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Message from the General Manager

I am extremely proud of how well Liverpool Plains Shire Council has continued to support our community, with our people showing compassion, flexibility and creativity to adapt to the constantly changing environment presented by the COVID-19 pandemic.

Over the course of 2020-2021, our staff have focussed on protecting our community, particularly those that are most vulnerable. We have focussed on providing continuity of vital services such as Meals on Wheels and social outreach services to ensure that those that are elderly, disabled and isolated remain cared for and in contact with their community. Throughout the pandemic, we have placed the safety and well-being of our community foremost in our decision making.

While we all adapt to online meetings, QR codes, social distancing and masks; Council's staff have remained vigilant in ensuring our facilities and services are compliant with NSW Health Orders. I would like to thank staff for the good grace they have demonstrated in implementing these measures to protect the community from this deadly virus.

Despite the impact of the COVID -19 virus, we have delivered several major infrastructure projects including the Quirindi Library Precinct Renewal Project, which has transformed the Quirindi library into a multipurpose community hub and provided a family-friendly facility to be enjoyed by the community for decades to come.

The Quirindi Basketball-Netball Complex at Longfield Park was completed in March 2021 as part of the continued implementation of our Recreation Strategy. This project was partially funded by the NSW Government through its Stronger Country Communities Program, and the new complex is a fantastic community asset and can be enjoyed by all ages.

The Quipolly Water Project - the largest-ever capital works project undertaken by Liverpool Plains Shire Council - has also begun and underpins our economic development strategy to not only ensure enough high-quality water for our current population, but to enable continued population growth. As experienced in the recent drought, water security is key to a thriving community and economy.

The Quirindi Showground also received an injection of \$2.57 million in funding from the NSW Government through the *Crown Lands Showground Stimulus Fund*, which will be used to deliver a raft of

improvements to the precinct. I would like to thank all the user groups for their ideas and enthusiasm in delivering this project and while the Show was not held this year, the new purpose-built Pavilion will be ready for next year's extravaganza, so start working on your entries!

As promised, Council has re-focussed its efforts on better maintaining its large network of roads to ensure that producers are able to move the almost half a billion dollars' worth of freight around the Liverpool Plains efficiently as well as ensuring residents and families are able to move around the area safely. In 2020-2021, we spent \$9 million on road maintenance, an increase of \$1.4 million over the previous two years. While there is still much to be done in ensuring that this vital infrastructure is maintained, significant progress has been made.

I would also like to thank both the NSW and Commonwealth Government who have worked closely with us and provided much-needed funding to deliver these large infrastructure projects. These would not have been achieved without their generous support and financial assistance.

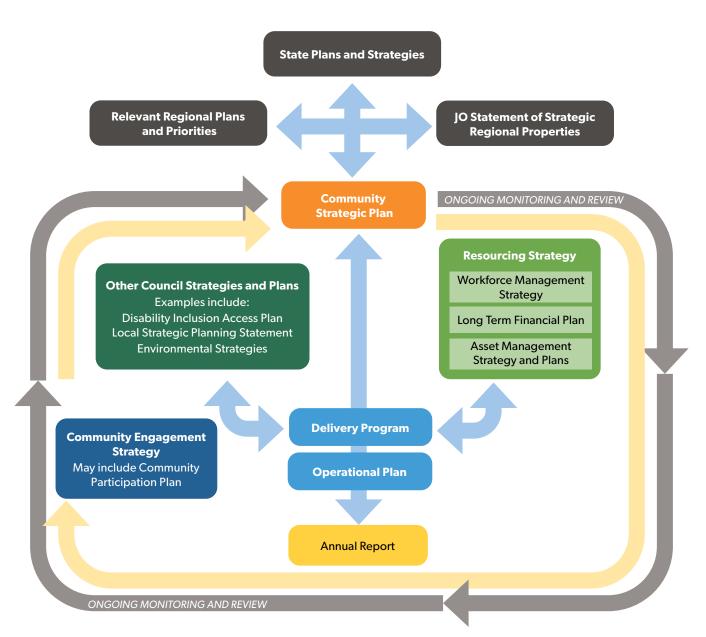
All of our achievements would not have been possible without the hard work and dedication of Council's staff. I am humbled and grateful to lead such a great team people.

Jo Sangster General Manager

Our Planning and Reporting Framework

Underpinned by community engagement, the Integrated Planning and Reporting (IP&R) framework is set out in the *Local Government Act 1993* and requires all councils to actively consult with their communities to lead the development of long-term plans for their communities.

The IP&R framework recognises that our plans and policies should not exist in isolation and are connected on many levels. The IP&R framework allows us to draw our various plans together, to understand how they interact and inform one another, and to get the maximum benefit from our efforts by planning holistically for the future.



COMMUNITY STRATEGIC PLAN

The Community Strategic Plan is the highest-level plan that we prepare, with a 10-year plus timeframe. The Community Strategic Plan identifies our community's main priorities and aspirations for the future and details strategies for achieving these goals.

In doing this, the planning process considers the issues and pressures that may impact the community and the level of resources that will realistically be available to achieve its aspirations.

The Community Strategic Plan seeks to answer four key questions:

- Where are we now?
- Where do we want to be in ten years' time?
- How will we get there?
- How will we know we have arrived?

While we have a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of our community, we are not wholly responsible for its implementation. Other partners, such as State Government agencies, non-government organisations, business and industry, community groups and individual members of the community, all have a role to play in delivering the strategies of the Community Strategic Plan.

RESOURCING STRATEGY

The Community Strategic Plan provides a vehicle for expressing our community's long-term aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

The Resourcing Strategy consists of three components:

- Long-Term Financial Planning
- Workforce Management Planning
- Asset Management Planning

The Resourcing Strategy is the point where we explain to our community how we intend to perform all of our functions, including implementing the strategies set out in the Community Strategic Plan.

Some strategies in the Community Strategic Plan will clearly be our responsibility; some will be the responsibility of other levels of government; and some will rely on input from business and industry groups, community groups or individuals.

The Resourcing Strategy focuses in detail on matters that are Council's responsibility and considers, in general terms, matters that are the responsibility of others. The Resourcing Strategy articulates how we will allocate resources to deliver the objectives under our responsibility.

DELIVERY PROGRAM AND OPERATIONAL PLAN

The Delivery Program and Operational Plan systemically translate our community's strategic goals into actions.

The Delivery Program identifies the principal activities to be undertaken by the council to perform all its functions - including implementing the strategies established by the Community Strategic Plan – using the resources identified in the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the Delivery Program, the council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

The Delivery Program is designed as the single point of reference for all principal activities undertaken by the council during its term of office. All plans, projects, activities and funding allocations must be directly linked to the Delivery Program.

Supporting the Delivery Program are annual Operational Plans. These outline the details of the Delivery Program – the individual projects and actions that will be undertaken in that financial year to achieve the commitments made in the Delivery Program.

REPORTING OUR PROGRESS

Reporting is a key element of the IP&R framework. We use a variety of tools to report back to our community on our progress in achieving the Community Strategic Plan and implementing the Delivery Program, as well as our financial performance against the annual Operational Plan.

Our reporting tools include:

- Annual Report (this document): Within five months of the end of each financial year, we prepare an Annual Report which outlines our achievements in implementing the Delivery Program through that year's Operational Plan, and reports on the effectiveness on the activities undertaken to achieve that year's objectives. The Annual Report also contains a copy of our audited Financial Statements and includes some information that is prescribed by legislation and helps our community know how we have performed as a business entity and a community leader.
- State of the Shire Report: Tabled at the last meeting of the Council term, the State of the Shire Report provides an update on our progress on implementing the Community Strategic Plan over the term of Council.
- State of the Environment Report: Included in the Annual Report in the year in which an ordinary election is held is a State of the Environment Report. This document reports on environmental issues relevant to the objectives for the environment established by the Community Strategic Plan.
- **Delivery Program Progress Reports**: Every six months, we prepare a report detailing our progress in achieving the principal activities set out in the Delivery Program.
- **Budget Review Statements**: We prepare a Budget Review Statement three times each year, which shows by reference to the estimate of income and expenditure set out in the statement of revenue policy in the Operational Plan for the relevant year a revised estimate of the income and expenditure for that year.



About the Liverpool Plains

Located in the New England North West Region of NSW, the Liverpool Plains extends across the traditional lands of the Gamilaraay (Gomeroi) Aboriginal people.

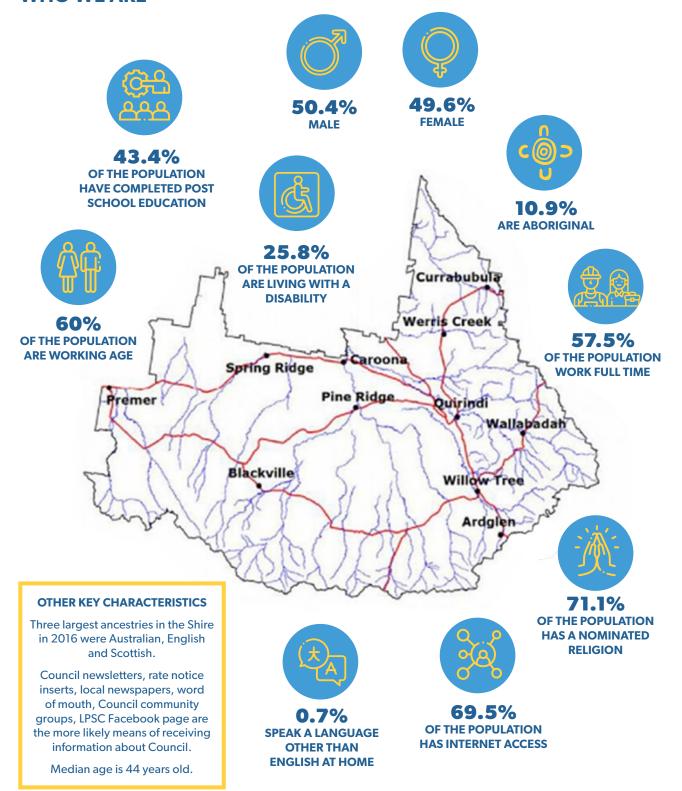
The Liverpool Plains sits at the junction of the New England and Kamilaroi Highways, approximately 350 kilometres north of Sydney, 250 kilometres north west of Newcastle and 60 kilometres south of Tamworth.

The population centres of Quirindi and Werris Creek are located at the heart of the Shire and are supported by several smaller villages and hamlets including Blackville, Caroona, Currabubula, Pine Ridge, Premer, Spring Ridge, Wallabadah and Willow Tree.



About our Community

WHO WE ARE



Our Council

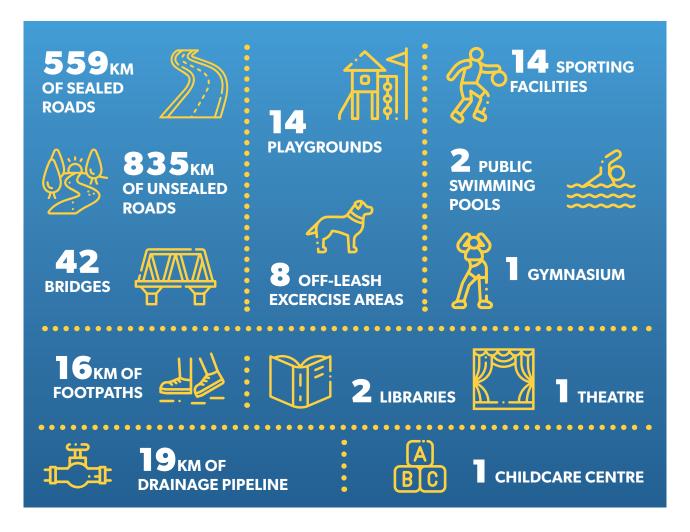
Liverpool Plains Shire Council is constituted under the *Local Government Act 1993* and was proclaimed on 17 March 2004 following the merger of the former Quirindi Shire with parts of Gunnedah Shire and the former Murrurundi Shire and Parry Shire.

We administer a local government area covering 5,086 square kilometres and provide critical infrastructure and services to a permanent resident population of approximately 7,870 people.

We are bounded by Gunnedah Shire in the north, Tamworth Region in the east, Upper Hunter Shire in the south and Warrumbungle Shire in the west.

Our governing body comprises seven Councillors, and the day-to-day management of our organisation rests with our General Manager.

Our workforce is diverse, reflecting the varied nature of the work we undertake and services we provide. In 2020-2021, our workforce comprised 129 full-time equivalent employees.



Our Governance

Our governing body comprises seven Councillors, all of whom are elected to carry out duties under the *Local Government Act 1993 (the Act)*.

Under the Act, the role of a Councillor is to:

- Be an active and contributing member of the governing body;
- Make considered and well-informed decisions as a member of the governing body;
- Participate in the development of the Integrated Planning and Reporting framework;
- Represent the collective interests of residents, ratepayers and the local community;
- Facilitate communication between the local community and the governing body;
- Uphold and represent accurately the policies and decisions of the governing body;
 and
- Make all reasonable efforts to acquire and maintain the skills necessary to perform the role of a Councillor.

Councillors are responsible for making decisions, developing policies and implementing strategies to guide the activities of Council. This role is performed at Council meetings, where Councillors discuss, debate and make decision on issues of public importance.

MAYORAL ELECTION

The Mayor and Deputy Mayor are elected for a two-year period by the Councillors and have additional statutory responsibilities under the Act.

Cr Andrew Hope and Cr Paul Moules were elected by Council as its Mayor and Deputy Mayor, respectively, in September 2018. Both continued in their roles through to September 2020.

In September 2020, Council elected Cr Doug Hawkins as Mayor and Cr Ken Cudmore as Deputy Mayor. Both will serve in their respective positions until the 2021 Local Government elections, scheduled to be held Saturday, 4 December 2021.

COUNCIL MEETINGS

Council is required to hold a minimum of 10 Ordinary Council meetings per year.

Ordinary meetings are held on the fourth Wednesday of the month (except in January), or as otherwise determined by Council. From time to time, extraordinary meetings may be held to deal with urgent matters that may arise throughout the year.

Meetings are held from 2.30pm in the Council Chambers at 60 Station Street, Quirindi and conducted in accordance with the Code of Meeting Practice. Copies of meeting business papers, including agendas and minutes, as well as audio-visual recordings of meetings, are available online from Council's website for members of the public to view.

Fourteen meetings were held in 2020-2021, comprising 12 ordinary meetings and two extraordinary meetings.

COUNCIL COMMITTEES

We support and administer various committees and advisory groups and is represented on numerous external committees and organisations. The appointment of Councillor committee members and delegates is traditionally reviewed each year by Council at its September Ordinary Meeting.

In 2020-2021, we operated the following nine committees:

- Audit, Risk and Improvement Committee
- Business Advisory Group
- Community Advisory Group
- Cultural and Events Advisory Group
- General Manager's Performance Review Panel
- Local Traffic Committee
- Planning and Economic Development Committee
- Summerhill Lodge Committee
- Upper Namoi Groundwater Management Zone 1 Temporary Transfer Committee

During 2020-2021, we were represented on a further eight external committees and organisations:

- Australian Railway Monument (ARM) Inc. Management Committee
- Central Northern Regional Library
- Mid North Weight of Loads
- Namoi Unlimited Joint Organisation
- Namoi Regional Air Quality Advisory Committee
- North West Regional Weeds Committee
- Watermark Coal Community Consultative Committee
- Werris Creek Coal Community Consultative Committee

OUR COUNCILLORS

Cr Virginia Black

- Audit, Risk and Improvement Committee
- Community Advisory Group
- Cultural and Events Advisory Group
- General Manager's Performance Review Panel
- Rural Fire Service Liaison Committee
- Summerhill Lodge Committee

Cr Ken Cudmore, Deputy Mayor

- Community Advisory Group
- General Manager's Performance Review Panel
- Local Traffic Committee
- Mid North Weight of Loads
- North West Regional Weeds Committee
- Shenhua Watermark Consultative Committee
- Upper Namoi Groundwater Management Zone 1 Temporary Transfer Committee

Cr Doug Hawkins OAM, Mayor

- Community Advisory Group
- Cultural and Events Advisory Group
- General Manager's Performance Review Panel
- Summerhill Lodge Committee

Andrew Hope

Mr Hope resigned as a Councillor effective 30 September 2020 and ceased to hold civic office for the remainder of the 2020-2021 year.











Cr Ian Lobsey OAM

- Australian Railway Monument (ARM) Inc. Management Committee
- Business Advisory Group
- Community Advisory Group
- Cultural and Events Advisory Group
- General Manager's Performance Review Panel
- Planning and Economic Development Committee
- Summerhill Lodge Committee



Cr Paul Moules

- Audit, Risk and Improvement Committee
- Central Northern Regional Library



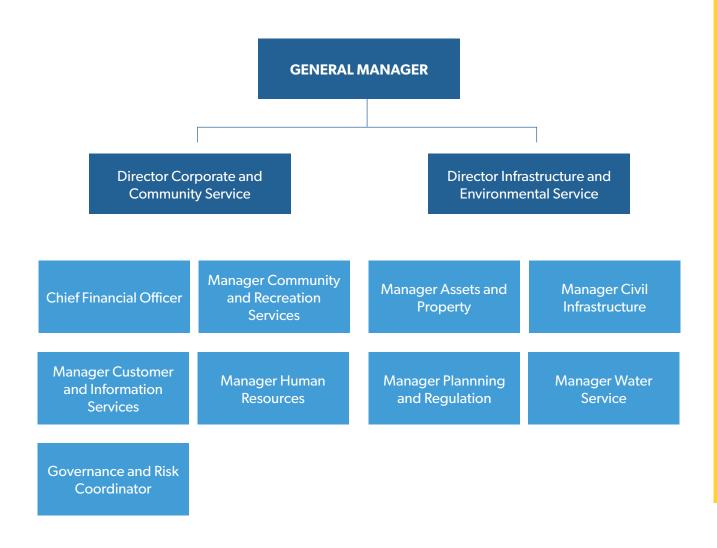
Robert Webster

Mr Webster resigned as a Councillor effective 18 November 2020 and ceased to hold civic office for the remainder of the 2020-2021 year.

Organisation Structure

The General Manager is responsible for the efficient and effective operation of our organisation and ensuring the implementation of Council's decisions, strategies, policies and programs.

A review of our organisation structure was undertaken in 2020-2021, resulting in Council adopting a new structure at its Ordinary Meeting in February 2021. At this meeting, Council also determined the Senior Staff positions within its new organisation structure.



OUR EXECUTIVE TEAM

The Executive Team is responsible for leading our organisation. The General Manager is supported by two Directors, each of whom leads a department with specific service delivery and operational functions.



