of the asset fair values
- found assets from transport infrastructure and buildings revaluations were not included in the general ledger, resulting in a \$6.1 million understatement of the asset fair values
- there were significant delays in providing the valuation documents to Audit. These documents were scheduled to be provided in May but were not provided until September. In addition, due to the condition rating issue mentioned above, the valuer had to re-perform the revaluations on buildings and open space assets, which resulted in further delays in both the audit and the submission of the signed financial statements.

INCOME STATEMENT

Operating result

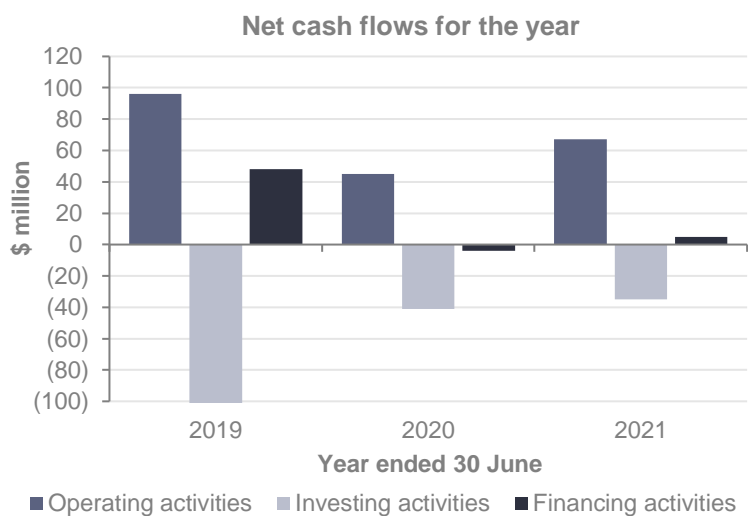
	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	75.5	72.3	4.4
Grants and contributions revenue	115.2	110.7	4.1
Operating result from continuing operations	74.9	78.0	3.9
Net operating result before capital grants and contributions	(7.9)	(4.8)	64.6

The Council's operating surplus from continuing operations of \$74.9 million (including depreciation and amortisation expense of \$34.0 million) was \$3.1 million lower than the 2019–20 result. The net operating result before capital grants and contributions was a deficit of \$7.9 million, \$3.1 million higher than the previous year. The overall decrease in both results was predominantly driven by increases in expenses, in particular \$7.8 million increase in materials and services expenses. This was partially offset by an increase in income.

Rates and annual charges revenue of \$75.5 million increased by \$3.2 million (4.4 per cent) in 2020–21, mainly due to the 2.6 per cent rate peg increase and the rise in the total number of rateable properties.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents balance at 30 June 2021 was \$50.0 million (\$13.3 million as at 30 June 2020). There was a net increase in cash and cash equivalents of \$36.7 million.
- Net cash provided by operating activities increased by \$21.9 million, mainly due to increases in cash receipts from rates and annual charges of \$4.4 million and grants and contributions of \$13.7 million.
- Net cash used in investing activities decreased by \$5.5 million, mainly due to an increase in net redemption of term deposits by \$6.6 million.
- Net cash provided by financing activities increased by \$8.6 million, mainly due to an increase of \$8.5 million in cash proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
External restrictions	180.1	180.6	<ul style="list-style-type: none"> Externally restricted cash and cash equivalents are restricted in their use by externally imposed requirements. Overall, the Council's externally restricted cash and cash equivalents did not change materially from 2019-20.
Internal restrictions	12.2	9.3	
Unrestricted	0.3	0.1	
Total cash, cash equivalents and investments	192.6	190.0	<ul style="list-style-type: none"> Internally restricted cash and equivalents have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by the Council. The Council's internally restricted cash and cash equivalents increased by \$2.9 million mainly due to an increase of \$1.4 million in business waste management and an increase of \$1.5 million in property reserve. Unrestricted balances provide liquidity for day-to-day operations. The unrestricted balance has increased by \$0.2 million to \$0.3m.

