

Byron Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

*Culturally rich and thriving communities living in harmony,
responding positively to the challenges of our world, and
leading by example.*



General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

70 Station Street
MULLUMBIMBY NSW 2482

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: <https://www.byron.nsw.gov.au>.

Byron Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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.

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Byron Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2021.

Michael Lyon

Mayor

28 October 2021

Sarah Ndiaye

Deputy Mayor

28 October 2021

Mark Arnold

General Manager

28 October 2021

James Brickley

Responsible Accounting Officer

28 October 2021

Byron Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
51,488	Rates and annual charges	B2-1	52,004	45,220
23,965	User charges and fees	B2-2	27,108	27,597
1,467	Other revenue	B2-3	1,847	1,663
4,906	Grants and contributions provided for operating purposes	B2-4	7,990	8,702
25,139	Grants and contributions provided for capital purposes	B2-4	23,404	32,021
1,486	Interest and investment income	B2-5	657	1,802
965	Other income	B2-6	918	969
109,416	Total income from continuing operations		113,928	117,974
	Expenses from continuing operations			
29,100	Employee benefits and on-costs	B3-1	29,830	28,143
39,426	Materials and services	B3-2	44,280	42,487
3,093	Borrowing costs	B3-3	3,075	3,372
15,029	Depreciation, amortisation and impairment for non-financial assets	B3-4	17,529	15,685
2,224	Other expenses	B3-5	2,295	2,120
–	Net losses from the disposal of assets	B4-1	7,451	2,389
88,872	Total expenses from continuing operations		104,460	94,196
20,544	Operating result from continuing operations		9,468	23,778
20,544	Net operating result for the year attributable to Council		9,468	23,778
(4,594)	Net operating result for the year before grants and contributions provided for capital purposes		(13,936)	(8,243)

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

Byron Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		9,468	23,778
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	84,303	115,711
Other comprehensive income – joint ventures and associates		(64)	–
Total items which will not be reclassified subsequently to the operating result		84,239	115,711
Total other comprehensive income for the year		84,239	115,711
Total comprehensive income for the year attributable to Council		93,707	139,489

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

Byron Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	41,368	37,327
Investments	C1-2	22,539	31,000
Receivables	C1-4	9,691	9,259
Inventories	C1-5	508	498
Contract assets and contract cost assets	C1-6	2,687	2,800
Other		17	17
Total current assets		76,810	80,901
Non-current assets			
Investments	C1-2	8,566	8,235
Receivables	C1-4	649	415
Infrastructure, property, plant and equipment	C1-7	1,094,182	992,431
Investments accounted for using the equity method	D2-1	1,142	1,206
Total non-current assets		1,104,539	1,002,287
Total assets		1,181,349	1,083,188
LIABILITIES			
Current liabilities			
Payables	C3-1	14,110	13,067
Contract liabilities	C3-2	6,274	1,489
Borrowings	C3-3	3,789	3,527
Employee benefit provisions	C3-4	6,555	6,086
Total current liabilities		30,728	24,169
Non-current liabilities			
Borrowings	C3-3	57,269	59,308
Employee benefit provisions	C3-4	665	690
Provisions	C3-5	7,972	8,013
Total non-current liabilities		65,906	68,011
Total liabilities		96,634	92,180
Net assets		1,084,715	991,008
EQUITY			
Accumulated surplus	C4-1	632,365	622,961
IPPE revaluation reserve	C4-1	452,350	368,047
Council equity interest		1,084,715	991,008
Total equity		1,084,715	991,008

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

Byron Shire 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							
Opening balance at 1 July		622,961	368,047	991,008	563,820	261,479	825,299
Correction of prior period errors		–	–	–	36,130	(9,143)	26,987
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(767)	–	(767)
Restated opening balance		622,961	368,047	991,008	599,183	252,336	851,519
Net operating result for the year		9,468	–	9,468	23,778	–	23,778
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	84,303	84,303	–	115,711	115,711
Joint ventures and associates		(64)	–	(64)	–	–	–
Other comprehensive income		(64)	84,303	84,239	–	115,711	115,711
Total comprehensive income		9,404	84,303	93,707	23,778	115,711	139,489
Closing balance at 30 June		632,365	452,350	1,084,715	622,961	368,047	991,008

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

Byron Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
51,488	Rates and annual charges		50,914	44,282
24,930	User charges and fees		26,901	28,834
1,486	Investment and interest revenue received		960	1,779
30,046	Grants and contributions		36,360	30,555
–	Bonds, deposits and retention amounts received		193	138
1,467	Other		2,693	2,571
Payments:				
(29,100)	Employee benefits and on-costs		(29,386)	(27,219)
(39,370)	Materials and services		(43,650)	(40,189)
(3,093)	Borrowing costs		(3,058)	(3,382)
(2,300)	Other		(2,307)	(2,066)
35,554	Net cash flows from operating activities	G1-1a	39,620	35,303
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		79,000	135,000
–	Sale of infrastructure, property, plant and equipment		453	401
–	Deferred debtors receipts		10	10
Payments:				
–	Purchase of investment securities		(71,039)	(126,280)
(85,442)	Purchase of infrastructure, property, plant and equipment		(42,226)	(36,381)
(85,442)	Net cash flows from investing activities		(33,802)	(27,250)
Cash flows from financing activities				
Receipts:				
27,000	Proceeds from borrowings		1,750	19,408
Payments:				
(3,514)	Repayment of borrowings		(3,527)	(20,723)
23,486	Net cash flows from financing activities		(1,777)	(1,315)
(26,402)	Net change in cash and cash equivalents		4,041	6,738
37,327	Cash and cash equivalents at beginning of year		37,327	30,589
10,925	Cash and cash equivalents at end of year	C1-1	41,368	37,327
39,105	plus: Investments on hand at end of year	C1-2	31,105	39,235
50,030	Total cash, cash equivalents and investments		72,473	76,562

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

Byron Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 Material budget variations

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

A1-1 Basis of preparation (continued)

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports. A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council currently utilises the services of volunteers to assist in the management/operation of eleven community facilities under Section 355 of the *Local Government Act 1993*. The financial operations of these facilities in the main are contained within the financial outcomes of Council. The financial consideration relevant though to specific volunteer services (labour) has not been recognised in the financial statements as it is considered not material overall nor can it be reliably measured. That aside, whilst the financial consideration cannot be reliably measured, Council acknowledges the importance and appreciation of the support it receives from volunteers.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

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

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

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

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

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

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

A1-1 Basis of preparation (continued)

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

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

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

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

New accounting standards adopted during the year

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

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a business
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of material
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019-7 Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations
- AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19 Related Rent Concessions

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosure can be found at Note G4-1.

COVID-19 Impact

COVID-19 virus was declared a world-wide pandemic by the World Health Organisation in March 2020.

COVID-19 and even more so the associated government and societal measures to slow the spread of the virus have had a significant impact on global and local economies across communities and individuals. Council has not been isolated from the direct and indirect effects of COVID-19 and therefore has had to react to impacts caused but was well positioned to rise to the challenge. This challenge has continued in the 2020/2021 financial year albeit not as significant as the 2019/2020 financial year impact.

The financial impacts of COVID-19 for the reporting period are disclosed in these financial statement but in respect of Council's financial performance for the 2020/2021 financial year the following specific information can be provided:

Additional revenue received to fund COVID-19 effects and initiatives were received from:

- Commonwealth and State Government grants to stimulate the economy and provide employment to address the economic impact of COVID-19.

Reduced income attributable to COVID-19 included in the following revenue sources compared to the previous financial year:

- Interest Revenues - Interest on overdue rates and annual charges \$72k

A1-1 Basis of preparation (continued)

Additional COVID-19 expenditure incurred by Council:

- Directly identifiable costs involved in implementing public health order requirements, COVID-19 prevention etc \$147k

COVID-19 effects on Council's financial position at 30 June 2021

Council is of the view that its financial position has not been materially impacted however it has not been able to maintain one of its own internal financial benchmarks of \$1million in unrestricted cash. At 30 June 2021 Council's unrestricted cash balance has reduced to \$518k, a reduction of \$206k from the previous financial year. It is Council's position to recover the unrestricted cash balance as soon as practicable.

Due to Council extending assistance to ratepayers in the form of payment arrangements and suspension of debt recovery, Council's outstanding rates and annual charges percentage has increased from 7.32% in 2019/2020 to be 8.33% at 30 June 2021.

Going Concern

Despite both the impacts to date of COVID-19 and the future unknowns of COVID-19 in terms of its evolution, effects and duration, Council has determined that COVID-19 does not create any uncertainty as to Council continuing as a going concern.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020 ¹
Functions or activities										
We have, infrastructure, transport and services which meet our expectations	73,476	69,025	71,235	64,511	2,241	4,514	26,165	35,032	736,730	691,925
We cultivate and celebrate our diverse cultures, lifestyle and sense of community	5,805	5,989	20,109	17,624	(14,304)	(11,635)	1,933	1,760	236,731	215,589
We protect and enhance our natural environment	2,538	2,187	2,993	2,878	(455)	(691)	1,155	1,807	26,179	20,661
We manage growth and change responsibly	6,222	12,791	8,803	8,177	(2,581)	4,614	36	32	64,310	39,164
We have community led decision making which is open and inclusive	25,887	27,982	1,320	1,006	24,567	26,976	2,105	2,092	117,399	115,849
Total functions and activities	113,928	117,974	104,460	94,196	9,468	23,778	31,394	40,723	1,181,349	1,083,188

(1) See Note 16 b) for details regarding the restatement as a result of Prior Period Error

B1-2 Components of functions or activities

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

We have infrastructure, transport and services which meet our expectations

Provide a road network which is safe, accessible and maintained to an acceptable level of service. Provide essential services and reliable infrastructure which meet an acceptable community standard. Support, through partnership, a network of integrated sustainable transport options. Provide a regular and acceptable waste and recycling service. Provide continuous urban water and sewerage service within the Shire. Manage traffic and parking in an efficient manner.