General Manager

Jo Sangster
Commenced December 2019

- Company Directors Course, Australian Institute of Company Directors
- Master of Applied Social Research, Monash University
- Bachelor of Arts/Bachelor of Psychology, Swinburne University of Technology



Director Corporate and Community Services

Cian Middleton Commenced May 2021

- Master of Business Administration, University of New England
- Master of Legal Practice, Australian National University
- Graduate Certificate in Human Resource Management, RMIT University
- Bachelor of Arts (Politics and International Studies)/Bachelor of Laws, University of Adelaide
- IAP2A Certificate in Engagement, International Association for Public Participation Australasia



Director Infrastructure and Environmental Services

Nathan Skelly Commenced June 2020

- Master of Engineering Practice (Civil Engineering), University of Southern Queensland
- Bachelor of Engineering Technology (Civil Engineering), University of Southern Queensland
- Associate Degree of Engineering (Civil Engineering), University of Southern Queensland

YOUR RATES AT WORK

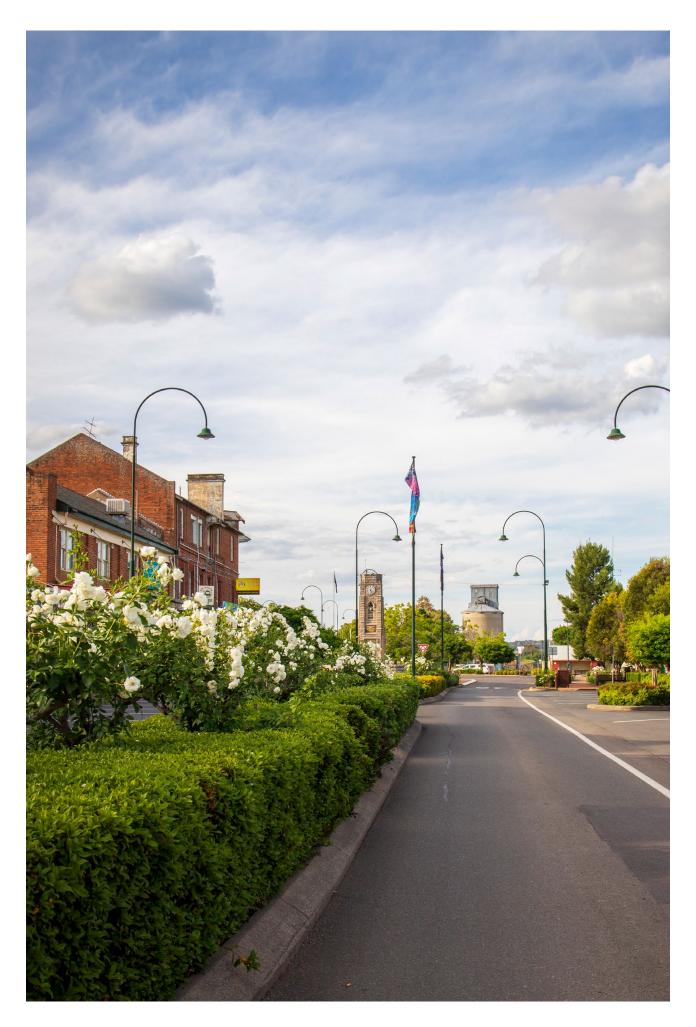
In 2020-2021, we managed an income of more than \$31.26 million, the majority of which came from rates and annual charges. The rest of the income was generated from user fees and charges, grants, investment and revenue and the sale of assets.

We use this income to maintain critical infrastructure and provide services across the Liverpool Plains and enhance our community's quality of life.

OUR INCOME

40%	Rates and annual charges
28%	Operating grants and contributions
18%	Captial grants and contributions
12%	User charges and fees
2%	Other





PART 3

PERFORMANCE REPORTING

Achieving our Operational Plan

Section 428 of the *Local Government Act 1993* provides that Council's Annual Report must detail its effectiveness in implementing its Delivery Program and Operational Plan.

In its Operational Plan 2020-2021, Council committed to delivering 101 actions across the four Community Strategic Plan outcome areas of Community, Governance, Environment and Economy.

Notable achievements for the 2020-2021 year include:

COMMUNITY

A great rural lifestyle with access to quality services

- Provided funding via the Small Heritage Grants to ensure the continued maintenance of heritage buildings throughout the Liverpool Plains.
- Achieved increased enrolments at the Quirindi Eastside Child Care Centre.
- Commenced delivery of the Quirindi Library Precinct Renewal Project, transforming the library into a multi-purpose community hub.
- Completed initial seal of Mystery Road in partnership with Gunnedah Shire Council.
- Completed replacement of Glenyalla Road Bridge.
- Coordinated a combined Emergency Services exercise with other local emergency services providers, ensuring cross-agency collaboration.

GOVERNANCE

Strong community, Council and business leadership

- Completed a review of our organisation structure, aimed at achieving savings, reducing inefficiencies and realising productivity improvements.
- Reviewed our Long-Term Financial Plan to identify the strategies and actions needed to improve the organisation's long-term financial sustainability.
- Undertook a comprehensive community consultation program to inform our decision to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a special rate variation.
- Partnered with Local Government NSW to facilitate three information sessions for prospective candidates ahead of the 2021 Local Government Elections.
- Launched a new corporate website, available at www.liverpoolplains.nsw.gov.au, to provide our customers and community with a contemporary, accessible online platform to access our services.
- Progressed the procurement of a new organisation-wide business system to improve our customer focus, efficiency and productivity.

ENVIRONMENT

A sustainable environment

- Awarded the contract for the Quipolly Water Project.
- Commenced design of new Landfill and Waste Transfer Stations as part of the delivery of our Waste Strategy.
- Constructed new canteen and amenities at David Taylor Oval.
- Commenced refurbishment of Bell Park public amenities.
- Resurfaced Warrah Creek Community Hall tennis courts.
- Refurbished the Quirindi Showground bore.
- Developed new Asset Management Plans for our Transport, Buildings and Recreation and Aerodrome assets.
- Delivered installation of LED streetlighting.



A thriving economy

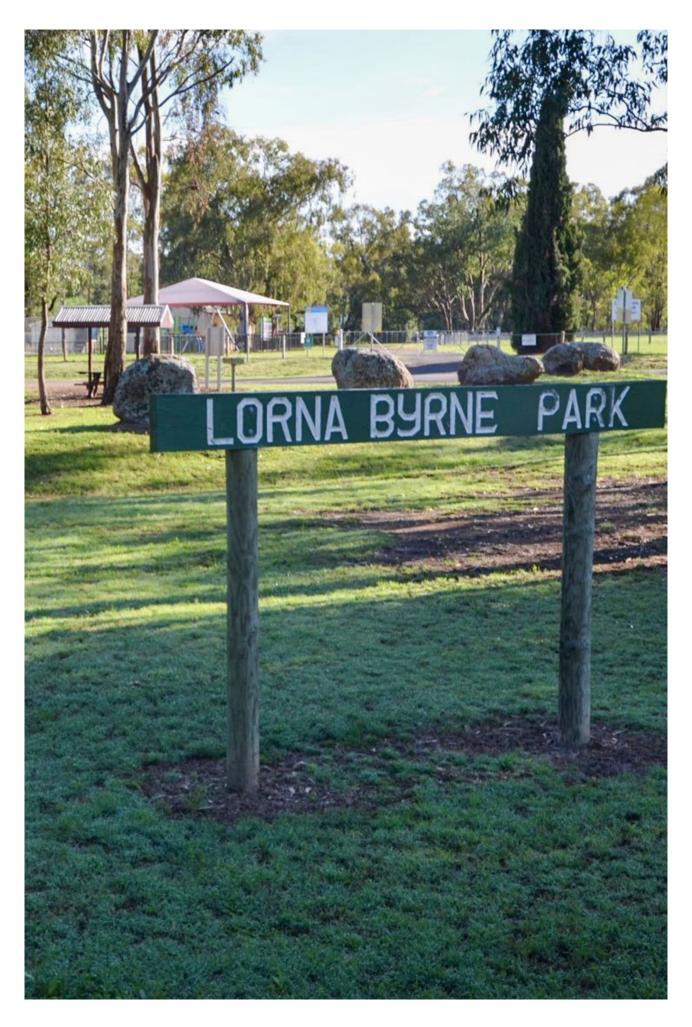
- Undertook the sale of four properties surplus to requirements.
- Undertook review of Development Control Plan to simplify the approval process for straightforward developments.
- Supported the Quirindi Business Chamber and potential business investors throughout the Liverpool Plains.
- Delivered free training during Small Business Month for local business operators and traders.
- Continued the Agri-Tourism Program in conjunction with the Office of Small Business Commissioner.
- Supported an ongoing partnership with neighbouring local councils through the Namoi Unlimited Joint Organisation, progressing a range of regional economic development initiatives.













STATUTORY REPORTING

Overview

Liverpool Plains Shire Council's general reporting requirements are set out in section 428 of the *Local Government Act 1993* (the Act) and Part 9, Division 7 of the Local Government (General) Regulation 2021 (the Regulation). The Act and Regulation can be accessed from www.legislation.nsw.gov.au.

This section also meets Council's reporting requirements under the *Companion Animals Act 1998* and Companion Animals Regulation 2008, as well as the *Environmental Planning and Assessment Act 1979*.



General Reporting Requirements

RATES AND CHARGES WRITTEN OFF

Local Government (General) Regulation 2005, clause 132

Council is required to include in the Annual Report the amount of rates and charges written off during the year.

Table A, below, details the rates and charges written off by Council in the reporting period:

Table A: Rates and Charges Written Off	
Category	Amount
Pensioner Rebates – Mandatory	\$338,348.00
Pensioner Rebates – Voluntary	\$0.00
Rates - Other	\$7,075.82
Charges	\$1,260.39
Interest	\$1,848.30
Total	\$348,532.51

OVERSEAS VISITS

Local Government Act 1993, section 428(4)(b) Local Government (General) Regulation 2005, clause 217(1)(a)

Council is required to report on overseas visits undertaken by Councillors, Council staff and other persons representing Council during the reporting period.

There were no overseas visits undertaken by Councillors, Council staff or other persons representing Council in the 2020-2021 year.

COUNCILLOR EXPENSES AND PROVISION OF FACILITIES

Local Government (General) Regulation 2005, clause 217(1)(a1)

Council's Payment of Expenses and Provision of Facilities Policy allows for the payment of expenses incurred by, and provision of facilities to, Councillors in relation to their roles as elected representatives and members of the governing body of Council.

The total amount of fees paid to the Councillors in 2020-2021 was \$95,437.08.

Table B, below, details the amount spent on providing facilities and expenses for Councillors during the reporting period.

Table B: Councillor Expenses and Provision of Facilities		
Category	Amount	
Office Equipment	\$0.00	
Telephone Calls/Communication	\$3,142.96	
Conference and Seminar Attendance	\$1,853.18	
Training and Professional Development	\$14,243.29	
Interstate Visits	\$0.00	
Overseas Visits	\$0.00	
Spouse Expenses	\$0.00	
Carer Expenses	\$0.00	
General Travel Expenses	\$2,733.09	
Total	\$21,972.52	

MAYOR AND COUNCILLOR PROFESSIONAL DEVELOPMENT

Local Government (General) Regulation 2005, clause 217(1)(a4)

Under section 232(1)(g) of the Act, the Mayor and Councillors have a responsibility to make all reasonable efforts to acquire and maintain the skills necessary to perform their roles. Our General Manager is required under the Regulation to ensure the delivery of an ongoing Professional Development Program to assist our Councillors in acquiring and maintaining the skills necessary to perform their roles.

The Regulation provides that the Mayor and Councillors must make all reasonable efforts to participate in the activities offered to them as part of the Professional Development Program. We are required to report on the participation of the Mayor and each Councillor in the Professional Development Program during the year.

Our Councillor Induction and Professional Development Policy is modelled on the model policy published by the Office of Local Government.

Details of our Councillor Professional Development Program for the reporting period are contained in *Table C*, below:

Table C: Councillor Professional Development, 2020-2021			
Activity	Provider	Date	Participants
Code of Conduct Briefing	SINC Solutions	30 September 2020	Cr Virginia Black Cr Ken Cudmore Cr Doug Hawkins OAM Cr Andrew Hope Cr lan Lobsey OAM Cr Paul Moules Cr Rob Webster
Chairing and Effective Meeting Procedures	Local Government NSW	30 November 2021	Cr Doug Hawkins OAM Cr Ian Lobsey OAM Cr Paul Moules
Destination and Visitor Economy Conference	Local Government NSW	26-28 May 2021	Cr Doug Hawkins OAM Cr lan Lobsey OAM
NSW Local Roads Congress	Local Government NSW	07 June 2021	Cr Doug Hawkins OAM

In addition to the professional development opportunities detailed in *Table C*, above, we also facilitated an induction program for Cr Doug Hawkins OAM following his election as Mayor in September 2020. This program was delivered by Blackadder & Associates on 16-17 November 2020.

CONTRACTS

Local Government (General) Regulation 2005, clause 217(1)(a2)

Council is required to disclose the details of each contract awarded for amounts greater than \$150,000, including the name of the contractor, the nature of goods or services supplied, and the total amount payable under the contract.

As detailed in *Table D*, below, Council awarded five (5) contracts during the reporting period for an amount greater than \$150,000:

Table D: Major Contracts		
Contract	Awarded to	Amount (inc. GST)
Henry Street Court upgrade	Court Craft (Aust) Pty Ltd	\$637,517.57
Quirindi Library upgrade	Best Practice Constructions	\$1,450,593.33
Quirindi Showground Pavilion Construction	Willis Brant & Associates	\$1,648,930.00
Quipolly Water Project	Gongues Constructions	\$35,700,456.00
Quipolly Water Project	HunterH2O	\$1,905,343.00

LEGAL PROCEEDINGS

Local Government (General) Regulation 2005, clause 217(1)(a3)

Council is required to provide a summary of the amounts incurred in relation to legal proceedings, including amounts, costs and expenses paid or received, and a summary of the state of progress of each legal proceeding.

As detailed in *Table E*, below, Council incurred a total of \$88,354.91 in relation to legal proceedings during the reporting period:

Table E: Legal Proceedings Expenses		
Item	Status	Expenditure
Debt Recovery	Complete	\$49,837.18
Industrial Relations	N/A	\$0.00
Planning and Environment	Ongoing	\$16,586.80
Property	Ongoing	\$18,955.33
Other	Complete	\$2,975.60
Total		\$88,354.91

SUBSIDISED PRIVATE WORKS

Local Government (General) Regulation 2005, clause 217(1)(a4)

Council is required to provide a summary of resolutions during the reporting period under section 67 of the Act concerning work carried out on private land, including details of such work if the cost of the work has been fully or partly subsidised by Council.

During the reporting period, Council did not undertake any subsidised works on private land.

FINANCIAL ASSISTANCE TO OTHERS

Local Government (General) Regulation 2005, clause 217(1)(a5)

Under section 356 of the Act, Council can provide financial assistance to others, including through cash donations, sponsorships and reductions in charges. All financial assistance provided by Council must be disclosed in the Annual Report.

As detailed in *Table F*, on the following page, Council provided \$174,546.24 in financial assistance to others during the reporting period, inclusive of cash donations, sponsorships and reductions in charges.

Table F: Financial Assistance		
Financial Assistance Source	Recipient	Assistance (\$)
Community Funding Program	Quirindi Heritage Village	\$2,644.30
	Christmas Lights in Willow Tree Public Spaces	\$625.00
	Rotary Club of Quirindi	\$3,000.00
	Willow Tree & District Sheep Dog Workers Association	\$625.00
	Quirindi Little Athletics	\$2,500.00
	Quirindi Canter	\$601.00
	Peel Valley Team Penning	\$714.00
	Quirindi RSL Golf Club	\$2,500.00
	Currabubula Pony Club	\$1,250.00
	Werris Creek Rugby League Football Club	\$1,069.70
	Currabubula Red Cross	\$700.00
	Tamworth Motorcycle Club	\$1,500.00
	Quirindi Quart Pot Stockman's Challenge Inc	\$1,071.00
	Walhallow P&C Association	\$1,200.00
Heritage Grants	Ms M E Grant	\$1,500.00
	Mrs S L Roberts	\$2,000.00
	Mr P M Prezanis	\$2,000.00
	Romani Pastoral Co Pty Ltd	\$1,500.00
	Mrs D R Sevil	\$500.00
	Croaker Memorial Church Trust	\$1,300.00
Section 356 Resolution	Quirindi High School Swim and Gym Agreement	\$144,293.75
Reduction in Charges	Quirindi Show Society	\$2,349.80
	Quirindi Football (Soccer) Association	\$3,003.50
	Quirindi High School	\$1,057.00
Total		\$179,504.05

DELEGATED EXTERNAL BODIES

Local Government (General) Regulation 2005, clause 217(1)(a6)

Council is required to include in the Annual Report a statement of all external bodies that exercise functions delegated by the Council. No external bodies exercised functions delegated by Council during the reporting period.

CONTROLLING INTEREST IN COMPANIES

Local Government (General) Regulation 2005, clause 217(1)(a7)

Council is required to include in the Annual Report a statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which it holds a controlling interest. Council did not hold a controlling interest in any companies during the reporting period.

PARTICIPATION IN CORPORATIONS, PARTNERSHIPS, JOINT VENTURES OR OTHER BODIES

Local Government (General) Regulation 2005, clause 217(1)(a8)

Council is required to include in the Annual Report a statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which it participates.

During the reporting period, Council participated in the following corporations, partnerships and other organisations:

- Central Northern Regional Library
- Country Mayors Association
- Local Government NSW
- Namoi Joint Organisation (Namoi Unlimited)
- StateCover Mutual Limited
- StateWide Mutual Limited

EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN

Local Government (General) Regulation 2005, clause 217(1)(a9)

Council is required to include in the Annual Report a statement of all activities undertaken to implement its Equal Employment Opportunity (EEO) Management Plan. Council's EEO Policy was adopted in 2018-2019 and is scheduled to be reviewed in 2021-2022.

During the reporting period, all new and commencing staff received information on their rights and responsibilities for promoting EEO and preventing Bullying and Harassment through the Employee Induction Program.

Council provides an Employee Assistance Program, providing staff and their immediate family members access to a free professional counselling service.

GENERAL MANAGER AND SENIOR STAFF REMUNERATION

Local Government (General) Regulation 2005, clause 217(1)(b-c)(i-v)

Council is required to include in the Annual Report a statement of the total remuneration comprised in the remuneration packages of the General Manager and all Senior Staff members employed during the year.

For the period 01 July 2020 to 30 June 2021, Council employed one (1) staff member in the position of General Manager and two (2) staff members in positions designated by Council as Senior Staff for the purposes of section 332 of the Act.

As detailed in $Table\ G$, below, the total expenditure for the reporting period in respect of employment for the above staff, including salary, motor vehicle expenses, package benefits, fringe benefits tax and superannuation, was \$636,217.24.

Table G: General Manager and Senior Staff Remuneration		
Position	Remuneration	
General Manager	\$270,000.08	
Director Corporate and Community Services	\$167,178.51	
Director Infrastructure and Environmental Services	\$199,038.65	
Total	\$636,217.24	

STORMWATER MANAGEMENT SERVICES

Local Government (General) Regulation 2005, clause 217(1)(e)

Council is required to detail in the Annual Report the stormwater management services provided during the year, if it has levied a charge for stormwater management services.

