

Woollahra
Municipal
Council



Financial Statements

2020-2021

General Purpose Financial Statements
for the year ended 30 June 2021

Woollahra Municipal Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021



Woollahra Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

536 New South Head Road
Double Bay NSW 2028

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

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

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

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

Woollahra Municipal 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 two 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.

Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements (continued)

Key Events of 2020-21

COVID-19

The global health crisis from COVID-19 has had a material impact on Council's operations which is reflected in the financial statements. In March 2020 Council endorsed a COVID-19 Small Business Relief Package that provided financial support to Woollahra's business community. Additionally a number of facilities, services, events and expenditure were significantly affected during the period of pandemic restrictions which resulted in reduced revenues. The net impact of COVID-19 on Council's 2020/21 operating surplus for the year was \$4,051k:

	Note No	Council's Small Business Relief Package \$'000	Other Relief Measures / Impact \$'000	Total \$'000
Reductions in Income:				
Fire safety, Waste Containers, Health Inspections	B2-2	49	-	49
Rent relief - Kiaora	B2-6	1,038	-	1,038
Rent relief - Other Commercial	B2-6	396	-	396
Rent relief – Community Buildings	B2-6	59	-	59
Footway Dining fees	B2-6	625	-	625
Parking Meters Income	B2-2	563	-	563
Library Income	B2-2	-	112	112
Wedding & Ceremonial Photography	B2-2	-	36	36
Council Building Hire (closure of community buildings)	B2-6	-	114	114
Reduction in Car Park Income	B2-6	-	195	195
Reduction in Enforcement Income	B2-3	-	643	643
Interest on Overdue Rates & Charges	B2-3	-	65	65
Mobile Bin Services Income	B2-2	-	404	404
Total Reduction in Income		2,730	1,569	4,299
Additional Expenditure:				
Additional Domestic Violence Housing	B3-2	-	187	187
Other costs eg additional playground cleaning	B3-2	-	379	379
Total Additional Expenditure		-	566	566
Reduced Expenditure:				
Parking Meter Expenditure	B3-2	(27)	-	(27)
Enforcement Expenditure	B3-2	-	(38)	(38)
Library Expenses	B3-2	-	(154)	(154)
Family & Comm Dev – Cultural Day	B3-2	-	(45)	(45)
Governance (Meeting Associated Costs)	B3-2	-	(72)	(72)
Open Space & Trees (New Years Eve Costs)	B3-2	-	(124)	(124)
Communications Expenses (eg Council Events, Advertising)	B3-2	-	(52)	(52)
Placemaking Expenses	B3-2	-	(13)	(13)
Civil Operations - Mobile Bin Services expenditure	B3-2	-	(142)	(142)
Civil Operations - Plant Operations	B3-2	-	(147)	(147)
Total Reduced Expenditure		(27)	(787)	(814)
Net Impact of COVID-19		2,703	1,348	4,051

Council has had grant funding approved of \$4.75m under the NSW Public Spaces Legacy Program and \$1.74m under the Local Roads and Community Infrastructure Program. These Government infrastructure programs are designed to promote economic and jobs stimulus in response to the COVID-19 pandemic. As at 30 June 2021 Council has expended \$130k of this capital grant funding which has been recognised as capital grant income in the income statement.

Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

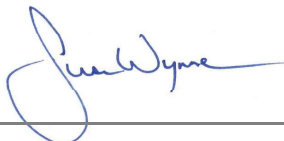
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

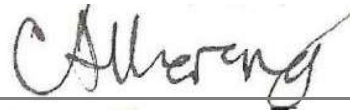
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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

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



Susan Wynne
Mayor
28 September 2021



Anthony Marano
Councillor
28 September 2021



Craig Swift-McNair
General Manager
28 September 2021



Henrietta McGilvray
Responsible Accounting Officer
28 September 2021

Woollahra Municipal Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
56,229	Rates and annual charges	B2-1	56,325	54,776
12,200	User charges and fees	B2-2	11,041	10,652
9,660	Other revenue	B2-3	9,447	9,119
3,881	Grants and contributions provided for operating purposes	B2-4	4,799	4,329
3,171	Grants and contributions provided for capital purposes	B2-4	4,905	10,161
1,293	Interest and investment income	B2-5	862	1,766
13,844	Other income	B2-6	13,389	13,067
1,515	Fair value increment on investment properties	C1-8	11,755	–
101,793	Total income from continuing operations		112,523	103,870
Expenses from continuing operations				
46,109	Employee benefits and on-costs	B3-1	45,827	44,582
36,498	Materials and services	B3-2	37,212	35,859
2,878	Borrowing costs	B3-3	9,219	3,031
13,751	Depreciation, amortisation and impairment for non-financial assets	B3-4	14,251	14,182
3,927	Other expenses	B3-5	3,985	4,060
1,793	Net losses from the disposal of assets	B4-1	1,402	1,043
104,956	Total expenses from continuing operations		111,896	102,757
(3,163)	Operating result from continuing operations		627	1,113
(3,163)	Net operating result for the year attributable to Council		627	1,113
(6,334)	Net operating result for the year before grants and contributions provided for capital purposes		(4,278)	(9,048)

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

Woollahra Municipal 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		627	1,113
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	<u>7</u>	<u>24,605</u>
Total items which will not be reclassified subsequently to the operating result		7	24,605
Total other comprehensive income for the year		7	24,605
Total comprehensive income for the year attributable to Council		634	25,718

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

Woollahra Municipal Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	11,785	13,881
Investments	C1-2	68,624	64,664
Receivables	C1-4	5,243	5,682
Inventories	C1-5	338	370
Contract assets and contract cost assets	C1-6	809	719
Other	C1-9	706	794
Total current assets		87,505	86,110
Non-current assets			
Receivables	C1-4	86	168
Infrastructure, property, plant and equipment	C1-7	909,538	909,555
Investment property	C1-8	168,450	156,695
Right of use assets	C2-1	328	451
Other	C1-9	587	729
Total non-current assets		1,078,989	1,067,598
Total assets		1,166,494	1,153,708
LIABILITIES			
Current liabilities			
Payables	C3-1	39,993	35,238
Income received in advance	C3-1	1,665	1,702
Contract liabilities	C3-2	990	33
Lease liabilities	C2-1	133	127
Borrowings	C3-3	3,531	2,789
Employee benefit provisions	C3-4	14,335	14,410
Provisions	C3-5	89	–
Total current liabilities		60,736	54,299
Non-current liabilities			
Contract liabilities	C3-2	781	–
Lease liabilities	C2-1	192	326
Borrowings	C3-3	63,979	58,986
Employee benefit provisions	C3-4	632	557
Total non-current liabilities		65,584	59,869
Total liabilities		126,320	114,168
Net assets		1,040,174	1,039,540
EQUITY			
Accumulated surplus		546,120	545,493
IPPE revaluation reserve	C4-1	494,054	494,047
Council equity interest		1,040,174	1,039,540
Total equity		1,040,174	1,039,540

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

Woollahra Municipal Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		545,493	494,047	1,039,540	544,583	469,442	1,014,025
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(203)	-	(203)
Restated opening balance		545,493	494,047	1,039,540	544,380	469,442	1,013,822
Net operating result for the year		627	-	627	1,113	-	1,113
Restated net operating result for the period		627	-	627	1,113	-	1,113
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	7	7	-	24,605	24,605
Other comprehensive income		-	7	7	-	24,605	24,605
Total comprehensive income		627	7	634	1,113	24,605	25,718
Closing balance at 30 June		546,120	494,054	1,040,174	545,493	494,047	1,039,540

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

Woollahra Municipal Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
56,087	Rates and annual charges		57,130	54,234
13,133	User charges and fees		10,986	10,953
1,293	Investment and interest revenue received		1,117	2,223
7,674	Grants and contributions		11,201	11,105
–	Bonds, deposits and retention amounts received		10,247	9,103
26,195	Other Revenue including Rental Income		22,686	22,561
<i>Payments:</i>				
(45,193)	Employee benefits and on-costs		(45,328)	(43,388)
(38,735)	Materials and services		(37,203)	(31,711)
(2,895)	Borrowing costs		(8,867)	(3,033)
–	Bonds, deposits and retention amounts refunded		(5,993)	(5,992)
(5,725)	Other		(4,304)	(4,181)
11,834	Net cash flows from operating activities	G1-1	11,672	21,874
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		54,000	70,000
625	Sale of infrastructure, property, plant and equipment		920	1,291
<i>Payments:</i>				
–	Purchase of investment securities		(58,000)	(61,000)
–	Purchase of investment property		(176)	(364)
(13,842)	Purchase of infrastructure, property, plant and equipment		(16,119)	(24,252)
(13,217)	Net cash flows from investing activities		(19,375)	(14,325)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		59,000	–
<i>Payments:</i>				
(2,789)	Repayment of borrowings		(53,265)	(2,661)
–	Principal component of lease payments		(128)	(120)
(2,789)	Net cash flows from financing activities		5,607	(2,781)
(4,172)	Net change in cash and cash equivalents		(2,096)	4,768
60,619	Cash and cash equivalents at beginning of year		13,881	9,113
56,447	Cash and cash equivalents at end of year	C1-1	11,785	13,881
–	plus: Investments on hand at end of year	C1-2	68,624	64,664
56,447	Total cash, cash equivalents and investments		80,409	78,545

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

Woollahra Municipal 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 September 2021.

Council has the power to amend and reissue these financial statements.

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties –refer Note C1-8,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7,
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

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

(iii) Valuation of Investment Properties: The valuation is performed by an independent valuer in accordance with AASB 140 *Investment Property* and AASB 13 *Fair Value Measurement*.

The income approach method is used in the valuation. This method takes into consideration the income that a property might be expected to generate if leased at a stabilised occupancy level and applying to that income a capitalisation rate reflecting the market standards and the investors' interest in a property of that kind.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Premsure Insurance Pool

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 other assets 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.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not have a material dependence on volunteer services. Volunteers are utilised in Library Services, Bushland Regeneration works, Cultural Events and Sustainability. These services are not recognised due to their non material nature and a significant proportion would not go ahead should there not be volunteers to undertake their roles.

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.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

None of these standards had a significant impact on reported position or performance

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
A connected and harmonious community	4	15	723	689	(719)	(674)	3	3	8,289	8,229
A supported community	1,432	1,179	3,248	2,734	(1,816)	(1,555)	1,287	661	3,438	3,591
A creative and vibrant community	584	691	7,115	6,808	(6,531)	(6,117)	448	481	11,565	9,221
Well planned neighbourhoods	3,326	2,817	8,274	7,814	(4,948)	(4,997)	–	–	1,135	875
Liveable places	7,329	6,883	30,421	28,806	(23,092)	(21,923)	1,857	2,268	662,528	665,145
Getting around	10,368	8,552	4,306	3,495	6,062	5,057	450	637	80,415	79,843
Protecting our environment	307	255	2,247	2,200	(1,940)	(1,945)	40	24	69,912	68,841
Sustainable use of resources	16,943	16,355	12,094	12,070	4,849	4,285	106	111	3,822	4,017
Community focused economic development	21,211	9,931	14,635	8,370	6,576	1,561	87	98	165,399	153,941
Working together	15	17	1,254	1,336	(1,239)	(1,319)	1	–	36	41
Well managed Council	51,004	57,175	27,579	28,435	23,425	28,740	5,425	10,207	77,413	78,220
General purpose	–	–	–	–	–	–	–	–	82,542	81,744
Total functions and activities	112,523	103,870	111,896	102,757	627	1,113	9,704	14,490	1,166,494	1,153,708

B1-2 Components of functions or activities

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

Theme: Community well-being

Goal 1: A connected and harmonious community

Woollahra will be a community where people care for each other, have a sense of belonging and can contribute meaningfully to their local community and neighbourhood through participation in community life.

