

# Liverpool City Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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LIVERPOOL  
CITY  
COUNCIL



# Liverpool City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## General Purpose Financial Statements

for the year ended 30 June 2021

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Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>3</b>
<b>Statement by Councillors and Management</b>	<b>5</b>
<b>Primary Financial Statements:</b>	
Income Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
<b>Notes to the Financial Statements</b>	<b>11</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	92
On the Financial Statements (Sect 417 [3])	95

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### Overview

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

33 Moore Street  
Liverpool NSW 2170

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.liverpool.nsw.gov.au](http://www.liverpool.nsw.gov.au).

# Liverpool City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

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 within the Department of Planning, Industry and Environment.

#### 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 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 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 Audit Office of NSW.

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.

# Liverpool City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements (continued)

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#### **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 after the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government within the Department of Planning, Industry and Environment.

# Liverpool City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993* (NSW) (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 of the AASB, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

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

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

Signed in accordance with a resolution of Council made on 24 November 2021.



Wendy Waller

Mayor

25 November 2021



Mazhar Hadid

Deputy Mayor

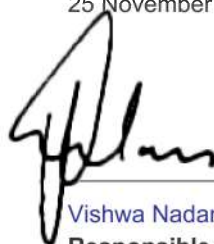
25 November 2021



Dr Eddie Jackson

Chief Executive Officer

25 November 2021



Vishwa Nadan

Responsible Accounting Officer

25 November 2021

# Liverpool City Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Restated Actual 2020
	<b>Income from continuing operations</b>			
143,044	Rates and annual charges	B2-1	<b>143,785</b>	137,631
16,718	User charges and fees	B2-2	<b>16,963</b>	13,806
11,280	Other revenue	B2-3	<b>8,906</b>	11,394
16,521	Grants and contributions provided for operating purposes	B2-4	<b>21,489</b>	19,247
96,417	Grants and contributions provided for capital purposes	B2-4	<b>146,088</b>	98,847
6,515	Interest and investment revenue	B2-5	<b>4,852</b>	6,320
4,482	Other income	B2-6	<b>4,247</b>	4,612
1,900	Net gains from the disposal of assets	B4-1	<b>–</b>	909
<b>296,877</b>	<b>Total income from continuing operations</b>		<b>346,330</b>	292,766
	<b>Expenses from continuing operations</b>			
80,672	Employee benefits and on-costs	B3-1	<b>77,501</b>	76,908
75,048	Materials and services	B3-2	<b>82,304</b>	74,171
1,468	Borrowing costs	B3-3	<b>1,466</b>	1,920
42,521	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>43,384</b>	41,166
3,443	Other expenses	B3-5	<b>3,692</b>	3,945
3,000	Net losses from the disposal of assets	B4-1	<b>3,518</b>	–
<b>206,152</b>	<b>Total expenses from continuing operations</b>		<b>211,865</b>	198,110
<b>90,725</b>	<b>Operating result from continuing operations</b>		<b>134,465</b>	94,656
<b>90,725</b>	<b>Net operating result for the year attributable to Council</b>		<b>134,465</b>	94,656
<b>(5,691)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(11,623)</b>	(4,191)

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

# Liverpool City Council

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	Restated 2020
<b>Net operating result for the year – from Income Statement</b>		<b>134,465</b>	<b>94,656</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>22,563</b>	8,938
<b>Total other comprehensive income for the year</b>		<b>22,563</b>	<b>8,938</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>157,028</b>	<b>103,594</b>

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



# Liverpool City Council

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	Restated 2020	Restated 1 July 2019
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	168,807	114,162	85,346
Investments	C1-2	47,671	28,663	25,025
Receivables	C1-4	20,073	17,855	21,309
Inventories	C1-5	289	232	122
Other		3,127	1,288	1,370
<b>Total current assets</b>		<b>239,967</b>	<b>162,200</b>	<b>133,172</b>
<b>Non-current assets</b>				
Investments	C1-2	141,504	157,805	160,725
Receivables	C1-4	317	80	15
Infrastructure, property, plant and equipment	C1-6	2,937,404	2,790,660	2,709,110
Intangible Assets	C1-7	2,004	1,457	1,247
Right of use assets	C2-1	5,613	7,240	–
Investments accounted for using the equity method	D1-1	–	7,112	8,142
<b>Total non-current assets</b>		<b>3,086,842</b>	<b>2,964,354</b>	<b>2,879,239</b>
<b>Total assets</b>		<b>3,326,809</b>	<b>3,126,554</b>	<b>3,012,411</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	23,189	22,176	18,203
Income received in advance	C3-1	3	–	597
Contract liabilities	C3-2	22,998	9,445	3,293
Lease liabilities	C2-1	1,620	1,943	–
Borrowings	C3-3	8,858	6,190	7,421
Employee benefit provisions	C3-4	22,420	21,089	19,738
Provisions	C3-5	7,190	4,539	7,998
<b>Total current liabilities</b>		<b>86,278</b>	<b>65,382</b>	<b>57,250</b>
<b>Non-current liabilities</b>				
Payables	C3-1	8,861	9,285	7,487
Contract liabilities	C3-2	993	263	–
Lease liabilities	C2-1	4,124	5,278	–
Borrowings	C3-3	54,012	32,087	38,277
Employee benefit provisions	C3-4	930	879	399
Provisions	C3-5	3,710	2,507	1,800
<b>Total non-current liabilities</b>		<b>72,630</b>	<b>50,299</b>	<b>47,963</b>
<b>Total liabilities</b>		<b>158,908</b>	<b>115,681</b>	<b>105,213</b>
<b>Net assets</b>		<b>3,167,901</b>	<b>3,010,873</b>	<b>2,907,198</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	2,047,493	1,913,028	1,818,291
IPPE revaluation reserve	C4-1	1,120,408	1,097,845	1,088,907
<b>Council equity interest</b>		<b>3,167,901</b>	<b>3,010,873</b>	<b>2,907,198</b>
<b>Total equity</b>		<b>3,167,901</b>	<b>3,010,873</b>	<b>2,907,198</b>

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

# Liverpool City Council

## Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		1,913,028	1,097,845	3,010,873	1,821,584	1,088,907	2,910,491
Correction of prior period errors	G4-2	–	–	–	(3,293)	–	(3,293)
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	18	–	18
Changes due to AASB 16 adoption	G4-1c-iii	–	–	–	63	–	63
<b>Restated opening balance</b>		<b>1,913,028</b>	<b>1,097,845</b>	<b>3,010,873</b>	<b>1,818,372</b>	<b>1,088,907</b>	<b>2,907,279</b>
Net operating result for the year		134,465	–	134,465	95,838	–	95,838
Correction of prior period errors	G4-2	–	–	–	(1,182)	–	(1,182)
<b>Restated net operating result for the period</b>		<b>134,465</b>	<b>–</b>	<b>134,465</b>	<b>94,656</b>	<b>–</b>	<b>94,656</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	22,563	22,563	–	8,938	8,938
<b>Other comprehensive income</b>		<b>–</b>	<b>22,563</b>	<b>22,563</b>	<b>–</b>	<b>8,938</b>	<b>8,938</b>
<b>Total comprehensive income</b>		<b>134,465</b>	<b>22,563</b>	<b>157,028</b>	<b>94,656</b>	<b>8,938</b>	<b>103,594</b>
<b>Closing balance at 30 June</b>		<b>2,047,493</b>	<b>1,120,408</b>	<b>3,167,901</b>	<b>1,913,028</b>	<b>1,097,845</b>	<b>3,010,873</b>

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

# Liverpool City Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Restated Actual 2020
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
142,800	Rates and annual charges		<b>142,957</b>	136,497
16,150	User charges and fees		<b>18,388</b>	13,763
6,011	Investment revenue and Interest		<b>3,324</b>	6,910
99,303	Grants and contributions		<b>110,868</b>	76,832
–	Bonds, deposits and retentions received		<b>2,302</b>	921
14,249	Other		<b>28,952</b>	33,109
<b>Payments:</b>				
(80,672)	Payments to employees		<b>(76,119)</b>	(75,146)
(57,276)	Payments for materials and services		<b>(86,089)</b>	(78,523)
(1,475)	Borrowing costs		<b>(1,523)</b>	(1,804)
(20,051)	Other		<b>(16,742)</b>	(11,326)
119,039	<b>Net cash provided from (or used in) operating activities</b>	G1-1a	<b>126,318</b>	101,233
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
24,370	Sale of investments		<b>90,600</b>	112,014
–	Redemption of term deposits		<b>41,000</b>	62,000
5,070	Proceeds from sale of PPE		<b>932</b>	10,220
–	Contributions paid to Joint Ventures and associates		<b>–</b>	1,467
<b>Payments:</b>				
–	Purchase of investment securities		<b>(79,583)</b>	(112,393)
–	Acquisition of term deposits		<b>(53,000)</b>	(62,000)
(133,090)	Purchase of infrastructure, property, plant and equipment		<b>(100,214)</b>	(74,209)
(1,705)	Purchase of intangible assets		<b>(993)</b>	(964)
–	Contributions paid to joint ventures and associates		<b>7,112</b>	–
(105,355)	<b>Net cash provided from (or used in) investing activities</b>		<b>(94,146)</b>	(63,865)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
4,000	Proceeds from borrowings		<b>31,200</b>	–
<b>Payments:</b>				
(6,531)	Repayment of borrowings		<b>(6,607)</b>	(7,537)
–	Principal component of lease payments		<b>(2,120)</b>	(2,197)
(2,531)	<b>Net cash flow provided from (used in) financing activities</b>		<b>22,473</b>	(9,734)
11,153	<b>Net change in cash and cash equivalents</b>		<b>54,645</b>	27,634
10,259	Plus: cash and cash equivalents – beginning of reporting period		<b>114,162</b>	86,528
21,412	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>168,807</b>	114,162

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

# Liverpool City Council

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

<b>A About Council and these financial statements</b>	<b>13</b>
A1-1 Basis of preparation	13
<b>B Financial Performance</b>	<b>16</b>
<b>B1 Functions or activities</b>	<b>16</b>
B1-1 Functions or activities – income, expenses and assets	16
B1-2 Components of functions or activities	17
<b>B2 Sources of income</b>	<b>19</b>
B2-1 Rates and annual charges	19
B2-2 User charges and fees	21
B2-3 Other revenue	22
B2-4 Grants and contributions	23
B2-5 Interest and investment revenue	27
B2-6 Other income	27
<b>B3 Costs of providing services</b>	<b>28</b>
B3-1 Employee benefits and on-costs	28
B3-2 Materials and services	31
B3-3 Borrowing costs	31
B3-4 Depreciation, amortisation and impairment of non-financial assets	32
B3-5 Other expenses	32
<b>B4 Gains or losses</b>	<b>34</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	34
<b>B5 Performance against budget</b>	<b>35</b>
B5-1 Material budget variations	35
<b>C Financial position</b>	<b>37</b>
<b>C1 Assets we manage</b>	<b>37</b>
C1-1 Cash and cash equivalents	37
C1-2 Financial investments	38
C1-3 Restricted cash, cash equivalents and investments	40
C1-4 Receivables	42
C1-5 Inventories	44
C1-6 Infrastructure, property, plant and equipment	45
C1-7 Intangible assets	50
<b>C2 Leasing activities</b>	<b>51</b>
C2-1 Council as a lessee	51
C2-2 Council as a lessor	53
<b>C3 Liabilities of Council</b>	<b>55</b>
C3-1 Payables	55
C3-2 Contract Liabilities	57
C3-3 Borrowings	58
C3-4 Employee benefit provisions	60
C3-5 Provisions	61
<b>C4 Reserves</b>	<b>63</b>

# Liverpool City Council

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

C4-1 Nature and purpose of reserves	63
<b>D Council structure</b>	<b>64</b>
<b>D1 Interests in other entities</b>	<b>64</b>
D1-1 Interests in joint arrangements	64
<b>E Risks and accounting uncertainties</b>	<b>67</b>
E1-1 Risks relating to financial instruments held	67
E2-1 Fair value measurement	71
E3-1 Contingencies	75
<b>F People and relationships</b>	<b>77</b>
<b>F1 Related party disclosures</b>	<b>77</b>
F1-1 Key management personnel (KMP)	77
F1-2 Councillor and Mayoral fees and associated expenses	78
<b>F2 Other relationships</b>	<b>79</b>
F2-1 Audit fees	79
<b>G Other matters</b>	<b>80</b>
G1-1 Statement of Cash Flows information	80
G2-1 Commitments	81
G3-1 Events occurring after the reporting date	82
<b>G4 Changes from prior year statements</b>	<b>83</b>
G4-1 Changes in accounting policy	83
G4-2 Correction of errors	83
G4-3 Changes in accounting estimates	84
<b>G5 Statement of developer contributions as at 30 June 2021</b>	<b>85</b>
G5-1 Summary of developer contributions	85
G5-2 Developer contributions by plan	86
<b>G6 Statement of performance measures</b>	<b>88</b>
G6-1 Statement of performance measures – consolidated results	88
<b>H Additional Council disclosures (unaudited)</b>	<b>89</b>
H1-1 Statement of performance measures – consolidated results (graphs)	89
H1-2 Council information and contact details	91

## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 24 November 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted by Liverpool City Council in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

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.

Liverpool City Council is a not for-profit entity for the purpose of preparing these financial statements.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note E2-1
- (ii) estimated employee benefits, including self-insured workers compensation claims liability – refer Note B3-1
- (iii) estimated hazardous waste remediation costs – refer Note C3-5.

#### **Significant judgements in applying the Council's accounting policies**

##### **i. Impairment of receivables**

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

ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

iv. Assessing condition of its infrastructure assets, their remaining useful lives, and estimating cost to bring them to satisfactory standard.

## A1-1 Basis of preparation (continued)

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

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

- General purpose operations

#### 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.

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

### Goods and Services Tax (GST)

Liverpool City Council is exempt from both Commonwealth Income Tax and Capital Gains Tax. Council does, however, must comply with both Fringe Benefits Tax and Goods & Services Tax legislations.

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

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

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

### Volunteer services

Council engages volunteers to help in delivery of some community events. The value of volunteer services Council receives cannot be reliably measured and is not material.

### New accounting standards and interpretations issued not yet effective

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

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

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

### New accounting standards adopted during the year

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

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

## A1-1 Basis of preparation (continued)

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### Significant Events

The COVID-19 pandemic has had significant impact on Council's operations which is reflected in the financial statements.

In April 2020, Council endorsed several initiatives to support its ratepayers and business community. Apart from a general slowdown in business activities, several Council facilities, services and events were affected due to mandatory restrictions which resulted in reduced revenues.

Council recognised the financial difficulties experienced by ratepayers and suspended its debt collection activity which resulted in higher than normal level of outstanding rates and annual charges at 30 June 2021.

The pandemic is expected to have a continued impact on Council's operations in 2021/22.



## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020 Restated	2021	2020	2021	2020 Restated	2021	2020	2021	2020
<b>Functions or activities</b>										
Governance	10	9	1,053	1,035	(1,043)	(1,026)	–	–	–	–
Creating Connection	14,928	8,106	32,795	32,675	(17,867)	(24,569)	11,492	5,374	973,511	913,545
Strengthening and protecting our environment	122,569	95,487	86,902	77,835	35,667	17,652	68,666	45,025	565,432	542,968
Generating opportunity	22,139	22,513	51,902	52,706	(29,763)	(30,193)	12,659	12,379	1,769,201	1,653,207
Leading through collaboration	73,068	55,883	39,213	33,859	33,855	22,024	65,897	46,404	18,665	16,833
<b>Share of gains/ (losses) in Associates &amp; Joint Ventures (using the Equity Method)</b>	–	–	–	–	–	–	–	–	–	–
General purpose income	113,616	110,768	–	–	113,616	110,768	8,863	8,912	–	–
Other	–	–	–	–	–	–	–	–	–	–
<b>Total functions and activities</b>	<b>346,330</b>	<b>292,766</b>	<b>211,865</b>	<b>198,110</b>	<b>134,465</b>	<b>94,656</b>	<b>167,577</b>	<b>118,094</b>	<b>3,326,809</b>	<b>3,126,553</b>

## B1-2 Components of functions or activities

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

### Governance

Governance includes expenditure for Mayor & Councillor and Executive services.

