

Fairfield City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

86 Avoca Road
WAKELEY NSW 2176

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.fairfieldcity.nsw.gov.au.

Fairfield City Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

- the *Local Government Act 1993* (NSW) 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.

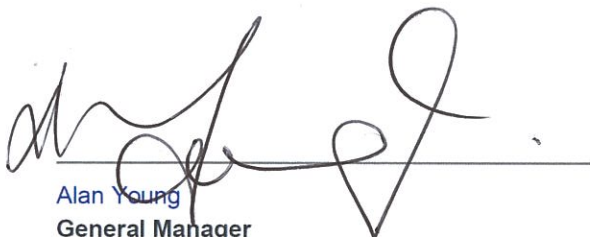
Signed in accordance with a resolution of Council made on 19 October 2021.



Frank Carbone
Mayor
19 October 2021



Peter Fowler Grippaudo
Councillor
19 October 2021



Alan Young
General Manager
19 October 2021



Lachlan Gunn
Responsible Accounting Officer
19 October 2021

Fairfield City Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
117,607	Rates and annual charges	B2-1	117,998	116,903
18,135	User charges and fees	B2-2	19,513	18,229
17,892	Other revenue	B2-3	13,872	16,703
17,040	Grants and contributions provided for operating purposes	B2-4	18,285	18,885
15,027	Grants and contributions provided for capital purposes	B2-4	21,045	27,922
1,804	Interest and investment income	B2-5	1,361	2,832
–	Other income	B2-6	6,270	9,266
–	Net gains from the disposal of assets	B4-1	627	1,114
187,505	Total income from continuing operations		198,971	211,854
Expenses from continuing operations				
76,894	Employee benefits and on-costs	B3-1	74,548	74,936
45,060	Materials and services	B3-2	42,578	44,553
302	Borrowing costs	B3-3	112	35
34,157	Depreciation, amortisation	B3-4	35,343	35,379
19,086	Other expenses	B3-5	18,926	17,159
175,499	Total expenses from continuing operations		171,507	172,062
12,006	Operating result from continuing operations		27,464	39,792
12,006	Net operating result for the year attributable to Council		27,464	39,792
(3,021)	Net operating result for the year before grants and contributions provided for capital purposes		6,419	11,870

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

Fairfield City Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		27,464	39,792
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	104,250	81,893
Other comprehensive income – joint ventures and associates	C1-7	–	(538)
Total items which will not be reclassified subsequently to the operating result		104,250	81,355
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		–	(4,463)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	(4,463)
Total other comprehensive income for the year		104,250	76,892
Total comprehensive income for the year attributable to Council		131,714	116,684

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

Fairfield City Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	55,835	63,196
Investments	C1-2	42,826	31,726
Receivables	C1-4	13,498	9,644
Inventories	C1-5	534	592
Other	C1-9	9,589	2,299
Total current assets		122,282	107,457
Non-current assets			
Investments	C1-2	39,050	45,850
Infrastructure, property, plant and equipment	C1-6	2,186,910	2,042,579
Investment property	C1-7	18,964	18,964
Intangible Assets	C1-8	–	333
Right of use assets	C2-1	1,454	1,800
Other	C1-9	–	5,793
Total non-current assets		2,246,378	2,115,319
Total assets		2,368,660	2,222,776
LIABILITIES			
Current liabilities			
Payables	C3-1	28,629	24,735
Contract liabilities	C3-2	1,182	–
Lease liabilities	C2-1	53	–
Borrowings	C3-3	900	419
Employee benefit provisions	C3-4	18,091	18,178
Provisions	C3-5	463	624
Total current liabilities		49,318	43,956
Non-current liabilities			
Lease liabilities	C2-1	1,350	–
Borrowings	C3-3	8,627	1,379
Employee benefit provisions	C3-4	601	606
Provisions	C3-5	2,681	2,466
Total non-current liabilities		13,259	4,451
Total liabilities		62,577	48,407
Net assets		2,306,083	2,174,369
EQUITY			
Accumulated surplus	C4-1	913,949	885,968
IPPE revaluation reserve	C4-1	1,392,134	1,288,401
Total equity		2,306,083	2,174,369

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

Fairfield City 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		885,968	1,288,401	2,174,369	851,177	1,206,508	2,057,685
Net operating result for the year		27,464	–	27,464	39,792	–	39,792
Other comprehensive income							
Adoption of new accounting standards – retrospective		–	–	–	(4,463)	–	(4,463)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	104,250	104,250	–	81,893	81,893
Joint ventures and associates	C1-7	–	–	–	(538)	–	(538)
Total other comprehensive income		–	104,250	104,250	(5,001)	81,893	76,892
Total comprehensive income		27,464	104,250	131,714	34,791	81,893	116,684
Transfers between equity items		517	(517)	–	–	–	–
Closing balance at 30 June		913,949	1,392,134	2,306,083	885,968	1,288,401	2,174,369

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

Fairfield City Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
114,500	Rates and annual charges		117,920	116,822
19,000	User charges and fees		19,814	18,229
1,804	Investment and interest revenue received		1,416	3,360
34,564	Grants and contributions		40,211	42,344
–	Bonds, deposits and retention amounts received		–	73
16,755	Other		30,075	37,201
<i>Payments:</i>				
(75,356)	Employee benefits and on-costs		(74,318)	(74,497)
(29,512)	Materials and services		(36,927)	(30,148)
(302)	Borrowing costs		(112)	(35)
–	Bonds, deposits and retention amounts refunded		(233)	–
(34,282)	Other		(35,921)	(44,465)
47,171	Net cash from operating activities	F1-1a	61,925	68,884
Cash flows from investing activities				
<i>Receipts:</i>				
685	Sale of infrastructure, property, plant and equipment		2,370	6,011
<i>Payments:</i>				
–	Purchase of investment securities		(4,300)	29,250
–	Purchase of investment property		–	(9)
(75,397)	Purchase of infrastructure, property, plant and equipment		(76,048)	(73,118)
(74,712)	Net cash from investing activities		(77,978)	(37,866)
Cash flows from financing activities				
<i>Receipts:</i>				
10,000	Proceeds from borrowings		10,000	–
<i>Payments:</i>				
(59)	Repayment of borrowings		(532)	(113)
–	Principal component of lease payments		(776)	(662)
9,941	Net cash flow from financing activities		8,692	(775)
(17,600)	Net change in cash and cash equivalents		(7,361)	30,243
62,000	Cash and cash equivalents at beginning of year		63,196	32,953
44,400	Cash and cash equivalents at end of year	C1-1	55,835	63,196
80,000	plus: Investments on hand at end of year	C1-2	81,876	77,576
124,400	Total cash, cash equivalents and investments		137,711	140,772

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

Fairfield City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 19 October 2021.

Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of investment properties – refer Note C1-7
- (ii) fair values of infrastructure, property, plant and equipment – refer Note C1-7 and D2
- (iii) employee benefit provisions – refer Note C3-3.

The far reaching economic impacts of the COVID-19 global pandemic (COVID-19) has had an impact on Council's operations during the financial year ended 30 June 2021 as well as that of its community, its customers and suppliers. Council has proactively addressed COVID-19 issues in order to mitigate the financial impact wherever possible, but there are a number of factors outside of its control. As a result, estimates and assumptions have been made as to the magnitude of the COVID-19 impact on Council's operations, which have been incorporated into fair value estimates.

Council is of the view that its investment properties and Infrastructure, Property and Plant and Equipment (IPP&E) are recorded at fair value as at 30 June 2021 and that the estimated fair values have not been significantly impacted by COVID-19 due to the nature of its tenants and the effective procurement practices in place. Council has sustainable rental terms with longer term tenants and has no reason to believe that this will change as a result of COVID-19 based on practical experience during the pandemic and due to the quality of its property portfolio.

The construction costs for Council's IPP&E has continued to be well controlled during COVID-19 through effective procurement practices with contracted suppliers. It has been assumed that this will continue to be the case and that any potential supply chain uncertainty can largely be addressed through proactive planning and management.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4 and D1-1.

COVID-19 has had an impact on Council's ratepayers and customers, which has been taken into account when determining provisions for the impairment of receivables as at 30 June 2021. Council has worked to mitigate the impacts of the pandemic through proactive customer engagement and tailored payment solutions. At present, there are no indications that COVID-19 will have a significant impact on the judgements applied by Council.

Monies and other assets received by Council

The Consolidated Fund

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

The consolidated fund consists of cash and other assets associated with general purpose operations only.

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, 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 been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,

A1-1 Basis of preparation (continued)

- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

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 as at 30 June 2021:

- 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
- 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 result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Asset Management – Civil & Built	9,076	5,634	25,939	25,829	(16,863)	(20,195)	8,663	5,429	1,339,122	1,322,791
Asset Management – Open Space	996	908	3,935	4,737	(2,939)	(3,829)	720	431	127,726	128,135
Building Control and Compliance	967	885	2,831	2,918	(1,864)	(2,033)	–	–	(3)	–
Catchment Management	189	1,609	1,984	2,059	(1,795)	(450)	172	74	5,119	4,780
Children and Family Services	13,133	11,804	12,568	11,157	565	647	5,125	4,625	17,423	17,818
City Connect Bus	–	1	32	35	(32)	(34)	–	–	39	(14)
Communications	26	23	1,624	1,692	(1,598)	(1,669)	10	–	21	736
Community Enforcement and Regulation	5,293	6,371	2,594	2,831	2,699	3,540	–	19	104	150
Community Facilities	554	639	2,715	2,757	(2,161)	(2,118)	–	–	33,397	33,689
Corporate Planning and Improvements	–	–	510	647	(510)	(647)	–	–	–	7
Customer Service Admin Building	4	3	859	874	(855)	(871)	–	–	–	1
Design Surveying	1,373	10,369	902	1,201	471	9,168	1,373	10,369	2,043	6,661
Development Planning	665	550	1,997	2,147	(1,332)	(1,597)	–	–	–	–
Emergency Risk Management	73	74	2,078	2,113	(2,005)	(2,039)	79	79	480	535
Enterprise Risk Management	–	2	1,485	1,985	(1,485)	(1,983)	–	–	–	–
Environment and Public Health	244	334	802	800	(558)	(466)	–	–	101	97
Financial Sustainability	233	142	3,206	3,710	(2,973)	(3,568)	–	–	411	411
Governance & Civic Centre	8	2	1,529	1,628	(1,521)	(1,626)	–	–	10	13
Human Services	–	28	3,096	2,663	(3,096)	(2,635)	–	–	10	2
Information Technology (IT)	2	2	7,892	6,549	(7,890)	(6,547)	–	–	2,258	2,815
Infrastructure Construction and Maintenance	381	2,275	11,548	12,940	(11,167)	(10,665)	255	507	68,626	68,599
Internal Audit	–	–	161	153	(161)	(153)	–	–	–	–
Leisure Centres	12,135	12,083	15,446	14,692	(3,311)	(2,609)	4,908	5,011	118,928	91,141
Library	680	978	6,455	7,156	(5,775)	(6,178)	604	881	16,188	16,838
Major Projects and Construction Contracts Management	3,032	–	558	834	2,474	(834)	3,032	–	11,172	5,631
Museum and Gallery	70	133	684	773	(614)	(640)	44	82	4,074	4,125
Parks and Gardens	102	124	3,391	3,630	(3,289)	(3,506)	–	–	17,744	18,173
Place Management and Economic Development	208	629	2,317	2,678	(2,109)	(2,049)	197	360	1,656	2,300
Procurement	253	289	2,401	2,297	(2,148)	(2,008)	–	–	2,576	2,412
Property	6,414	6,712	3,848	3,948	2,566	2,764	–	–	66,028	58,883