Goal 2: A supported community

Woollahra will be a place where people have access to a range of effective and diverse social services and programs that meet the changing needs of our community.

Goal 3: A creative and vibrant community

Woollahra will be a place where people of all ages and backgrounds have access to lifelong learning opportunities, cultural and community activities.

Theme: Quality places and spaces

Goal 4: Well planned neighbourhoods

Woollahra will have well planned, high quality and sustainable building development that respects and enhances our environment and heritage. It will complement and retain the local character of our suburbs, villages and neighbourhoods and provide access to a range of housing options.

Goal 5: Liveable places

Woollahra will be a community with accessible, integrated and well maintained public spaces and open spaces. We will have clean and well maintained infrastructure and community facilities. It will be a safe and attractive place with high quality public and private facilities and amenities.

Goal 6: Getting around

Woollahra will be a place where it is easy to get around, easy to access our foreshore, our recreation facilities, our green open space and our public and private institutions. We will also have easy access to the city and its wide range of services and facilities, and be able to access public transport, walking cycling routes within our area.

Theme: A healthy environment

Goal 7: Protecting our environment

Woollahra will be a place where the natural environment will be protected and conserved from adverse impacts, to preserve our vegetation and wildlife habits.

Goal 8: Sustainable use of resources

Woollahra will reduce energy and water use, reduce emissions and develop adaption actions that will reduce the impacts of climate change. We will minimise waste generation and encourage resource recycling.

Theme: Local prosperity

Goal 9: Community focused economic development

Woollahra will maintain the diversity of our local economic base and encourage new businesses into the area that will enhance and positively impact on community life.

Theme: Community leadership and participation

Goal 10: Working together

Woollahra will be a place where residents are well informed and able to contribute to their community. Council will listen and respond to requests and concerns through open communication and engagement.

Goal 11: Well managed Council

Woollahra Council will be open and accountable to all stakeholders, encourage participation in decision making and make decisions that are in the public interest. Through effective long term planning, we will develop and implement strategies and ensure ongoing resources to fulfil long term community goals.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	31,524	30,628
Business	5,130	5,074
Less: Pensioner rebates	(135)	(131)
Rates levied to ratepayers	36,519	35,571
Pensioner rate subsidies received	73	73
Total ordinary rates	36,592	35,644
Special rates		
Environmental and infrastructure levy	4,400	4,278
Less: Pensioner rebates	(114)	(108)
Rates levied to ratepayers	4,286	4,170
Total special rates	4,286	4,170
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	14,942	14,455
Stormwater management services	491	489
Section 611 charges	50	52
Less: Pensioner rebates	(77)	(75)
Annual charges levied	15,406	14,921
Pensioner subsidies received:		
– Domestic waste management	41	41
Total annual charges	15,447	14,962
Total rates and annual charges	56,325	54,776

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2021	2020
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Waste management services (non-domestic)	1,692	1,683
Total specific user charges	1,692	1,683
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Advertising fees	470	395
Certificate fees	683	584
Compliance levy	499	362
Development application fees	934	693
Hoarding fees	245	335
Inspection fees	103	102
Principal certifying authority fees	23	40
Registration fees and permits	727	787
Section 96 amendment application fees	312	331
Subdivision application fees	3	8
Total fees and charges – statutory/regulatory	3,999	3,637
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Restoration charges	982	841
Casual park hire	249	215
Credit card usage charge	104	102
Construction zone charges	1,206	752
Footpath crossing administration fees	94	53
Fire safety statement lodgement fee	94	113
Filming fees	119	99
File retrieval charges	82	72
Pre DA lodgement advice service fees	31	26
Other	294	445
Parking permits – residential	408	356
Parking meters	1,265	1,494
Preschool fees	125	484
Rezoning requests	65	129
Tree pruning income	186	108
Tree preservation order applications	46	43
Total fees and charges – other	5,350	5,332
Total user charges and fees	11,041	10,652
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	3,948	3,703
User charges and fees recognised at a point in time (2)	7,093	6,949
Total user charges and fees	11,041	10,652

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. There is no material obligation for Council in relation to refunds or returns.

B2-3 Other revenue

\$ '000	2021	2020
Ex gratia rates	94	114
Fines – parking	6,162	5,191
Fines – other	312	318
Recycling income (non-domestic)	242	131
Other	247	1,175
Private use contributions	371	461
Recovered costs and reimbursements	2,019	1,693
Risk management Incentives	–	36
Total other revenue	9,447	9,119

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	9,447	9,119
Total other revenue	9,447	9,119

Accounting policy for other revenue

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

Parking 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.

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

B2-4 Grants and contributions

\$ '000	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	584	622	–	–
Financial assistance – local roads component	213	219	–	–
Payment in advance - future year allocation				
Financial assistance – general component	624	659	–	–
Financial assistance – local roads component	228	232	–	–
Amount recognised as income during current year	1,649	1,732	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Pensioners' rates subsidies:				
Community care	7	5	–	–
Library – per capita	151	144	–	–
Local Infrastructure Renewal Scheme subsidy	108	132	–	–
Drainage	–	–	93	12
Environmental works	120	48	20	144
Library – special grant	18	60	–	–
Open space	–	–	201	482
Preschool	1,283	657	74	–
Street lighting	387	387	–	–
Transport for NSW contributions (Regional Roads, Block Grant)	145	145	72	272
Roads to Recovery	386	275	–	–
Transport (other)	20	273	897	314
Other specific grants	247	149	19	836
Previously contributions:				
Contribution to works	–	44	–	–
Paddington library	278	278	–	–
Total special purpose grants and non-developer contributions – cash	3,150	2,597	1,376	2,060
Non-cash contributions				
Other ¹	–	–	–	3,400
Total other contributions – non-cash	–	–	–	3,400
Total special purpose grants and non-developer contributions (tied)	3,150	2,597	1,376	5,460
Total grants and non-developer contributions	4,799	4,329	1,376	5,460
Comprising:				
– Commonwealth funding	2,035	2,258	776	504
– State funding	2,483	1,746	600	1,556
– Other funding	281	325	–	3,400
	4,799	4,329	1,376	5,460

(1) This non-cash contribution relates to land in Stephen Street Paddington that was contributed under a Voluntary Planning Agreement.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions:	G5				
(s7.12 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies		–	–	3,529	4,701
Total developer contributions – cash		–	–	3,529	4,701
Total developer contributions		–	–	3,529	4,701
Total contributions		–	–	3,529	4,701
Total grants and contributions		4,799	4,329	4,905	10,161
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		134	104	1,376	2,585
Grants and contributions recognised at a point in time (2)		4,665	4,225	3,529	7,576
Total grants and contributions		4,799	4,329	4,905	10,161

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	26	87	2	203
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	–	26	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	(2)	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(9)	(87)	–	(201)
Unspent funds at 30 June	17	26	–	2
Contributions				
Unspent funds at 1 July	5,775	5,996	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: contributions received and not recognised as revenue in the current year	3,531	4,708	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(2,741)	(4,929)	–	–
Unspent contributions at 30 June	6,565	5,775	–	–

B2-4 Grants and contributions (continued)

Accounting policy

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

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

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

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

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)	83	150
– Cash and investments	819	1,721
– Other	–	6
Fair value adjustments		
– Movements in investments at fair value through profit and loss	(40)	(111)
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	862	1,766
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	83	150
General Council cash and investments	756	1,539
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 and Section 7.12	2	7
Other externally restricted assets	2	6
Restricted investments/funds – internal:		
Internally restricted assets	19	64
Total interest and investment income	862	1,766

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			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		9,544	9,320
Total Investment properties		9,544	9,320
Other lease income			
Room/Facility Hire		2,402	2,525
Other		1,443	1,222
Total Other lease income		3,845	3,747
Total rental income	C2-2	13,389	13,067
Total other income		13,389	13,067

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	35,298	33,345
Employee leave entitlements (ELE)	5,490	6,750
Superannuation	4,121	3,962
Workers' compensation insurance	950	860
Fringe benefit tax (FBT)	295	260
Other	354	6
Total employee costs	46,508	45,183
Less: capitalised costs	(681)	(601)
Total employee costs expensed	45,827	44,582
Number of 'full-time equivalent' employees (FTE) at year end	416	400
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	439	432

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		6,038	7,489
General contractor and consultancy costs		7,057	5,734
Maintenance and security contracts		4,670	4,287
Recycling		2,717	2,605
Audit Fees	F2-1	78	82
Infringement notice contract costs (SEINS)		1,065	715
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	380	381
Advertising		401	339
Bank charges		393	405
Electricity and heating		523	448
Postage		143	178
Street lighting		1,084	1,144
Telephone and communications		145	129
Valuation fees		82	80
Other expenses		588	780
File archival and retrieval costs		157	173
Insurance deductibles and claims payments		456	806
Insurance premiums		1,524	1,399
Office rental		22	27
Recoverable expenses		105	190
Registration		203	204
Waste disposal costs		5,367	5,233
Water and council rates		249	278
Other – land tax		445	447
Other – Woollahra Local Planning Panel		142	173
Training		315	245
Legal expenses:			
– Legal expenses: planning and development		1,600	1,527
– Legal expenses: other		1,257	358
Operating leases expense:			
– Operating lease rentals: minimum lease payments		6	3
Total materials and services		37,212	35,859
Total materials and services		37,212	35,859

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on leases		19	21
Interest on loans		2,750	3,010
Loan Termination Costs ¹		6,450	–
Total interest bearing liability costs		9,219	3,031
Total interest bearing liability costs expensed		9,219	3,031
Total borrowing costs expensed		9,219	3,031

Accounting policy

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

(1) During the year Council refinanced a fixed interest rate loan to take advantage of the current low interest rate environment. The refinancing resulted in an additional interest expense of \$6,450k during the year (loan termination costs). Substantial financial benefits will be realised over future years with total savings of approximately \$7,870k over the life of the loan, net of the break costs incurred.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,359	1,294
Office equipment		547	662
Furniture and fittings		141	150
Infrastructure:			
	C1-7		
– Buildings – non-specialised		1,761	1,717
– Buildings – specialised		974	926
– Roads		4,499	4,681
– Bridges		42	24
– Footpaths		1,469	1,452
– Stormwater drainage		756	734
– Other open space/recreational assets		1,220	1,184
– Harbourside Structures		138	138
– Seawalls		395	394
– Retaining Walls		293	285
Other assets:			
– Library books		534	536
Total depreciation and amortisation costs		14,128	14,177
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-7		
– Bridges		–	(117)
Right of use assets	C2-1	123	122
Total gross IPPE impairment / revaluation decrement costs		123	5
Total IPPE impairment / revaluation decrement costs charged to Income Statement		123	5
Total depreciation, amortisation and impairment for non-financial assets		14,251	14,182

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7.

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.