The Service Delivery Unit delivers this is:  
Council & Executive Services

### Creating Connection

This direction is based on the social aspect of the quadruple bottom line and covers actions that include cultural activities, recreation and active living, access and equity, and community facilities.

The Service Delivery Unit delivers this direction are:

Casula Powerhouse Arts Centre	Community Standards
Children's Services	Infrastructure Delivery
Civic Events	Libraries and Museum
Community & Development Planning	Recreation and Community Outcomes
Community and Culture Office	City Planning
Corporate Strategy and Performance	Strategic Projects

### Strengthening and Protecting our Environment

This direction is based on the environmental (natural and built) aspect of the quadruple bottom line and covers actions that management, urban design, planning and protection of specific environmental features.

The Service Delivery Unit delivers this direction are:

Casula Powerhouse Arts Centre	Infrastructure Planning
City Planning	Operational Facilities
City Environment	Safety and Insurance
City Works	Strategic Projects
Waste & Cleansing	Development Assessment
Community Standards	Western Sydney Planning Partnership
Infrastructure Delivery	

### Generating Opportunity

This direction is based on the economic aspect of the quadruple bottom line and covers actions that include small business strategies, economic sustainability strategies, internal and external transport links and the financial sustainability of Council.

The Service Delivery Unit delivers this direction are:

CEO Office	Community Development & Planning
City Deal	Economy & Commercial Development
City Economy	Financial Management
City Planning	Infrastructure Delivery
City Presentation Office	Infrastructure and Environment Office
City Works	Planning & Compliance Office s
Corporate Services Office	Property Asset
Community and Culture Office	Property Services
Children Services	Property Strategic Projects
Strategic Projects	

## B1-2 Components of functions or activities (continued)

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### Leading through Collaboration

This direction is based on the civic leadership aspect of the quadruple bottom line and covers actions that include leadership and representation, consultation and community participation in decision making, policy frameworks and ethical practices.

The Service Delivery Unit delivers this direction are:

Casula Powerhouse Arts Centre	Infrastructure Planning
City Environment	Audit and Risk
City Planning	Internal Ombudsman
Communications	Operational Facilities
Community Development& Planning	People and Organisational Development
Corporate Strategy & Performance	Property Assets
Council & Executive Services	Property Services
Customer Experience	Property Strategic Projects
Financial Management	Recreation and Community Outcomes
Governance and Legal Services	Safety and Insurance
Information Technology	

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	82,521	78,883
Farmland	526	437
Business	21,213	20,897
Less: pensioner rebates	(1,700)	(1,700)
<b>Rates levied to ratepayers</b>	<b>102,560</b>	<b>98,517</b>
Pensioner rate subsidies received	871	880
<b>Total ordinary rates</b>	<b>103,431</b>	<b>99,397</b>
<b>Special rates</b>		
Environmental	1,808	1,766
Town improvement	1,507	1,503
<b>Rates levied to ratepayers</b>	<b>3,315</b>	<b>3,269</b>
<b>Total special rates</b>	<b>3,315</b>	<b>3,269</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	35,448	33,388
Stormwater management services	1,619	1,571
Waste management services (non-domestic)	259	262
Section 611 charges	128	128
Less: pensioner rebates	(705)	(677)
<b>Annual charges levied</b>	<b>36,749</b>	<b>34,672</b>
Pensioner subsidies received:		
– Domestic waste management	290	293
<b>Total annual charges</b>	<b>37,039</b>	<b>34,965</b>
<b>Total rates and annual charges</b>	<b>143,785</b>	<b>137,631</b>

### Accounting policy

#### Revenue recognition & measurement

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

Revenue is measured at the fair value of the consideration received or receivable.

#### Rates and annual charges

Council has used 2020 land valuations provided by the NSW Valuer General in calculating its rates.

Rates and annual charges are recognised as revenues 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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Domestic waste management services and other special purpose annual levies collected are expended for the purposes for which the contributions were required.

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.

## B2-1 Rates and annual charges (continued)

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

The cost of rebates is shared between the NSW State Government (55%) and Council (45%).

## B2-2 User charges and fees

\$ '000	Timing	2021	2020 Restated
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	15	6,420	3,823
Inspection services	15	2,590	2,018
Section 10.7 certificates (EP&A Act)	15	669	520
Regulatory/ statutory fees	15	286	344
Section 603 certificates	15	367	273
Animal impounding fees	15	47	86
Other	15	84	47
<b>Total fees and charges – statutory/regulatory</b>		<b>10,463</b>	<b>7,111</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Parking fees	15	2,844	3,432
Childcare	15	2,626	1,975
Sports field hire	15	90	272
Community hall rental	15	775	802
Leaseback fees – Council vehicles	15	72	70
Other	15	93	144
<b>Total fees and charges – other</b>		<b>6,500</b>	<b>6,695</b>
<b>Total user charges and fees</b>		<b>16,963</b>	<b>13,806</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		5,470	5,407
User charges and fees recognised at a point in time (2)		11,493	8,399
<b>Total user charges and fees</b>		<b>16,963</b>	<b>13,806</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service.

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

## B2-3 Other revenue

\$ '000	Timing	2021	2020
Ex gratia rates	1058	2,081	2,200
Fines – parking	1058	1,865	2,427
External works	15	1,628	2,343
Fines – other	1058	365	645
Sales – general	1058	539	634
Sales – recycling materials	1058	366	455
Sales – art galleries	1058	280	226
Animal control	1058	120	127
Diesel rebate	1058	134	120
Compensation – easements	1058	66	63
Photocopy income	1058	61	77
Legal fees recovery – other	1058	97	41
Room hire	1058	42	40
Long service levy commission	1058	4	6
Insurance claims recoveries	1058	32	5
Sales – printing services	1058	37	5
Other	1058	1,189	1,980
<b>Total other revenue</b>		<b>8,906</b>	<b>11,394</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	8,906	11,394
<b>Total other revenue</b>	<b>8,906</b>	<b>11,394</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	1058	3,111	3,185	–	–
Financial assistance – local roads component	1058	1,169	1,142	–	–
<b>Payment in advance - future year allocation <sup>1</sup></b>					
Financial assistance – general component	1058	3,328	3,373	–	–
Financial assistance – local roads component	1058	1,255	1,212	–	–
<b>Amount recognised as income during current year</b>		<b>8,863</b>	<b>8,912</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Better waste and recycling	1058	220	218	–	–
Child care	1058	4,731	5,372	93	–
Community care	1058	145	86	–	–
Community centres		–	–	18	–
Bushfire and emergency services	1058	170	170	–	–
Cultural services	1058	340	340	–	–
Drainage	1058	22	88	209	–
Employment and training programs	1058	18	2	–	–
Library	1058	589	556	50	50
LIRS subsidy	1058	319	588	–	–
Street lighting	1058	813	813	–	–
Recreation and culture	1058	18	53	8,827	–
Town Planning	1058	3,466	300	–	–
Transport	1058	–	–	–	–
- Roads to recovery	1058	–	–	1,465	1,431
- Other roads and bridges	1058	473	235	6,364	4,566
- Other	1058	333	1,286	175	3,161
Roads and bridges	1058	–	–	166	2,685
Other contributions	1058	969	228	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>12,626</b>	<b>10,335</b>	<b>17,367</b>	<b>11,893</b>
<b>Non-cash contributions</b>					
NSW Rural Fire Services - Plant and equipment		–	–	1,577	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>1,577</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>12,626</b>	<b>10,335</b>	<b>18,944</b>	<b>11,893</b>
<b>Total grants and non-developer contributions</b>		<b>21,489</b>	<b>19,247</b>	<b>18,944</b>	<b>11,893</b>
<b>Comprising:</b>					
– Commonwealth funding		13,595	13,921	10,432	1,707
– State funding		6,758	4,958	8,346	7,482
– Other funding		1,136	368	166	2,704
		<b>21,489</b>	<b>19,247</b>	<b>18,944</b>	<b>11,893</b>

(1) \$4.583m of the 2021-2022 Financial Assistance Grant from Commonwealth Government was received by Council in June 2021 and hence is reported as 2020-21 income although it relates to 2021-2022 financial year



## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		1058	–	–	<b>59,635</b>	41,055
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>59,635</b>	<b>41,055</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		1058	–	–	<b>1,800</b>	–
Dedications - Subdivisions (Other than by S 7.11) <sup>1</sup>			–	–	<b>61,003</b>	43,710
Land Under Road			–	–	<b>4,706</b>	2,189
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>67,509</b>	<b>45,899</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>127,144</b>	<b>86,954</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>127,144</b>	<b>86,954</b>
<b>Total grants and contributions</b>			<b>21,489</b>	<b>19,247</b>	<b>146,088</b>	<b>98,847</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>699</b>	148	<b>11,663</b>	–
Grants and contributions recognised at a point in time (2)			<b>20,790</b>	19,099	<b>134,425</b>	98,847
<b>Total grants and contributions</b>			<b>21,489</b>	<b>19,247</b>	<b>146,088</b>	<b>98,847</b>

(1) Refer Note C1-6 for valuation methodology

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions <sup>1., 2.</sup>

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants</b>				
Unspent funds at 1 July	<b>6,467</b>	6,155	<b>14,206</b>	15,963
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	<b>508</b>	378	<b>3,337</b>	770
<b>Add:</b> Funds received and not recognised as revenue in the current year	<b>2,311</b>	3,543	<b>12,718</b>	55
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	<b>(1,915)</b>	(3,609)	<b>(3,331)</b>	(2,582)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	<b>(3,068)</b>	—	<b>(46)</b>	—
<b>Unspent funds at 30 June</b>	<b>4,303</b>	<b>6,467</b>	<b>26,884</b>	<b>14,206</b>
<b>Unspent Contributions</b>				
Unspent funds at 1 July	<b>879</b>	72	<b>6,190</b>	3,884
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	<b>57</b>	—	<b>—</b>	2,685
<b>Add:</b> Funds received and not recognised as revenue in the current year	<b>585</b>	603	<b>394</b>	—
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	<b>—</b>	—	<b>—</b>	—
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	<b>(42)</b>	—	<b>(2,497)</b>	(176)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	<b>(516)</b>	—	<b>—</b>	—
<b>Unspent contributions at 30 June</b>	<b>963</b>	<b>675</b>	<b>4,087</b>	<b>6,393</b>

(1.) Contributors can place restrictions on the application of funds to assist in ensuring that the intended outcomes of the particular program are met. Examples of such conditions are the requirement to provide annual acquittals of expenditure or to return funds at the end of a specific period.

(2.) Contributions received have been for specific project objectives. Funds can only be expended on these programs over the nominated period. Any balance outstanding is refundable.

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants e.g. events, vaccinations. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g.

## B2-4 Grants and contributions (continued)

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completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

### Capital grants

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment revenue

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges	311	478
– Cash and investments	2,817	5,517
<b>Fair value adjustments</b>		
– Fair valuation movements in investments (at Fair Value through Profit and Loss)	1,211	325
– Fair valuation movements in Civic Risk (at Fair Value through Profit and Loss)	513	–
<b>Total interest and investment income (losses)</b>	<b>4,852</b>	<b>6,320</b>
<b>Interest and investment income are attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	311	478
General Council cash and investments	1,409	1,693
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11 – interest on investments	1,944	3,329
– Section 7.11 – share of fair value gain/(loss) on investments	833	190
Domestic waste management operations	210	408
Other externally restricted assets	145	222
<b>Total interest and investment income</b>	<b>4,852</b>	<b>6,320</b>

### Accounting policy

Council is permitted to set interest rate payable on overdue rates and charges but not exceeding the maximum determined by the Office of Local Government within the Department of Planning, Industry and Environment in accordance with section 566(3) of the *Local Government Act 1993*. For this reporting period, Council applied the maximum permissible interest rate of 0% from 01/07/20 to 31/12/20 and 7% from 01/01/21 to 30/06/21 (comparative interest rate for last year was 7.5%).

Interest on cash and investment is recognised using the effective interest rate at the date that interest is earned.

## B2-6 Other income

\$ '000	Notes	2021	2020
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		3,367	3,243
<b>Total Investment properties</b>		<b>3,367</b>	<b>3,243</b>
<b>Other leaseback income</b>			
Leaseback fees - council vehicles		880	932
<b>Total Other lease income</b>		<b>880</b>	<b>932</b>
<b>Total rental income</b>	C2-2	<b>4,247</b>	<b>4,175</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		–	437
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D1-1	<b>–</b>	<b>437</b>
<b>Total other income</b>		<b>4,247</b>	<b>4,612</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	64,718	62,991
Travel expenses	17	85
Employee leave entitlements (ELE)	9,711	10,206
Superannuation – defined contribution plans	6,421	6,339
Superannuation – defined benefit plans	348	342
Workers' compensation insurance	1,407	1,463
Fringe benefit tax (FBT)	319	340
Training costs (other than salaries and wages)	315	441
Other	761	605
Less: capitalised costs	(6,516)	(5,904)
<b>Total employee costs expensed</b>	<b>77,501</b>	<b>76,908</b>
Number of 'full-time equivalent' employees (FTE) at year end	779	761

#### Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee. Salaries and on-costs relating to Council staff directly involved in managing and delivery of capital projects are charged to respective projects.

#### 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.

#### Defined Benefit Plan

##### (a) Funding agreements and method used to determine the entity's rate of contributions and any minimum funding requirements

Council participates in the pooled employer sponsored defined benefits of the Local Government Superannuation Scheme. Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund. The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B: 1.9 times employee contribution for non-180 Point Members; Nil for 180 Point Members\*

Division C: 2.5% salaries

Division D: 1.64 times employee contribution

\*For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30th June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40 million from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2021

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

##### (b) Extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated 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.

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, or full payment

## B3-1 Employee benefits and on-costs (continued)

of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

(c) *Description of any agreed allocation of a deficit or surplus on:*

(i) Wind-up of the plan - there are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) The entity's withdrawal from the plan - there is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) *Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan:*

(i) The fact that the plan is a defined benefit plan.

(ii) The reasons why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan are:

- 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 and have not varied for each employer according to the experience relating to the employees of that employer;
- benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- the same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out 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 the members).

As such there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would be for a single employer sponsored defined benefit plan.

(iii) The expected contributions to the plan for the next annual reporting period is \$ 530,673.84.

(iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity

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

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

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

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

Investment return: 5.75% per annum

Salary inflation\* : 3.5% per annum

Increase in CPI: 2.5% per annum

*\*plus promotional increases*

The contribution requirement 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.

The share of the surplus in the scheme is about 0.64%.

Additional contributions are estimated to remain in place until 30 June 2021 i.e. \$257,600 additional contributions remaining. However, the Trustee will be reviewing the financial position of the fund on an annual basis and will provide updates.

(v) Indication of the level of participation of the entity in the plan compared with other participating entities

### B3-1 Employee benefits and on-costs (continued)

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The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2021 was \$525,816.35. The last valuation of the Fund was performed by Fund Actuary Mr. Richard Boyfield (Fellow of the Institute of Actuaries of Australia) on 30 June 2020, relating to the period ending 30 June 2021.

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		84,014	61,449
Contractor and consultancy costs		125,727	90,614
Audit Fees	F2-1	160	159
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	475	495
Advertising		158	311
Bank charges		513	445
Electricity and heating		1,773	1,707
Insurance		1,915	1,829
Postage		335	368
Printing and stationery		335	227
Street lighting		3,469	2,727
Subscriptions and publications		465	502
Telephone and communications		476	289
Travel expenses		–	12
Repairs and maintenance		5,076	3,862
Other expenses		1,271	245
<b>Legal expenses:</b>			
– Planning and development		316	465
– Other		846	619
Expenses from short-term leases		22	351
Expenses from leases of low value assets		540	402
Variable lease expense relating to usage		–	418
<b>Total materials and services</b>		<b>227,886</b>	<b>167,496</b>
Less: capitalised costs		(145,582)	(93,325)
<b>Total materials and services</b>		<b>82,304</b>	<b>74,171</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on leases	194	220
Interest on loans	1,272	1,584
<b>Total interest bearing liability costs</b>	<b>1,466</b>	<b>1,804</b>
<b>Total interest bearing liability costs expensed</b>	<b>1,466</b>	<b>1,804</b>
<b>(ii) Other borrowing costs</b>		
Fair value adjustments on recognition of advances and deferred debtors		
Amortisation on interest free (and favourable) loans to Council	–	116
<b>Total other borrowing costs</b>	<b>–</b>	<b>116</b>
<b>Total borrowing costs expensed</b>	<b>1,466</b>	<b>1,920</b>

### Accounting policy

Interest on loans is recognised on an accrual basis. When the debt arrangement is interest free or includes a discount, notional interest payable is calculated and amortised using the effective interest rate method.