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Property Development Fund	1,109	6,105	326	208	783	5,897	–	–	5,810	13,897
Records and Information Management	–	–	1,497	1,833	(1,497)	(1,833)	–	–	–	–
Showground and Golf Course	1,323	1,037	976	698	347	339	–	–	4,737	4,934
Social and Cultural Development	593	578	2,466	2,487	(1,873)	(1,909)	584	554	(3)	(43)
Strategic Land Use Planning	690	923	1,966	1,772	(1,276)	(849)	192	601	–	–
Street and Public Amenities Cleaning	699	657	6,413	5,820	(5,714)	(5,163)	–	–	2,084	1,404
Sustainable Resource Centre	4,350	3,166	2,888	2,974	1,462	192	–	–	10,730	10,974
Traffic, Transport and Road Safety	–	–	766	415	(766)	(415)	–	–	–	32
Waste Education and Environment Sustainability	470	407	2,589	2,815	(2,119)	(2,408)	413	324	(1,342)	(1,401)
Waste Management	32,019	31,889	23,175	21,082	8,844	10,807	–	–	1,898	4,840
Corporate Services	101,607	104,489	3,058	4,525	98,549	99,964	12,959	11,532	509,493	401,410
Other	–	–	–	–	–	–	–	5,929	–	–
Total functions and activities	198,971	211,854	171,507	172,062	27,464	39,792	39,330	46,807	2,368,660	2,222,776

B1-2 Components of functions or activities

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

Asset Management - Civil & Built

Ensure community assets (buildings, drainage, roads and street lighting) are maintained to an agreed standard by undertaking condition inspections to identify and program required repair and renewal works.

Asset Management - Open Space

Ensure Open Space and related assets (Parks, Playgrounds, Reserves, Sportsfields, Trees and Public Toilets) are maintained to an agreed standard by undertaking condition inspections to identify and program required maintenance and renewal works.

Building Control and Compliance

Performs the assessment, investigation, certification and enforcement of laws, regulations and policies for developments and land use activities within Fairfield City to ensure their compliance, health, safety and amenity.

Catchment Management

Develop policy, undertake studies to identify and plan measures, develop detailed designs for construction of measures and provide advice relating to catchment planning, floodplain, stormwater and waterway management.

Children and Family Services

Provides quality children and family services including child care and early intervention programs to ensure a good future for our children and families within Fairfield City.

City Connect Bus

Provides free City Connect Bus Service for areas that are poorly serviced by existing private bus routes and increase accessibility to key destinations and community facilities.

Communications

Promote Council, and encourage community engagement through social media, coordinating media enquiries, responses and releases. Mayoral engagements as well as providing graphic design and print services for Council.

Community Enforcement and Regulation

Investigate and ensure compliance with the regulatory and compliance laws within Fairfield City on community, parking and companion animal issues.

Community Facilities

Coordinate the management of Council community facilities including community buses, sporting fields, tennis/futsal and community centres/halls.

Corporate Planning and Improvements

Implement the compliance, coordination and development of the Integrated Planning and Reporting Framework (documents and reports) and service area improvements.

Customer Service Admin Building

Delivers a centralised Customer Service Centre at the administration building, which provides information, transactions and advice to customers via the front counter and operates the call centre.

Design Surveying

Defines, develops and manages civil, urban and landscape infrastructure designs; and provides surveying and spatial data services.

Development Planning

Conduct the assessment and processing of all major development applications and engineering construction certificates across residential, commercial and industrial developments.

Emergency Risk Management

Provide leadership, assistance and resources in order to support emergency and disaster planning, response and recovery operations within Fairfield City.

Enterprise Risk Management

Develop, implement and manage Council's Enterprise Risk Management Framework and the management of Council's commercial insurance function inclusive of general insurance renewals and insurance claims.

Environment and Public Health

Monitor and enforce regulatory and compliance laws within Fairfield City for environmental and public health standards.

Financial Sustainability

B1-2 Components of functions or activities (continued)

Conduct the delivery of Council's financial services, rate payments, revenue collection, analysis, advice and statutory reporting to ensure appropriate cash flow and long term financial viability.

Governance & Civic Centre

Ensure that Council has strong and effective governance and oversee the management of processes and protocols for Council's formal decision making that supports Council's capability to fulfil its legal, financial and ethical obligations.

Human Services

Provide strategic and operational human resources service including industrial and employee relations, work health and safety, workers compensation, payroll and organisational and workforce development.

Information Technology (IT)

Provide the implementation, maintenance and support of Council's information technology systems and infrastructures. Design, install and maintain the Closed Circuit Television (CCTV) program in public places and Council facilities across Fairfield City.

Infrastructure Construction and Maintenance

Deliver Council's major programs for new capital and renewal of infrastructure assets (buildings, roads, kerb and gutter, footpaths, drainage, signs/line marking and sportsfields). Undertake breakdown repair and programmed maintenance for Council's infrastructure assets to meet Council's service standard.

Internal Audit

Ensure that Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfil its legal, financial and ethical obligations.

Leisure Centres

Manage and maintain Council's three leisure centres (Prairiewood Leisure Centre, Fairfield Leisure Centre and Cabravale Leisure Centre), Fairfield Park Tennis Complex along with Fairfield Youth and Community Centre for the provision of indoor and outdoor, active and passive dry and aquatic facilities and services to the community and visitors for wellbeing, water safety, sport and recreation.

Library

Manage and maintain Council's five library sites (Cabramatta, Bonnyrigg, Fairfield, Wetherill Park and Smithfield) to provide equitable, accessible, cost effective and efficient service to meet the community needs of Fairfield City.

Major Projects and Construction Contracts Management

Project manages and coordinates the funding, design, construction and commissioning of major new community infrastructure, other civil and building construction, and special projects.

Undertakes the procurement process and management of external design and construction contracts over \$120,000 Council wide, and provides advice and coordination for construction contracts under \$120,000.

Museum and Gallery

Engages the local communities through visual arts and social history exhibitions, workshops, education programs and events; and manages and maintains the Social History Collection, Vintage Village, Stein Gallery, Museum and the site.

Parks and Gardens

Provide the necessary and effective resources to implement the service levels identified in Councils Parks and Recreation (Open Space) Asset Management Plan.

Place Management and Economic Development

Manage and coordinate projects, activities, policies, plans, partnerships and project opportunities across Fairfield City in consultation with key stakeholders to ensure the effective functioning of the Local Government Area's business centres, industrial lands, residential activity and its ongoing economic resilience. Focus is on public domain improvements, visual quality, general amenity and activation, economic development and sustainability, stakeholder engagement, place based major events, processing minor activity applications and reviewing development applications.

Procurement

Develop, implement and ensure a competitive, transparent, accountable and ethical procurement processes in the acquisition of goods and services to deliver Council services.

Property

Coordinate the management of Council owned properties, leased and licenced properties, retail shopping centres and multi-deck car parks as well as real estate functions to buy, sell, lease land, grant easements and road closures.

Property Development Fund

Provide Council with a self-funded Property Development Fund for the purpose of generating additional revenue through entrepreneurial real estate activities enabling Council to re-invest the funds back into the community.

B1-2 Components of functions or activities (continued)

Records and Information Management

Manage Council's records and information including access, retrieval, storage and disposal.

Showground and Golf Course

Undertakes the management and maintenance of Fairfield Showground, Fairfield Markets, Fairfield Golf Course and Parklands Function Centre.

Social and Cultural Development

Social and Cultural Development works in partnership with community organisations, government agencies and business to ensure that vulnerable groups of people who need assistance, support or activities to participate in the economic, social and cultural life of the city receive help and opportunities. We advocate for additional resources, programs and policies to achieve social justice, minimise harm, enhance social inclusion, community participation and cohesion, as well as safe and healthy people and places.

Strategic Land Use Planning

Identify, map and coordinate planning for residential, business and rural land across Fairfield City, as well as preparing zoning certificates and representing Council on planning and infrastructure matters with State and Federal Governments.

Street and Public Amenities Cleaning

Provide the cleaning of streets and public amenities in the town centres, residential and industrial areas across Fairfield City.

Sustainable Resource Centre

Divert construction and demolition waste from landfill by recycling and selling construction materials.

Traffic, Transport and Road Safety

Manages Fairfield City's road network, including traffic management, transport, road safety, parking restrictions and liaison with State Government entities.

Waste Education and Environment Sustainability

Provide and deliver educational programs and community sustainability initiatives for the community and Council.

Waste Management

Manage domestic and commercial waste services across Fairfield City.

Corporate Services

Ensure that Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfil its legal, financial and ethical obligations.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	51,773	50,263
Farmland	248	246
Business	35,062	33,964
Less: pensioner rebates	(2,011)	(1,984)
Rates levied to ratepayers	85,072	82,489
Pensioner rate subsidies received	1,717	1,732
Total ordinary rates	86,789	84,221
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	32,246	32,211
Drainage	(5)	1,516
Section 611 charges	92	96
Less: pensioner rebates	(1,124)	(1,141)
Annual charges levied	31,209	32,682
Total annual charges	31,209	32,682
Total rates and annual charges	117,998	116,903

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

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate.

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
User charges			
Domestic waste management services	2	161	141
Waste management services (non-domestic)	2	495	481
Total user charges		656	622
Fees			
Building regulation	2	195	140
Planning and building regulation	2	537	497
Regulatory fees	2	1,530	2,024
Section 10.7 certificates (EP&A Act)	2	400	310
Total Fees		2,662	2,971
Child care	2	6,925	5,964
Park rents	2	206	289
Entry fees	2	3,590	3,455
Fairfield showground	2	1,101	1,033
Golf course	1	106	116
Library	2	502	115
Recreation facilities	2	3,765	3,664
Total Fees		16,195	14,636
Total user charges and fees		19,513	18,229
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		106	–
User charges and fees recognised at a point in time (2)		19,407	18,229
Total user charges and fees		19,513	18,229

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Hire Income – Council properties	2	–	2,329
Fines	2	5,402	6,583
Legal fees recovery	2	1	206
Commissions and agency fees	2	189	174
Car park operations	2	2,249	2,477
Insurance claims recoveries	2	298	433
Recycling income (non-domestic)	2	4,384	3,498
Other	2	1,349	1,003
Total other revenue		13,872	16,703

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		13,872	16,703
Total other revenue		13,872	16,703

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied. Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first. Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	3,542	3,628	–	–
Financial assistance – local roads component	2	849	860	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,789	3,840	–	–
Financial assistance – local roads component	2	912	914	–	–
Amount recognised as income during current year		9,092	9,242	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	79	79	–	–
Community care	2	992	1,048	–	–
Library	2	4,394	4,263	–	–
Recreation and culture	2	30	80	48	262
Street lighting	2	999	1,099	–	–
Transport (other roads and bridges funding)	2	–	–	2,322	12,634
Other specific grants	2	1,966	2,332	13,047	9,839
Transport for NSW contributions (regional roads, block grant)	2	115	364	–	–
Other contributions	2	65	181	–	–
Child care	2	553	197	–	–
Total special purpose grants and non-developer contributions – cash		9,193	9,643	15,417	22,735
Total special purpose grants and non-developer contributions (tied)		9,193	9,643	15,417	22,735
Total grants and non-developer contributions		18,285	18,885	15,417	22,735
Comprising:					
– Commonwealth funding		9,103	9,241	4,798	1,137
– State funding		8,981	8,892	10,611	21,598
– Other funding		201	752	8	–
		18,285	18,885	15,417	22,735

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	5,628	5,187
Total developer contributions – cash			–	–	5,628	5,187
Total developer contributions			–	–	5,628	5,187
Total contributions			–	–	5,628	5,187
Total grants and contributions			18,285	18,885	21,045	27,922
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,965	–	2,322	–
Grants and contributions recognised at a point in time (2)			15,320	18,885	18,723	27,922
Total grants and contributions			18,285	18,885	21,045	27,922

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	5,103	4,428	3,362	3,298
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,143	691	86	402
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,167)	(16)	(441)	(338)
Unspent funds at 30 June	5,079	5,103	3,007	3,362
Contributions				
Unspent funds at 1 July	49,731	53,106	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,155	3,488	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(22,070)	(6,863)	-	-
Unspent contributions at 30 June	30,816	49,731	-	-

Accounting policy

Grants and Contributions - enforceable agreement with sufficiently specific performance obligations.