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			
User charges and fees		10	73
Total impairment of receivables	C1-4	10	73
Fair value decrement on investment properties			
Fair value decrement on investment properties		–	269
Total fair value decrement on investment properties	C1-8	–	269
Other			
Contributions/levies to other levels of government			
– Department of planning levy		326	320
– Emergency services levy (includes FRNSW, SES, and RFS levies)		114	91
– NSW fire brigade levy		2,268	2,070
– Donations, contributions and assistance Holdsworth Community		1,010	991
Donations, contributions and assistance to other organisations (Section 356)		257	246
Total other expenses		3,985	4,060

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			
Proceeds from disposal – plant and equipment	C1-7	920	663
Less: carrying amount of plant and equipment assets sold/written off		(1,007)	(890)
Gain (or loss) on disposal		(87)	(227)
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-7	–	552
Less: carrying amount of infrastructure assets sold/written off		(1,232)	(1,356)
Gain (or loss) on disposal		(1,232)	(804)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	54,000	70,000
Less: carrying amount of investments sold/redeemed/matured		(54,000)	(70,000)
Gain (or loss) on disposal		–	–
Capitalised Lease Incentives			
Proceeds from disposal – Capitalised Lease Incentives		–	49
Less: carrying amount of Capitalised Lease Incentives assets sold/written off		–	(61)
Gain (or loss) on disposal		–	(12)
Other - Office Equipment			
Proceeds from disposal – Other Office Equipment		–	–
Less: carrying amount of Other Office Equipment assets sold/written off		(83)	–
Gain (or loss) on disposal		(83)	–
Net gain (or loss) on disposal of assets		(1,402)	(1,043)

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

Accounting policy

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 22/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	56,229	56,325	96	0% F
There are no individual material variances to report.				
User charges and fees	12,200	11,041	(1,159)	(10)% U
The following sources of income did not reach their original budgets predominantly due to COVID-19: Preschool fees \$863k (free Preschool period was replaced by grant income), Parking Meter Charges \$513k and Mobile Bin Service \$402k.				
The following sources of income exceeded their original budgets: Footpath Restoration Charges \$184k, Work Zone Charges \$143k, Road Restoration Charges \$130k, Compliance Levy \$89k, Development Application Fees \$63k,				
The net total of these variances is -\$1,169k				
Other revenues	9,660	9,447	(213)	(2)% U
While not a material variance overall, there are a number of individual material variances to report.				
The following source of income did not reach their original budget predominantly due to COVID-19: Parking Fines \$820k				
The following source of income exceeded their original budget: Recovered Costs \$571k, due to \$200k of recovered legal costs and \$226k for footpath & road resotations work.				
The net total of these variances is -\$249k				
Operating grants and contributions	3,881	4,799	918	24% F

Operating grants of note that exceeded their original budget are:
DOCS Preschool Subsidy \$627k due to the free Preschool period when fees weren't charges, and Roads to Recovery Grant \$111k.

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
Capital grants and contributions	3,171	4,905	1,734	55% F
Capital grants and contributions of note that exceeded their original budget are: Section 7.12 development levies \$829k and capital grants received for various roads and infrastructure projects including New South Head Rd - William St - Norwich Rd \$287k, Gap Park self harm minimisation \$239k, Reconophelt accelerated program of road re-sheeting \$121k, Watsons Bay Flood Diversion Wall \$93k and Coastal Pathway Lighting \$80k.				
Interest and investment revenue	1,293	862	(431)	(33)% U
The Reserve Bank of Australia lowering interest rates over the course of the financial year resulted in a reduction of interest received on investments.				
Fair value increment on investment property	1,515	11,755	10,240	676% F
An estimate of the Fair value change in Investment properties was an increment of \$1,515k (1%). The final result was an increment of \$11,755k (7.5%). The majority of the increment, namely \$11,300k related to Kiaora Place. Council has reviewed the valuation in light of the current COVID-19 Stay at Home Orders in Sydney and are comfortable it is not materially impacted. This is a non-cash item.				
Other income	13,844	13,389	(455)	(3)% U
EXPENSES				
Employee benefits and on-costs	46,109	45,827	282	1% F
Materials and services	36,498	37,212	(714)	(2)% U
Expenditure was greater than originally budgeted in the following areas: Legal Expenses General \$1,356k, General Contracts \$711k, Temporary Staff \$555k, Vehicle Parts & Repairs \$101k.				
Expenditure was less than originally budgeted in the following areas: Material: Goods & Services \$660k, Street Lighting Charges \$291k, Self Funded Insurance Claims \$245k, Contributions to Other Organisations \$161k, Fuel \$149k, Recoverable Expenses \$119k, Printing & Stationery \$98k, Catering/ Meals \$98k, Infringement Collection Processing Charges \$93k, General Consultants \$89k.				
The net total of these variances is \$720k.				
Borrowing costs	2,878	9,219	(6,341)	(220)% U
During the year Council refinanced a fixed interest rate loan to take advantage of the current low interest rate environment. The refinancing resulted in an additional interest expense of \$6,450k during the year (loan termination costs). Substantial financial benefits will be realised over future years with total savings of approximately \$7,870k over the life of the loan, net of the break costs incurred.				
Depreciation, amortisation and impairment of non-financial assets	13,751	14,251	(500)	(4)% U
There are no individual material variances to report.				
Other expenses	3,927	3,985	(58)	(1)% U
There are no individual material variances to report.				
Net losses from disposal of assets	1,793	1,402	391	22% F
The favourable variance is mainly due to higher proceeds from the sale of heavy vehicles and passenger vehicles than what was budgeted.				

B5-1 Material budget variations (continued)

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

Cash flows from operating activities	11,834	11,672	(162)	(1)% U
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The variances in revenues and expenses outlined above, together with movements in payables and receivables, give rise to variances in Council's cash flow forecasts.

It should also be noted that it is difficult to forecast the movement in Bonds, Deposits & Retentions so Council does not include any movement in its Budget.

Cash flows from investing activities	(13,217)	(19,375)	(6,158)	47% U
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Council's original budget forecasts the total movement in Cash & Investments and does not break it into Cash & Cash equivalents and Investments which is determined by the terms of securities held at reporting date.

For 2020/21 the net purchase of investments (cash outflow) was \$4,000k.

The timing of capital expenditure also had an effect with more cash outflow than budgeted of \$2,453k.

Finally there was an additional \$295k in proceeds from the sale of plant and vehicles.

Cash flows from financing activities	(2,789)	5,607	8,396	(301)% F
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During the year Council refinanced a loan which resulted in higher repayments of borrowings compared to budget of \$50,476k and proceeds from borrowings of \$59,000k. This resulted in a large favourable variance in cashflows from financing activities compared to what was budgeted.

B6 Material Income Statement items

B6-1 Material Income Statement items

Fair value increment/(decrement) on investment property

\$ '000	2021	2020
Material fair value increment on investment property		
Fair value increment on investment property ¹	11,755	-
Total material fair value increment on investment property	11,755	-

(1) Council holds three Investment Properties, Kiaora Place, Double Bay and two carparks, namely Grafton Street Car Park, Bondi Junction and Cosmopolitan Centre Car Park, Knox Street, Double Bay. Council obtains independent valuations of its Investment Properties on an annual basis. The carparks increment was \$455k and is due to an increase in adjusted net annual income compared to prior year. Kiaora Place increased by \$11,300k due to an increase in the gross passing/ market rental per annum and a change in the capitalisation rate which is reflective of recent sales, the location and tenancy mix. Council has reviewed the valuation in light of the current COVID-19 Stay at Home Orders in Sydney and are comfortable it is not materially impacted.

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	1,146	1,919
Cash-equivalent assets		
– Deposits at call	8,591	9,933
– Short-term deposits	2,048	2,029
Total cash and cash equivalents	11,785	13,881

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,785	13,881
Balance as per the Statement of Cash Flows	11,785	13,881

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through the profit and loss				
Long term deposits	66,000	–	52,000	–
NCD's, FRN's (with maturities > 3 months)	2,014	–	12,074	–
Mortgage backed securities	610	–	590	–
Total	68,624	–	64,664	–
Total financial investments	68,624	–	64,664	–
Total cash assets, cash equivalents and investments	80,409	–	78,545	–

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.

C1-2 Financial investments (continued)

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

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	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	80,409	–	78,545	–
attributable to:				
External restrictions	12,213	–	11,280	–
Internal restrictions	64,472	–	66,132	–
Unrestricted	3,724	–	1,133	–
	80,409	–	78,545	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund

External restrictions – included in liabilities

External restrictions

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

Developer contributions – general	6,565	5,775
Specific purpose unexpended grants (recognised as revenue) – general fund	17	27
Stormwater management	179	292
Environmental and infrastructure renewal levy	1,557	1,404
Domestic waste management	3,895	3,754
Total external restrictions	12,213	11,280

Internal restrictions

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

Employees leave entitlement	2,740	2,740
Carry over works	3,052	4,682
Deposits, retentions and bonds	30,045	25,791
Open space and community facilities reserve	1,808	3,447
Election reserve	360	260
Information technology reserve	576	862
Insurance reserve	312	517

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

\$ '000	2021	2020
Kiaora place reserve	3,582	4,191
Open space projects reserve	311	321
Preschool reserve	544	468
Property development projects reserve	119	119
Property reserve	15,906	21,333
Oxford street placemaking reserve	297	206
Loan	1,694	–
Public art gallery reserve	357	161
Financial Assistance Grant Prepayment	853	891
Old Section 94	92	92
Other	1,824	51
Total internal restrictions	64,472	66,132
Total restrictions	76,685	77,412

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	2,202	79	2,739	157
Interest and extra charges	187	7	191	11
User charges and fees	1,035	–	1,023	–
Accrued revenues				
– Interest on investments	279	–	486	–
– Other income accruals	270	–	107	–
Net investment in finance lease	–	–	–	–
Amounts due from other councils	48	–	54	–
Government grants and subsidies	197	–	46	–
Leases and licences	340	–	196	–
Net GST receivable	550	–	684	–
Restorations and other roadworks	172	–	170	–
Other debtors	99	–	118	–
Total	5,379	86	5,814	168
Less: provision of impairment				
User charges and fees	(136)	–	(132)	–
Total provision for impairment – receivables	(136)	–	(132)	–
Total net receivables	5,243	86	5,682	168
Externally restricted receivables				
Domestic waste management	621	–	737	–
Stormwater management	24	–	29	–
Other				
– Environmental levy and infrastructure renewal levy	173	–	212	–
Total external restrictions	818	–	978	–
Unrestricted receivables	4,425	86	4,704	168
Total net receivables	5,243	86	5,682	168

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	132	59
+ new provisions recognised during the year	11	73
– amounts already provided for and written off this year	(7)	–
Balance at the end of the year	136	132

C1-4 Receivables (continued)

Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables are included in other receivables and receivables in the Statement of Financial Position. 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.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	338	-	370	-
Total inventories at cost	338	-	370	-
Total inventories	338	-	370	-

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	2021	2020
Contract assets	809	719
Total contract assets and contract cost assets	809	719

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	809	-	719	-
Total contract assets	809	-	719	-
Total unrestricted assets	809	-	719	-
Total contract assets and contract cost asset	809	-	719	-

Accounting policy

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

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.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	4,598	–	4,598	1,627	929	–	–	(2,218)	–	4,936	–	4,936
Plant and equipment	14,454	(5,126)	9,328	1,846	–	(937)	(1,359)	–	–	14,111	(5,233)	8,878
Office equipment	8,609	(5,179)	3,430	–	546	(83)	(547)	–	–	8,993	(5,646)	3,347
Furniture and fittings	2,329	(1,461)	868	–	–	–	(141)	–	–	2,329	(1,602)	727
Land:												
– Operational land	112,920	–	112,920	–	–	–	–	–	–	112,920	–	112,920
– Community land	156,918	–	156,918	–	–	–	–	–	–	156,918	–	156,918
Infrastructure:												
– Buildings – non-specialised	75,041	(31,396)	43,645	728	83	–	(1,761)	38	–	75,889	(33,156)	42,733
– Buildings – specialised	38,836	(14,846)	23,990	2,335	765	–	(974)	–	–	41,938	(15,820)	26,118
– Roads	487,034	(123,598)	363,436	2,624	285	(472)	(4,499)	313	–	487,748	(126,061)	361,687
– Bridges	4,187	(754)	3,433	10	–	–	(42)	–	–	4,197	(796)	3,401
– Footpaths	100,670	(52,395)	48,275	1,375	142	(245)	(1,469)	306	–	101,313	(52,930)	48,383
– Stormwater drainage	98,360	(29,737)	68,623	479	565	(87)	(756)	730	–	99,977	(30,423)	69,554
– Other open space/recreational assets	34,053	(14,281)	19,772	284	799	(135)	(1,220)	690	–	35,510	(15,322)	20,188
– Harbourside Structures	7,565	(1,541)	6,024	–	–	–	(138)	–	–	7,565	(1,680)	5,885
– Seawalls	41,966	(13,317)	28,649	112	3	–	(395)	102	–	41,999	(13,528)	28,471
– Retaining Walls	25,874	(12,209)	13,665	84	87	(15)	(293)	39	–	26,019	(12,452)	13,567
Other assets:												
– Library books	5,805	(4,689)	1,116	–	426	(55)	(534)	–	–	5,959	(5,006)	953
– Council Art Gallery & Art Collection	865	–	865	–	–	–	–	–	7	872	–	872
Total infrastructure, property, plant and equipment	1,220,084	(310,529)	909,555	11,504	4,630	(2,029)	(14,128)	–	7	1,229,193	(319,655)	909,538

(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.