Council has not implemented a Stormwater Management Plan and did not levy a Stormwater Management Charge in the reporting period.

COASTAL PROTECTION SERVICES

Local Government (General) Regulation 2005, clause 217(1)(e1)

Council is required to detail in the Annual Report the coastal protection services provided during the year, if it has levied a charge for coastal protection services.

Council has not implemented a Coastal Management Plan and did not levy an annual charge for coastal protection services in the reporting period.

COMPANION ANIMAL MANAGEMENT

Local Government (General) Regulation 2005, clause 217(1)(f)

Council is required to report on its activities in enforcing and ensuring compliance with the *Companion Animals Act* 1998 ("Companion Animals Act") and Companion Animals Regulation 2008.

Council's pound collection data for 2020-2021 is summarised in *Table H*, below:

Table H: Summary of Pound Data			
Category	Cats	Dogs	Total
Seized	40	75	115
Surrendered	79	110	189
Returned to owner	0	3	3
Taken to pound	ון	19	30
Released to owner	5	67	72
Rehomed via Council sale	14	13	27
Rehomed via rehoming shelters	74	92	166
Other	0	3	3
Euthanised	35	19	54

It is mandatory for all dog attack data to be lodged with the Office of Local Government in accordance with the Companion Animals Act. This legislation requires a dog attack to be reported within 72 hours of the incident. In the 2020-2021 reporting period, two dog attack incidents involving people or animals were recorded.

The Companion Animals Act provides that microchipped animals be held for a period of 14 days and unidentified animals for seven days. Council releases animals to shelters where those animals are considered to be suitable for rehousing. Council has developed strong relationships with a number of re-housing programs as evident by the Pound Data return.

Council employs one (1) full-time equivalent Ranger whose role includes local laws compliance and Companion Animals functions. The total expense for this service during the reporting period was \$146,807.45.

Under the Companion Animals Act, Council must provide at least one off-leash area where dogs can be exercised off-leash during certain hours. Council has eight designated off-leash areas throughout the Liverpool Plains Shire, including areas at Currabubula, Premer, Quirindi, Wallabadah, Werris Creek and Willow Tree.

A complete list of designated off-leash areas is contained in Council's Companion Animals Management Plan, which is available from Council's website at www.lpsc.nsw.gov.au.

PLANNING AGREEMENTS

Environmental Planning and Assessment Act 1979, section 7.5

Council is required to detail in the Annual Report the particulars of compliance with, and the effect of, any planning agreements in place.

Council did not have any planning agreements in place during the reporting period.

ENVIRONMENTAL UPGRADE AGREEMENTS

Local Government Act 1993, clause 54D and 54P(1)

Council is required to detail in the Annual Report the particulars of any environmental upgrade agreements entered into during the year.

Council did not enter into any environmental upgrade agreements during the reporting period.

INSPECTION OF PRIVATE SWIMMING POOLS

Swimming Pools Regulation 2018, clause 23

Council is required to undertake a program of private swimming pool inspections and detail in the Annual Report the number of inspections of carried out in the year that were of a tourist and visitor accommodation; of premises with two or more dwellings; and that resulted in certificates of compliance and non-compliance being issued.

As detailed in Table I, below, Council undertook 23 reportable inspections in 2020-2021:

Table I: Inspections of Private Swimming Pools	
Inspections	Number
Of tourist and visitor accommodation	0
Of premises with more than two dwellings	0
That resulted in issuance of a certificate of compliance under section 22D of the Act	20
That resulted in issuance of a certificate of non-compliance under clause 21 of the Regulation	3
Total	23

DISABILITY INCLUSION ACTION PLAN REPORTING

Disability Inclusion Act 2014, section 13(1)

Council is required to develop and implement a Disability Inclusion Action Plan (DIAP) setting out how it will improve access for people with a disability and support them in participating full in the community. Council is also required to provide an update in the Annual Report on its progress in implementing its DIAP.

Council's DIAP was adopted in 2017 and is scheduled to be reviewed in 2021-2022.

In 2020-2021, Council undertook the following actions to deliver on its DIAP:

- Completed the construction of a new canteen and amenities building at David Taylor Oval, Werris Creek which includes accessible toilets and ramps.
- Delivered accessibility improvements to the Quirindi Royal Theatre, including redesigning the entry zone, improving the entry paving and installing a new wheelchair lift.
- Installed disability toilets at Bell Park, Quirindi, featuring a new disabled access directly from Hawker Street.

PUBLIC INTEREST DISCLOSURES REPORTING

Public Interest Disclosures Act 1994, section 31 Public Interest Disclosures Regulation 2011, clause 4 (2) (a)-(c)

Liverpool Plains Shire Council is required to report annually on its obligations under section 31 of the *Public Interest Disclosures Act 1994* and clause 4 of the *Public Interest Disclosures Regulation 2011*. The report below meets our obligations under this legislation.

Table J: Statistical Information on Public Interest Disclosures		
Number of public officials who made PIDs directly	0	
Total number of PIDs received by Liverpool Plains Shire Council	0	
Of the total received, the number in each of the following categories:		
Corrupt conduct	0	
Maladministration	0	
Serious or substantial waste	0	
Government intervention contravention	0	
Local government pecuniary interest contravention	0	
Number of PIDs finalised in this reporting period 0		

We currently have in place an *Internal Reporting (Public Interest Disclosures) Policy*, which is available from our website and staff intranet. This policy is closely aligned to the NSW Ombudsman's model policy and as well as our Code of Conduct and is scheduled to be reviewed in 2021-22.



CAPITAL WORKS REPORT

Liverpool Plains Shire Council is required to provide a Capital Works Report under the Capital Expenditure Guidelines, issued by the Office of Local Government pursuant to section 23A of the *Local Government Act* 1993.

In 2020-2021, Council delivered a Capital Works Program totalling \$10.51 million.

ROADS AND TRANSPORT INFRASTRUCTURE

Gravel road resheeting

Council expended \$488,894 in gravel resheeting works on several unsealed roads, including:

- Warrah Creek Road (5.0km)
- Wallabadah Creek Road (6.1km)
- Pandora Pass Road (10.0km)
- Coomoo Coomoo Creek Road (7.9km)

Road renewal and kerb and gutter

Council has continued to focus on renewals for rural roads and urban streets expending \$1,864,897. Road reconstruction works were undertaken on:

- Centre Street, Quirindi Major Upgrade
- Callaghans Lane Seal Extension
- Blackville Road Seal Extension
- Allnut Street, Quirindi Kerb and Gutter
- Coonabarabran Road Shoulder Rehabilitation
- George Street Major Surface Repairs
- Lindsay Gap Road Pavement Overlay
- Gap Road Shoulder Rehabilitation
- Wallabadah Road (Maria Street) Pavement Overlay
- Lowes Creek Road Proposed Water Treatment Station Deviation

Resealing

Council undertook approximately \$462,457 of resealing works on local roads during the 2020-2021 year. As indicated by its name, this work seals the road surface to prevent water from entering the underlying pavement, thereby reducing the likelihood the road will need costly rehabilitation and reconstruction in the near future.

Reseals were undertaken on:

- Werris Creek Road
- Signal Street
- Gap Road
- Lindsay Gap Road
- Coonabarabran Road
- Station Street
- Dewhurst Street

BUILDINGS, PARKS AND RESERVES

Council undertook a large volume of work on its buildings, parks and reserves in the 2020/21 year, including:

- Completion of the Quirindi Library Renewal Precinct project
- Construction of new Rodeo Arena at the Quirindi Showground
- Replacement of the trotting track fence at the Quirindi Showground
- New lighting at Milner Parade tennis courts
- Refurbishment of grandstands at Longfield Oval
- Extension and upgrade to Bell Park amenities
- Commencement of change fields at Golland Fields

WASTE MANAGEMENT

Adopted in January 2018, Council's Waste Management Strategy provides a long-term strategic direction for Council's waste management services and facilities over the next 10 years.

Implementation of the strategy commenced in March 2020, and in the thirteen-month period to 30 June 2021, the following progress was made:

- Completion of design for four Waste Transfer Stations at Caroona, Premer, Spring Ridge and Werris Creek.
- Approval secured from Environmental Protection Authority for the remediation of the Caroona, Pine Ridge, Premer, Spring Ridge and Werris Creek landfills.
- Commencement of construction on the installation of Waste Transfer Stations at Caroona, Premer and Spring Ridge.
- Engagement of specialist consultants to undertake site feasibility assessments, preliminary design and cost estimates for the proposed Willow Tree landfill site.

In July 2021, Council secured \$1.5 million in funding through the NSW Government's *Resources for Regions* Program to implement the Waste Management Strategy. A further grant application for \$1.9 million was submitted in the reporting period and being assessed at time of this report's publication.

The continued implementation of Council's Waste Management Strategy will progress over the 2021-2022 year. Estimated completion of the strategy's implementation is September 2023.

WATER AND SEWER

Capital Works in the Water and Sewer section has focused on building reliability and upgrade of critical components within the existing systems. These works are in line with the current Asset Management plan and requirements for compliance for the various regulatory agencies.

Works completed during the reporting period include:

- Sewer Main relining of over 1.5 kilometres of various sized pipes in both Quirindi and Werris Creek sewerage systems.
- Electrical upgrades to Quirindi #2 Waste Water Pump Station, including telemetry.
- Electrical and Mechanical upgrades to Quirindi #4 Waste Water Pump Station, including telemetry and renewed pumps.

- Replacement of 360m of water main in Centre St between Perkins and Cross Streets.
- Upgrades to the radio system for increased reliability of the water services telemetry system.
- Installation of remote online water quality measurement devices in the Village Water Supplies.

The major capital works Quipolly Water Project design and construction contract was awarded in June 2021, with work on the design well underway.

The design for a major upgrade to the Quirindi Waste Water Treatment Plant, and study of the feasibility for an Effluent Reuse project at the Werris Ck Waste Water Treatment Plant were completed in 2020/21.

MAJOR PROJECTS

In recent years, Council has secured significant grant funding from both the NSW and Commonwealth Governments to deliver a series of infrastructure projects throughout the Liverpool Plains Shire.

In 2020-2021, Council completed the following grant-funded projects:

- Warrah Creek Tennis Courts resurfacing
- David Taylor Oval upgrade
- David Taylor Oval canteen and amenities replacement
- Willow Tree Recreation Ground amenities refurbishment
- Quirindi Showground bore refurbishment
- Quirindi Tennis and Basketball Court upgrade
- Golland Field Cricket Pitches resurfacing
- Quirindi Royal Theatre accessibility upgrade
- Spring Ridge Footbridge re-decking
- Premer Hall repainting
- Plains Fitness Recreation Centre air-conditioning replacement





SPECIAL RATE VARIATION REPORT

Liverpool Plains Shire Council is required under sections 508(2) and 508A of the *Local Government Act 1993* to report on Special Rate Variation (SRV) expenditure during 2020-2021.

In 2014-2015, Council successfully applied to the Independent Pricing and Regulatory Tribunal (IPART) for an SRV of 12.5 per cent, comprising three components:

- 1. A 6.5 per cent increase for capital works on roads and associated infrastructure;
- 2. A 3.7 per cent increase to improve financial sustainability, upgrade infrastructure and reduce backlogs; and
- 3. The rate peg of 2.3 per cent.

Council must detail in its Annual Report for each year from 2014-2015 to 2023-2024:

- The actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance;
- Any significant variations from its proposed expenditure as forecast in the Long-Term Financial Plan and any corrective action taken or to be taken to address any such variation;
- Expenditure consistent with Council's application, and the reasons for any significant differences from the proposed expenditure; and
- The outcomes achieved as a result of the actual program of expenditure.

Table K: Special Rate Variation Projects		
Project	SRV Proposed Expenditure	Actual Expenditure*
Roads Drainage Maintenance		
Cana Road Causeway – Funded by SRV and Grants	¢62,000,00	\$43,984.00
Callaghans Lane Construction – Funded by SRV and Grants	\$63,000.00	\$20,000.00
Local Roads Re-Sealing		
Callaghans Lane Construction and Seal – Funded by SRV and Grants	\$462,000.00	\$576,810.00
Local Roads Gravel Re-Sheeting		
Howes Hill Road - Gravel Re-Sheeting - Funded by SRV and Grants		\$347,137.00
Barnbrook Road - Gravel Re-sheeting - Funded by SRV, Grants and Council Budget	\$163,000.00	\$5,000.00
Woodton Road - Gravel Re-sheeting - Funded by SRV, Grants and Council Budget		\$17,142.00

^{*} SRV, Grant Funding and Council Budget expenditure not differentiated for the reporting period.

APPENDIX A

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT REPORTING

Liverpool Plains Shire Council is required to report annually on its obligations under section 125(1) of the *Government Information (Public Access) Act 2009* and clause 8 and Schedule 2 of the Government Information (Public Access) Regulation 2018.

Details of requests for information received by Council for the year ending 30 June 2021 are as follows:

REVIEW OF PROACTIVE RELEASE PROGRAM

Government Information (Public Access) Act 2009, clause 8(a)

Under section 7 of the GIPA Act, Council must review its programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Council must include details in the Annual Report on the review carried out under section 7(3) of the GIPA Act during the reporting period, including details of any information made publicly available as a result of the review.

Council undertook the following initiatives as part of the review of its proactive release program for the reporting period:

- Review of Agency Information Guide;
- Review of Contracts Register;
- Review of various policies and publication to Council's website; and
- Regular COVID-19 Pandemic information published to Council's website and social media channels, including updates on Council's response, recovery and service interruptions.

NUMBER OF ACCESS APPLICATIONS RECEIVED

Government Information (Public Access) Act 2009, clause 8(b)

Council is required to disclose the total number of access applications received during the reporting period (including withdrawn applications but not including invalid applications).

During the reporting period, Council received four (4) access applications.

NUMBER OF REFUSED APPLICATIONS FOR SCHEDULE 1 INFORMATION

Government Information (Public Access) Act 2009, clause 8(c)

Council is required to disclose the total number of access applications refused because the information requested was information referred to in Schedule 1 to the GIPA Act.

During the reporting period, Council refused one (1) access application for Schedule 1 information.

Table L: Number of Applications by Type and Applicant Outcome*										
	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information Not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	O	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private Sector Business	1	0	0	0	0	0	0	0	1	25%
Not for Profit Organisations or Public Sector Groups	0	0	0	0	0	0	0	0	O	0%
Members of the Public (by Legal Representative)	1	0	0	0	0	0	0	0	1	25%
Members of the Public (Other)	0	0	1	1	0	0	0	0	2	50%
Total	2	0	1	1	0	0	0	0	4	
% of Total	50%	0%	25%	25%	0%	0%	0%	0%	100%	

^{*} More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table M.

Table M: Numbe	Table M: Number of Applications by Type of Application and Outcome*									
	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information Not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information held	Application Withdrawn	Total	% of Total
Personal Information Applications*	1	0	1	1	0	0	0	0	3	75%
Access applications (other than personal information)	1	0	0	0	0	0	0	0	1	25%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	2	0	1	1	0	0	0	0	4	
% of Total	50%	0%	25%	25%	0%	0%	0%	0%	100%	

^{*} A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table N: Invalid Applications		
Reason for Invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the Agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of Invalid Applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table O: Conclusive Presumption of Overriding Public Interest Against Disclosure				
Public Interest Against Disclosure (per Schedule 1)	Number of times consideration used*	% of Total		
Overriding secrecy laws	0	0%		
Cabinet information	0	0%		
Executive Council information	0	0%		
Contempt	0	0%		
Legal professional privilege	0	0%		
Excluded Information	0	0%		
Documents affecting law enforcement and public safety	0	0%		
Transport	0	0%		
Adoption	0	0%		
Care and protection of Children	0	0%		
Ministerial Code of Conduct	0	0%		
Aboriginal and environmental heritage	0	0%		
Privilege generally - Sch1 (5A)	0	0%		
Information provided to High Risk Offenders Assessment Committee	0	0%		
Total	0	0%		

^{*}More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table P.

Table P: Other Public Interest Considerations Against Disclosure					
Public Interest Against Disclosure (per Table to Section 14 of the Act)	Number of times consideration used*	% of Total			
Responsible and effective government	0	0%			
Law enforcement and security	0	0%			
Individual rights, judicial processes and natural justice	0	0%			
Business interests of agencies and other persons	0	0%			
Environment, culture, economy and general matters	0	0%			
Secrecy provisions	0	0%			
Exempt documents under interstate Freedom of Information legislation	0	0%			
Total	0	0%			

Table Q: Timeliness		
	Number of Applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	4	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	4	100%

Table R: Number of Applications Reviewed under Part 5 of the Act (by Type of Review and Outcome)

	Decision Varied	Decision Upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	0	0	0	0%
% of Total	0%	0%	0%	0%

^{*}The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table S: Applications for Review under Part 5 of the Act (by Type of Applicant)				
	Number of applications for review	% of Total		
Applications by access applicants	0	0%		
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%		
Total	0	0%		

Table T: Applications Transferred to Other Agencies				
	Number of Applications transferred	% of Total		
Agency - Initiated Transfers	0	0%		
Applicant - Initiated Transfers	0	0%		
Total	0	0%		



APPENDIX B

AUDIT, RISK AND IMPROVEMENT COMMITTEE PERFORMANCE REPORT

About this report

This report documents the operation and activities of Liverpool Plains Shire Council's Audit, Risk and Improvement Committee and Internal Audit function for the 2020-21 financial year.

Under clause 7.2 of the *Audit, Risk and Improvement Committee Charter*; the Committee is required to report regularly, and at least annually, to the governing body of Council on the management of risk and internal controls.

As the Committee's achievements are closely linked to the organisation's Internal Audit activities, it is appropriate that both are recounted in the same report.

Clause 9.1 of the Audit, Risk and Improvement Committee Charter provides that:

The Chairperson, in consultation with the General Manager, will initiate a review of the performance of the Committee every two (2) years. The outcomes of this review will be presented to both the Committee and Council.

In preparing this report, the Chairperson undertook a review of the performance of the Committee via a self-assessment questionnaire distributed to all five members of the Committee. Four members of the Committee completed the self-assessment questionnaire. The findings of this self-assessment process have been incorporated into this report, specifically in informing the Committee's priorities for the 2021-22 year.

Chairperson's foreword

I am pleased to present this report on the operation and performance of Liverpool Plains Shire Council's Audit, Risk and Improvement Committee in the 2020-2021 year, as well as the internal and external audit activities undertaken during this period.

MAJOR PROJECTS

The Audit, Risk and Improvement Committee receives regular progress reports from Management on major projects and initiatives resourced for delivery in Council's annual Operational Plan, as well as the implementation of strategies adopted by Council.

One such project is the Quipolly Water Project and associated water reticulation improvements, which is one of the most significant projects undertaken by Council in its history. The Committee reviews progress at each meeting and will continue to do so during the life of the project. To date, reports provided by Management have, in the Committee's view, been comprehensive and provided sufficient detail to keep the Committee adequately informed.