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

The performance obligations are varied based on the agreement. 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, whereas over time recognition is where the control of the services is ongoing throughout the project.

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

Other grants and contributions

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

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

Capital grants

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

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

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*.

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.

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	50	341
– Cash and investments	1,311	2,492
Fair value adjustments		
– Movements in investments at fair value through profit and loss	–	(1)
Total interest and investment income (losses)	1,361	2,832
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	50	341
General Council cash and investments	883	1,584
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	428	907
Total interest and investment income	1,361	2,832

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Fair value increment on investment properties			
Fair value increment on investment properties		–	5,034
Total fair value increment on investment properties	C1-7	–	5,034
Rental income			
Investment properties			
Lease income relating to variable lease payments not dependent on an index or a rate		1,101	4,232
Total Investment properties		1,101	4,232
Other lease income			
Room/Facility Hire		4,636	–
Other		533	–
Total Other lease income		5,169	–
Total rental income	C2-2	6,270	4,232
Total other income		6,270	9,266

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	57,144	57,672
Travel expenses	14	15
Employee leave entitlements (ELE)	8,767	9,105
Superannuation	6,876	6,818
Workers' compensation insurance	448	(44)
Fringe benefit tax (FBT)	143	143
Training costs (other than salaries and wages)	444	363
Protective clothing	217	254
Temporary contract labour	3,302	3,350
Other	98	143
Total employee costs	77,453	77,819
Less: capitalised costs	(2,905)	(2,883)
Total employee costs expended	74,548	74,936

Accounting policy

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

All employees of 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 D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		18,148	19,932
Contractor and consultancy costs		2,111	2,094
Audit Fees	E2-1	227	174
Councillor and Mayoral fees and associated expenses	E1-2	516	521
Election expenses		57	–
Electricity and heating		1,803	1,918
Insurance		1,182	1,648
Postage		566	628
Printing and stationery		330	384
Street lighting		3,086	3,088
Subscriptions and publications		667	725
Telephone and communications		1,102	558
Valuation fees		354	314
Advertising (general)		484	490
Advertising (positions vacant)		33	53
Children services		141	133
Commission / rebate		503	600
Conferences		131	203
Consumables		312	209
Equipment less than \$1,000		596	443
Financial charges		421	238
Photocopier operating costs		82	100
Other expenses		488	595
Publicity and promotion		724	765
Rates collection		7	8
Water rates		873	812
Legal expenses: other		983	923
Expenses from short-term leases		34	101
Expenses from leases of low value assets		867	973
Fuels		1,344	1,574
Increase/decrease stock valuation		60	(13)
Information technology		2,635	2,770
Materials fleet running expenses		2,005	1,909
Stock Adjustments		26	83
Trading requirement stock		68	128
Total materials and services		42,966	45,081
Less: capitalised costs		(388)	(528)
Total materials and services		42,578	44,553

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 bearing liability costs		
Interest on leases	52	30
Interest on loans	60	5
Total borrowing costs expensed	112	35

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		3,757	3,644
Office equipment		144	99
Furniture and fittings		21	23
Infrastructure:	C1-6		
– Buildings – non-specialised		8,047	7,928
– Roads		11,128	12,571
– Bridges		536	535
– Footpaths		2,204	2,342
– Stormwater drainage		2,434	1,797
– Kerb and gutter		2,549	2,509
– Park infrastructure		2,635	1,206
Right of use assets	C2-1	786	601
Other assets:			
– Library books		151	129
– Other		618	1,841
Intangible assets	C1-8	333	154
Total depreciation and amortisation costs		35,343	35,379
Total depreciation, amortisation and impairment for non-financial assets		35,343	35,379

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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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			
Other		53	156
Total impairment of receivables	C1-4	53	156
Other			
Contributions/levies to other levels of government			
– Board of fire commission		1,936	1,891
– Corporation sole EPA act		511	594
– NSW waste and recycling services		16,379	14,459
Donations, contributions and assistance to other organisations (Section 356)		47	59
Total other expenses		18,926	17,159

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 property (excl. investment property)			
Proceeds from disposal – property		–	4,048
Less: carrying amount of property assets sold/written off		(78)	(3,333)
Gain (or loss) on disposal		(78)	715
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		2,370	1,963
Less: carrying amount of plant and equipment assets sold/written off		(1,665)	(1,564)
Gain (or loss) on disposal		705	399
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		627	1,114

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 23/06/2020 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	117,607	117,998	391	0% F
User charges and fees	18,135	19,513	1,378	8% F
Other revenues	17,892	13,872	(4,020)	(22)% U
The budget for income from properties, carpark and fines was prepared prior to the reclassification of property and lease income to 'Other Income'. Combined 'Other Revenue' and 'Other Income' are \$2.25 million above budget because at the time the budget was prepared it was assumed that COVID-19 Public Health Order restrictions would have a deeper and more pervasive impact on income had last for longer than they did.				
Operating grants and contributions	17,040	18,285	1,245	7% F
Capital grants and contributions	15,027	21,045	6,018	40% F
The budget allowed for COVID - 19 to have a greater impact on developers contributions and did not include COVID stimulus funding.				
Interest and investment revenue	1,804	1,361	(443)	(25)% U
The impact of COVID-19 on financial markets was greater than anticipated at the time the budget was prepared.				
Net gains from disposal of assets	-	627	627	∞ F
Other income	-	6,270	6,270	∞ F
EXPENSES				
Employee benefits and on-costs	76,894	74,548	2,346	3% F
Materials and services	45,060	42,578	2,482	6% F
Borrowing costs	302	112	190	63% F
Council was able to secure a better borrowing rate than budgeted when the loan was taken out during the year.				
Depreciation, amortisation and impairment of non-financial assets	34,157	35,343	(1,186)	(3)% U
Other expenses	19,086	18,926	160	1% F

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	47,171	61,925	14,754	31% F
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Cash flows were better than budget because Council's operating revenue was not impacted to the extent expected by COVID-19 public health order restrictions, capital grants were higher than expected, and proactive cost control generated expenditure savings. Savings included below budget employee cost achieved by carefully managing staffing levels to ensure they were aligned to reduced service requirements.

Cash flows from investing activities	(74,712)	(77,978)	(3,266)	4% U
Cash flows from financing activities	9,941	8,692	(1,249)	(13)% U

The budget did not make adequate allowance for loan and lease payments, which reduced the net inflow from financing activities.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	777	415
Cash-equivalent assets		
– Deposits at call	55,058	62,781
Total cash and cash equivalents	55,835	63,196

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	55,835	63,196
Balance as per the Statement of Cash Flows	55,835	63,196

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through profit and loss				
Aust mortgaged backed securities	226	–	226	–
Total	226	–	226	–
Debt securities at amortised cost				
Floating Rate Note	4,100	24,750	19,000	31,850
Term deposits	38,500	14,300	12,500	14,000
Total	42,600	39,050	31,500	45,850
Total financial investments	42,826	39,050	31,726	45,850
Total cash assets, cash equivalents and investments	98,661	39,050	94,922	45,850

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 or loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits, floating rates notes 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

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

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

C1-2 Financial investments (continued)

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

Financial assets through profit or loss

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

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

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	98,661	39,050	94,922	45,850
attributable to:				
External restrictions	65,987	39,050	62,706	45,850
Internal restrictions	5,158	–	14,016	–
Unrestricted	27,516	–	18,200	–
	98,661	39,050	94,922	45,850

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Other	880	784
External restrictions – included in liabilities	880	784

External restrictions – other

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

Developer contributions – general	30,814	49,731
Specific purpose unexpended grants – general fund	8,086	8,465
Stormwater management	3,626	4,548
Other special levies	7,152	–
Voluntary purchase reserve	719	766
Domestic waste management	53,760	44,262
External restrictions – other	104,157	107,772
Total external restrictions	105,037	108,556

Internal restrictions

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

Car park assets	565	4,203
Future capital works	567	1,067
Museum reserve	18	22
Property development	542	807
Sister city committee	–	105
Special Rate Variance reserve	–	5,546
Sustainable resource centre plant reserve	982	673
Sustainable resource centre site development	–	22
Town funds	482	1,071
IT Core System	664	500
Surplus land Sales	417	–
Unspent loan	921	–
Total internal restrictions	5,158	14,016
Total restrictions	110,195	122,572

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	5,191	–	5,281	–
Accrued revenues				
– Interest on investments	263	–	318	–
– Other income accruals	1,120	–	846	–
Net GST receivable	2,238	–	1,703	–
Other debtors	5,314	–	2,358	–
Total	14,126	–	10,506	–
Less: provision of impairment				
Rates and annual charges	(307)	–	(475)	–
Other debtors	(321)	–	(387)	–
Total provision for impairment – receivables	(628)	–	(862)	–
Total net receivables	13,498	–	9,644	–

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	862	707
+ new provisions recognised during the year	–	155
– Provisions utilised during the year	(234)	–
Balance at the end of the year	628	862

Accounting policy

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

Impairment

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

When 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.

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

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

COVID-19 has had an impact on Council's ratepayers and customers, which has been considered when assessing impairment of receivables as at 30 June 2021. However, the impacts of the pandemic have been mitigated through proactive customer engagement and tailored payment solutions.