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



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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		2,334	2,041
Office equipment		587	531
Furniture and fittings		186	181
Land improvements (depreciable)		5	5
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		8,543	7,532
– Other structures		173	153
– Roads		19,055	18,557
– Stormwater drainage		5,811	5,613
– Other open space/recreational assets		3,291	3,166
Right of use assets	C2-1	2,270	2,241
<b>Other assets:</b>			
– Heritage collections		124	164
– Library books		600	696
Intangible assets	C1-7	405	286
<b>Total gross depreciation and amortisation costs</b>		<b>43,384</b>	<b>41,166</b>
<b>Total depreciation and amortisation costs</b>		<b>43,384</b>	<b>41,166</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>43,384</b>	<b>41,166</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE 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 their 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.

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

## B3-5 Other expenses

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
Other		(174)	294
<b>Total impairment of receivables</b>	C1-4	<b>(174)</b>	<b>294</b>
<b>Other</b>			
Donations, contributions and assistance to other organisations (Section 356)		1,454	792

**B3-5 Other expenses (continued)**

<b>\$ '000</b>	Notes	<b>2021</b>	<b>2020</b>
Contributions/levies to other levels of government			
– NSW fire brigade levy		<b>1,448</b>	1,404
– NSW rural fire service levy		<b>355</b>	290
– Emergency services levy (includes FRNSW, SES, and RFS levies)		<b>352</b>	314
– Sydney Water		<b>–</b>	674
– Department of planning levy		<b>151</b>	148
– Australian communication authority		<b>106</b>	201
<b>Total other</b>		<b>3,866</b>	<b>3,823</b>
Less: capitalised costs		<b>–</b>	(172)
<b>Total other expenses</b>		<b>3,692</b>	<b>3,945</b>

**Accounting policy**

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

## B4 Gains or losses

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		<b>94</b>	10,000
Less: carrying amount of property assets disposed		<b>(1,087)</b>	(4,311)
<b>Gain (or loss) on disposal</b>		<b>(993)</b>	<b>5,689</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		<b>555</b>	220
Less: carrying amount of plant and equipment assets disposed		<b>(13)</b>	(19)
<b>Gain (or loss) on disposal</b>		<b>542</b>	<b>201</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Proceeds from disposal – infrastructure		<b>283</b>	–
Less: carrying amount of infrastructure assets disposed		<b>(3,168)</b>	(4,369)
<b>Gain (or loss) on disposal</b>		<b>(2,885)</b>	<b>(4,369)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		<b>90,600</b>	112,014
Less: carrying amount of investments sold/redeemed/matured		<b>(90,600)</b>	(112,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>14</b>
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		<b>41,000</b>	62,000
Less: carrying amount of term deposits sold/redeemed/matured		<b>(41,000)</b>	(62,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of intangible assets</b>			
	C1-7		
Proceeds from disposal – intangible assets		<b>–</b>	–
Less: carrying amount of intangible assets sold/written off		<b>(41)</b>	(468)
<b>Gain (or loss) on disposal</b>		<b>(41)</b>	<b>(468)</b>
<b>Other (Library Books)</b>			
Proceeds from disposal – Other – Library Books		<b>–</b>	–
Less: carrying amount of Other – Library Books assets disposed		<b>(141)</b>	(158)
<b>Gain (or loss) on disposal</b>		<b>(141)</b>	<b>(158)</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(3,518)</b>	<b>909</b>

#### Accounting policy

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.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 29/07/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
Rates and annual charges	143,044	143,785	741	1% <b>F</b>
User charges and fees	16,718	16,963	245	1% <b>F</b>
Other revenues	11,280	8,906	(2,374)	(21)% <b>U</b>
<i>The variation mainly comprised of the following:</i>				
<i>-\$1.0m delay in recovery of waste remediation costs from Liverpool Catholic Club;</i>				
<i>-\$1.0m delay in collection of Liverpool City Place Development Application related contribution from Built Developer.</i>				
Operating grants and contributions	16,521	21,489	4,968	30% <b>F</b>
<i>The variation mainly comprised of the following:</i>				
<i>+\$2.6m NSW Department of Planning, Industry &amp; Environment grant to fund Western Sydney Planning Partnership;</i>				
<i>+\$1.6m additional NSW Department of Education grant to offset childcare fees waived as part of State Governments response to COVID-19.</i>				
Capital grants and contributions	96,417	146,088	49,671	52% <b>F</b>
<i>The variation is mainly due to a significant increase in dedicated developer assets.</i>				
Interest and investment revenue	6,515	4,852	(1,663)	(26)% <b>U</b>
<i>The variation is mainly due to lower market interest yields on cash investments.</i>				
Net gains from disposal of assets	1,900	–	(1,900)	(100)% <b>U</b>
Other income	4,482	4,247	(235)	(5)% <b>U</b>
<i>The variation is due to delay in disposal of 24 Scott Street.</i>				

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
<b>EXPENSES</b>					
Employee benefits and on-costs	80,672	77,501	3,171	4%	F
Materials and services	75,048	82,304	(7,256)	(10)%	U
<i>The variation mainly comprised of the following:</i>					
<i>-\$2.8m consultancy works undertaken by Western Sydney Planning Partnership;</i>					
<i>-\$2.6m increase in domestic waste collection costs;</i>					
Borrowing costs	1,468	1,466	2	0%	F
Depreciation, amortisation and impairment of non-financial assets	42,521	43,384	(863)	(2)%	U
Other expenses	3,443	3,692	(249)	(7)%	U
<i>The variation is mainly due to reduction in sponsorship grants and cancellation of events due to COVID-19.</i>					
Net losses from disposal of assets	3,000	3,518	(518)	(17)%	U
<i>The variation is mainly due to increase in value of road surface infrastructure removed to carry out major renewal works.</i>					
<b>STATEMENT OF CASH FLOWS</b>					
Cash flows from operating activities	119,039	126,318	7,279	6%	F
Cash flows from investing activities	(105,355)	(94,146)	11,209	(11)%	F
<i>The variation is mainly due to delays in completion of planned capital projects.</i>					
Cash flows from financing activities	(2,531)	22,473	25,004	(988)%	F
<i>The variation is due to early drawdown of loan for Liverpool Civic Place.</i>					

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	2,530	2,248
Cash-equivalent assets		
– Deposits at call	106,137	41,901
– Managed funds	37,140	37,013
– Short-term deposits	23,000	33,000
<b>Total cash and cash equivalents</b>	<b>168,807</b>	<b>114,162</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	168,807	114,162
<b>Balance as per the Statement of Cash Flows</b>	<b>168,807</b>	<b>114,162</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Non-convertible debentures or floating rate notes	20,671	121,912	20,663	139,220
Mortgage backed securities	–	1,967	–	1,585
Civic Risk Mutual	–	7,625	–	–
<b>Total</b>	<b>20,671</b>	<b>131,504</b>	<b>20,663</b>	<b>140,805</b>
<b>Financial assets at amortised cost / held to maturity</b>				
Long term deposits	27,000	10,000	8,000	17,000
<b>Total</b>	<b>27,000</b>	<b>10,000</b>	<b>8,000</b>	<b>17,000</b>
<b>Total financial investments</b>	<b>47,671</b>	<b>141,504</b>	<b>28,663</b>	<b>157,805</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>216,478</b>	<b>141,504</b>	<b>142,825</b>	<b>157,805</b>

Council has chosen to book interest in Joint Venture through income approach method from 1st July 2020

### Accounting policy

Council has an approved Investment Policy to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and section 212 of the *Local Government (General) Regulations 2005*. Investments are placed and managed in accordance with the policy and having regard to authorised investments prescribed under the *Ministerial Local Government Investment Order*. Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council's investment principles as set out in its investment policy is "to maximise returns while paying due consideration to matters of risk, liquidity and security for its investment".

Council amended its policy following revisions to the *Ministerial Local Government Investment Order* (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

## C1-2 Financial investments (continued)

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### *Financial assets through profit or loss*

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.



## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	<b>216,478</b>	<b>141,504</b>	<b>142,825</b>	<b>157,805</b>
<b>attributable to:</b>				
External restrictions	<b>162,548</b>	<b>133,879</b>	93,526	157,805
Internal restrictions	<b>29,958</b>	–	13,132	–
Unrestricted	<b>23,972</b>	<b>7,625</b>	36,167	–
	<b>216,478</b>	<b>141,504</b>	<b>142,825</b>	<b>157,805</b>

### Details on restricted cash, cash equivalents and investments

Cash, cash equivalents and investments are restricted for prudent financial management purposes as follows:

#### External Restrictions:

- **Developer contributions** – 100% of cash Developer Contributions levied under Section 7.11 contribution plan, received but not yet expended in accordance with the contributions plan.
- **Unexpended grants** - 100% of cash grants received but not expensed during the year are treated as restricted funds
- **Domestic Waste** - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business
- **Stormwater management** – 100% of funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.
- **Better Waste and Recycling** – unspent funds received from the NSW Environment Protection Authority (EPA) under Waste Less Recycle More initiative.
- **City Development Fund** (formerly referred to as Town Improvement Fund) – 100% cash collected from this special rate levied on properties within Town Improvement District zone is set aside to fund special projects within the city precinct.
- **Collingwood House Restoration Works** – contributions collected under a Voluntary Planning Agreement arrangement towards restoration works at Collingwood House.
- **Edmondson Park** – unspent funds at reporting date from borrowings for Edmondson Park and other projects funded from borrowing under the Local Infrastructure Renewals Scheme are set aside to fund specific projects.
- **Environmental levy** – 100% cash collected from ratepayers are set aside to fund initiatives under Council's Environment Restoration Plan.
- **LIRS** – unspent funds received under NSW Local Infrastructure Renewals Scheme

#### Internal Restrictions:

- **Employee Leave Entitlements** – approximately 20% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.
- **General Property** - proceeds from sale of surplus land and buildings set aside for acquisition of other items of property
- **Insurance** – savings on insurance premiums and excess set aside to pay unexpected claims at a future date.
- **Moorebank Voluntary Acquisition** – cash set aside for acquisition of properties on a hazardous floodway alongside the Georges River.
- **Carnes Hill Stage 2** - Proceeds from disposal of 88 Kurrajong Road (DP 1236888) set aside for concept design and planning costs for Carnes Hill Stage 2 development.
- **Parking Strategy** – parking fees revenue collected in the city centre is set aside to fund initiatives that will improve car parking and transport in the CBD.
- **Loan** - unspent funds drawn down from a special purpose loan facility.

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Details of restrictions</b>		
<b>External restrictions – included in liabilities</b>		
Specific purpose unexpended grants – general fund	<b>15,515</b>	3,600
<b>External restrictions – included in liabilities</b>	<b>15,515</b>	<b>3,600</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>236,411</b>	195,724
Specific purpose unexpended grants – Capital	<b>14,156</b>	14,150
Domestic waste management	<b>13,786</b>	17,375
Environmental levy	<b>6,056</b>	5,771
Edmondson park reserve (unexpended loan)	<b>2,763</b>	2,726
Specific purpose unexpended grants – Operating	<b>1,516</b>	2,923
City development fund (previously TIF)	<b>1,365</b>	1,755
Better waste and recycling reserve	<b>544</b>	479
Stormwater management	<b>327</b>	358
Collingwood house restoration works	<b>4</b>	4
Other contributions reserve	<b>3,984</b>	6,466
<b>External restrictions – other</b>	<b>280,912</b>	<b>247,731</b>
<b>Total external restrictions</b>	<b>296,427</b>	<b>251,331</b>
<b>Internal restrictions</b>		
Council has internally restricted cash, cash equivalents and investments as follows:		
Loan Reserve	<b>14,640</b>	–
Carnes Hill stage 2 precinct development reserve	<b>4,861</b>	4,889
Employees leave entitlement	<b>4,217</b>	4,027
Insurance reserve	<b>1,796</b>	1,796
Parking strategy reserve	<b>1,500</b>	1,500
General property reserve	<b>2,861</b>	837
Moorebank voluntary acquisition reserve	<b>83</b>	83
<b>Total internal restrictions</b>	<b>29,958</b>	<b>13,132</b>
<b>Total restrictions</b>	<b>326,385</b>	<b>264,463</b>

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

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Rates and annual charges	8,797	153	7,798	40
Interest and extra charges	505	–	536	–
User charges and fees	4,138	–	3,846	–
Accrued revenues				
– Interest on investments	548	–	713	–
– Other income accruals	5,162	–	3,640	–
Net investment in finance lease	–	–	–	–
Net GST receivable	1,417	–	2,015	–
Other debtors	112	164	112	40
<b>Total</b>	<b>20,679</b>	<b>317</b>	<b>18,660</b>	<b>80</b>
<b>Less: provision of impairment</b>				
User charges and fees	(606)	–	(805)	–
<b>Total provision for impairment – receivables</b>	<b>(606)</b>	<b>–</b>	<b>(805)</b>	<b>–</b>
<b>Total net receivables</b>	<b>20,073</b>	<b>317</b>	<b>17,855</b>	<b>80</b>
<b>Externally restricted receivables</b>				
Domestic waste management	2,417	–	1,978	–
Town improvement	105	–	98	–
Other				
– Environmental levy	128	–	111	–
<b>Total external restrictions</b>	<b>2,650</b>	<b>–</b>	<b>2,187</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>17,423</b>	<b>317</b>	<b>15,668</b>	<b>80</b>
<b>Total net receivables</b>	<b>20,073</b>	<b>317</b>	<b>17,855</b>	<b>80</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	805	600
+ new provisions recognised during the year	502	702
Unused amounts reversed	(671)	(408)
– amounts already provided for and written off this year	(30)	(89)
<b>Balance at the end of the year</b>	<b>606</b>	<b>805</b>

## C1-4 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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, or when the receivables are over 365 days past due, whichever occurs first.

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	289	–	232	–
<b>Total inventories at cost</b>	<b>289</b>	<b>–</b>	<b>232</b>	<b>–</b>
<b>Total inventories</b>	<b>289</b>	<b>–</b>	<b>232</b>	<b>–</b>

### Accounting policy

Council stocks common use items and the value of these items is held at cost, adjusted where applicable for any loss of service potential.

