

General Purpose & Special Purpose Financial Statements

For the Year Ended 30 June 2020



Camden Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2020

Executive Summary – 2019/20 Annual Financial Statements

Camden continues to be one of the fastest growing areas in New South Wales with more than 100 new residents per week. This growth places substantial pressure on Council's finances and resources. The cost of planning for growth is an upfront cost that is required before additional rate income is realised through growth.

The last quarter of the financial year was also impacted by COVID-19 with the closure of facilities and additional cost to implement prudent risk measures to protect staff and our community. Further information on the impact of COVID-19 is provided below. 2019/20 also saw the introduction of new accounting standards relating to Income recognition (AASB 1058 and 15) and leases (AASB 16), the impact to Council's financial performance was immaterial.

Council works closely with all levels of Government and the community to ensure there is a balance between providing for existing residents and those we welcome to Camden in the future.

The information below provides a snapshot of Council's financial performance over the past 12 months, more detailed information is provided within the Financial Statements.

Financial Performance

The following table highlights the 'financial performance' comparison between 2019/20 and 2018/19:

Income Statement	2019/20 \$'000	2018/19 \$'000
Total Income from Continuing Operations	\$263,322	\$238,973
Total Expenses from Continuing Operations	\$125,557	\$124,608
Surplus Operating Result from Continuing Operations	\$137,765	\$114,365
Grants and Contributions provided for Capital Purposes	\$153,981	\$130,445
Net Operating Result before Grants and Contributions provided for Capital Purposes (deficit)	(\$16,216)	(\$16,080)

Local Government Accounting - Operating Result

It is important to note that the operating result shown in the Income Statement is not Council's budget or cash position. The Income statement complies with the International Financial Reporting Standards and is required to be reported on an accrual basis, it considers non-cash entries and the timing of the receipt or payment of money. Council's budget is done on a cash basis. The reported surplus of \$137.8 million (after capital items) does not mean Council has additional funds of \$137.8 million to spend. Alternatively, the fact that Council's Income Statement has a reported deficit of \$16.2 million (before capital items) does not mean Council's budget is overspent or Council's liquidity position is poor.

Council continues to balance its budget annually and its liquidity position is strong as demonstrated by the financial indicators in Note 28 to the Financial Statements.

Operating Result (after capital items)

The 2019/20 Operating Result after accounting for capital income is a surplus of \$137.8 million (\$114.4 million 2018/19). This surplus is primarily due to non-cash contributions made by developers for infrastructure such as roads, drainage and open space. The value of the non-cash dedications for 2019/20 was \$126.7 million (\$89.8 million 2018/19). Accounting standards require the dedication of assets (non-cash) to be brought to account as income which inflates the surplus reported.

Operating Result (before capital items)

Council's operating result before capital items is a deficit of \$16.2 million. This result excludes capital income of \$153.9 million. The result is consistent with last year's result. Council's depreciation expense has increased by \$6.83 million over the past 2 years. The impact of depreciation expense is significant due to a unique environment of substantial growth, Council's current economies of scale and the method used to calculate depreciation expense. Council is currently constructing or receiving dedicated assets that provide for a population in the future. The straight-line method of calculating depreciation expense does not consider growth or the current population, meaning the expense is representative of a higher capacity to pay or greater economies of scale. There is also a timing issue to consider, Council must provide for infrastructure now, this cannot be done after the population arrives.

Council has not ignored the need to understand the consumption of assets and the need to provide for future renewal. Council has invested over \$23 million in community infrastructure renewal programs over the past 10 years and will continue to invest in renewal programs representative of its capacity to pay. Significant growth in infrastructure and council's economies of scale will continue to be an issue for Council and needs to be understood when considering Council's financial performance in a rapidly growing

environment. It has been through the Council's understanding of this that it remains in a strong cash position with a good capacity for debt to assist in managing its growth now and into the future (See Note 28).

Other significant movements include an increase in Rates and Charges income of \$4.2 million (growth), a decrease in User Charges and Fees of \$6.0 million (Centre closures due to COVID-19, Development Assessment Income due to economic environment and Rental Income of \$1.9 million is now shown as a separate line item due to AASB 16). Council allowed for an additional 17 new positions during 2019/20 to meet the demand for essential services. Salaries and Wages increased by \$3.9 million. Materials and Contracts decreased by \$4.2 million (2018/19 Materials and Contracts included works for Roads and Maritime Services (RMS) which inflated Council's normal level of Material and Contracts. The 2019/20 expense is normalised). Depreciation expense increased by \$3.2 million due to the Council's growing asset base.

Council continues to monitor its operating result and whilst Council's liquidity position is strong, Council recognises that longer term, operating deficits are not sustainable and that sustained reported deficits will ultimately reduce Council's ability to maintain or replace its asset base over time. Council expects that this position will improve over time through increased income associated with growth and prudent long-term financial management of expenditure budgets that consider the timing of future income.

Measures that Council has adopted to improve and ensure that its long-term financial position remains sustainable include:

✓ **Balanced Budget**

Council annually adopts and maintains a balanced budget position and does not spend beyond its means.

✓ **Loans**

Council still has a good capacity to borrow for capital projects (one-off) upon the appropriate financial assessment being completed. Council also considers low-interest loan programs under the Local Infrastructure Renewal Scheme (LIRS) offered by the State Government. This program has already realised Council over \$700,000 in loan interest savings.

✓ **Long-Term Financial Planning (LTFP)**

Council has a 10-year LTFP which is updated quarterly. The LTFP is critical to Council's planning and monitoring of its immediate and future financial sustainability. It is central to correcting the reported operating deficit in the Income Statement by containing expenditure and allowing natural growth in Council's income base to achieve a balanced or reported operating surplus. It allows Council to make informed decisions about sustainable levels of debt and reserves (liquidity) it also forms part of a suite of resourcing plans that support Council's Integrated Planning and Reporting Package.

✓ **Asset Management Planning**

Sound asset management and the correct allocation of resources are central to Council's sustainability. Council has a dedicated asset management section which continues to

monitor Council's asset maintenance and renewal programs now and into the future. A recent review was undertaken to review the useful life of infrastructure assets and market test unit rates as part of the revaluation process for Roads, Bridges and Drainage. Council's infrastructure backlog remains within the industry benchmark.

✓ **Cash Reserves and Investing in the Future**

Council has established reserves for capital improvement, asset replacement and technology improvements.

✓ **Community Infrastructure Renewal Programs**

Council endorsed a \$5.1 million Community Infrastructure Renewal Program as part of its 2019/20 budget to continue the renewal of assets in a poor condition. This program was put in place without the need to raise rates beyond that approved by IPART for 2019/20.

✓ **Building Partnerships**

Council continues to actively pursue both State and Federal funding opportunities to fund infrastructure and service requirements when made available. Examples include accessing the low interest loans under Local Infrastructure Renewal Schemes.

✓ **Organisational Improvement Plan**

Council remains committed to continuously improving its financial and non-financial performance and continuing its path to excellence and best practice. Council's five-year Organisational Strategic Plan which commenced in July 2019 provides the roadmap to deliver measurable improvement across six key result areas: Good Governance, Financially Successful, Effective Leadership, Engaged People, Improved Processes, Knowledge and Systems, and Customer Focused. In the 2019/20 financial year, five organisational transformational projects were delivered with another 12 commenced.

Statement of Financial Position

The net value of assets owned by our community is \$2.0 billion (\$1.67 billion in 2018/19). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. Council's increase in equity is predominately due to infrastructure assets being dedicated to Council as part of new release areas being developed and the revaluation of Roads, Footpaths, Bridges and Drainage which added an additional \$206.7 million in value to Council's asset base.

Council's loan debt is now \$24.7 million with a decrease of \$3.56 million from 2018/19; primarily a result of principal repayments during 2019/20 and no new loans being taken up in 2019/20.

Prior Year Adjustments and third Balance sheet

As part of revaluing Roads, Bridges and Drainage asset class a comprehensive inventory review has been undertaken.

This process identified newly discovered assets (\$23.1 million) and assets disposed of (\$18.3 million) in previous accounting periods. A correction to the method for calculating the Land Under Roads (LUR) area increased the

value of LUR by \$9.6 million relating to previous accounting periods. As a result, a third balance sheet has been provided as the adjustments relate to accounting periods prior to 30 June 2018. The net result is an adjustment to the opening equity balance as at 1 July 2018 of \$14.4 million, representing the net increase in asset value. Council's asset identification systems for new assets (predominately the dedication of assets from developers) and disposals has been comprehensively reviewed and procedures implemented to ensure Council's asset management system remains current. Additional information can be found in Note 17 to the General-Purpose Financial Statements.

COVID-19 Financial Impact 2019/20

Council's financial performance to the 30 June 2020 has not been materially impacted by COVID-19. The community has continued to pay rates which has not reduced Council's cash flow or its ability to fund commitments. Council's rates outstanding ratio continues to be less than 5% (industry benchmark) and is consistent with 2018/19.

There is a small increase in Council's leave liability for annual leave which is representative of both growth in staff and staff not taking leave. Council monitors leave balances to ensure no more than 40 days annual leave is held per employee.

Council has seen a reduction in User Fees and Charges predominately due to the closure of facilities during COVID-19. This has been offset by savings in operational expenditure with many facilities being closed for a defined period.

To 30 June 2020 Council has spent approximately \$870,000 on additional cleaning of public facilities/offices and setting up a second works depot to ensure strategically Council could provide essential services should one depot be closed due to COVID-19. Council has also invested in technology to ensure a seamless service experience for the customer when staff are working from home.

Council continues to closely monitor its budget position and will have a better indication of COVID-19's impact when Council considers the 2020/21 December Quarterly Budget Review. Further information on how Council is assisting our community through COVID-19 and plans for the future can be found in Council's Annual Report.

Financial Health Indicators

The financial health indicators for the 2019/20 financial year can be found in Note 28 and Special Schedule – Report on Infrastructure Assets (final page). This section of the financial statements provides a detailed explanation of each indicator and any unique considerations which need to be taken into account when assessing Council's financial performance. Overall, Council is in a strong cash position, our asset base is in good condition and the asset renewal backlog is being maintained within industry benchmarks.

Chief Financial Officer
23 November 2020

General Purpose Financial Statements

for the year ended 30 June 2020

Contents	Page
1. Understanding Council's Financial Statements	3
2. Statement by Councillors & Management	4
3. Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
4. Notes to the Financial Statements	10
5. Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	100
On the Financial Statements (Sect 417 [3])	

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

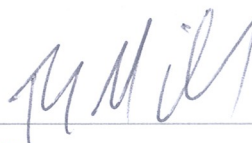
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

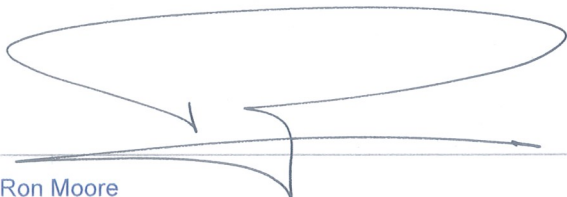
Signed in accordance with a resolution of Council made on 10/11/2020



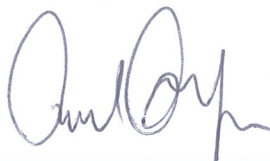
Theresa Fedeli
Mayor
10/11/2020



Rob Mills
Deputy Mayor
10/11/2020



Ron Moore
General Manager
10/11/2020



Paul Rofe
Responsible Accounting Officer
10/11/2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020 \$ '000		Notes	Actual 2020 \$ '000	Actual 2019 \$ '000
Income from continuing operations				
76,030	Rates and annual charges	3a	74,558	70,403
18,618	User charges and fees	3b	15,113	21,077
1,690	Other revenues	3c	5,301	3,421
9,074	Grants and contributions provided for operating purposes	3d,3e	8,557	9,176
154,061	Grants and contributions provided for capital purposes	3d,3e	153,981	130,445
3,250	Interest and investment income	4	3,132	3,703
–	Fair value increment on investment properties	11a	795	748
1,946	Rental income	14e	1,885	–
264,669	Total income from continuing operations		263,322	238,973
Expenses from continuing operations				
49,720	Employee benefits and on-costs	5a	51,882	48,878
1,175	Borrowing costs	5b	1,397	1,559
33,192	Materials and contracts	5c	32,258	36,459
19,000	Depreciation and amortisation	5d	29,201	25,998
10,352	Other expenses	5e	9,341	9,490
–	Net losses from the disposal of assets	6	1,441	2,158
–	Net share of interests in joint ventures and associates using the equity method	19	37	66
113,439	Total expenses from continuing operations		125,557	124,608
151,230	Operating result from continuing operations		137,765	114,365
151,230	Net operating result for the year		137,765	114,365
151,230	Net operating result attributable to council		137,765	114,365
(2,831)	Net operating result for the year before grants and contributions provided for capital purposes		(16,216)	(16,080)

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

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

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	Actual 2020 \$ '000	Actual 2019 \$ '000
Net operating result for the year (as per Income Statement)		137,765	114,365
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	206,749	—
Correction of asset duplication		—	1,043
Total items which will not be reclassified subsequently to the operating result		206,749	1,043
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		—	(33)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		—	(33)
Total other comprehensive income for the year		206,749	1,010
Total comprehensive income for the year		344,514	115,375
Total comprehensive income attributable to Council		344,514	115,375

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

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

Statement of Financial Position

as at 30 June 2020

		Actual 2020 \$ '000	Restated 2019 \$ '000	Restated 2018 \$ '000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	12,135	8,607	8,637
Investments	7(b)	112,508	96,856	84,200
Receivables	8	9,526	7,104	7,327
Inventories	9a	427	351	347
Other	9b	102	283	135
Total current assets		134,698	113,201	100,646
Non-current assets				
Investments	7(b)	29,700	32,700	29,500
Receivables	8	3,327	3,297	3,326
Infrastructure, property, plant and equipment	10(a)	1,886,763	1,558,206	1,465,540
Investment property	11	31,890	31,095	27,300
Intangible Assets	12	1,015	999	1,014
Right of use assets	14a	2,111	–	194
Investments accounted for using the equity method	19	91	128	–
Total non-current assets		1,954,897	1,626,425	1,526,874
Total assets		2,089,595	1,739,626	1,627,520
LIABILITIES				
Current liabilities				
Payables	15	24,209	19,304	21,439
Income received in advance	15	–	620	1,166
Contract liabilities	13	4,660	–	–
Lease liabilities	14b	1,354	–	–
Borrowings	15	1,372	3,721	3,665
Provisions	16	14,624	13,000	10,129
Total current liabilities		46,219	36,645	36,399
Non-current liabilities				
Payables	15	10,564	11,283	11,107
Lease liabilities	14b	808	–	–
Borrowings	15	23,316	24,528	27,957
Provisions	16	298	275	626
Total non-current liabilities		34,986	36,086	39,690
Total liabilities		81,205	72,731	76,089
Net assets		2,008,390	1,666,895	1,551,431
EQUITY				
Accumulated surplus	17	1,310,226	1,175,424	1,061,059
Revaluation reserves	17	698,164	491,415	490,372
Other reserves	17	–	56	–
Council equity interest		2,008,390	1,666,895	1,551,431
Total equity		2,008,390	1,666,895	1,551,431

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

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

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	as at 30/06/20				as at 30/06/19			
		Restated Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Other reserves \$ '000	Total equity \$ '000	Restated Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Other reserves \$ '000	Total equity \$ '000
Opening balance		1,161,047	491,415	56	1,652,518	1,046,682	490,372	–	1,537,054
Correction of prior period errors	17b	14,377	–	–	14,377	14,377	–	–	14,377
Changes due to AASB 1058 and AASB 15 adoption	17	(3,030)	–	–	(3,030)	–	–	–	–
Changes due to AASB 16 adoption		11	–	–	11	–	–	–	–
Restated opening balance		1,172,405	491,415	56	1,663,876	1,061,059	490,372	–	1,551,431
Net operating result for the year		137,765	–	–	137,765	114,365	–	–	114,365
Net operating result for the period		137,765	–	–	137,765	114,365	–	–	114,365
Other comprehensive income									
– Gain (loss) on revaluation of IPP&E	10(a)	–	206,749	–	206,749	–	1,043	–	1,043
– Realised gain (loss) on financial assets at fair value through other comprehensive income		–	–	–	–	–	–	(33)	(33)
Other comprehensive income		–	206,749	–	206,749	–	1,043	(33)	1,010
Total comprehensive income		137,765	206,749	–	344,514	114,365	1,043	(33)	115,375
Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	89	89
Transfers between equity items		56	–	(56)	–	–	–	–	–
Equity – balance at end of the reporting period		1,310,226	698,164	–	2,008,390	1,175,424	491,415	56	1,666,895