In particular, the Committee will pay attention to project management of the venue; management of risks identified; expenditure to budget, and any significant variations reported.

CORONAVIRUS (COVID-19) PANDEMIC

The Committee was very impressed with Council's management of, and response to, the COVID-19 pandemic. The organisation's pandemic plan was developed and implemented in a short period of time and overall management worked well, with staff working successfully from home and disruptions kept to a minimum. No doubt there will be many lessons learnt during the past 12 months which will enable staff to better manage future risks and the refinement of Council's Business Continuity Plan.

Pleasingly, Management properly analysed their assessment of COVID-19 on their financial statements.

RECOGNITION OF RURAL FIRE SERVICE (RFS) ASSETS

Historically, local councils have not recognised RFS assets in their financial statements. This is an issue which has attracted considerable debate within the Local Government sector, and the NSW Auditor-General has now taken the position that all councils must now include such assets – and associated depreciation – in their financial statements.

If councils do not include RFS assets in their 2022 financial statements, they will receive qualified audits. It is likely that this topic will continue to attract significant attention and discussion, as there is a very reasonable argument as to why RFS assets should not be included.

COMMITTEE PERFORMANCE

The Committee is fortunate to have a considerable pool of experience, with three Independent External Members coming from varied backgrounds.

The Councillor delegates on the Committee contribute from the community's perspective and as representatives of the governing body. The annual self-assessment review highlighted that the Committee performs very well as a team and the contributions, questions and suggestions put forward have added considerable value to Council.

The Committee was also impressed by the quality of the internal audits completed by Council's Internal Auditor, Lambourne Partners. Eight audits were completed during the reporting period and a total of 51 recommendations were reviewed. Internal audits come at a significant financial cost and we commend Council and the General Manager for recognising the importance and value of conducting a robust Internal Audit Program.

The Committee has a very well-developed understanding of risk in the industry. We are not just appointed to review financial statements: we review Council's Enterprise Risk Management Framework, including the organisation's risk appetite and risk registers. These risk issues will be continually monitored by the Committee, and we look forward to seeing further progress on these issues in 2021-22. We will continue to review Council's Enterprise Risk Management framework as part of our core functions.

Council's staff have been very supporting during 2020-21, and on behalf of the Committee, I thank individually the General Manager for her support, and the Director Corporate and Community Services, Cian Middleton, for his assistance, advice and production of the Committee's business papers.

It will be inevitable that the Committee should consider additional out-of-session meetings. It will not be realistic in the future for the Committee's members to properly assess and discuss issues during the limited formal Committee sittings which occur four to five times a year. This is obtainable with the use of technology and will be implemented during 2022.

COMMITTEE PRIORITIES FOR 2021-2022

The key priorities for the Committee in 2021-22 will be:

- Continuing to develop Council's Risk Management Framework and exploring how Internal Audit resources can be directed to prioritising this body of work;
- Reviewing the project management of major infrastructure and corporate projects, including the introduction new business systems;
- Reviewing financial ratios as contained in the financial statements;
- Reviewing the possible implications and preparations for the introduction of the Office of Local Government's Internal Audit and Risk Management Framework;
- Cyber security risk and data laws;
- Reviewing the organisation's fraud and corruption control, procurement, contract management and project management systems and frameworks;
- Monitoring the implementation of agreed actions arising out of the External Audit as detailed in the NSW Audit Office's Engagement Closing Report, as well as those actions arising out of Council's Internal Audit Plan; and
- Reviewing and questioning the invited Management representatives to provide real-time updates on projects, programs, initiatives, risks and controls from their business operations.

Michael O'Connor Independent Chairperson

About the Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee has been established in accordance with the requirements under section 428A of the *Local Government Amendment (Governance and Planning) Act 2016.*

The objective of the Committee is to promote good corporate governance through the provision of independent objective assurance to Council on:

- (a) Compliance;
- (b) Risk management;
- (c) Fraud control;
- (d) Financial management;
- (e) Governance;
- (f) Implementation of the Community Strategic Plan; Delivery Program and strategies;
- (g) Service reviews;
- (h) Collection of performance management data by Council; and
- (i) Any other matters prescribed by the Local Government (General) Regulation 2005.

The Committee operates under the *Audit, Risk and Improvement Committee Charter* adopted by Council at its Ordinary Meeting held 24 June 2020 **[res. 2020/121]**. The Charter sets out the objective, authority, composition, roles and responsibilities, and reporting and administrative arrangements of the Committee.

Membership of the Committee comprises two Councillor representatives and three Independent External Members, all of whom are appointed to the Committee by resolution of Council's governing body.

The two Councillor representatives are appointed by Council for a one-year term. The Committee's three Independent External Members, including the Chairperson and Deputy Chairperson, are appointed for a three-year term.

COUNCILLOR REPRESENTATIVES

At its Ordinary Meeting held 28 October 2020, Council resolved to appoint Councillors Virginia Black and Robert Webster as its two Councillor representatives for the 2020-21 year [res. 2020/210].

Following the resignation of Councillor Webster on 18 November 2020, Council subsequently resolved to appoint Councillor Paul Moules as its second representative to the Committee for the 2020-21 year [res. 2020/248].





INDEPENDENT EXTERNAL MEMBERS

At its Ordinary Meeting held 23 August 2020, Council resolved to appoint Mr Michael O'Connor, Ms Trish Kirkland and Mr Tony Harb as the Committee's three Independent External Members [res. 2020/175].

Mr O'Connor, Ms Kirkland and Mr Harb were all appointed for a three-year term, concluding 01 September 2023.



Michael O'Connor, Chairperson

Mr O'Connor is a qualified auditor and experienced manager in the Local Government, financial services and disability services sectors, with expertise in performance audit and risk management.

He currently serves on a number of five other councils' Audit, Risk and Improvement Committees, including as chairperson of those of those committees.

Mr O'Connor is a graduate of the Australian Institute of Company Directors and member of the Institute of Internal Auditors Australia and is currently undertaking a Master of Business Administration.



Trish Kirkland, Deputy Chairperson

Ms Kirkland is an experienced manager in the Local Government and disability services sector, with a strong background in governance and the Integrated Planning and Reporting (IP&R) framework, including financial, asset and workforce planning.

She has previously held senior leadership roles at several councils in NSW, including Byron Shire Council, Uralla Shire Council and Edward River Council.

Ms Kirkland holds a Bachelor of Arts (Honours), Diploma of Project Management and Graduate Diploma of Local Government Management.



Tony Harb

Mr Harb is the Managing Director of InConsult, a professional services firm with experience in risk management, business continuity, fraud and corruption prevention, and internal audit.

Prior to establishing InConsult, Mr Harb worked in the private sector, including positions at one of the Big Four accounting firms and one of the nation's largest insurance companies. He currently serves on one other council's Audit, Risk and Improvement Committee.

Mr Harb is a Chartered Accountant and holds a Bachelor of Business and Master of Business Administration and is a member of the institute of Internal Auditors Australia.

Committee Performance

The Audit, Risk and Improvement Committee met five times during 2020-21. Over its five meetings, the Committee reviewed internal audit reports, the Internal Audit Program and Council's audited financial statements, as well as receive progress reports detailing Council's progress in implementing its Performance Improvement Action Plan issued by the Office of Local Government.

The Committee also received briefings on major projects resourced for delivery in the organisation's combined Delivery Program and Operational Plan and consider the how the risks of those projects were being managed by Council.

Meetings were held:

- Friday, 18 September 2020
- Wednesday, 13 November 2020
- Friday, 27 November 2020
- Friday, 12 February 2021
- Friday, 14 May 2021

Table 1: Participation in Committee Meetings 2020-2021							
Member	Role	Eligible	Attended				
Mr Michael O'Connor	Independent (Chair)	5	5				
Ms Trish Kirkland	Independent (Deputy Chair)	5	5				
Mr Tony Harb	Independent	5	5				
Cr Virginia Black	Councillor	5	2				
Cr Paul Moules	Councillor	2	2				
Cr Robert Webster	Councillor	2	2				

Table 2: Business Papers and Reports reviewed				
Meeting Date	Papers/Reports Reviewed			
18 September 2020	17			
13 November 2020	16			
27 November 2020	2			
12 February 2021	14			
14 May 2021	15			
Total	64			

Internal Audit

Internal Audit plays a key role in helping Council to achieve its objectives by testing how effectively controls are operating across specific systems, processes and activities in order to manage the associated risks.

REVIEW OF INTERNAL AUDIT CHARTER

Council's Internal Audit function is established under its *Internal Audit Charter*, which outlines the purpose, authority and responsibility of Internal Audit within the organisation.

At its meeting held 13 November 2020, the Committee reviewed the *Internal Audit Charter* and recommended that Council strengthen the document to align with the Office of Local Government's *Internal Audit Guidelines*. The revised Internal Audit Charter was subsequently adopted by Council at its Ordinary Meeting held 16 December 2020 [res. 2020/267].

INTERNAL AUDIT PLAN

During 2020-21, substantial progress was made in delivering Council's three-year Internal Audit Plan, despite the challenges posed by the ongoing Novel Coronavirus pandemic.

Council's Internal Auditor, Lambourne Partners, successfully completed eight audits during the year. In total, the audits made a combined total of 51 recommendations to improve and strengthen internal controls within Council's organisation and operations.

Table 3: Internal Audit Reports and Recommendations					
Audit Activity	Meeting Date	Number of Recommendations			
Code of Conduct	18 September 2020	5			
Payroll	18 September 2020	9			
GIPA	13 November 2020	7			
Privacy Management	12 February 2021	12			
Stores	12 February 2021	5			
Business Continuity Maturity	12 February 2021	7			
Grant Management	14 May 2021	2			
Development Applications	14 May 2021	4			
Total Recommendations Reviewed		51			

At its meeting held 12 February 2021, the Committee reviewed and approved the proposed Internal Audit Plan for the three-year period spanning the 2021-22, 2022-23 and 2023-24 years. The Internal Audit Plan incorporates a combination of value protection and value enhancement audit activities.

External Audit

The Audit, Risk and Improvement Committee receives an annual report from the External Auditor, being the Audit Office of New South Wales, on the status of Council's financial statements.

Representatives from the Audit Office, as well as its representative service provider firm, are invited to attend all Committee meetings as observers and advisers with regard to the External Audit process.

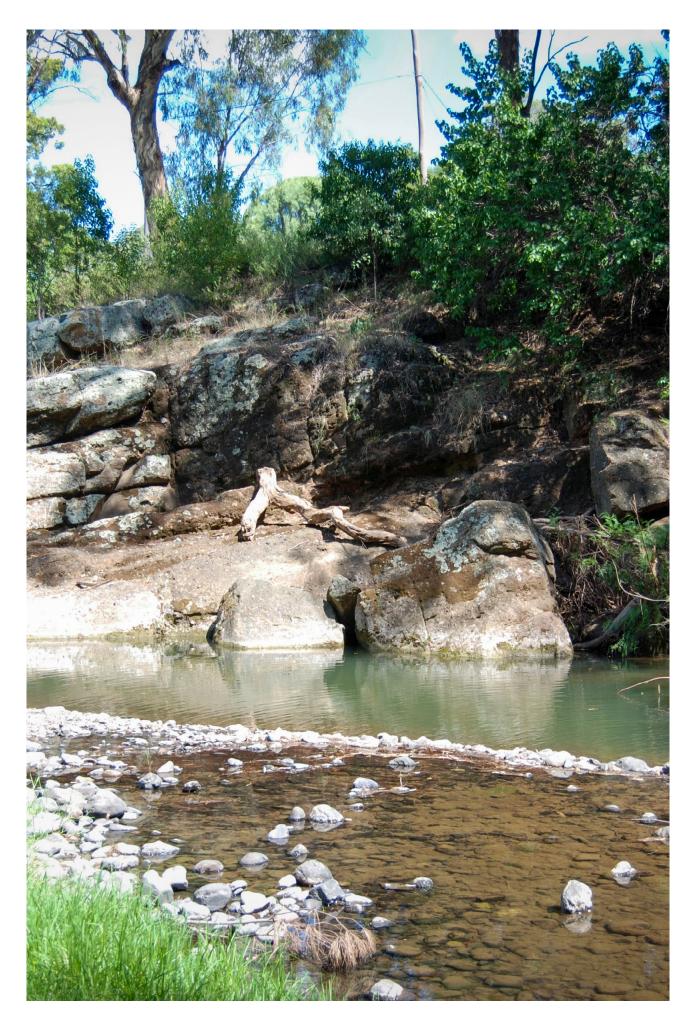
During the 2020-21 year, the External Auditor attended one meeting of the Committee, being the meeting held 27 November 2020, to address the Committee regarding Council's audited financial statements.

The Committee will review the Engagement Closing Report for the year ending 30 June 2021 and request regular reports from Management on their progress in implementing any agreed actions identified.

Conclusion

Liverpool Plains Shire Council has taken significant steps towards responding to recent changes made by way of the *Local Government Amendment (Governance and Planning)* Act 2016, which, once in effect, will require all councils to appoint an Audit, Risk and Improvement Committee to keep under review various aspects of their operations.

The establishment of a professional, remunerated Audit, Risk and Improvement Committee in mid-2020 represents Council's strong commitment to strengthening its own governance and risk management frameworks.



APPENDIX C

STATE OF THE ENVIRONMENT REPORT

A State of Environment (SoE) Report is an important management tool which aims to provide Liverpool Plains Shire Council as well as our community with information on the condition of the environment in the Liverpool Plains to assist in its decision-making.

Council is required to report on environmental indicators that we have established. This enables us to identify if we have achieved the environmental objectives in our Community Strategic Plan.

About this report

In 2009, the *Local Government Act 1993* was amended to introduce the Integrated Planning and Reporting (IP&R) framework to guide local councils' future strategic planning and reporting.

As part of this framework, we are required to develop environmental objectives with our community in relation to local environmental issues. These environmental objectives form part of our overarching Community Strategic Plan.

The IP&R Framework requires us to prepare an Annual Report which includes reporting on those environmental objectives identified in our Community Strategic Plan. It is only in the year in which an ordinary Local Government election is held that the Annual Report must include a State of Environment Report.



Environmental objectives

Community consultation for the development of our Community Strategic Plan identified the long-term aspirations of what our community wanted to see delivered in the Liverpool Plains.

The four strategic target areas that emerged from this process were:

- 1. A great rural lifestyle with access to quality services
- 2. Strong community, Council and business leadership
- 3. A sustainable environment
- 4. A thriving economy

Within the third strategic area there were five environmental objectives identified.

A sustainable environment

You said...

- Our infrastructure is well planned and maintained and will meet our needs now and, in the future
- We have access to affordable clean water supply
- We actively manage the impact on our natural environment
- Our local farming is sustainable
- We actively foster and utilise renewable energy



So we...



Developed a Pedestrian Access and Mobility Plan to guide the long-term provision and management of safe and convenient pedestrian infrastructure and mobility facilities in our community.



Delivered various improvements to the Quirindi and Werris Creek Public Swimming Pools, including installation of a new pool cover and warming infrastructure at the Werris Creek pool



Completed the Quirindi Library Precinct Renewal project, improving local library services while also redeveloping the library building into a multipurpose community hub.



Delivered various improvements to local tennis facilities, including completion of a Quirindi Tennis and Basketball Court, installation of new lighting at Quirindi's Milner Parade Tennis Courts and resurfacing of courts at both Currabubula and Warrah Creek.



Delivered a wide range of community facility improvements in our rural villages, including refurbishment of the Currabubula Multipurpose Arena, installation of new fencing at Spring Ridge Oval, repainting of Premer Hall, and reflooring of Spring Ridge Hall.



Delivered improved and refurbished amenities at the Quirindi Showground and Willow Tree Recreation Ground, as well as Bell Park, Quirindi and David Taylor Oval, Werris Creek.



Progressed the Quipolly Water Project, including undertaking extensive community consultation before completing detailed designs and engaging a contractor to deliver the project, with construction scheduled to commence in early 2022.



Completed preliminary assessment and concept designs for a Werris Creek Sewerage Reuse Scheme.



Delivered upgraded bore and water supply pump stations in the Caroona and Quirindi water supplies, as well as two refurbished and upgraded sewer pump stations in the Quirindi sewerage system.



Completed structural relining of 1.5 kilometres of trunk and reticulation mains across the Quirindi and Werris Creek sewerage systems.



Developed and adopted the Waste Management Strategy 2018, setting out a 10-year plan to maintain and improve a reliable, independent and sustainable waste management system for the Liverpool Plains.



Commenced the rehabilitation of rural landfills to help reduce the likelihood and risk they may pose to human and environmental health.

Lobbied and achieved the retention of the 'Return and Earn' scheme at Quirindi.



Worked with relevant NSW Government agencies to appropriately manage wildlife, feral pests and vermin and their impact on our natural environment.



Continued to fulfil our biosecurity commitments by managing State and Regional priority weeks and undertake regular weed spraying programs across the Liverpool Plains.



Collaborated with the Office of Environment and Heritage (now the Department of Planning, Industry and Environment) to install solar power on three Council-owned buildings, reducing overheads for these sites and improving their energy efficiency.



Continued to maintain and improve our road network, including completing 30 kilometres of unsealed pavement rehabilitation across Warrah Creek, Cattle Creek, Wallabadah Creek and Coomoo Coomoo Roads, as well as reconstruction of Centre Street, Quirindi and seal extension of Centre Street, Quirindi.



Commenced a \$2.5 million redevelopment of the Quirindi Showground Precinct, including construction of a new arena and replacement of trotting track fence and bore recommissioning.

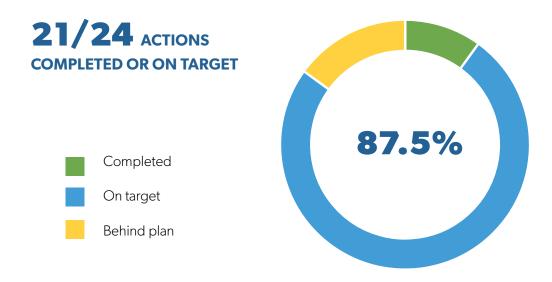
How will we know if we are on track?

We know we are moving in the right direction in a number of ways. Some indicators might be:

- Review our assets and develop best practice management and maintenance for infrastructure
- Strategic partnerships are identified and developed
- There is increased household waste recycling and reduced household waste generation
- There is increased access to waste management facilities and services
- We have identified new sources of grant funding
- There is a triple bottom line benchmarking approach to our Water and Sewerage services
- Water storage has increased, and the quality and quantity of water meets demand
- Household water consumption is reduced
- We have uniform waste charges introduced
- We have agreed levels of access to waste management facilities and services with the community
- We adhere to State Water policies and agreements
- We meet the targets under the NSW Invasive Species Plan and Weed Action Objectives
- There is improved pest management and reduced number of notices issued
- Educational activities are well attended
- Data demonstrates that our air quality is improved
- Online reports Illegal Dumping data demonstrates an improvement
- There are reduced waste pick-ups and reduced numbers of compliance orders and infringements
- We have increased employment in the farming sector due to value-adding
- Household energy consumption is reduced
- Greenhouse gas emissions decrease and renewable energy use increase.