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

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
(i) Inventories at cost				
Stores and materials	494	–	521	–
Trading stock	40	–	71	–
Total inventories at cost	534	–	592	–
Total inventories	534	–	592	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	33,516	–	33,516	–	20,958	–	–	–	–	54,474	–	54,474
Plant and equipment (MV, HV and MP)	37,134	(17,789)	19,345	–	1,917	(1,690)	(3,757)	243	–	35,736	(19,677)	16,059
Office equipment (OE, computer and others)	2,418	(1,916)	502	–	952	–	(144)	–	–	3,370	(2,060)	1,310
Furniture and fittings	475	(387)	88	–	27	–	(21)	–	–	502	(408)	94
Land:												
– Operational land	282,354	–	282,354	–	–	–	–	–	–	282,354	–	282,354
– Community land	416,968	–	416,968	–	5,551	–	–	6,703	98,008	527,230	–	527,230
– Land under roads (post 30/6/2008)	8,925	–	8,925	–	–	–	–	(6,703)	–	2,222	–	2,222
Infrastructure:												
– Buildings	360,307	(128,990)	231,317	9,391	2,333	(78)	(8,047)	(2)	234	370,573	(135,425)	235,148
– Park Recreational assets	25,237	(15,168)	10,069	1,095	7,296	–	(2,635)	37,633	4,826	75,624	(17,340)	58,284
– Roads	558,978	(143,421)	415,557	12,861	1,422	–	(11,128)	(443)	1,182	572,772	(153,322)	419,450
– Bridges	49,554	(8,016)	41,538	48	–	–	(536)	–	–	49,602	(8,553)	41,049
– Footpaths	132,069	(37,275)	94,794	3,666	2,020	–	(2,204)	167	–	137,922	(39,479)	98,443
– Bulk earthworks (non-depreciable)	34,789	–	34,789	–	52	–	–	–	–	34,841	–	34,841
– Stormwater drainage	357,914	(89,448)	268,466	766	292	–	(2,434)	–	–	358,972	(91,882)	267,090
– Kerb and gutter	210,764	(68,179)	142,585	3,469	402	–	(2,549)	–	–	214,635	(70,728)	143,907
Other assets:												
– Library books	14,396	(12,696)	1,700	–	337	–	(151)	–	–	14,734	(12,848)	1,886
– Other Park Recreation & CCTV	49,200	(9,134)	40,066	485	491	–	(618)	(37,355)	–	10,275	(7,206)	3,069
Total infrastructure, property, plant and equipment	2,574,998	(532,419)	2,042,579	31,781	44,050	(1,768)	(34,224)	243	104,250	2,745,838	(558,928)	2,186,910

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	28,091	–	28,091	–	5,425	–	–	–	–	–	33,516	–	33,516
Plant and equipment (MV, HV and MP)	35,318	(19,331)	15,987	–	8,566	(1,564)	(3,644)	–	–	–	37,134	(17,789)	19,345
Office equipment (OE, computer and others)	2,367	(1,817)	550	–	51	–	(99)	–	–	–	2,418	(1,916)	502
Furniture and fittings	473	(364)	109	–	2	–	(23)	–	–	–	475	(387)	88
Land:													
– Operational land	285,686	–	285,686	–	–	(3,333)	–	–	–	–	282,354	–	282,354
– Community land	414,171	–	414,171	–	3,257	–	–	(459)	–	–	416,968	–	416,968
– Land under roads (post 30/6/08)	8,408	–	8,408	–	517	–	–	–	–	–	8,925	–	8,925
Infrastructure:													
– Buildings – non-specialised	340,535	(121,062)	219,473	7,020	12,753	–	(7,928)	–	–	–	360,307	(128,990)	231,317
– Park Recreational assets	25,198	(13,962)	11,236	39	–	–	(1,206)	–	–	–	25,237	(15,168)	10,069
– Roads	503,288	(115,795)	387,493	12,567	826	–	(12,571)	1,147	–	26,097	558,978	(143,421)	415,557
– Bridges	47,755	(8,346)	39,409	–	562	–	(535)	(37)	–	2,140	49,554	(8,016)	41,538
– Footpaths	123,095	(22,623)	100,472	1,975	973	–	(2,342)	57	(6,339)	–	132,069	(37,275)	94,794
– Bulk earthworks (non-depreciable)	24,531	–	24,531	–	–	–	–	569	–	9,689	34,789	–	34,789
– Stormwater drainage	255,982	(48,694)	207,288	1,872	112	–	(1,797)	37	–	60,954	357,914	(89,448)	268,466
– Kerb and gutter	192,023	(40,671)	151,352	4,259	133	–	(2,509)	–	(10,648)	–	210,764	(68,179)	142,585
Other assets:													
– Library books	14,096	(12,567)	1,529	–	300	–	(129)	–	–	–	14,396	(12,696)	1,700
– Other	38,626	(7,322)	31,304	1,811	10,098	–	(1,841)	(1,314)	–	–	49,200	(9,134)	40,066
Total infrastructure, property, plant and equipment	2,339,643	(412,554)	1,927,089	29,543	43,575	(4,897)	(34,624)	–	(16,987)	98,880	2,574,998	(532,419)	2,042,579

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

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

Accounting policy

Initial recognition of Infrastructure, Property, Plant and Equipment (IPPE)

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

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

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

Revaluation Model

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

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

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:

Plant and equipment	Years	Transportation assets	Years
Office equipment	10	Road signs	20
Office furniture	10	Bridge	20 to 150
Computer equipment	3	Kerb & Gutter	80
Vehicles	5	Footpath	10 to 60
Heavy plant/road making equipment	7		
Other plant and equipment	7		
Buildings		Stormwater assets	
Electricals	30	Drains	10 to 150
Hydraulics	30		
Mechanicals	30	Other infrastructure assets	
Roof	40	Park infrastructure assets	10 to 150
Structure	90		
Fitout	25		
Transportation assets		Other Assets	
Road pavements	100	Library Books	10
Road surface	15 to 30	Other Assets	10 to 150
Road Furniture	15 to 40		
Traffic Facilities	10 to 100		
Car park pavement	100		
Car park surface	20 to 30		

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

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

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 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 arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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".

Rural Fire Service assets under council's control are recognised in these financial statements.

C1-7 Investment properties & others

Owned investment property

\$ '000	2021	2020
At fair value		
Opening balance at 1 July	18,964	13,921
Net gain/(loss) from fair value adjustments	-	5,034
Other movements	-	9
Closing balance at 30 June	18,964	18,964

Accounting policy

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

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

C1-8 Intangible assets

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	6,838	6,838
Accumulated amortisation	(6,505)	(6,351)
Net book value – opening balance	333	487
Movements for the year		
Amortisation charges	(333)	(154)
Closing values at 30 June		
Gross book value	6,838	6,838
Accumulated amortisation	(6,838)	(6,505)
Total intangible assets – net book value	–	333

Accounting policy

IT development and software

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

C1-9 Other

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	3,790	–	923	–
Other	6	–	–	–
Interest in CivicRisk Mutual & CivicRisk West	5,793	–	1,376	5,793
Total other assets	9,589	–	2,299	5,793

Accounting policy

Interest in insurance mutuals

Council withdrew from CivicRisk Mutual and CivicRisk West “the insurance mutuals” effective 30 June 2020 as it sourced an alternative provider of insurance and risk services. Council determined that it ceased to have a joint control or significant influence in the insurance mutuals during the previous financial year due to structural changes within the insurance mutuals and Council ceasing to have an operational involvement following notification of its withdrawal.

Interests in the insurance mutuals are accounted for as a financial asset in accordance with AASB 9 and held at fair value. Council's interest in its share of the surplus is calculated, and changes in fair value recognized, as an increase or decrease through its income statement at each reporting period.

Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value. Expected cash flows include investment income.

C1-9 Other (continued)

Reconciliation – Interest in CivicRisk Mutual and CivicRisk West

	2021	2020
Opening Balance	7,169	
Proceeds from share of financial interest in CivicRisk West during the year	(1,376)	
Recognition of financial asset for interest in Insurance Mutuals previously accounted for as an equity interest		7,707
Net loss from fair value adjustment		(538)
Closing Balance	<u>5,793</u>	<u>7,169</u>

C2 Leasing activities

C2-1 Council as a lessee

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

(i) Council as a lessee

Council has leases over a range of assets including machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Office, IT & Gym equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers and large pieces of gymnasium equipment. The leases are for between 1 and 3 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Ready to use	Total
2021			
Opening balance	1,800	–	1,800
Additions	440	–	440
Depreciation charge	(786)	–	(786)
Balance at 30 June	1,454	–	1,454
2020			
Opening balance	–	–	–
Adoption of AASB 16 at 1 July 2019	842	–	842
Additions	1,558	–	1,558
Depreciation charge	(600)	–	(600)
Balance at 30 June	1,800	–	1,800

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	53	1,350	–	–
Total lease liabilities	53	1,350	–	–

C2-1 Council as a lessee (continued)

(c) (i) 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	53	1,275	75	1,403	1,403
2020					
Cash flows	360	1,289	90	1,739	1,739

(ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total lease liabilities relating to unrestricted assets	53	1,350	–	–
Total lease liabilities	53	1,350	–	–

(d) 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	52	30
Depreciation of right of use assets	786	601
Expenses relating to short-term leases	34	101
Expenses relating to low-value leases	867	973
	1,739	1,705

(e) Statement of Cash Flows

Total cash outflow for leases	1,403	1,739
	1,403	1,739

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

Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-

continued on next page ...

C2-1 Council as a lessee (continued)

of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-7)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objectives (refer note C1-6).

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

Investment property operating leases are commercial leases of industrial buildings.

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

Lease income relating to variable lease payments not dependent on an index or a rate	1,101	1,098
Total income relating to operating leases for investment property assets	1,101	1,098

Operating lease expenses

Investment properties

Direct operating expenses that generated rental income	(51)	(45)
Total expenses relating to operating leases	(51)	(45)

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for community and commercial activities. The table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	5,169	5,463
Total income relating to operating leases for Council assets	5,169	5,463

C2-2 Council as a lessor (continued)

\$ '000	2021	2020
(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:		
< 1 year	7,292	7,146
1–2 years	6,884	7,292
2–3 years	7,038	6,884
3–4 years	7,208	7,038
4–5 years	7,383	7,208
> 5 years	7,562	7,383
Total undiscounted lease payments to be received	43,367	42,951

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	18,054	–	12,461	–
Accrued expenses:				
– Salaries and wages	1,908	–	1,586	–
– Other expenditure accruals	422	–	1,504	–
Security bonds, deposits and retentions	7,569	–	7,802	–
Other	676	–	1,382	–
Total payables	28,629	–	24,735	–

C3-1 Payables (continued)

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	<u>6,358</u>	<u>6,554</u>
Total payables	<u>6,358</u>	<u>6,554</u>

C3-1 Payables (continued)

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	881	-	-	-
Total grants received in advance		881	-	-	-
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	290	-	-	-
Other		11	-	-	-
Total user fees and charges received in advance		301	-	-	-
Total contract liabilities		1,182	-	-	-

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	953	8,574	59	-
Finance lease liabilities	(53)	53	360	1,379
Total borrowings	900	8,627	419	1,379

(1) Loans are secured over the general rating income of Council. Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020 Opening Balance	Cash flows	Non-cash movements Acquisition	2021 Closing balance
Loans – secured	59	9,468	-	9,527
Lease liability (Note C2-1b)	1,739	(776)	440	1,403
Total liabilities from financing activities	1,798	8,692	440	10,930

C3-3 Borrowings (continued)

\$ '000	2019		Non-cash movements	2020
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	172	(113)	–	59
Lease liability (Note C2-1b)	–	1,739	–	1,739
Total liabilities from financing activities	172	1,626	–	1,798

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ^{1,2}	1,500	1,500
Credit cards/purchase cards	500	500
Total financing arrangements	2,000	2,000
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Bank overdraft facilities	–	–
– Credit cards/purchase cards	–	–
Total drawn financing arrangements	–	–
Undrawn facilities		
– Bank overdraft facilities	1,500	1,500
– Credit cards/purchase cards	500	500
Total undrawn financing arrangements	2,000	2,000