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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. 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	Buildings	Years
Office equipment	3 to 10	Buildings	25 to 100
Office furniture	10 to 20		
Vehicles	5 to 10	Stormwater assets	
Heavy plant/road making equipment	5 to 10	Drains	80 to 150
		Other infrastructure assets	
Transportation assets		Other open space/recreational assets	5 to 100
Road pavements	33 to 100		
Kerb, gutter and paths	33 to 100		
Footpaths	33 to 100		
Bridges	100		
Harbourside Structures	33 to 100		
Seawalls	33 to 100		
Retaining Walls	33 to 100		

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

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

Land under roads

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

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

Crown reserves

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

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.

C1-8 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	168,450	156,695
Total owned investment property	168,450	156,695

Owned investment property

At fair value

Opening balance at 1 July	156,695	156,600
Capitalised subsequent expenditure	176	364
Net gain/(loss) from fair value adjustments	11,579	(269)
Closing balance at 30 June	168,450	156,695

Accounting policy

Investment property, principally comprising Kiaora Place shopping centre is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income and other expenses.

C1-9 Other

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	706	-	794	-
Kiaora Place tenancy incentives	-	587	-	729
Total other assets	706	587	794	729

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total externally restricted assets	-	-	-	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	706	587	794	729
Total other assets	706	587	794	729

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range some Office and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

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

(a) Right of use assets

\$ '000	Vehicles	Office and IT equipment	Total
2021			
Opening balance at 1 July	352	99	451
Depreciation charge	(78)	(45)	(123)
Balance at 30 June	274	54	328
2020			
Opening balance at 1 July	430	–	430
Additions to right-of-use assets	–	143	143
Depreciation charge	(78)	(44)	(122)
Balance at 30 June	352	99	451

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	133	192	127	326
Total lease liabilities	133	192	127	326

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	145	201	–	346	325
2020					
Cash flows	145	347	–	492	453

C2-1 Council as a lessee (continued)

(ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total lease liabilities relating to unrestricted assets	133	192	127	326
Total lease liabilities	133	192	127	326

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	19	21
Impairment of right of use assets	123	122
Expenses relating to short-term leases	6	7
	148	150

(e) Statement of Cash Flows

Total cash outflow for leases	148	138
	148	138

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

C2-1 Council as a lessee (continued)

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 tenants under long-term operating leases with rentals payable monthly; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8).

Council also leases out a number of premises to Community Groups or members of the public on an ad hoc basis.

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

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

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

Lease income (excluding variable lease payments not dependent on an index or rate)	9,544	9,320
Total income relating to operating leases for investment property assets	9,544	9,320

Operating lease expenses

Direct operating expenses that generated rental income	7,689	9,276
Direct operating expenses that did not generate rental income	1,119	931
Total expenses relating to operating leases	8,808	10,207

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	3,845	3,747
Total income relating to operating leases for Council assets	3,845	3,747

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

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

< 1 year	8,710	8,781
1–2 years	8,099	8,286
2–3 years	7,437	7,649
3–4 years	6,601	7,087
4–5 years	5,257	6,493
> 5 years	78,225	83,218
Total undiscounted lease payments to be received	114,329	121,514

Accounting policy

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

C2-2 Council as a lessor (continued)

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Prepaid rates	557	-	367	-
Goods and services – operating expenditure	2,784	-	2,807	-
Goods and services – capital expenditure	358	-	227	-
Accrued expenses:				
– Borrowings	409	-	57	-
– Salaries and wages	816	-	317	-
Security bonds, deposits and retentions	34,220	-	29,966	-
Other	849	-	1,497	-
Total payables	39,993	-	35,238	-
Income received in advance				
Payments received in advance	1,665	-	1,702	-
Total income received in advance	1,665	-	1,702	-
Total payables	41,658	-	36,940	-

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Internally restricted assets				
Property reserve – Kiaora Place	236	-	236	-
Payables relating to internally restricted assets	236	-	236	-
Total payables relating to restricted assets	236	-	236	-
Total payables relating to unrestricted assets	41,422	-	36,704	-
Total payables	41,658	-	36,940	-

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

\$ '000	2021	2020

C3-1 Payables (continued)

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	30,193	25,058
Total payables and borrowings	30,193	25,058

Accounting policy

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)	705	781	28	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	285	–	5	–
Total grants received in advance		990	781	33	–
Total contract liabilities		990	781	33	–

Notes

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

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

C3-2 Contract Liabilities (continued)

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	-	-	28	-
Contract liabilities relating to externally restricted assets	-	-	28	-
Internally restricted assets				
Unspent grants held as contract liabilities	990	781	-	-
Contract liabilities relating to internally restricted assets	990	781	-	-
Total contract liabilities relating to restricted assets	990	781	28	-
Total contract liabilities relating to unrestricted assets	-	-	5	-
Total contract liabilities	990	781	33	-

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)	22	145
Operating grants (received prior to performance obligation being satisfied)	-	57
Total revenue recognised that was included in the contract liability balance at the beginning of the period	22	202

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	3,531	63,979	2,789	58,986
Total borrowings	3,531	63,979	2,789	58,986

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total borrowings relating to unrestricted assets	3,531	63,979	2,789	58,986
Total borrowings	3,531	63,979	2,789	58,986

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements	2021
	Opening Balance	Cash flows	Other non-cash movement	Closing balance
Loans – secured	61,775	5,735	–	67,510
Lease liability (Note C2-1b)	453	(128)	–	325
Total liabilities from financing activities	62,228	5,607	–	67,835

(b) Financing arrangements ¹

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ²	400	400
Credit cards/purchase cards	16	16
Total financing arrangements	416	416
Drawn facilities		
– Credit cards/purchase cards	7	8
Total drawn financing arrangements	7	8
Undrawn facilities		
– Bank overdraft facilities	400	400
– Credit cards/purchase cards	9	8
Total undrawn financing arrangements	409	408

(1) During the current year, there were no defaults or breaches on any on loans.

(2) 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	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	5,196	–	4,521	–
Sick leave	541	–	661	–
Long service leave	8,598	632	9,228	557
Total employee benefit provisions	14,335	632	14,410	557

Employee benefit provisions relating to restricted assets

Externally restricted assets

Domestic Waste Management	1,266	–	1,204	–
Employee benefit provisions relating to externally restricted assets	1,266	–	1,204	–
Total employee benefit provisions relating to restricted assets	1,266	–	1,204	–

Total employee benefit provisions relating to unrestricted assets

	13,069	632	13,206	557
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Total employee benefit provisions

	14,335	632	14,410	557
--	--------	-----	--------	-----

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	10,381	9,727
	10,381	9,727

Accounting policy

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.

C3-4 Employee benefit provisions (continued)

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

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Other provisions				
Self insurance – workers compensation	89	–	–	–
Sub-total – other provisions	89	–	–	–
Total provisions	89	–	–	–
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	89	–	–	–
Total provisions	89	–	–	–

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Self insurance	Net carrying amount
2021		
Other	89	89
Total other provisions at end of year	89	89

Accounting policy

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Interests in other entities

D1-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

D1-2 Interests in joint arrangements

(ii) Joint operations

Principal activity	Place of business	Interest in ownership		Interest in voting	
		2021	2020	2021	2020

(a) Council is involved in the following joint operations (JO's)

Name of joint operation:

Alexandra Integrated Facility (AIF) Collaboration with Waverley Council	Running of the shared AIF Depot	AIF	41%	41%	50%	50%
-------------------------------------------------------------------------	---------------------------------	-----	-----	-----	-----	-----

Council assets employed in the joint operations

\$ '000	2021	2020
Council's share of assets jointly owned with other partners		
Property, plant and equipment	13,281	13,438
Total net assets employed – Council and jointly owned	13,281	13,438

Share of joint operations expenditure commitments

Operating expenditure commitments

Payable not later than 1 year	280	280
Total operating expenditure commitments	280	280

D1-2 Interests in joint arrangements (continued)

Accounting policy

Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

D1-3 Interests in associates

Council remains a member of the Premeasure Insurance Pool but holds an immaterial interest in the Joint Venture.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

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

Council's objective is to optimise 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 Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments 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.

– **Liquidity risk** - the risk that Council will not be able to pay its debts as and when they fall due.

– **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

– **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature. Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
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The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

Impact of a 1% movement in interest rates

– Equity / Income Statement	782	881
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Impact of a 10% movement in price of investments

– Equity / Income Statement	262	1,271
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(b) Credit risk

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

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

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

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

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 quarterly. Council makes suitable provision for doubtful receivables as required.

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

A profile of Council's receivables credit risk at balance date follows:

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	1,433	427	215	206	2,281
2020						
Gross carrying amount	–	2,222	315	175	184	2,896

Receivables - non-rates and annual charges and contract assets

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

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

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
2021						
Gross carrying amount	1,899	645	144	39	457	3,184
ECL Provision	-	-	-	-	(136)	(136)
2020						
Gross carrying amount	1,932	443	33	52	626	3,086
ECL Provision	-	-	-	-	(132)	(132)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	34,220	5,216	-	-	39,436	39,436
Loans and advances	3.20%	-	5,580	25,602	56,858	88,040	67,510
Total financial liabilities		34,220	10,796	25,602	56,858	127,476	106,946
2020							
Trade/other payables	0.00%	29,966	6,052	-	-	36,018	34,871
Loans and advances	5.00%	-	5,667	26,941	52,347	84,955	61,775
Total financial liabilities		29,966	11,719	26,941	52,347	120,973	96,646

Fair value measurement

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

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

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

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:

E2-1 Fair value measurement (continued)

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).

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2021	2020
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		68,624	64,664	–	–	68,624	64,664
Total financial assets		68,624	64,664	–	–	68,624	64,664
Investment property							
Kiaora place	C1-8	163,300	152,000	–	–	163,300	152,000
Car parks		5,150	4,695	–	–	5,150	4,695
Total investment property		168,450	156,695	–	–	168,450	156,695
Infrastructure, property, plant and equipment							
Plant and equipment	C1-7	–	–	8,878	9,328	8,878	9,328
Office equipment		–	–	3,347	3,430	3,347	3,430
Furniture and fittings		–	–	727	868	727	868
Operational land		–	–	112,920	112,920	112,920	112,920
Community land		–	–	156,918	156,918	156,918	156,918
Buildings – non-specialised		–	–	42,733	43,645	42,733	43,645
Buildings – specialised		–	–	26,118	23,991	26,118	23,991
Roads		–	–	361,687	363,436	361,687	363,436
Bridges		–	–	3,401	3,433	3,401	3,433
Footpaths		–	–	48,383	48,274	48,383	48,274
Stormwater drainage		–	–	69,554	68,623	69,554	68,623
Other open space/recreational assets		–	–	20,188	19,771	20,188	19,771
Harbourside structures		–	–	5,885	6,024	5,885	6,024
Seawalls		–	–	28,471	28,649	28,471	28,649
Retaining walls		–	–	13,567	13,665	13,567	13,665
Total infrastructure, property, plant and equipment		–	–	902,777	902,975	902,777	902,975

E2-1 Fair value measurement (continued)

Valuation techniques

Financial assets

The Investments at Fair Value through Profit or Loss disclosed as Level 3 comprise Council's Emerald Reverse Mortgage Series 2007-1 Class B Security maturing 21 July 2057 and floating rate notes.