Inventory items are held at the lower of cost and net realisable value

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	101,310	–	101,310	9,265	59,492	–	–	–	(48,180)	(41)	–	–	121,846	–	121,846
Plant and equipment	22,947	(16,881)	6,066	–	1,577	–	(13)	(2,334)	3,632	43	–	–	27,349	(18,378)	8,971
Office equipment	6,874	(4,648)	2,226	–	–	–	–	(587)	432	43	–	–	7,349	(5,235)	2,114
Furniture and fittings	3,287	(2,282)	1,005	–	–	–	–	(186)	147	–	–	–	3,434	(2,468)	966
<b>Land:</b>															
– Operational land	238,501	–	238,501	–	–	–	–	–	18,138	–	–	34,897	291,536	–	291,536
– Community land	317,735	–	317,735	–	–	6,022	(4)	–	7,644	(1)	(5,835)	–	325,561	–	325,561
– Crown land	44,164	–	44,164	–	–	–	–	–	–	–	(90)	–	44,074	–	44,074
– Land under roads (post 30/6/08)	22,128	–	22,128	–	3,505	–	–	–	20	–	(14)	–	25,639	–	25,639
Land improvements – non-depreciable	16,969	–	16,969	–	–	–	–	–	1,083	1	–	–	18,053	–	18,053
Land improvements – depreciable	342	(50)	292	–	–	–	–	(5)	–	(1)	–	–	342	(56)	286
<b>Infrastructure:</b>															
– Roads	1,488,371	(285,926)	1,202,445	16,129	37,756	–	(2,706)	(19,055)	3,829	3,964	(422)	–	1,544,331	(302,391)	1,241,940
– Other structures	6,864	(1,051)	5,813	571	–	–	(39)	(173)	47	90	(4)	–	7,520	(1,215)	6,305
– Stormwater drainage	646,328	(104,393)	541,935	1,624	24,048	–	(199)	(5,811)	274	565	(19)	–	672,579	(110,162)	562,417
– Buildings – non-specialised	388,468	(164,569)	223,899	6,495	399	–	(1,083)	(8,543)	1,429	1,936	(5,926)	–	397,150	(178,544)	218,606
– Other open space/recreational assets	79,549	(15,476)	64,073	2,373	1	–	(224)	(3,291)	10,909	(6,558)	(24)	–	85,948	(18,689)	67,259
<b>Other assets:</b>															
– Heritage collections	1,654	(1,377)	277	–	–	–	–	(124)	–	–	–	–	1,654	(1,501)	153
– Library books	4,687	(2,865)	1,822	–	–	–	(141)	(600)	596	1	–	–	4,281	(2,603)	1,678
<b>Total infrastructure, property, plant and equipment</b>	<b>3,390,178</b>	<b>(599,518)</b>	<b>2,790,660</b>	<b>36,457</b>	<b>126,778</b>	<b>6,022</b>	<b>(4,409)</b>	<b>(40,709)</b>	<b>–</b>	<b>42</b>	<b>(12,334)</b>	<b>34,897</b>	<b>3,578,646</b>	<b>(641,242)</b>	<b>2,937,404</b>

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	74,723	–	74,723	12,075	37,703	–	–	(26,340)	3,149	–	101,310	–	101,310
Plant and equipment	21,280	(15,860)	5,420	–	–	(3)	(2,041)	2,690	–	–	22,947	(16,881)	6,066
Office equipment	6,091	(4,241)	1,850	–	–	(15)	(531)	922	–	–	6,874	(4,648)	2,226
Furniture and fittings	3,160	(2,101)	1,059	–	–	–	(181)	127	–	–	3,287	(2,282)	1,005
<b>Land:</b>													
– Operational land	239,899	–	239,899	–	–	(4,006)	–	4,765	(606)	(1,551)	238,501	–	238,501
– Community land	305,299	–	305,299	–	–	–	–	–	–	12,436	317,735	–	317,735
– Crown land	44,919	–	44,919	–	–	–	–	–	–	(755)	44,164	–	44,164
– Land under roads (post 30/6/08)	19,939	–	19,939	–	2,189	–	–	–	–	–	22,128	–	22,128
Land improvements – non-depreciable	16,969	–	16,969	1,105	–	–	–	733	(1,838)	–	16,969	–	16,969
Land improvements – depreciable	342	(45)	297	–	–	–	(5)	–	–	–	342	(50)	292
<b>Infrastructure:</b>													
– Buildings – non-specialised	380,287	(155,860)	224,427	2,875	–	(303)	(7,532)	3,661	1,370	(599)	388,468	(164,569)	223,899
– Other structures	6,381	(899)	5,482	378	23	(16)	(153)	322	(223)	–	6,864	(1,051)	5,813
– Roads	1,438,394	(268,542)	1,169,852	12,345	32,963	(3,982)	(18,557)	12,124	(1,716)	(584)	1,488,371	(285,926)	1,202,445
– Stormwater drainage	629,946	(98,498)	531,448	2,001	14,452	(29)	(5,613)	35	(350)	(9)	646,328	(104,393)	541,935
– Other open space/recreational assets	77,547	(12,419)	65,128	1,909	87	(342)	(3,166)	243	214	–	79,549	(15,476)	64,073
<b>Other assets:</b>													
– Heritage collections	1,654	(1,213)	441	–	–	–	(164)	–	–	–	1,654	(1,377)	277
– Library books	5,065	(3,107)	1,958	–	–	(158)	(696)	718	–	–	4,687	(2,865)	1,822
<b>Total infrastructure, property, plant and equipment</b>	<b>3,271,895</b>	<b>(562,785)</b>	<b>2,709,110</b>	<b>32,688</b>	<b>87,417</b>	<b>(8,854)</b>	<b>(38,639)</b>	<b>–</b>	<b>–</b>	<b>8,938</b>	<b>3,390,178</b>	<b>(599,518)</b>	<b>2,790,660</b>

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

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

### Accounting policy

#### (i) Acquisition of assets

Council's non-current assets are progressively revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment.

At reporting date, the following classes of infrastructure, property, plant and equipment were stated at their fair value:

- Plant and equipment (as approximated by depreciated historical cost)
- Office equipment (as approximated by depreciated historical cost)
- Furniture & Fittings (as approximated by depreciated historical cost)
- Operational land: unrestricted (external valuation)
- Operational land: zoned with restrictions (external valuation)
- Community land (external valuation)
- Land under roads: post 30 June 2008 - (Internal valuation)
- Land improvements (as approximated by depreciated historical cost)
- Buildings – specialised/non-specialised (internal valuation)
- Other structures (Internal and external valuation)
- Road assets - roads, bridges and footpaths (Internal and external valuation)
- Bulk earthworks (Internal and external valuation)
- Drainage assets (Internal and external valuation)
- Other open space/recreational assets (Internal and external valuation)
- Other assets (as approximated by depreciated historical cost)

#### (ii) Initial recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

#### (iii) Subsequent costs

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.

#### (iv) Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
  - to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
  - net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.
- Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Desktop valuation of roads, bridges, footpaths and drainage assets was performed as at 30 June 2018 that resulted in indices applied to their carrying values. Council used producer price index to adjust the carrying amounts. Full revaluations are undertaken for all assets on a 5-year cycle. Assets were last comprehensively revalued as per below:

Roads, bridges, footpaths, drainage, bulk earth works, other road assets - 30 June 2019

Other structures, Other Open Space/recreational assets - 30 June 2019

Land under roads - 30 June 2017

Community land - 30 June 2017

Crown land - 30 June 2018

Operational land and buildings - 30 June 2018

#### (v) Capitalisation thresholds

Items of infrastructure, property, plant and equipment costing in excess of \$1000 are capitalised.

#### (vi) Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is initially calculated using their design lives tabulated below and allocated on a straight-line method. Land is not depreciated.



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

Plant and equipment	5 to 10 years
Office equipment	5 to 10 years
Furniture & Fittings	5 to 10 years
Land improvements	100 years
Buildings	20 to 100 years
Other structures	3 to 20 years
Road assets	15 to 100 years
Bulk earthworks	Infinite
Drainage	100 years
Open Space recreational assets	5 to 20 years
Other assets	5 to 20 years

All asset useful lives are reviewed and adjusted (if appropriate) at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount - refer note C1-6 on asset impairment.

### (vii) Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

### (viii) Dedicated Assets

Section 7.4 of the *Environmental Planning and Assessment Act 1979 (NSW)* provides NSW Councils a legal framework to enter into planning agreements. These are voluntary agreements where the developer may dedicate land, pay monetary contributions, or provide a material public benefit (or a combination of these) which the council must then apply toward a public purpose. These assets are valued at asset replacement unit rates. The value of such assets received during the reporting year is included in the Income Statement as "Grants & Contributions provided for capital purposes" and forms part of Council's asset base at reporting date.

### (ix) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

#### Land under roads

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

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

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

Council uses average unit value of the land within council area to value land under roads. Land value is determined by the Valuer General and discounted by 90% using Englobo method to reflect the restricted use of land under roads.

The value of land under roads dedicated to Council in the current year is included in Income Statement as "Grants & Contributions provided for Capital Purposes" and forms part of Council's asset base at reporting date.

#### 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.

#### Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

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

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Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

### **Rural Fire Service assets**

Under section 119 of the *Rural Fires Act 1997*, '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'.

LCC has assessed the RFS firefighting equipment that are vested under its control and recognised the carrying value of those assets in its financial statement. The accounting treatment used to record these assets remained same as it is disclosed in note C1-6 (ii)

## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,924	4,418
Accumulated amortisation	(467)	(3,171)
<b>Net book value – opening balance</b>	<b>1,457</b>	<b>1,247</b>
<b>Movements for the year</b>		
Other movements	444	2,439
Purchases	585	1,047
Amortisation charges	(405)	(286)
Gross book value written off	(125)	(3,533)
Accumulated amortisation charges written off	48	543
<b>Closing values at 30 June</b>		
Gross book value	2,798	1,924
Accumulated amortisation	(794)	(467)
<b>Total software – net book value</b>	<b>2,004</b>	<b>1,457</b>
<b>Total intangible assets – net book value</b>	<b>2,004</b>	<b>1,457</b>

### Accounting policy

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### **Buildings**

Council leases land and buildings for their corporate offices and other buildings; the leases are generally between 2 and 7 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

#### **Vehicles**

Council leases vehicles and equipment with lease terms varying from 2 to 3 years; the lease payments are fixed during the lease term and there is generally no renewal option.

#### **Office and IT equipment**

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 4 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### **Extension options**

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

## C2-1 Council as a lessee (continued)

### (a) Right of use assets

\$ '000	Land and Buildings	Vehicles	Office and IT Equipment	Total
<b>2021</b>				
Opening balance at 1 July	5,829	1,287	124	7,240
Additions	6	637	–	643
Depreciation charge	(1,121)	(1,108)	(41)	(2,270)
Impairment	–	–	–	–
<b>Balance at 30 June</b>	<b>4,714</b>	<b>816</b>	<b>83</b>	<b>5,613</b>
<b>2020</b>				
Adoption of AASB 16 at 1 July 2019	7,032	973	165	8,170
Additions	21	1,290	–	1,311
Depreciation charge	(1,223)	(977)	(41)	(2,241)
Impairment	–	–	–	–
<b>Balance at 30 June</b>	<b>5,829</b>	<b>1,287</b>	<b>124</b>	<b>7,240</b>

### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	1,620	4,124	1,943	5,278
<b>Total lease liabilities</b>	<b>1,620</b>	<b>4,124</b>	<b>1,943</b>	<b>5,278</b>

### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	1,762	4,336	–	6,098	5,744
<b>2020</b>					
Cash flows	2,129	4,924	695	7,748	7,221

### (d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	194	220
Variable lease payments based on usage not included in the measurement of lease liabilities	–	418
Depreciation of right of use assets	2,270	2,241
Expenses relating to short-term leases	22	351
Expenses relating to low-value leases	540	402
	<b>3,026</b>	<b>3,632</b>

## C2-1 Council as a lessee (continued)

\$ '000	2021	2020
<b>(e) Statement of Cash Flows</b>		
Total cash outflow for leases	2,875	2,956
	<b>2,875</b>	<b>2,956</b>

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

### Accounting policy

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

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

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

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

\$ '000	2021	2020
Lease income (excluding variable lease payments not dependent on an index or rate)	3,367	3,243
<b>Total income relating to operating leases for investment property assets</b>	<b>3,367</b>	<b>3,243</b>

### (i) Assets held as property, plant and equipment

## C2-2 Council as a lessor (continued)

\$ '000	2021	2020
Details of the PPE leases		
Council provides operating leases on Council buildings for the purpose of rent, the table below relates to operating leases on assets disclosed in C1-6.		
Lease income relating to variable lease payments not dependent on an index or a rate	3,033	3,243
<b>Other Lease Income</b>		
Leaseback Fees - Council Vehicles	(2,153)	(2,311)
<b>Total income relating to operating leases for Council assets</b>	<b>880</b>	<b>932</b>

### (ii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	2,675	2,610
1–2 years	2,742	2,432
2–3 years	–	2,266
<b>Total undiscounted lease payments to be received</b>	<b>5,417</b>	<b>7,308</b>

### Accounting policy

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	10,042	–	13,770	–
Accrued expenses:				
– Borrowings	170	–	227	–
– Other expenditure accruals	7,581	–	5,799	–
Advances	31	–	25	–
Security bonds, deposits and retentions	3,828	8,861	1,102	9,285
Prepaid rates	1,537	–	1,253	–
<b>Total payables</b>	<b>23,189</b>	<b>8,861</b>	<b>22,176</b>	<b>9,285</b>
<b>Income received in advance</b>				
Payments received in advance	3	–	–	–
<b>Total income received in advance</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total payables</b>	<b>23,192</b>	<b>8,861</b>	<b>22,176</b>	<b>9,285</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total payables relating to unrestricted assets</b>	<b>23,192</b>	<b>8,861</b>	<b>22,176</b>	<b>9,285</b>
<b>Total payables</b>	<b>23,192</b>	<b>8,861</b>	<b>22,176</b>	<b>9,285</b>



## C3-1 Payables (continued)

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	959	276
<b>Total payables</b>	<b>959</b>	<b>276</b>

### Accounting policy

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

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

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

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current Restated	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	12,718	–	55	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,181	612	3,512	31
Unexpended capital contributions (to construct Council controlled assets)	(i)	68	179	–	10
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	792	28	594	–
<b>Total grants received in advance</b>		<b>15,759</b>	<b>819</b>	<b>4,161</b>	<b>41</b>
<b>User fees and charges received in advance:</b>					
Other		7,239	174	5,284	222
<b>Total user fees and charges received in advance</b>		<b>7,239</b>	<b>174</b>	<b>5,284</b>	<b>222</b>
<b>Total contract liabilities</b>		<b>22,998</b>	<b>993</b>	<b>9,445</b>	<b>263</b>

### 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.

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

\$ '000	2021	2020
<b>User fees and charges received in advance:</b>		
Other	–	–
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>–</b>	<b>–</b>

### Significant changes in contract liabilities

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

### Accounting policy

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

## C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured <sup>1</sup>	8,858	54,012	6,190	32,087
<b>Total borrowings</b>	<b>8,858</b>	<b>54,012</b>	<b>6,190</b>	<b>32,087</b>

(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 E1-1.

### Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
LIRS Borrowings	2,506	6,025	2,395	8,531
Borrowings relating to externally restricted assets	2,506	6,025	2,395	8,531
<b>Total borrowings relating to restricted assets</b>	<b>2,506</b>	<b>6,025</b>	<b>2,395</b>	<b>8,531</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>6,352</b>	<b>47,987</b>	<b>3,795</b>	<b>23,556</b>
<b>Total borrowings</b>	<b>8,858</b>	<b>54,012</b>	<b>6,190</b>	<b>32,087</b>

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

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

#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,277	24,593	–	–	–	–	62,870
Lease liability (Note C2-1 (b))	7,221	(1,477)	–	–	–	–	5,744
<b>Total liabilities from financing activities</b>	<b>45,498</b>	<b>23,116</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>68,614</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	45,698	(7,421)	–	–	–	–	38,277
Lease liability (Note C2-1b)	–	7,221	–	–	–	–	7,221
<b>Total liabilities from financing activities</b>	<b>45,698</b>	<b>(200)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45,498</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities	500	500

### C3-3 Borrowings (continued)

\$ '000	2021	2020
Credit cards/purchase cards	6,550	6,550
Standby credit facilities	3,500	3,500
Bank Guarantees	5,000	5,000
<b>Total financing arrangements</b>	<b>15,550</b>	<b>15,550</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	5	6
– Bank Guarantees	4,705	3,534
<b>Total drawn financing arrangements</b>	<b>4,710</b>	<b>3,540</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	6,545	6,544
– Standby credit facilities	3,500	3,500
– Bank Guarantees	295	1,466
<b>Total undrawn financing arrangements</b>	<b>10,840</b>	<b>12,010</b>

#### Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loan terms and conditions, including repayments

#### Security over loans

In accordance with Section 229 of the *Local Government (General) Regulation 2005*, (NSW), all loans are secured as a charge of Council's general income.

#### Bank overdrafts

During the current and prior year, Council did not use its bank overdraft facility.

#### Accounting policy

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.