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

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

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020 \$ '000		Notes	Actual 2020 \$ '000	Actual 2019 \$ '000
Cash flows from operating activities				
Receipts:				
76,030	Rates and annual charges		74,416	69,837
20,564	User charges and fees		14,967	21,479
3,250	Investment and interest revenue received		3,705	3,599
29,874	Grants and contributions		38,223	49,381
–	Bonds, deposits and retention amounts received		5,813	6,429
1,732	Other		10,182	12,617
Payments:				
(49,937)	Employee benefits and on-costs		(49,235)	(47,177)
(32,277)	Materials and contracts		(38,524)	(39,839)
(1,176)	Borrowing costs		(1,399)	(1,287)
–	Bonds, deposits and retention amounts refunded		(2,026)	(9,430)
(11,268)	Other		(10,717)	(14,011)
36,792	Net cash provided (or used in) operating activities	18b	45,405	51,598
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		167,786	139,800
315	Sale of infrastructure, property, plant and equipment		1,161	800
Payments:				
–	Purchase of investment securities		(179,708)	(155,600)
(33,699)	Purchase of infrastructure, property, plant and equipment		(25,778)	(32,713)
–	Purchase of intangible assets		(304)	(251)
(33,384)	Net cash provided (or used in) investing activities		(36,843)	(47,964)
Cash flows from financing activities				
Receipts:				
3,000	Proceeds from borrowings and advances		–	–
Payments:				
(3,721)	Repayment of borrowings and advances		(3,561)	(3,664)
–	Lease liabilities (principal repayments)		(1,473)	–
(721)	Net cash flow provided (used in) financing activities		(5,034)	(3,664)
2,687	Net increase/(decrease) in cash and cash equivalents		3,528	(30)
8,165	Plus: cash and cash equivalents – beginning of year	18a	8,607	8,637
10,852	Cash and cash equivalents – end of the year	18a	12,135	8,607
98,021	plus: Investments on hand – end of year	7(b)	142,208	129,556
108,873	Total cash, cash equivalents and investments		154,343	138,163

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Basis of preparation	11
2(a)	Council functions/activities – financial information	15
2(b)	Council functions/activities – component descriptions	16
3	Revenue from continuing operations	17
4	Interest and investment income	26
5	Expenses from continuing operations	27
6	Gain or loss from disposal of assets	34
7(a)	Cash and cash equivalents	35
7(b)	Investments	35
7(c)	Restricted cash, cash equivalents and investments	37
8	Receivables	39
9	Inventories and other assets	41
10(a)	Infrastructure, property, plant and equipment	42
10(b)	Externally restricted infrastructure, property, plant and equipment	46
11	Investment properties	47
12	Intangible assets	49
13	Contract assets and liabilities	50
14	Leases	52
15	Payables and borrowings	56
16	Provisions	59
17	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	61
18	Statement of cash flow information	67
19	Investments Accounted for Using the Equity Method	68
20	Commitments	70
21	Contingencies	71
22	Financial risk management	74
23	Material budget variations	78
24	Fair Value Measurement	80
25	Related party disclosures	86
26	Events occurring after the reporting date	87
27	Statement of developer contributions	88
28(a)	Statement of performance measures – consolidated results	92
	Additional Council disclosures (unaudited)	
28(b)	Statement of performance measures – consolidated results (graphs)	95
29	Financial review	98
30	Council information and contact details	99

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 10/11/2020. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
 - Statement of cash flows
 - Note 23 – Material budget variations
- and are clearly marked.

(a) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note 11
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10 and note 24
- (iii) employee benefit provisions – refer Note 16.

Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

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

(ii) Camden Region Economic Taskforce

Council has determined not to consolidate the operations of CRET, a not for profit organisation, into its financial statements. Council records the contribution to CRET, with very limited other income sources, and these funds are used to achieve the focus of the organisation of developing and promoting the Camden LGA.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Control

Council is the only member of the company and has the right to appoint all Directors.

Furthermore there is a service level agreement that prescribes the business to be undertaken by CRET as the entity is established to advance the objectives of the Council.

Council's exposure, or rights to variable returns from its involvement with CRET

CRET is prohibited by its constitution from paying any of its income to the member by virtue of the member's membership. In the event of CRET winding up, the constitution also prohibits any payments to council. The liability to Council is also limited to \$50.00 in the event of winding up.

This however does not take away the rights to non-financial returns but will influence the disclosure requirements in the Financial Statements.

Based on the above, Camden Council is exposed to and has rights to variable returns from its involvement with CRET

Material considerations

On the Basis of materiality Council has not consolidated CRET as at 30 June 2020.

iii) Southern Phone Company Limited.

Southern Phones is a telecommunications service provider to regional communities.

The Company's main services include fixed line, mobile and internet communications.

The Company is owned by 35 Local Government Councils.

Council receive dividends from its operations each year (see note 4).

During the year Council disposed of this asset (See Note 6) and will no longer receive any dividends.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- Camden Town Farm Committee
- Camden Seniors Programs Committee
- Camden International Friendship Association
- Camden Bicentennial Equestrian Park Committee

(b) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

Council does not hold any monies or property that are not under control of the Council.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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

Volunteer services

Council dependence on Volunteer workers is not significant and has not recognised these services in the financial statements.

Volunteers are engaged in Camden Council's services and programs who undertake such activities of their own free will and without monetary reward. The activities undertaken are of benefit to Camden Council and the local community and complement, but do not replace the services and programs provided by paid staff.

Volunteers will work no more than 18 hours each week except for one off event based activities.

Although volunteer opportunities are open to people of all ages, there are different insurance provisions, based on age, as well as other additional checks that may be required as a volunteer.

All children under 18 years of age must have parental care permission to participate in the activity. All activities must be low risk and be included in the volunteers management system or be insured through the participating organisation.

Council has categorised their volunteers into 5 groups:

1. Regular Volunteers
2. Casual Volunteers
3. Social Volunteers
4. 355 Committee Volunteers
5. Advisory Committee Volunteers

New accounting standards adopted during the year

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

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

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 17.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

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

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

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

AASB1059 Service concession arrangements will not effect Council for 2020-21 as Council does not contract out any service arrangements where the contractor has control over those assets.

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Functions or activities	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets Restated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Governance	–	–	–	955	–	(955)	–	–	–	–
Managing Camden's Growth	159,874	55,290	11,836	10,360	148,038	44,930	1,098	870	111,650	88,388
Urban and Natural Environments	19,114	37,699	18,036	26,613	1,078	11,086	52	150	2,384	12,537
Prosperous Economy	798	28	5,153	911	(4,355)	(883)	512	–	32,067	30,826
Sustainable Transport	3,242	68,123	25,391	25,490	(22,149)	42,633	2,682	4,115	1,439,541	1,251,807
Enriched and Connected Community	11,485	10,341	27,191	12,552	(15,706)	(2,211)	2,629	4,005	49,123	54,475
Stong Local Leadership (Governance)	68,809	67,492	37,950	47,727	30,859	19,765	4,453	3,973	454,830	301,593
Other	–	–	–	–	–	–	–	–	(1)	–
Total functions and activities	263,322	238,973	125,557	124,608	137,765	114,365	11,426	13,113	2,089,594	1,739,626

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Governance

Financial transactions relating to the overseeing and decision making process of the elected members of council.

Managing Camden's Growth

Managing growth determined under the State Government's Metropolitan Strategy while retaining Camden's rural setting, country town feel and the lifestyle of the community.

Resources relating to the delivery of this strategic outcome include: Development Control, Heritage Protection and Urban and Rural Planning.

Urban and Natural Environments

A Camden in which its unique natural systems have been protected and enhanced and are enjoyed and valued by the community.

Resources relating to the delivery of this strategic outcome include: Regulating the Use of Public Areas, Public Health, Protecting Natural Environment, Parks and Playgrounds, Environmental Activities, Enforcement of Legislation and Policies and Appearance of Public Areas.

Prosperous Economy

A Camden which is characterised by vibrant town and commercial centres, thriving local businesses, stable and diverse employment opportunities, skilled local residents and a thriving tourist/visitor market.

Resources relating to the delivery of this strategic outcome include: Economic Development, Tourism and The Management of Significant Places.

Sustainable Transport

A Camden that provides an affordable, convenient and integrated public transport system for equitable access to services, facilities and places for all members of the community.

Resources relating to the delivery of this strategic outcome include: Transport Options, Road Safety, Local Traffic Management, Construction and Maintenance of Local Roads, Footpath and Kerbing.

Enriched and Connected Community

A Camden which has achieved a broad range of opportunities for a prosperous and complete lifestyle.

Resources relating to the delivery of this strategic outcome include: Recreational Services and Facilities, Community and Cultural Development & Planning, Community Support Facilities and Services, Community Safety, Community Events and Library Services.

Strong Local Leadership (Governance)

A Camden which has strong leadership who are responsible to the community and who are working together to achieve the community's vision for the future.

Resources relating to the delivery of this strategic outcome include: Strong Local Democracy, Stewardship of Community Resources, Community Engagement, Community Information, Management of Emergency Events, and Support Services.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

	AASB	2020 Actual \$ '000	2019 Actual \$ '000
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	49,608	46,669
Farmland	1058 (1)	598	566
Business	1058 (1)	8,278	8,679
Less: pensioner rebates (mandatory)	1058 (1)	(627)	(601)
Rates levied to ratepayers		57,857	55,313
Pensioner rate subsidies received	1058 (1)	345	330
Total ordinary rates		58,202	55,643
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	15,539	14,056
Section 611 charges	1058 (1)	68	55
Less: pensioner rebates (mandatory)	1058 (1)	(189)	(178)
Less: pensioner rebates (Council policy)	1058 (1)	(71)	(65)
Stormwater management levy	1058 (1)	863	794
Annual charges levied		16,210	14,662
Pensioner subsidies received:			
– Domestic waste management	1058 (1)	146	98
Total annual charges		16,356	14,760
TOTAL RATES AND ANNUAL CHARGES		74,558	70,403

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

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

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

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

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

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

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

2019 accounting policy

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	2020 Actual \$ '000	2019 Actual \$ '000
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services (additional services)	15 (1)	25	45
On site sewerage inspection	15 (1)	31	29
Commercial waste management	15 (1)	750	705
On site sewerage annual charges	15 (1)	190	187
Total specific user charges		996	966
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other	15 (1)	3,075	3,515
Private works – section 67	15 (1)	518	3,554
Section 10.7 certificates (EP&A Act)	15 (1)	384	405
Section 603 certificates	15 (1)	252	213
Town planning	15 (1)	2,634	2,985
Other	15 (1)	14	41
Total fees and charges – statutory/regulatory		6,877	10,713
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	15 (1)	420	361
Child care	15 (1)	395	444
Leaseback fees – Council vehicles 2019 only	1058 (1)	–	964
Library and art gallery	15 (1)	10	–
Recycling income (non-domestic)	15 (1)	314	1
Sundry sales	15 (1)	6	–
Library services	15 (1)	32	40
Parks and leisure centres	15 (2)	4,935	6,099
Public halls	15 (1)	821	1,275
Other	1058 (1)	307	214
Total fees and charges – other		7,240	9,398
TOTAL USER CHARGES AND FEES		15,113	21,077

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for user charges and fees

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

2019 accounting policy

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	2020 Actual \$ '000	2019 Actual \$ '000
(c) Other revenues			
Rental income – investment property (2019 only)		–	802
Fines	1058 (1)	124	246
Fines – parking	1058 (1)	95	61
Fines – other	1058 (1)	–	61
Legal fees recovery – rates and charges (extra charges)	1058 (1)	85	183
Legal fees recovery – other	1058 (1)	3,833	510
Commissions and agency fees	15 (1)	99	97
Diesel rebate	15 (1)	81	69
Insurance claims recoveries	1058 (1)	7	270
Sales – general	15 (1)	156	30
Easement compensation		–	142
Employee relations	1058 (1)	143	71
Rental income – council properties	15 (1)	166	69
Risk mgmt. performance incentive rebates	1058 (1)	235	294
Other	1058 (1)	136	352
Contributions to long service leave – other councils	15 (1)	141	164
<u>TOTAL OTHER REVENUE</u>		5,301	3,421

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for other revenue

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

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

2019 accounting policy:

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 Actual \$ '000	Operating 2019 Actual \$ '000	Capital 2020 Actual \$ '000	Capital 2019 Actual \$ '000
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	1,189	1,181	–	–
Financial assistance – local roads component	1058 (1)	772	726	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	1,259	1,224	–	–
Financial assistance – local roads component	1058 (1)	820	754	–	–
Total general purpose		4,040	3,885	–	–
Specific purpose					
Aged care		–	1	–	–
Better waste and recycling fund	1058 (1)	116	112	–	–
Bushfire and emergency services	15 (1)	172	173	–	–
Child care (family day care)	1058 (1)	150	1,678	–	–
Community services	15 (1)	115	142	–	18
Economic development	15 (1)	–	–	512	–
Floodplain management	15 (1)	89	106	–	–
Heritage and cultural		–	–	–	14
Library – special projects	15 (1)	58	–	38	47
Library – per capita	1058 (1)	232	166	–	–
LIRS subsidy	1058 (1)	75	88	–	–
Noxious weeds	1058 (1)	38	38	–	–
Recreation and culture	15 (1)	17	76	2,019	1,688
Planning Studies	15 (1)	1,009	750	–	–
Recreational services		–	16	–	–
Transport (roads to recovery)	1058 (1)	875	464	–	–
Street lighting	1058 (1)	134	131	–	–
Transport (other roads and bridges funding)	15 (1)	163	71	1,510	3,449
Other	15 (1)	50	–	14	–
Total specific purpose		3,293	4,012	4,093	5,216
Total grants		7,333	7,897	4,093	5,216
Grant revenue is attributable to:					
– Commonwealth funding		4,813	6,073	1,878	3,327
– State funding		2,520	1,824	2,215	1,889
		7,333	7,897	4,093	5,216

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Child care

There has been a change in treatment of monies being received and transferred to third parties. Council no longer recognises these payments as income, hence the reduction in income for the year compared to 2019.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 Actual \$ '000	Operating 2019 Actual \$ '000	Capital 2020 Actual \$ '000	Capital 2019 Actual \$ '000
Notes					
(e) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	1058 (1)	7	–	–	–
VPA – other cash revenue	1058 (1)	–	582	–	16,221
Other section 7.11 developer contributions	1058 (1)	790	210	–	172
Open space	1058 (1)	–	–	9,332	6,015
Traffic facilities	1058 (1)	9	–	213	169
Drainage	1058 (1)	–	–	4,726	4,742
Roadworks	1058 (1)	–	–	3,714	3,218
Community facilities	1058 (1)	–	–	5,067	4,617
Total developer contributions – cash		806	792	23,052	35,154
Non-cash contributions					
VPA – dedicated drainage	1058 (1)	–	–	–	91
VPA – dedicated open space	1058 (1)	–	–	39,395	4,573
VPA – dedicated roads	1058 (1)	–	–	–	1,010
WIKI - Roadworks	1058 (1)	–	–	2,732	163
Total developer contributions non-cash		–	–	42,127	5,837
Total developer contributions	27	806	792	65,179	40,991
Other contributions:					
Cash contributions					
Heritage/cultural	1058 (1)	–	70	–	–
Other councils – joint works/services	1058 (1)	73	36	–	–
Paving	1058 (1)	4	–	–	–
Recreation and culture	1058 (1)	–	2	127	2
Roads and bridges		–	–	2	266
RMS contributions (regional roads, block grant)	1058 (1)	316	310	–	–
Other	1058 (1)	11	69	16	18
Total other contributions – cash		404	487	145	286
Non-cash contributions					
Bushfire services		–	–	–	350
Other	1058 (1)	14	–	–	–
Dedicated land under roads	1058 (1)	–	–	2,670	2,710
Dedicated subdivision roads	1058 (1)	–	–	25,169	56,170
Dedicated drainage	1058 (1)	–	–	56,679	20,102
Dedications – RMS	1058 (1)	–	–	–	4,611
Dedicated open space assets	1058 (1)	–	–	46	9
Total other contributions – non-cash		14	–	84,564	83,952
Total other contributions		418	487	84,709	84,238
Total contributions		1,224	1,279	149,888	125,229

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 Actual \$ '000	Operating 2019 Actual \$ '000	Capital 2020 Actual \$ '000	Capital 2019 Actual \$ '000
	Notes				
<u>TOTAL GRANTS AND CONTRIBUTIONS</u>		8,557	9,176	153,981	130,445

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for grants and contributions**Accounting policy from 1 July 2019****Grant income under AASB 15 (refer note 3d)**

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

The performance obligations are varied based on the agreement but include the provision of concept design, strategic business case, detailed design and final business case and delivery of events. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income Under AASB 1058 (refer note 3d)

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

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

Capital grants

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

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

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

Contributions

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

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

Information regarding Non Cash Contributions in the form of assets, was not provided from the Rural Fire Services by the time the Financial Statements was prepared and therefore there has been no inclusion of Capital revenue for Bush fire Services in 2019/20

Accounting policy prior to 1 July 2019

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
(f) Unspent grants and contributions – external restrictions		
Operating grants		
Unexpended at the close of the previous reporting period	2,398	2,187
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	–	459
Add: operating grants received for the provision of goods and services in a future period	711	1,926
Less: operating grants recognised in a previous reporting period now spent (2019 only)	(2,103)	(2,174)
Less: operating grants received in a previous reporting period now spent and recognised as income	(255)	–
Unexpended and held as externally restricted assets (operating grants)	751	2,398

\$711K of operating grants were not expended as of 30 June 2020 being mainly the LEP grant payment for FY 2019/20 plus some smaller operating grants for example Leppington Town Centre grant and the Camden Creatives Take the Lead Project. \$255k was spent in 2019/20 being mainly the LEP grant received in FY 2018/19.