We cultivate and celebrate our diverse cultures, lifestyle and sense of community

Support and encourage our vibrant culture and creativity. Support access to a wide range of services and activities that contribute to the wellbeing of all members of the Byron Shire community. Provide accessible, local community spaces and facilities. Enhance community safety and amenity while respecting our shared values. Encourage appreciation of cultural vitality and diversity.

We protect and enhance our natural environment

Partner to protect and enhance our biodiversity, ecosystems and ecology. Strive to become a sustainable community. Partner to protect and enhance the health of the Shire's coastlines, estuaries, waterways and catchments. Support and secure our farming future.

We manage growth and change responsibly

Support the visions and aspirations of local communities through place-based planning and management. Support housing diversity in appropriate locations across the Shire. Promote and support local business development, education and employment opportunities. Support tourism and events that reflect our culture and lifestyle. Work to improve community resilience in our changing environment.

We have community led decision making which is open and inclusive

Engage and involve community in decision making. Create a culture of trust with the community by being open, genuine and transparent. Deliver a high level of customer service. Manage Council's assets and allocate resources in a fair and holistic manner. Manage Council's finances sustainably. Manage Council's resources sustainably.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	19,442	18,026
Farmland	1,350	1,228
Business	5,095	4,838
Rates levied to ratepayers	25,887	24,092
Pensioner rate subsidies received	219	218
Total ordinary rates	26,106	24,310
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	6,423	6,147
Stormwater management services	296	297
Water supply services	2,493	2,426
Sewerage services	15,466	10,963
Waste management services (non-domestic)	1,015	872
Annual charges levied	25,693	20,705
Pensioner subsidies received:		
– Water	75	75
– Sewerage	72	72
– Domestic waste management	58	58
Total annual charges	25,898	20,910
Total rates and annual charges	52,004	45,220

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	7,252	6,700
Sewerage services	2	2,062	4,731
Total specific user charges		9,314	11,431
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	287	231
Private works – section 67	2	70	251
Regulatory/ statutory fees	2	96	75
Section 10.7 certificates (EP&A Act)	2	138	104
Section 603 certificates	2	110	71
Building inspections	2	668	527
Building services	2	552	324
Developer fees	2	1,095	981
Dog registration / release	2	49	47
Engineering services	2	3	7
Freedom of information	2	42	26
Health inspection	2	496	531
Total fees and charges – statutory/regulatory		3,606	3,175
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	45	71
Caravan park	2	4,046	3,532
Cemeteries	2	220	234
Child care	2	781	973
Leaseback fees – Council vehicles	2	255	276
Parking fees	2	3,892	3,536
Tourism	2	–	(1)
Water connection fees	2	136	144
Administration and financial services	2	202	234
Public halls	2	233	228
Sewerage charges	2	282	266
Swimming pools	2	246	299
Other	2	126	137
Waste	2	3,724	3,062
Total fees and charges – other		14,188	12,991
Total user charges and fees		27,108	27,597
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		27,108	27,597
Total user charges and fees		27,108	27,597

Accounting policy

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

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

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership. Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	1,659	1,304
Insurance claims recoveries	2	21	16
Sales – general	2	74	159
Legal Fees Recovery - Other	2	–	40
Workers Compensation	2	93	144
Total other revenue		1,847	1,663
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,847	1,663
Total other revenue		1,847	1,663

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,076	2,077	–	–
Financial assistance – local roads component	2	1,241	1,235	–	–
Amount recognised as income during current year		3,317	3,312	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Animal Enforcement	2	–	4	–	–
Bushfire and emergency services	2	214	1,444	–	–
Child care	2	1,239	1,054	–	–
Community centres	2	–	–	252	316
Economic development	2	32	–	79	–
Library	2	147	142	–	–
Street lighting	2	55	55	–	–
transport (Roads to Recovery)	1	–	–	274	784
Transport (other roads and bridges funding)	1	–	7	16,635	18,241
Waste management	2	97	79	22	28
Emergency Services	2	134	46	–	88
Parks & Gardens	2	53	–	147	248
Community services	2	21	–	–	–
Planning	2	36	32	–	–
Crown lands maintenance	2	237	204	–	–
Environmental management	2	807	201	–	–
Employment & Training	2	29	15	–	–
Foreshore maintenance	2	–	28	–	–
Flood Restoration	2	–	56	–	–
Footpaths	2	–	–	6	335
Previously contributions:					
Roads and bridges	1	593	962	94	37
Transport for NSW contributions (regional roads, block grant)	2	737	861	–	–
Surf lifesaving	2	125	122	–	–
Other economic development	2	117	78	323	–
OLG - Crown Lands Contribution	2	–	–	–	–
Total special purpose grants and non-developer contributions – cash		4,673	5,390	17,832	20,077
Non-cash contributions					
Crown land devolved	2	–	–	–	–
Recreation and culture		–	–	–	–
Dedications – Assets	2	–	–	655	948
Purchase of Former Byron Bay Hospital	2	–	–	–	8,400
Total other contributions – non-cash		–	–	655	9,348
Total special purpose grants and non-developer contributions (tied)		4,673	5,390	18,487	29,425
Total grants and non-developer contributions		7,990	8,702	18,487	29,425

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Comprising:					
– Commonwealth funding		4,409	5,256	1,393	1,966
– State funding		2,619	1,423	11,550	18,074
– Other funding		962	2,023	5,544	9,385
		7,990	8,702	18,487	29,425

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):			G3			
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,063	1,069
S 64 – water supply contributions		2	–	–	667	366
S 64 – sewerage service contributions		2	–	–	2,187	1,161
Total developer contributions – cash			–	–	4,917	2,596
Total developer contributions			–	–	4,917	2,596
Total contributions			–	–	4,917	2,596
Total grants and contributions			7,990	8,702	23,404	32,021
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,356	–	17,003	–
Grants and contributions recognised at a point in time (2)			5,634	8,702	6,401	32,021
Total grants and contributions			7,990	8,702	23,404	32,021

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants				
Unspent funds at 1 July	1,585	225	925	767
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	618	1,486	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	5,419	733
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(503)	(126)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(811)	(575)
Unspent grants at 30 June	1,700	1,585	5,533	925
Unspent Contributions				
Unspent funds at 1 July	–	–	25,007	28,701
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	5,134	3,064
Add: Funds received and not recognised as revenue in the current year	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(8,020)	(6,758)
Unspent contributions at 30 June	–	–	22,121	25,007

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. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

Where control is transferred over time, generally the input methods 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.

B2-4 Grants and contributions (continued)

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

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

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 income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	139	211
– Cash and investments	687	1,417
Fair value adjustments		
– Movements in investments at fair value through profit and loss	(169)	174
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	657	1,802
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	99	121
General Council cash and investments	328	1,122
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	116	291
– Section 64	96	178
Water fund operations	18	30
Sewerage fund operations	–	60
Total interest and investment income	657	1,802

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Room/Facility Hire		12	33
Property Agreements		657	658
Cavanbah Centre		249	225
Total Other lease income		918	916
Total rental income	C2-2	918	916
Net share of interests in joint ventures and associates using the equity method			
Associates		–	53
Total net share of interests in joint ventures and associates using the equity method	D2-1	–	53
Total other income		918	969

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	24,298	20,949
Employee termination costs	141	67
Employee leave entitlements (ELE)	4,653	4,940
Superannuation	2,786	2,438
Workers' compensation insurance	572	501
Fringe benefit tax (FBT)	43	48
Payroll tax	155	123
Training costs (other than salaries and wages)	289	269
Total employee costs	32,937	29,335
Less: capitalised costs	(3,107)	(1,192)
Total employee costs expensed	29,830	28,143
Number of 'full-time equivalent' employees (FTE) at year end	346	325

Accounting policy

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

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 superannuation contribution plans

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		24,671	24,987
– Caravan parks		1,182	1,088
– Cleaning		294	238
– Security		52	46
– Surf lifesaving		598	584
– Swimming pools		449	451
– Temporary employment		3,276	2,611
– Waste		6,817	6,323
Audit Fees	F2-1	165	175
Infringement notice contract costs (SEINS)		250	173
Expenses from leases of low value assets		989	981
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	298	288
Advertising		97	82
Bank charges		143	116
Computer software charges		943	773
Electricity and heating		1,432	1,156
Insurance		1,027	863
Postage		99	102
Printing and stationery		75	78
Street lighting		364	330
Telephone and communications		267	368
Valuation fees		91	89
Legal expenses:			
– Legal expenses: planning and development		683	440
– Legal expenses: other		18	145
Total materials and services		44,280	42,487

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on loans		3,046	3,305
Total interest bearing liability costs		3,046	3,305
Total interest bearing liability costs expensed		3,046	3,305
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	29	67
Total other borrowing costs		29	67
Total borrowing costs expensed		3,075	3,372

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,080	1,085
Office equipment		12	34
Furniture and fittings		14	15
Land improvements (depreciable)		150	182
Infrastructure:	C1-7		
– Buildings		1,280	1,271
– Other structures		32	38
– Roads		6,443	5,366
– Bridges		418	678
– Footpaths		205	169
– Stormwater drainage		1,870	730
– Water supply network		1,429	1,495
– Sewerage network		3,039	3,113
– Swimming pools		56	56
– Other open space/recreational assets		560	528
Right of use assets	C2-1	–	–
Other assets:			
– Other		125	127
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	517	513
– Quarry assets	C3-5,C1-7	299	285
Total gross depreciation and amortisation costs		17,529	15,685
Total depreciation and amortisation costs		17,529	15,685
Total depreciation, amortisation and impairment for non-financial assets		17,529	15,685

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 C1-7 Infrastructure, Property, Plant and Equipment.