## C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	8,557	–	7,838	–
Sick leave	201	–	202	–
Long service leave	12,355	930	11,684	879
Other leave	1,307	–	1,365	–
<b>Total employee benefit provisions</b>	<b>22,420</b>	<b>930</b>	<b>21,089</b>	<b>879</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee's benefits	16,815	15,817
	<b>16,815</b>	<b>15,817</b>

### Description of and movements in non-employee benefit provisions

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

## C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Other provisions</b>				
Self-insurance – workers compensation	920	2,720	760	2,230
Other	324	990	771	277
<b>Sub-total – other provisions</b>	<b>1,244</b>	<b>3,710</b>	<b>1,531</b>	<b>2,507</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	4,024	–	–	–
Site Contamination	1,922	–	3,008	–
<b>Sub-total – asset remediation/restoration</b>	<b>5,946</b>	<b>–</b>	<b>3,008</b>	<b>–</b>
<b>Total provisions</b>	<b>7,190</b>	<b>3,710</b>	<b>4,539</b>	<b>2,507</b>
<b>Total provisions relating to unrestricted assets</b>	<b>7,190</b>	<b>3,710</b>	<b>4,539</b>	<b>2,507</b>
<b>Total provisions</b>	<b>7,190</b>	<b>3,710</b>	<b>4,539</b>	<b>2,507</b>

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

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

### Description of and movements in provisions

\$ '000	Other provisions			Net carrying amount
	Self insurance	Asset remediation	Other	
<b>2021</b>				
At beginning of year	2,990	3,008	1,048	7,046
Additional provisions	650	6,787	898	8,335
Amounts used (payments)	–	(3,849)	(157)	(4,006)
Unused amounts reversed	–	–	(475)	(475)
<b>Total other provisions at end of year</b>	<b>3,640</b>	<b>5,946</b>	<b>1,314</b>	<b>10,900</b>
<b>2020</b>				
At beginning of year	2,420	4,925	2,453	9,798
Additional provisions	570	–	543	1,113
Amounts used (payments)	–	(1,917)	(1,948)	(3,865)
Unused amounts reversed	–	–	–	–
<b>Total other provisions at end of year</b>	<b>2,990</b>	<b>3,008</b>	<b>1,048</b>	<b>7,046</b>

### Nature and purpose of provisions

#### Hazardous Waste Remediation/Site Contamination

Various sites within the Liverpool LGA were identified as contaminated with hazardous waste and requires appropriate Environment Protection Authority (EPA) approved remediation procedures. Provision is made for estimated costs to carry out identified works.

#### Self-insurance: Workers Compensation

Council is a licenced self-insurer for the purposes of workers compensation and as such is required to demonstrate to the State Insurance Regulatory Authority (SIRA) its financial viability to meet its outstanding claims liability. Provision for self-insurance is based on annual actuarial valuation. Council engaged David G Hart Consulting Pty Ltd to conduct valuation of its outstanding claims liability as at 30 June 2021. The estimated liability is projected based on Council's current and past claims in accordance with SIRA estimation guidelines. Following SIRA's assessment of the actuarial report, Council is also required to provide a bank guarantee as security against its outstanding claims liability – refer Note E3-1.

#### Other

## C3-5 Provisions (continued)

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Council has recognised estimated costs of other known obligations at the end of reporting period.

### Accounting policy

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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

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



## D Council structure

### D1 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	–	7,112
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>–</b>	<b>7,112</b>
<b>Total Council's share of net assets</b>	<b>–</b>	<b>7,112</b>

#### D1-1 Interests in joint arrangements

## D1-1 Interests in joint arrangements (continued)

### Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Civic Risk West	Joint Venture	601 High Street, Penrith NSW 2750	0.0%	15.3%	–	6,441
Civic Risk	Joint Venture	601 High Street, Penrith NSW 2750	0.0%	9.4%	–	670
<b>Total carrying amounts – material joint ventures</b>					<b>–</b>	<b>7,111</b>

**Council's Investment in Civic Risk is now disclosed in C1-2 Investment due to a change in Operating Structure as at 01/07/2020. Council has used the Income approach method since 01/07/2020**

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128*

Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

### Details

	Principal activity	Measurement method
Civic Risk	Self Insurance	Equity Accounting
Civic Risk West	Self Insurance	Equity Accounting

### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Civic Risk	0.0%	9.4%	0.0%	5.3%
Civic Risk West	0.0%	15.3%	0.0%	7.7%

## D1-1 Interests in joint arrangements (continued)

### Summarised financial information for joint ventures

\$ '000	Civic Risk		Civic Risk West	
	2021	2020	2021	2020
<b>Dividends received by Council</b>	–	1,467	–	–
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	6,177	–	14,665
Other current assets	–	5,924	–	15,584
<b>Non-current assets</b>	–	5,102	–	33,048
<b>Current liabilities</b>				
Current financial liabilities (excluding trade and other payables and provisions)	–	(5,923)	–	(8,617)
Other current liabilities	–	(490)	–	(4,561)
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(3,635)	–	(7,999)
<b>Net assets</b>	<b>–</b>	<b>27,251</b>	<b>–</b>	<b>84,474</b>
<b>Statement of comprehensive income</b>				
Income	–	14,679	–	7,969
Interest income	–	205	–	1,321
Interest expense	–	–	–	(18)
Other expenses	–	(14,673)	–	(6,091)
<b>Profit/(loss) from continuing operations</b>	<b>–</b>	<b>211</b>	<b>–</b>	<b>3,181</b>
<b>Profit/(loss) for the period</b>	<b>–</b>	<b>211</b>	<b>–</b>	<b>3,181</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>211</b>	<b>–</b>	<b>3,181</b>
<b>Share of income – Council (%)</b>	<b>0.0%</b>	9.4%	<b>0.0%</b>	15.3%
<b>Profit/(loss) – Council (\$)</b>	<b>–</b>	20	<b>–</b>	487
<b>Total comprehensive income – Council (\$)</b>	<b>–</b>	20	<b>–</b>	487
<b>Summarised Statement of cash flows</b>				
Cash flows from operating activities	–	1,614	–	(1,887)
Cash flows from investing activities	–	2,750	–	12,681
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>–</b>	<b>4,364</b>	<b>–</b>	<b>10,794</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	<b>7,155</b>	6,944	<b>51,988</b>	47,340
Other adjustments to equity	–	–	–	1,467
Profit/(loss) for the period	–	211	–	3,181
<b>Closing net assets</b>	<b>7,155</b>	<b>7,155</b>	<b>51,988</b>	<b>51,988</b>
<b>Council's share of net assets (%)</b>	<b>0.0%</b>	9.4%	<b>0.0%</b>	15.3%
<b>Council's share of net assets (\$)</b>	<b>–</b>	2,562	<b>–</b>	12,925

### Fair value of investment

\$ '000	Quoted fair value	
	2021	2020
Civic Risk	–	670
Civic Risk West	–	6,441

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	168,807	114,162	168,807	114,162
Receivables	20,390	17,935	20,390	17,935
Investments				
– Debt securities at amortised cost	37,000	25,000	37,000	25,000
<b>Fair value through profit and loss</b>				
Investments				
– Held for trading	152,175	161,468	144,550	161,468
<b>Total financial assets</b>	<b>378,372</b>	<b>318,565</b>	<b>370,747</b>	<b>318,565</b>
<b>Financial liabilities</b>				
Payables	32,050	31,461	32,050	31,460
Loans/advances	62,870	38,277	62,870	38,277
<b>Total financial liabilities</b>	<b>94,920</b>	<b>69,738</b>	<b>94,920</b>	<b>69,737</b>

Fair value is determined as follows:

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

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

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

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

The risks associated with the financial instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

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

- **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 – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,900	2,428
Impact of a 10% movement in price of investments		
– Equity / Income Statement	14,455	16,147

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

### (b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	6,192	1,327	861	570	8,950
<b>2020</b>						
Gross carrying amount	–	5,981	678	714	465	7,838

#### Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	6,028	3,705	529	246	1,538	12,046
Expected loss rate (%)	60.00%	60.00%	60.00%	60.00%	100.00%	65.11%
<b>ECL provision</b>	<b>3,617</b>	<b>2,223</b>	<b>317</b>	<b>148</b>	<b>1,538</b>	<b>7,843</b>
<b>2020</b>						
Gross carrying amount	6,368	2,249	39	298	1,412	10,366
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	57.01%	7.77%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>805</b>	<b>805</b>

## E1-1 Risks relating to financial instruments held (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 (refer to Note C2-1 (b) for lease liabilities) and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	3.76%	12,689	17,824	–	–	30,513	30,513
Loans and advances	3.76%	–	10,567	40,834	18,639	70,040	62,870
Lease liabilities	3.76%	–	–	–	–	–	–
<b>Total financial liabilities</b>		<b>12,689</b>	<b>28,391</b>	<b>40,834</b>	<b>18,639</b>	<b>100,553</b>	<b>93,383</b>
<b>2020</b>							
Trade/other payables	4.30%	10,387	19,820	–	–	30,207	30,208
Loans and advances	4.30%	–	7,521	27,950	7,701	43,172	38,277
Lease liabilities	4.30%	–	–	–	–	–	–
<b>Total financial liabilities</b>		<b>10,387</b>	<b>27,341</b>	<b>27,950</b>	<b>7,701</b>	<b>73,379</b>	<b>68,485</b>

## E2-1 Fair value measurement

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The Council measures the following assets and liabilities at fair value on a recurring basis.

- Financial assets - Investments
- Infrastructure, property, plant and equipment

### *Fair value hierarchy*

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* - Unobservable inputs for the asset or liability.

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



## E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		144,550	161,468	–	–	144,550	161,468
<b>Total financial assets</b>		<b>144,550</b>	<b>161,468</b>	<b>–</b>	<b>–</b>	<b>144,550</b>	<b>161,468</b>
<b>Infrastructure, property, plant and equipment</b>							
	C1-6						
– Operational land		–	–	291,536	238,501	291,536	238,501
– Community land		–	–	369,635	361,899	369,635	361,899
– Land under roads		–	–	25,639	22,128	25,639	22,128
– Buildings (specialised and non-specialised)		–	–	218,606	223,899	218,606	223,899
– Roads, Bridges & Footpaths		–	–	1,241,940	1,202,445	1,241,940	1,202,445
– Storm water drainage		–	–	562,417	541,935	562,417	541,935
– Other assets		–	–	227,631	199,853	227,631	199,853
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>2,937,404</b>	<b>2,790,660</b>	<b>2,937,404</b>	<b>2,790,660</b>
<b>Non-recurring fair value measurements</b>							

## E2-1 Fair value measurement (continued)

### Valuation techniques

The Council's financial assets relate investments in Floating Rate Notes and Mortgage Backed Securities. Investments in Floating Rate Notes and Mortgage Backed Securities are reported at market values. The information included under Note C1-2 for Term Deposits is considered sufficient to meet the Fair Value disclosures requirements.

The Council does not have any liabilities which are fair valued.

### Financial Assets - Investments

Investments are measured at Level 2 Inputs.

Investments in Floating Rate Notes and Reverse Back Mortgages are carried at fair value. Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The valuation method used for the reporting year for financial assets listed above is consistent with prior years' measurement techniques.

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### Infrastructure, property, plant and equipment (IPPE)

Council reported Infrastructure, Property, Plant and Equipment using Level 3 Inputs- Unobservable inputs for which market data are not readily available.

#### Valuation processes

Council's infrastructure assets (Roads, Drainage, Bridges, Footpath and Parks assets) are annually indexed to reflect their current replacement cost (CRC). The written down value of Plant & Equipment, Office Equipment, Heritage and Library books are considered a close proxy for their fair values therefore are not revalued. Assets. A comprehensive revaluation of Infrastructure assets and Building, Community, Operational Land and Land under Roads assets is carried out every 5 years in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment. Further details of the revaluations policy are provided under note A1-1(l).

#### Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were last revalued in the 30 June 2018 financial year and the fair values were determined by Scott Fullarton Valuations Pty Ltd.

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

#### Land (Operational, Community and Land Under Road)

The Council engages external, independent and qualified valuers to determine the fair value of Operational Land. Operational land was last revalued as at 30 June 2018.

Community Land is valued using the Valuer General Valuations and Land Under Road (LUR) is valued at the average unit rate derived from Valuer General (VG) land values discounted by 90%.

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

The fair value for community land has been determined using the Valuer General (VG) land values and appropriate adjustments are also made for decline in value due to contamination.

Land under roads has been valued based on the average Valuer General (VG) land values discounted by 90%.

Each class of assets for Property Plant and Equipment are revalued on a 3 to 5 year cycle using various methods; Independent external valuation for Buildings, Operational Land and Land under Road, Valuer General land values for Community Land, depreciated cost for Plant & Equipment, library books etc. Council uses external consultants for current replacement unit rates to fair value Infrastructure assets (Roads, Bridges Drainage etc.).

## E2-1 Fair value measurement (continued)

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Current use of some of the assets noted above reflects the highest and best use.

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

- **Civic Risk West and Civic Risk Mutual**

Council is member of Civic Risk West and Civic Risk Mutual schemes (now managed by Civic Risk Mutual Limited) providing insurance to Local Government.

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

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

- **Bank Guarantees**

#### *Workers Compensation Self Insurance*

Council is a self-insurer for Workers Compensation and as a condition of its self-insurance license requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment.

Council Actuarial Assessment as at 30 June this year recommended that the current Bank Guarantee of \$3.05 million be increased to \$3.31 million. At the time of preparing the Annual Financial Statements the actuarial assessment and the recommended increase had not been reviewed and confirmed by State Insurance Regulatory Authority (SIRA).

#### *Sydney Water Corporation*

Council undertakes various roadworks in the Liverpool LGA which may, in some instances, require relocating Water mains belonging to Sydney Water Corporation. Prior to commencement of the work Council is required to lodge a bank guarantee or provide a cash bond to Sydney Water Corporation. As at 30 June this year, Sydney Water Corporation held bank guarantees for a total amount of \$1.378 million issued in its favour by Council bank.

#### 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.

1. Council has identified future claims resulting from its planning and compliance determinations. Council and its legal representatives are working with affected developers and landowners to resolve disagreements and compensation claims. At the time of reporting a reliable estimate of potential liability is not available.
2. Council is continuing to identify sites within the local government area containing hazardous materials which require remediation works. Cost to Council to carry out these works is not known.
3. Council has been notified of Common Law Works Compensation Claim proceedings. Cost of compensation for economic loss due to on-going incapacity to work as a result of the injury at work is not known.
4. Council in collaboration with NSW State Government is participating in Moorebank Voluntary Acquisition Scheme which involves progressive acquisition of 175 properties within the floodway of the Georges River. To date Council has purchased 116 properties and 59 properties remain to be purchased to complete the scheme and is currently projected to take another 50-70 years. The cost of acquisition is shared by the Council (33%) and NSW State Government (67%). All the time of reporting a reliable cost exposure to Council is not available.

##### (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 (& subsequent land asset) from such potential acquisitions has not been possible.

## E3-1 Contingencies (continued)

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### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account Land under Roads that it owned or controlled up to & including 30 June 2008.

#### (ii) Infringement notices/fines

Fines & 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 at year end is to accrue a percentage of outstanding notices based on history or actual fines.

#### (iii) American Express Corporate Card Reward Points

Council earns reward points on its American Express Corporate Card Program and is only available for redemption for business travel and accommodation purposes. The value of points redeemed during the year is recognised as notional income and expenditure. At the end of reporting period, Council had accrued balance of 34.14 million points with an estimated value of \$ 0.17 million which was not recognised as an asset.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

- (a) Mayor;
- (b) Councillors;
- (c) Chief Executive Officer;
- (d) Directors; and
- (e) The Responsible Accounting Officer

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

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	3,068	3,233
Post-employment benefits	242	251
Other long-term benefits	—	—
Termination benefits	373	216
<b>Total</b>	<b>3,683</b>	<b>3,700</b>

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

Council has determined that there were no material transactions at arm's length with KMP and their related parties as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP).