Capital grants		
Unexpended at the close of the previous reporting period	2,736	983
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	–	1,424
Add: capital grants received for the provision of goods and services in a future period	2,921	600
Less: capital grants recognised in a previous reporting period now spent (2019 only)	–	(271)
Less: capital grants received in a previous reporting period now spent and recognised as income	(1,903)	–
Unexpended and held as externally restricted assets (capital grants)	3,754	2,736

\$2,921k of capital grants were not expended as of 30 June 2020, these include Housing Acceleration Funding for Road Upgrade Design works in Leppington, Raby Rd Varroville Upgrade grant, Synthetic Field Conversion Project and the Design of Rickard Road between Ingleburn Road and Heath Road Leppington (SIC Funded). \$1,903k of this was spent during 2019/20 being mainly the Raby Rd Varroville Upgrade grant received in FY 2018/19, the grant Income received in advance in FY 2018/19 from City Deals Projects for Fergusons Land Sportsgrounds, Narellan Sports Hub Stage 2 & Synthetic Field Conversion.

Contributions		
Unexpended at the close of the previous reporting period	85,581	61,636
Add: contributions recognised as income in the current period but not yet spent	16,527	28,236
Less: contributions recognised in a previous reporting period now spent	(2,988)	(4,291)
Unexpended and held as externally restricted assets (contributions)	99,120	85,581

This section includes the section 7.11 funds received towards the provision, extension or augmentation of local infrastructure only where development is likely to require the provision of or increase the demand for local infrastructure in new release areas; and the recoupment of the cost of providing existing local infrastructure. Refer to note 27 Developer Contributions for more details.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

	2020 Actual \$ '000	2019 Actual \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	219	201
– Restricted funds	1,893	2,420
– General funds	1,003	1,071
Dividend income relating to investments held at fair value through other comprehensive income	17	11
Total Interest and investment income	3,132	3,703
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	219	201
General Council cash and investments	713	1,084
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	1,348	1,600
– Other Developer Contributions	545	410
Domestic waste management operations	307	306
Department of Planning Interest Free Loan	–	102
Total interest and investment revenue	3,132	3,703

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

	2020 Actual \$ '000	2019 Actual \$ '000
(a) Employee benefits and on-costs		
Salaries and wages	40,477	36,559
Travel expenses	2,648	2,373
Employee leave entitlements (ELE)	5,192	6,332
Superannuation	4,010	4,029
Workers' compensation insurance	799	594
Fringe benefit tax (FBT)	278	230
Training costs (other than salaries and wages)	383	364
Protective clothing	24	58
Other	115	265
Total employee costs	53,926	50,804
Less: capitalised costs	(2,044)	(1,926)
TOTAL EMPLOYEE COSTS EXPENSED	51,882	48,878

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 21 for more information.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on leases	60	–
Interest on loans	1,337	1,267
Total interest bearing liability costs expensed	1,397	1,267
(ii) Other borrowing costs		
Amortisation of discounts and premiums – interest free loan	–	292
Total other borrowing costs	–	292
TOTAL BORROWING COSTS EXPENSED	1,397	1,559

Accounting policy for borrowing costs

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
(c) Materials and contracts		
Raw materials and consumables	9,400	11,062
– Leisure centre and pools	4,615	5,504
– Waste management	6,422	5,613
– Parks and garden maintenance	2,578	3,909
– Information technology	2,387	2,597
– Town Planning	627	262
– Agency agreements	527	255
Auditors remuneration ²	181	181
Legal expenses:		
– Legal expenses: planning and development	275	498
– Legal expenses: debt recovery	103	228
– Legal expenses: other	1,165	1,104
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	36	109
Advertising – recruitment related	23	106
Building maintenance	1,231	365
Community support programs	289	3,273
Companion animal control	84	90
Environmental education	–	4
Infrastructure maintenance and repairs	2,095	626
Noxious weeds control	69	56
Other	542	1,476
Total materials and contracts	32,649	37,318
Less: capitalised costs	(391)	(859)
TOTAL MATERIALS AND CONTRACTS	32,258	36,459

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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

1. Operating lease payments are attributable to:

Other	36	109
	36	109

2. Auditor remuneration

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	103	109
Remuneration for audit and other assurance services	103	109
Total Auditor-General remuneration	103	109

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services – Internal Audit	78	72
Remuneration for audit and other assurance services	78	72
Total remuneration of non NSW Auditor-General audit firms	78	72
Total Auditor remuneration	181	181

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	Notes	2020 Actual \$ '000	2019 Actual \$ '000
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,034	2,077
Office equipment		309	506
Furniture and fittings		402	375
Land improvements (depreciable)		769	750
Infrastructure:	10(a)		
– Buildings – non-specialised		4,503	4,301
– Other structures		1,655	1,297
– Roads		11,461	10,963
– Bridges		700	511
– Footpaths		1,772	936
– Stormwater drainage		3,098	2,748
– Other open space/recreational assets		863	668
Right of use assets	14	1,535	–
Other assets:			
– Library books		293	203
– Other		519	397
Intangible assets	12	288	266
Total gross depreciation and amortisation costs		29,201	25,998
Total depreciation and amortisation costs		29,201	25,998
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS		29,201	25,998

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets

In previous years Council had shown an amount for capitalisation in depreciation reflecting a component of Depreciation included in the plant hire rates.

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in note 10 for IPPE assets and Note 12 for intangible assets and note 14 for Right of Use Assets.

Impairment of non-financial assets

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

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
(e) Other expenses		
Advertising	152	229
Bad and doubtful debts	83	426
Bank charges	161	189
Cleaning	488	452
Contributions/levies to other levels of government		
– Department of planning levy	44	42
– Emergency services levy (includes FRNSW, SES, and RFS levies)	760	708
Councillor expenses – mayoral fee	37	36
Councillor expenses – councillors' fees	151	147
Councillors' expenses (incl. mayor) – other (excluding fees above)	69	93
Development operating expenses	93	69
Donations, contributions and assistance to other organisations (Section 356)	979	282
Electricity and heating	684	696
Emergency services	18	48
Information technology expenses	239	318
Insurance	840	706
Postage	305	267
Printing and stationery	280	153
Rates collection charges	38	58
Sec 7.11 administration – operating expenses	418	180
Street lighting	2,244	2,303
Subscriptions and publications	208	408
Telephone and communications	500	252
Tourism expenses (excluding employee costs)	11	156
Valuation fees	209	228
Water charges	323	424
Other	7	620
Total other expenses	9,341	9,490
TOTAL OTHER EXPENSES	9,341	9,490

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

	Notes	2020 Actual \$ '000	2019 Actual \$ '000
Property (excl. investment property)			
Proceeds from disposal – property		456	–
Less: carrying amount of property assets sold/written off		(67)	–
Net gain/(loss) on disposal		389	–
Plant and equipment			
	10(a)		
Proceeds from disposal – plant and equipment		705	801
Less: carrying amount of plant and equipment assets sold/written off		(474)	(610)
Net gain/(loss) on disposal		231	191
Infrastructure			
	10(a)		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets written off		(2,791)	(2,349)
Net gain/(loss) on disposal		(2,791)	(2,349)
Investments			
	7(b)		
Proceeds from disposal/redemptions/maturities – investments		167,786	139,800
Less: carrying amount of investments sold/redeemed/matured		(167,056)	(139,800)
Net gain/(loss) on disposal		730	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,441)	(2,158)

Accounting policy for disposal of assets

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

	2020 Actual \$ '000	2019 Actual \$ '000
Cash and cash equivalents		
Cash on hand and at bank	5,635	2,107
Cash-equivalent assets		
– Deposits at call	6,500	6,500
Total cash and cash equivalents	12,135	8,607

Accounting policy for cash and cash equivalents

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

Note 7(b). Investments

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Investments				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost'	112,508	29,700	96,800	32,700
Council has sold its share in Southern Phones during the year.	–	–	56	–
Total Investments	112,508	29,700	96,856	32,700
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	124,643	29,700	105,463	32,700
Financial assets at amortised cost				
Term deposits	112,508	29,700	96,800	32,700
Total	112,508	29,700	96,800	32,700
Financial assets at fair value through other comprehensive income				
Unlisted equity securities- Southern Phones	–	–	56	–
Total	–	–	56	–

Accounting policy for investments

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

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

Financial assets

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

Classification

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

- amortised cost

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Total cash, cash equivalents and investments	124,643	29,700	105,463	32,700
attributable to:				
External restrictions	84,029	29,700	73,204	32,700
Internal restrictions	36,900	–	31,018	–
Unrestricted	3,714	–	1,241	–
	124,643	29,700	105,463	32,700

	2020 Actual \$ '000	2019 Actual \$ '000
--	---------------------------	---------------------------

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	4,505	–
Specific purpose unexpended loans – general	–	3,611
External restrictions – included in liabilities	4,505	3,611

External restrictions – other

Developer contributions – general	95,980	85,569
Specific purpose unexpended grants (recognised as revenue) – general fund	–	5,134
Domestic waste management	13,012	11,533
Stormwater management levy	213	38
Other	19	19
External restrictions – other	109,224	102,293

Total external restrictions

	113,729	105,904
--	---------	---------

Internal restrictions

Plant and vehicle replacement	796	1,284
Employees leave entitlement	2,763	1,990
Deposits, retentions and bonds	17,613	14,197
Revote/carry forward reserve	2,060	2,155
Asset renewal reserve	594	251
Camden parking reserve	121	121
Capital works reserve	1,470	3,471
Cemetery improvements	1,084	723
Camden Regional Economic Taskforce	176	83
Commercial waste services	726	381
Department Of Planning loan repayment reserve	–	2,200
Elections reserve	345	221
Engineering services deposits	202	204
Family day care trust	116	49
Information technology reserve	682	1,043
Public appeals reserve	14	36
Risk management reserve	315	318
Sec 355 committee reserve	742	766
Stormwater management (general fund)	243	184

Notes to the Financial Statements

for the year ended 30 June 2020

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

	2020 Actual \$ '000	2019 Actual \$ '000
Water savings action plan reserve	123	116
Working funds reserve	395	706
Other	615	519
Unexpended grants reserve	3,704	—
Unexpended loans reserve	2,001	—
Total internal restrictions	36,900	31,018
TOTAL RESTRICTIONS	150,629	136,922

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Purpose				
Rates and annual charges	3,216	429	2,879	336
Interest and extra charges	89	143	227	143
User charges and fees	280	–	3	–
Restoration and private works	167	–	17	–
Accrued revenues				
– Interest on investments	781	–	1,216	–
– Other income accruals	109	–	–	–
Net investment in finance lease	–	–	–	–
Commercial waste	–	–	14	–
Community and recreational facilities	–	–	291	–
Employee accounts	14	–	17	–
Gas main rating charge	–	–	55	–
Government grants and subsidies	196	–	1,146	–
Health and environment inspections	29	–	65	–
Legal cost recovery	–	–	1,248	–
Leisure centre contracts	232	–	215	–
Net GST receivable	874	–	474	–
Section 7.11 contributions	3,012	–	12	–
Air Bridge Lease Receivable	64	2,755	65	2,818
Other debtors	572	–	434	–
Total	9,635	3,327	8,378	3,297
Less: provision of impairment				
Other debtors	(109)	–	(1,274)	–
Total provision for impairment – receivables	(109)	–	(1,274)	–
TOTAL NET RECEIVABLES	9,526	3,327	7,104	3,297
Externally restricted receivables				
Domestic waste management	690	91	641	74
Stormwater management	32	2	30	1
Other				
Section 7.11 contributions	3,012	–	12	–
Government Grants	196	–	1,146	–
Total external restrictions	3,930	93	1,829	75
Internally restricted receivables				
Commercial Waste Reserve	17	–	13	–
Capital Works Reserve	1,655	–	3,057	–
Revote Reserve	3,305	–	–	–
Internally restricted receivables	4,977	–	3,070	–
Unrestricted receivables	619	3,234	2,205	3,222
TOTAL NET RECEIVABLES	9,526	3,327	7,104	3,297

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	1,274	903
+ new provisions recognised during the year	83	371
– amounts provided for but recovered during the year	(1,248)	–
Balance at the end of the year	109	1,274

Accounting policy for receivables

Recognition and measurement

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

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

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

Impairment

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

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

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

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

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

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

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

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

Council has taken into consideration the possible impacts on COVID-19 on the potential for defaults in paying trade debts when they become due and as such have provided for an increase in the provision based on 10% of outstanding balances as at 30/06/2020

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

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
(a) Inventories				
(i) Inventories at cost				
Stores and materials	386	–	295	–
Trading stock	29	–	44	–
Stores and materials – domestic waste	12	–	12	–
Total inventories at cost	427	–	351	–
TOTAL INVENTORIES	427	–	351	–

(b) Other assets

Prepayments	87	–	95	–
Information technology holding account	15	–	53	–
Bond Camden Valley Way/Graham hill	–	–	135	–
TOTAL OTHER ASSETS	102	–	283	–

Externally restricted assets

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Domestic waste management				
Stores and materials	12	–	12	–
Total domestic waste management	12	–	12	–
Total externally restricted assets	12	–	12	–
Total unrestricted assets	517	–	622	–
TOTAL INVENTORIES AND OTHER ASSETS	529	–	634	–

Accounting policy for inventories and other assets**Raw materials and stores, work in progress and finished goods**

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment

	as at 30/06/19			Asset movements during the reporting period								as at 30/06/20		
	Restated Gross carrying amount \$ '000	Restated Accumulated depreciation \$ '000	Restated Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciati- on expense \$ '000	WIP transfers \$ '000	Adjustme- nts and transfers \$ '000	Revaluati- on decrements to equity (ARR) \$ '000	Revaluati- on increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	9,947	–	9,947	1,883	4,921	–	–	(5,745)	(676)	–	–	10,330	–	10,330
Plant and equipment	20,048	(10,566)	9,482	–	3,669	(474)	(1,034)	(246)	–	–	–	21,445	(10,048)	11,397
Office equipment	5,328	(4,350)	978	–	–	–	(309)	246	(2)	–	–	5,668	(4,755)	913
Furniture and fittings	4,199	(2,137)	2,062	–	–	–	(402)	–	52	–	–	4,230	(2,518)	1,712
Land:														
– Operational land	139,713	–	139,713	–	428	–	–	–	–	–	–	140,141	–	140,141
– Community land	108,681	–	108,681	–	3,025	(67)	–	–	–	–	–	111,639	–	111,639
– Crown Land	2,103	–	2,103	–	–	–	–	–	–	–	–	2,103	–	2,103
– Land under roads (post 30/6/08)	131,003	–	131,003	–	2,817	–	–	–	–	–	33,895	167,716	–	167,716
Land improvements – non-depreciable	29,732	–	29,732	–	3,090	–	–	–	595	–	–	33,417	–	33,417
Land improvements – depreciable	10,734	(4,996)	5,738	–	2,239	(5)	(769)	–	(139)	–	–	12,795	(5,731)	7,064
Infrastructure:														
– Buildings – non-specialised	161,359	(46,435)	114,924	1,397	16,563	(55)	(4,503)	1,034	8	–	–	180,225	(50,857)	129,368
– Other structures	46,159	(17,331)	28,828	–	12,228	(1,334)	(1,655)	–	(1)	–	1	55,631	(17,564)	38,067
– Roads	663,920	(142,413)	521,507	2,350	21,898	(950)	(11,461)	1,277	149	–	48,163	763,923	(180,990)	582,933
– Bridges	50,059	(14,534)	35,525	41	2,742	(110)	(700)	42	–	–	3,758	57,616	(16,319)	41,297
– Footpaths	75,840	(14,286)	61,554	2,698	2,583	(215)	(1,772)	2,366	(33)	–	63,405	165,869	(35,283)	130,586
– Bulk earthworks (non-depreciable)	62,665	–	62,665	–	3,600	–	–	–	–	(14,794)	–	51,471	–	51,471
– Stormwater drainage	322,372	(39,352)	283,020	33	61,951	–	(3,098)	15	–	–	72,321	465,446	(51,204)	414,242
– Other open space/recreational assets	11,106	(3,758)	7,348	123	1,515	(121)	(863)	1,011	99	–	–	13,433	(4,321)	9,112
Other assets:														
– Library books	4,905	(3,080)	1,825	–	250	–	(293)	–	(507)	–	–	4,400	(3,125)	1,275
– Other	6,744	(5,173)	1,571	–	472	(114)	(519)	–	570	–	–	7,474	(5,494)	1,980
Total Infrastructure, property, plant and equipment	1,866,617	(308,411)	1,558,206	8,525	143,991	(3,445)	(27,378)	–	115	(14,794)	221,543	2,274,972	(388,209)	1,886,763