For its floating rate notes, Council receives monthly valuations from the issuer of the security. Council received independent valuation from CPG Research & Advisory for its Emerald RMBS. The 30 June 2021 valuations have been used to ensure the financial statements reflect the latest valuation. The best evidence of fair value is the current price in an active market for similar assets. The market, in the case of the Emerald RMBS, is highly illiquid as a consequence of the global financial crisis notwithstanding the robustness of its structure. As a consequence of this limited market evidence, it is difficult to value the security. The independent valuation indicates the value to be 61c.

There has been no change to the valuation process during the reporting period.

Investment properties

Council holds three Investment Properties:

Grafton Street Car Park, Bondi Junction
Cosmopolitan Centre Car Park, Knox Street, Double Bay
Kiaora Place, Double Bay

Council obtains independent valuations of its Investment Properties on an annual basis to ensure the financial statements reflect the latest valuations.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

- current prices in an active market for similar properties;
- expected future rental income generated from the properties;
- rent abatements
- capitalisation rate;
- price per square meter;
- location.

The 2021 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. The income approach has been used to value the properties.

There has been no change to the valuation process during the reporting period.

Council has reviewed the valuation in light of the current COVID-19 Stay at Home Orders in Sydney and are comfortable it is not materially impacted.

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Council's Plant & Equipment, Office Equipment and Furniture & Fittings assets include:

- | | |
|------------------------|---------------------------------------------------------|
| • major plant | truck, street sweepers, garbage compactors |
| • vehicles | cars, vans, utilities |
| • miscellaneous | plant mowers, breakers, pressure cleaners, line markers |
| • furniture & fittings | desks, chairs, cabinets, shelving |
| • office equipment | PCs, laptops, servers, projectors |

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the Notes to the Financial Statements. Council assumes that the depreciated historic cost reflects the fair value of the asset.

Level 3 unobservable inputs include:

- pattern of consumption
- useful life
- asset condition
- replacement cost

E2-1 Fair value measurement (continued)

There has been no change to the valuation process during the reporting period.

Operational Land

Council classifies Operational Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993).

Council obtains independent "fair value" valuations of its Operational Land every 5 years using Level 3 inputs. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date taking into account the characteristics of the asset (condition and location of the asset and restrictions, if any, on the sale or use of the asset).

The unobservable Level 3 inputs used include:

- Rate per square metre

The 2019 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. There has been no change to the valuation process during the reporting period.

Community Land

Council's Community Land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. The Local Government Act imposes restrictions on Community Land in order to preserve the qualities of the land.

The Division of Local Government has determined that Community Land may be valued using the NSW Valuer General's valuation to represent fair value. The Valuer General issues valuations every 3 to 4 years.

The Valuer General uses comparable property sales to the land being valued and considers factors such as:

- property market conditions as at 1 July in the year of valuation;
- most valuable use for the land;
- constraints on use such as zoning and heritage restrictions;
- land size, shape and land features, such as slope and soil type;
- nearby development and infrastructure;
- views.

Council fair values Community Land using either NSW Valuer General unimproved capital value or an average unit rate based on unimproved capital values and allocated by Council against those properties where the Valuer General did not provide an unimproved capital value.

There has been no change to the valuation process during the reporting period.

Buildings – (Specialised and Non-Specialised)

Council buildings incorporate Libraries, Community Buildings, Car Park Buildings, Kiosks and Amenities, Sportsfield and Park Buildings, Council Chambers and Depot Buildings.

Council obtains independent "fair value" valuations of its Buildings every 5 years using Level 3 inputs. The valuer utilises the Gross Restatement Method; the Gross Value of each building is obtained by applying a unit rate based on its current replacement cost. Rates are derived from substantial analysis of construction costs from over 60 NSW Councils and are continually updated to reflect movements in construction costs. Complex building structures are componentised into significant parts with different useful lives taking into account a range of factors. While all buildings are physically inspected for valuation, inputs such as estimates of residual value, useful life and pattern of consumption have required professional judgement and impacted significantly on the final determination of fair value. Buildings are therefore classified as being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

Buildings (Specialised and Non Specialised) were valued in 2017 based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd and a desktop valuation is completed annually. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Roads

This asset class comprises, Wearing Pavement Base, Pavement Sub Base, Kerb and Gutter and Traffic Facilities.

Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for all Council roads. Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, roads are valued using Level 3 inputs.

Council also performs proactive asset inspections to determine if busy areas require additional maintenance thus prolonging the life of the asset. Council has in place an Asset Management Plan which details asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Bridges

Council values this asset class every 4 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, bridges are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Footpaths

Council values this asset class every 4 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, footpaths are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for footpaths.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

This asset class comprises pits, pipes and stormwater quality improvements devices.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, drainage assets are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for drainage.

E2-1 Fair value measurement (continued)

Council also performs proactive asset inspections to determine if additional maintenance is required thus prolonging the life of the asset. Council has in place an Asset Management Plan which details drainage asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

Assets in this class include items such as playgrounds, gazebo's, park fencing and lighting, tennis courts, sportsfield surfaces and aggregated lower value assets such as park seats and picnic tables.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by XYST Australia Pty Ltd. There has been no change to the valuation process during the reporting period.

Harbourside Structures

Council has harbourside structures at Double Bay, Parsley Bay, Rose Bay, Rushcutters Bay and Watsons Bay which include swimming pools, platforms, boat ramps, piers and a footbridge.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Seawalls

Assets in this class include seawalls at Darling Point, Double Bay, Point Piper, Rose Bay, Vaucluse and Watsons Bay.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

E2-1 Fair value measurement (continued)

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Retaining Walls

Assets in this class include retaining walls and retaining wall fences at various locations throughout the Woollahra local government area.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd. There has been no change to the valuation process during the reporting period.

Library Books

Assets in this class include books, magazines, CD's, DVD and audio books.

Library books are valued using depreciated historic cost. Annual review determines if there has been any impairment of assets within the class.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

There has been no change to the valuation process during the reporting period.

Art Collections

Assets in this class include artwork, ornaments and outdoor public art installations.

Council obtains independent valuations of its Art collections on an annual basis to ensure the financial statements reflect the latest valuations.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

- current prices in an active market for similar properties.

In 2021 Council's art collections were valued by McWilliam & Associates.

There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

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.

	Valuation technique/s	Unobservable inputs
Financial liabilities		
Fair Value through Profit or Loss	Issuer and independent valuations	Unit Price
Investment properties		
Investment properties	Independent valuation	Net rental value Rental Yield
Infrastructure, property, plant and equipment		
Plant and Equipment, Office Equipment, Furniture and Fittings	Cost used to approximate fair value	Asset Cost Useful Life
Operational Land	Independent valuation	Rate per m2
Community Land	Land values supplied by the Valuer General	Unimproved Capital Value (rate per m2)
Buildings	Independent valuation	Current Replacement Cost Useful life Asset Condition
Roads, Bridges & Footpaths	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Stormwater Drainage	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Other Open Space / Recreational Assets	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Harbourside structures, Seawalls & Retaining Walls	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Library Books	Cost used to approximate fair value.	Asset Cost Useful Life Asset Condition
Art Collections	Independent valuation	Market Value

E2-1 Fair value measurement (continued)

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		Operational Land	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	9,328	8,243	3,430	3,722	868	1,018	112,920	112,920
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	321	-	-	-	-
Purchases (GBV)	1,846	3,206	547	49	-	-	-	-
Disposals (WDV)	(937)	(827)	(83)	-	-	-	-	-
Depreciation and impairment	(1,359)	(1,294)	(547)	(662)	(141)	(150)	-	-
Closing balance	8,878	9,328	3,347	3,430	727	868	112,920	112,920

\$ '000	Community Land		Buildings non-specialised		Building specialised		Roads	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	156,918	128,970	43,645	43,510	23,991	23,000	363,437	364,488
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1) ¹	-	24,548	-	-	-	-	-	-
Other movements								
Transfers from/(to) another asset class	-	-	38	40	-	522	313	750
Purchases (GBV)	-	3,400	811	1,812	3,101	1,395	2,908	3,499
Disposals (WDV)	-	-	-	-	-	-	(472)	(619)
Depreciation and impairment	-	-	(1,761)	(1,717)	(974)	(926)	(4,499)	(4,681)
Closing balance	156,918	156,918	42,733	43,645	26,118	23,991	361,687	363,437

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

E2-1 Fair value measurement (continued)

\$ '000	Bridges		Footpaths		Stormwater drainage		Harbourside structures	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	3,433	1,584	48,274	47,869	68,622	67,313	6,024	6,153
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1) ¹	-	117	-	-	-	-	-	-
Other movements								
Transfers from/(to) another asset class	-	186	306	171	730	458	-	-
Purchases (GBV)	10	1,570	1,517	2,126	1,045	1,652	-	9
Disposals (WDV)	-	-	(245)	(440)	(87)	(67)	-	-
Depreciation and impairment	(42)	(24)	(1,469)	(1,452)	(756)	(734)	(139)	(138)
Closing balance	3,401	3,433	48,383	48,274	69,554	68,622	5,885	6,024

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

\$ '000	Other open space assets		Seawalls		Retaining Walls		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	19,772	19,920	28,649	29,028	13,666	13,300	902,977	871,038
Recognised in profit or loss – realised (refer to Note B4-1) ¹	-	-	-	-	-	-	-	24,665
Transfers from/(to) another asset class	690	305	102	-	39	342	2,218	3,095
Purchases (GBV)	1,082	950	115	15	170	309	13,152	19,992
Disposals (WDV)	(135)	(219)	-	(394)	(15)	(285)	(1,974)	(2,851)
Depreciation and impairment	(1,221)	(1,184)	(395)	-	(293)	-	(13,596)	(12,962)
Closing balance	20,188	19,772	28,471	28,649	13,567	13,666	902,777	902,977

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

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

There are no transfers identified in the above table.

Highest and best use

All of Council's non-financial assets are considered to be utilised for their highest and best use which was established in consideration of the criteria of physical possibility, legal permissibility and financial feasibility. Implied with these criteria is the recognition of the contribution of that specific use to community goals.

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The 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.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$686,310.17. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

Council's expected contribution to the plan for the next annual reporting period is \$702,841.32.

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 \$359,000 as at 30 June 2021.

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

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

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

* Plus promotional increases

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

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 investmenting 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.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) 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.

(ii) Premsure Insurance Pool

At 30 June 2021, Council disclosed its continuing membership of the Premsure Insurance Pool on Note D1-3, noting it holds an immaterial interest in the Joint Venture.

It is known that some funds are held by the Pool and that they will be distributed to members upon closure of the Pool.

Accordingly, at year end there is a potential asset of Council in the amount of the distribution from the Pool.

However, there is no reliable basis upon which Council is able to determine the value of this potential asset.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,951	1,952
Post-employment benefits	135	99
Other long-term benefits	65	31
Termination benefits	286	–
Total	2,437	2,082

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2021						
Donations, contributions and assistance	1	1,010	–		–	–
Contractor & Consultancy Costs	3	131	–		–	–
2020						
Donations, contributions and assistance	1	991	–		–	–
Legal Expenses - Other	2	9	–		–	–
Contractor & Consultancy Costs	3	70	–		–	–

- 1 Council provides financial support to Holdsworth Community which provides a range of services to the Woollahra community. A KMP is a Director of Holdsworth Community.
- 2 Council utilises Hones Lawyers Ptd Ltd to provide legal assistance and advice. a relative of a Council KMP is an employee of Hones Lawyers.
- 3 Council utilises Downer Pipetech on capital works projects. A relative of a Council KMP is an employee of Downer EDI Limited.