Impairment of non-financial assets

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

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
Impairment of receivables			
Other		17	11
Total impairment of receivables	C1-4	17	11
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		326	228
– Emergency services levy (includes FRNSW, SES, and RFS levies)		67	53
– NSW fire brigade levy		104	93
– Far North Coast Weeds		116	113
– Other contributions/levies		146	191
Donations, contributions and assistance to other organisations (Section 356)		56	60
Richmond Tweed Regional Library		1,463	1,371
Total other		2,278	2,109
Total other expenses		2,295	2,120

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
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		453	401
Less: carrying amount of plant and equipment assets sold/written off		(270)	(274)
Gain (or loss) on disposal		183	127
Gain (or loss) on disposal of infrastructure	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(7,634)	(2,516)
Gain (or loss) on disposal		(7,634)	(2,516)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		79,000	135,000
Less: carrying amount of investments sold/redeemed/matured		(79,000)	(135,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(7,451)	(2,389)

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 30/07/2020 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 -----	
REVENUES				
Rates and annual charges	51,488	52,004	516	1% F
User charges and fees	23,965	27,108	3,143	13% F
The original budget for 2020/2021 was set on a conservative basis given the unknown ongoing impacts of COVID-19 and potential for continuing revenue losses. However, actual results for user charges and fees exceeded or did not achieve the original budget in the following areas that accounts for the majority of the favourable budget variance:				
<ul style="list-style-type: none"> First Sun Holiday Park revenues exceeded budget by \$1.174million. Suffolk Beachfront Holiday Park revenues exceeded budget by \$297k. Pay Parking fee revenues exceeded budget by \$2.085million. Sandhills Child Care Centre revenues did not achieve budget by \$313k 				
Other revenues	1,467	1,847	380	26% F
Actual results for Other Revenues exceeded the original budget by \$380k with the following items accounting for the majority of the favourable budget variance:				
<ul style="list-style-type: none"> Fine revenue exceeded the original budget by \$199k Receipt of a Workers Compensation Insurance Rebate of \$93k not originally budgeted. Recovery proceeds from and insurance claim of \$21k not originally budgeted. Revenue from sale of carbon credits of \$23k not originally budgeted. Proceeds from sale related to a road closure \$47k not originally budgeted. 				
Operating grants and contributions	4,906	7,990	3,084	63% F
Actual results for Operating Grants and Contributions exceeded the original budget by \$3.084million with the following items accounting for the majority of the favourable variance:				
<ul style="list-style-type: none"> Advance payment of 50% of the 2021/2022 Financial Assistance Grant \$1.7million received before 30 June 2021 with the advance payment not originally budgeted. Receipt of a number of Environmental Management grants amounting to \$807k that were not originally budgeted for. 				
Capital grants and contributions	25,139	23,404	(1,735)	(7)% U
Interest and investment revenue	1,486	657	(829)	(56)% U
Actual results for Interest and Investment Revenue did not meet the original budget by \$829k with the following items accounting for the majority of the unfavourable variance:				
<ul style="list-style-type: none"> Interest on Investments did not meet original budget expectations by \$683k due to ongoing decline in interest rates that are now at historical low levels. With so much liquidity in the market, investment opportunities are at much lower rates than in previous years. Council's investment portfolio also incurred a fair value loss of \$170k that was not included in the original budget projections due to market conditions. 				
Other income	965	918	(47)	(5)% U

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	29,100	29,830	(730)	(3)% U
Materials and services	39,426	44,280	(4,854)	(12)% U
Actual results for Materials and Services exceeded the original budget by \$4.854million with the following items accounting for the majority of the unfavourable variance:				
<ul style="list-style-type: none"> Legal expenses exceeded the original budget estimate by \$500k. Holiday park contractor costs exceeded the original budget estimate by \$249k which is understandable given the additional revenue generated. There was \$2.405million in capital expenditure included in the original budget that was not capitalised and is therefore expensed. This expenditure was not included in the original budget for Materials and Services. There is \$1.802million in expenditure associated with Materials and Services for the restoration of Council infrastructure due to three recent declared Natural Disaster events that was not included in the original budget estimate. 				
Borrowing costs	3,093	3,075	18	1% F
Depreciation, amortisation and impairment of non-financial assets	15,029	17,529	(2,500)	(17)% U
The original budget estimate for Depreciation and Amortisation was based off 2019/2020 actual Depreciation and Amortisation expense. The revaluation of roads, drainage and bridge assets in 2019/2020 has impacted the depreciation expense for 2020/2021 financial year resulting in an unfavourable budget variance of \$2.500million. Specifically depreciation expense exceeded or not exceeded the original budget estimate for the following items which accounts for the majority of the unfavourable variance:				
<ul style="list-style-type: none"> Urban local roads exceeded the original budget \$571k. Sealed rural local roads exceeded the original budget by \$1.347million. Urban stormwater drainage exceeded the original budget by \$1.156million. Bridges depreciation expense was \$192k below the original budget estimate. 				
Other expenses	2,224	2,295	(71)	(3)% U
Net losses from disposal of assets	–	7,451	(7,451)	∞ U

STATEMENT OF CASH FLOWS

Cash flows from operating activities	35,554	39,620	4,066	11% F
Actual cash flows from operations exceeded the original budget estimate with a favourable budget variance overall of \$4.066million. The major items impacting this cash flow outcome are as follows:				
<ul style="list-style-type: none"> Grant and Contributions receipts exceeded original budget estimate by \$5.805million - favourable variance. Materials and Services payments exceeded original budget estimate by \$4.280million - unfavourable variance. User Charges and Fees receipts exceeded original budget estimate by \$1.971million - favourable variance. Other receipts exceeded original budget estimate by \$1.226million - favourable variance. Interest and Investment receipts did not exceed original budget estimate by \$526k - unfavourable variance. 				

Cash flows from investing activities	(85,442)	(33,802)	51,640	(60)% F
Actual cash flows from investing activities did not meet the original budget estimate of \$85.442million by \$43.640million representing a favourable budget variance. The budget variance is related to the extent of capital works for the purchase of property, plant and equipment completed. There were a number of capital works projects included in the original budget estimate that were either not commenced or partially completed with the majority of the favourable budget variance attributable to the following items:				

- Dingo Lane Solar Farm \$11.829million budget not spent.
- Bio-Energy Facility \$14.401million budget not spent.
- Alternative Flow Path Project \$1.191million budget not spent.
- Yamble Reservoir Roof \$475k budget not spent.
- Mullumbimby Water Supply Investigations \$172k budget not spent.
- Former Byron Bay Hospital Redevelopment \$3.500million budget not spent.
- Rehabilitation of Myocum Landfill \$3.000million budget not spent.
- Sandhills Activation and Skate Park \$1.607million budget not spent.
- Leachate Management System \$741k budget not spent.

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<ul style="list-style-type: none"> Suffolk Park Recreation Grounds \$212k budget not spent. Byron Creek Bridge \$334k budget not spent. Stuart Street Roadworks \$810k budget not spent. Coolamon Scenic Drive Roadworks \$632k budget not spent. Bangalow Road Roadworks \$424k budget not spent. Myocum Road Stage 1 Roadworks \$912k budget not spent. Gravel Resheeting \$173k budget not spent. Ruskin Street Roadworks \$184k budget not spent. Plant Purchases (net of sales) \$575k budget not spent. Major Roadworks Patching Program \$183k budget not spent. Mullumbimby I&I Drainage Project \$249k budget not spent. Johnston Lane Casueway \$134k budget not spent South Byron Sewerage Treatment Plant Remediation \$136k budget not spent. 				
Cash flows from financing activities	23,486	(1,777)	(25,263)	(108)% U

Actual cash flows from financing activities did not exceed the original budget estimate by \$25.263million and represent an unfavourable budget variance. The original budget contained proposed loan borrowings of \$27million for the 2020/2021 financial year on the basis to fund construction budgets for both the Dingo Lane Solar Farm (\$12million) and Bio-Energy Facility (\$15million). Neither of these projects proceeded to construction in 2020/2021 but Council subsequently borrow \$1.750million that was not included in the original budget estimate to finalise the construction of the Byron Bay Bypass.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	1,523	704
Cash-equivalent assets		
– Deposits at call	21,845	26,623
– Short-term deposits	18,000	10,000
Total cash and cash equivalents	41,368	37,327

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	41,368	37,327
Balance as per the Statement of Cash Flows	41,368	37,327

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
Debt securities at amortised cost				
Long term deposits	22,539	–	31,000	–
NCD's, FRN's (with maturities > 3 months)	–	3,835	–	2,267
Other long term financial assets	–	4,731	–	5,968
Total	22,539	8,566	31,000	8,235
Total financial investments	22,539	8,566	31,000	8,235
Total cash assets, cash equivalents and investments	63,907	8,566	68,327	8,235

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

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	63,907	8,566	68,327	8,235
attributable to:				
External restrictions	37,731	8,566	40,959	8,235
Internal restrictions	25,658	–	26,644	–
Unrestricted	518	–	724	–
	63,907	8,566	68,327	8,235

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Bonds and deposits	2,508	3,830
Specific purpose unexpended grants – general fund	7,233	925
External restrictions – included in liabilities	9,741	4,755

External restrictions – other

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

Developer contributions – general	11,122	15,139
Developer contributions – water fund	1,860	1,484
Developer contributions – sewer fund	8,872	8,117
Transport for NSW contributions	247	247
Specific purpose unexpended grants (recognised as revenue) – general fund	–	1,585
Water fund	9,578	9,260
Sewer fund	4,349	7,781
Domestic waste management	168	15
Crown paid parking reserve	212	747
Crown reserve	128	44
Other	20	20
External restrictions – other	36,556	44,439

Total external restrictions

	46,297	49,194
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Internal restrictions