Debt

The Council has unsecured loans with various financial institutions of \$85.9 million (2020: \$81.0 million) with the increase of \$4.9 million due to Council obtaining loans to assist with funding for construction of building assets.

The Council had a \$2.0 million overdraft facility with the National Australia Bank. At the end of the current reporting period, none of the facility was accessed.

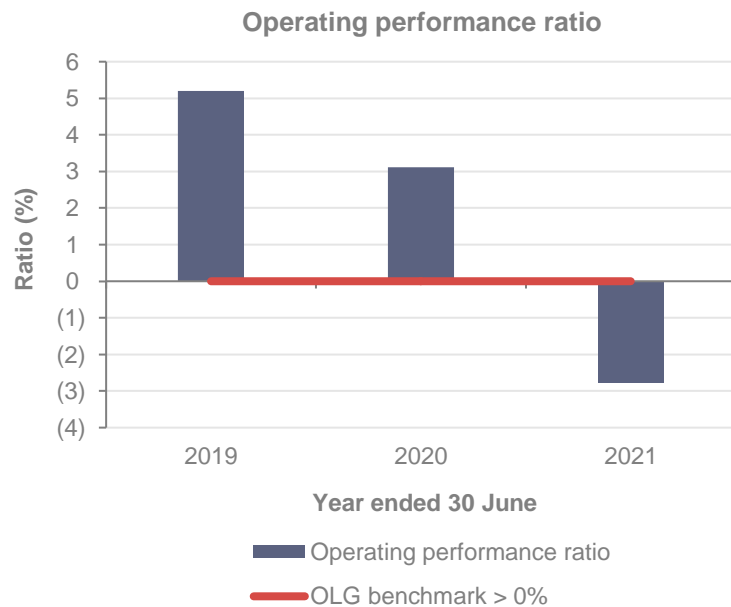
PERFORMANCE

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.

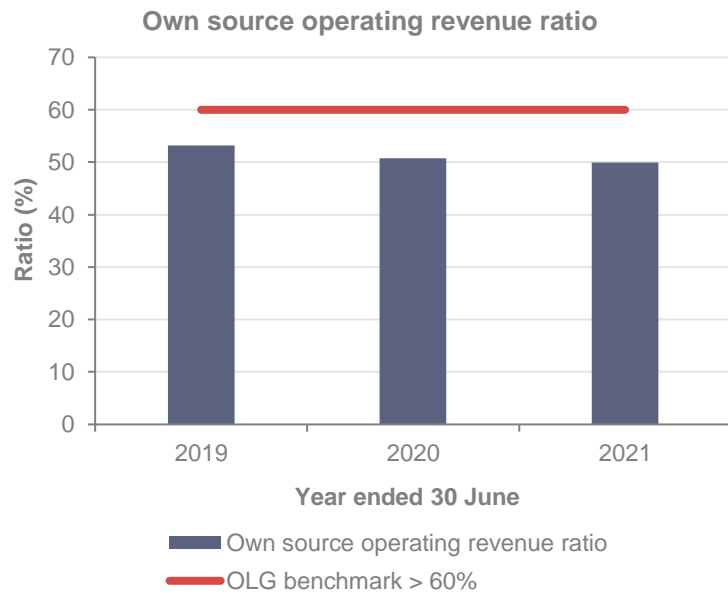
Operating performance ratio

- 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 did not meet the OLG benchmark for the current reporting period.
- The operating performance ratio decreased to -2.8 per cent (2020: 3.1 per cent) mainly due to an increase in expenses.