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

	as at 01/07/2018			Asset movements during the reporting period										as at 30/06/19		
	Restated Gross carrying amount \$ '000	Restated Accumulated depreciation \$ '000	Restated Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciati- on expense \$ '000	WIP transfers \$ '000	Adjustme- nts and transfers \$ '000	Tfrs from/(to) investment properties \$ '000	Revaluati- on decrements to equity (ARR) \$ '000	Revaluati- on increments to equity (ARR) \$ '000	Restated Gross carrying amount \$ '000	Restated Accumulated depreciation \$ '000	Restated Net carrying amount \$ '000	
Capital work in progress	13,443	–	13,443	–	7,203	–	–	(9,751)	(948)	–	–	–	9,947	–	9,947	
Plant and equipment	18,654	(10,744)	7,910	–	4,380	(582)	(2,077)	–	(149)	–	–	–	20,048	(10,566)	9,482	
Office equipment	5,602	(4,493)	1,109	–	172	(28)	(506)	–	231	–	–	–	5,328	(4,350)	978	
Furniture and fittings	4,118	(1,819)	2,299	–	142	–	(375)	–	(4)	–	–	–	4,199	(2,137)	2,062	
Land:																
– Operational land	132,505	–	132,505	–	7,058	–	–	–	3,167	(3,017)	–	–	139,713	–	139,713	
– Community land	115,459	–	115,459	–	–	–	–	–	(3,167)	–	(3,611)	–	108,681	–	108,681	
– Land under roads (post 30/6/08)	123,639	–	123,639	–	2,710	–	–	–	–	–	–	4,654	131,003	–	131,003	
Land improvements – non-depreciable	29,732	–	29,732	–	–	–	–	–	–	–	–	–	29,732	–	29,732	
Land improvements – depreciable	11,202	(4,643)	6,559	–	115	(186)	(750)	–	–	–	–	–	10,734	(4,996)	5,738	
– Crown Land	2,103	–	2,103	–	–	–	–	–	–	–	–	–	2,103	–	2,103	
Infrastructure:																
– Buildings – non-specialised	159,241	(42,287)	116,954	975	996	–	(4,301)	178	152	(30)	–	–	161,359	(46,435)	114,924	
– Other structures	36,243	(15,518)	20,725	7,316	–	(30)	(1,297)	68	2,046	–	–	–	46,159	(17,331)	28,828	
– Roads	642,945	(133,166)	509,779	11,514	46,700	(1,637)	(10,963)	7,662	(41,548)	–	–	–	663,920	(142,413)	521,507	
– Bridges	48,493	(14,023)	34,470	419	1,147	–	(511)	–	–	–	–	–	50,059	(14,534)	35,525	
– Footpaths	66,828	(13,681)	53,147	2,273	7,457	(383)	(936)	–	(4)	–	–	–	75,840	(14,286)	61,554	
– Bulk earthworks (non-depreciable)	23,641	–	23,641	–	–	–	–	–	39,024	–	–	–	62,665	–	62,665	
– Stormwater drainage	300,791	(36,682)	264,109	1,044	20,566	(96)	(2,748)	150	(5)	–	–	–	322,372	(39,352)	283,020	
– Other open space/recreational assets	8,085	(3,234)	4,851	1,225	–	(17)	(668)	1,693	264	–	–	–	11,106	(3,758)	7,348	
Other assets:																
– Library books	4,557	(2,837)	1,720	381	–	–	(203)	–	(73)	–	–	–	4,905	(3,080)	1,825	
– Other	6,186	(4,800)	1,386	589	–	–	(397)	–	(7)	–	–	–	6,744	(5,173)	1,571	
Total Infrastructure, property, plant and equipment	1,753,467	(287,927)	1,465,540	25,736	98,646	(2,959)	(25,732)	–	(1,021)	(3,047)	(3,611)	4,654	1,866,617	(308,411)	1,558,206	

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	15
Office furniture	7 to 10	Benches, seats etc.	20 to 30
Computer equipment	4 to 5		
Vehicles	10 to 15	Buildings	
Heavy plant/road making equipment	10 to 15	Structure	45 to 150
Other plant and equipment	10 to 15	Internal Finishes	25
		Lift & escalators	25
		Fire services	40
		Stormwater assets	
		Drains	70 to 150
		Culverts	80 to 100
		Flood control structures	50 to 150
Library Books	10		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 50	Bulk earthworks	Infinite
Sealed roads: structure	40 to 100	Depreciable land Improvements	10 to 50
Bridge:	30 to 100	Other open space/recreational assets	15 to 30
Kerb, gutter and footpaths	10 to 80	Other infrastructure	5 to 100

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

Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

Crown reserves

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

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

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".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

A request was sent to RFS for the value and date of new assets acquired and any associated disposals but have not yet been received, so no additions or disposals have been included in these accounts for 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(b). Externally restricted infrastructure, property, plant and equipment

	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Domestic waste management						
Plant and equipment	10,903	4,456	6,447	12,025	6,755	5,270
Land						
– Operational land	1,865	–	1,865	1,865	–	1,865
Buildings	1,216	729	487	1,151	657	494
Total DWM	13,984	5,185	8,799	15,041	7,412	7,629
<u>TOTAL RESTRICTED IPP&E</u>	13,984	5,185	8,799	15,041	7,412	7,629

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Investment properties

	2020 \$ '000	2019 \$ '000
Owned investment property		
Investment property on hand at fair value	31,890	31,095
Total owned investment property	31,890	31,095

(a) Reconciliation – owned investment property

Reconciliation of annual movement:

Opening balance	31,095	27,300
– Net gain/(loss) from fair value adjustments	795	748
– Transfers from/(to) owner occupied (Note 10)	–	3,047
CLOSING BALANCE – OWNED INVESTMENT PROPERTY	31,890	31,095

(b) Valuation basis

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

The 2020 revaluations were based on independent assessments made by Civiciand Property Consultants and Valuers Pty Ltd - ACN 630 673 853 in June 2020.

	2020 Actual \$ '000	2019 Actual \$ '000
--	---------------------------	---------------------------

(c) Leasing arrangements – Council as lessor (2019 only)

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

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

Within 1 year	–	783
Later than 1 year but less than 5 years	–	2,591
Later than 5 years	–	1,533
Total minimum lease payments receivable	–	4,907

The Lease terms associated with the above Investment Properties range from 3 to 10 years with the exception of two properties that are not under a current lease.

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

Rental income from investment property:

– Minimum lease payments	–	802
Net revenue contribution from investment property	–	802

plus:

Fair value movement for year	–	748
-------------------------------------	---	-----

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Investment properties (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
Total income attributable to investment property	–	1,550

Accounting policy for investment property

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Intangible assets

Intangible assets are as follows:

	2020 Actual \$ '000	2019 Actual \$ '000
Software		
Opening values at 1 July		
Gross book value	1,843	1,592
Accumulated amortisation	(844)	(578)
Net book value – opening balance	999	1,014
Movements for the year		
– Purchases	304	251
– Amortisation charges	(288)	(266)
Closing values at 30 June		
Gross book value	2,147	1,843
Accumulated amortisation	(1,132)	(844)
Total software – net book value	1,015	999
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u>	<u>1,015</u>	<u>999</u>

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Contract assets and liabilities

	Notes	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	3,754	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	751	—
Total grants received in advance		4,505	—
User fees and charges received in advance:			
Upfront fees – leisure centre	(iii)	109	—
Other		46	—
Total user fees and charges received in advance		155	—
Total contract liabilities		4,660	—

Notes

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

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
(i) Contract liabilities relating to restricted assets		
Externally restricted assets		
Unspent grants held as contract liabilities	4,505	—
Contract liabilities relating to externally restricted assets	4,505	—
Total contract liabilities relating to restricted assets	4,505	—
Total contract liabilities relating to unrestricted assets	155	—
Total contract liabilities	4,660	—
		2020 Actual \$ '000

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Contract assets and liabilities (continued)

	2020 Actual \$ '000
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	255
Operating grants (received prior to performance obligation being satisfied)	1,903
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	2,158

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds and if any funds were unspent were included in note 7c (2019) as specific purpose unspent grants.

Accounting policy for contract assets and liabilities

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases

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

(i) Council as a lessee

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

Vehicles

Council leases vehicles and equipment with lease terms varying from 1 to 4 years; the lease payments are fixed during the lease term and there is generally no renewal option exercised.

Each car has a separate lease and can vary in terms based on estimated distance travelled each year.

Some running costs are part of the costs charged from the leasing company but are treated as a separate cost to leasing and are expensed as materials in the year incurred.

Office and IT equipment

Leases for office and IT equipment are generally items such as photocopiers. The leases are for approximately 5 years with no renewal option, the payments are fixed, however some of the leases include payments based on usage, which are included as expenses in Materials and Contracts note 5c.

Extension options

Council's lease for vehicles have an extension option but normally do not exercise this provision, however there have been times where this option has been taken up due to hail damage.

There has been no inclusion for extension options for the future other than known extensions which have been included in the current lease liability.

	Plant & Equipment Actual \$ '000	Office Equipment Actual \$ '000	Total Actual \$ '000
Opening balance at 30 June 2019	–	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	1,654	654	2,308
Additions to right-of-use assets	1,338	–	1,338
Impairment of right-of-use assets	(1,271)	(264)	(1,535)
Other movement	–	–	–
<u>RIGHT OF USE ASSETS</u>	<u>1,721</u>	<u>390</u>	<u>2,111</u>

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
--	--------------------------------------	--

(b) Lease liabilities

Lease liabilities	1,354	808
<u>TOTAL LEASE LIABILITIES</u>	<u>1,354</u>	<u>808</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

(i) The maturity analysis

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
Cash flows	1,354	808	–	2,162	2,162

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000
--	--------------------------------------	--

(ii) Lease liabilities relating to restricted assets

Total lease liabilities relating to unrestricted assets	1,354	808
<u>Total lease liabilities</u>	<u>1,354</u>	<u>808</u>

	2020 Actual \$ '000
--	---------------------------

(c) Income Statement

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

Interest on lease liabilities	60
Depreciation of right of use assets	1,535
Expenses relating to short-term leases	474
	<u>2,069</u>

(d) Statement of Cash Flows

Interest payment	73
Short term lease payments	474
Principal lease payments	1473
Total Cash Outflow for Leases	<u>2,020</u>

Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for office equipment which are used for general office operations.

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

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

Refer to Note 5c and Note 17.

(ii) Council as a lessor

(e) 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 as investment property (refer note 11) in the Statement of Financial Position.

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

	2020 Actual \$ '000
(i) Operating lease income	
Investment properties	
Lease income (excluding variable lease payments not dependent on an index or rate)	853
Other lease income	
Leaseback fees - council vehicles	1,032
Total income relating to operating leases	1,885

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

	2020 Actual \$ '000
(ii) Operating lease expenses	
Investment properties	
Direct operating expenses that generated rental income	60
Direct operating expenses that did not generate rental income	12
Other leased assets	
Total expenses relating to operating leases	<u>72</u>
(iii) Repairs and maintenance: investment property	
Contractual obligations for future repairs and maintenance	21
Total repairs and maintenance: investment property	<u>21</u>
(iv) Maturity analysis of contractual lease income	
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:	
< 1 year	791
1–2 years	798
2–3 years	784
3–4 years	761
4–5 years	761
> 5 years	2,325
Total undiscounted contractual lease income receivable	<u>6,220</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Payables				
Government departments and agencies	166	–	153	–
Prepaid rates	1,193	–	905	–
Goods and services – operating expenditure	3,585	5	3,971	–
Accrued expenses:				
– Borrowings	487	–	498	–
– Salaries and wages	1,315	–	195	–
– Interest on leases	9	–	–	–
Security bonds, deposits and retentions	17,365	–	13,578	–
Section 7.11 – works in kind agreements	–	10,559	–	11,283
Other	89	–	4	–
Total payables	24,209	10,564	19,304	11,283
Income received in advance (2019 only)				
Payments received in advance	–	–	620	–
Total income received in advance	–	–	620	–
Borrowings				
Loans – secured ¹	1,372	23,316	3,721	24,528
Total borrowings	1,372	23,316	3,721	24,528
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>25,581</u>	<u>33,880</u>	<u>23,645</u>	<u>35,811</u>

(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 22.

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Section 7.11 – Works in kind agreements	–	10,559	–	11,283
Payables and borrowings relating to externally restricted assets	–	10,559	–	11,283
Total payables and borrowings relating to restricted assets	–	10,559	–	11,283
Total payables and borrowings relating to unrestricted assets	25,581	23,321	23,645	24,528
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>25,581</u>	<u>33,880</u>	<u>23,645</u>	<u>35,811</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

	2020 Actual \$ '000	2019 Actual \$ '000
--	---------------------------	---------------------------

(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	14,365	10,563
Total payables and borrowings	14,365	10,563

(c) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	28,249	(3,561)	–	–	–	–	24,688
Lease liabilities	–	(1,473)	1,328	–	2,307	–	2,162
TOTAL	28,249	(5,034)	1,328	–	2,307	–	26,850

	as at 30/06/18		Non-cash changes				as at 30/06/19
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Other non-cash movement \$ '000		Closing balance \$ '000
Loans – secured	31,622	(3,373)	–	–	–		28,249
TOTAL	31,622	(3,373)	–	–	–		28,249

	2020 Actual \$ '000	2019 Actual \$ '000
--	---------------------------	---------------------------

(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	450	450
Total financing arrangements	600	600

Undrawn facilities as at balance date:

– Bank overdraft facilities	150	150
– Credit cards/purchase cards	450	450
Total undrawn financing arrangements	600	600

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Finance leases (2019 only)

Council has no Finance Leases

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions

	2020 Current Actual \$ '000	2020 Non-current Actual \$ '000	2019 Current Actual \$ '000	2019 Non-current Actual \$ '000
Provisions				
Employee benefits				
Annual leave	4,624	–	4,097	–
Long service leave	10,000	298	8,903	275
Sub-total – aggregate employee benefits	14,624	298	13,000	275
TOTAL PROVISIONS	14,624	298	13,000	275

	2020 Actual \$ '000	2019 Actual \$ '000
--	---------------------------	---------------------------

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

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

Provisions – employees benefits	10,502	10,032
	10,502	10,032

(b) Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2020			
At beginning of year	4,097	9,178	13,275
Additional provisions	3,714	2,922	6,636
Amounts used (payments)	(3,187)	(1,802)	(4,989)
Total ELE provisions at end of year	4,624	10,298	14,922
2019			
At beginning of year	3,583	7,172	10,755
Additional provisions	2,954	2,654	5,608
Amounts used (payments)	(2,440)	(648)	(3,088)
Total ELE provisions at end of year	4,097	9,178	13,275

Accounting policy for provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions (continued)

of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Self-insurance

Council insures its various risks, including public liability/ public indemnity, through Civic Risk Insurance Mutual. Under this insurance arrangement claims are paid on the basis of an excess (paid by Council), a mutual layer (paid by Civic Risk mutual) and an insurer layer (paid by the insurer).

Civic Risk Mutual is a co-operative Local Government self insurance scheme. Civic Risk Mutual was established to help stabilise insurance premium costs and achieve significant cost savings and a long term benefit for member councils through effective risk management.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of certain financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

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

Nature of prior-period error

As part of its valuation cycle, Council found in:

Details of errors	Impact of correction of errors to IPPE (\$'000)
Stormwater drainage assets Council identified pipes and pits recorded in its assets register that do not exist as part of its comprehensive valuation of stormwater drainage assets during the year ended 30 June 2020. These errors were a result of failure to use systems and information which were available to Council or for which Council could have reasonably used in prior periods. The correction resulted in a net reduction in the opening balance of infrastructure, property, plant and equipment at 1 July 2018.	(18,308)
Land under roads Council identified significant understatement in the area determined for land under roads which arose from failure to use systems and information which were available to Council or for which Council could have reasonably used in prior periods. The correction resulted in an increase in the opening balance of infrastructure, property, plant and equipment at 1 July 2018.	9,629
Footpaths Council identified newly discovered assets as a result of physical inspection and mapping of footpaths in GIS system during the year ended 30 June 2020. These assets had not been previously recorded in the Council's asset register. The impact of this was an increase in the opening balance of infrastructure, property, plant and equipment at 1 July 2018.	14,515
Roads Council identified newly discovered assets as a result of physical inspection and mapping of roads in GIS system during the financial year ended 30 June 2020. These assets had not been previously recorded in the Council's asset register. The impact of this was an increase in the opening balance of infrastructure, property, plant and equipment at 1 July 2018.	8,541
Net impact	14,377

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2018) and taking the adjustment through to accumulated surplus at that date.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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

Changes to the opening Statement of Financial Position at 1 July 2018

Statement of Financial Position

	Original Balance 1 July, 2018 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2018 \$ '000
Infrastructure Property Plant & equipment	1,451,163	14,377	1,465,540
Total assets	1,613,143	14,377	1,627,520
Total Liabilities	76,089	–	76,089
Accumulated surplus	1,046,682	14,377	1,061,059
Total equity	1,537,054	14,377	1,551,431

Adjustments to the comparative figures for the year ended 30 June 2019

Statement of Financial Position

	Original Balance 30 June, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2019 \$ '000
Infrastructure, Property, Plant and Equipment	1,543,829	14,377	1,558,206
Total assets	1,725,249	14,377	1,739,626
Total liabilities	72,731	–	72,731
Accumulated Surplus	1,161,047	14,377	1,175,424
Total equity	1,652,518	14,377	1,666,895

Council assessed that the impact to the 2019 depreciation of the correction of prior period errors is not material. Therefore no change was made to the 30 June 2019 income statement and statement of comprehensive income.