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

Plant and vehicle replacement	2,204	1,966
Infrastructure renewal - Byron Bay	511	306
Infrastructure renewal reserve – non Byron Bay	1,140	630
Employees leave entitlement	603	633
Asset revaluation reserve	11	11
Bridge replacement fund	18	152
Brunswick Heads Memorial Hall	29	33
Byron Bay Library Exhibition Space	28	28
Byron Bay Library	300	306
Byron Senior Citizens Hall	68	52
Children's services	118	192
Community development	386	427
Council caravan parks	2,617	3,089
Economic development	83	152
Environmental levy	23	78
Financial assistance grant (in advance)	1,716	1,704
Footpath dining	360	327
General managers office	82	61

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

\$ '000	2021	2020
Human resources	399	352
Information technology	69	194
Information & technology service fee	209	99
Infrastructure services carryover	536	405
Land and natural environment	364	309
Land remediation	10	10
Legal services	14	500
On-site sewerage management reserve	472	358
Property	162	246
Quarry	692	617
Revolving energy fund	38	38
Risk management	243	156
Special events response and mitigation	–	164
South Golden Beach Hall	26	34
2017/2018 Special Rate Carryover Reserve	769	114
Stormwater	299	146
Suffolk Park Community Hall	16	9
Suffolk park open space	50	50
Unexpended loans	1,373	4,134
Waste management	6,347	5,713
Ocean Shores Community Centre	14	27
Council election	214	157
Grant management	–	29
Community Building Maintenance	432	372
WHS Incentive	40	40
Public Toilets	103	180
Volunteer Visitor Fund	26	17
Byron Bay Town Centre Masterplan	1,095	859
Mullumbimby Civic Hall	16	–
Property development	642	777
Environmental Enforcement Levy	191	91
Brunswick Valley Community Centre	–	–
Byron Bay Construction Contingency	300	300
Pay Parking Meter Replacement	200	–
Total internal restrictions	25,658	26,644
Total restrictions	71,955	75,838

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	4,058	455	3,025	217
Interest and extra charges	87	34	204	28
User charges and fees	3,856	–	3,463	–
Accrued revenues				
– Interest on investments	215	–	238	–
– Other income accruals	101	–	70	–
Net investment in finance lease	–	–	–	–
Deferred debtors	10	160	10	170
Government grants and subsidies	259	–	740	–
Net GST receivable	1,074	–	963	–
Pensioner subsidy	16	–	10	–
Transport for NSW	–	–	536	–
Miscellaneous water and sewer	54	–	30	–
Total	9,730	649	9,289	415
Less: provision of impairment				
User charges and fees	(39)	–	(30)	–
Total provision for impairment – receivables	(39)	–	(30)	–
Total net receivables	9,691	649	9,259	415
Externally restricted receivables				
Water supply				
– Specific purpose grants	3	–	2	–
– Rates and availability charges	3	–	2	–
– Other	2,453	–	1,996	–
Sewerage services				
– Specific purpose grants	3	–	2	–
– Rates and availability charges	1,248	–	737	–
– Other	855	–	1,268	–
Total external restrictions	4,565	–	4,007	–
Unrestricted receivables	5,126	649	5,252	415
Total net receivables	9,691	649	9,259	415

C1-4 Receivables (continued)

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	30	28
+ new provisions recognised during the year	9	2
Balance at the end of the year	39	30

Accounting policy

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

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

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

Impairment

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

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

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

The Council uses the presumption 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 significantly past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	508	–	498	–
Total inventories at cost	508	–	498	–
Total inventories	508	–	498	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	2,687	2,800
Total contract assets and contract cost assets		2,687	2,800

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Government Grants and Subsidies - Roads and Cycleways	2,452	–	2,141	–
Government Grants and Subsidies - Bridges	235	–	659	–
Total contract assets	2,687	–	2,800	–

Significant changes in contract assets

During the 2020/2021 financial year, Council has continued to undertake significant roads projects that it is awaiting payment from other levels of government particularly associated with construction of the Byron Bay Bypass. Council has received payment during 2020/2021 for contract assets raised in 2020/2021 particularly relating to bridge projects.

Accounting policy

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

C1-6 Contract assets and Contract cost assets (continued)

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Restated Gross carrying amount	Restated Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Restated Gross carrying amount	Restated Accumulated depreciation	Net carrying amount
\$ '000														
Capital work in progress	30,741	–	30,741	12,740	460	–	–	(21,976)	(505)	–	–	21,460	–	21,460
Plant and equipment	12,846	(8,734)	4,112	–	1,890	(270)	(1,080)	–	(10)	–	–	13,984	(9,342)	4,642
Office equipment	2,664	(2,593)	71	–	–	–	(12)	–	–	–	–	2,663	(2,604)	59
Furniture and fittings	276	(230)	46	–	–	–	(14)	–	–	–	–	275	(243)	32
Land:														
– Operational land	87,498	–	87,498	–	–	–	–	–	(177)	–	74,652	161,973	–	161,973
– Community land	105,078	–	105,078	–	–	–	–	–	–	–	–	105,078	–	105,078
– Crown land	56,237	–	56,237	–	–	–	–	–	–	–	–	56,236	1	56,237
– Land under roads (post 30/6/08)	363	–	363	–	44	–	–	–	–	–	1	409	(1)	408
Land improvements – depreciable	6,215	(2,993)	3,222	–	–	(1,829)	(150)	–	–	–	–	1,294	(52)	1,242
Infrastructure:														
– Buildings	86,116	(15,733)	70,383	672	252	(1,230)	(1,280)	194	(42)	–	4,722	91,615	(17,944)	73,671
– Other structures	2,481	(473)	2,008	–	–	(100)	(32)	–	–	(567)	–	4,412	(3,103)	1,309
– Roads	321,811	(121,505)	200,306	13,731	–	(924)	(6,443)	11,067	–	–	–	344,761	(127,024)	217,737
– Bridges	49,590	(5,722)	43,868	3,336	533	(1,921)	(418)	2,595	–	–	–	53,194	(5,201)	47,993
– Footpaths	12,198	(4,011)	8,187	513	–	(92)	(205)	911	–	–	–	13,448	(4,134)	9,314
– Bulk earthworks (non-depreciable)	35,790	–	35,790	1,166	–	(60)	–	1,310	–	–	–	38,206	–	38,206
– Stormwater drainage	181,921	(47,896)	134,025	3,014	–	(146)	(1,870)	3,143	–	–	–	187,864	(49,696)	138,168
– Water supply network	113,124	(44,189)	68,935	1,225	–	(335)	(1,429)	227	–	–	631	114,936	(45,682)	69,254
– Sewerage network	190,580	(75,868)	114,712	3,482	–	(579)	(3,039)	1,983	–	–	1,064	196,710	(79,087)	117,623
– Swimming pools	2,800	(777)	2,023	–	–	–	(56)	–	–	–	364	3,404	(1,073)	2,331
– Other open space/recreational assets	17,098	(5,507)	11,591	407	–	(417)	(560)	546	42	–	1,056	21,282	(8,617)	12,665
Other assets:														
– Other	2,238	(1,245)	993	–	–	–	(125)	–	–	–	–	2,238	(1,370)	868
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	12,685	(2,480)	10,205	–	–	–	(517)	–	(37)	–	1,395	14,285	(3,239)	11,046
– Quarry assets	3,106	(1,069)	2,037	–	–	–	(299)	–	143	–	985	4,234	(1,368)	2,866
Total infrastructure, property, plant and equipment	1,333,456	(341,025)	992,431	40,286	3,179	(7,903)	(17,529)	–	(586)	(567)	84,870	1,453,961	(359,779)	1,094,182

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Restated Gross carrying amount	Restated Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Restated Gross carrying amount	Restated Accumulated depreciation	Net carrying amount
\$ '000													
Capital work in progress	12,852	—	12,852	9,594	11,714	—	—	(3,419)	—	—	30,741	—	30,741
Plant and equipment	12,983	(9,076)	3,907	—	1,564	(274)	(1,085)	—	—	—	12,846	(8,734)	4,112
Office equipment	3,035	(2,930)	105	—	—	—	(34)	—	—	—	2,664	(2,593)	71
Furniture and fittings	296	(235)	61	—	—	—	(15)	—	—	—	276	(230)	46
Land:													
– Operational land	77,658	—	77,658	—	8,400	—	—	—	1,440	—	87,498	—	87,498
– Community land	78,760	—	78,760	—	364	—	—	—	—	25,954	105,078	—	105,078
– Crown land	45,544	—	45,544	—	—	—	—	—	—	10,693	56,237	—	56,237
– Land under roads (post 30/6/08)	260	—	260	—	7	—	—	—	—	96	363	—	363
Land improvements – depreciable	6,215	(2,811)	3,404	—	—	—	(182)	—	—	—	6,215	(2,993)	3,222
Infrastructure:													
– Buildings	85,673	(14,466)	71,207	339	—	(14)	(1,271)	122	—	—	86,116	(15,733)	70,383
– Other structures	2,311	(434)	1,877	152	—	—	(38)	17	—	—	2,481	(473)	2,008
– Roads	346,941	(153,739)	193,202	6,232	—	(93)	(5,366)	616	(434)	6,148	321,811	(121,505)	200,306
– Bridges	43,412	(10,371)	33,041	841	860	—	(678)	793	—	9,010	49,590	(5,722)	43,868
– Footpaths	10,050	(3,363)	6,687	372	—	(26)	(169)	57	568	698	12,198	(4,011)	8,187
– Bulk earthworks (non-depreciable)	32,415	—	32,415	224	—	(272)	—	21	—	3,403	35,790	—	35,790
– Stormwater drainage	99,870	(23,904)	75,966	814	—	(110)	(730)	73	20	57,992	181,921	(47,896)	134,025
– Water supply network	112,178	(42,927)	69,251	1,536	—	(998)	(1,495)	—	—	641	113,124	(44,189)	68,935
– Sewerage network	187,417	(72,128)	115,289	1,447	—	(192)	(3,113)	205	—	1,076	190,580	(75,868)	114,712
– Swimming pools	2,800	(721)	2,079	—	—	—	(56)	—	—	—	2,800	(777)	2,023
– Other open space/recreational assets	15,411	(5,212)	10,199	987	—	(287)	(528)	1,374	(154)	—	17,098	(5,507)	11,591
Other assets:													
– Other	3,766	(2,121)	1,645	—	—	(525)	(127)	—	—	—	2,238	(1,245)	993
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	14,072	(1,970)	12,102	—	46	—	(513)	140	(1,570)	—	12,685	(2,480)	10,205
– Quarry assets	2,739	(784)	1,955	—	—	—	(285)	—	367	—	3,106	(1,069)	2,037
Total infrastructure, property, plant and equipment	1,196,658	(347,192)	849,466	22,538	22,955	(2,791)	(15,685)	(1)	237	115,711	1,333,456	(341,025)	992,431

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

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

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment (DoPIE) - Best Practice Management Water Supply and Sewerage Guidelines.