Breaches and defaults

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

- (1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The loans are secured over the general rating income of council. Lease liabilities are secured by the underlying leased assets.
- (2) Security over loans - The loans are secured over the general rating income of council. lease liabilities are secured by the underlying leased assets

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	7,132	–	6,755	–
Sick leave	442	–	434	–
Long service leave	10,517	601	10,989	606
Total employee benefit provisions	18,091	601	18,178	606

There are no restricted assets (external or internal) applicable to the above provisions

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	11,677	11,917
	11,677	11,917

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Sick leave	Long service leave	
2021				
At beginning of year	6,755	434	11,595	18,784
Additional provisions	4,550	8	1,827	6,385
Amounts used (payments)	(4,173)	–	(2,302)	(6,475)
Remeasurement effects	–	–	(2)	(2)
Total ELE provisions at end of year	7,132	442	11,118	18,692
2020				
At beginning of year	6,286	712	11,790	18,788
Additional provisions	4,717	25	1,956	6,698
Amounts used (payments)	(4,232)	(302)	(2,123)	(6,657)
Remeasurement effects	(16)	(1)	(28)	(45)
Total ELE provisions at end of year	6,755	434	11,595	18,784

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
Other provisions				
Self insurance – workers compensation	304	2,304	514	2,009
Self insurance – public liability	159	377	110	457
Sub-total – other provisions	463	2,681	624	2,466
Total provisions	463	2,681	624	2,466

C3-5 Provisions (continued)

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Self insurance	Net carrying amount
2021		
At beginning of year	3,090	3,090
Adjustment to provision	54	54
Total other provisions at end of year	3,144	3,144
2020		
At beginning of year	3,909	3,909
Adjustment to provision	(819)	(819)
Total other provisions at end of year	3,090	3,090

Nature and purpose of provisions

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.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

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 Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	55,835	63,196	-	-
Receivables	13,498	9,644	-	-
Investments				
– Debt securities at amortised cost	81,650	77,350	-	-
Fair value through profit and loss				
Investments				
– Held for trading	226	226	-	-
Total financial assets	151,209	150,416	-	-
Financial liabilities				
Payables	28,629	24,735	-	-
Loans/advances	9,527	59	-	-
Total financial liabilities	38,156	24,794	-	-

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 manage the cash and investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with S625 of the *Local Government Act 1993* and the ministerial investment order. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by local government regulations.

The risks associated with the financial instruments held are:

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

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

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

D1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
<p>Impact of a 1% movement in interest rates</p>		
– Equity / Income Statement	1,367	1,401
<p>Impact of a 10% movement in price of investments</p>		
– Equity / Income Statement	23	23

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

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

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

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

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

The level of outstanding receivables is reported to Council quarterly 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.

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	405	3,123	707	956	5,191
2020						
Gross carrying amount	–	972	3,177	719	413	5,281

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 90 days overdue	Total
2021						
Gross carrying amount	–	4,963	1,034	424	276	6,697
Expected loss rate (%)	0.00%	0.00%	0.00%	10.50%	100.00%	4.79%
ECL provision	–	–	–	45	276	321
2020						
Gross carrying amount	–	2,226	288	389	619	3,522
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	62.50%	10.98%
ECL provision	–	–	–	–	387	387

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	carrying values
2021							
Trade/other payables	0.00%	7,569	22,242	–	–	29,811	28,629
Loans and advances	0.93%	–	953	4,940	3,634	9,527	9,527
Lease liabilities	2.46%	–	53	1,275	75	1,403	1,403
Total financial liabilities		7,569	23,248	6,215	3,709	40,741	39,559
2020							
Trade/other payables	0.00%	7,802	16,535	–	–	24,337	24,735
Loans and advances	4.79%	–	59	–	–	59	59
Lease liabilities	2.46%	–	360	1,289	90	1,739	1,739
Total financial liabilities		7,802	16,954	1,289	90	26,135	26,533

D2 Fair value measurement

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

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

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

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 council can access at the measurement date.

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

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

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

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2021	2020
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		226	226	–	–	226	226
Total financial assets		226	226	–	–	226	226
Investment property							
167 Meadows Road, Mount Pritchard NSW 2170	C1-7	5,075	5,075	–	–	5,075	5,075
9 Walker Place, Wetherill Park NSW 2164		5,630	5,630	–	–	5,630	5,630
396 Victoria Street, Wetherill Park, NSW 2164		8,259	8,259	–	–	8,259	8,259
Total investment property		18,964	18,964	–	–	18,964	18,964
Infrastructure, property, plant and equipment							
Plant and equipment	C1-6	–	–	15,816	19,347	15,816	19,347
Office equipment		–	–	1,310	502	1,310	502
Furniture and fittings		–	–	94	86	94	86
Operational land		282,354	282,353	–	–	282,354	282,353
Community land		–	–	527,230	416,969	527,230	416,969
Buildings Non Specialised		–	–	235,148	231,318	235,148	231,318
Park infrastructure		–	–	58,284	10,069	58,284	10,069
Roads		–	–	419,450	415,557	419,450	415,557
Bridges		–	–	41,049	41,537	41,049	41,537
Footpaths		–	–	98,443	94,794	98,443	94,794
Stormwater drainage		–	–	267,090	268,466	267,090	268,466
Kerb and gutter		–	–	143,907	142,587	143,907	142,587
Library books		–	–	1,886	1,698	1,886	1,698
Other assets Park Recreation & CCTV		–	–	3,069	40,066	3,069	40,066
Land under Roads		–	–	2,222	8,925	2,222	8,925
Bulk Earthworks		–	–	34,841	34,789	34,841	34,789

continued on next page ...

D2 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Total infrastructure, property, plant and equipment		282,354	282,353	1,849,839	1,726,710	2,132,193	2,009,063

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

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

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

Investment property

Council engages external, independent and qualified valuers to determine the fair value of its investment properties every three years. As at 30 June 2020 the valuation of the investment property portfolio was performed by Curtis Valuation AAPI CPV.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property was determined using either the capitalisation of rental income method or with reference to value of similar properties within the area. The key unobservable input to the valuation is the rent or price per square metre.

Infrastructure, property, plant and equipment (IPPE)

Operational Land and Buildings

Council engages external, independent and qualified valuers to determine the fair value of the Council's operational land and buildings. The last revaluation of the operational land and buildings were undertaken by Scott Fullarton FAPI CPP as at 30 June 2018.

Gross Value of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate per square metre has been benchmarked to construction costs of similar properties across the industry.

The fair value of operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

Community Land and Land under Roads

The fair value for community land in level 3 has been determined from the Valuer General's Valuation performed for rating purposes. Land under roads has been determined using a unit rate per square metre. Given the nature of Community land and Land under roads, comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer's General's valuation is considered the most practicable approach to valuing Community Land and Land under roads.

The last revaluation of the community land based on Valuer General's valuation was performed at 30 June 2021.

D2 Fair value measurement (continued)

Infrastructure Assets

Valuations for infrastructure assets in level 3, other than specialised buildings, are performed internally by the Council. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square internal engineering meters, cubic metres or lineal metres.

The unit rate, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

D2 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Capital work in progress	Cost approach used to approximate fair value	Gross replacement cost
Plant and equipment	Cost approach used to approximate fair value	Gross replacement cost
Office equipment	Cost approach used to approximate fair value	Gross replacement cost
Furniture and fittings	Cost approach used to approximate fair value	Gross replacement cost
Operational land	Market based direct comparison	Land value, land area
Community land	NSW Valuer General land valuation and acquisition cost for properties acquired during 2020/21	Land value, land area
Buildings Specialised	Cost approach used to approximate fair value	Gross replacement cost
Buildings Non Specialised	Market based direct comparison	Gross replacement cost
Park infrastructure	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Roads	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Bridges	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Footpaths	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Stormwater drainage	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Kerb and gutter	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Library books	Cost approach used to approximate fair value	Gross replacement cost
Other assets	Cost approach used to approximate fair value	Gross replacement cost
Land under Roads	NSW Valuer General land valuation	Land value, land area
Bulk Earthworks	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value

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

\$ '000	IPP&E	
	2021	2020
Opening balance	1,726,710	1,613,312
Total gains or losses for the period		
Other movements		
Purchases (GBV)	54,873	68,294
Disposals (WDV)	(1,251)	(4,897)
Depreciation and impairment	(34,225)	(35,225)
Other movement	103,733	85,226
Correction for WIP	-	-
Closing balance	1,849,840	1,726,710

D2 Fair value measurement (continued)

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) 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 per annum for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities. The share of any funding surplus or deficit that can be attributed to council is 1.91%. It is estimated that there are \$764,400.00 past service contributions remaining.

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.

D3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the fund and recognised as an expense for the year ending 30 June 2021 was \$1,379,229.04. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

Council's expected contribution to the plan for the next annual reporting period is \$1,356,847.56.

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

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

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

The 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

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) Workers Compensation Self Insurance Bank Guarantee

Council is a Self Insurer for Workers Compensation and a condition of its Self Insurance Licence requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment. In June 1997 council decided to take out a Bank Guarantee to comply with the conditions of its Self Insurance Licence.

State Insurance Regulatory Authority has reviewed Council's workers compensation claims liability based on actuarial report dated 30 June 2020 and advised the bank guarantee remains as \$2.839 million.

(iii) 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 June 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.

(iv) 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.

(v) Other guarantees

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

D3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

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.

OTHER ASSETS & LIABILITIES NOT RECOGNISED:

(i) Regional Illegal Dumping Squads (RIDS)

RID Squads are regionally based teams that specialise in dealing with illegal dumping and illegal landfilling. The squads are funded by the NSW Environment protection Authority (EPA) and the member local councils who opt to work together and contribute resources to tackle illegal dumping.

The objective of the project is to identify, investigate and prosecute illegal waste dumping offences and trial a range of enforcement strategies.

Each Council has equal interest in the operation and has an undertaking to annually contribute. (\$84,000 for 2020/21)

The RIDS accounts are to be prepared by Resources NSW and were not available at the time of preparing these statements in order to determine the value of Council's interest.

Council's share of the asset, liabilities, income and expenses for this Joint Venture is not considered material.

Others

There are pending court litigation in favour of the Council, where it is expected that an amount between \$37,000 to \$600,000 will be received.

Council has a contingent liability limit of \$3,674,000 with CBA of which \$751,223 is unused.

E People and relationships

E1 Related party disclosures

E1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	2,887	3,298
Total	2,887	3,298

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g access to Council's swimming pool) will not be disclosed.

There are no transactions with close family members of Council's KMP during financial year 2020/21.