## F1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' fees	<b>335</b>	335
Mayoral fee	<b>89</b>	89
Other Councillors' expenses (including Mayor)	<b>51</b>	71
<b>Total</b>	<b>475</b>	<b>495</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2021	2020
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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:

##### Audit and other assurance services

Audit and review of financial statements

	160	159
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##### Remuneration for audit and other assurance services

	160	159
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##### Total Auditor-General remuneration

	160	159
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##### Total audit fees



## G Other matters

### G1-1 Statement of Cash Flows information

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

	2021	2020 Restated
<b>\$ '000</b>		
<b>Net operating result from Income Statement</b>	<b>134,465</b>	94,656
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	43,384	41,166
Net losses/(gains) on disposal of assets	3,518	(909)
Non-cash capital grants and contributions	(69,085)	(45,899)
Adoption of AASB 15/1058	–	18
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(1,724)	(325)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	–	116
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(437)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(2,256)	3,184
Increase/(decrease) in provision for impairment of receivables	(199)	205
Decrease/(increase) in inventories	(57)	(110)
Decrease/(increase) in other current assets	(1,839)	82
Increase/(decrease) in payables	(3,728)	2,023
Increase/(decrease) in accrued interest payable	(57)	–
Increase/(decrease) in other accrued expenses payable	1,782	2,640
Increase/(decrease) in other liabilities	2,595	510
Increase/(decrease) in contract liabilities	14,283	5,234
Increase/(decrease) in provision for employee benefits	1,382	1,831
Increase/(decrease) in other provisions	3,854	(2,752)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>126,318</b>	101,233

#### (b) Non-cash investing and financing activities

Section 7.11 Developer contributions 'in kind'	1,800	–
Other dedications RFS Plant and Equipment	1,577	–
Dedications	65,708	45,899
<b>Total non-cash investing and financing activities</b>	<b>69,085</b>	45,899

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Liverpool Civic Place	178,372	194,129
Buildings	2,231	4,474
Drainage	1,363	771
Parks	5,843	23,940
Roads	3,943	9,030
Other – IT Equipment	2,412	2,999
<b>Other – Land Improvement</b>	–	222
<b>Other - Office Furniture and Fixture</b>	48	303
<b>Other - Plant and Fleet</b>	3,085	2,572
<b>Total commitments</b>	<b>197,297</b>	<b>238,440</b>

#### These expenditures are payable as follows:

Within the next year	98,865	44,511
Later than one year and not later than 5 years	98,432	193,929
<b>Total payable</b>	<b>197,297</b>	<b>238,440</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	18,899	23,920
Sect 64 and 7.11 funds/reserves	3,403	8,232
Unexpended grants	4,640	18,919
Externally restricted reserves	14	1,371
Internally restricted reserves	4,901	4,498
Loan Borrowings	160,940	177,000
Developer Rights/DA Fees	4,500	4,500
<b>Total sources of funding</b>	<b>197,297</b>	<b>238,440</b>

### G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Changes in accounting policy

#### Changes in accounting policies due to adoption of new accounting standards

During the year ended 30 June 2021, the Council has adopted AASB 1059 *Service Concession Arrangements and associated Accounting Interpretations*.

The adoption of this standard had no impact on the financial statements.

### G4-2 Correction of errors

#### Nature of prior-period error

Council did not appropriately account for development application fees under AASB 15 'Revenue from Contracts with Customer' which was effective in the prior year. Council erroneously recognised the development application fees as revenue on the date the funds were received. However, AASB 15 requires council to recognise revenue when council satisfies the performance obligation, which is when the outcome of the application is provided to the applicant. Revenue from applications not determined should have been recognised as a contract liability.

Council has corrected the errors by restating contract liabilities at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to accumulated surplus at that date. The comparatives have been changed to reflect the correction of the error above. The impact on each line item is shown in the tables below.

#### Changes to the opening Statement of Financial Position at 1 July 2019

##### Statement of Financial Position

\$ '000	Notes	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
<b>Total assets</b>		<b>3,012,411</b>	<b>–</b>	<b>3,012,411</b>
Contract Liabilities - Current	C3-2	–	3,293	3,293
<b>Total liabilities</b>		<b>101,920</b>	<b>3,293</b>	<b>105,213</b>
<b>Net assets</b>		<b>2,910,491</b>	<b>(3,293)</b>	<b>2,907,198</b>
Accumulated Surplus (thru Income Statement)	C4-1	(1,821,584)	(3,293)	(1,824,877)
<b>Total equity</b>		<b>2,910,491</b>	<b>(3,293)</b>	<b>2,907,198</b>

#### Adjustments to the comparative figures for the year ended 30 June 2020

##### Statement of Financial Position

\$ '000	Notes	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Contract Liabilities - Current	C3-2	4,971	4,474	9,445
<b>Total current liabilities</b>		<b>111,206</b>	<b>4,474</b>	<b>115,680</b>
<b>Net assets</b>		<b>3,015,348</b>	<b>(4,474)</b>	<b>3,010,874</b>
Accumulated Surplus (thru Income Statement)	C4-1	1,917,503	(4,474)	1,913,029
<b>Total equity</b>		<b>3,015,348</b>	<b>(4,474)</b>	<b>3,010,874</b>

## G4-2 Correction of errors (continued)

### Income Statement

\$ '000	Notes	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
User Charges and Fees	B2-2	14,988	(1,182)	13,806
<b>Total income from continuing operations</b>		<b>293,948</b>	<b>(1,182)</b>	<b>292,766</b>
<b>Net operating result for the year</b>		<b>95,838</b>	<b>(1,182)</b>	<b>94,656</b>

### Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Net Operating Result	95,838	(1,182)	94,656
<b>Net operating result for the year (as per Income Statement)</b>	<b>95,838</b>	<b>(1,182)</b>	<b>94,656</b>
<b>Total comprehensive income for the year</b>	<b>104,776</b>	<b>(1,182)</b>	<b>103,594</b>

## G4-3 Changes in accounting estimates

### Nature and effect of changes in accounting estimates on current year

Interest on Joint ventures has changed from Equity method to Income approach method.

## G5 Statement of developer contributions as at 30 June 2021

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	34,154	14,829	314	448	(8,977)	–	40,454	–
Roads	269	333	–	4	–	–	606	–
Parking	6,215	164	–	81	–	–	6,460	–
Roads & Traffic Facilities	14,761	7,313	318	283	(368)	–	21,989	–
Local Open Space	57,102	27,238	1,137	837	(4,906)	–	80,271	–
Embellishment of Local Open Space	29,566	2,532	–	379	(7,148)	–	25,329	–
Community Facilities (Local)	31,101	846	17	409	(7)	–	32,349	–
Community Facilities (District)	5,810	391	–	79	(60)	–	6,220	–
Tree Planting Other	6,933	61	–	90	–	–	7,084	–
Professional & Legal Fees (Other)	2,330	171	1	32	(5)	–	2,528	–
Administration Fees	(1,121)	427	12	4	(255)	–	(945)	–
Implementation	4,163	–	–	54	–	–	4,217	–
Other- Moorebank Intermodal	4,441	5,330	–	78	–	–	9,849	–
<b>S7.11 contributions – under a plan</b>	<b>195,724</b>	<b>59,635</b>	<b>1,799</b>	<b>2,778</b>	<b>(21,726)</b>	<b>–</b>	<b>236,411</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>195,724</b>	<b>59,635</b>	<b>1,799</b>	<b>2,778</b>	<b>(21,726)</b>	<b>–</b>	<b>236,411</b>	<b>–</b>
<b>Total contributions</b>	<b>195,724</b>	<b>59,635</b>	<b>1,799</b>	<b>2,778</b>	<b>(21,726)</b>	<b>–</b>	<b>236,411</b>	<b>–</b>

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.

G5-2 Developer contributions by plan <sup>1</sup>

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – Liverpool City Centre Contribution Plan								
Parking	6,215	164	–	81	–	–	6,460	–
Community Facilities (District)	735	4	–	10	–	–	749	–
Roads & Traffic Facilities	1,230	12	–	16	–	–	1,258	–
Embellishment of Local Open Space	13,144	88	–	166	(865)	–	12,533	–
Total	21,324	268	–	273	(865)	–	21,000	–
CONTRIBUTION PLAN – 2009 Plan								
Drainage	18,149	3,160	–	243	(205)	–	21,347	–
Roads & Traffic Facilities	(913)	2,034	–	66	(353)	–	834	–
Local Open Space	11,842	2,064	–	184	(278)	–	13,812	–
Community Facilities (Local)	25,029	72	–	328	–	–	25,429	–
Community Facilities (District)	4,827	205	–	65	–	–	5,097	–
Embellishment of Local Open Space	3,646	437	–	42	(5,793)	–	(1,668)	–
Tree Planting Other	6,933	61	–	90	–	–	7,084	–
Professional & Legal Fees (Other)	1,962	76	–	26	(4)	–	2,060	–
Administration Fees	(776)	54	–	1	(33)	–	(754)	–
Implementation	4,163	–	–	54	–	–	4,217	–
Total	74,862	8,163	–	1,099	(6,666)	–	77,458	–
CONTRIBUTION PLAN – Edmondson Park								
Drainage	5,644	474	16	74	(29)	–	6,163	–
Roads & Traffic Facilities	10,766	3,811	80	149	(138)	–	14,588	–
Local Open Space	2,410	4,138	69	29	(4,514)	–	2,063	–
Community Facilities (Local)	5,218	477	–	69	–	–	5,764	–
Embellishment of Local Open Space	6,828	302	–	89	(159)	–	7,060	–
Professional & Legal Fees (Other)	404	95	1	6	(1)	–	504	–
Administration Fees	(377)	28	2	–	(48)	–	(397)	–
Total	30,893	9,325	168	416	(4,889)	–	35,745	–
CONTRIBUTION PLAN – Austral Leppington North								
Drainage	4,647	4,439	237	35	(7,472)	–	1,649	–
Community Facilities (Local)	721	297	17	10	(7)	–	1,021	–
Roads & Traffic Facilities	1,871	723	99	27	317	–	2,938	–
Local Open Space	39,804	16,793	1,034	569	(114)	–	57,052	–
Embellishment of Local Open Space	677	214	–	9	–	–	900	–
Administration Fees	117	185	10	2	(123)	–	181	–
Total	47,837	22,651	1,397	652	(7,399)	–	63,741	–

G5-2 Developer contributions by plan <sup>1</sup> (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER – Moorebank Intermodal								
Other– Moorebank Intermodal	4,441	5,330	–	78	–	–	9,849	–
Total	4,441	5,330	–	78	–	–	9,849	–
CONTRIBUTION PLAN NUMBER - East Leppington								
Drainage	5,565	6,619	61	94	(1,271)	–	11,007	–
Roads & Traffic Facilities	1,807	733	139	25	(194)	–	2,371	–
Local Open Space	3,046	4,243	34	55	–	–	7,344	–
Embellishment of Local Open Space	134	11	–	2	–	–	147	–
Administration Fees	27	129	–	1	(33)	–	124	–
Total	10,579	11,735	234	177	(1,498)	–	20,993	–
CONTRIBUTION PLAN - Established areas								
Drainage	149	137	–	2	–	–	288	–
Roads	269	333	–	4	–	–	606	–
Embellishment of Local Open Space	5,137	1,480	–	71	(331)	–	6,357	–
Community Facilities (Local)	133	–	–	2	–	–	135	–
Community Facilities (District)	248	182	–	4	(60)	–	374	–
Professional & Legal Fees (Other)	(36)	–	–	–	–	–	(36)	–
Administration Fees	(112)	31	–	–	(18)	–	(99)	–
Total	5,788	2,163	–	83	(409)	–	7,625	–

(1) Council levies Section 7.11 & 7.12/ 7.11 & 7.12A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists using Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the matter and timing set out in those Plans.



## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

	Amounts 2021	Indicator 2021	Indicator 2020 Restated	Benchmark
<b>\$ '000</b>				
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(10,003)</b>	<b>(5.04)%</b>	(2.90)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>198,518</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>177,029</b>	<b>51.37%</b>	59.43%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>344,606</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>74,769</b>	<b>1.48x</b>	1.54x	> 1.50x
Current liabilities less specific purpose liabilities	<b>50,483</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>34,847</b>	<b>3.42x</b>	3.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>10,193</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>9,455</b>	<b>6.20%</b>	5.77%	< 5.00%
Rates and annual charges collectable	<b>152,470</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>205,807</b>	<b>13.05 mths</b>	9.46 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>15,767</b>			

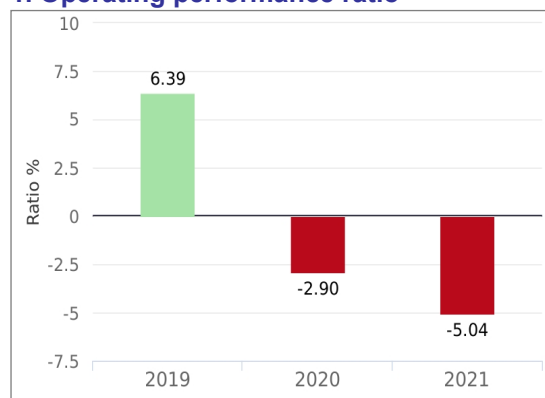
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

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

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2020/21 result

**2020/21 ratio (5.04)%**

The operating performance ratio for past two years was significantly impacted by COVID 19 pandemic and deferment of DA related fees & charges.

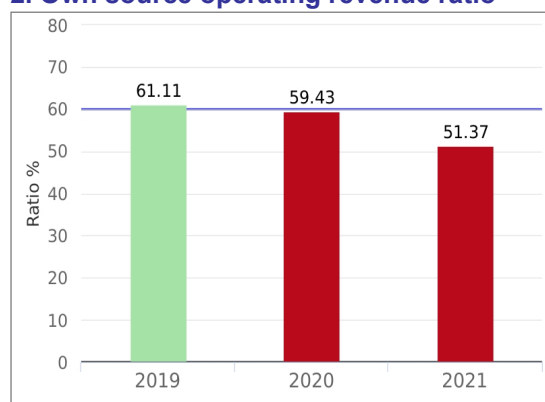
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

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

##### Commentary on 2020/21 result

**2020/21 ratio 51.37%**

Own source operating revenue as a percentage of total operating revenue is adversely impacted by significant levels of developer contributions (both cash & non-cash) which is reflective of the growth activities in the LGA.

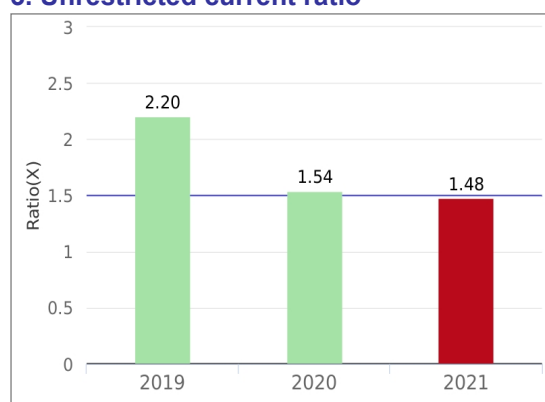
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2020/21 result

**2020/21 ratio 1.48x**

The unrestricted current ratio was slightly below industry benchmark mainly due to a significant increase in unspent specific purpose capital grants recognised as contract liabilities. Adjusting for this, the ratio at 1.98 is well above the benchmark.

Benchmark: — > 1.50x

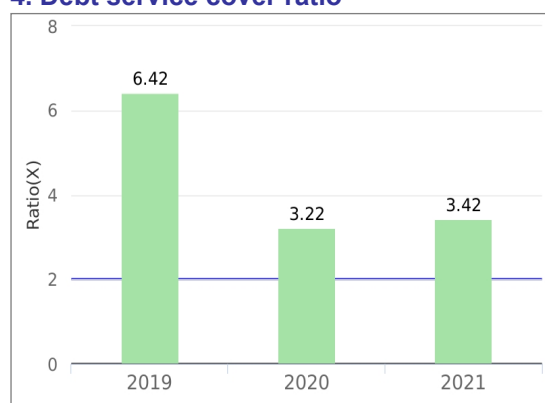
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2020/21 result

**2020/21 ratio 3.42x**

Despite the impact of COVID 19 on income, Council maintained its ability to service its debt obligation at above industry benchmark level.

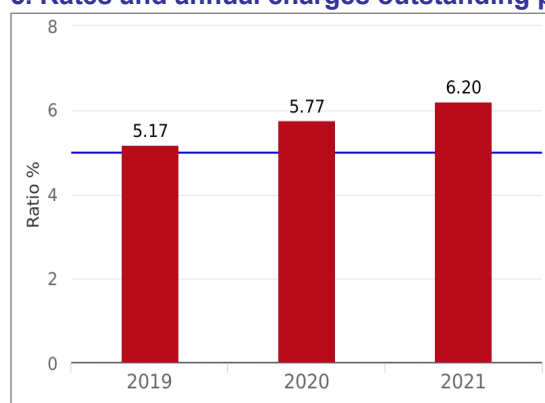
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2020/21 result

**2020/21 ratio 6.20%**

Due to COVID 19, an industry trend of ratepayers deferring their rate payment to a later date was observed last year and significantly increased this year post-OLG determination not to charge interest on unpaid accounts to December 2020.