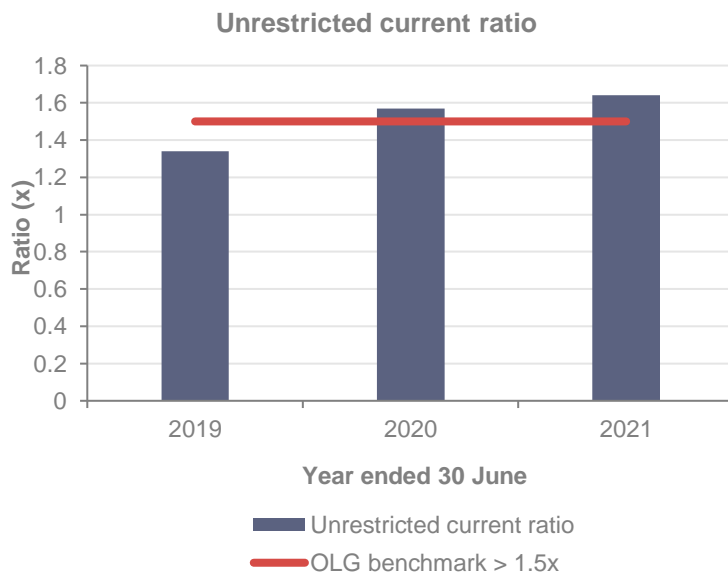
Own source operating revenue ratio

- 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 ratio of 49.9 per cent (2020: 50.8 per cent), did not meet the OLG benchmark for the current reporting period.



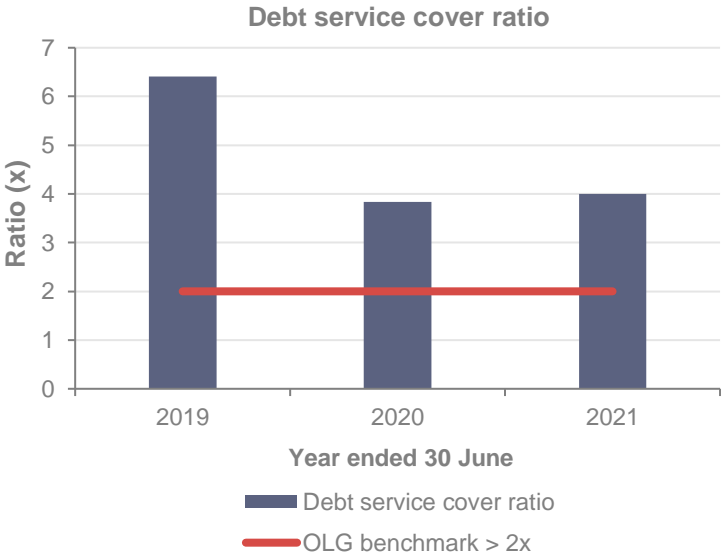
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's ratio of 1.6 times (2020: 1.57 times) exceeded the OLG benchmark for the last two reporting periods.
- The unrestricted current ratio has remained steady over the last two years.



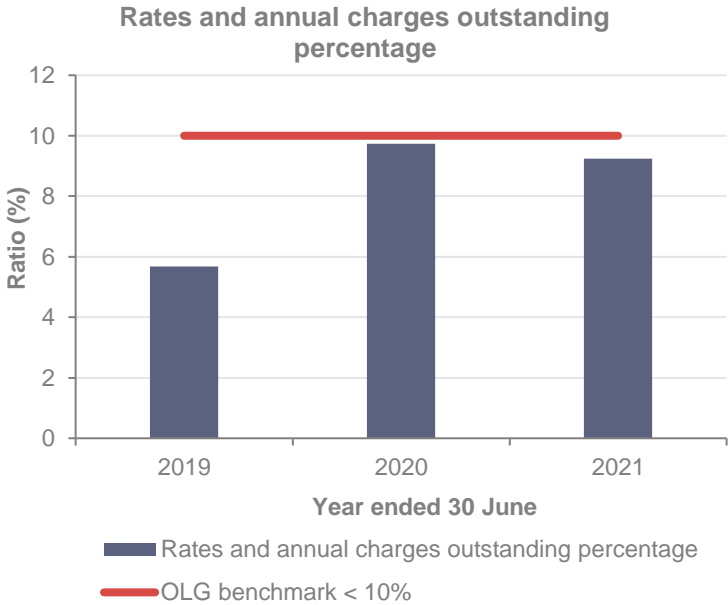
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the last three reporting periods.
- This year's ratio of 4.0 has been relatively stable from the previous year.