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	20 to 100
Office furniture	10 to 20	Benches, seats etc.	0 to 5
Computer equipment	4		
Vehicles	7 to 10		
Heavy plant/road making equipment	7 to 10		
Other plant and equipment	5 to 10		
Buildings		Buildings	
Envelope	40 to 150	Mechanical Services	30
Floors	40	Fire Services	30
Floor Coverings	17 to 34	Electrical Services	50
Internal Screens	20	Hydraulic Services	40
Roof	80		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	40 to 100	Drains	100 to 200
Bores	20 to 40	Culverts	100
Reticulation pipes: PVC	70 to 80	Flood control structures	100
Reticulation pipes: other	40 to 80		
Pumps and telemetry	10 to 60		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	8 to 25	Bulk earthworks	Infinite
Sealed roads: structure	45 to 225	Swimming pools	50
Unsealed roads	12 to 36	Other open space / recreational assets	5 to 100
Bridge: concrete	60 to 100		
Bridge: other	60 to 100		
Road pavements	50		
Kerb, gutter and footpaths	80		

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

Land under roads

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

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

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.

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer Note C2-1.

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

Rural Fire Service assets

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

C2 Leasing activities

C2-1 Council as a lessee

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

Land and Buildings

Council has fourteen leases and licences for a variety of land and buildings as a lessee. These leases/licences are with the NSW Government and are often for minimal rentals, some of the agreements have no end dates and rentals generally increase in line with the Consumer Price Index on anniversary. Council has not outlined any right of use assets or lease liabilities for these leases/licences as it is of the view they are not material to the financial statements of Council.

Vehicles

Council does not lease any vehicles.

Office and IT equipment

Council leases all of its Information Technology equipment including servers, printers, WYSE terminals, laptops, and audio visual equipment.

The vast majority of these assets individually are below the low value threshold individually and therefore Council has taken the view that disclosure requirements of AASB 16 do not apply to this equipment. Council will continue to recognise the operating lease payments as an operating expense,

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups and businesses. These leases have been classified as operating leases for financial reporting purposes.

\$ '000	2021	2020
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(i) Assets held as property, plant and equipment

Council provides operating leases on Council land and buildings for the purpose of community use such as property agreements, use of rooms/facility hire and the Cavanbah Centre.

Lease income	918	916
Total income relating to operating leases for Council assets	918	916

(ii) Maturity analysis of contractual lease income

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

< 1 year	210	316
1–2 years	181	269
2–3 years	145	246
3–4 years	92	143
4–5 years	62	105
> 5 years	337	373
Total undiscounted lease payments to be received	1,027	1,452

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Prepaid rates	669	—	488	—
Goods and services – operating expenditure	8,384	—	8,007	—
Accrued expenses:				
– Borrowings	136	—	148	—
– Other expenditure accruals	598	—	294	—
Security bonds, deposits and retentions	4,323	—	4,130	—
Total payables	14,110	—	13,067	—
Total payables	14,110	—	13,067	—

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Sewer	120	—	1,407	—
Bonds and deposits	4,323	—	4,131	—
Payables relating to externally restricted assets	4,443	—	5,538	—
Total payables relating to restricted assets	4,443	—	5,538	—
Total payables relating to unrestricted assets	9,667	—	7,529	—
Total payables	14,110	—	13,067	—

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,533	–	925	–
Total grants received in advance		5,533	–	925	–
User fees and charges received in advance:					
Advance bookings - holiday parks	(ii)	741	–	564	–
Total user fees and charges received in advance		741	–	564	–
Total contract liabilities		6,274	–	1,489	–

Notes

(i) Council has received funding to construct infrastructure assets. 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) Advance booking fees for Council's holiday parks do meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when the customer has completed their booking by virtue of their stay at the holiday park.

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	810	575
User fees and charges received in advance:		
Advance bookings - holiday parks	–	32
Total revenue recognised that was included in the contract liability balance at the beginning of the period	810	607

Significant changes in contract liabilities

In light of the response to COVID-19, Council has received grant funding for economic stimulus and infrastructure renewal to which it has not completed its performance obligations as at 30 June 2021. As an example, Council received an advance payment under the Fixing Local Roads Program of \$2.2million for fixing roads at Ocean Shores near the end of the 2021/2022 financial year for works to be completed in the 2021/2022 financial year.

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 ¹	3,789	57,269	3,527	59,308
Total borrowings	3,789	57,269	3,527	59,308

(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 18.

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Sewer	2,501	35,699	2,372	38,200
Borrowings relating to externally restricted assets	2,501	35,699	2,372	38,200
Total borrowings relating to restricted assets	2,501	35,699	2,372	38,200
Total borrowings relating to unrestricted assets	1,288	21,570	1,155	21,108
Total borrowings	3,789	57,269	3,527	59,308

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	62,835	(1,777)	–	–	–	–	61,058
Total liabilities from financing activities	62,835	(1,777)	–	–	–	–	61,058

\$ '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	64,150	(1,315)	–	–	–	–	62,835
Total liabilities from financing activities	64,150	(1,315)	–	–	–	–	62,835

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	185	185
Total financing arrangements	1,185	1,185
Drawn facilities		
– Credit cards/purchase cards	5	2
Total drawn financing arrangements	5	2
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	180	183
Total undrawn financing arrangements	1,180	1,183

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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	2,635	–	2,348	–
Long service leave	3,764	665	3,582	690
Gratuities	156	–	156	–
Total employee benefit provisions	6,555	665	6,086	690

Employee benefit provisions relating to restricted assets

There are no restrictions (internal or external) relating to any of these provisions.

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

C3-4 Employee benefit provisions (continued)

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,927	3,667
	<u>3,927</u>	<u>3,667</u>

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2021				
At beginning of year	2,348	4,272	156	6,776
Additional provisions	2,065	703	24	2,792
Amounts used (payments)	(1,778)	(546)	(24)	(2,348)
Total ELE provisions at end of year	<u>2,635</u>	<u>4,429</u>	<u>156</u>	<u>7,220</u>
2020				
At beginning of year	2,044	3,654	154	5,852
Additional provisions	1,970	1,059	2	3,031
Amounts used (payments)	(1,666)	(441)	–	(2,107)
Total ELE provisions at end of year	<u>2,348</u>	<u>4,272</u>	<u>156</u>	<u>6,776</u>

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
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	7,972	–	8,013
Sub-total – asset remediation/restoration	–	7,972	–	8,013
Total provisions	–	7,972	–	8,013

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	8,013	8,013
Unwinding of discount	29	29
Other	(70)	(70)
Total other provisions at end of year	7,972	7,972
2020		
At beginning of year	7,709	7,709
Unwinding of discount	67	67
Other	237	237
Total other provisions at end of year	8,013	8,013

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Council tip and quarry.

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.

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

C3-5 Provisions (continued)

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	34,396	2,544	15,587
User charges and fees	18,448	7,861	2,603
Interest and investment revenue	482	51	124
Other revenues	1,847	–	–
Grants and contributions provided for operating purposes	7,843	75	72
Grants and contributions provided for capital purposes	20,432	743	2,229
Other income	918	–	–
Total income from continuing operations	84,366	11,274	20,615
Expenses from continuing operations			
Employee benefits and on-costs	25,535	1,246	3,049
Materials and services	35,474	3,389	7,743
Borrowing costs	1,021	–	2,054
Depreciation, amortisation and impairment of non-financial assets	13,020	1,439	3,070
Other expenses	(2,185)	4,480	–
Net losses from the disposal of assets	6,531	335	585
Share of interests in joint ventures and associates using the equity method	64	–	–
Total expenses from continuing operations	79,460	10,889	16,501
Operating result from continuing operations	4,906	385	4,114
Net operating result for the year	4,906	385	4,114
Net operating result attributable to each council fund	4,906	385	4,114
Net operating result for the year before grants and contributions provided for capital purposes	(15,526)	(358)	1,885

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	41,368	–	–
Investments	(2,119)	11,437	13,221
Receivables	5,126	2,459	2,106
Inventories	508	–	–
Contract assets and contract cost assets	2,687	–	–
Other	17	–	–
Total current assets	47,587	13,896	15,327
Non-current assets			
Investments	8,566	–	–
Receivables	649	–	–
Infrastructure, property, plant and equipment	857,268	81,161	155,753
Investments accounted for using the equity method	1,142	–	–
Total non-current assets	867,625	81,161	155,753
TOTAL ASSETS	915,212	95,057	171,080
LIABILITIES			
Current liabilities			
Payables	13,990	–	120
Contract liabilities	6,274	–	–
Borrowings	1,288	–	2,501
Employee benefit provision	6,555	–	–
Total current liabilities	28,107	–	2,621
Non-current liabilities			
Borrowings	21,570	–	35,699
Employee benefit provision	665	–	–
Provisions	7,972	–	–
Total non-current liabilities	30,207	–	35,699
TOTAL LIABILITIES	58,314	–	38,320
Net assets	856,898	95,057	132,760
EQUITY			
Accumulated surplus	490,114	43,297	98,954
Revaluation reserves	366,784	51,760	33,806
Council equity interest	856,898	95,057	132,760
Total equity	856,898	95,057	132,760