Council Outputs

Environmental Operational Plan Actions 2021/2022



APPENDIX D

AUDITED FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2021



GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021



General Purpose Financial Statements for the year ended 30 June 2021

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General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 October 2021.



Income Statement

for the year ended 30 June 2021

Original unaudited budget			Actual	Actua
2021	\$ '000	Notes	2021	2020
	Income from continuing operations			
11,161	Rates and annual charges	B2-1	12,348	12,00
6,354	Grants and contributions provided for operating purposes	B2-4	8,844	7,69
4,371	User charges and fees	B2-2	3,683	2,93
405	Other revenue	B2-3	395	46
2,125	Grants and contributions provided for capital purposes	B2-4	5,471	2,109
352	Interest and investment income	B2-5	252	590
_	Other income	B2-6	267	217
24,768	Total income from continuing operations		31,260	26,010
	Expenses from continuing operations			
11.370	Employee benefits and on-costs	B3-1	10,422	10,01
6.098	Materials and services	B3-2	9,058	8,23
369	Borrowing costs	B3-3	311	36
9,999	Depreciation, amortisation and impairment for non-financial assets	B3-4	14,353	13,35
1,437	Other expenses	B3-5	379	36
_	Net losses from the disposal of assets	B4-1	594	6
29,273	Total expenses from continuing operations		35,117	32,40
(4,505)	Operating result from continuing operations		(3,857)	(6,392
(4,505)	Net operating result for the year attributable to Council		(3,857)	(6,392

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

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		(3,857)	(6,392)
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	(50,999)	726
Total items which will not be reclassified subsequently to the operating result		(50,999)	726
Total other comprehensive income for the year		(50,999)	726
Total comprehensive income for the year attributable to Council		(54,856)	(5,666)

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

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,379	8,776
Investments	C1-2	25,200	25,250
Receivables	C1-4	3,314	2,619
Inventories	C1-5	697	759
Contract assets and contract cost assets	C1-6	827	255
Other			5
Total current assets		38,417	37,664
Non-current assets			
Receivables	C1-4	21	19
Infrastructure, property, plant and equipment	C1-7	481,577	538,368
Investment property	C1-8	600	600
Total non-current assets		482,198	538,987
Total assets		520,615	576,651
LIABILITIES			
Current liabilities			
Payables	C3-1	1,546	1,589
Contract liabilities	C3-2	3,482	3,330
Borrowings	C3-3	247	237
Employee benefit provisions	C3-4	2,097	2,293
Total current liabilities		7,372	7,449
Non-current liabilities			
Borrowings	C3-3	3,605	3,852
Employee benefit provisions	C3-4	138	116
Provisions	C3-5	12,449	13,327
Total non-current liabilities		16,192	17,295
Total liabilities		23,564	24,744
Net assets		497,051	551,907
EQUITY			
Accumulated surplus	C4-1	205,922	209,779
IPPE revaluation reserve	C4-1	291,129	342,128
Council equity interest		497,051	551,907
Total equity			
rotal oquity		497,051	551,907

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

Statement of Changes in Equity

for the year ended 30 June 2021

		as at 30/06/21			as at 30/06/20			
			IPPE			IPPE		
			revaluation	Total	Accumulated	revaluation	Total	
\$ '000	Notes	surplus	reserve	equity	surplus	reserve	equity	
Opening balance at 1 July		209,779	342,128	551,907	214,459	341,402	555,861	
Correction of prior period errors		_	· _	· _	1,758	_	1,758	
Changes due to AASB 1058 and AASB 15 adoption		_	_	_	(46)	_	(46)	
Restated opening balance		209,779	342,128	551,907	216,171	341,402	557,573	
Net operating result for the year		(3,857)	_	(3,857)	(6,392)	_	(6,392)	
Restated net operating result for the period		(3,857)	_	(3,857)	(6,392)	_	(6,392)	
Other comprehensive income								
Other comprehensive income	04.7		(== ===)	(== ===)				
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7		(50,999)	(50,999)		726	726	
Other comprehensive income		_	(50,999)	(50,999)	_	726	726	
Total comprehensive income		(3,857)	(50,999)	(54,856)	(6,392)	726	(5,666)	
Closing balance at 30 June		205,922	291,129	497,051	209,779	342,128	551,907	

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

Statement of Cash Flows

for the year ended 30 June 2021

Cash flows from operating activities Receipts: - Rates and annual charges 12,901 11,656 - User charges and fees 3,108 4,23 - Investment and interest revenue received 105 721 - Grants and contributions 14,146 13,764 - Bonds, deposits and retention amounts received 79 - - Other 2,207 1,644 Payments: (10,581) (10,021 - Employee benefits and on-costs (10,824) (8,171 - Borrowing costs (212) (231 - Borrowing costs (212) (231 - Borrowing costs (10,824) (8,171 - Borrowing costs (212) (231 - Christ (1,985) (2,618 - Cash flows from operating activities G1-1 8,944 10,984 - Cash flo	Original unaudited budget			Actual	Actual
Receipts: 12,901 11,656 User charges and fees 3,108 4,232 Investment and interest revenue received 105 727 Grants and contributions 14,146 13,766 Bonds, deposits and retention amounts received 79 - Other 2,207 1,644 Payments: (10,581) (10,021 Employee benefits and on-costs (10,824) (8,171 Borrowing costs (212) (231 Bords, deposits and retention amounts refunded - - (3 Other (1,985) (2,618 Net cash flows from operating activities G1-1 8,944 10,982 Cash flows from investing activities Receipts: 368 44 Deferred debtors receipts 1 2 Payments: - (750 Disposal of term deposits 50 - Purchase of infrastructure, property, plant and equipment (9,523) (5,018 Net cash flows from financing activities (9,104) (5,724	2021 1	\$ '000	Notes	2021	2020
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- Net cash flows from operating activities Cash flows from investing activities Receipts: - Sale of infrastructure, property, plant and equipment - Deferred debtors receipts - Purchase of investment securities - Purchase of infrastructure, property, plant and equipment - Disposal of term deposits - Purchase of infrastructure, property, plant and equipment - Net cash flows from investing activities - Net cash flows from investing activities - Repayments: - Repayment of borrowings - Net cash flows from financing activities - Net cash flows from financing activities - Net cash flows from financing activities - Net cash and cash equivalents - Cash and cash equivalents at beginning of year - Cash and cash equivalents at end of year - Plus: Investments on hand at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year				(1 985)	
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- Sale of infrastructure, property, plant and equipment - Deferred debtors receipts - Payments: - Purchase of investment securities - Disposal of term deposits - Purchase of infrastructure, property, plant and equipment - Purchase of infrastructure, property, plant and equipment - Purchase of infrastructure, property, plant and equipment - Net cash flows from investing activities - Repayments: - Repayment of borrowings - Net cash flows from financing activities - Net cash flows from financing activities - Net change in cash and cash equivalents - Cash and cash equivalents at beginning of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Purchase of investments on hand at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Purchase of investment and equipment - Purchase of investment and equipment - (750 -		Cash flows from investing activities			
− Deferred debtors receipts 1 2 Payments: − (750 − Disposal of term deposits 50 − − Purchase of infrastructure, property, plant and equipment (9,523) (5,018 − Net cash flows from investing activities (9,104) (5,724 Cash flows from financing activities − (237) (226 − Repayments: − (237) (226 − Net cash flows from financing activities (237) (226 − Net change in cash and cash equivalents (397) 5,034 − Cash and cash equivalents at beginning of year 8,776 3,742 − Cash and cash equivalents at end of year C1-1 8,379 8,776 − plus: Investments on hand at end of year C1-2 25,200 25,250		Receipts:			
Payments: - Purchase of investment securities - (750 - Disposal of term deposits 50 - Purchase of infrastructure, property, plant and equipment (9,523) (5,018 - Net cash flows from investing activities (9,104) (5,724 Cash flows from financing activities 20,104 (2,724 - Repayments: (237) (226 - Net cash flows from financing activities (237) (226 - Net change in cash and cash equivalents (397) 5,034 - Cash and cash equivalents at beginning of year 8,776 3,742 - Cash and cash equivalents at end of year C1-1 8,379 8,776 - plus: Investments on hand at end of year C1-2 25,200 25,250	_	Sale of infrastructure, property, plant and equipment		368	42
 Purchase of investment securities Disposal of term deposits Purchase of infrastructure, property, plant and equipment Net cash flows from investing activities Cash flows from financing activities Payments: Repayment of borrowings Net cash flows from financing activities Net cash flows from financing activities Net cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year Plus: Investments on hand at end of year C1-2 C5,724 C5,724 C26 C37) C26 C37) C26 C37) C26 C37) C37) C37 	_	Deferred debtors receipts		1	2
 Disposal of term deposits Purchase of infrastructure, property, plant and equipment Net cash flows from investing activities Cash flows from financing activities Payments: Repayment of borrowings Net cash flows from financing activities Net cash flows from financing activities Net change in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year Plus: Investments on hand at end of year C1-2 25,250 		Payments:			
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- Net cash flows from investing activities Cash flows from financing activities Payments: - Repayment of borrowings - Net cash flows from financing activities Net cash flows from financing activities - Net change in cash and cash equivalents - Cash and cash equivalents at beginning of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year	_	Purchase of infrastructure, property, plant and equipment		(9,523)	(5,018)
Cash flows from financing activities Payments: Repayment of borrowings Net cash flows from financing activities Net change in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year	_				
Payments: Repayment of borrowings Net cash flows from financing activities Net change in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year Plus: Investments on hand at end of year C1-2 25,250 (226) (237) (226) (237) (226) (397) 5,034 6,776 3,742 - Cash and cash equivalents at end of year C1-1 Plus: Investments on hand at end of year C1-2 C1-2 C1-2 C1-2 C1-2 C1-2 C1-2 C1-2		· ·		(0,101)	(0,1 = 1)
- Repayment of borrowings (237) (226 - Net cash flows from financing activities (237) (226 - Net change in cash and cash equivalents (397) 5,034 - Cash and cash equivalents at beginning of year 8,776 - Cash and cash equivalents at end of year C1-1 8,379 8,776 - plus: Investments on hand at end of year C1-2 25,200 25,250					
 Net cash flows from financing activities Net change in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year Plus: Investments on hand at end of year C1-2 25,250 		•			
 Net change in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year Cash and cash equivalents at end of year Plus: Investments on hand at end of year C1-2 25,200 25,250 				(237)	(226)
- Cash and cash equivalents at beginning of year - Cash and cash equivalents at end of year - Cash and cash equivalents at end of year - Plus: Investments on hand at end of year C1-2 25,250		Net cash flows from financing activities		(237)	(226)
 Cash and cash equivalents at end of year plus: Investments on hand at end of year C1-1 8,379 8,776 25,250 25,250 		Net change in cash and cash equivalents		(397)	5,034
 Cash and cash equivalents at end of year plus: Investments on hand at end of year C1-1 8,379 8,776 25,250 25,250 		Cash and each equivalents at haginning of year		0.776	2 742
_ plus: Investments on hand at end of year			C1 1		
		Cash and cash equivalents at end of year	G1-1	8,379	8,776
 Total cash, cash equivalents and investments 33.579 34.026 		•	C1-2	25,200	25,250
	_	Total cash, cash equivalents and investments		33,579	34,026

⁽¹⁾ Please refer Note B5-1 for more details regarding the original unaudited budget

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

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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 27 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (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 infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment refer Note C1-8
- (ii) estimated tip remediation provisions refer Note C3-5
- (iii) employee benefit provisions refer Note C3-4

COVID 19 Impacts

Covid 19 has caused minor disruption to council's business practices with some staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to the COVID. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID.

For assets where fair value is determined by market value, the Council has no evidence of material changes to these values. With COVID emerging late in the financial reporting cycle it is not practical to obtain external valuations of these assets at 30 June 2021.

Significant judgements in applying the Council's accounting policies

i. Impairment of receivables - refer Note C1-4.

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A1-1 Basis of preparation (continued)

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

Council does not maintain a separate and distinct Trust Fund in accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended). Separate and distinct cash funded liability accounts are maintained to account for all money and 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 makes use of volunteers for the community, museums, theatre and also library services. Such volunteer services have not been recognised in the income statement for the year ended on 30 June 2021 for the reason that the services would not be purchased if not donated through consolidation or relocation of services currently provided by the Council.

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 the all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

None of these standards had an impact on the reported position or performance

В **Financial Performance**

B1 Functions or activities

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

Income		Expenses		Operating result	t	Grants and contribu	tions	Carrying amount of a	assets
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020

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

\$ '000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Social	2,327	2,297	2,017	2,223	310	74	969	840	23,268	21,745
Governance	2,801	2,423	3,161	2,760	(360)	(337)	614	606	5,697	6,282
Environment	24,210	19,905	27,046	25,345	(2,836)	(5,440)	12,045	8,033	475,337	532,121
Economic	1,922	1,385	2,893	2,074	(971)	(689)	687	325	16,313	16,503
Total functions and activities	31,260	26,010	35,117	32,402	(3,857)	(6,392)	14,315	9,804	520,615	576,651

B1-2 Components of functions or activities

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

Social

Having a great rural lifestyle with access to quality services.

- · Beautiful landscapes
- · Celebrate local events and festivals
- Transport and telecommunication options to support our businesses and lifestyle safe communities

Governance

Strong community, council and business leadership.

- · A strong supported volunteer base
- · Council, community and business leaders work together
- · Liverpool Plain Shire Council represents the community it serves

Environment

A sustainable environment.

- · Well planned and maintained infrastructure
- · Access to affordable clean water supplies
- · We actively foster and utilise renewable energy
- · Actively manage the impact on our environment

Economic

A thriving economy.

- · Have a growing economy which offers a diverse range of job opportunities
- · Foster new business development for our future prosperity
- · Town planning reflects the diversity of our towns and villages
- We embrace tourism

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	2,239	2,180
Farmland	4,432	4,315
Mining	440	372
Business	305	327
Less: pensioner rebates (mandatory)	(147)	(130)
Rates levied to ratepayers	7,269	7,064
Pensioner rate subsidies received	73	69
Total ordinary rates	7,342	7,133
Annual charges (pursuant to s.496, s.496B, s.501 & s.611)		
Domestic waste management services	1,490	1,432
Water supply services	2,281	2,239
Sewerage services	1,226	1,180
Waste management services (non-domestic)	106	99
Less: pensioner rebates (mandatory)	(191)	(169)
Annual charges levied	4,912	4,781
Pensioner subsidies received:		
- Water	33	31
- Sewerage	25	24
 Domestic waste management 	36	34
Total annual charges	5,006	4,870
Total rates and annual charges	12,348	12,003

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	268	172
Water supply services	2	1,045	1,182
Sewerage services	2	166	169
Total specific user charges		1,479	1,523
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.60	08)		
Building regulation	2	73	52
Building services – other	2	41	34
Inspection services	2	25	31
Planning and building regulation	2	2	2
Private works – section 67	2	317	117
Regulatory/ statutory fees	2	2	2
Registration fees	2	4	2
Section 10.7 certificates (EP&A Act)	2	23	18
Section 603 certificates	2	29	16
Total fees and charges – statutory/regulatory		516	274
(ii) Fees and charges – other (incl. general user charges (per s.608	3))		
Aerodrome	2	13	4
Aged care	2	40	37
Cemeteries	2	105	135
Child care	2	619	595
Transport for NSW works (state roads not controlled by Council)	2	618	36
Swimming centres	2	52	59
Water connection fees	2	16	15
Septic tanks	2	8	5
Sporting and recreation	2	217	248
Total fees and charges – other		1,688	1,134
Total user charges and fees	_	3,683	2,931
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		3,683	2,931
Total user charges and fees		3,683	2,931

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	7	3
Legal fees recovery – rates and charges (extra charges)	2	33	57
Commissions and agency fees	2	161	153
Sales – general	2	36	45
Insurance discounts	2	30	52
Theatre	2	26	56
Other	2	102	99
Total other revenue		395	465
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		395	465
Total other revenue		395	465

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer					
contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,231	1,209	_	_
Financial assistance – local roads component	2	689	693	-	_
Payment in advance - future year allocation					
Financial assistance – general component	2	1,317	1,280	_	_
Financial assistance – local roads component	2	739	736		
Amount recognised as income during current					
year		3,976	3,918		
Special purpose grants and non-developer					
contributions (tied)					
Cash contributions					
Water supplies	2	_	_	53	_
Bushfire and emergency services	2	228	228	_	_
Child care	2	12	_	_	_
Community care	2	251	298	_	_
Heritage and cultural	2	95	103	_	_
Library – special projects	1	_	_	164	_
Noxious weeds	2	71	67	_	_
Recreation and culture	2	12	_	840	1,204
Storm/flood damage	2	1,124	_	_	_
Transport for NSW contributions (regional roads, block		ŕ			
grant)	2	1,848	1,768	1,345	532
Drought Funding	1	_	_	1,717	30
Transport (other roads and bridges funding)	1	_	_	433	_
Local Road and Community Infrastructure	1	_	_	405	_
Transport (roads to recovery)	2	1,225	1,300	_	_
Other contributions	2	_	7	-	_
Other specific grants	1	2	6	295	135
Total special purpose grants and					
non-developer contributions – cash		4,868	3,777	5,252	1,901
Total special purpose grants and					
non-developer contributions (tied)		4,868	3,777	5,252	1,901
(11)					1,001
Total grants and non-developer					
contributions		8,844	7,695	5,252	1,901
					•
Comprising:					
– Commonwealth funding		4,067	5,517	1,708	30
– State funding		4,777	2,171	3,544	1,871
 Other funding 			7		
		8,844	7,695	5,252	1,901

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B2-4 Grants and contributions (continued)

Developer contributions

¢ 1000	NI-4	Tii	Operating 2021	Operating	Capital 2021	Capital
\$ '000	Notes	Timing	2021	2020	2021	2020
Developer contributions:	G4-2					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.4 – contributions using planning						
agreements		2	_	_	137	97
S 7.11 – contributions towards						
amenities/services		2	_	_	82	76
S 64 – water supply contributions		2				35
Total developer contributions – cash					219	208
Total developer contributions					219	208
Total contributions					219	208
Total grants and contributions			8,844	7,695	5,471	2,109
				<u> </u>		
Timing of revenue recognition for grants an contributions	d					
Grants and contributions recognised over						
time (1)			1,126	6	3,014	165
Grants and contributions recognised at a						
point in time (2)			7,718	7,689	2,457	1,944
Total grants and contributions			8,844	7,695	5,471	2,109

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating	Operating	Capital	Capital
\$ '000	2021	2020	2021	2020
Unspent grants and contributions				
Unspent funds at 1 July	3,007	6,261	3,386	874
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,521	239	53	_
Add: Funds received and not recognised as revenue in the current year	168	146	1,927	3,386
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,582)	(3,639)	_	_
Less: Funds received in prior year but revenue recognised and funds spent in current	(=,===)	(5,555)	(4 ===)	(07.4)
year			(1,755)	(874)
Unspent funds at 30 June	3,114	3,007	3,611	3,386