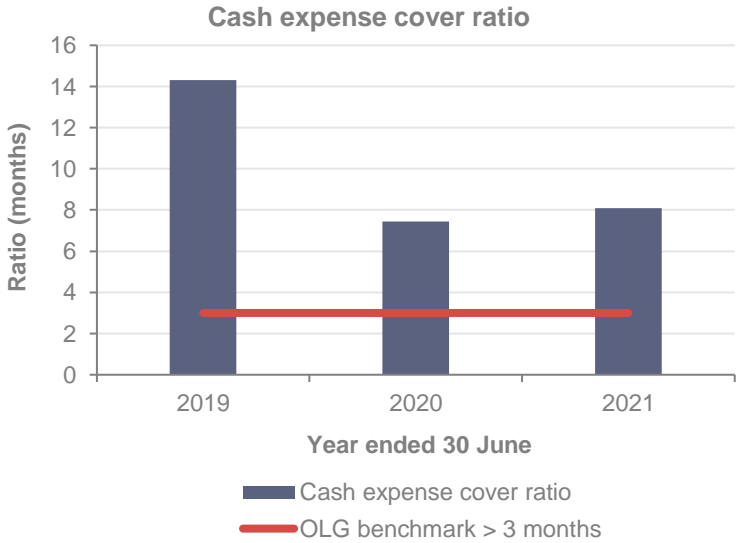
Rates and annual charges outstanding percentage

- The 'Rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council met the OLG benchmark for the last three reporting periods.
- At 30 June 2021 the ratio was 9.25 per cent (2020: 9.74 per cent), which is fairly consistent with the prior year.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the last three reporting periods.
- The cash expense cover ratio increased to 8.1 months (2020: 7.4 months) mainly due to an increase in the current period's cash and cash equivalents plus term deposits.



Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2020–21 totalled \$43.7 million compared with \$32.0 million in the previous year. The increase was mainly driven by higher renewals in capital work in progress totalling \$13.2 million (\$9.9 million in 2019–20), roads, bridges and footpaths totalling \$15 million (\$9.3 million in 2019-20) and buildings and other structures of \$3.2 million (\$0.4 million in 2019–20).

OTHER MATTERS

Key Management Personnel related party disclosures


As part of the audit procedures, we are required to obtain disclosures from key management personnel of the Council regarding their related parties and related party transactions with the Council during 2020-21 financial year. We did not receive a response to our request from one of the Councillors. The Councillor declined to provide a response on the basis the request was an

unreasonable burden of their time. We performed alternative procedures to determine there were no significant transactions between the Council and the Councillor.

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.



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Peter Tegart, Chief Executive Officer
Andrew Cox, Chair of the Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Queanbeyan-Palerang Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

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

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

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

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

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

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2021.



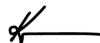
Cr Timothy Overall
Mayor



Cr Michele Biscotti
Deputy Mayor



Peter Tegart
Chief Executive Officer



Kate Monaghan
Responsible Accounting Officer

Queanbeyan-Palerang Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	7,056	6,759
User charges	15,074	17,311
Fees	734	477
Interest	1,019	674
Grants and contributions provided for non-capital purposes	92	138
Other income	–	5
Total income from continuing operations	23,975	25,364
Expenses from continuing operations		
Employee benefits and on-costs	1,400	1,301
Borrowing costs	230	340
Materials and services	5,738	5,217
Depreciation, amortisation and impairment	2,250	2,183
Water purchase charges	11,474	13,048
Loss on sale of assets	12	44
Total expenses from continuing operations	21,104	22,133
Surplus (deficit) from continuing operations before capital amounts	2,871	3,231
Grants and contributions provided for capital purposes	1,067	1,421
Surplus (deficit) from continuing operations after capital amounts	3,938	4,652
Surplus (deficit) from all operations before tax	3,938	4,652
Less: corporate taxation equivalent [based on result before capital]	(746)	(889)
Surplus (deficit) after tax	3,192	3,763
Plus accumulated surplus	131,826	127,174
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	746	889
Closing accumulated surplus	135,764	131,826
Return on capital %	2.2%	3.2%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	3,192	3,763
Less: capital grants and contributions (excluding developer contributions)	(1,067)	(1,421)
Surplus for dividend calculation purposes	2,125	2,342
Potential dividend calculated from surplus	1,062	1,171