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	304	304
Other Councillors' expenses (including Mayor)	32	33
Total	380	381

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 and review of financial statements	78	77
Remuneration for audit and other assurance services	78	77
Total Auditor-General remuneration	78	77
Non NSW Auditor-General audit firms		
(ii) Audit and other assurance services		
Other assurance services	-	5
Remuneration for audit and other assurance services	-	5
Total remuneration of non NSW Auditor-General audit firms	-	5
Total audit fees	78	82

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	627	1,113
Adjust for non-cash items:		
Depreciation and amortisation	14,128	14,177
Net losses/(gains) on disposal of assets	1,402	1,043
Non-cash capital grants and contributions	–	3,400
Adoption of AASB 15/1058	–	(203)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	40	111
– Investment property	(11,755)	269
– Revaluation decrements / impairments of IPP&E direct to P&L	123	5
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	517	331
Increase/(decrease) in provision for impairment of receivables	4	73
Decrease/(increase) in inventories	32	(97)
Decrease/(increase) in other current assets	230	21
Decrease/(increase) in contract assets	(90)	(719)
Increase/(decrease) in payables	(23)	(814)
Increase/(decrease) in accrued interest payable	352	(2)
Increase/(decrease) in other accrued expenses payable	499	(418)
Increase/(decrease) in other liabilities	3,759	1,939
Increase/(decrease) in contract liabilities	1,738	33
Increase/(decrease) in provision for employee benefits	–	1,612
Increase/(decrease) in other provisions	89	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	11,672	21,874

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		
Buildings	2,484	3,638
Plant and equipment	234	767
Infrastructure	898	1,886
Streetscapes	68	272
Traffic	1,189	136
Open space works	1,346	390
Environmental works	79	103
IT	29	17
Total commitments	6,327	7,209
These expenditures are payable as follows:		
Within the next year	6,327	7,209
Total payable	6,327	7,209
Sources for funding of capital commitments:		
Unrestricted general funds	181	808
Future grants and contributions	1,589	301
Section 7.11 and 64 funds/reserves	813	849
Externally restricted reserves	955	63
Internally restricted reserves	2,708	5,049
Sale of plant and equipment	81	139
Total sources of funding	6,327	7,209

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Parking	1,278	-	-	-	-	-	1,278	-
Civic improvements	121	-	-	-	-	-	121	-
Recreation	21	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	-	-	47	-
S7.11 contributions – under a plan	1,467	-	-	-	-	-	1,467	-
S7.12 levies – under a plan	4,308	3,529	-	2	(2,741)	-	5,098	-
Total S7.11 and S7.12 revenue under plans	5,775	3,529	-	2	(2,741)	-	6,565	-
Total contributions	5,775	3,529	-	2	(2,741)	-	6,565	-

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – 2002 Contributions Plan								
Parking – Rose Bay	1,278	-	-	-	-	-	1,278	-
Civic improvements	121	-	-	-	-	-	121	-
Recreation	21	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	-	-	47	-
Total	1,467	-	-	-	-	-	1,467	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN – 2005 Contributions Plan								
Other	4,308	3,529	-	2	(2,741)	-	5,098	-
Total	4,308	3,529	-	2	(2,741)	-	5,098	-

G5 Statement of performance measures

G5-1 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}	(14,458)	(15.08)%	(8.12)%	(1.40)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	95,903				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	91,104	90.37%	86.06%	92.55%	> 60.00%
Total continuing operating revenue ¹	100,808				
3. Unrestricted current ratio					
Current assets less all external restrictions	74,474	3.94x	4.04x	4.37x	> 1.50x
Current liabilities less specific purpose liabilities	18,896				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,889	0.14x	1.65x	2.70x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	62,612				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,475	4.16%	5.43%	3.86%	< 5.00%
Rates and annual charges collectable	59,506				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	77,785	6.02	8.68	9.66	> 3.00
Monthly payments from cash flow of operating and financing activities	12,924	mths	mths	mths	mths

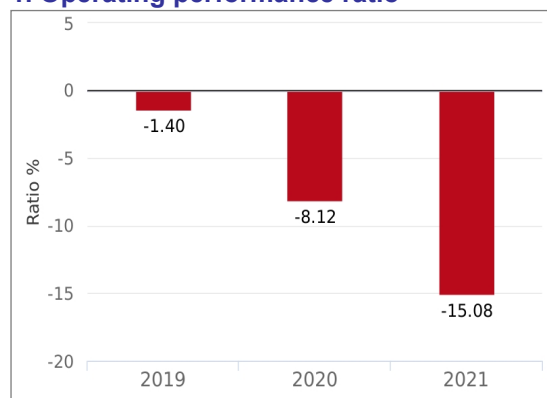
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(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

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 (15.08)%

The 2020/21 ratio has been impacted by significant decreases in income due to COVID-19 and the \$6.45m of one-off borrowing costs incurred when refinancing a loan. Excluding the impact of COVID-19 and the one-off borrowing costs, the ratio for 2020/21 is (3.45)% which is below the benchmark. Council is working on proactive corrective measures to improve our financial sustainability. Including Productivity Improvements/ Service Reviews to identify cost savings and income generation opportunities.

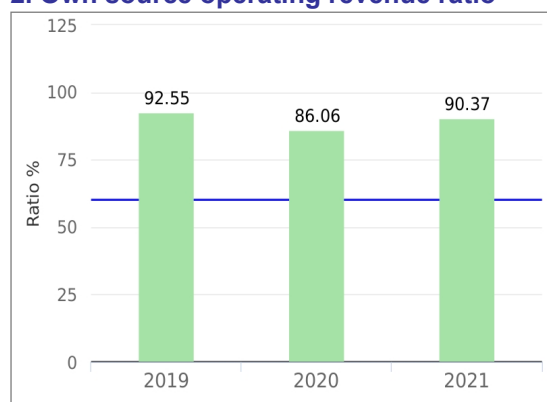
Benchmark: — > 0.00%

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 90.37%

The ratio remains well in excess of the 60% benchmark.

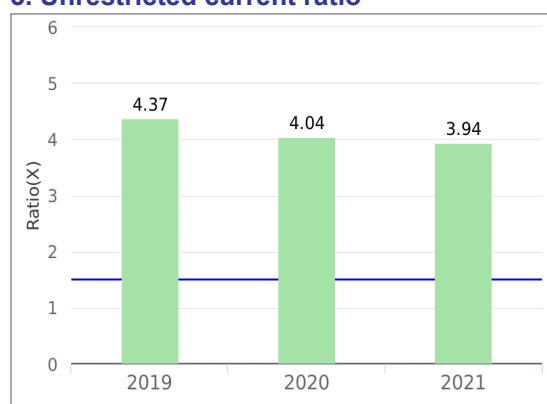
Benchmark: — > 60.00%

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 3.94x

Council's liquidity remains strong and well above the 1.50x benchmark.

Benchmark: — > 1.50x

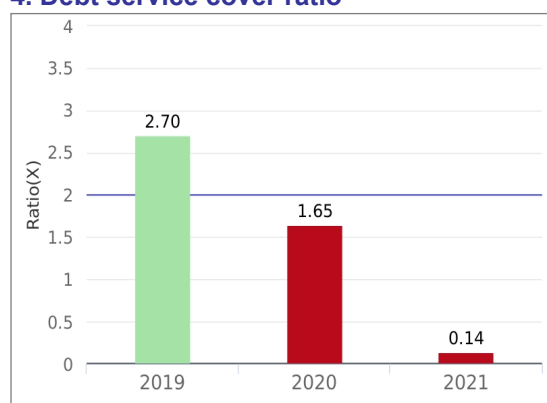
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 0.14x

The 2020/21 ratio has been impacted by significant decreases in income due to COVID-19 and the \$6.45m of one-off borrowing costs incurred when refinancing a loan during the year. Excluding the impact of COVID-19, the \$6.45m of one-off borrowing costs and the re-financed loan the Debt Service Cover Ratio is 2.44x.

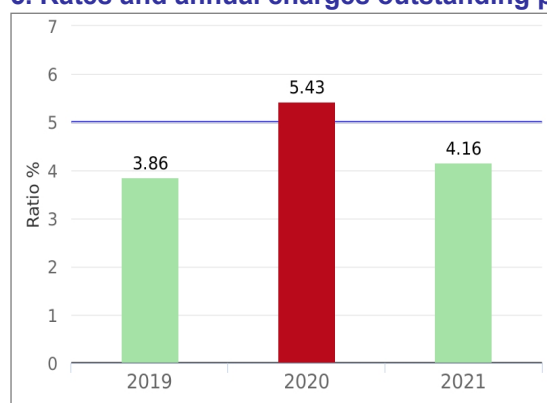
Benchmark: — > 2.00x

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 4.16%

The ratio is within the benchmark of less than 5%.

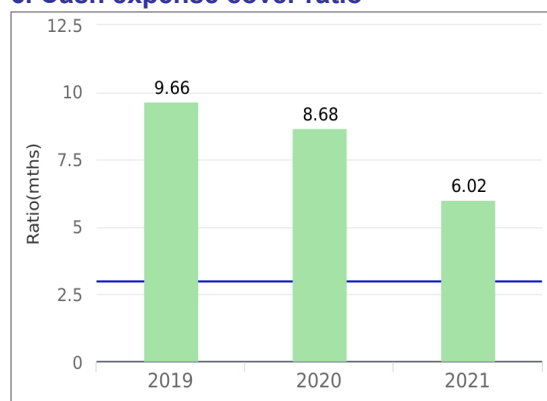
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 6.02 mths

The ratio remains well in excess of the 3 month benchmark however has been impacted by the \$6.45m of one-off borrowing costs incurred when refinancing a loan during the year. Excluding the impact of the \$6.45m of one-off borrowing costs and the re-financed loan the Cash Expense Cover Ratio is 9.55x.

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:

536 New South Head Road
Double Bay NSW 2028

Mailing Address:

PO Box 61
Double Bay NSW 2028

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Email: records@woollahra.nsw.gov.au

Officers

GENERAL MANAGER

Craig Swift-McNair

RESPONSIBLE ACCOUNTING OFFICER

Henrietta McGilvray

PUBLIC OFFICER

Sue Meekin

AUDITORS

Audit Office of NSW
Level 19, 201 Sussex Street
Sydney NSW 2000

Elected members

MAYOR

Susan Wynne

COUNCILLORS

Richard Shields (Deputy Mayor)
Peter Cavanagh
Claudia Cullen
Luise Elsing
Mary-Lou Jarvis
Anthony Marano
Nick Maxwell
Megan McEwin
Harriet Price
Lucinda Regan
Matthew Robertson
Isabelle Shapiro
Mark Silcocks
Toni Zeltzer

Other information

ABN: 32 218 483 245



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Woollahra Municipal Council

To the Councillors of the Woollahra Municipal Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

5 October 2021
SYDNEY



Cr Susan Wayne
Mayor
Woollahra Municipal Council
PO Box 61
DOUBLE BAY NSW 1360

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: D2117877/1812

5 October 2021

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Woollahra Municipal Council**

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

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

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

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	56.3	54.8	↑ 2.8
Grants and contributions revenue	9.7	14.5	↓ 33.0
Operating result from continuing operations	0.6	1.1	↓ 43.7
Net operating result before capital grants and contributions	(4.3)	(9.0)	↑ 52.7

The Council's operating result from continuing operations (\$0.6 million including depreciation and amortisation expense of \$14.3 million) was \$0.5 million lower than the 2019–20 result.