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

(i) AASB 15 and AASB 1058

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

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.
- Council has previously recognised some revenue sources as liabilities and not income until the obligations are fulfilled these include items such as :
 - Ticket sales, Civic centre fees, Gallery ticket sales, Hall hire and park hirers.
- If there are any others they are deemed to be insignificant and have been recognised when received.

Costs incurred in fulfilling customer contracts

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

Upfront fees – Council leisure centre

Prior to adopting AASB 15, the Council recognised membership joining fees on receipt. Under AASB 15, since the fees do not relate to a performance obligation, they are combined with other goods and services transferred to the customer and therefore they are now spread over the expected life of the contract with the customer (i.e the membership life).

Revenue recognition from contract modifications

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

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

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

Principal v agent

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

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

Licences

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

Prepaid rates

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**Grants – operating**

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

Grants – capital

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

Changes in presentation

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

With the Adoption of AASB15 council has recognised where there was an outstanding obligation to carryout works or services and revised the income recognition from the previous year and transferred these monies to a liability account. This resulted in a reduction of \$3,030,000 from accumulated surpluses and capitalise at 1 July 2019 until the associated obligations were met and then this income was recognised.

	Balance at 1 July 2019 Actual
\$ '000	
Opening contract balances at 1 July 2019	
Contract liabilities	
– Under AASB 15	3,030
Total Contract liabilities	<u>3,030</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Comparison of financial statement line items under AASB 15 and 1058 compared to previous standards for the current year

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

Statement of Financial Position

	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058 Actual	Reclassific- ation Actual	Remeasur-e ment Actual	Carrying amount under previous revenue standards Actual	Notes Actual
\$ '000					
Current liabilities					
Contract liabilities	4,660	—	(4,660)	—	
Total current liabilities	46,218	—	(4,660)	41,558	
Net assets	2,008,390	—	(4,660)	2,003,730	
Equity					
Accumulated surplus	1,310,226	—	4,660	1,314,886	
Revaluation reserves	698,164	—	—	698,164	
Council equity interest	2,008,390	—	4,660	2,013,050	
Total equity	2,008,390	—	4,660	2,013,050	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058 Actual	Reclassification Actual	Remeasurement Actual	Income Statement and comprehensive income under previous revenue standards Actual	Notes Actual
<u>Income from continuing operations</u>					
User charges and fees	15,113	1,885	–	16,998	
Grants and contributions provided for capital purposes	153,981	–	4,660	158,641	
Rental income	1,885	(1,885)	–	–	
Total Income from continuing operations	263,322	–	4,660	267,982	
<u>Expenses from continuing operations</u>					
Borrowing costs	1,397	(60)	–	1,337	
Materials and contracts	32,258	60	1,535	33,853	
Depreciation and amortisation	29,201	–	(1,535)	27,666	
Total Expenses from continuing operations	125,557	–	–	125,557	
Total Operating result from continuing operations	137,765	–	4,660	142,425	
Net operating result for the year	137,765	–	4,660	142,425	
Total comprehensive income	344,514	–	–	344,514	

The impacts of the adoption of the new Accounting standards are listed below:

- Borrowing costs include \$60K as interest costs imbedded within operating lease payments. Previously these costs were included in Materials and contracts.
- Right of Use Assets depreciation \$1,535K is the amortisation of the assets created when recognising the initial value of leases and writing off over the life of the asset. In prior years the total lease payments were included in materials and contracts.

Adjustments to the opening balances as 1st July 2019

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract liabilities	–	3,030	3,030
Total liabilities	72,731	3,030	75,761
Accumulated surplus	1,161,047	(3,030)	1,158,017
Total equity	1,652,518	(3,030)	1,649,488

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Statement of cash flow information

	Notes	2020 Actual \$ '000	2019 Actual \$ '000
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	12,135	8,607
Balance as per the Statement of Cash Flows		12,135	8,607

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

Net operating result from Income Statement		137,765	114,365
Adjust for non-cash items:			
Depreciation and amortisation		29,201	25,139
Net losses/(gains) on disposal of assets		1,441	2,158
Non-cash capital grants and contributions		(126,740)	(89,789)
Adoption of AASB 15/1058		(3,030)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		(795)	(748)
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		–	292
Share of net (profits)/losses of associates/joint ventures using the equity method		37	66
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,287)	(119)
Increase/(decrease) in provision for impairment of receivables		(1,165)	371
Decrease/(increase) in inventories		(76)	(4)
Decrease/(increase) in other current assets		181	(148)
Increase/(decrease) in payables		(381)	1,030
Increase/(decrease) in accrued interest payable		(2)	(20)
Increase/(decrease) in other accrued expenses payable		1,120	(747)
Increase/(decrease) in other liabilities		2,829	(2,768)
Increase/(decrease) in contract liabilities		4,660	–
Increase/(decrease) in provision for employee benefits		1,647	2,520
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		45,405	51,598

(c) Non-cash investing and financing activities

Other dedications	126,740	89,789
Total non-cash investing and financing activities	126,740	89,789

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Investments Accounted for Using the Equity Method

	Council's share of net income		Council's share of net assets	
	2020 \$ '000	2019 \$ '000	2020 \$ '000	2019 \$ '000
Joint ventures Civic Risk West and Civic Risk Mutual	(37)	(66)	91	128
Total	(37)	(66)	91	128

Joint arrangements

(i) Joint ventures

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

During the 2019/2020 Financial Year there were additional members who joined the entities. This has impacted on Council's share of the assets. The reduction in asset holdings of (37) included the share of the operational results of the year, plus a reduction from 5.9% to 5.3% of Council's share of net assets.

(a) Net carrying amounts – Council's share

	Nature of relationship	Measurement method	2020 \$ '000	2019 \$ '000
Civic Risk West	Joint Venture	Equity	80	83
Civic Risk Mutual	Joint Venture	Equity	11	45
Total carrying amounts – material joint ventures			91	128

(b) Details

	Principal activity	Place of business
Civic Risk West	Liability insurance and Risk Management	Penrith
Civic Risk Mutual	General Insurance and Risk Management	Penrith

(c) Relevant interests and fair values

	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2020 \$ '000	2019 \$ '000	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Civic Risk West	80	—	0.2%	0.2%	2.0%	2.0%	7.7%	9.1%
Civic Risk Mutual	11	—	0.2%	0.6%	5.3%	6.0%	2.0%	5.9%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Investments Accounted for Using the Equity Method (continued)

(d) Summarised financial information for joint ventures

	Civic Risk West		Civic Risk Mutual	
	2020 Actual \$ '000	2019 Actual \$ '000	2020 Actual \$ '000	2019 Actual \$ '000
Statement of financial position				
Current assets				
Cash and cash equivalents	14,665	2,961	6,177	1,813
Other current assets	15,585	27,370	5,924	7,215
Non-current assets	33,048	36,522	5,102	5,368
Current liabilities				
Current financial liabilities (excluding trade and other payables and provisions)	8,617	6,657	5,923	4,827
Other current liabilities	4,561	740	490	346
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	7,999	12,116	3,635	2,279
Net assets	42,121	47,340	7,155	6,944
Reconciliation of the carrying amount				
Opening net assets (1 July)	47,340	41,761	6,944	8,468
Profit/(loss) for the period	3,181	5,579	211	(1,524)
Closing net assets	50,521	47,340	7,155	6,944
Council's share of net assets (%)	0.2%	0.2%	0.2%	0.7%
Council's share of net assets (\$)	80	85	11	45
Statement of comprehensive income				
Income	7,969	9,918	14,679	11,320
Interest income	1,321	3,623	205	448
Interest expense	(18)	(18)	–	–
Other expenses	(6,091)	(7,944)	(14,673)	(13,292)
Profit/(loss) from continuing operations	3,181	5,579	211	(1,524)
Profit/(loss) for the period	3,181	5,579	211	(1,524)
Total comprehensive income	3,181	5,579	211	(1,524)
Share of income – Council (%)	0.2%	0.2%	0.2%	5.1%
Profit/(loss) – Council (\$)	7	11	–	(77)
Total comprehensive income – Council (\$)	7	11	–	(77)
Summarised Statement of cash flows				
Cash flows from operating activities	(1,887)	2,439	1,614	2,904
Cash flows from investing activities	12,681	(2,500)	2,750	(2,250)
Net increase (decrease) in cash and cash equivalents	10,794	(61)	4,364	654

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Commitments

	2020 Actual \$ '000	2019 Actual \$ '000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	2,045	3,164
Plant and equipment	–	2,504
Infrastructure assets	1,890	6,319
Other	635	45
Total commitments	4,570	12,032
These expenditures are payable as follows:		
Within the next year	4,570	12,032
Total payable	4,570	12,032
Sources for funding of capital commitments:		
Internally restricted reserves	4,570	12,032
Total sources of funding	4,570	12,032

Details of capital commitments

The above capital commitments capital commitments relate to signed contracts as at 30/06/20

	2020 Actual \$ '000	2019 Actual \$ '000
(b) Non-cancellable operating lease commitments (2019 only)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	–	1,545
Later than one year and not later than 5 years	–	1,115
Total non-cancellable operating lease commitments	–	2,660

b. Non-cancellable operating leases include the following assets:

Refer to Note 14 for information relating to leases for 2020.

Non-cancellable operating leases include the following assets:

Motor Vehicles, photocopiers and other Equipment.

These Leases range from 1 to 5 years in length.

Contingent rentals maybe payable depending on the condition of items of usage during the lease term.

All operating Lease arrangements impose financial restrictions on Council regarding future debt etc.

Conditions relating to finance and operating leases:

– All agreements are secured only against the leased asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions for non 180 point members nil for 180 point members
Division C	2.5x% salaries
Division D	1.64 times employee contributions

For 180 point members employers are required to contribute 7% of salaries to these members accumulated accounts, which are paid in addition to the members defined benefits.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 for 2 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to maintain the adequacy of the funding position of the accrued liabilities.

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2020 was \$445,552.70. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$258,399.96. Council's expected contribution to the plan for the next annual reporting period is \$421,601.20.

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

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

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

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

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

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

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. The estimated employer reserves financial position above is a preliminary calculation and once all the relevant information is received by the Funds actuary, the final end of year review will be completed around December 2020.

(ii) 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.

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (continued)

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

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

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

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

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) Infringement notices/fines

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management

Risk management

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

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

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

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

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

	Carrying value 2020 \$ '000	Carrying value 2019 \$ '000	Fair value 2020 \$ '000	Fair value 2019 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	12,135	8,607	12,135	8,607
Receivables	11,979	10,401	11,979	10,401
Investments				
– 'Financial assets at amortised cost'	142,208	129,500	142,208	129,500
Fair value through other comprehensive income				
Investments				
– 'Financial assets at fair value through other comprehensive income'	–	56	–	56
Total financial assets	166,322	148,564	166,322	148,564
Financial liabilities				
Payables	33,580	30,587	33,580	29,682
Loans/advances	24,688	28,249	24,688	28,249
Lease liabilities	2,162	–	2,162	–
Other financial liabilities	–	1,525	–	1,525
Total financial liabilities	60,430	60,361	60,430	59,456

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

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

The risks associated with the instruments held are:

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

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

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

	Increase of values/rates		Decrease of values/rates	
	Profit \$ '000	Equity \$ '000	Profit \$ '000	Equity \$ '000
2020				
Possible impact of a 1% movement in interest rates	1,480	1,480	(1,480)	(1,480)
2019				
Possible impact of a 1% movement in interest rates	1,310	1,310	(1,310)	(1,310)

(b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

Credit risk profile

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
2020						
Gross carrying amount	–	1,854	633	1,158	–	3,645
2019						
Gross carrying amount	–	1,262	549	1,068	336	3,215

Receivables - non-rates and annual charges

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

Council has carried out an evaluation of expected credit losses for the year and as result of COVID-19 impacts a 10% estimate on user charge debtors relating to risk areas have been provided as a provision of Doubtful Debts.

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
2020						
Gross carrying amount	192	5,181	3,068	2	–	8,443
2019						
Gross carrying amount	6,513	1,585	112	125	125	8,460

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2020							
Trade/other payables	0.00%	17,365	5,571	10,564	–	33,500	33,580
Loans and advances	5.58%	–	1,372	4,399	18,917	24,688	24,688
Total financial liabilities		17,365	6,943	14,963	18,917	58,188	58,268
2019							
Trade/other payables	0.00%	24,861	4,821	–	–	29,682	29,682
Loans and advances	5.58%	–	3,721	4,964	19,564	28,249	28,249
Total financial liabilities		24,861	8,542	4,964	19,564	57,931	57,931

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations

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

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	76,030	74,558	(1,472)	(2)% U
User charges and fees	18,618	15,113	(3,505)	(19)% U
The unfavourable result is due to a decrease in revenue for DA fees of approximately \$2.3m and lower than expected income from Council's Aquatic facilities due the closure during COVID-19 of \$1.3m.				
Other revenues	1,690	5,301	3,611	214% F
The favourable increase was due to income received for the settlement of a legal matter of \$3.7m				
Operating grants and contributions	9,074	8,557	(517)	(6)% U
Capital grants and contributions	154,061	153,981	(80)	0% U
Interest and investment revenue	3,250	3,132	(118)	(4)% U
Fair value increment on investment property	–	795	795	∞ F
The \$795k is the movement in fair value for Council's investment properties for the year. This was not included in Council's annual estimates as it is a non cash entry.				
Rental income	1,946	1,885	(61)	(3)% U
EXPENSES				
Borrowing costs	1,175	1,397	(222)	(19)% U
The result is unfavourable due a change in accounting standards for leases of \$222k.				
Depreciation and amortisation	19,000	29,201	(10,201)	(54)% U
This is the direct result of Council constructing and receiving dedicated assets with the effect of increased depreciation once commissioned.				
Other expenses	10,352	9,341	1,011	10% F
This is the result of electricity savings of \$480k.				
Net losses from disposal of assets	–	1,441	(1,441)	∞ U
Loss on disposal of infrastructure assets were not included in the Original budget estimates as they are non cash items.				
Joint ventures and associates – net losses	–	37	(37)	∞ U
Joint Venture results from Civic Risk and Civic Mutual are not included in the original budget estimates.				

for the year ended 30 June 2020

	2020	2020	2020
\$ '000	Budget	Actual	Variance

Cash flows from operating activities	36,792	45,405	8,613	23%	F
Variance relates to GST received of \$5.78m and the payment of Bond Deposits and Retentions of \$3.79m that were not known at the time of preparing the budget.					

Cash flows from investing activities	(33,384)	(36,843)	(3,459)	10%	U
The unfavourable result is due to the reduction of Purchase of Infrastructure, Property Plant and Equipment that is funded from operational activities of (\$8m) related to uncompleted works, and the growth in investment portfolio of \$12.6m.					

Cash flows from financing activities	(721)	(5,033)	(4,312)	598%	U
Mainly relating to a loan for the acquisition of land not proceeding \$3.0m and a change in the accounting standards for leased assets of \$1.5m.					

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	
Recurring fair value measurements					
Investment property					
Properties	30/06/20	–	31,890	–	31,890
Total investment property		–	31,890	–	31,890
Infrastructure, property, plant and equipment					
Operational Land	30/06/18	–	140,141	–	140,141
Community Land	30/06/18	–	–	111,639	111,639
Crown Land	30/06/18	–	–	2,103	2,103
Land under Roads	30/06/20	–	–	167,716	167,716
Land Improvements	30/06/16	–	–	40,481	40,481
Buildings (Specialised & Non Specialised)	30/06/18	–	129,368	–	129,368
Other Structures	30/06/20	–	–	38,067	38,067
Roads	30/06/20	–	–	582,933	582,933
Bridges	30/06/20	–	–	41,297	41,297
Footpaths	30/06/20	–	–	130,586	130,586
Bulk Earthworks	30/06/20	–	–	51,471	51,471
Stormwater Drainage	30/06/20	–	–	414,242	414,242
Other Open Space / Recreational Assets	30/06/16	–	–	9,112	9,112
Other Assets	30/06/15	–	–	3,255	3,255
Total infrastructure, property, plant and equipment		–	269,509	1,592,902	1,862,411

Restated 2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	
Recurring fair value measurements					
Investment property					
Properties	30/06/19	–	31,095	–	31,095
Total investment property		–	31,095	–	31,095
Infrastructure, property, plant and equipment					
Operational Land	30/06/18	–	139,713	–	139,713
Community Land	30/06/16	–	–	108,681	108,681
Crown Land	30/06/16	–	–	2,103	2,103
Land under Roads	30/06/17	–	–	131,003	131,003
Land Improvements	30/06/16	–	–	35,470	35,470
Buildings (Specialised & Non Specialised)	30/06/18	–	114,924	–	114,924
Other Structures	30/06/16	–	–	28,828	28,828
Roads	30/06/15	–	–	521,507	521,507
Bridges	30/06/15	–	–	35,525	35,525
Footpaths	30/06/15	–	–	61,554	61,554
Bulk Earthworks	30/06/15	–	–	62,665	62,665
Stormwater Drainage	30/06/15	–	–	283,020	283,020
Other Open Space / Recreational Assets	30/06/16	–	–	7,348	7,348
Other Assets	30/06/15	–	–	3,396	3,396
Total infrastructure, property, plant and equipment		–	254,637	1,281,100	1,535,737

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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

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

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

Investment property

Land - Operational and Investment properties

Level two valuation input were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Building and Investments properties

The commercial property market across the Macarthur region has shown clear signs of improvement over the last three (3) years with an increase in sale volumes and escalating values. Specialised buildings were valued using the cost approach using registered valuers. The unit rate based on square meters could be supported from market evidence.