E1-2 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	86	86
Councillors' fees	383	384
Other Councillors' expenses (including Mayor)	47	51
Total	516	521

E2 Other relationships

E2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	210	174
Remuneration for audit and other assurance services	210	174
Total Auditor-General remuneration	210	174
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	17	–
Remuneration for audit and other assurance services	17	–
Total remuneration of non NSW Auditor-General audit firms	17	–
Total audit fees	227	174

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	27,464	39,792
Adjust for non-cash items:		
Depreciation and amortisation	35,343	35,379
Net losses/(gains) on disposal of assets	(627)	(1,114)
Non-cash capital grants and contributions	–	(4,463)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	–	1
– Investment property	–	(5,034)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(3,620)	3,073
Increase/(decrease) in provision for impairment of receivables	(234)	155
Decrease/(increase) in inventories	58	(15)
Decrease/(increase) in other current assets	(1,497)	336
Increase/(decrease) in payables	5,593	(13)
Increase/(decrease) in other accrued expenses payable	(760)	564
Increase/(decrease) in other liabilities	(939)	1,046
Increase/(decrease) in contract liabilities	1,182	–
Increase/(decrease) in provision for employee benefits	(92)	(4)
Increase/(decrease) in other provisions	54	(819)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	61,925	68,884

(b) Non-cash investing and financing activities

Bank Guarantees

State Insurance Regulatory Authority - Workers Compensation \$2,839,000.00

Endeavour Energy \$20,000.00

Sydney Water Corporation \$5,5000.00

Endeavour Energy \$8,777.00

F2-1 Commitments

Capital commitments (exclusive of GST)

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

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

Property, plant and equipment

Buildings	485	11,542
Road infrastructure	2,113	–
Plant and equipment	3,053	576
Land	95	241
Drainage	7,175	–
Other Infrastructure	6,219	6,973
Total commitments	19,140	19,332

These expenditures are payable as follows:

Within the next year	19,140	19,332
Total payable	19,140	19,332

Sources for funding of capital commitments:

Unrestricted general funds	3,180	10,137
Unexpended grants	7,647	3,476
Externally restricted reserves	2,544	2,012
Internally restricted reserves	871	3,707
Developer Contributions	4,898	–
Total sources of funding	19,140	19,332

F3-1 Events occurring after reporting date

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

F4-2 Developer contributions by plan (continued)

S7.12 Levies – under a 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 NUMBER 2011								
– Section 94A Levy Contributions	9,021	1,438	–	87	(3,643)	–	6,903	–
Total	9,021	1,438	–	87	(3,643)	–	6,903	–

F4-3 S7.4 planning agreements

Bonnyrigg Living Community Communities

– Bonnyrigg Living Community Cont	906	–	–	8	–	–	914	–
Total	906	–	–	8	–	–	914	–

F4-2 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 - 1999 Stormwater Drainage Facilities								
– Creek	531	–	–	2	(533)	–	–	–
– Wetherill Park	5,024	–	–	37	(5,061)	–	–	–
Total	5,555	–	–	39	(5,594)	–	–	–
CONTRIBUTION PLAN - 1999 Roads adjacent to Open Space								
– Road Catchment Bonnyrigg	1	–	–	–	(1)	–	–	–
– Roads Catchment St John Park	2	–	–	–	(2)	–	–	–
– Roads Rural Roads Upgrade	1	–	–	–	(1)	–	–	–
Total	4	–	–	–	(4)	–	–	–
CONTRIBUTION PLAN – Rural Area Upgrading & Traffic Management Facilities								
– Traffic Facilities	256	–	–	1	(257)	–	–	–
Total	256	–	–	1	(257)	–	–	–
CONTRIBUTION PLAN – 1999 Car Parking & Associated Facilities								
– Parking Cabramatta	75	–	–	–	(69)	–	6	–
– Parking Fairfield	976	–	–	9	–	–	985	–
– Parking Canley Heights	231	18	–	2	–	–	251	–
Total	1,282	18	–	11	(69)	–	1,242	–
CONTRIBUTION PLAN – 1999 Land Acquisition for Open Space & Drainage								
– Land Acquisitions	3,950	89	–	33	(4,072)	–	–	–
Total	3,950	89	–	33	(4,072)	–	–	–

F4-2 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					
CONTRIBUTION PLAN – 1999 Community Facilities								
– Bonnyrigg	–	13	–	–	(13)	–	–	–
– Cabramatta	–	7	–	–	(7)	–	–	–
– Fairfield	222	–	–	1	(223)	–	–	–
Total	222	20	–	1	(243)	–	–	–
CONTRIBUTION PLAN – 1999 Recreation & Open Space Embellishment								
– City wide	–	5	–	–	(5)	–	–	–
– Bonnyrigg	2	–	–	–	(2)	–	–	–
– Cabramatta	–	26	–	–	(26)	–	–	–
Total	2	31	–	–	(33)	–	–	–
CONTRIBUTION PLAN – 1999 Concrete Path Paving								
– Fairfield Heights	73	–	–	–	(73)	–	–	–
Total	73	–	–	–	(73)	–	–	–
CONTRIBUTION PLAN NUMBER S94A								
– Administration	3	10	–	–	(13)	–	–	–
Total	3	10	–	–	(13)	–	–	–
CONTRIBUTION PLAN 2011 Community Facilities District								
– Cabramatta	139	9	–	1	(149)	–	–	–
– Fairfield/Canley Heights	1,013	152	–	8	(1,171)	–	2	–
Total	1,152	161	–	9	(1,320)	–	2	–
CONTRIBUTION PLAN 2011 Community Facilities Local								
– Fairfield	762	104	–	5	(850)	–	21	–
– Fairfield Heights	952	170	–	5	(1,081)	–	46	–
– Villawood	621	44	–	6	(669)	–	2	–
– Canley Heights	562	89	–	5	(654)	–	2	–
– Cabramatta	717	82	–	7	(803)	–	3	–
– Prairewood	937	100	–	9	(1,042)	–	4	–
Total	4,551	589	–	37	(5,099)	–	78	–

F4-2 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					
CONTRIBUTION PLAN 2011 Land Acquisition								
– Cabramatta	4,947	601	–	47	–	–	5,595	–
– Fairfield	6,628	1,216	–	64	(1,466)	–	6,442	–
– Western LGA	6,130	620	–	57	–	–	6,807	–
– Villawood	2,505	206	–	23	–	–	2,734	–
Total	20,210	2,643	–	191	(1,466)	–	21,578	–
CONTRIBUTION PLAN 2011 Open Space Embellishment								
– Cabramatta	761	98	–	3	(862)	–	–	–
– Fairfield	1,039	183	–	6	(1,226)	–	2	–
– Villawood	(659)	32	–	(6)	–	–	(633)	–
– Western LGA	276	152	–	–	(533)	–	(105)	–
Total	1,417	465	–	3	(2,621)	–	(736)	–
CONTRIBUTION PLAN 2011 Administration								
– Administration	731	115	–	7	(22)	–	831	–
Total	731	115	–	7	(22)	–	831	–
CONTRIBUTION PLAN 2011 – City Wide								
– City Wide	396	50	–	3	(448)	–	1	–
Total	396	50	–	3	(448)	–	1	–

F4-2 Developer contributions by plan (continued)

S7.12 Levies – under a 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 NUMBER 2011								
– Section 94A Levy Contributions	9,021	1,438	–	87	(3,643)	–	6,903	–
Total	9,021	1,438	–	87	(3,643)	–	6,903	–

F4-3 S7.4 planning agreements

Bonnyrigg Living Community Communities

– Bonnyrigg Living Community Cont	906	–	–	8	–	–	914	–
Total	906	–	–	8	–	–	914	–

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5,845	3.30%	3.31%	8.98%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	177,299				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	159,014	80.17%	77.25%	80.69%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹	198,344				
3. Unrestricted current ratio					
Current assets less all external restrictions	56,295	1.92x	1.91x	2.04x	> 1.50x
Current liabilities less specific purpose liabilities	29,245				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	41,300	29.08x	50.98x	175.23x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,420				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	4,884	3.98%	3.93%	3.99%	< 5.00%
Rates and annual charges collectable	122,855				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	55,835	4.50	5.06	2.70	> 3.00
Payments from cash flow of operating and financing activities	12,402	mths	mths	mths	mths

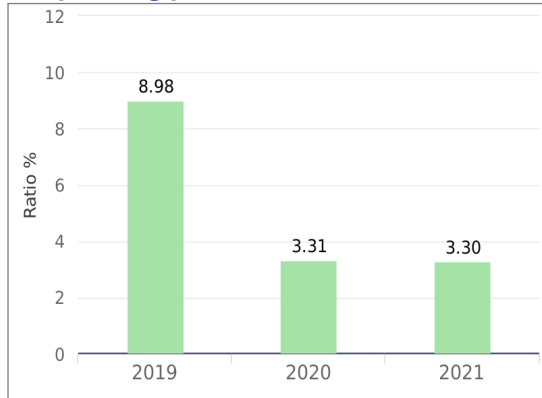
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(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

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.30%

Operating performance ratio is below the historical average for the last two financial years due to Covid 19 and the economic down turn. However Council maintains an operating performance ratio well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 0.00.

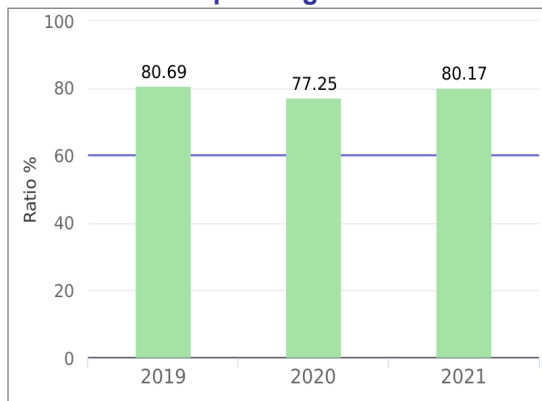
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 80.17%

Council consistently maintains this ratio well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 60%. It proves that the Council has a great reliance on own source of funding for its operations. For the last 5 years this ratio is in the region of 80%.

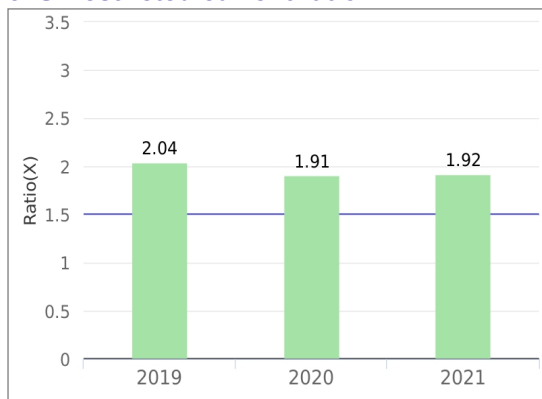
Benchmark: — > 60.00%

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 1.92x

Council's unrestricted current ratio is 1.92 compared to the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 1.50. Council has consistently maintained this ratio above the benchmark and has sufficient liquid funds to meet its obligations.

Benchmark: — > 1.50x

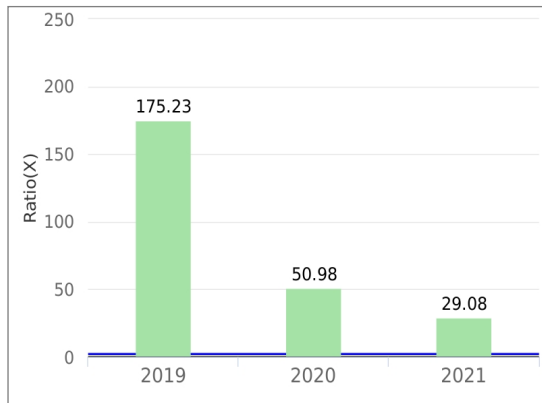
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 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 29.08x

Council's debt service cover ratio is in a very strong position and has been for the last few years. Council has minimal debt and its debt cover ratio is well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 2.00.