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

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B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
 Overdue rates and annual charges (incl. special purpose rates) 	48	95
 Cash and investments 	204	495
Finance income on the net investment in the lease	_	_
Total interest and investment income (losses)	252	590
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	40	79
General Council cash and investments	74	164
Restricted investments/funds – external:		
Development contributions		
- Section 7.11	5	12
- Section 64	4	9
Water fund operations	74	183
Sewerage fund operations	55	143
Total interest and investment income	252	590

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			
Land rental		12	12
Total Investment properties	C2-2	12	12
Room/Facility Hire		214	174
Leaseback fees - council vehicles		32	31
Other income		9	_
Total Other lease income	C2-2	255	205
Total rental income		267	217
Total other income		267	217

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	8,112	7,559
Travel expenses	13	15
Employee leave entitlements (ELE)	1,314	1,422
Superannuation	830	772
Superannuation – defined contribution plans	81	88
Workers' compensation insurance	484	450
Fringe benefit tax (FBT)	48	48
Training costs	116	147
Protective clothing	17	40
Total employee costs	11,015	10,541
Less: capitalised costs	(593)	(525)
Total employee costs expensed	10,422	10,016
Number of 'full-time equivalent' employees (FTE) at year end	115	117

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		2,687	3,546
Contractor and consultancy costs		4,258	2,693
Audit Fees	F2-1	153	119
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	107	130
Advertising		47	36
Bank charges		7	7
Electricity and heating		397	417
Insurance		618	639
Postage		31	24
Printing and stationery		26	25
Street lighting		117	97
Subscriptions and publications		245	151
Telephone and communications		99	113
Library (Central Northern Regional Library)		142	140
Other expenses		36	_
Legal expenses:			
- Legal expenses: other		88	102
Total materials and services		9,058	8,239

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on leases		_	_
Interest on loans		212	231
Total interest bearing liability costs		212	231
Total interest bearing liability costs expensed		212	231
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
- Remediation liabilities	C3-5	99	132
Total other borrowing costs		99	132
Total borrowing costs expensed		311	363

Accounting policyBorrowing costs are expensed as incurred, Council did not have any borrowing costs for the construction of a qualifying asset.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		804	809
Office equipment		32	7
Furniture and fittings		27	27
Infrastructure:	C1-7		
– Buildings		653	644
- Other structures		323	252
- Roads		8,997	8,156
- Bridges		939	935
- Footpaths		79	69
- Stormwater drainage		275	270
 Water supply network 		1,060	1,044
 Sewerage network 		732	725
Other assets:			
- Other		167	167
Reinstatement, rehabilitation and restoration assets:			
- Tip assets	C3-5,C1-7	159	167
 Quarry assets 	C3-5,C1-7	106	82
Total depreciation and amortisation costs		14,353	13,354
Total depreciation, amortisation and impairment for			
non-financial assets		14,353	13,354

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

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

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 agains the amount in the revlaution surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	2021	2020
Other		
Contributions/levies to other levels of government		
- Emergency services levy (includes FRNSW, SES, and RFS levies)	379	362
Total other expenses	379	362

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of land and building	C1-7		
Proceeds from disposal - land and building		368	42
Less: carrying amount of land and building assets sold/written off		(962)	(110)
Gain (or loss) on disposal		(594)	(68)
Net gain (or loss) on disposal of assets		(594)	(68)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 17 June 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.

Due to lack of detail, Council is unable to furnish note in relation to the Cash Flow budget variation.

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

Material variations 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 Waste management annual charges were included under u variance.	11,161 user charges a	12,348 nd fees in the orig	1,187 Jinal budget, resu	11% ulting in large	F
User charges and fees Waste management annual charges were included under uvariance.	4,371 user charges a	3,683 nd fees in the orio	(688) Jinal budget, resu	(16)% ulting in large	U
Other revenues	405	395	(10)	(2)%	U
Operating grants and contributions Council received additional funding under Roads to Recove thousand which were not considered in the original budget. Capital for budget purposes, but are now included under or as well.	Recurring gra	nts, such as Roa	ds to Recovery, v	were classifie	
Capital grants and contributions During the year, Council has been successful in receiving a Bridge \$433 thousand, Local Road and Community Infrastr thousand and Drought funding of \$1717 thousand. Such further thousand is successful in the contributions.	ucture Funding	g \$405 thousand,	Library project fu	unding \$164	
Interest and investment revenue Interest and investment income was again lower than origin rates on investments, and also due the cessation of interest the financial year.					
Other income Other income, primarily rental and lease income was included	_ ded under othe	267 r revenue in origi	267 nal budget.	∞	F
Employee benefits and on-costs	11,370	10,422	948	8%	F
Materials and services Expenses on items such as utilities, communication, advertunder Other Expenses in the original budget, but are now re					U as

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spent approximately \$1.1 million for flood damage repair work, expenses which were not budgeted for in the original budget

Material budget variations (continued) B5-1

	2021	2021	202	1	
\$ '000	Budget	Actual	Variance		
Borrowing costs	369	311	58	16%	F
Council was expecting to commence a loan facility for resulting in a favourable variance.	the Quipolly Water	Project which di	d not eventuate d	uring 2020/2	<u>!</u> 1,
Depreciation, amortisation and impairment of non-financial assets	9,999	14,353	(4,354)	(44)%	U
Commencing in the 2019/20 financial year, Council important transportation assets resulting in a considerable increasion-liner method of depreciation.					he

Other expenses 1,437 379 1,058 74% F As stated under Materials and Services, costs which were previously disclosed under other expenses are now classified

under Materials and Services resulting in a favourable variance.

594 (594)Net losses from disposal of assets

The loss or gain on sale of assets were not budgeted for during the preparation of the original budget, hence the unfavourable difference.

U

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	8,379	8,776
Total cash and cash equivalents	8,379	8,776
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	8,379	8,776
Balance as per the Statement of Cash Flows	8,379	8,776

Accounting policyFor 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. As at 30 June, 2021 Council had not availed itself of its bank overdraft facility.

C1-2 Financial investments

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Term deposits	25,200		25,250	
Total	25,200		25,250	
Total financial investments	25,200		25,250	
Total cash assets, cash equivalents and investments	22 570		24.026	
HIVESHIEHIS	33,579		34,026	

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, Council at June 30, only held funds in term deposits.

Financial assets

All recognised financial assets are measured in their entirety at fair value, given Council's investments are term deposits held with ADI's fair value is deemed to be equal to the amount of the original investment.

Classification

Given the nature of Council's investments all financial assets are classifed as Financial assets measured at Amortised Cost and are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	33,579		34,026	
attributable to:	-			
External restrictions	26,624	_	26,120	_
Internal restrictions	5,982	_	6,766	_
Unrestricted	973	_	1,140	_
	33,579		34,026	
\$ '000			2021	2020
Details of restrictions				
External restrictions – included in liabilities				
Specific purpose unexpended grants – general fund			3,482	3,330
External restrictions – included in liabilities			3,482	3,330
External restrictions – other External restrictions included in cash, cash equivalents and in	nvestments abo	ve		
comprise: Developer contributions – general			1,045	1,317
Developer contributions – water fund			596	593
Developer contributions – sewer fund			30	29
Specific purpose unexpended grants (recognised as revenue	e) – general fund		_	801
Specific purpose unexpended grants (recognised as revenue	, -		320	320
Water fund			10,587	10,389
Sewer fund			9,572	9,277
Remediation - Waste			850	_
Deposits, Retentions & Bonds			142	64
External restrictions – other			23,142	22,790
Total external restrictions			26,624	26,120
Internal restrictions Council has internally restricted cash, cash equivalents and in	nvestments as f	ollows:		
Assets management (2020 Property)			1,154	500
Employees leave entitlement			894	1,200
Remediation - Quarry			100	100
Remediation - Waste			-	1,000
Infrastructure/ Renewal			-	200
FAG Operational - 2021/22 Received in Advance			1,317	1,280
FAG Road - 2021/22 Received in Advance			739	736
Information Technology			650	800
Plant and vehicle replacement reserve Total internal restrictions			1,128	950
Total Internal restrictions			5,982	6,766
Total restrictions			32,606	32,886

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	202 Non-currer
4 000	Ourient	Non-current	Carrent	NOII-CUITCI
Purpose				
Rates and annual charges	1,138	21	1,370	1
nterest and extra charges	330	-	90	
Jser charges and fees	1,893	-	1,238	
Accrued revenues				
- Interest on investments	36	-	129	
Deferred debtors	20	-	21	
Net GST receivable	263	-	138	
Other levels of government	8		7	
Total	3,688	21	2,993	1
Less: provision of impairment				
Rates and annual charges	(106)	_	(106)	
User charges and fees	(268)	_	(268)	
Judgement Debt	_	_	_	
Total provision for impairment –				
receivables	(374)		(374)	
Total net receivables	3,314	21	2,619	1
Externally restricted receivables Water supply				
	282 383	-	293 368	
- User Fees & Charges	282 383	- -	293 368	
- User Fees & Charges Sewerage services	383	- -	368	
User Fees & ChargesSewerage servicesRates and availability charges	383 130	- - -		
User Fees & ChargesSewerage servicesRates and availability chargesUser Fees & Charges	383	- - - -	368	
- User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Total external restrictions	383 130 1	- - - - - 21	368 141 —	1
- User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Fotal external restrictions Unrestricted receivables	383 130 1 796	- - - - 21 21	368 141 802	
- User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Fotal external restrictions Unrestricted receivables	383 130 1 796 2,518		368 141 802 1,817	
- User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Total external restrictions Unrestricted receivables Total net receivables	383 130 1 796 2,518		368 141 802 1,817	1
- User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Total external restrictions Unrestricted receivables Total net receivables	383 130 1 796 2,518 3,314		368 141	1
- Rates and availability charges - User Fees & Charges Sewerage services - Rates and availability charges - User Fees & Charges Total external restrictions Unrestricted receivables Total net receivables * '000 Movement in provision for impairment o Balance at the beginning of the year (calculated	383 130 1 796 2,518 3,314 f receivables	21	368 141	202

Accounting policy

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

Impairment

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

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

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

C1-4 Receivables (continued)

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

COVID 19

Council's rate collections are slightly less than previous years due to the governments direction in relation to debt recovery. Receivables other than those affected by the government directions have not been significantly impacted by the COVID 19 pandemic.

C1-5 Inventories

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	697	_	759	_
Total inventories at cost	697	_	759	
Total inventories	697	_	759	_

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	827	255
Total contract assets and contract cost assets	827	255

Contract assets

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Royal Theatre amenities	_	_	34	_
David Taylor Freedom Camping Ground and				
amenities	169	_	36	_
Werris Creek footpath paving	_	_	185	_
Quirindi library precinct	251	_	_	_
Bridge renewal program	283	_	_	_
Warrah Creek tennis courts	17	_	_	_
Plains fitness air condition replacement	9	_	_	_
Bell park amenities	21	_	_	_
Showground bore and piping	55	_	_	_
Willow Tree recreation ground	15	_	_	_
Eastside child care refurbishment	7	_	_	_
Total contract assets	827	_	255	_

Significant changes in contract assets

Council has initiated or completed some grant funded capital projects and is awaiting the payment from the funding bodies.

Accounting policy

Contract assets

Contract assets represent Councils 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	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2,220	_	2,220	5,016	_	_	_	(677)	(68)	_	_	6,491	_	6,491
Plant and equipment	10,439	(5,728)	4.711	353	_	_	(804)	_	_	_	_	10,792	(6,532)	4,260
Office equipment	144	(14)	130	77	_	_	(32)	_	_	_	_	219	(44)	175
Furniture and fittings	163	(60)	103	30	_	_	(27)	_	_	_	_	193	(87)	106
Land:		()					()						(- /	
– Operational land	9,009	_	9,009	_	16	(166)	_	_	(496)	_	_	8,363	_	8,363
- Community land	4,303	_	4,303	_	_	` _	_	_	496	_	_	4,799	_	4,799
Infrastructure:												•		
– Buildings	54,693	(26,554)	28,139	329	_	(795)	(653)	_	_	_	_	53,972	(26,952)	27,020
- Other structures	6,171	(1,232)	4,939	66	782	_	(323)	145	8	_	_	7,164	(1,547)	5,617
- Roads	288,571	(61,635)	226,936	2,610	70	_	(8,997)	477	(7)	(32,163)	_	228,972	(40,046)	188,926
- Bridges	73,676	(5,929)	67,747	760	_	_	(939)	55	_	(10,607)	_	81,367	(24,351)	57,016
– Footpaths	5,662	(851)	4,811	15	_	_	(79)	_	_	(193)	_	6,322	(1,768)	4,554
- Bulk ear hworks (non-depreciable)	79,874	_	79,874	_	_	_	_	_	_	(17,367)	_	62,507	_	62,507
– Stormwater drainage	19,978	(4,982)	14,996	_	116	_	(275)	_	_	_	8,637	36,904	(13,430)	23,474
– Water supply network	76,064	(25,303)	50,761	116	126	_	(1,060)	_	108	_	458	77,171	(26,662)	50,509
– Sewerage network	32,755	(6,398)	26,357	111	_	_	(732)	_	(1)	_	236	33,167	(7,196)	25,971
Other assets:														
- Other	4,081	(2,331)	1,750	_	_	_	(167)	_	(134)	_	_	3,946	(2,497)	1,449
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):		. ,					. ,						• • •	
- Tip assets	10,898	(579)	10,319	_	_	(893)	(159)	_	_	_	_	10,005	(738)	9,267
- Quarry assets	1,730	(467)	1,263	_	_	(84)	(106)	_	_	_	_	1,646	(573)	1,073
Total infrastructure, property, plant and equipment	680,431	(142,063)	538,368	9,483	1,110	(1,938)	(14,353)	_	(94)	(60,330)	9,331	634,000	(152,423)	481,577

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

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

By aggregated asset class		At 1 July 2019		Asset movements during the reporting period					At 30 June 2020				
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals 1	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	5,259	_	5,259	1,056	_	_	_	(4,095)	_	_	2,220	_	2,220
Plant and equipment	10,500	(4,961)	5,539	42	_	(61)	(809)	_	_	_	10,439	(5,728)	4,711
Office equipment	35	(7)	28	_	83	_	(7)	26	_	_	144	(14)	130
Furniture and fittings	163	(33)	130	_	_	_	(27)	_	_	_	163	(60)	103
Land:		, ,					, ,					, ,	
 Operational land 	9,030	_	9,030	_	_	_	_	_	(21)	_	9,009	_	9,009
– Community land	4,303	_	4,303	_	_	_	_	_	_	_	4,303	_	4,303
Infrastructure:													
– Buildings	53,661	(25,911)	27,750	485	_	_	(644)	527	21	_	54,693	(26,554)	28,139
 Other structures 	5,271	(992)	4,279	279	_	(35)	(252)	668	_	_	6,171	(1,232)	4,939
- Roads	285,216	(53,477)	231,739	2,554	_	_	(8,156)	2,657	(1,858)	_	288,571	(61,635)	226,936
- Bridges	73,410	(4,994)	68,416	266	_	_	(935)	_	_	_	73,676	(5,929)	67,747
– Footpaths	5,352	(803)	4,549	222	_	(2)	(69)	111	_	_	5,662	(851)	4,811
 Bulk ear hworks (non-depreciable) 	78,016	_	78,016	_	_	_	_	_	1,858	_	79,874	_	79,874
 Stormwater drainage 	19,601	(4,718)	14,883	395	_	(12)	(270)	_	_	_	19,978	(4,982)	14,996
 Water supply network 	75,348	(24,021)	51,327	_	_	_	(1,044)	_	_	478	76,064	(25,303)	50,761
 Sewerage network 	32,446	(5,612)	26,834	_	_	_	(725)	_	_	248	32,755	(6,398)	26,357
Other assets:													
- Other	3,975	(2,164)	1,811	_	_	_	(167)	106	_	_	4,081	(2,331)	1,750
Reinstatement, rehabilitation and restoration assets (refer Note 12):													
– Tip assets	11,215	(412)	10,803	_	_	(317)	(167)	_	_	_	10,898	(579)	10,319
– Quarry assets	1,777	(385)	1,392	_	_	(47)	(82)	_	_	_	1,730	(467)	1,263
Total infrastructure, property, plant and equipment	674,578	(128,490)	546,088	5,299	83	(474)	(13,354)	_	_	726	680,431	(142,063)	538,368

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

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

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

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

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.

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5	Playground equipment	5 to 15
Office furniture	5	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	50 to 60
Water and sewer assets		Stormwater assets	
Dams and reservoirs	25 to 100	Drains	70
Bores	20 to 40	Culverts	40 to 80
Reticulation pipes: PVC	70		
Reticulation pipes: other	50 to 70		
Pumps and telemetry	15 to 25		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 18	Bulk earthworks	N/A
Sealed roads: structure	40 to 100	Swimming pools	50
Bridge: concrete	80	Other open space/recreational assets	5 to 100
G			
Bridge: other	80	Other infrastructure	5 to 100
Kerb, gutter and footpaths	50 to 100		

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

Revaluation model

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to 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.

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

Crown reserves

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

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

Rural Fire Service assets

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

Council only recognises Rural Fire Service assets that have been constructed on Council owned or controlled land, however does not recognise the vehicles and fire-fighting equipments as it has no control of these assets.

C1-8 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	600	600
Total owned investment property	600	600
Owned investment property		
At fair value		
Opening balance at 1 July	600	600
Closing balance at 30 June	600	600

Accounting policy

Council owns one investment property being grazing land, it is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

C2 Leasing activities

C2-1 Council as a lessee

Council has reviewed existing arrangement associated with the leasing and it is being determined that the Council does not require to report under AASB 16 for the financial year ending on 30 June 2021 as most of the current leasing are for a period of 12 or less months and value of total lease contract collectively is not material.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for staff housing, health services, emergency services and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note C1-7).

\$ '000	2021	2020
(i) Assets held as investment property Investment property operating leases relates to one investment property being grazing land, i yields and is owned by the Council.	t is held for long-te	rm rental
The amounts recognised in the Income Statement relating to operating leases where Council	is a lessor are sho	wn below
Lease income (excluding variable lease payments not dependent on an index or rate)	12	12
Total income relating to operating leases for investment property assets	12	12
Investment property expenses		
Repairs and maintenance: investment property	9	3
Total expenses relating to investment property	9	3
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council properties for the purpose of staff housing, health services, emergency services, caravan park and community groups, the table below relates to operating leases on assets disclosed in C1-8.		
Lease income (excluding variable lease payments not dependent on an index or rate)	255	205

Accounting policy

Total income relating to operating leases for Council assets

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

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

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

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.

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Liabilities of Council C3

C3-1 Payables

	2021	2021	2020 Current	2020 Non-current
\$ '000	Current	Non-current		
Payables				
Goods and services – operating expenditure Accrued expenses:	737	-	1,202	_
 Salaries and wages 	343	_	323	_
Security bonds, deposits and retentions	143	_	64	_
Prepaid rates	323	_	_	_
Total payables	1,546	_	1,589	_
Total payables	1,546		1,589	_

Payables relating to restricted assets

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Total payables relating to unrestricted assets	1,546		1,589	_
Total payables	1,546		1,589	_

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs.