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

Operational Land

This asset class contains land defined as operational land in accordance with the NSW Local Government Act 1993. Council last valued operational land at fair value in June 2018. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

Generally fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that agency management would rationally pay to acquire the asset if it did not hold it, taking into account; quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal.

There has been no change to the valuation process for this asset class during this reporting period. Council Operational land is being utilised for its highest and best use.

Community Land

This asset class contains land defined as community land in accordance with the NSW Local Government Act 1993. Community land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Therefore there are a number of restrictions on community land including that; it cannot be sold, cannot be leased for more than 21 years, and must have a plan of management.

Councils are permitted to use the NSW Valuer General's valuations to represent fair valuation for the revaluation of community land. Camden Council has adopted this approach for the valuation of its community land assets. Community land was valued as at 30 June 2016 using the NSW Valuer General's valuations.

There has been no change to the valuation process for this asset class during this reporting period. Council Community Land is being utilised for its highest and best use.

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council initially recognised land under roads in 2011. All land under roads has been recognised on an englobo valuation basis, based upon a municipal rate. The englobo basis of valuation is based on the concept of developing a raw land value for land under roads.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

Land under roads were revalued as at 30 June 2020 financial year, the value being calculated according to the revised municipal rate. Council uses the Englobo basis for valuation and as per the methodology a discount rate of 90% is applied for Land under roads. There has been no change to the valuation process for this asset class during this reporting period.

Land Improvements

This asset class contains all works carried out on land to improve its utility, service potential or make it ready for an identified use. It includes items such as but not limited to playing courts and fields, irrigation and landscaping. In 2015-16, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

Cordell Commercial Building Cost Guide 2016,
 - Rawlinson's – 2016 – Australian Construction Handbook and/or
 - Actual supplied project cost rates for unique items.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this class of asset during the reporting period.

Buildings (Specialised & Non Specialised)

Council's buildings (specialised and non-specialised) were valued by an external valuer in June 2018. The valuations were provided by Scott Fullarton Pty Ltd.

Non-specialised buildings were valued as per market approach and specialised buildings were valued at cost approach.

The gross value of each building was obtained by applying a unit rate to a structure, or a square meter rate to building, based on its current replacement costs, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. Whilst each building was physically inspected, the inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Other Structures

This asset class contains all other structures not included in the category of buildings that are controlled by Council and have been constructed for a variety of purposes. It includes park furniture, park signage, play equipment, fencing and retaining walls. For FY18, the Other Structures Asset Category has been further componentised into:

- Other Structures - In 2019-20, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:
 - Cordell Commercial Building Cost Guide 2020,
 - Rawlinson's – 2020 – Australian Construction Handbook and/or
 - Actual supplied project cost rates for unique items.
 Other Structures (Artworks, Sculptures, Murals) – In 2019-20, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.
- Other Structures (Paintings) - In 2019-20, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.
- Other Structures (Cemetery) - In 2016-17, Camden Cemetery Stage 1 works were completed. The Assets constructed in-house in FY17 have been brought into account based on at construction cost.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Roads

This asset class comprises of the road structure (carriageway), kerb and gutter, traffic signs, road structures (such as roundabouts and medians) and road furniture (such as bus shelters and guardrails). The valuation of roads and road structures was undertaken as at 30 June 2020 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Roads Asset category was conducted using several methodologies:

1. External Data Collection by Pavement Management Services
2. Internal Asset Data collection by Camden Council – LGA wide sample testing The level of componentisation adopted by Council is in accordance with AASB116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Bridges

Council has three main types of bridges which are culverts, footbridges and road bridges. The valuation of bridges was undertaken as at 30 June 2020 using the depreciable replacement cost (unit rate). The construction cost estimation was based on actual project cost rates for footbridges and road bridges. The construction cost rate estimation for culverts was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The inputs used to value these assets, including ; patterns of consumption, asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through

- 1.in-house level visual inspection and sample testing.
2. External Data collection by Pavement Management Services.

Condition assessments were based on four key components: superstructure, abutment, sub-structure and general/miscellaneous.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Footpaths

This asset class comprises footpaths and cycle ways. The valuation of footpaths was as at 30 June 2020 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Footpath asset class was conducted by internal Asset Data collection by Camden Council – LGA wide sample data collection in 2020. The internal data collection was undertaken to provide comprehensive condition assessment for footpath and cycleway assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Stormwater Drainage

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

Council has grouped its stormwater assets into four main types which are pits, pipes, headwalls and stormwater quality improvement devices. The valuation of stormwater drainage was as at 30 June 2020 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The inputs used to value these assets, including estimates of pattern of consumption; asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments are being conducted through in-house sample data collection over 2019/20 and 2020/21 by conducting visual inspections including collecting photographic evidence of sample assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation within Camden or in comparison with other Councils.

Open Space / Recreational Assets & Other Assets

This asset class includes all of the Council's Playgrounds and associated Playground Components such as fitness equipment, play equipment, playground Softfall and edging assets.

Valuations were undertaken in 2015-16 and were completed by Playfix Pty Ltd using the depreciable replacement cost for all Playground Equipment. The inputs used to value the Playground Assets, including estimates of residual value, patterns of consumption required extensive professional judgement which was externally sourced. The external valuer also performed detailed condition and defect assessments and assessed the total and remaining useful lives of each playground equipment component.

In 2015-16, valuations were undertaken for the Playground Softfall and Softfall Edging assets and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell Commercial Building Cost Guide 2016,
- Rawlinsons – 2016 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value the assets in this Asset Category, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period and the written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116.

(3) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Related party disclosures

(a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly comprising the Mayor, Councillors, Chief Executive Officer and Directors.

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

	2020 \$ '000	2019 \$ '000
Compensation:		
Short-term benefits	1,969	1,989
Post-employment benefits	125	145
Other long-term benefits	57	44
Total	2,151	2,178

(b) Other transactions with KMP and their related parties

Nature of the transaction	Ref	Value of transactions during year \$ '000	Outstanding balance (incl. loans and commitments) \$ '000	Terms and conditions	Provisions for impairment of receivables outstanding \$ '000	Expense recognised for impairment of receivables \$ '000
2020						
Traineeship Program	1	781	—		—	—
2019						
Traineeship Program	1	741	—		—	—

Camden Council uses a training company to source trainees that are offered apprenticeships at Camden Council. The funding of this program is endorsed by the Council upon adoption of the budget each year, which includes a public exhibition period of 28 days. A KMP of the training company is a close family member of a KMP of Camden Council. Council made a payment to Lifeline from the profits for selling Monopoly boards of \$72,590 a KMP of Lifeline is a close family member of a KMP at Camden Council, the payment was approved by council.

The KMP of Camden Council has an influence or control over the transactions between the two entities. AASB124 Related Party Disclosures does not allow the exclusion of transactions between related parties for reporting purposes even deemed at arms length.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

Summary of contributions and levies

	as at 30/06/19						as at 30/06/20	
	Opening Balance \$ '000	Contributions received during the year Cash \$ '000	Non-cash \$ '000	Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
Open space	21,557	5,265	–	995	(460)	(4,383)	22,974	26,718
Drainage	13,439	4,666	–	473	(487)	–	18,091	6,854
Roads	7,894	3,869	–	(251)	(242)	(211)	11,059	(20,427)
Community facilities	15,041	3,369	–	198	(6,390)	3,934	16,152	(7,885)
Traffic facilities	249	213	–	(2)	(231)	55	284	(553)
Parking	26	–	–	(74)	–	48	–	(3,511)
Other	1,532	246	–	7	(1,073)	557	1,269	(1,196)
S7.11 contributions – under a plan	59,738	17,628	–	1,346	(8,883)	–	69,829	–
Total S7.11 and S7.12 revenue under plans	59,738	17,628	–	1,346	(8,883)	–	69,829	–
S7.11 not under plans	134	–	–	2	–	–	136	–
S7.4 planning agreements	25,709	6,230	42,127	545	(45,584)	–	29,027	–
Total contributions	85,581	23,858	42,127	1,893	(54,467)	–	98,992	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19						as at 30/06/20	
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
		Cash \$ '000	Non-cash \$ '000					
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA								
Drainage	7,149	2,964	–	327	(2)	–	10,438	6,854
Roads	1,244	2,612	–	(398)	(145)	–	3,313	(20,676)
Traffic facilities	82	213	–	(5)	(175)	–	115	(278)
Parking	26	–	–	(74)	–	48	–	(3,511)
Open space	7,000	1,870	–	630	(224)	(4,094)	5,182	25,676
Community facilities	–	2,217	–	(119)	(6,143)	4,046	1	(7,204)
Other	1,026	188	–	4	(219)	–	999	(861)
Total	16,527	10,064	–	365	(6,908)	–	20,048	–
CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)								
Drainage	5,071	35	–	109	–	–	5,215	–
Total	5,071	35	–	109	–	–	5,215	–
CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD								
Drainage	152	–	–	4	–	–	156	–
Total	152	–	–	4	–	–	156	–
CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES								
Roads	222	–	–	5	–	–	227	–
Total	222	–	–	5	–	–	227	–
CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS								
Roads	2,391	–	–	51	–	–	2,442	–
Total	2,391	–	–	51	–	–	2,442	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19						as at 30/06/20	
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT								
Roads	862	7	–	19	–	–	888	38
Traffic facilities	166	–	–	3	–	–	169	–
Community facilities	124	–	–	3	–	–	127	–
Other	22	1	–	–	–	–	23	–
Total	1,174	8	–	25	–	–	1,207	–
CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE								
Traffic facilities	1	–	–	–	(56)	55	–	(275)
Open space	1,156	–	–	25	–	(55)	1,126	275
Other	332	–	–	7	–	–	339	–
Total	1,489	–	–	32	(56)	–	1,465	–
CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)								
Open space	34	–	–	17	–	(16)	35	767
Community facilities	–	–	–	(16)	–	16	–	(767)
Total	34	–	–	1	–	–	35	–
CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS								
Drainage	692	56	–	100	–	–	848	3,937
Roads	3,017	12	–	70	–	–	3,099	223
Open space	11,891	1,286	–	273	–	–	13,450	116
Community facilities	13,480	621	–	294	(245)	(86)	14,064	86
Other	93	16	–	5	(226)	86	(26)	111
Total	29,173	1,991	–	742	(471)	–	31,435	4,473
CONTRIBUTION PLAN NUMBER - CATHERINE FIELD (PART) PRECINCT								
Drainage	303	181	–	9	–	–	493	–
Roads	158	65	–	4	–	–	227	–
Open space	1,349	516	–	34	–	–	1,899	–
Community facilities	1,426	491	–	36	(2)	(42)	1,909	–
Other	59	8	–	–	(109)	42	–	–
Total	3,295	1,261	–	83	(111)	–	4,528	–

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	Cumulative internal borrowings due/(payable)
	Opening Balance \$ '000	Cash \$ '000	Non-cash \$ '000	\$ '000	\$ '000	\$ '000	Held as restricted asset \$ '000	\$ '000
CONTRIBUTION PLAN NUMBER - LEPPINGTON PRECINCT								
Drainage	72	777	—	4	(281)	—	572	—
Roads	—	565	—	(3)	(97)	—	465	—
Open space	127	1,226	—	18	(45)	(218)	1,108	—
Community facilities	11	33	—	—	—	—	44	—
Other	—	18	—	(3)	(233)	218	—	—
Total	210	2,619	—	16	(656)	—	2,189	—

S7.11 Contributions – not under a plan

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Drainage	24	—	—	—	—	—	24	—
Open space	64	—	—	1	—	—	65	—
Community facilities	46	—	—	1	—	—	47	—
Total	134	—	—	2	—	—	136	—

S7.4 planning agreements

S7.4 planning agreements

Drainage	1,512	195	—	32	—	—	1,739	—
Roads	224	50	—	6	—	—	280	—
Open space	8,589	1,098	—	170	—	—	9,857	—
Community facilities	14,302	1,660	—	308	(2,857)	—	13,413	—
Other	1,082	3,227	—	29	(600)	—	3,738	—
Total	25,709	6,230	—	545	(3,457)	—	29,027	—

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	(15,533)	-14.31%	-13.55%	2.74%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	108,546				
2a. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	99,989	38.09%	41.21%	33.38%	> 60.00%
Total continuing operating revenue ⁽¹⁾	262,527				
2b. Own source operating revenue ratio (less non-cash capital dedications)					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	99,989	73.64%	66.14%	69.37%	
Total continuing operating revenue ⁽¹⁾ excluding non-cash capital dedications	135,787				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	46,727	2.77x	2.38x	2.38x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	16,847				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	15,101	2.34x	2.48x	3.82x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,467				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	3,877	4.94%	4.86%	4.46%	< 5% metro
Rates, annual and extra charges collectible	78,447				
5b. Rates, annual charges, interest and extra charges Outstanding Percentage (excluding pensioners)					
Rates, annual and extra charges outstanding (excluding pensioners)	3,508	4.47%	4.37%	2.54%	
Rates, annual and extra charges collectible	78,447				

6. Cash expense cover ratio

Current year's cash and cash equivalents					
plus all term deposits					
Monthly payments from cash flow of operating and financing activities	<div>154,343</div> <div>8,911</div>	<div>17.32</div> <div>mths</div>	14.4 mths	14.8 mths	> 3 mths

Notes to the Financial Statements

for the year ended 30 June 2020

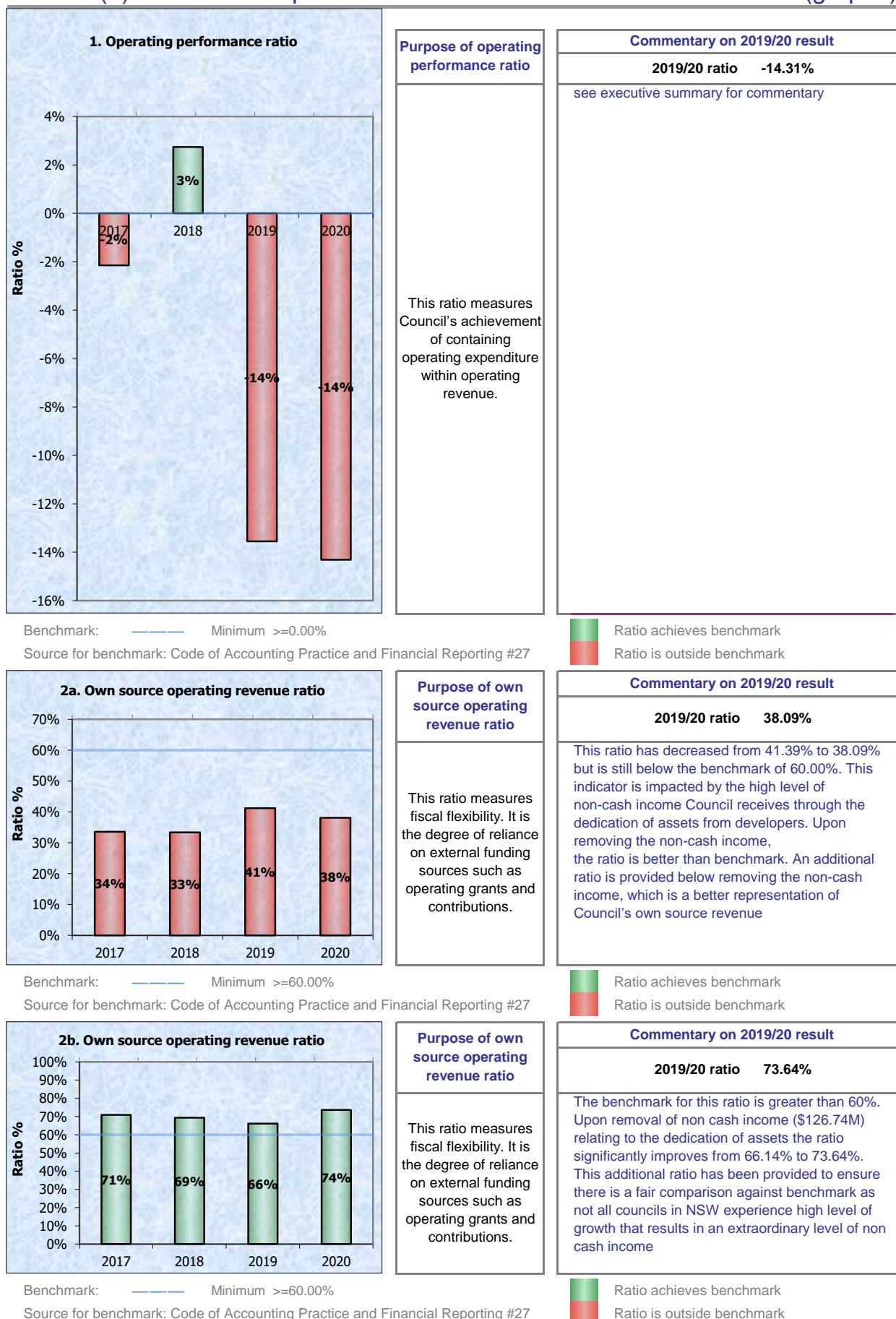
Note 28(a). Statement of performance measures – consolidated results (continued)