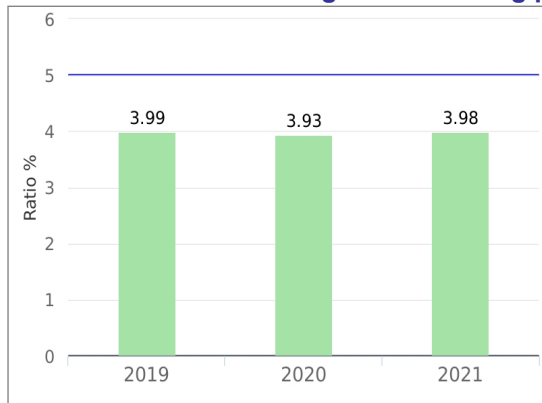
Benchmark: — > 2.00x

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 3.98%

Outstanding rates, charges and fees are 3.98% which is within the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 5.00%. Council consistently maintains this ratio within the benchmark which shows that debt management processes are working well.

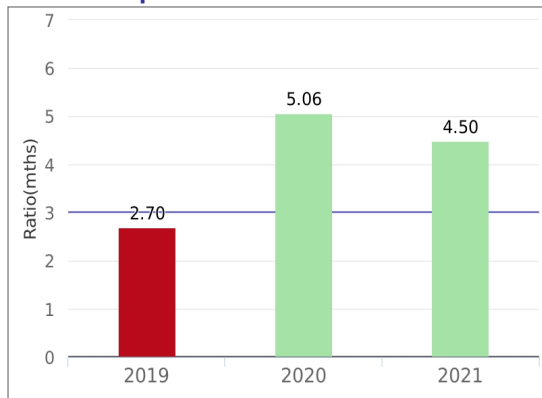
Benchmark: — < 5.00%

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 4.50 mths

Council's cash expense cover ratio is well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 3 months. This shows that council could meet its payment obligations without additional cashflow.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

86 Avoca Road
WAKELEY NSW 2176

Contact details

Mailing Address:

PO Box 21
FAIRFIELD NSW 1860

Telephone: 02 9725 0222

Facsimile: 02 9725 4249

Opening hours:

8:30am - 4:30pm
Monday to Friday

Internet: www.fairfieldcity.nsw.gov.au

Email: mail@fairfieldcity.nsw.gov.au

Officers

General Manager

Alan Young

Responsible Accounting Officer

Lachlan Gunn

Public Officer

Brad Cutts

Auditors

Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
Sydney, NSW 2000

Elected members

MAYOR

Frank Carbone

COUNCILLORS

Paul Adam Azzo
Del Bennett
Anita Kazi
Charbel Saliba
Peter Fowler Grippaudo
Dai Le
Kien Ly
Adrian Wong
Ninos Khoshaba
Joe Molluso
Andrew Rohan
Sera Yilmaz

Other information

ABN: 83 140 439 239



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Fairfield City Council

To the Councillors of the Fairfield City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

20 October 2021
SYDNEY



Mr Frank Carbone
 Mayor
 Fairfield City Council
 PO Box 21
 FAIRFIELD NSW 1860

Contact: Cathy Wu
 Phone no: 02 9275 7212
 Our ref: D2120790/1723

20 October 2021

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2021
 Fairfield City Council**





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

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	118.0	116.9	0.9 
Grants and contributions revenue	39.3	46.8	16.0 
Operating result from continuing operations	27.5	39.8	31.0 
Net operating result before capital grants and contributions	6.4	11.9	45.9 

Rates and annual charges revenue of \$118.0 million increased by \$1.1 million (0.9 per cent) in 2020–21 due to the rate peg increase of 2.6 per cent, offset by a suspension of stormwater levies and reduction in domestic waste management levies.

Grants and contributions revenue of \$39.3 million decreased by \$7.5 million (16.0 per cent) in 2020–21, mainly as a result of a \$6.9 million reduction in capital grants following completion of major projects such as the Smithfield Road upgrade and components of the Fairfield Showground redevelopment.

The Council's operating result from continuing operations of \$27.5 million (including depreciation and amortisation expense of \$35.3 million) was \$12.3 million lower than the 2019–20 result. This was primarily due to decreases of:

- \$6.9 million in grants and contributions for capital purposes, as noted above
- \$3.0 million in other income, reflecting the impact of COVID-19 on reduced rental income and a one-off fair value increment on investment properties in the prior year (2019–20), offset by increased facility hire income
- \$2.8 million in other revenue, as a result of lower revenue from fines and car parks.

The net operating result before capital grants and contributions of \$6.4 million was \$5.5 million lower than the 2019–20 result. This was mainly driven by reductions in other income and other revenue as noted above.

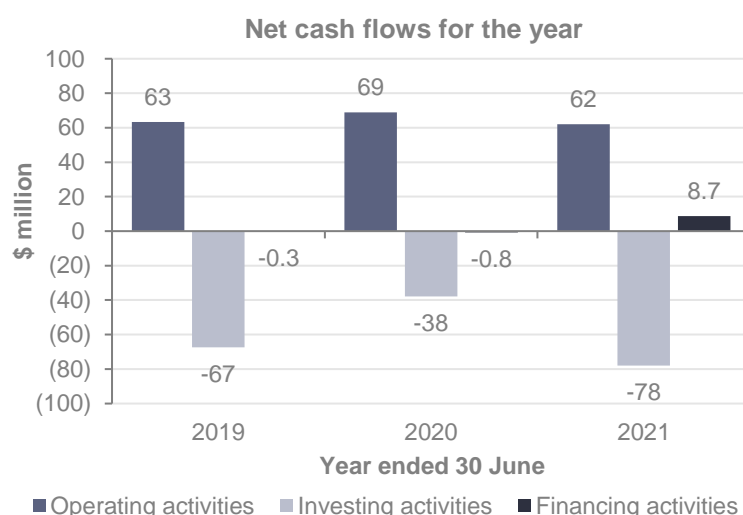
STATEMENT OF CASH FLOWS

Operating cash inflows decreased slightly from last year due to:

- decreased receipts of grants and contributions and investment and interest revenue
- increased materials and services payments.

Cash outflows from investing activities increased as there was a substantial inflow from sale of investment securities last year.

Financing cash flows in 2020–21 reflected proceeds from a \$10 million loan acquired during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	137.7	140.8	Externally restricted balances represent funds reserved for specific purposes such as developer contributions and domestic waste management.
Restricted cash and investments:			Balances are internally restricted due to Council policy or decisions for future plans. In 2021, these included amounts relating to the Sustainable Resource Centre, unspent loan, and IT system.
• External restrictions	105.0	108.6	
• Internal restrictions	5.2	14.0	

Debt

The Council entered into a new loan of \$10.0 million in 2020–21 for the Hughes Street Car Park development.

The Council has bank overdraft facilities of \$1.5 million which remain unused as at 30 June 2021.

PERFORMANCE

Performance measures

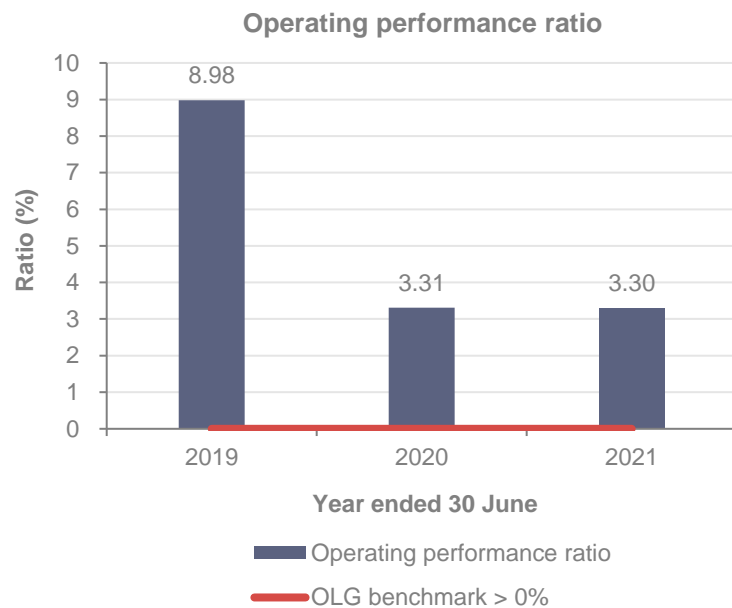
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

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 met the OLG benchmark for the current year. The decrease in ratio from 2019 was due to the impact of COVID-19 on operations.

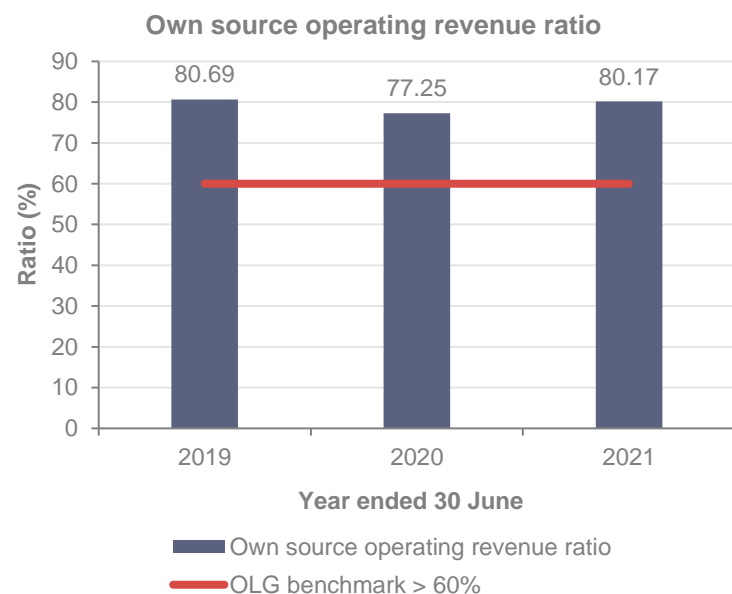
The 2020 ratio was restated from 3.22 due to classification changes for consistency with 2021 reporting.



Own source operating revenue ratio

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

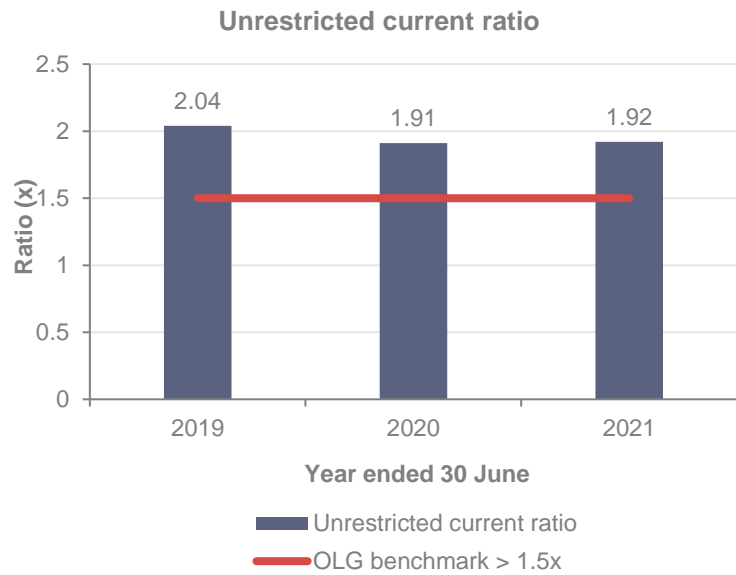
The Council exceeded the OLG benchmark for the current year. The ratio has remained consistent over the past three years.