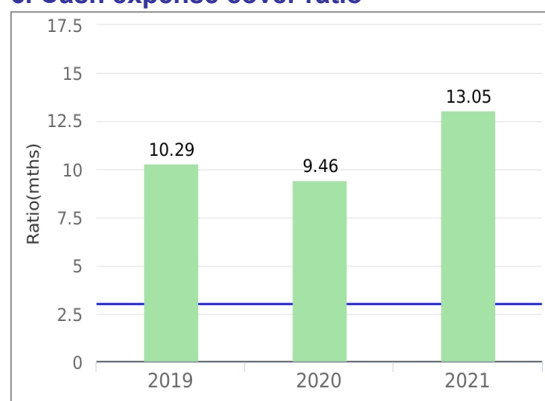
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2020/21 result

**2020/21 ratio 13.05 mths**

The code only accounts for cash on hand and term deposits when calculating this ratio. Floating Rate Notes (FRN's) which is a more liquid form of investment compared to term deposits are excluded. Notwithstanding this, Council's cash expense cover ratio is significantly higher than industry benchmark.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

33 Moore Street  
Liverpool NSW 2170

**Contact details****Mailing Address:**

Locked Bag 7064  
Liverpool BC NSW 1871

**Telephone:** 1300 362 170

**Opening hours:**

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

**Internet:** <http://www.liverpool.nsw.gov.au>

**Email:** [lcc@liverpool.nsw.gov.au](mailto:lcc@liverpool.nsw.gov.au)

**Officers****Chief Executive Officer**

Dr Eddie Jackson

**Responsible Accounting Officer**

Vishwa Nadan

**Public Officer**

Ellen Whittingstall

**Auditors**

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

**Elected members****Mayor**

Wendy Waller

**Councillors**

Ali Karnib  
Tony Hadchiti  
Charisma Kaliyanda  
Karess Rhodes  
Gus Balloot  
Mazhar Hadid  
Nathan Hagarty  
Tina Ayyad  
Geoff Shelton  
Peter Harle

**Other information**

**ABN:** 84 181 182 471



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Liverpool City Council

To the Councillors of the Liverpool City Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

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

My objectives are to:

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

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

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

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

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



Lawrissa Chan  
Director, Financial Audit Service

Delegate of the Auditor-General for New South Wales

25 November 2021  
SYDNEY



Ms Wendy Waller  
Mayor  
Liverpool City Council  
33 Moore Street  
LIVERPOOL NSW 2170

Contact: Lawrissa Chan  
Phone no: 02 9275 7255  
Our ref: D2124473/1670

25 November 2021

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2021 Liverpool City Council

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

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

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

### INCOME STATEMENT

#### Operating result

	2021 \$m	2020* \$m	Variance %
Rates and annual charges revenue	143.8	137.6	4.5
Grants and contributions revenue	167.6	118.1	41.9
Operating result from continuing operations	134.5	94.7	42.0
Net operating result before capital grants and contributions	(11.6)	(4.2)	176.2

\* The 2020 comparatives have been restated to correct a prior period error. Note G4 of the financial statements provides details of the prior period error.



The Council's operating result from continuing operations was \$134.5 million, which was \$39.8 million higher than the 2019-20 result. This was mainly due to the increase in capital grants and contributions (\$47.2 million)

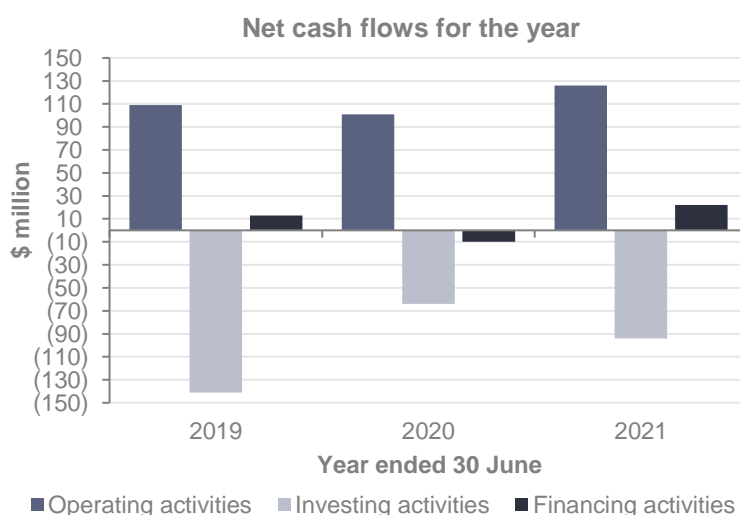
The net operating result before capital grants and contributions was a deficit of \$11.6 million, which was \$7.4 million lower than the 2019–20 result. This was mainly due to an increase in waste collection and tipping charges, materials and utility expenses (\$8.1 million) and a reduction in other revenue (\$2.5 million).

Rates and annual charges revenue increased by \$6.2 million (4.5 per cent), mainly due to the 2.6 per cent rate peg increase and the increase in the number of rateable properties.

Grants and contributions revenue increased by \$49.5 million (41.9 per cent) in 2020-21, mainly due to the increase in non-cash contributions (\$21.6 million), section 7.11 developer contributions (\$18.6 million) and capital grants for recreation and culture (\$8.8 million).

## STATEMENT OF CASH FLOWS

- Council cash and cash equivalents was \$168.8 million (\$114.2 million for the year ended 30 June 2020). There was a net increase in cash and cash equivalents of \$54.6 million at 30 June 2021.
- Net cash inflows from operating activities increased by \$25 million mainly due to an increase in grants and contributions received during the year.
- Net cash outflows from investing activities increased by \$30.3 million due to additional purchases of infrastructure, property, plant and equipment and contributions paid to joint venture and associates.
- Net cash inflows from financing activities increased by \$32 million. This is primarily due to the increase in proceeds from borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>357.9</b>	<b>300.6</b>	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$45.1 million primarily due to an increase in developer contributions.</li> </ul>
Restricted cash and investments:			
• External restrictions	296.4	251.3	<ul style="list-style-type: none"> <li>Internally restricted cash and investments are restricted in their use by a resolution or policy of Council to reflect identified program of works and any forward plans identified by Council. Council's internally restricted cash and investments have increased due to an increase in loan reserves (\$14.6 million) and general property reserves (\$2.9 million).</li> </ul>
• Internal restrictions	29.9	13.1	

### Debt

The Council has \$62.9 million of borrowings as at 30 June 2021 (2020: \$38.3 million).

The Council has an aggregate overdraft facility limit of \$4.0 million as at 30 June 2021 (2020: \$4.0 million) which remained unutilised at the year-end

## PERFORMANCE

### Performance measures

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

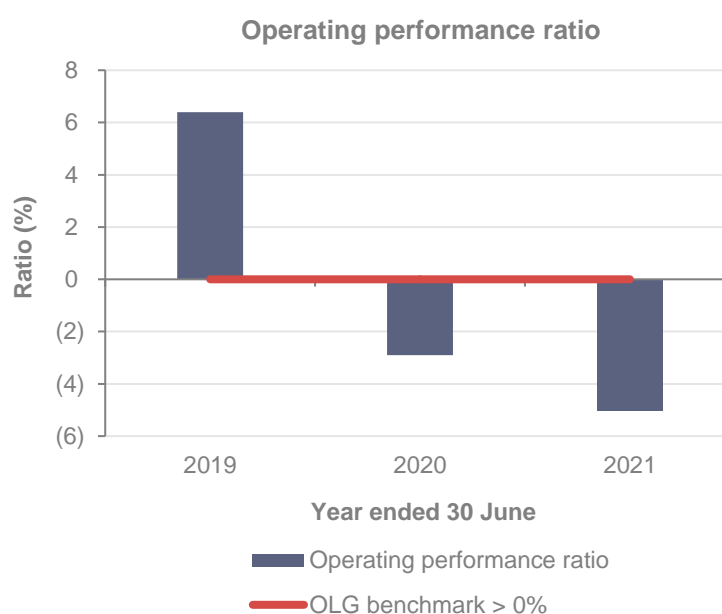
#### Operating performance ratio

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

The Council's operating performance ratio of -5.04 per cent is below the industry benchmark of greater than 0 per cent.

The operating performance ratio has decreased mainly due to a reduction in operating revenue from COVID-19 impacts and an increase in materials and services expense.

The operating performance ratio for 2019-20 was restated due to the prior period error.



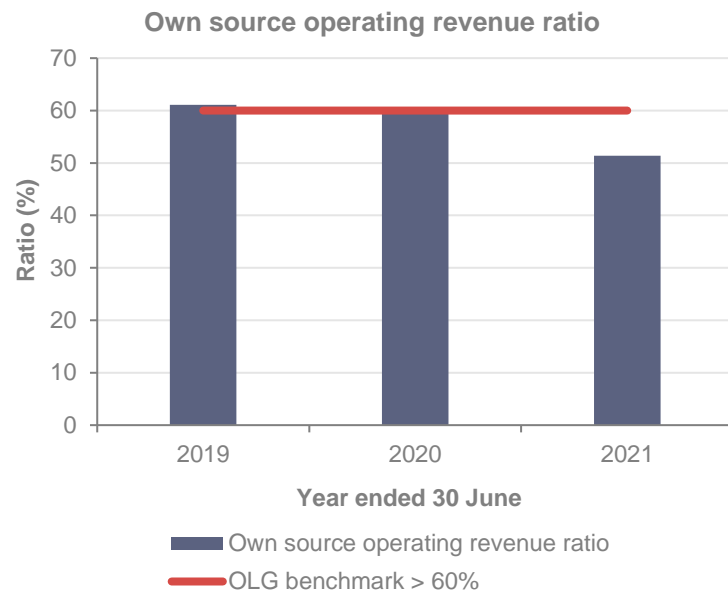
## Own source operating revenue ratio

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

Council's own source operating revenue ratio of 51.37 per cent is below the industry benchmark of 60 per cent.

The own source operating revenue ratio has decreased due to a reduction in operating revenue and an increase in operating grants and contributions.

The own source operating revenue ratio for 2019-20 was restated due to the prior period error



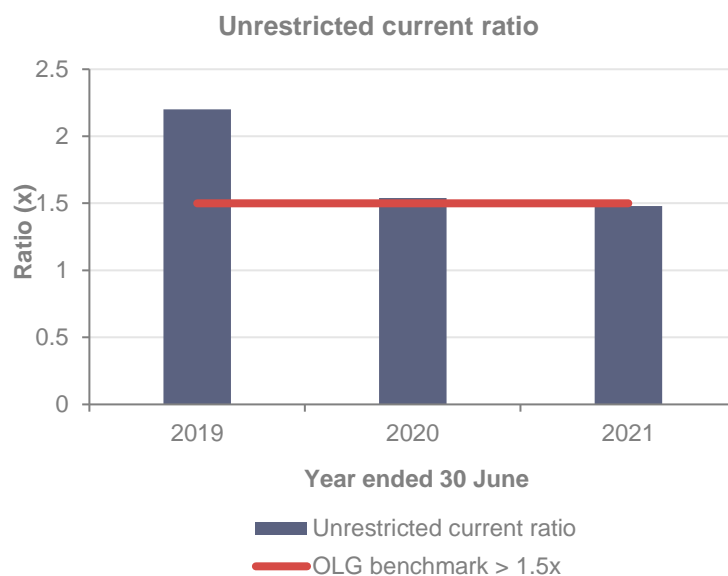
## Unrestricted current ratio

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

Council's liquidity ratio of 1.48 times is below the industry benchmark of greater than 1.5 times.

The unrestricted current ratio has decreased due to an increase in unspent specific purpose capital grants recognised as contract liabilities in 2020-21.

The unrestricted current ratio for 2019-20 was restated due to the prior period error.



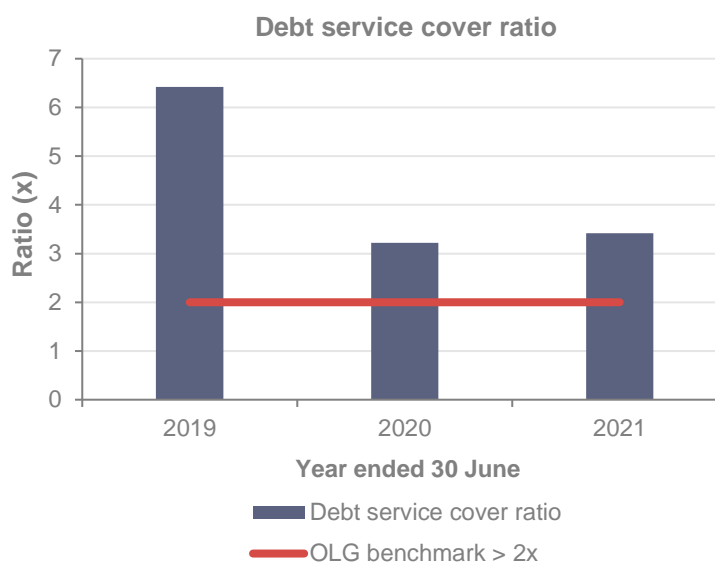
## Debt service cover ratio

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

The Council's debt service cover ratio of 3.42 times is higher than the industry benchmark of greater than 2 times.

The debt service cover ratio has remained steady compared to the prior year.

The debt service cover ratio for 2019-20 was restated due to the prior period error.

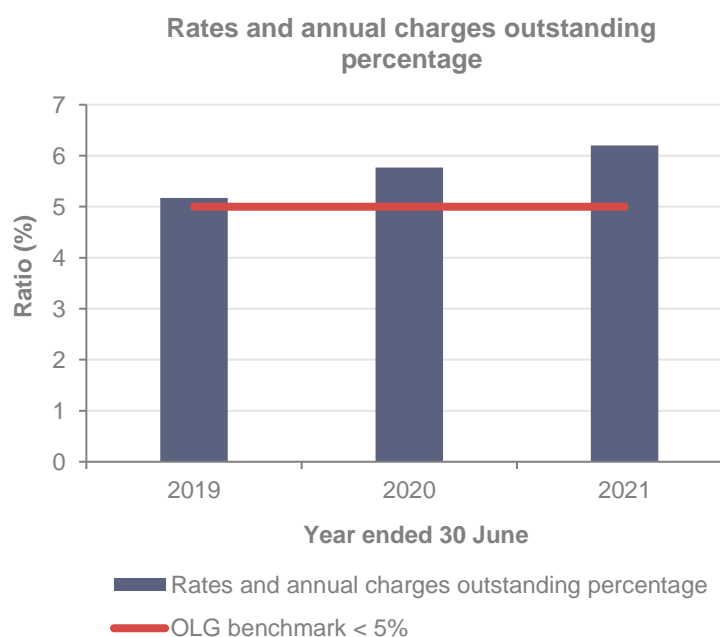


## Rates and annual charges outstanding percentage

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

Council's rates and annual charges outstanding percentage of 6.2 per cent does not meet the industry benchmark of less than 5 per cent for metropolitan councils.

The rates and annual charges percentage has increased from the prior year as some ratepayers have experienced financial difficulties paying rates and annual charges on-time due to extended impacts of COVID-19.

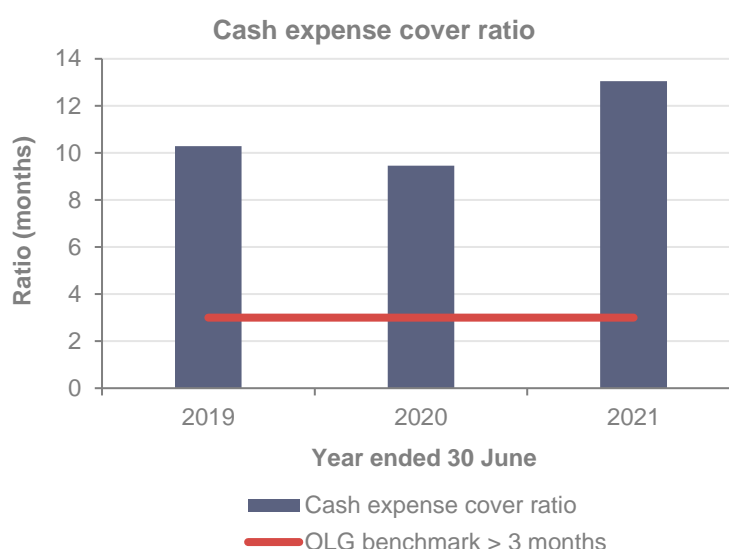


## Cash expense cover ratio

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

Council's cash expense cover ratio was 13 months, which is above the industry benchmark of greater than 3 months.