The 2020-21 results reported an increase of \$1.5 million in rates and annual charges revenue and an \$11.8 million or 8% fair value increment for investment properties. The main reasons driving the fair value increase in investment properties were:

- the prior year valuation was negatively impacted by COVID-19 and rental abatements given to certain tenants. We noted that in the current year, tenants at Kiaora Place are no longer receiving any significant COVID-19 rental relief despite NSW operating under lockdown restrictions subsequent to year end (rental abatements applied 2021 FY valuation: \$24,292 compared to rental abatements applied in the 2020 FY valuation: \$926,219.);
- the rental increases that occurred during the year have increased the Gross Passing/ Market Rental per annum (Increase of \$1,291,162 compared to last year); and
- the capitalisation rate has changed from 5.50% in the current year from 5.75% in the prior year. A decrease in the capitalisation rate increases the fair value of the asset. We have reviewed the valuers' assessment against comparable properties taking into consideration the nature of the property, the location, tenancy mix, lease terms, review patterns and weighted average lease expiry and the capitalisation rate applied at 30 June 2021 appears to be in line with current market rates at similar properties

The overall increase in revenue has been offset by a decrease of \$5.3 million in grants and contributions provided for capital purposes and \$0.9 million decrease in interest and investment income compared to 2019-20. These reductions were predominantly due to an overall reduction in capital grants received during the year, a non-cash contribution related to land in Stephen Street Paddington that was contributed under a Voluntary Planning Agreement for a total of \$3.4 million in 2019-20, and a reduction in interest earned from investments attributable to a decrease in interest rates compared to the financial year 2019-20.

The remaining decrease of \$8.7 million is primarily attributable to an increase of \$1.2 million resulting from higher expenditure for employee benefits as Council reported an additional 16 full-time equivalent employees at 30 June 2021 compared to prior year, an increase in material and services expense resulting from more projects occurring compared to 2019-20. During 2021, Council also recorded \$6.1 million of termination costs (break costs) incurred as a result of the early repayment of a fixed rate

loan facility to obtain a better rate of interest and lower cost of finance over the longer term given market interest rates available. The Council's facility was originally with the National Australia Bank loan under a fixed interest rate of 4.83% till September 2030 whereas the new loan facility with Commonwealth Bank of Australia has a fixed interest rate of 2.95%.

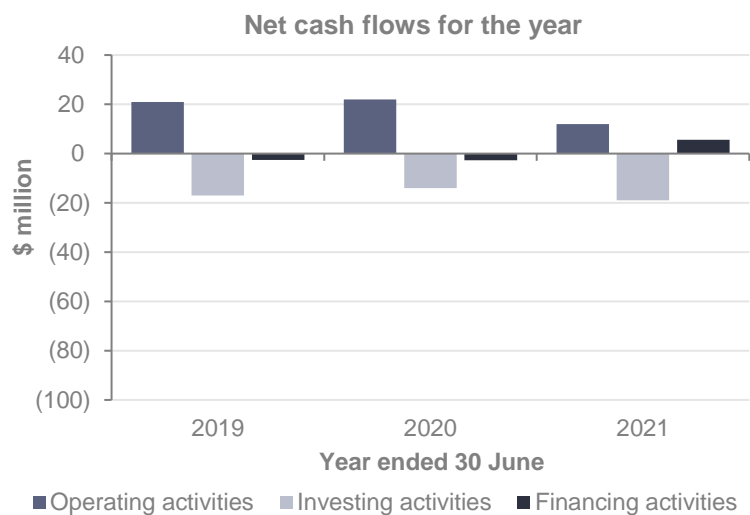
Rates and annual charges revenue (\$56.3 million) increased by \$1.5 million (2.8 per cent) in 2020–21 largely due to the rate peg increase of 2.6%.

Grants and contributions revenue (\$9.7 million) decreased by \$4.8 million (33.0 per cent) in 2020–21 due to:

- \$3.4 million were received in 2019-20 of non-cash grants related to the Stephen St Paddington land parcel contribution that was transferred to Council under a voluntary planning agreement
- \$1.2 million decrease in Section 94A Development levies received during the year compared to last year
- a decrease of \$0.2 million in number of recurrent grants compared to last year.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased from \$13.9 million to \$11.8 million.
- Cash inflows from operating activities decreased from 2019-20 as a result of the increment in borrowing costs attributable to the termination costs (break costs) incurred as a result of repaying the fixed rate loan with the National Australia Bank.
- Cash outflows from investing activities increased mainly due to lower sales of investment securities compared to last year.
- The cash flows from financing activities increased as a result of additional funds received from the new borrowing facility taken out during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	80.4	78.5	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, developer contributions, and domestic waste and stormwater management charges and unspent levies. The increase is primarily attributable to an increase in developer contributions – general and additional environmental and infrastructure renewal levy held. Balances are internally restricted due to Council policy or decisions for forward plans including the works program. The decrease is primarily attributable to a reduction on Property reserves held. Unrestricted balances provide liquidity for day-to-day operations and increased by \$2.6 million compared to 2019-20.
Restricted cash and investments:			
• External restrictions	12.2	11.3	
• Internal restrictions	64.5	66.1	
• Unrestricted	3.7	1.1	

PERFORMANCE

Performance measures

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

Operating performance ratio

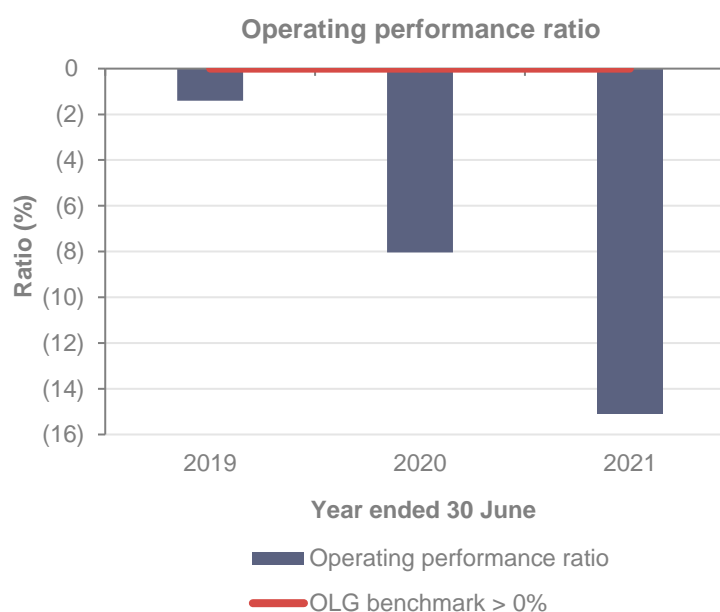
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

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

Council's operating performance ratio of negative 15.08 per cent is below the industry benchmark of greater than zero per cent for 2020-21

Council's operating results declined due to:

- an increase in employee benefits expense of \$1.2 million compared to 2019-20 attributable to additional 16 full-time equivalent



employees compared to the 2020 fiscal year.

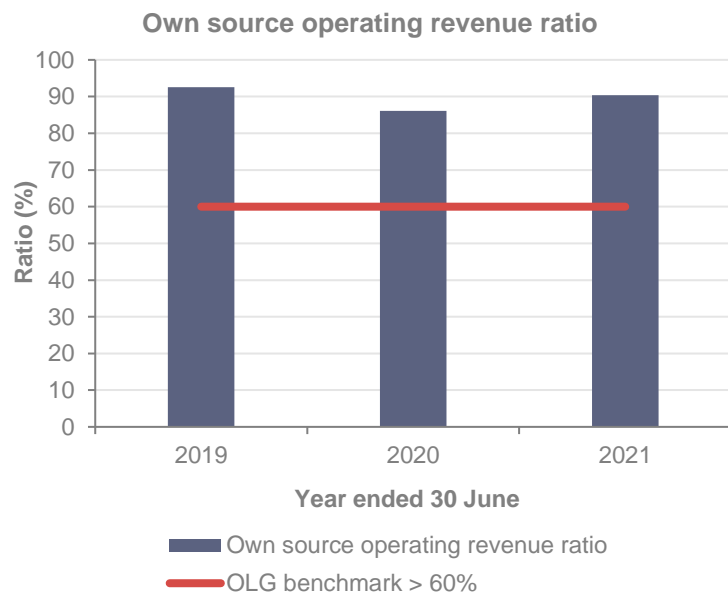
- an increase in borrowing costs expense of \$6.1 million related to the termination costs (break costs) incurred as a result of repaying the fixed rate loan with the National Australia Bank.

Own source operating revenue ratio

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

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

Council's own source operating revenue ratio of 90.37 per cent exceeded the industry benchmark of 60.0 per cent for the past three years.



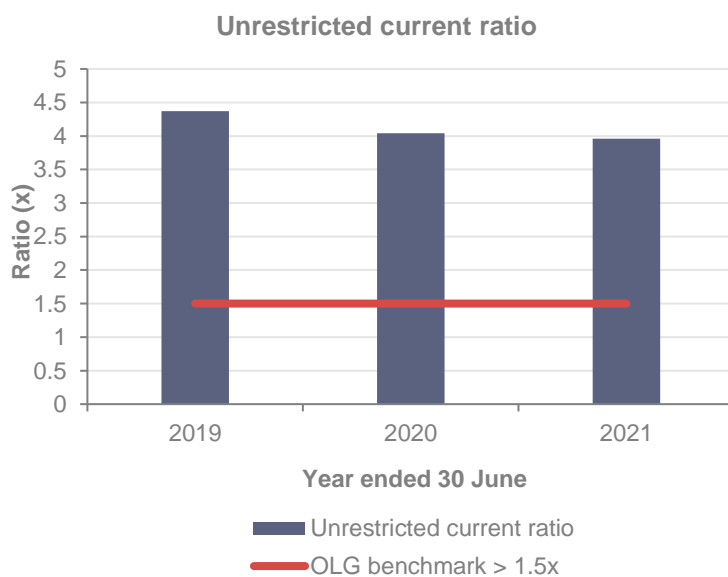
Unrestricted current ratio

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

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

Council's unrestricted current ratio of 3.9 times exceeded the industry benchmark of 1.5 times for the past three years.

This ratio indicates that Council currently has \$3.90 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.



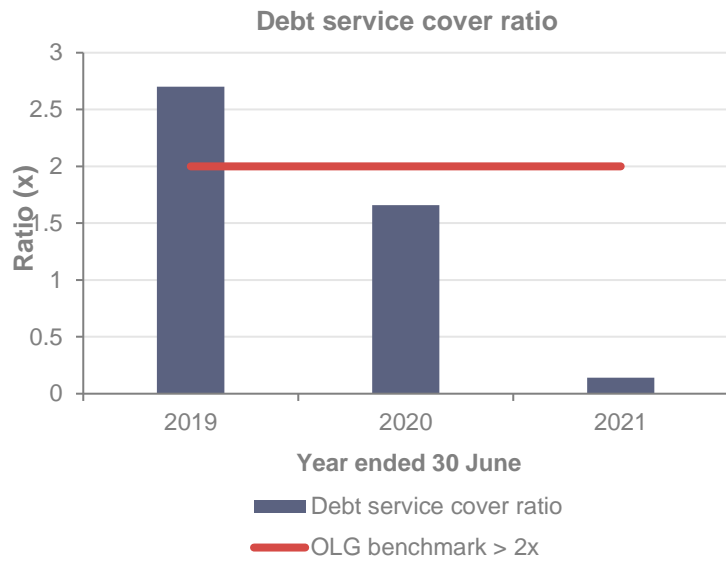
Debt service cover ratio

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

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

Council's debt service cover ratio of 0.14 times is below the industry benchmark of 2.0 times for 2020-21.