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.

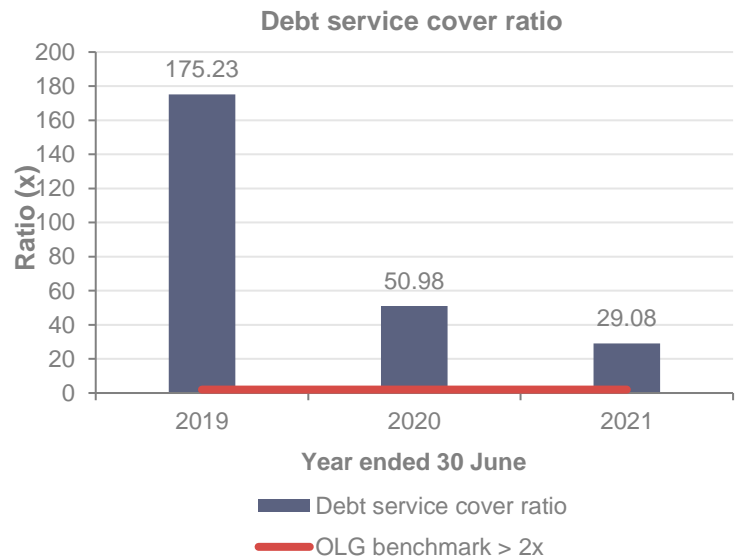
The Council met the OLG benchmark for the current year. The ratio has remained consistent over the past three years.



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 met the OLG benchmark for the current year. The decrease in the 2021 ratio was due to an increase in borrowings from a new loan.

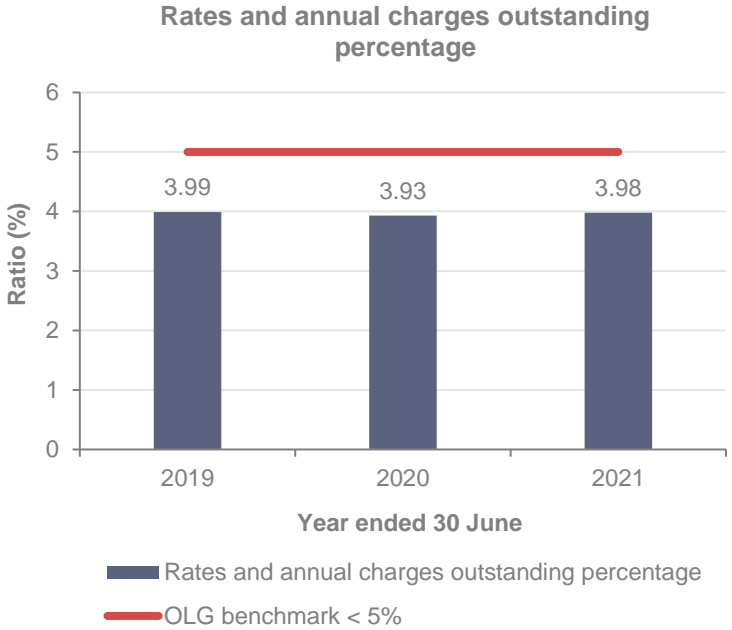


Rates and annual charges outstanding percentage

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

The Council met the OLG benchmark for the current year. The ratio has remained consistent over the last three years.

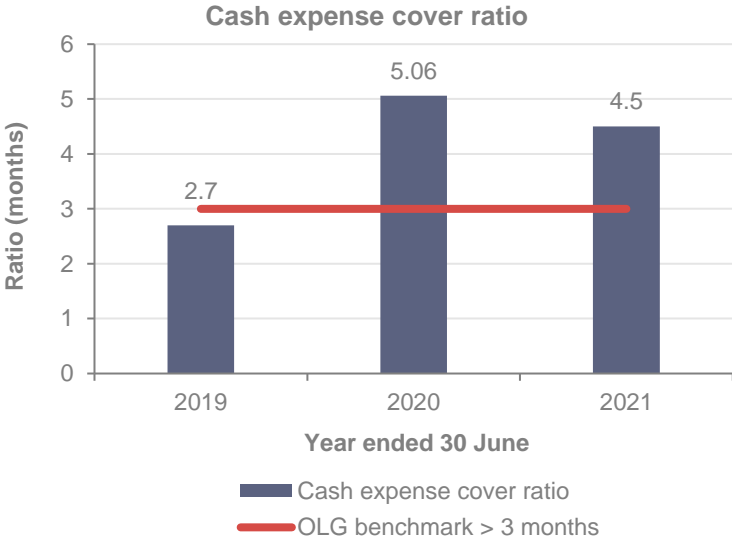
The 2019 ratio was restated from 4.06 due to classification changes for consistency with 2021 reporting.



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 met the OLG benchmark for the current year.



Infrastructure, property, plant and equipment renewals

The Council's asset renewal additions for the year were \$31.8 million compared to \$29.5 million in the previous year. Renewals mostly consisted of road works and building upgrades.

The unaudited buildings and infrastructure renewals ratio was 130.52 per cent compared to 119.75 per cent in the prior year (benchmark set by OLG is greater than 100 per cent).

OTHER MATTERS

Legislative compliance

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

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



Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Alan Young, City Manager
Mr Alan Travers, Chair of Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Fairfield City Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

Special Schedules

for the year ended 30 June 2021

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Fairfield City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	84,985	87,516
Plus or minus adjustments ²	b	313	413
Notional general income	c = a + b	85,298	87,929
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	2,218	1,759
Sub-total	k = (c + g + h + i + j)	87,516	89,688
Total permissible income	o = k + n	87,516	89,688
Less notional general income yield	p	87,516	89,688
Catch-up or (excess) result	q = o - p	-	(1)
Carry forward to next year ⁶	t = q + r + s	-	(1)

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

Fairfield City Council

To the Councillors of Fairfield City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Cathy Wu', written in a cursive style.

Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

20 October 2021
SYDNEY

Fairfield City Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings	6,606	6,606	11,297	13,632	235,148	370,485	23.0%	30.0%	43.0%	3.0%	1.0%	
	Sub-total	6,606	6,606	11,297	13,632	235,148	370,485	23.0%	30.0%	43.0%	3.0%	1.0%	
Roads	Roads	8,604	8,604	15,405	15,458	419,450	572,716	34.0%	46.0%	18.0%	2.0%	0.0%	
	Bridges	241	241	419	88	41,049	49,602	49.0%	45.0%	5.0%	0.0%	1.0%	
	Footpaths	2,906	2,910	3,135	4,216	98,443	137,883	33.0%	42.0%	22.0%	2.0%	1.0%	
	Bulk earthworks	–	–	–	–	34,841	34,841	0.0%	0.0%	0.0%	0.0%	100.0%	
	Kerb and gutter	4,911	4,911	3,941	3,610	143,907	214,635	19.0%	47.0%	31.0%	3.0%	0.0%	
	Sub-total	16,662	16,666	22,900	23,372	737,690	1,009,677	30.2%	44.0%	20.0%	2.0%	3.6%	
Stormwater drainage	Stormwater drainage	525	525	1,411	1,457	267,090	358,972	20.0%	62.0%	18.0%	0.0%	0.0%	
	Sub-total	525	525	1,411	1,457	267,090	358,972	20.0%	62.0%	18.0%	0.0%	0.0%	
Open space / recreational assets	Park Infrastructure Assets	1,067	1,067	3,276	1,813	58,584	68,814	40.0%	33.0%	24.0%	2.0%	1.0%	
	Sub-total	1,067	1,067	3,276	1,813	58,584	68,814	40.0%	33.0%	24.0%	2.0%	1.0%	
Total – all assets		24,860	24,864	38,884	40,274	1,298,512	1,807,948	27.1%	44.3%	24.5%	1.8%	2.3%	

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

Infrastructure asset condition assessment 'key'

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

Fairfield City Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	31,781	130.52%	119.75%	147.10%	>= 100.00%
Depreciation, amortisation and impairment	24,349				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	24,860	1.84%	1.85%	1.83%	< 2.00%
Net carrying amount of infrastructure assets	1,352,686				
Asset maintenance ratio					
Actual asset maintenance	40,274	103.57%	109.50%	120.35%	> 100.00%
Required asset maintenance	38,884				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	24,864	1.38%	1.36%	1.38%	
Gross replacement cost	1,807,948				

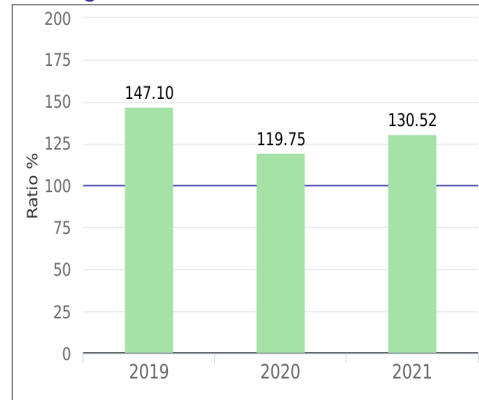
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Fairfield City Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
20/21 ratio	130.52%
Council's asset maintenance ratio of 130.5% is well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 100%. This means council is funding adequately in asset maintenance to minimise the infrastructure maintenance backlog.	

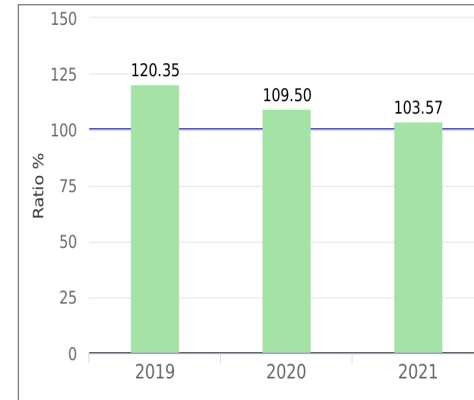
Benchmark: — $\geq 100.00\%$

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	103.57%
Council's asset maintenance ratio of 103.6% is higher than the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 100%. This means council is funding adequately in asset maintenance to minimise the infrastructure maintenance backlog.	

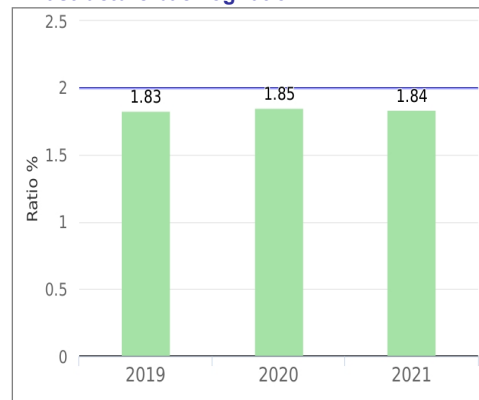
Benchmark: — $> 100.00\%$

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	1.84%
Council's infrastructure backlog ratio of 1.8% is below the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 2.0%. This means council has no major backlog of renewals on infrastructure assets and indicates that assets are maintained progressively.	

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	1.38%
Cost to bring assets to agreed service level for last 4 years is in the region of 1.4% and is well under the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2020/21 which is 2%. This means council is adequately funding to maintain the assets to provide agreed service level to the community.	