Notes on the ratios from the previous page

- ⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.
- ⁽²⁾ Refer Notes 7-9 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- ⁽³⁾ Refer to Notes 16 and 17.
- ⁽⁴⁾ Refer to Note 16(b) and 16(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

End of audited financial statements

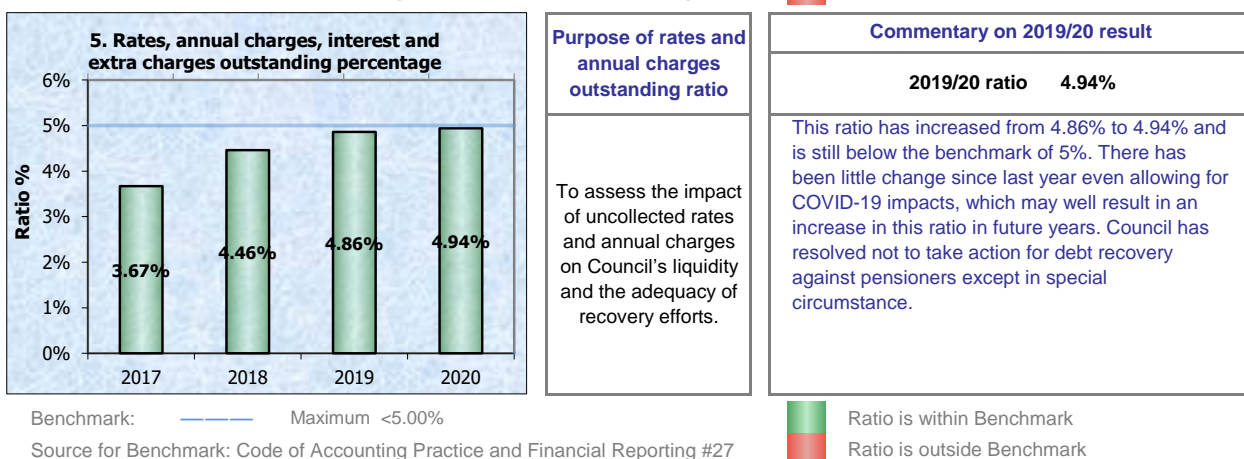
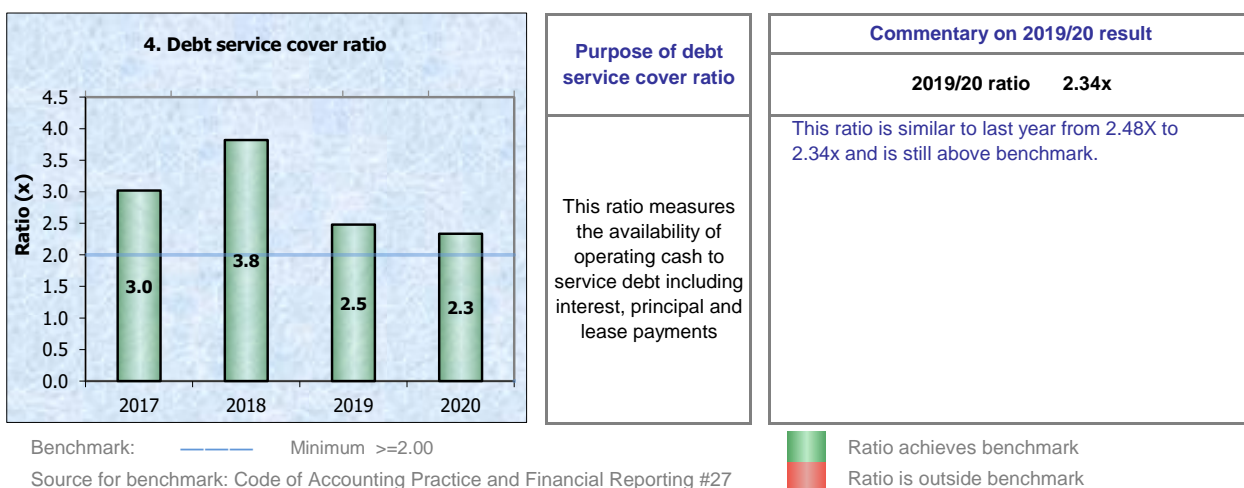
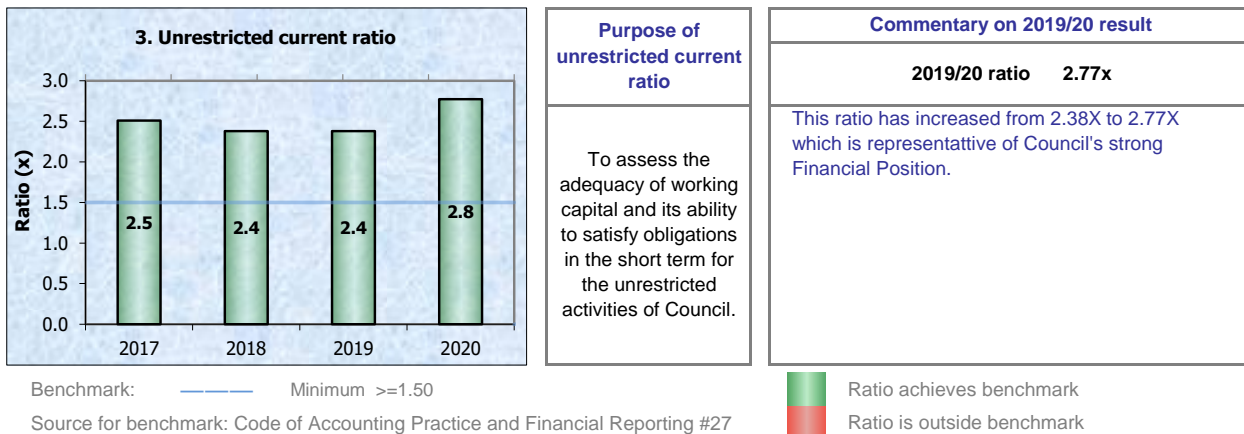
Note 28(b). Statement of performance measures – consolidated results (graphs)



Notes to the Financial Statements

for the year ended 30 June 2020

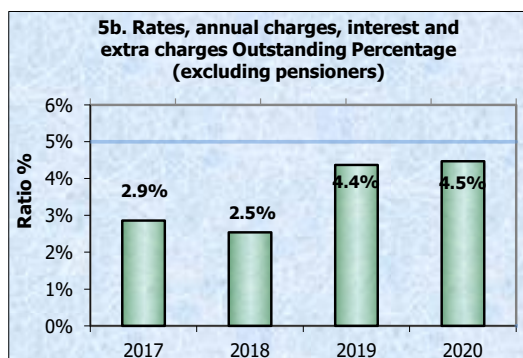
Note 28(b). Statement of performance measures – consolidated results (graphs)



Notes to the Financial Statements

for the year ended 30 June 2020

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



Benchmark: ——— Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #27

Purpose of rates and annual charges outstanding ratio

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

Commentary on red result

2019/20 ratio 4.47%

As indicated above the removing of pensioners from the ratio reduces the result for 2019/20 to 4.47%



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: ——— Minimum >=3.00

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

Purpose of cash expense cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 17.32 mths

This ratio is consistently above 14, which is better than the benchmark of greater than 3 months. This is a result of Council's strong cash position and budgetary controls



Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29. Financial review

	2020 \$ '000	2019 \$ '000	2018 \$ '000	2017 \$ '000	2016 \$ '000
Key financial figures of Council over the past 5 years					
Inflows:					
Rates and annual charges revenue	74,558	70,403	64,290	57,907	52,107
User charges revenue	15,113	21,077	18,124	17,344	16,187
Interest and investment revenue (losses)	3,132	3,703	3,793	3,403	3,493
Grants income – operating and capital	11,426	13,113	12,443	9,471	7,988
Total income from continuing operations	263,322	238,973	275,285	188,734	218,130
Sale proceeds from I,PP&E	1,161	800	345	611	213
New loan borrowings and advances	–	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	51,882	48,878	42,072	38,631	35,318
Borrowing costs	1,397	1,559	1,808	1,960	1,793
Materials and contracts expenses	32,258	36,459	28,623	25,792	23,501
Total expenses from continuing operations	125,557	124,608	109,689	92,030	83,377
Total cash purchases of I,PP&E	25,778	32,713	46,550	37,044	46,218
Total loan repayments (incl. finance leases)	5,085	3,664	3,795	3,732	3,173
Operating surplus/(deficit) (excl. capital income)	(16,216)	(16,080)	(8,742)	(1,668)	(3,086)
Financial position figures					
Current assets	136,808	113,201	100,646	82,198	80,946
Current liabilities	46,219	36,645	36,399	36,116	28,012
Net current assets	90,589	76,556	64,247	46,082	52,934
Available working capital (Unrestricted net current assets)	(18,458)	(15,237)	(13,998)	(929)	(929)
Cash and investments – unrestricted	3,714	1,241	2,323	7,553	7,553
Cash and investments – internal restrictions	36,900	31,018	49,396	30,103	30,103
Cash and investments – total	154,343	138,163	107,919	101,091	101,091
Total borrowings outstanding (Loans, advances and finance leases)	24,688	28,249	35,002	38,201	38,201
Total value of I,PP&E (excl. land and earthworks)	1,770,588	1,394,823	1,322,809	1,194,022	1,072,481
Total accumulated depreciation	388,209	308,411	286,992	274,482	258,634
Indicative remaining useful life (as a % of GBV)	78%	78%	78%	77%	76%
Depreciation Expense	29,201	25,297	22,149	16,389	14,909

Source: published audited financial statements of Council (current year and prior year)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Council information and contact details

Principal place of business:

70 Central Ave
Oran Park NSW 2570

Contact details

Mailing Address:

PO Box 183
Camden NSW 2570

Opening hours:

8:30am - 5:00pm
Monday to Friday

Telephone: (02) 4654 7777

Facsimile: (02) 4654 7829

Internet: www.camden.nsw.gov.au

Email: Camden@council.nsw.gov.au

Officers

Ron Moore

General Manager

Paul Rofe

Responsible Accounting Officer

Auditors

Audit Office of New South Wales
GPO box 12
SYDNEY NSW 2001

Elected members

Mayor

Theresa Fedeli

Deputy Mayor

Rob Mills

Councillors

Ashleigh Cagney
Cindy Cagney
Eva Campbell
Paul Farrow
Michael Morrison
Peter Sidgreaves
Lara Symkowiak

Other information

ABN: 3117341764



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Camden Council

To the Councillors of Camden Council

Opinion

I have audited the accompanying financial statements of Camden Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the executive summary 2019–20 annual financial statements, special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 23 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

27 November 2020
SYDNEY



Cr Theresa Fedeli
Mayor
Camden Council
70 Central Ave
ORAN PARK NSW 2570

Contact: Caroline Karakatsanis
Phone no: 02 9275 7143
Our ref: D2028111/1705

27 November 2020

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Camden Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Correction of prior period errors

In 2019-20, Council undertook a comprehensive revaluation of its stormwater drainage, roads infrastructure assets and land under roads. The revaluation resulted to prior period errors which have been corrected by restating the balances of infrastructure, property, plant and equipment at the beginning of the earliest period presented (1 July 2018) by \$14.4 million and taking the adjustment through to accumulated surplus at that date.





The prior period errors are comprised of

- newly discovered assets (roads and footpaths) which have not previously been recorded in the Council's asset register amounting to \$23.1 million
- understatement of assets (land under roads) resulting from incorrect asset measurements amounting to \$9.6 million and,
- removal of assets (stormwater drainage) that do not exist and were incorrectly included in the asset register amounting to \$18.3 million.

Note 17 of the financial statements provides details of the prior period error.

INCOME STATEMENT

Operating result

	2020 \$m	2019 \$m	Variance %
Rates and annual charges revenue	74.6	70.4	 0.6
Grants and contributions revenue	162.5	139.6	 16.4
Operating result from continuing operations	137.8	114.4	 20.5
Net operating result before capital grants and contributions	(16.2)	(16.1)	 0.6

Rates and annual charges revenue increased by \$4.2 million (0.6 per cent) to \$74.6 million in 2019–20 due to the annual rate peg increase applied to ordinary rates (2.7 per cent), increase in rateable properties (2.9 per cent) and increase in base rate for domestic waste charges (2.5 per cent).

Grants and contributions revenue increased by \$22.9 million (16.4 per cent) to \$162.5 million in 2019–20 mainly due to increase in non-cash contributions made by developers for infrastructure such as roads, drainage and open space.

The Council's operating result from continuing operations of \$137.8 million (including depreciation and amortisation expense of \$29.2 million) was \$23.4 million higher than the 2018–19 result. This increase resulted from the net impact of the following:

- increase in rates and annual charges by \$4.2 million as described above
- increase in grants and contributions revenue by \$22.9 million as described above
- decrease in user charges and fees by \$4.1 million due to impact of COVID-19 on S67 private works and parks and facilities use
- net increase in expenses from continuing operations mainly due to increase in depreciation expense arising increase in dedicated assets.

The net operating result before capital grants and contributions remained consistent with the 2018–19 result.

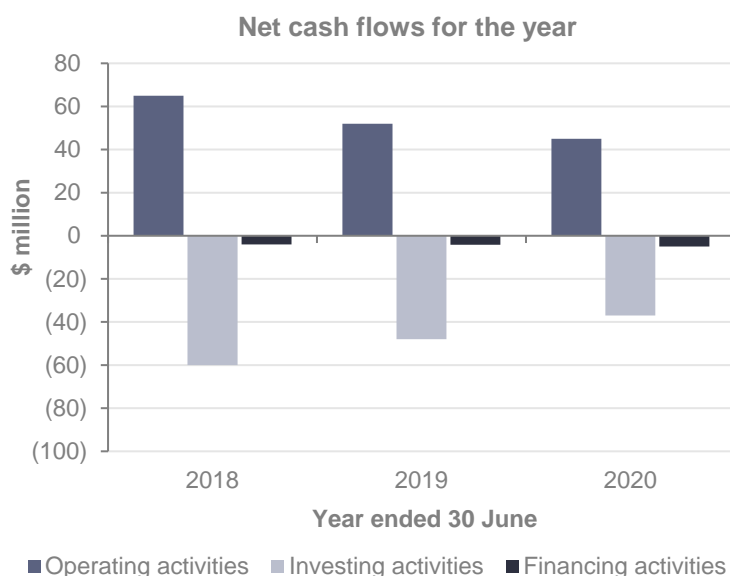
STATEMENT OF CASH FLOWS

Operating cash inflows are lower than last year mainly due to decrease in cash contributions received from developers and impact of COVID-19 on user charges and fees.

Cash outflows from investing activities decreased due to lower payments made for purchase of IPPE.

Financing activities in 2019–20 remained steady over the last two years.

The Statement of cash flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	113.7	105.9	<ul style="list-style-type: none"> Externally restricted balances include cash reserves earmarked for specific purposes such as developer contributions and domestic waste management.
Internal restrictions	36.9	31.0	
Unrestricted	3.7	1.2	
Cash and investments	154.3	138.1	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Increase in internally restricted cash were due to increase in funds set aside for future grant and loan payments. Unrestricted cash and investments provide liquidity for day-to-day operations.

Debt

Total debt during 2019–20 decreased to \$24.7 million (2018–19: \$28.2 million). The decrease by \$3.6 million is mainly due to payments made during the year.

The Council has bank overdraft facilities of \$0.2 million which remain unused as at 30 June 2020.

PERFORMANCE

Performance measures

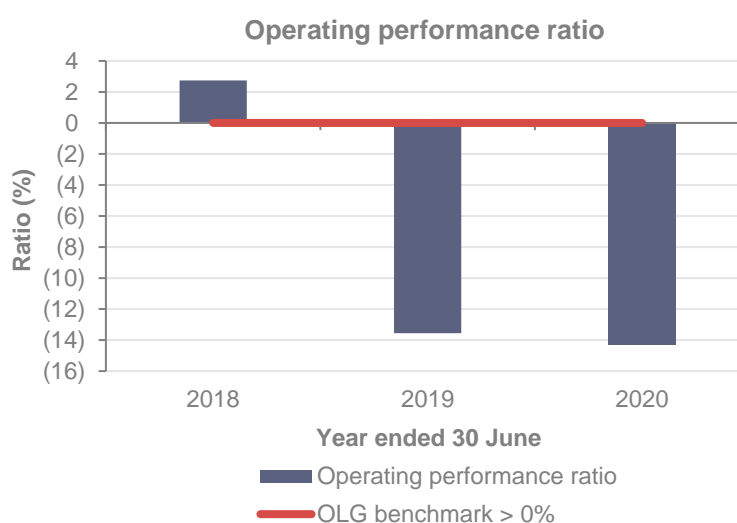
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

Operating performance ratio

The Council did not meet the OLG benchmark for the current reporting period.