Queanbeyan-Palerang Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	17,726	16,918
User charges	1,020	1,084
Liquid trade waste charges	30	40
Fees	340	351
Interest	2,264	1,492
Grants and contributions provided for non-capital purposes	189	143
Other income	10	76
Total income from continuing operations	21,579	20,104
Expenses from continuing operations		
Employee benefits and on-costs	2,226	2,077
Borrowing costs	351	327
Materials and services	9,426	7,243
Depreciation, amortisation, impairment and revaluation decrement	9,898	5,220
Loss on sale of assets	71	436
Total expenses from continuing operations	21,972	15,303
Surplus (deficit) from continuing operations before capital amounts	(393)	4,801
Grants and contributions provided for capital purposes	2,244	1,892
Surplus (deficit) from continuing operations after capital amounts	1,851	6,693
Surplus (deficit) from all operations before tax	1,851	6,693
Less: corporate taxation equivalent [based on result before capital]	-	(1,320)
Surplus (deficit) after tax	1,851	5,373
Plus accumulated surplus	249,516	242,823
Plus adjustments for amounts unpaid:		
- Corporate taxation equivalent	-	1,320
Closing accumulated surplus	251,367	249,516
Return on capital %	0.0%	2.8%
Subsidy from Council	2,742	-
Calculation of dividend payable:		
Surplus (deficit) after tax	1,851	5,373
Less: capital grants and contributions (excluding developer contributions)	(2,244)	(1,892)
Surplus for dividend calculation purposes	-	3,481
Potential dividend calculated from surplus	-	1,741

Queanbeyan-Palerang Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	9,238	2,314
Investments	11,855	18,354
Receivables	5,821	7,135
Total current assets	26,914	27,803
Non-current assets		
Investments	11,877	12,392
Infrastructure, property, plant and equipment	141,602	110,294
Total non-current assets	153,479	122,686
Total assets	180,393	150,489
LIABILITIES		
Current liabilities		
Payables	412	2,690
Borrowings	217	204
Employee benefit provisions	382	497
Total current liabilities	1,011	3,391
Non-current liabilities		
Borrowings	4,586	4,803
Employee benefit provisions	26	25
Total non-current liabilities	4,612	4,828
Total liabilities	5,623	8,219
Net assets	174,770	142,270
EQUITY		
Accumulated surplus	135,764	131,826
Revaluation reserves	39,006	10,444
Total equity	174,770	142,270

Queanbeyan-Palerang Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	21,116	5,225
Investments	26,907	41,446
Receivables	1,987	1,922
Non-current assets classified as held for sale	1,300	–
Total current assets	51,310	48,593
Non-current assets		
Investments	26,955	27,982
Infrastructure, property, plant and equipment	181,182	185,187
Total non-current assets	208,137	213,169
Total assets	259,447	261,762
LIABILITIES		
Current liabilities		
Payables	195	90
Borrowings	340	317
Employee benefit provisions	325	362
Total current liabilities	860	769
Non-current liabilities		
Borrowings	7,182	7,523
Employee benefit provisions	21	16
Total non-current liabilities	7,203	7,539
Total liabilities	8,063	8,308
Net assets	251,384	253,454
EQUITY		
Accumulated surplus	251,367	249,516
Revaluation reserves	17	3,938
Total equity	251,384	253,454

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supplies

Provision of water services to the Local Government Area.

b. Sewerage Services

Provision of waste water services to the Local Government Area.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Note – Significant Accounting Policies (continued)

Corporate income tax rate – 26%

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

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,200,000.