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Associates	1,142	1,206
Total net share of interests in joint ventures and associates using the equity method – assets	1,142	1,206
Total Council's share of net assets	1,142	1,206

Interests in associates

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

Summarised financial information for individually immaterial associates

\$ '000	2021	2020
Individually immaterial associates		
Aggregate carrying amount of individually immaterial associates	1,142	1,206
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	(64)	53
Total comprehensive income – individually immaterial associates	(64)	53

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 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
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	41,368	37,327	37,327	37,327
Receivables	10,340	9,674	9,578	12,474
Investments				
– Debt securities at amortised cost	31,105	39,235	39,105	39,235
Total financial assets	82,813	86,236	86,010	89,036
Financial liabilities				
Payables	14,110	13,067	14,110	13,067
Loans/advances	61,058	62,835	65,429	64,841
Total financial liabilities	75,168	75,902	79,539	77,908

Fair value is determined as follows:

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

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

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

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 it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

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

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	725	765
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,910	4

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	3,285	300	48	58	822	4,513
2020						
Gross carrying amount	2,844	29	47	56	266	3,242

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision as at 30 June 2019 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
2021						
Gross carrying amount	3,478	1,209	1,115	52	12	5,866

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
Expected loss rate (%)	0.22%	4.51%	(0.06)%	1.67%	1.91%	1.07%
ECL provision	8	55	(1)	1	–	63
2020						
Gross carrying amount	4,196	1,271	583	25	387	6,462
Expected loss rate (%)	0.43%	2.64%	4.40%	8.04%	6.25%	1.60%
ECL provision	18	34	26	2	24	104

(c) Liquidity risk

Payables 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 and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	4,323	9,118	–	–	13,441	13,441
Loans and advances	4.86%	–	6,694	27,650	45,949	80,293	61,058
Total financial liabilities		4,323	15,812	27,650	45,949	93,734	74,499
2020							
Trade/other payables	0.00%	4,130	8,449	–	–	12,579	12,579
Loans and advances	4.96%	–	6,583	29,191	51,661	87,435	62,835
Total financial liabilities		4,130	15,032	29,191	51,661	100,014	75,414

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	4,642	4,112	4,642	4,112
Office equipment		–	–	58	70	58	70
Furniture and fittings		–	–	31	45	31	45
Operational land		161,973	87,497	–	–	161,973	87,497
Community land		–	–	105,078	161,314	105,078	161,314
Crown Land		–	–	56,236	–	56,236	–
Land under roads (Post 30/6/08)		–	–	409	363	409	363
Land improvements – non-depreciable		–	–	–	–	–	–
Land improvements – depreciable		–	–	3,072	3,222	3,072	3,222
Buildings specialised		–	–	73,670	70,382	73,670	70,382
Other structures		–	–	1,309	2,008	1,309	2,008
Roads		–	–	217,736	200,306	217,736	200,306
Bridges		–	–	47,994	43,868	47,994	43,868
Footpaths		–	–	9,314	8,187	9,314	8,187
Bulk earthworks		–	–	38,207	35,790	38,207	35,790
Stormwater drainage		–	–	138,169	134,028	138,169	134,028
Water supply network		–	–	69,254	68,935	69,254	68,935
Sewerage network		–	–	117,623	114,712	117,623	114,712
Swimming pools		–	–	2,331	2,023	2,331	2,023
Other open space and recreational assets		–	–	12,664	11,589	12,664	11,589
Other assets		–	–	869	993	869	993
Tip assets		–	–	11,097	10,204	11,097	10,204
Quarry assets		–	–	2,915	2,038	2,915	2,038
Total infrastructure, property, plant and equipment		161,973	87,497	912,678	874,189	1,074,651	961,686

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Financial assets

Financial assets are exposed to financial risks such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictable nature of financial markets.

The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment, furniture and fittings

Plant and equipment, office equipment and furniture & fittings assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

Operational land

Operational Land has been valued by Assetic, an external valuer utilised by Council at 30 June 2021. The report provided by Assetic stated that the valuation was undertaken in accordance with specific accounting standards AASB13 Fair Value Measurement and AASB116 Property Plant and Equipment.

Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted.

Details of each approach are detailed below.

Level 3 inputs are unobservable inputs for the asset or liability

Unobservable inputs are to be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

There were no assets valued where it was assumed that the highest and best use was other than its current use and all assets have been valued at Level 2

Community land

Community Land has been valued using the Valuer Generals value of land. These rates are not considered to be observable market evidence and as such they have been classified as Level 3

Land under roads (Post 30/6/08)

Land under roads is valued using the 'Englobo' valuation method at 30 June 2021. The Englobo value of the land under the road is the proportional site value of the land at the time when the land is sold for subdivision. In prior years, this was valued through information provided by the Valuer General (VG). Information was received by the VG for each zone description and an applicable rate per square metre for rural and residential areas was applied to the land recognised under roads, post 30/6/08. These rates are not considered to be observable market evidence and as such they have been classified as Level 3.

Buildings – specialised

Buildings were valued by Assetic at 30 June 2021 using the cost approach. This approach estimated the replacement cost for each building by componentising it into significant parts with different useful lives taking into account a range of factors. Some of these factors required extensive professional judgement and as such were classified as Level 3.

Roads, bridges and footpaths

Valuations for these asset classes were undertaken by Assetic using the replacement cost approach. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

Water

Water Network assets were valued by AssetVal at 30 June 2017. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

Sewer

Sewer Network assets were valued by AssetVal at 30 June 2017. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

Stormwater drainage

E2-1 Fair value measurement (continued)

Valuations for these asset classes were undertaken by Assetic using the replacement cost approach. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

Swimming pools

This asset class is for the swimming pool shells only. This was valued externally by Assetic at 30 June 2021.

Other open space and recreational assets.

This asset class was valued by Assetic as at 30 June 2021. All assets within the revaluation identified the assets as Level 3, valued using the cost approach.

Other assets

Other assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

Tip assets

Tip assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the tip provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

Quarry assets

Quarry assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the quarry provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant, Equipment, Furniture, Fittings and Office Equipment	4,732	Cost used to approximate fair value	Asset Condition, remaining useful lives
Operational Land	161,973	Assetic Valuation	Land Value, land area
Community Land	105,078	Land values obtained from the NSW Valuer General	Land Value, land area
Crown Land	56,236	Land values obtained from the NSW Valuer General	Land Value, land area
Land Under Roads	409	Square metre rate calculated from Land and Property information of LG area and applied to depending on zoning of the land	Land Value, land area
Land Improvements	3,072	Cost used to approximate fair value	Asset Condition, remaining useful lives
Buildings	73,670	Assetic valuation	Condition, remaining lives, valuers individual knowledge and skills.
Other Structures	1,309	Cost used to approximate fair value	Asset Condition, remaining useful lives
Roads, Bridges & Footpaths	275,043	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Stormwater Drainage	138,169	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Bulk Earthworks	38,207	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.

E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Water	69,254	Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation	Condition, remaining lives, valuers individual knowledge and skills.
Sewer	117,623	Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation	Condition, remaining lives, valuers individual knowledge and skills.
Swimming Pools	2,331	Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Other Open Space & Recreation	12,644	Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Other Assets	869	Cost used to approximate fair value	Asset Condition, remaining useful lives
Tip Assets	11,097	Cost used to approximate fair value	Asset Condition, remaining useful lives
Quarry Assets	2,915	Cost used to approximate fair value	Asset Condition, remaining useful lives

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	4,111	3,907	71	105	46	61	161,314	124,304
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,890	1,563	—	—	—	—	—	364
Disposals (WDV)	(270)	(274)	—	—	—	—	—	—
Depreciation and impairment	(1,080)	(1,085)	(12)	(34)	(14)	(15)	—	—
WIP Transfers	—	—	—	—	—	—	—	—
Adjustments & Transfers	(10)	—	—	—	—	—	—	—
Reval Equity Movements	—	—	—	—	—	—	—	36,646
Closing balance	4,641	4,111	59	71	32	46	161,314	161,314

\$ '000	Land under Roads (post 30/6/08)		Land improv'mnt depreciable		Building specialised		Other structures	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	362	260	3,223	3,404	70,383	71,206	2,008	1,877
Total gains or losses for the period								
Other movements								
Purchases (GBV)	44	7	—	—	925	339	—	152
Disposals (WDV)	—	—	—	—	(1,230)	(13)	(100)	—
Depreciation and impairment	—	—	(150)	(181)	(1,280)	(1,271)	(32)	(38)
WIP Transfers	—	—	—	—	194	122	—	17
Adjustments & Transfers	—	—	—	—	(42)	—	—	—
Reval Equity Movements	1	95	—	—	4,722	—	(567)	—
Closing balance	407	362	3,073	3,223	73,672	70,383	1,309	2,008

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	200,305	193,201	43,867	33,041	8,187	6,687	35,791	32,415
Total gains or losses for the period								
Other movements								
Purchases (GBV)	13,731	6,232	3,869	1,701	513	372	1,166	224

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks	
	2021	2020	2021	2020	2021	2020	2021	2020
Disposals (WDV)	(924)	(93)	(1,921)	–	(92)	(26)	(60)	(272)
Depreciation and impairment	(6,443)	(5,365)	(418)	(678)	(205)	(169)	–	–
WIP Transfers	11,066	616	2,595	793	911	57	1,310	21
Adjustments & Transfers	–	(434)	–	–	–	568	–	–
Reval Equity Movements	–	6,148	–	9,010	–	698	–	3,403
Closing balance	217,735	200,305	47,992	43,867	9,314	8,187	38,207	35,791