The cash expense cover ratio increased as there was more cash and cash equivalents in the current year.



## Infrastructure, property, plant and equipment renewals

The council has renewed \$36.5 million of assets in the 2020-21 financial year, compared to \$32.7 million of assets in the prior year.

## OTHER MATTERS

### Legislative compliance

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

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

Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Dr Eddie Jackson, Chief Executive Officer  
Mr Andrew McLeod, Chair of Audit, Risk and Improvement Committee  
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Liverpool City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## Special Purpose Financial Statements

for the year ended 30 June 2021

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Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of Carpark	4
Statement of Financial Position of Carpark	5
<b>Note – Significant Accounting Policies</b>	<b>6</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>9</b>

(1) Council levies Section 7.11 & 7.12/ 7.11 & 7.12A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists using Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the matter and timing set out in those Plans.

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government within the Department of Planning, Industry and Environment 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 marketplace, 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).

## Liverpool City Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

#### 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 24 November 2021



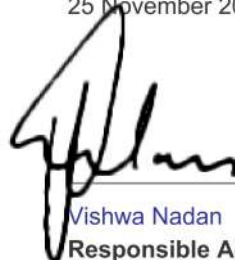
Wendy Waller  
Mayor  
25 November 2021



Mazhar Hadid  
Deputy Mayor  
25 November 2021



Dr Eddie Jackson  
Chief Executive Officer  
25 November 2021



Vishwa Nadan  
Responsible Accounting Officer  
25 November 2021



# Liverpool City Council

## Income Statement of Carpark

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
User charges	1,283	1,494
<b>Total income from continuing operations</b>	<b>1,283</b>	<b>1,494</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	52	72
Notional Rates and Financial costs	667	686
Materials and services	131	100
Depreciation, amortisation and impairment	462	231
Overheads	80	75
Other expenses	84	74
<b>Total expenses from continuing operations</b>	<b>1,476</b>	<b>1,238</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(193)</b>	<b>256</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(193)</b>	<b>256</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(193)</b>	<b>256</b>
Less: corporate taxation equivalent [based on result before capital]	–	(70)
<b>Surplus (deficit) after tax</b>	<b>(193)</b>	<b>186</b>
Add: Opening accumulated surplus	291	35
<b>Add: adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	70
<b>Closing accumulated surplus</b>	<b>98</b>	<b>291</b>
<b>Return on capital %</b>	<b>1.5%</b>	<b>3.2%</b>
<b>Subsidy from Council</b>	<b>7</b>	<b>–</b>

# Liverpool City Council

## Statement of Financial Position of Carpark

as at 30 June 2021

\$ '000	2021 Category 2	2020 <sup>1</sup> Category 2
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	32,288	29,384
<b>Total non-current assets</b>	<b>32,288</b>	<b>29,384</b>
<b>Total assets</b>	<b>32,288</b>	<b>29,384</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notional Borrowings	21,989	22,627
Employee benefit provisions	41	38
<b>Total current liabilities</b>	<b>22,030</b>	<b>22,665</b>
<b>Non-current liabilities</b>		
Payables	4,361	3,223
<b>Total non-current liabilities</b>	<b>4,361</b>	<b>3,223</b>
<b>Total liabilities</b>	<b>26,391</b>	<b>25,888</b>
<b>Net assets</b>	<b>5,897</b>	<b>3,496</b>
<b>EQUITY</b>		
Accumulated surplus	98	291
Revaluation reserves	5,799	3,205
<b>Total equity</b>	<b>5,897</b>	<b>3,496</b>

(1) Restatement has occurred on comparatives

## Note – Significant Accounting Policies

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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 within the Department of Planning, Industry and Environment. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (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 within the Department of Planning, Industry and Environment 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)

Carpark - Warren Service Way

### 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.

## Note – Significant Accounting Policies (continued)

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 – 26%

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

### 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.

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 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.

The reinstated income and expense include notional financing cost for rates and taxes, Notional financing cost was calculated @ 2.82% based on TCorp rates on the Written Down Value of Land and Building.

### (i) 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.

### (ii) Return on investments (rate of return)

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

## Note – Significant Accounting Policies (continued)

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:

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***Operating result before capital income + interest expense***

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

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

### **(iii) Dividends**

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

### **Comparative Information**

The comparative in the financials has been restated to correctly show the value of Car Park Building and Land.

Previously the Special Purpose Financial Statements were prepared on the assumption that the assets were leased by the Council and a notional lease payment were included in the expenses.

Opening Equity within the comparatives were restated going back to 2016 and income and expenses of the car park was recalculated, based on the council owning the car parking building and land.

The notional 30% overheads are based on State Government Overhead ratio.



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Liverpool City Council**

To the Councillors of the Liverpool City Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Liverpool City Council's (the Council) Declared Business Activity, Carpark, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of the Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

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 2021, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

### **Basis for Opinion**

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://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 'Lawrissa Chan', with a stylized flourish at the end.

Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 November 2021  
SYDNEY



# Liverpool City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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### Contents

### Page

#### **Special Schedules:**

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

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### Background

These Special Schedules have been designed to meet the requirements of special purpose users such are;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the Office of Local Government within the Department of Planning, Industry and Environment.

The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

# Liverpool City Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	103,541	107,662
Plus/minus adjustments <sup>2</sup>	b	1,413	1,258
<b>Notional general income</b>	$c = a + b$	<b>104,954</b>	<b>108,920</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	$i = e \times (c + g)$	2,729	2,178
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>107,683</b>	<b>111,098</b>
Plus (or minus) last year's carry forward total	l	2	10
Less valuation objections claimed in the previous year	m	(13)	—
<b>Sub-total</b>	$n = (l + m)$	<b>(11)</b>	<b>10</b>
<b>Total permissible income</b>	$o = k + n$	<b>107,672</b>	<b>111,108</b>
Less notional general income yield	p	107,662	111,177
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>10</b>	<b>(69)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	—	85
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>10</b>	<b>16</b>

### 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.
- (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

#### Liverpool City Council

To the Councillors of Liverpool City Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized, cursive script.

Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 November 2021  
SYDNEY

## Liverpool City Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Admin Building	–	–	628	659	38,762	59,769	2.0%	26.0%	72.0%	0.0%	0.0%
	Aquatic Centres	232	232	593	916	19,703	49,402	0.0%	1.0%	98.0%	1.0%	0.0%
	Bush Fire / SES	464	464	45	–	2,204	4,288	44.0%	30.0%	3.0%	23.0%	0.0%
	Childcare Centres	67	67	171	443	7,373	14,287	0.0%	79.0%	20.0%	1.0%	0.0%
	Commercial Properties	–	–	126	7	338	12,578	50.0%	0.0%	50.0%	0.0%	0.0%
	Community Centres	450	450	856	704	46,405	81,526	24.0%	54.0%	22.0%	0.0%	0.0%
	Heritage Buildings	191	191	569	300	37,299	54,157	59.0%	27.0%	14.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Libraries, Museums	–	–	396	248	24,053	33,014	85.0%	15.0%	0.0%	0.0%	0.0%
	Multi Level Car Parks	–	–	293	193	14,758	29,276	0.0%	65.0%	35.0%	0.0%	0.0%
	Parks Buildings / Structures	700	700	490	34	24,075	49,033	15.0%	42.0%	40.0%	3.0%	0.0%
	Works Depot	2,354	2,354	98	163	3,636	9,820	37.0%	0.0%	12.0%	51.0%	0.0%
	<b>Sub-total</b>	<b>4,458</b>	<b>4,458</b>	<b>4,265</b>	<b>3,667</b>	<b>218,606</b>	<b>397,150</b>	<b>25.2%</b>	<b>33.2%</b>	<b>39.6%</b>	<b>2.0%</b>	<b>0.0%</b>
Other structures	Other structures	–	–	–	–	6,305	7,520	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,305</b>	<b>7,520</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	8,930	8,687	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads Formation	–	–	–	–	55,475	69,061	100.0%	0.0%	0.0%	0.0%	0.0%
	Sealed Roads Surface	18,354	18,354	–	–	116,001	145,969	55.0%	23.0%	12.0%	6.0%	4.0%
	Sealed Roads Structure	21,048	21,048	–	–	540,754	677,998	51.0%	24.0%	13.0%	7.0%	5.0%
	Kerb and Gutter	513	513	1,252	264	182,451	227,654	26.0%	40.0%	34.0%	0.0%	0.0%
	Footpaths	207	207	1,660	793	138,365	166,034	49.0%	25.0%	26.0%	0.0%	0.0%
	Bridges	2,586	2,586	784	19	62,214	78,381	38.0%	38.0%	17.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Road Structures	569	569	1,049	526	91,210	114,095	22.0%	55.0%	22.0%	1.0%	0.0%
	Road Furniture	302	302	–	–	41,064	46,885	64.0%	28.0%	7.0%	1.0%	0.0%
	Off Street Carparks	110	110	91	13	14,406	18,254	26.0%	37.0%	36.0%	1.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>43,689</b>	<b>43,689</b>	<b>13,766</b>	<b>10,302</b>	<b>1,241,940</b>	<b>1,544,331</b>	<b>47.0%</b>	<b>28.6%</b>	<b>17.8%</b>	<b>4.1%</b>	<b>2.6%</b>

# Liverpool City Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Stormwater drainage</b>	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Reticulation Pipe	3,418	3,418	972	1,038	448,871	540,118	43.0%	28.0%	28.0%	0.0%	1.0%
	Pits	141	141	123	–	60,944	68,548	49.0%	44.0%	7.0%	0.0%	0.0%
	Headwalls and Culverts	704	704	29	–	12,103	16,343	34.0%	14.0%	44.0%	5.0%	3.0%
	Basins	–	–	87	69	29,153	35,156	12.0%	56.0%	32.0%	0.0%	0.0%
	Gross Pollutant Traps	–	–	310	277	11,346	12,414	58.0%	41.0%	1.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>4,263</b>	<b>4,263</b>	<b>1,521</b>	<b>1,384</b>	<b>562,417</b>	<b>672,579</b>	<b>42.0%</b>	<b>31.0%</b>	<b>26.0%</b>	<b>0.1%</b>	<b>0.9%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sporting Fields and Ovals	447	447	3,303	4,450	15,470	20,400	24.0%	63.0%	11.0%	1.0%	1.0%
	Parks Infrastructure Assets	522	522	4,116	5,563	35,010	42,261	38.0%	47.0%	13.0%	1.0%	1.0%
	Playground Equipment	462	462	718	1,113	16,779	23,287	29.0%	49.0%	20.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>1,431</b>	<b>1,431</b>	<b>8,137</b>	<b>11,126</b>	<b>67,259</b>	<b>85,948</b>	<b>32.2%</b>	<b>51.3%</b>	<b>14.4%</b>	<b>1.3%</b>	<b>0.7%</b>
<b>Total – all assets</b>		<b>53,841</b>	<b>53,841</b>	<b>27,689</b>	<b>26,479</b>	<b>2,096,527</b>	<b>2,707,528</b>	<b>41.9%</b>	<b>30.5%</b>	<b>22.9%</b>	<b>2.7%</b>	<b>2.0%</b>

(a) The level of service standards below and required maintenance is identified in Council's Asset Management Plan  
**Infrastructure asset condition assessment 'key'**

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required



## Liverpool City Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (consolidated) \*

	Amounts 2021	Indicator 2021	Indicator 2020 Restated	Benchmark
<b>\$ '000</b>				
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<b>26,606</b>	<b>72.16%</b>	75.11%	>= 100.00%
Depreciation, amortisation and impairment	<b>36,873</b>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>53,841</b>	<b>2.43%</b>	2.45%	< 2.00%
Net carrying amount of infrastructure assets	<b>2,218,373</b>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<b>26,479</b>	<b>95.63%</b>	92.59%	> 100.00%
Required asset maintenance	<b>27,689</b>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<b>53,841</b>	<b>1.99%</b>	2.01%	
Gross replacement cost	<b>2,707,528</b>			

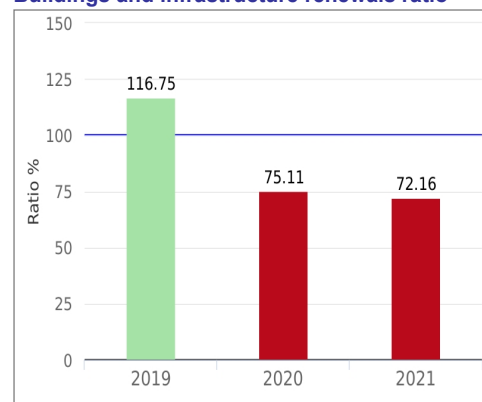
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Liverpool City Council

## Report on infrastructure assets as at 30 June 2021

### Buildings and infrastructure renewals ratio



#### Buildings and infrastructure renewals ratio

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

#### Commentary on result

20/21 ratio 72.16%

The slight reduction in the renewals ratio compared to last year is a result of increasing depreciation arising from \$97M increase in Council's asset base. The ratio below 100% in the current year is not considered to be an issue due to assets being maintained in accordance with established asset management plans. Moreover, LCC as a rapidly growing Council, receiving brand new infrastructure assets with quite long service life and does not require renewal in the medium term

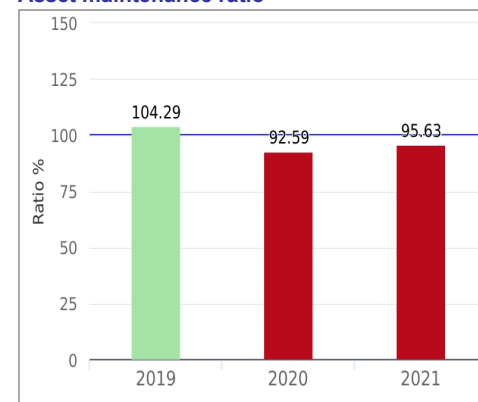
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



#### Asset maintenance ratio

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

#### Commentary on result

20/21 ratio 95.63%

There is a slight increase in the asset maintenance ratio. Council has a history of substantial investment in asset maintenance with overall maintenance expenses generally in line with desired levels of service. Council has estimated required maintenance cost based on ongoing maintenance activities over the life of an asset to minimise whole of life costs.

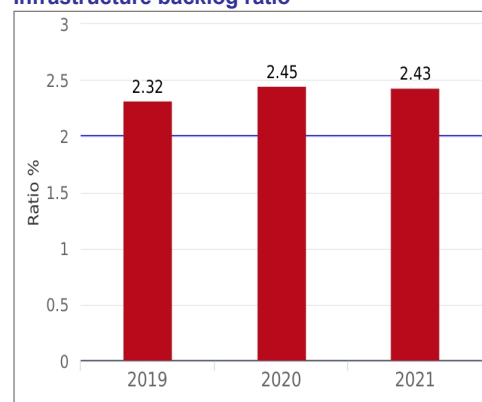
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



#### Infrastructure backlog ratio

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

#### Commentary on result

20/21 ratio 2.43%

There is a slight decrease in the backlog ratio in the current financial year, with increased renewal funding, targeted renewal program based on modern asset management principles and effective asset maintenance strategy. Council aims to gradually reduce this backlog ratio to less than 2% of fair value over the next few years.

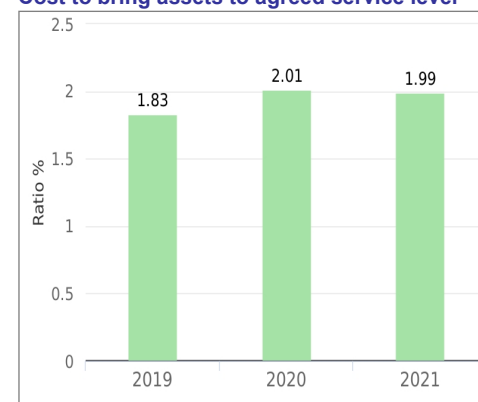
Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



#### Cost to bring assets to agreed service level

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

#### Commentary on result

20/21 ratio 1.99%

There is a slight decrease in agreed service level ratio in the current financial year, with increased renewal funding, targeted renewal program based on modern asset management principles and effective asset maintenance strategy. Council aims to gradually reduce this ratio to less than 2% of the total value of assets under Council's care over the next few years.