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

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26%.

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

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

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face ‘true’ commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council’s borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

Note – Significant Accounting Policies (continued)

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

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

(iii) Dividends

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

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

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

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

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

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2021



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Queanbeyan-Palerang Regional Council

To the Councillors of the Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Queanbeyan-Palerang Regional Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant Accounting Policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 December 2021
SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Queanbeyan-Palerang Regional Council

Special Schedules

for the year ended 30 June 2021

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

Queanbeyan-Palerang Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	37,531	39,278
Plus or minus adjustments ²	b	737	438
Notional general income	c = a + b	38,268	39,716
Permissible income calculation			
rate peg percentage	e	2.60%	2.00%
plus rate peg amount	i = e x (c + g)	995	794
Sub-total	k = (c + g + h + i + j)	39,263	40,510
Plus last year's carry forward total	l	56	4
Less valuation objections claimed in the previous year	m	(37)	-
Sub-total	n = (l + m)	19	4
Total permissible income	o = k + n	39,282	40,514
Less notional general income yield	p	39,278	40,483
Catch-up or (excess) result	q = o - p	4	31
Carry forward to next year ⁶	t = q + r + s	4	27

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

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Queanbeyan-Palerang Regional Council (the Council) for the year ending 30 June 2022.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 December 2021
SYDNEY

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				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 to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	1,129	372	2,710	1,055	102,685	150,561	23.0%	51.1%	22.1%	3.5%	0.2%
	Sub-total	1,129	372	2,710	1,055	102,685	150,561	23.0%	51.1%	22.1%	3.5%	0.2%
Roads	Sealed Roads	923	3,605	4,470	12,555	320,615	372,126	80.1%	15.0%	4.0%	0.8%	0.2%
	Unsealed roads	–	–	320	–	11,348	26,515	4.4%	2.4%	93.2%	0.0%	0.0%
	Bridges	1,414	8,083	400	–	62,797	104,154	32.8%	21.8%	37.7%	7.8%	0.0%
	Footpaths	119	681	340	–	31,485	40,711	65.4%	20.0%	13.0%	1.7%	0.0%
	Other road assets (includes bulk earthworks)	151	714	1,720	–	579,058	607,320	92.1%	4.0%	3.7%	0.1%	0.0%
	Sub-total	2,607	13,083	7,250	12,555	1,005,303	1,150,826	79.9%	9.7%	9.3%	1.1%	0.1%
Water supply network	Water supply network	3,151	17,931	2,270	2,599	134,920	233,937	15.3%	38.3%	38.7%	7.7%	0.0%
	Sub-total	3,151	17,931	2,270	2,599	134,920	233,937	15.3%	38.3%	38.7%	7.7%	0.0%
Sewerage network	Sewerage network	3,375	18,114	2,810	4,831	168,046	272,433	25.1%	37.3%	30.9%	6.5%	0.2%
	Sub-total	3,375	18,114	2,810	4,831	168,046	272,433	25.1%	37.3%	30.9%	6.5%	0.2%
Stormwater drainage	Stormwater drainage	9,205	13,358	900	152	125,744	200,418	28.9%	39.8%	20.3%	4.3%	6.7%
	Sub-total	9,205	13,358	900	152	125,744	200,418	28.9%	39.8%	20.3%	4.3%	6.7%
Open space / recreational assets	Swimming pools	–	–	500	–	5,568	8,402	0.0%	70.4%	29.7%	0.0%	0.0%
	Park Structures	72	1	2,330	1,781	27,181	35,055	36.7%	53.2%	8.9%	1.2%	0.0%
	Sub-total	72	1	2,830	1,781	32,749	43,457	29.6%	56.5%	12.9%	0.9%	0.0%
Total – all assets		19,539	62,859	18,770	22,973	1,569,447	2,051,632	55.0%	23.6%	17.6%	3.0%	0.7%