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	134,025	75,966	68,934	69,250	114,711	115,289	2,023	2,079
Total gains or losses for the period								
Other movements								
Purchases (GBV)	3,014	814	1,225	1,536	3,482	1,447	–	–
Disposals (WDV)	(146)	(111)	(335)	(998)	(579)	(192)	–	–
Depreciation and impairment	(1,870)	(729)	(1,429)	(1,495)	(3,039)	(3,113)	(56)	(56)
WIP Transfers	3,143	73	227	–	1,984	205	–	–
Adjustments & Transfers	–	20	–	–	–	–	–	–
Reval Equity Movements	–	57,992	631	641	1,064	1,075	364	–
Closing balance	138,166	134,025	69,253	68,934	117,623	114,711	2,331	2,023

\$ '000	Other open space and recreation		Other		Tip assets		Quarry assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	11,589	10,198	994	1,646	10,204	12,101	2,037	1,955
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	(253)	–	253
Purchases (GBV)	407	987	–	–	–	46	–	–
Disposals (WDV)	(417)	(287)	–	(525)	–	–	–	–
Depreciation and impairment	(560)	(528)	(125)	(127)	(501)	(513)	(285)	(285)
WIP Transfers	546	1,374	–	–	–	140	–	–
Adjustments & Transfers	42	(155)	–	–	–	(1,317)	177	114
Reval Equity Movements	1,056	–	–	–	1,395	–	985	–
Closing balance	12,663	11,589	869	994	11,098	10,204	2,914	2,037

\$ '000	Total	
	2021	2020
Opening balance	874,185	758,952
Purchases (GBV)	30,266	15,784
Disposals (WDV)	(6,074)	(2,791)
Depreciation and impairment	(17,499)	(15,682)
WIP Transfers	21,976	3,418
Adjustments & Transfers	167	(1,204)
Reval Equity Movements	9,651	115,708
Closing balance	912,672	874,185

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

For 2021 there are no transfers into or out of the level 3 valuation hierarchy.

Highest and best use

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

E3-1 Contingencies

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

E3-1 Contingencies (continued)

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$273,984.64. The last valuation of the Scheme was performed by Mr Richard Bayfield, FIAA, as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$164,400. Council's expected contribution to the plan for the next annual reporting period is \$256,743.60.

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 share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.41% as at 30 June 2021.

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

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

Investment return	5.75% per annum
Salary inflation *	3.50% per annum
Increase in CPI	2.50% per annum

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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.

E3-1 Contingencies (continued)

(iii) StateCover Limited

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

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

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

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Section 7.11 Contributions (Previously S94 Plans)

Council levies Section 7.11 Contributions (previously Section 94/94A) upon various developments 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 monies in accordance with those Plans.

As well, these Plans indicate 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 by the use of Council's General Funds.

The future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intentions to spend funds in the manner and timing set out in those Plans.

(iii) Butler Street Byron Bay Contamination

Council is currently in consultation with the Environment Protection Authority undertaking monitoring and investigation of contamination levels at the Butler Street Reserve that is still ongoing. This being the site of a disused landfill. The ongoing monitoring will be used to determine the future management of the Reserve. The current assessment indicates that the site is fit for its current use of passive recreation and markets.

(iv) Former Landfill Brunswick Heads

Council has investigated the environmental impact of a former landfill at Brunswick Heads in association with the NSW Department of Lands and the Environment Protection Agency. The site is now being monitored with the prospect of further remediation small but not eliminated.

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.

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,152	1,133
Post-employment benefits	83	81
Total	1,235	1,214

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	179	183
Other Councillors' expenses (including Mayor)	75	61
Total	298	288

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit of financial statements	113	86
Remuneration for audit and other assurance services	113	86
Total Auditor-General remuneration	113	86
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Internal audit services	52	89
Remuneration for non-assurance services	52	89
Total remuneration of non NSW Auditor-General audit firms	52	89
Total audit fees	165	175

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	9,468	23,778
Adjust for non-cash items:		
Depreciation and amortisation	17,529	15,685
Net losses/(gains) on disposal of assets	7,451	2,389
Non-cash capital grants and contributions	(655)	(9,348)
Adoption of AASB 15/1058	–	(767)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	169	(174)
Unwinding of discount rates on reinstatement provisions	29	67
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(53)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(685)	1,501
Increase/(decrease) in provision for impairment of receivables	9	2
Decrease/(increase) in inventories	(10)	(103)
Decrease/(increase) in other current assets	–	12
Decrease/(increase) in contract assets	113	(2,800)
Increase/(decrease) in payables	377	2,216
Increase/(decrease) in accrued interest payable	(12)	(77)
Increase/(decrease) in other accrued expenses payable	304	(10)
Increase/(decrease) in other liabilities	374	335
Increase/(decrease) in contract liabilities	4,785	1,489
Increase/(decrease) in provision for employee benefits	444	924
Increase/(decrease) in other provisions	(70)	237
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	39,620	35,303

(b) Non-cash investing and financing activities

Crown land devolved	–	–
Developer dedications	655	9,348
Total non-cash investing and financing activities	655	9,348

G2-1 Commitments

Capital commitments (exclusive of GST)

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

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

Property, plant and equipment

Plant and equipment	763	—
Roads	1,687	7,933
Water	—	953
Sewer	1,002	—
Parks and Gardens	673	—
Emergency Services	—	—
Total commitments	4,125	8,886

These expenditures are payable as follows:

Within the next year	3,625	8,886
Later than 1 year not later than 5 years	500	—
Total payable	4,125	8,886

Sources for funding of capital commitments:

Unrestricted general funds	(2)	—
Future grants and contributions	1,187	7,380
Section 7.11 and 64 funds/reserves	502	411
Internally restricted reserves	2,438	1,095
Total sources of funding	4,125	8,886

G3 Statement of developer contributions as at 30 June 2021

G3-1 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					
Open space	4,378	501	–	37	(763)	–	4,154	–
Community facilities	1,153	231	–	10	(245)	–	1,150	–
Urban roads	3,974	202	–	19	(4,149)	2,300	2,347	–
Rural roads	1,573	417	–	18	–	(1,000)	1,007	–
Cycleways	1,042	160	–	8	(216)	–	994	–
Carparking	1,535	124	–	15	–	(1,300)	375	–
Civic and urban improvements	527	6	–	3	(180)	–	357	–
Shire support services	133	4	–	–	(26)	–	112	–
Administration	422	156	–	4	(150)	–	432	–
Section 7.12 levy	402	261	–	2	(471)	–	194	–
S7.11 contributions – under a plan	15,139	2,062	–	116	(6,200)	–	11,122	–
Total S7.11 and S7.12 revenue under plans	15,139	2,062	–	116	(6,200)	–	11,122	–
S64 contributions	9,601	2,854	–	96	(1,819)	–	10,732	–
Total contributions	24,740	4,916	–	212	(8,019)	–	21,854	–

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 1 – OPEN SPACE								
Byron Bay	327	136	–	1	(318)	–	147	–
Mullumbimby	735	151	–	8	–	–	894	–
Bangalow	266	54	–	3	–	–	323	–
Suffolk Park	999	–	–	5	(427)	–	577	–
Brunswick Heads	50	12	–	–	(18)	–	44	–
Ocean Shores	66	35	–	2	–	–	103	–
Shire Wide	1,900	94	–	18	–	–	2,012	–
Rural North	20	17	–	–	–	–	37	–
Rural South	15	2	–	–	–	–	17	–
Total	4,378	501	–	37	(763)	–	4,154	–
CONTRIBUTION PLAN NUMBER 2 – COMMUNITY FACILITIES								
Byron Bay	(35)	40	–	–	–	–	5	–
Mullumbimby	23	9	–	–	–	–	33	–
Bangalow	205	5	–	2	–	–	212	–
Brunswick Heads	15	1	–	–	–	–	16	–
Ocean Shores	126	23	–	–	(120)	–	29	–
Shire Wide	704	149	–	7	(125)	–	735	–
Rural North	3	2	–	–	–	–	5	–
Rural South	112	2	–	1	–	–	115	–
Total	1,153	231	–	10	(245)	–	1,150	–
CONTRIBUTION PLAN NUMBER 3 – CYCLEWAYS								
Byron Bay	190	32	–	2	–	–	224	–
Mullumbimby	389	91	–	4	(8)	–	476	–
Bangalow	244	13	–	–	(208)	–	49	–
Brunswick Heads	22	3	–	–	–	–	25	–
Ocean Shores	83	8	–	1	–	–	92	–
Shire Wide	–	10	–	–	–	–	10	–
Rural North	15	1	–	–	–	–	16	–
Rural South	99	2	–	1	–	–	102	–
Total	1,042	160	–	8	(216)	–	994	–
CONTRIBUTION PLAN NUMBER 4 – SHIRE SUPPORT SERVICES								
Byron Bay	21	–	–	–	–	–	21	–
Mullumbimby	14	–	–	–	–	–	14	–

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G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Bangalow	4	–	–	–	–	–	4	–
Ocean Shores	6	–	–	–	–	–	6	–
Rural North	27	2	–	–	–	–	29	–
Rural South	18	2	–	–	(26)	–	(6)	–
Shire Rural	42	–	–	–	–	–	43	–
Brunswick Heads	1	–	–	–	–	–	1	–
Total	133	4	–	–	(26)	–	112	–
CONTRIBUTION PLAN NUMBER 5 – CARPARKING								
Byron Bay	1,346	–	–	12	–	(1,300)	58	–
Mullumbimby	6	124	–	1	–	–	131	–
Brunswick Heads	183	–	–	2	–	–	186	–
Total	1,535	124	–	15	–	(1,300)	375	–
CONTRIBUTION PLAN NUMBER 6 – URBAN ROADS								
Byron Bay	1,907	99	–	–	(4,149)	2,300	157	–
Mullumbimby	541	47	–	5	–	–	593	–
Bangalow	1,286	22	–	12	–	–	1,321	–
Brunswick Heads	190	13	–	2	–	–	205	–
Ocean Shores	49	21	–	–	–	–	70	–
Batson Quarry	1	–	–	–	–	–	1	–
Total	3,974	202	–	19	(4,149)	2,300	2,347	–
CONTRIBUTION PLAN NUMBER 7 – RURAL ROADS								
Shire Rural	26	30	–	–	–	–	56	–
Mudges Quarry	18	–	–	–	–	–	18	–
Leela Quarry	4	–	–	–	–	–	4	–
Myocum Quarry (Council)	20	–	–	–	–	–	20	–
Rural North	(285)	224	–	–	–	–	(62)	–
Rural South	1,790	163	–	18	–	(1,000)	971	–
Total	1,573	417	–	18	–	(1,000)	1,007	–
CONTRIBUTION PLAN NUMBER 8 – CIVIC AND URBAN IMPROVEMENTS								
Byron Bay	86	–	–	–	(105)	–	(19)	–
Mullumbimby	100	–	–	1	–	–	101	–
Bangalow	203	–	–	1	(75)	–	129	–

continued on next page ...