The ratio is lower than benchmark due to the increasing impact of depreciation expenses as more infrastructure are built and/or dedicated to Council.

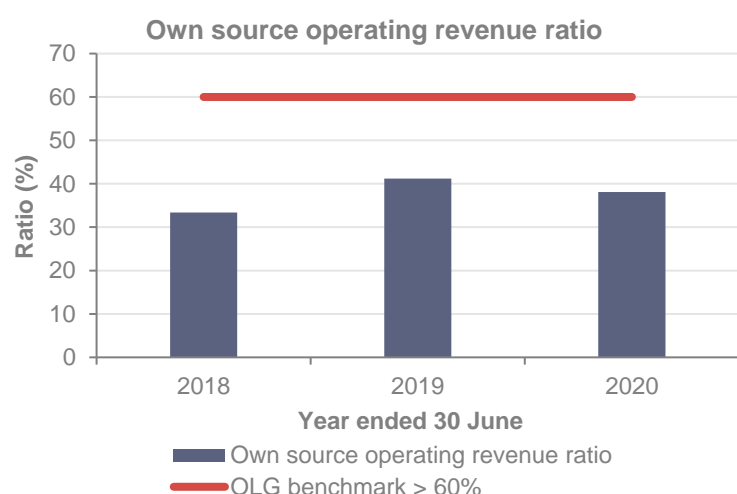
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council's own source operating revenue ratio continues to be below the OLG benchmark due to significant levels of non-cash contributions received by the Council in response to rapid growth.

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.

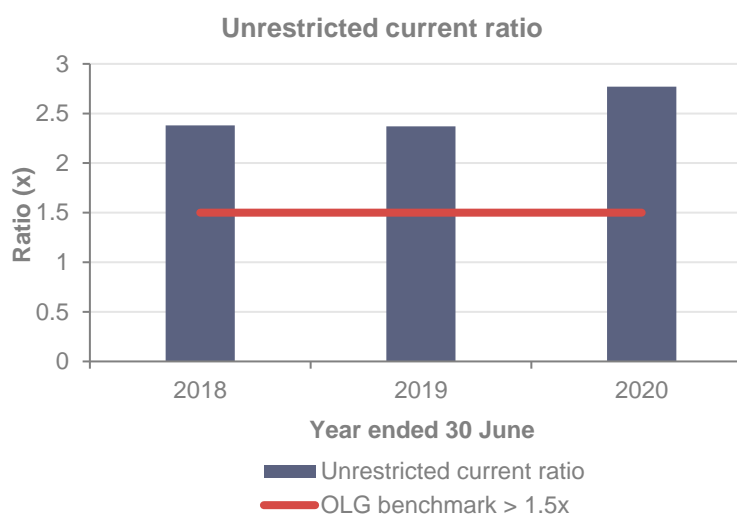


Unrestricted current ratio

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

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.

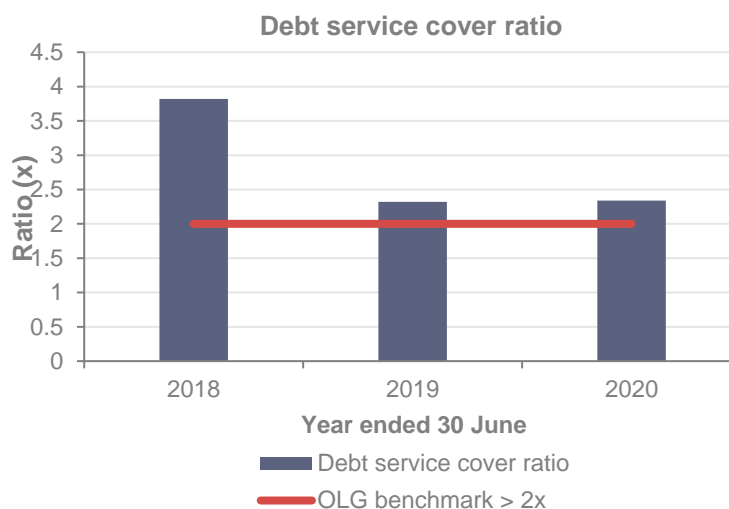
The uplift in the ratio for 2019–20 reflects the increase in cash and short-term investments held at end of year.



Debt service cover ratio

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

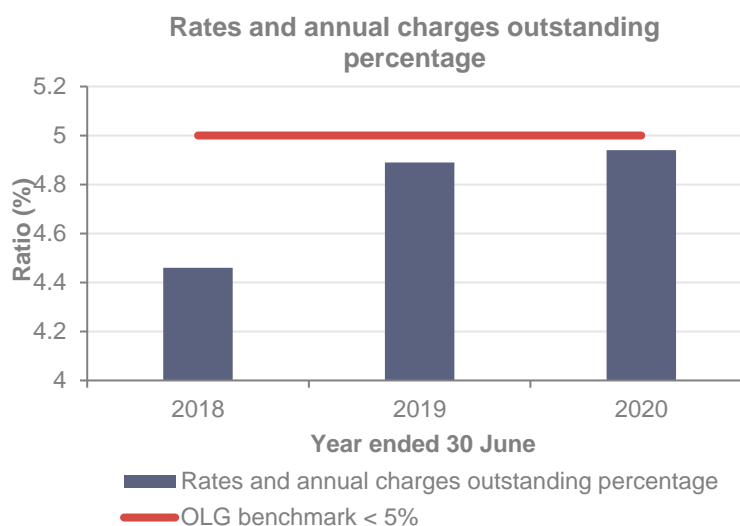
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding per centage

The Council's rates and annual charges outstanding ratio continues to meet the benchmark level of 'less than 5 per cent'.

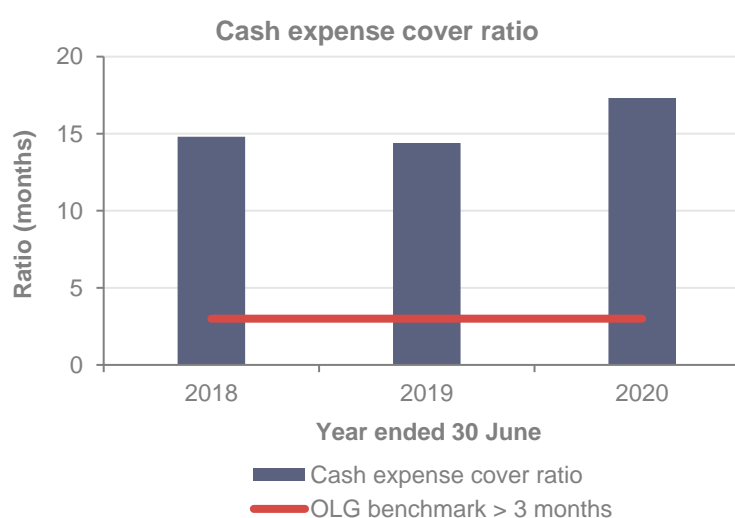
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

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

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.



Infrastructure, property, plant and equipment renewals

- Council's asset renewal projects for the year amounted to \$8.5 million compared to \$25.7 million in the previous year. The Council has put into place a number of renewal programs for the past couple of years and is continuing to do so based on the condition assessment of the assets. A high proportion of assets have now been completed for future growth and are in a very new state.
- During 2019–20, \$144.0 million was capitalised as new assets (\$98.6 million in 2018–19), which included the completion of the Spring Farm Community Centre, Catherine Park Community Centre and various road upgrades, and the receipt of non-cash contribution from developers for roads, drainage and open space.

OTHER MATTERS

Impact of new accounting standards

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

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

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

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

The Council recognised a \$3.0 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 17.

AASB 16 'Leases'

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

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

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

The Council recognised right-of-use assets and lease liabilities of \$2.3 million at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 14.

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.



Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ron Moore, General Manager
John Gordon, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Special Purpose Financial Statements

for the year ended 30 June 2020

Contents	Page
Statement by Councillors & Management	3
Special Purpose Financial Statements	
Income Statement – Commercial Waste	4
Statement of Financial Position – Commercial Waste	5
Note 1 – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	9

Background

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

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

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

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

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

Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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 10/11/2020.

Theresa Fedeli

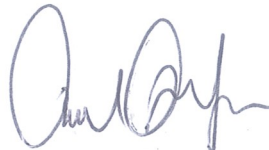
Theresa Fedeli
Mayor
10/11/2020



Ron Moore
General Manager
10/11/2020

Rob Mills

Rob Mills
Deputy Mayor
10/11/2020



Paul Rofe
Responsible Accounting Officer
10/11/2020

Income Statement – Commercial Waste

for the year ended 30 June 2020

	2020 Category 2 Actual \$ '000	2019 Category 2 Actual \$ '000
Income from continuing operations		
User charges	1,164	1,110
Total income from continuing operations	1,164	1,110
Expenses from continuing operations		
Employee benefits and on-costs	186	225
Materials and contracts	176	272
Depreciation, amortisation and impairment	63	62
Other expenses	166	162
Total expenses from continuing operations	591	721
Surplus (deficit) from continuing operations before capital amounts	573	389
Surplus (deficit) from continuing operations after capital amounts	573	389
Surplus (deficit) from all operations before tax	573	389
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(158)	(107)
SURPLUS (DEFICIT) AFTER TAX	415	282
Plus accumulated surplus	898	685
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	158	107
Less:		
– Dividend paid	(287)	(176)
Closing accumulated surplus	1,184	898
Return on capital %	129.9%	77.2%

Statement of Financial Position – Commercial Waste

as at 30 June 2020

	2020 Category 2 Actual \$ '000	2019 Category 2 Actual \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	726	381
Receivables	17	13
Total current assets	743	394
Non-current assets		
Infrastructure, property, plant and equipment	441	504
Total non-current assets	441	504
TOTAL ASSETS	1,184	898
NET ASSETS	1,184	898
EQUITY		
Accumulated surplus	1,184	898
<u>TOTAL EQUITY</u>	<u>1,184</u>	<u>898</u>

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

Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Nil

Category 2

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

Camden Commercial Waste Activity

Provide a diversified range of waste removal services to business operations in the Camden local government area

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

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$734,000 of combined land values attracts **0%**. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$900,000.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

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

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

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

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

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.9 % at 30/6/20.

(iv) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Camden Council

To the Councillors of Camden Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Camden Council's (the Council) Declared Business Activity, Commercial Waste, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of the Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activity declared by Council.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2020, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the executive summary 2019–20 annual financial statements, general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

27 November 2020
SYDNEY

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2020

Special Schedules

for the year ended 30 June 2020

Contents

Page

Special Schedules

Permissible income for general rates

3

Report on Infrastructure Assets - Values

7

Permissible income for general rates

	Notes	Calculation 2020/21 \$ '000	Calculation 2019/20 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	58,290	53,860
Plus or minus adjustments ²	b	1,186	3,284
Notional general income	$c = a + b$	59,476	57,144
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Less expiring special variation amount	g	—	(404)
Or plus rate peg amount	$i = e \times (c + g)$	1,546	1,532
Sub-total	$k = (c + g + h + i + j)$	61,022	58,272
Plus (or minus) last year's carry forward total	l	68	61
Less valuation objections claimed in the previous year	m	(59)	(34)
Sub-total	$n = (l + m)$	9	27
Total permissible income	$o = k + n$	61,031	58,299
Less notional general income yield	p	61,011	58,290
Catch-up or (excess) result	$q = o - p$	20	9
Plus income lost due to valuation objections claimed ⁴	r	49	59
Less unused catch-up ⁵	s	(40)	—
Carry forward to next year ⁶	$t = q + r + s$	29	68

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.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (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

Camden Council

To the Councillors of Camden Council

Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

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.

My opinion does not provide assurance:

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

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

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

9 October 2019
SYDNEY

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost				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	2019/20 Required maintenance ^a	2019/20 Actual maintenance			1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000							
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	2,610	2,610	4,119	4,039	129,368	180,225	30.0%	54.0%	11.0%	2.0%	3.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	2,610	2,610	4,119	4,039	129,368	180,225	30.0%	54.0%	11.0%	2.0%	3.0%
Other structures	Other	2,197	2,197	66	65	38,067	55,631	41.0%	32.0%	19.0%	8.0%	0.0%
	Sub-total	2,197	2,197	66	65	38,067	55,631	41.0%	32.0%	19.0%	8.0%	0.0%
Roads	Sealed roads	11,895	11,895	4,617	4,526	806,288	1,022,561	56.0%	37.0%	6.0%	1.0%	0.0%
	Sub-total	11,895	11,895	4,617	4,526	806,287	1,022,561	56.0%	37.0%	6.0%	1.0%	0.0%
Stormwater drainage	Stormwater drainage	959	959	644	644	414,242	465,446	73.0%	26.0%	1.0%	0.0%	0.0%
	Sub-total	959	959	644	644	414,242	465,446	73.0%	26.0%	1.0%	0.0%	0.0%
Open space / recreational assets	Open Space Recreational Assets – Parks and Reserve	100	100	7,054	6,916	9,112	13,433	47.0%	28.0%	17.0%	6.0%	2.0%
	Sub-total	100	100	7,054	6,916	9,112	13,433	47.0%	28.0%	17.0%	6.0%	2.0%
TOTAL - ALL ASSETS		17,761	17,761	16,500	16,190	1,397,076	1,737,296	57.3%	35.6%	5.7%	1.1%	0.3%

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Camden Council

To the Councillors of Camden Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Camden Council (the Council) for the year ending 30 June 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

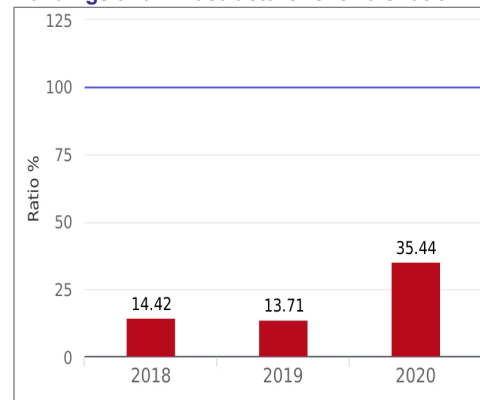
- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

Report on Infrastructure Assets (continued)

as at 30 June 2020

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

19/20 ratio 35.44%

Council has put into place a number of renewal programs for the past couple of years and is continuing to do so based on the condition assessment of the assets. It is difficult to justify a high ratio given the fact that a high proportion of assets have been constructed for future growth and are in a very new state.

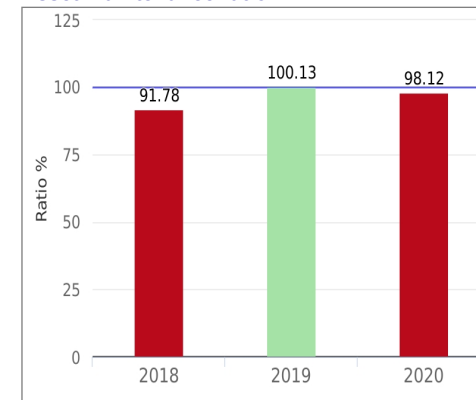
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

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

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

19/20 ratio 98.12%

Council's ratio of 98.12% is just short of where it should be but is not significantly different to the required benchmark, which further indicates the management of backlog is manageable.

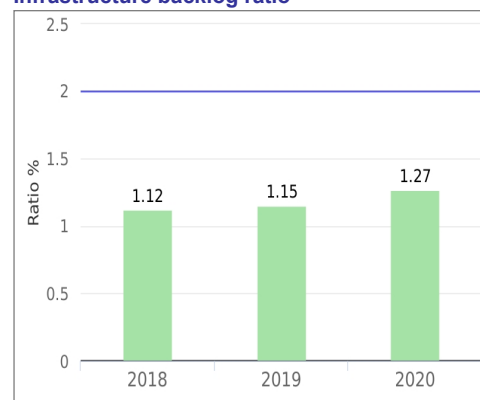
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

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

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

19/20 ratio 1.27%

Council's current Infrastructure ratio of 1.27 is fairly consistent to prior years and is within the industry benchmark of less than 2.00%. Council's backlog is manageable and an indication that with a continuation of current renewals programs that the backlog is not increasing significantly.

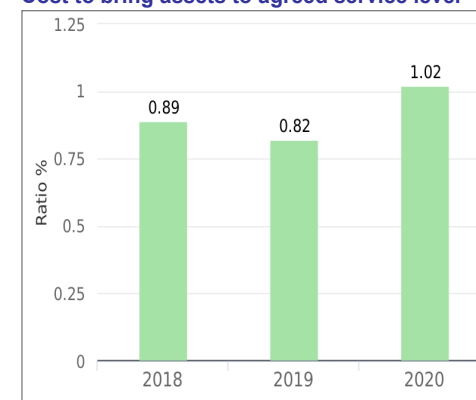
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

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

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

19/20 ratio 1.02%

Council has achieved industry benchmark measurements this year indicating Councils renewal programs are in line with requirements.