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

Infrastructure asset condition assessment 'key'

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

Queanbeyan-Palerang Regional Council

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

5 **Very poor**

Urgent renewal/upgrading required

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	31,305					
Depreciation, amortisation and impairment	24,504	127.75%	61.42%	144.21%	86.18%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	19,539					
Net carrying amount of infrastructure assets	1,569,447	1.24%	1.20%	3.22%	2.60%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	22,973					
Required asset maintenance	18,770	122.39%	109.66%	86.49%	92.02%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	62,859	3.06%	3.23%	2.31%	1.85%	
Gross replacement cost	2,051,632					

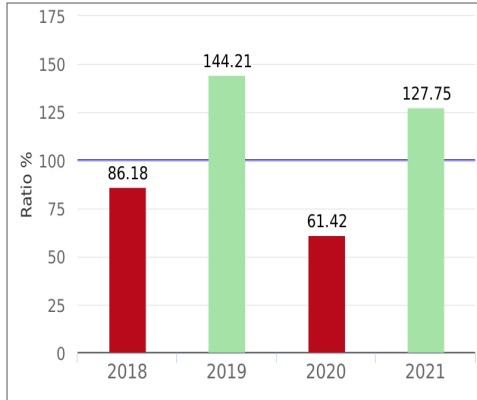
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
20/21 ratio	127.75%

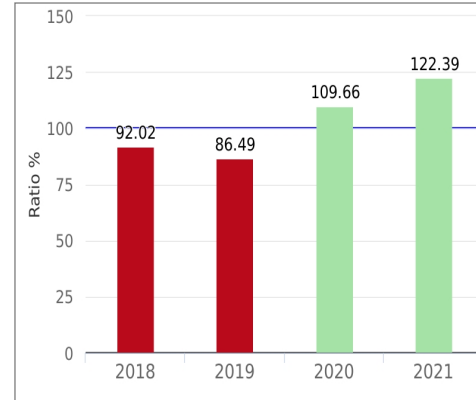
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
20/21 ratio	122.39%

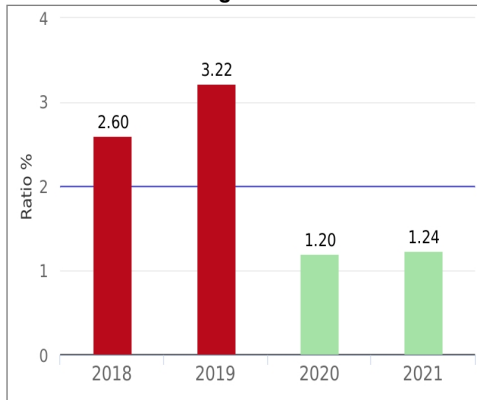
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
20/21 ratio	1.24%

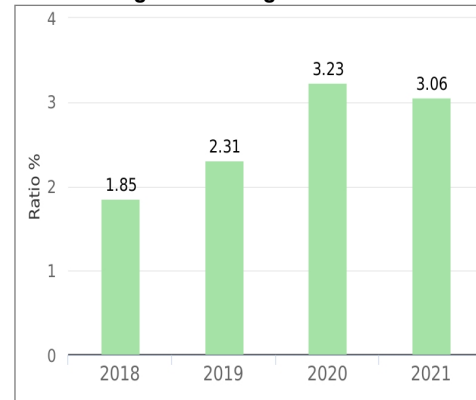
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
20/21 ratio	3.06%

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	143.00%	66.00%	85.00%	19.00%	96.00%	60.00%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.03%	1.11%	2.34%	1.74%	2.01%	1.38%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	113.54%	110.61%	114.49%	136.65%	171.92%	91.31%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.74%	2.76%	7.66%	6.39%	6.65%	3.55%	
Gross replacement cost							

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