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Brunswick Heads	3	–	–	–	–	–	3	–
Ocean Shores	135	3	–	1	–	–	140	–
Rural North	(54)	1	–	–	–	–	(53)	–
Rural South	54	2	–	–	–	–	56	–
Total	527	6	–	3	(180)	–	357	–
CONTRIBUTION PLAN NUMBER 9 – ADMINISTRATION								
Shire Wide	422	156	–	4	(150)	–	432	–
Total	422	156	–	4	(150)	–	432	–
CONTRIBUTION PLAN NUMBER 10 – SECTION 7.12 LEVY								
Shire Wide	402	261	–	2	(471)	–	194	–
Total	402	261	–	2	(471)	–	194	–

G3-3 S64 contributions

CONTRIBUTION PLAN NUMBER 11 – WATER SUPPLY SERVICES

Byron, Bang, Burns, O/Shires	692	667	–	17	(308)	–	1,068	–
Mullumbimby	793	–	–	–	–	–	793	–
Total	1,485	667	–	17	(308)	–	1,861	–

CONTRIBUTION PLAN NUMBER 12 – SEWERAGE SERVICES

Bangalow	2,450	2,187	–	79	(1,512)	–	3,204	–
Byron Bay	5,667	–	–	–	–	–	5,667	–
Total	8,117	2,187	–	79	(1,512)	–	8,871	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(6,235)	(6.87)%	(7.08)%	(7.11)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	90,757				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	82,767	72.50%	65.41%	72.24%	> 60.00%
Total continuing operating revenue ¹	114,161				
3. Unrestricted current ratio					
Current assets less all external restrictions	34,514	2.41x	3.08x	3.65x	> 1.50x
Current liabilities less specific purpose liabilities	14,324				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14,369	2.18x	1.99x	1.86x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,602				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	4,634	8.33%	7.32%	4.63%	< 10.00%
Rates and annual charges collectable	55,617				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	63,907	9.36	8.76	11.02	> 3.00
Monthly payments from cash flow of operating and financing activities	6,827	mths	mths	mths	mths

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(12.76)%	(11.12)%	(3.13)%	(4.95)%	10.40%	6.08%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	65.61%	56.62%	92.74%	94.92%	88.84%	92.57%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.41x	3.08x	∞	∞	5.85x	3.91x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	1.80x	3.51x	∞	∞	2.53x	1.19x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.48%	7.61%	8.27%	6.55%	7.99%	6.61%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.36	11.68	∞	0.00	∞	0.00	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths					mths

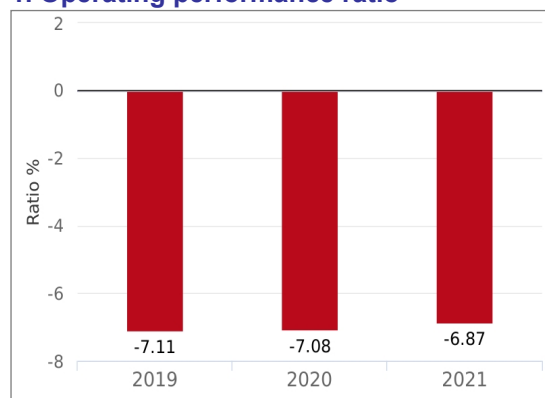
(1) - (2) Refer to Notes at Note G6-1 above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance 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 (6.87)%

Whilst not achieving this benchmark, Council's result has slightly improved which is pleasing considering current ongoing COVID-19 impacts. Council though does need to address its operating performance. The result would have been further enhanced had Council been able to recognise revenues for two Natural Disaster Claims recovering \$1.8million in costs incurred during the financial year but the claims are not approved at financial year end.

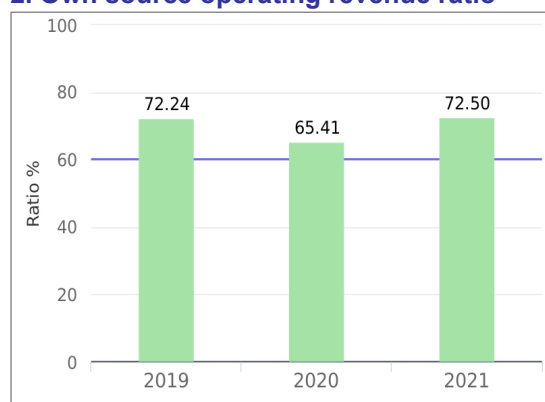
Benchmark: — > 0.00%

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 72.50%

Council has managed to remain above the required benchmark which is a good outcome considering the ongoing impacts of COVID-19.

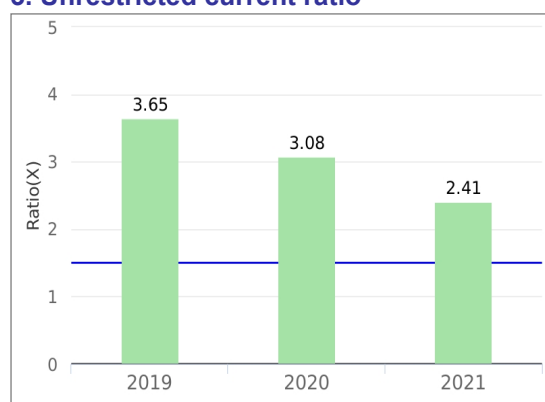
Benchmark: — > 60.00%

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 2.41x

Whilst a decline from the previous year, given the current environment Council is still exceeding the required benchmark significantly that continues to demonstrate Council can meet its short term obligations.

Benchmark: — > 1.50x

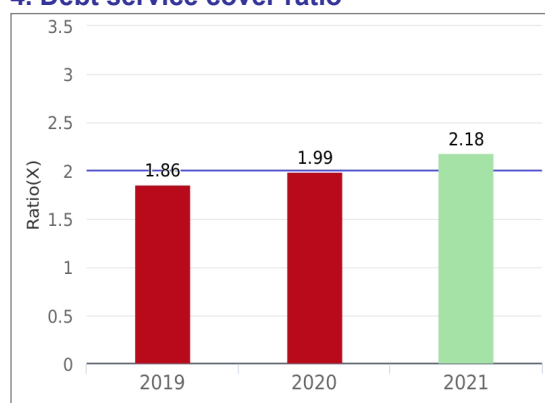
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2.18x

It is pleasing that Council has improved the availability of operating cash to service debt repayments. Council in oncoming years will be refinancing some significant loan borrowings that will hopefully reduce debt costs for existing borrowings and assist maintaining this ratio benchmark.

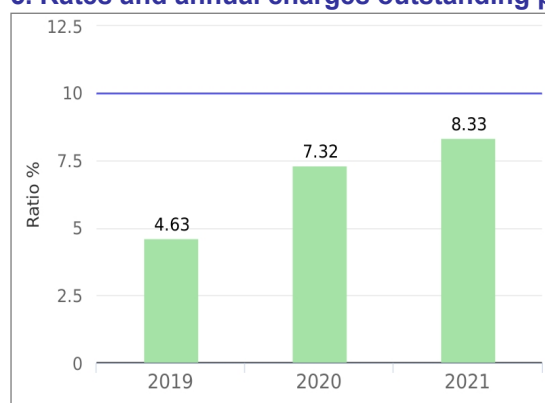
Benchmark: — > 2.00x

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 8.33%

The trend of this ratio is a consequence of the impact of COVID-19 and Council providing assistance to ratepayers through payment arrangements, not charging interest and suspension of debt recovery. Whilst still within the benchmark for a rural Council, it is impacting Council's liquidity.

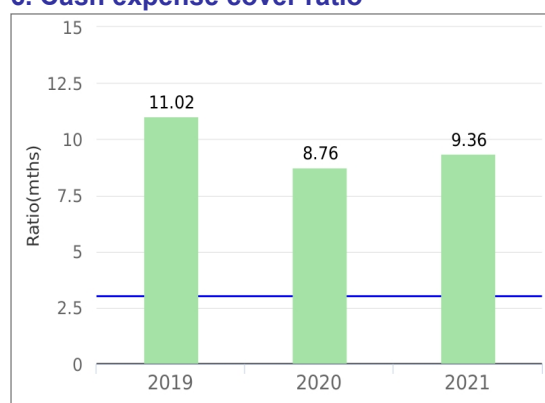
Benchmark: — < 10.00%

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 9.36 mths

Council maintains a stable strong liquidity position well above the required 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

Principal place of business:

70 Station Street
MULLUMBIMBY NSW 2482

Contact details**Mailing Address:**

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Opening hours:

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Internet: www.byron.nsw.gov.au

Email: council@byron.nsw.gov.au

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Mark Arnold

Responsible Accounting Officer

James Brickley

Auditors

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

Elected members**Mayor**

Michael Lyon

Councillors

Sarah Ndiaye
Michael Lyon
Basil Cameron
Cate Coorey
Jan Hackett
Jeanette Martin
Paul Spooner
Alan Hunter

Other information

ABN: 14 472 131 473