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

PayablesPayables represent liabilities for goods and services provided to 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

		2021	2021	2020	2020
\$ '000	Notes	Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,313	_	3,223	_
Unexpended operating grants (received prior to performance					
obligation being satisfied) Total grants received in	(ii)	169		107	
advance	_	3,482		3,330	
Total contract liabilities	_	3,482	_	3,330	_

Notes

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

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

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,941	703
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,941	703

Significant changes in contract liabilities

Council spent large component of grants previously held as liabilities. There is a significant transfer to the liability as at 30 June due to the number of state and commonwealth funded programs currently being undertaken.

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

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Loans – secured 1	247	3,605	237	3,852
Total borrowings	247	3,605	237	3,852

⁽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

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	185	3,100	174	3,284
Borrowings relating to externally restricted assets	185	3,100	174	3,284
Total borrowings relating to restricted assets	185	3,100	174	3,284
Total borrowings relating to unrestricted assets	62	505	63	568
Total borrowings	247	3,605	237	3,852

(a) Changes in liabilities arising from financing activities

	2020			Non-cash r	novements		2021
\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	4,089	(237)	_	_	_		3,852
Total liabilities from financing activities	4,089	(237)	_	_	_		3,852

	2019			Non-cash m	ovements		2020
		_			Acquisition due to change in		
\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	accounting policy	Other non-cash movement	Closing balance
¥ 000	Dalarioc	Oddii ilowd	Acquisition	changes	policy	movement	Closing balance
Loans – secured Total liabilities from financing	4,315	(226)	_	_	_		4,089
activities	4,315	(226)	_	_	_		4,089

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	30	30
Total financing arrangements	180	180
Undrawn facilities		
- Bank overdraft facilities	150	150
 Credit cards/purchase cards 	23	23
Total undrawn financing arrangements	173	173

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over the general rating income of Council.

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

Accounting policy

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

	2021	2021	2020	2020
\$ '000	Current	Non-current	Current	Non-current
Annual leave	849	_	840	_
Sick leave	28	_	27	_
Long service leave	1,043	128	1,225	107
ELE on-costs	177	10	201	9
Total employee benefit provisions	2,097	138	2,293	116

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	1,250	1,419
	1.250	1.419
	1,230	1,413

Description of and movements in provisions

		EL	E provisions		
		Le	Long service		
\$ '000	Annual leave	Sick leave	leave	on-costs	Total
2021					
At beginning of year	840	27	1,332	210	2,409
Additional provisions	627	_	129	_	756
Amounts used (payments)	(645)	_	(379)	_	(1,024)
Remeasurement effects	27	1	89	(23)	94
Total ELE provisions at end of year	849	28	1,171	187	2,235
2020					
At beginning of year	787	26	1,406	240	2,459
Additional provisions	626	_	233	_	859
Amounts used (payments)	(590)	_	(398)	_	(988)
Remeasurement effects	17	1	91	(30)	79
Total ELE provisions at end of year	840	27	1,332	210	2,409

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

	2021	2021	2020	2020
\$ '000	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	_	12,449	_	13,327
Sub-total – asset remediation/restoration	_	12,449	_	13,327
Total provisions	_	12,449		13,327
Provisions relating to restricted assets				
Total provisions relating to restricted assets	_			_
Total provisions relating to unrestricted assets	_	12,449		13,327
Total provisions	_	12,449	_	13,327

Description of and movements in provisions

	Other prov	visions
\$ '000	Asset remediation	Net carrying amount
2021		
At beginning of year	13,327	13,327
Unwinding of discount	99	99
Revised costs	(977)	(977)
Total other provisions at end of year	12,449	12,449
2020		
At beginning of year	13,559	13,559
Unwinding of discount	132	132
Revised costs	(364)	(364)
Total other provisions at end of year	13,327	13,327

Nature and purpose of provisions

Asset remediation

Council has various landfill sites (tips) and gravel quarries situated throughout the Shire. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

Accounting policy

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

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

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

Asset remediation - tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period

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C3-5 Provisions (continued)

when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

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

Rehabilitation

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

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

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

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques. Council only recognises an estimate for remediation costs for quarries where it has a Development Application requiring it to do so.

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 Results by fund

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

D1-1 Income Statement by fund

2021	2021	2021
8,697	2,234	1,417
2,497	1,184	2
123	74	55
395	_	_
8,791	53	_
5,471	_	_
267		_
26,241	3,545	1,474
9,315	831	276
6,959	1,252	847
115	196	_
12,561	1,060	732
378	1	_
594	_	_
29,922	3,340	1,855
(3,681)	205	(381)
(3,681)	205	(381)
(3,681)	205	(381)
(9.152)	205	(381)
	2,497 123 395 8,791 5,471 267 26,241 9,315 6,959 115 12,561 378 594 29,922 (3,681) (3,681)	2,497 1,184 123 74 395 - 8,791 53 5,471 - 267 - 26,241 3,545 9,315 831 6,959 1,252 115 196 12,561 1,060 378 1 594 - 29,922 3,340 (3,681) 205 (3,681) 205

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	2,257	3,285	2,837
Investments	10,217	8,218	6,765
Receivables	2,518	665	131
Inventories	697	_	_
Contract assets and contract cost assets	827		_
Total current assets	16,516	12,168	9,733
Non-current assets			
Receivables	21	_	_
Infrastructure, property, plant and equipment	403,222	52,430	25,925
Investment property	600		_
Total non-current assets	403,843	52,430	25,925
TOTAL ASSETS	420,359	64,598	35,658
LIABILITIES			
Current liabilities			
Payables	1,546	_	_
Contract liabilities	3,482	_	_
Borrowings	62	185	_
Employee benefit provision	2,097	<u> </u>	
Total current liabilities	7,187	185	_
Non-current liabilities			
Borrowings	505	3,100	_
Employee benefit provision	138	_	_
Provisions	12,449		_
Total non-current liabilities	13,092	3,100	_
TOTAL LIABILITIES	20,279	3,285	_
Net assets	400,080	61,313	35,658
EQUITY			
Accumulated surplus	162,191	30,514	13,217
Revaluation reserves	237,889	30,799	22,441
Council equity interest	400,080	61,313	35,658
Total equity	400,080	61,313	35,658
JA			55,550

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

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

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

The risks associated with the instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020

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

Impact of a 1% movement in interest rates

Equity / Income Statement252258

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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.

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	-	687	200	144	128	1,159
2020 Gross carrying amount	_	925	205	139	120	1,389

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.

	Not yet	0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
\$ '000	overdue	overdue	overdue	overdue	overdue	Total
2021						
Gross carrying amount	173	785	37	1,048	507	2,550
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	51.00%	10.50%
ECL provision	_	-	-	9	259	268
2020						
Gross carrying amount	192	428	373	77	553	1,623
Expected loss rate (%)	0.00%	0.00%	0.50%	1.00%	48.00%	16.52%
ECL provision	_	_	2	1	265	268

(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.

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

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 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.

	Weighted average	Subject		payable in:			Actual
\$ '000	interest rate	to no maturity	≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	carrying values
2021							
Trade/other payables	0.00%	143	1,223	_	_	1,366	1,546
Loans and advances	5.30%		451	1,414	2,191	4,056	3,852
Total financial liabilities		143	1,674	1,414	2,191	5,422	5,398
2020							
Trade/other payables	0.00%	64	1,522	_	_	1,586	1,589
Loans and advances	5.52%		451	2,230	3,063	5,744	4,089
Total financial liabilities		64	1,973	2,230	3,063	7,330	5,678

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- 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:

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

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

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

				Fair value n	neasureme	ent hierarchy	1		
			e of latest	Level 2 Signal			Significant bservable	To	otal
\$ '000	Notes	2021	valuation 2020	observab 2021	2020	2021	inputs 2020	2021	2020
Decuming fair value mass		•4•							
Recurring fair value meas Investment property	C1-8	แร							
Investment property	01-0	00/00/00/0	00/00/00/10	600	000			000	000
Total investment		30/06/2018	30/06/2018	600	600			600	600
property				600	600			600	600
Infrastructure, property, plant and equipment	C1-7								
Plant and equipment		30/06/18	30/06/18	_	_	4,260	4,711	4,260	4,711
Office equipment		30/06/18	30/06/18	_	_	175	130	175	130
Furniture and fittings		30/06/18	30/06/18	_	_	106	103	106	103
Operational land		30/06/18	30/06/18	8,363	9,101	_	_	8,363	9,101
Community land		30/06/18	30/06/16	_	_	4,799	4,303	4,799	4,303
Buildings		30/06/18	30/06/18	_	_	27,020	28,139	27,020	28,139
Other structures		30/06/16	30/06/13	_	_	5,617	4,939	5,617	4,939
Roads		30/06/21	30/06/14	_	_	188,926	226,936	188,926	226,936
Bridges		30/06/21	30/06/14	_	_	57,016	67,747	57,016	67,747
Footpaths		30/06/21	30/06/19	_	_	4,554	4,811	4,554	4,811
Bulk earthworks									
(non-depreciable)		30/06/21	30/06/14	-	_	62,507	79,874	62,507	79,874
Stormwater drainage		30/06/21	30/06/14	-	_	23,474	14,996	23,474	14,996
Water supply network		30/06/18	30/06/18	-	-	50,509	50,761	50,509	50,761
Sewerage network		30/06/18	30/06/18	_	-	25,971	26,357	25,971	26,357
Other assets		30/06/10	30/06/10			1,449	1,750	1,449	1,750
Total infrastructure,									
property, plant and equipment				8,363	9,101	456,383	515,557	464,746	524,658

Non-recurring fair value measurements

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Investment property

Investment properties were valued using Level 2 inputs as at 30 June, 2018 by Scott Fullarton registered valuer NSW No 67557. Observable inputs used in determining the valuation include net rentals in order to provide a rate per m2 this value was then used in conjunction with sales of comparable properties. Unobservable inputs include a limited number of sales evidence on the open market.

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

Infrastructure, property, plant and equipment (IPPE)

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

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
Investment property		
Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Infrastructure, property, plant and	equipment	
Operational Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Community Land	Land values obtained from the NSW Valuer General	Land value, land area
Buildings	External valuation	Using depreciable replacement cost given limted comparable sales information
Roads, bridges, Footpaths, stormwater	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Sewer Infrastructure	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Water infrastructure	Internal valuation using cost approach	Derived using assist condition and remaining useful life
Other Structures	At cost but disclosed at fair value	No observable or unobservable inputs were used
Remaining Classes	At cost but disclosed at fair value	No observable or unobservable inputs were used

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:

	Level 3 asse	et class
\$ '000	2021	2020
Opening balance	515,557	519,604
Recognised in other comprehensive income – revaluation gain(loss)	(50,999)	726
Purchases (GBV)	5,561	4,326
Disposals (WDV)	(795)	(110)
Depreciation and impairment	(14,088)	(13,105)
Other movement	1,147	4,116
Closing balance	456,383	515,557

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

There were no transfers into our out of level 3.

Highest and best use

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

E3-1 Contingencies

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

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

Description of any agreed allocation of a deficit or surplus on:

(i) Wind-up of the plan

E3-1 Contingencies (continued)

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

(ii) Entity's withdrawal from the plan

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

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 \$120,162.15. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$81,242.63. Council's expected contribution to the plan for the next annual reporting period is \$113,295.84.

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 any funding surplus or deficit that can be attributed to Council is 0.20%

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

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 prelimnary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 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.

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E3-1 Contingencies (continued)

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.

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

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

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

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

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

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	679	911
Post-employment benefits	54	53
Other long-term benefits	36	_
Total	769	964

Other transactions with KMP and their related parties

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

Nature of the transaction \$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2020 A KMP who is a Mayor provided signage for various projects. A KMP who is a Councillor provided supplies and Materials for various projects.	1	14	-		-	-

Council purchased numerous signs during the year from Country Mile Signs, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.

Council purchased various plants, small maintenace supplies and materials during the year from Quirindi Grain & Produce, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.

95

58

58

153

58

107

12

12

12

119

F1-2 Councillor and Mayoral fees and associated expenses

Total Auditor-General remuneration

(i) Audit and other assurance services
Other assurance services: Council's Auditor

Total audit fees

Non NSW Auditor-General audit firms

Remuneration for audit and other assurance services

Total remuneration of non NSW Auditor-General audit firms

\$ '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	23	23
Councillors' fees	73	90
Other Councillors' expenses (including Mayor)	11	17
Total	107	130
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	95	107
Remuneration for audit and other assurance services	95	107

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000 Notes	2021	2020
Net operating result from Income Statement	(3,857)	(6,392)
Adjust for non-cash items:	,	,
Depreciation and amortisation	14,353	13,354
Net losses/(gains) on disposal of assets	594	68
Adoption of AASB 15/1058	_	(46)
Remediation Re-measurement	_	· _
Unwinding of discount rates on reinstatement provisions	99	132
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(698)	1,706
Decrease/(increase) in inventories	62	118
Decrease/(increase) in other current assets	5	(5)
Decrease/(increase) in contract assets	(572)	(255)
Increase/(decrease) in payables	(465)	(702)
Increase/(decrease) in other accrued expenses payable	20	93
Increase/(decrease) in other liabilities	402	(3)
Increase/(decrease) in contract liabilities	152	3,330
Increase/(decrease) in provision for employee benefits	(174)	(50)
Increase/(decrease) in other provisions	(977)	(364)
Net cash provided from/(used in) operating activities		, /
from the Statement of Cash Flows	8,944	10,984

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		
Quipolly Dam	34,187	_
Road Construction	_	405
Recreational Assets	1,325	140
Total commitments	35,512	545
These expenditures are payable as follows:		
Within the next year	1,325	545
Later than one year and not later than 5 years	34,187	_
Total payable	35,512	545
Sources for funding of capital commitments:		
Future grants and contributions	20,000	405
Unexpended grants	1,325	140
Internally restricted reserves	4,187	_
New loans (to be raised)	10,000	_
Total sources of funding	35,512	545

Details of capital commitments

Council has accepted funding under the Commonwealth and State Grant Program and is working on improving recreational assets within the community. Roadworks are continuing across the Council. The Quipolly Water Project contracts have now been awarded and work on the project will commence in the 2021-22 financial year.

G3-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

	Opening	Contribution received during t		Interest and			Held as restricted	Cumulative balance of internal
\$ '000	balance at 1 July 2020	Cash	Non-cash	investment income earned	Amounts expended	Internal borrowings	asset at 30 June 2021	borrowings (to)/from
Drainage	1	_	_	_	_	_	1	_
Roads	459	137	_	3	_	_	599	-
Open space	46	_	_	1	_	_	47	-
Community facilities	24	_	_	_	_	_	24	-
Other	165	_	_	1	_	_	166	-
Youth services	21	_	_	_	_	_	21	-
Bushfire	11	_	_	1	_	_	12	-
S7.11 contributions – under a plan	727	137	-	6	-	_	870	_
S7.12 levies – under a plan	495	82	_	3	(500)	_	80	_
Total S7.11 and S7.12 revenue under plans	1,222	219	_	9	(500)	_	950	_
S7.11 not under plans	95	_	_	_	_	_	95	_
S64 contributions	622	_	_	4	_	_	626	_
Total contributions	1,939	219	_	13	(500)	_	1,671	_

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

	Opening	Contribution received during t		Interest and			Held as restricted	Cumulative balance of interna
\$ '000	balance at 1 July 2020	Cash	Non-cash	investment income earned	Amounts expended	Internal borrowings	asset at 30 June 2021	borrowings (to)/from
CONTRIBUTION PLAN – Quirindi								
Roads	221	73	_	2	_	_	296	-
Open space	29	_	_	_	_	_	29	-
Community facilities	24	_	_	_	_	_	24	-
Youth services	21	_	-	-	-	_	21	-
Total	295	73	_	2	_	_	370	_
CONTRIBUTION PLAN – Willow Tree								
Drainage	1	_	_	_	_	_	1	-
Roads	238	64	_	1	_	_	303	-
Open space	17	_	_	1	_	_	18	-
Bushfire	11_	_	_	1	_	_	12	-
Total	267	64	_	3	_		334	
CONTRIBUTION PLAN – Werris Creek								
Other	165	_	_	1	_	_	166	-
Total	165	_	_	1	_	_	166	-
S7.12 Levies – under a plan								
CONTRIBUTION PLAN								
Other	495	82	_	3	(500)	_	80	_
Total	495	82	_	3	(500)	_	80	_

G4-3 Contributions not under plans

	Opening	Contributio received during t		Interest and			Held as restricted	Cumulative balance of internal
\$ '000	balance at 1 July 2020	Cash	Non-cash	investment income earned	Amounts expended	Internal borrowings	asset at 30 June 2021	borrowings (to)/from
CONTRIBUTIONS - NOT UNDER A PLAN								
Roads	73	_	_	_	_	_	73	_
Open space	22	_	_	_	_	_	22	_
Total	95	_	_	_	_	_	95	_
G4-4 S64 contributions								
S64 contributions								
Sewer	29	_	_	1	_	_	30	_
Water	593	_	_	3	_	_	596	_
Total	622	_	_	4	_	_	626	_

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark	
	2021	2021	2020		
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants					
and contributions less operating expenses 1,2	(8,734)	(33.87)%	(35.28)%	> 0.00%	
Total continuing operating revenue excluding capital grants and contributions ¹	25,789	(00:01)/0	(00.20)70	0.007	
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and					
contributions 1	16,945	54.21%	62.31%	> 60.00%	
Total continuing operating revenue ¹	31,260				
3. Unrestricted current ratio					
Current assets less all external restrictions	10,997	4.48x	4.25x	> 1.50x	
Current liabilities less specific purpose liabilities	2,455	4.40%	4.200	7 1.00X	
4. Debt service cover ratio					
Operating result before capital excluding interest and					
depreciation/impairment/amortisation ¹	5,930_	10.82x	8.97x	> 2.00x	
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	548	10102%	0.07%	2.00%	
5. Rates and annual charges outstanding					
percentage					
Rates and annual charges outstanding	1,383	10.02%	10.40%	< 10.00%	
Rates and annual charges collectable	13,802	10.02 /0	10.4070	10.0070	
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term					
deposits	33,579	16.90	19.20	> 3.00	
Monthly payments from cash flow of operating and financing activities	1,987	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

G5-2 Statement of performance measures by fund

	General In	dicators 3,	Water In	Water Indicators		Sewer Indicators	
\$ '000	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses 1,2	_ (41.20)%	(47.02)%	5.78%	11.41%	(25.85)%	(3.24)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	45.050/	EO 000/	00 500/	00.070/	400.000/	400.000/	
Total continuing operating revenue ¹	45.65%	52.80%	98.50%	99.07%	100.00%	100.00%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions							
Current liabilities less specific purpose liabilities	- 4.48x	4.25x	64.04x	66.91x	00	∞	> 1.50x
4. Debt service cover ratio							
Operating result before capital excluding interest and							
depreciation/impairment/amortisation ¹	44.70	40.44	7.45	4.50			. 0.00
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income	- 11.70x	13.44x	7.45x	4.52x	00	∞	> 2.00x
Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	- 10.09%	10.15%	10.74%	12.01%	8.44%	0.500/	< 10.00%
Rates and annual charges collectable	10.09%	10.15%	10.74%	12.01%	0.44%	9.50%	< 10.00%
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.39	8.85	56.27	61.15	102.60	128.65	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths
worthing payments from cash now or operating and imancing activities	muis	1111115	muis	111015	muis	1111115	111115

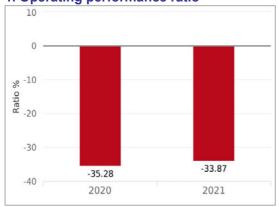
^{(1) - (2)} Refer to Notes at Note G5-1 above.