Council capacity to service debt has been impacted by the repayment of the total fixed rate debt to the National Australia Bank in the 2021 financial year.



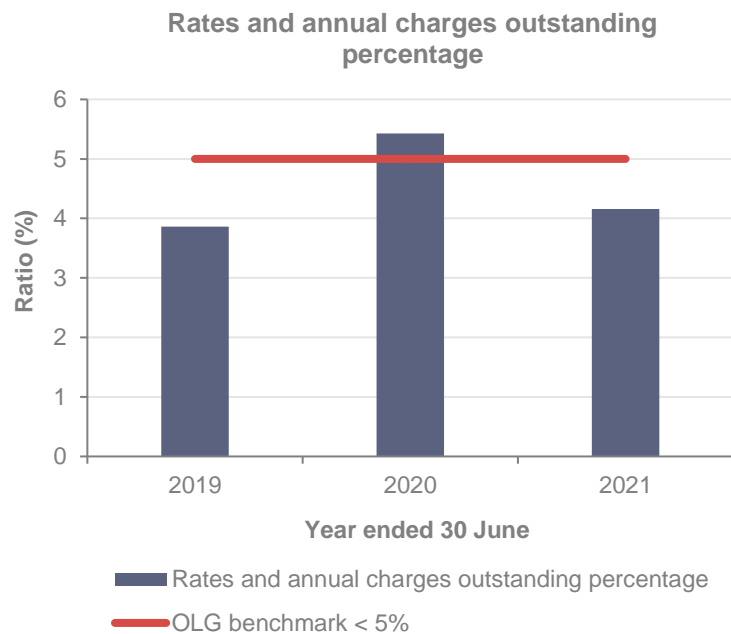
Rates and annual charges outstanding percentage

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

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

Council's Rates and annual charges outstanding percentage of 4.16 per cent met the industry benchmark of < 5% for 2020-21.

This indicates that Council had no material rates and annual charges collection difficulties during the year.



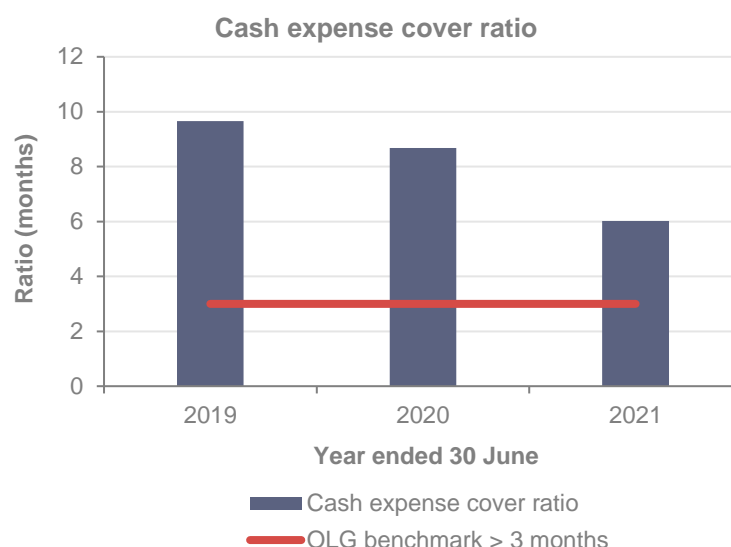
Cash expense cover ratio

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

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

Council's cash expense cover ratio of 6.0 months exceeded the industry benchmark of 3.0 months for the past three years.

This indicates that Council had the capacity to cover 6.0 months of cash expenditure without additional cash inflows at 30 June 2021.



Infrastructure, property, plant and equipment renewals

Council spent \$11.5 million on asset renewals in 2020-21 compared to \$14.5 million in 2019-20. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2020-21, asset renewals of \$11.5 million represented 80 per cent of Council's \$14.3 million depreciation expense. This result was 20 per cent lower than the 2019-20 result of 1.02 times.

Asset renewals in 2020-21 were carried out in accordance with Council's capital works program and were primarily related to road and footpath assets.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council adopted the new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' for the first time in its 2020-21 financial statements.

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

When AASB 1059 applies, the grantor recognises the service concession asset at current replacement cost when the grantor obtains control of the asset and recognises a corresponding financial liability or unearned revenue or a combination of both.

The Council had not identified any arrangements with private sector operators that should be classified as either service concession arrangements within AASB 1059, leases or outsourcing arrangements.

The Council's disclosure of the impact of adopting AASB 1059 is disclosed in Note G4-1.

Legislative compliance

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

cc: Mr Craig Swift-McNair, General Manager
Mr Jason Masters, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Woollahra Municipal Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Woollahra Municipal Council

Special Schedules

for the year ended 30 June 2021

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Woollahra Municipal Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	40,337	41,423
Plus or minus adjustments ²	b	71	91
Notional general income	c = a + b	40,408	41,514
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	1,051	830
Sub-total	k = (c + g + h + i + j)	41,459	42,344
Plus (or minus) last year's carry forward total	l	(2)	32
Less valuation objections claimed in the previous year	m	(1)	-
Sub-total	n = (l + m)	(3)	32
Total permissible income	o = k + n	41,456	42,376
Less notional general income yield	p	41,423	42,361
Catch-up or (excess) result	q = o - p	32	16
Plus income lost due to valuation objections claimed ⁴	r	-	2
Carry forward to next year ⁶	t = q + r + s	32	18

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT
Special Schedule – Permissible income for general rates
Woollahra Municipal Council

To the Councillors of Woollahra Municipal Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

5 October 2021
SYDNEY

Woollahra Municipal Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	200	200	1,752	1,803	68,851	117,826	34.2%	34.3%	29.4%	2.1%	0.0%
	Sub-total	200	200	1,752	1,803	68,851	117,826	34.2%	34.3%	29.4%	2.1%	0.0%
Roads	Sealed roads	3,609	3,609	3,655	4,607	361,687	487,748	51.0%	8.7%	39.2%	0.9%	0.2%
	Bridges	–	–	–	–	3,401	4,197	20.0%	0.0%	80.0%	0.0%	0.0%
	Footpaths	932	932	3,153	3,974	48,383	101,313	11.5%	33.2%	53.0%	2.3%	0.0%
	Sub-total	4,541	4,541	6,808	8,581	413,471	593,258	44.0%	12.8%	41.8%	1.1%	0.2%
Stormwater drainage	Stormwater drainage	707	707	461	456	69,554	99,977	66.1%	11.9%	21.3%	0.7%	0.0%
	Sub-total	707	707	461	456	69,554	99,977	66.1%	11.9%	21.3%	0.7%	0.0%
Open space / recreational assets	Other parks & open space	1,040	1,040	1,756	1,552	20,188	35,510	23.7%	44.4%	29.0%	2.6%	0.3%
	Harbourside structures	750	750	104	149	5,885	7,565	90.0%	0.0%	0.0%	10.0%	0.0%
	Sub-total	1,790	1,790	1,860	1,701	26,073	43,075	35.3%	36.6%	23.9%	3.9%	0.2%
Other infrastructure assets	Retaining walls & seawalls	1,222	1,222	60	68	42,040	68,018	15.8%	44.2%	36.2%	3.1%	0.7%
	Sub-total	1,222	1,222	60	68	42,040	68,018	15.8%	44.2%	36.2%	3.1%	0.7%
Total – all assets		8,460	8,460	10,941	12,609	619,989	922,154	42.7%	18.9%	36.8%	1.5%	0.2%

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

Infrastructure asset condition assessment 'key'

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

Woollahra Municipal Council

Report on Infrastructure Assets (continued) as at 30 June 2021

	Amounts 2021	Indicator 2021	Prior periods		Benchmark
			2020	2019	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio					
Asset renewals ⁽¹⁾	10,856	94.02%	110.36%	91.52%	>= 100%
Depreciation, amortisation and impairment	11,547				
(a). Building renewals ratio					
Asset renewals (buildings)	3,097	113.25%	145.69%	30.17%	>= 100%
Depreciation, amortisation and impairment	2,735				
(b). Infrastructure renewals ratio					
Asset renewals (infrastructure)	7,759	88.04%	99.74%	110.42%	>= 100%
Depreciation, amortisation and impairment	8,813				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8,460	1.35%	1.42%	1.91%	< 2.00%
Net carrying amount of infrastructure assets	624,840				
Asset maintenance ratio					
Actual asset maintenance	12,609	115.25%	111.17%	100.57%	> 100%
Required asset maintenance	10,941				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	8,460	0.92%	0.97%	1.21%	
Gross replacement cost	922,154				

Notes

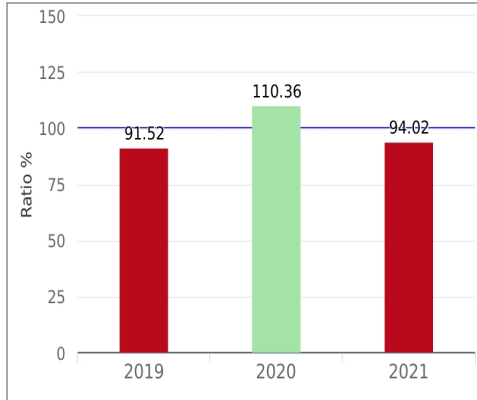
* All asset performance indicators are calculated using the asset classes identified in the previous table.

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

Woollahra Municipal Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
20/21 ratio	94.02%
The ratio is influenced by the timing of the completion of capital works.	

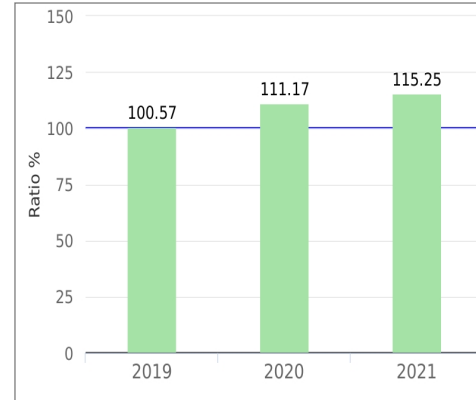
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
20/21 ratio	115.25%
The ratio remains within the 100% benchmark.	

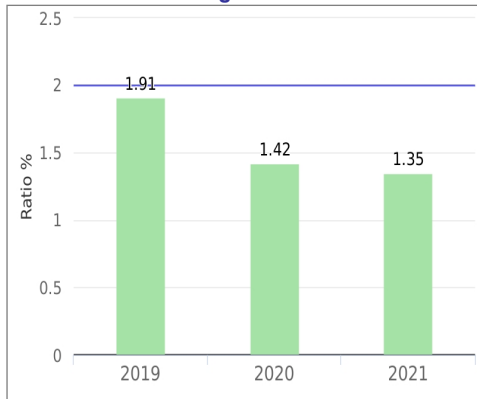
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
20/21 ratio	1.35%
The ratio remains below the 2% benchmark.	

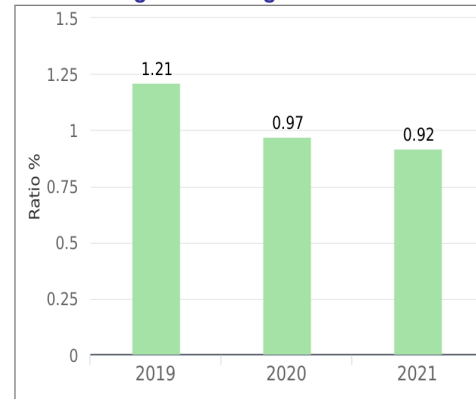
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
20/21 ratio	0.92%
The estimated cost to bring assets to our agreed service levels represents less than 1% of the total value of Council's assets.	

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