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

H Additional Council disclosures (unaudited)

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





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 (33.87)%

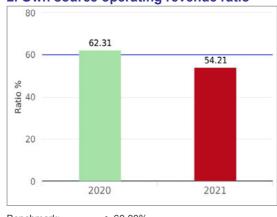
Council's opera ing performance ratio has improved slightly, however it is still well below the benchmark due to high depreciation costs and a low income base.

Benchmark: - > 0.00%

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 54.21%

Own source revenue has been impacted by the additional grants funding revenue received for transportation assets. Funding such as Roads to Recovery, Local Roads and Community Infrastructure and other roads and bridge programs have affected the calcula ion of his ratio.

Benchmark: — > 60.00%

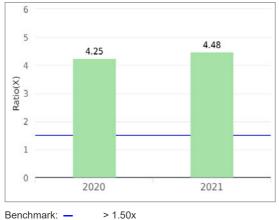
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 he 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 4.48x

Council's ratio remained well above the benchmark with more than adequate funds to satisfy its short term obligations.

Source of benchmark: Code of Accounting Practice and Financial Reporting

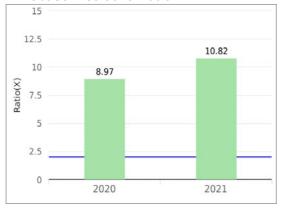
Ratio is outside benchmark

Ratio achieves benchmark

continued on next page ... Page 67 of 78

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 10.82x

Council has minor debts from external funding agencies for water fund and storm water loan purposes.

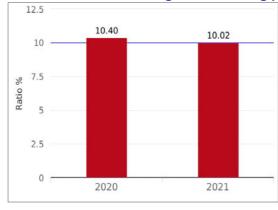
Benchmark: - > 2.00x

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 he adequacy of recovery efforts.

Commentary on 2020/21 result

2020/21 ratio 10.02%

Council's outstanding rates and charges ratio has decreased slightly despite the regulatory restriction of debt recovery due to COVID 19.

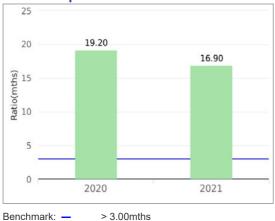
Benchmark: - < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ra io 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 16.90 mths

Council has more than adequate cash to meet on-going expenses for more than 16 months without requiring additional cash inflows.

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors responsibilities/ar4.pdf. 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.



Chris Harper Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021 SYDNEY



Cr Doug Hawkins OAM Mayor Liverpool Plains Shire Council PO Box 152 QUIRINDI NSW 2343

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2123480/1756

28 October 2021

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2021 Liverpool Plains Shire Council

I have audited the general purpose financial statements (GPFS) of Liverpool Plains Shire 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issue during my audit of the Council's financial statements. The issue was addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements

Council did not record rural fire-fighting equipment in the financial statements.

Rural fire-fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the NSW Rural Fire Service (RFS).

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural fire-fighting equipment is not controlled by the RFS.

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	12.3	12.0	2.5
Grants and contributions revenue	14.3	9.8	45.9
Operating result from continuing operations	(3.9)	(6.4)	39.1
Net operating result before capital grants and contributions	(9.3)	(8.5)	9.4

The Council's negative operating result from continuing operations (\$3.9 million), including depreciation and amortisation expense of \$14.4 million, improved by \$2.5 million compared to the 2019–20 result. This major reasons for the improvement include:

- \$4.5 million increase in grants and contributions provided for operational and capital purposes
- \$752,000 increase in user charges and fees due to additional works undertaken for Transport for NSW.

These increases were offset by:

- \$1.0 million increase in depreciation and amortisation expense due to changes in depreciation estimates
- \$406,000 increase in employee benefits and on-costs due to the Council having filled vacant positions
- \$819,000 increase in material and contracts expenditure due to the additional use of contractors to complete works
- \$526,000 increase in loss on disposals of non-current assets due to an increase in disposals of infrastructure.

The negative net operating result before capital grants and contributions (\$9.3) million was \$827,000 lower than the 2019-20 result. This is due to the reasons explained above.

Rates and annual charges revenue (\$12.3 million) increased by \$300,000 (2.5 per cent) in 2020–21 mainly due to the normal rate peg allowance increases in the year.

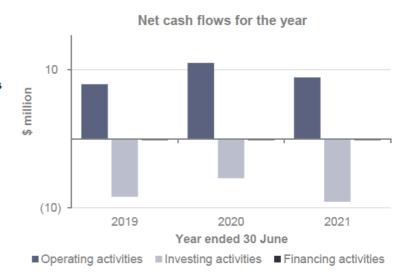
Grants and contributions revenue (\$14.3 million) increased by \$4.5 million (45.9 per cent) in 2020–21 due to the completion of capital grant projects during 2020-21.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$2.1 million due to increased materials and services expenditure during the year.

Cash outflows from investing activities increased by \$3.4 million due to higher capital expenditure on infrastructure, property, plant and equipment.

Cash outflows from financing activities related to the repayment of borrowings and were comparable to prior years.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.6	34.0	Major external restrictions include water and sewer operations, as well as grants for specific purposes and developer contributions. Overall, there is no
Restricted cash and investments:			 major change to external restrictions. Major internal restrictions include the financial assistance grant instalment received in advance.
 External restrictions 	26.6	26.1	employee leave entitlements, asset renewals and
Internal restrictions	6.0	6.8	reserves to fund plant and vehicle replacements. Overall, there is no major change to internal restrictions.

PERFORMANCE

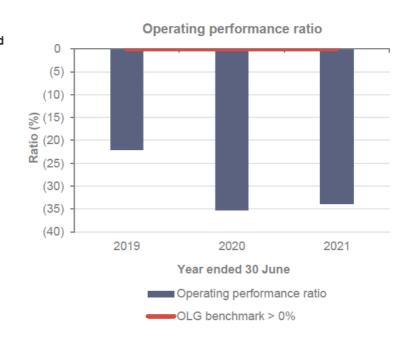
Performance measures

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.

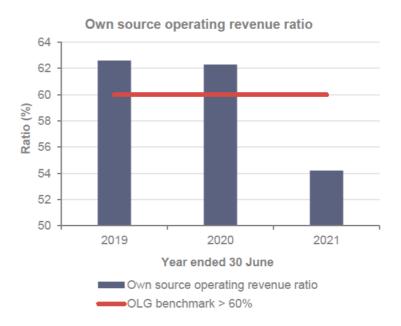
The Council did not meet the OLG benchmark for the current reporting period as Council continues to provide services to meet requirements for asset maintenance and employee benefits. The ratio is consistent with prior year.



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.

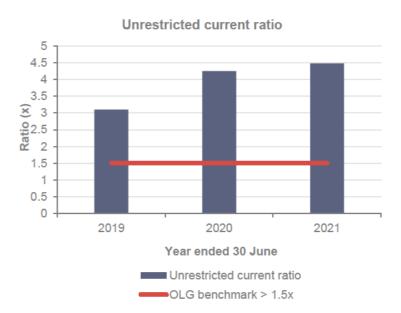
The Council did not meet the OLG benchmark for the current reporting period due to an increase in grants and contributions received for capital purposes.



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.

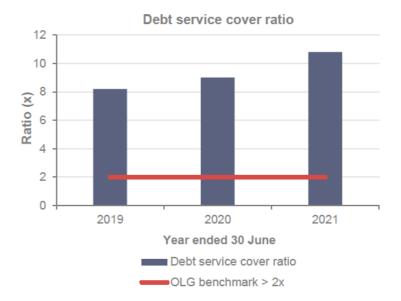
The Council exceeded the OLG benchmark for the current reporting period. The ratio is consistent with the prior year.



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.

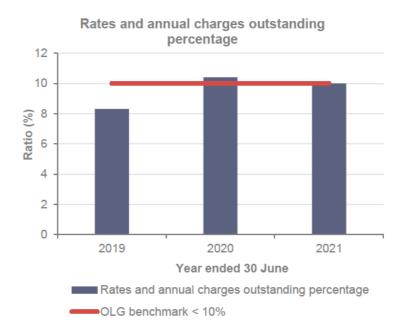
The Council exceeded the OLG benchmark for the current reporting period. The ratio remains consistent with prior year.



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 10 per cent for regional and rural councils.

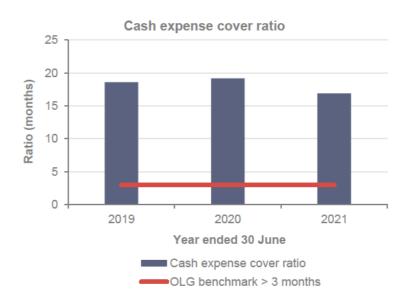
The Council met the OLG benchmark for the current reporting period. The percentage improved from the prior year mainly due to Council commencing legal proceedings on significant overdue receivables.



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 exceeded the OLG benchmark for the current reporting period. The ratio remains consistent with prior years.



Infrastructure, property, plant and equipment renewals

Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$9.5 million. This increased by \$4.2 million compared to 2019–20 due to Council increasing its renewal works in accordance with its infrastructure management plans. Renewal expenditure was below depreciation for the year by \$4.9 million.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council did not identify any service concession arrangements as part of adopting this standard.

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.



Chris Harper Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021 SYDNEY

cc: Ms Joanne Sangster, General Manager

Mr Michael O'Connor, Chair of the Audit, Risk and Improvement Committee

Mr Raju Koirala, Chief Finance Officer Mr Geoff Allen, Principal, Forsyths

Ms Kiersten Fishburn, Secretary, Department of Planning, Industry and Environment

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
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Statement of Financial Position of water supply business activity Statement of Financial Position of sewerage business activity	6 7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.
 - Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.
 - These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities.
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses A Guide to Competitive Neutrality'.
- · the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 27 October 2021.



Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	2,234	2,144
User charges	1,166	1,386
Fees	18	17
Interest	74	184
Grants and contributions provided for non-capital purposes	53	35
Other income	_	2
Total income from continuing operations	3,545	3,768
Expenses from continuing operations		
Employee benefits and on-costs	831	839
Borrowing costs	196	208
Materials and services	1,252	1,215
Depreciation, amortisation and impairment	1,060	1,044
Other expenses	1	1
Total expenses from continuing operations	3,340	3,307
Surplus (deficit) from continuing operations before capital amounts	205	461
Surplus (deficit) from continuing operations after capital amounts	205	461
Surplus (deficit) from all operations before tax	205	461
Less: corporate taxation equivalent [based on result before capital]	(53)	(127)
Surplus (deficit) after tax	152	334
Plus accumulated surplus Plus adjustments for amounts unpaid:	30,309	29,848
- Corporate taxation equivalent	53	127
Closing accumulated surplus	30,514	30,309
Return on capital %	0.8%	1.1%
Subsidy from Council	380	_
Calculation of dividend payable:		
Surplus (deficit) after tax	152	334
Surplus for dividend calculation purposes	152	334
Potential dividend calculated from surplus	76	167

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	1,417	1,373
Fees	2	1
Interest	55	143
Other income		26
Total income from continuing operations	1,474	1,543
Expenses from continuing operations		
Employee benefits and on-costs	276	266
Materials and services	847	602
Depreciation, amortisation and impairment	732	725
Total expenses from continuing operations	1,855	1,593
Surplus (deficit) from continuing operations before capital amounts	(381)	(50)
Surplus (deficit) from continuing operations after capital amounts	(381)	(50)
Surplus (deficit) from all operations before tax	(381)	(50)
Surplus (deficit) after tax	(381)	(50)
Plus accumulated surplus Plus adjustments for amounts unpaid:	13,598	13,648
Closing accumulated surplus	13,217	13,598
Return on capital %	(1.5)%	(0.2)%
Subsidy from Council	767	282
Calculation of dividend payable:		
Surplus (deficit) after tax	(381)	(50)
Surplus for dividend calculation purposes	_	-
Potential dividend calculated from surplus	_	_

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	3,285	3,285
Investments	8,218	8,017
Receivables	665	661
Total current assets	12,168	11,963
Non-current assets		
Infrastructure, property, plant and equipment	52,430	52,120
Total non-current assets	52,430	52,120
Total assets	64,598	64,083
LIABILITIES		
Current liabilities		
Borrowings	185	174
Total current liabilities	185	174
Non-current liabilities		
Borrowings	3,100	3,284
Total non-current liabilities	3,100	3,284
Total liabilities	3,285	3,458
Net assets	61,313	60,625
EQUITY		
Accumulated surplus	30,514	30,309
Revaluation reserves	30,799	30,316
Total equity	61,313	60,625

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	2,837	2,541
Investments	6,765	6,765
Receivables	131	141
Total current assets	9,733	9,447
Non-current assets		
Infrastructure, property, plant and equipment	25,925	26,420
Total non-current assets	25,925	26,420
Total assets	35,658	35,867
Net assets	35,658	35,867
EQUITY		
Accumulated surplus	13,217	13,598
Revaluation reserves	22,441	22,269
Total equity	35,658	35,867

Note - Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act* 1993 (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

a. Water Supply Network

Is comprised of water supply operations and net assets system servicing the towns of Quirindi, Werris Creek, Wallabadah, Willow Tree, Spring Ridge, Wahallow, Blackville, Caroona and Premer.

Category 2

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

b. Sewerage Service

Is comprised of sewerage reticulation and treatment operations and net asset system servicing the towns of Quirindi and Werris Creek

Taxation equivalent charges

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

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

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

continued on next page ... Page 8 of 13

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

<u>Corporate income tax rate</u> - 26% (2019/20 27.5%)

<u>Land tax</u> – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6%** + **\$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

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

In accordance with the Department of Planning, Industry & Environment (DPIE) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act*, 1993.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (2019/20 27.5%).

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

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

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

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

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

continued on next page ... Page 9 of 13

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIE - Water guidelines and must not exceed:

- · 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Chris Harper Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021 SYDNEY

SPECIAL SCHEDULES for the year ended 30 June 2021



Special Schedules

for the year ended 30 June 2021

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Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	а	7,496	7,709
Plus or minus adjustments ²	b	18	1
Notional general income	c = a + b	7,514	7,710
Permissible income calculation			
Special variation percentage ³	d	0.00%	8.00%
Or rate peg percentage	е	2.60%	0.00%
Plus special variation amount	h = d x (c + g)	_	617
Or plus rate peg amount	$i = e \times (c + g)$	195	_
Sub-total Sub-total	k = (c + g + h + i + j)	7,709	8,327
Plus (or minus) last year's carry forward total	1		1
Sub-total Sub-total	n = (I + m)	-	1
Total permissible income	o = k + n	7,709	8,328
Less notional general income yield	р	7,708	8,326
Catch-up or (excess) result	q = o - p	1	2
Carry forward to next year ⁶	t = q + r + s	1	2

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.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors responsibilities/ar8.pdf. 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.



Chris Harper Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 October 2021 SYDNEY

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets a to satisfactory standard	agreed level of service set by	2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets		ition as a		
Asset Glass	Asset Category	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	65	65	661	439	27,020	53,972	25.0%	54.0%	21.0%	0.0%	0.0%
Danamgo	Sub-total	65	65	661	439	27,020	53,972		54.0%		0.0%	0.0%
Other	Other structures	8	8	28	32	5,617	7,164	67.0%	23.0%	10.0%	0.0%	0.0%
structures	Sub-total	8	8	28	32	5,617	7,164	67.0%	23.0%	10.0%	0.0%	0.0%
Roads	Sealed roads	3,126	3,126	1,292	2,033	115,493	138,883	60.0%	18.0%	14.0%	7.0%	1.0%
	Unsealed roads	4,504	4,504	1,090	2,563	73,433	90,088	62.0%	8.0%	13.0%	16.0%	1.0%
	Bridges	610	610	244	6	57,016	81,366	89.0%	3.0%	6.0%	2.0%	0.0%
	Footpaths	3	3	19	14	4,554	6,322	32.0%	64.0%	4.0%	0.0%	0.0%
	Bulk earthworks	_	_	_	_	62,507	62,507	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	8,243	8,243	2,645	4,616	313,003	379,166	72.8%	10.2%	9.6%	6.8%	0.6%
Water supply	Water supply network	3,338	3,338	1,211	1,052	50,509	77,170	16.0%	53.0%	14.0%	17.0%	0.0%
network	Sub-total	3,338	3,338	1,211	1,052	50,509	77,170	16.0%	53.0%	14.0%	17.0%	0.0%
Sewerage	Sewerage network	1,607	1,607	581	483	25,971	33,166	17.0%	41.0%	22.0%	20.0%	0.0%
network	Sub-total	1,607	1,607	581	483	25,971	33,166	17.0%	41.0%	22.0%	20.0%	0.0%
Stormwater	Stormwater drainage	23	23	965	29	23,474	36,904	3.0%	14.0%	83.0%	0.0%	0.0%
drainage	Sub-total	23	23	965	29	23,474	36,904	3.0%	14.0%	83.0%	0.0%	0.0%
	Total – all assets	13,284	13,284	6,091	6,651	445,594	587,542	53.4%	22.0%	16.5%	7.7%	0.4%

⁽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

Excellent/very good
 Good
 No work required (normal maintenance)
 Only minor maintenance work required

3 Satisfactory Maintenance work required

4 Poor Renewal required

5 Very poor Urgent renewal/upgrading required

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicator	Benchmark
\$ '000	2021	2021	2020	
Buildings and infrastructure renewals ratio				
	E 000			
Asset renewals ¹	5,823_	44.59%	51.54%	>= 100.00%
Depreciation, amortisation and impairment	13,058			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	13,284	0.040/	0.000/	0.000/
Net carrying amount of infrastructure assets	452,085	2.94%	2.09%	< 2.00%
. 0	,,,,,,,			
Asset maintenance ratio				
Actual asset maintenance	6,651	400 400/	400 700/	> 400 000/
Required asset maintenance	6,091	109.19%	106.72%	> 100.00%
Cost to bring assets to agreed service level				
Estimated cost to bring assets to				
an agreed service level set by Council	13,284	2.26%	1.66%	
· · · · · · · · · · · · · · · · · · ·		2.20%	1.00%	
Gross replacement cost	587,542			

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

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

