

ANNUAL FINANCIAL STATEMENTS

For the financial year ending 30 June 2021

Incorporating: General Purpose Financial Statements,
Special Purpose Financial Statements, Special Schedules

Waverley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Connecting the city and the sea.

A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.



Waverley Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

55 Spring Street
Bondi Junction NSW 2022

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

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

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

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

Waverley Council

General Purpose Financial Statements

for the year ended 30 June 2021

Executive Summary

The 2020/21 financial year was another challenging year as COVID-19 pandemic restrictions continued to impact on Council's operations. Council spent \$2.7M on the Pandemic Works and Services Program to protect staff and the community, with this amount being \$1.7m higher than the previous year's spend (\$0.9M). It continued the capital works program with the investment of \$56.7M (prior year \$42.4M).

The Council operated its COVID-19 Business Support Package for 13 months till 31 March 2021. The impact of COVID-19 and resulting pandemic restriction were broadly evident across Waverley's economy throughout 2020 and 2021. Delivery of the Support Package provided both financial and non-financial measures that supported the local business community and assisted in softening the sharp drop in economic activity throughout this challenging period. We had 1,301 customers benefited from the support, either via a direct request to Council or indirectly via fee waivers.

The Council has continued to successfully operate during the year despite difficult circumstances. It has achieved a net operating result for the 2020/21 financial year of \$9.1M surplus (2019/20: \$43.7M deficit) and a net operating result before Capital Grants and Contributions of \$10.1M deficit (2019/20: \$64.8M deficit).

Sustainability

In 2020 Waverley Council achieved their longstanding target to reduce their greenhouse gas emissions by 30% based on 2003/04 levels. This has been achieved through increasing the use of renewable energy and energy efficiency. In FY2020/21 over 30% of Council's electricity was purchased from a Moree Solar Farm through a Power Purchase Agreement (PPA). In addition to this, an upgrade to the HVAC system at the Library, Council's largest electricity using site resulted in an overall energy reduction of around 40%. The Council works closely with the community to make sustainability second nature. Council through the Regional Environment Program provided financial and expert assistance to Bondi Beach Public School and North Bondi SLSC for their new photovoltaic systems which will reduce community greenhouse gas emissions.

Council actively reduces our potable water use through the operation of 4 major recycled water systems and in 2020 upgraded to smart irrigation systems, achieving Council's target in 2020. Council also improves the biodiversity and habitat through ecological restoration programs at Tamarama and Bronte Gully as well as the long term management of our bushland remnants.

Financial Results

Net operating result for the year was a \$9.1M surplus versus prior year of (\$43.7M) deficit. The prior year was more dramatically affected by the fair value adjustment. Normalised operating result, adding back the fair valuation adjustment, gain or loss on disposal of assets and capital grants & contributions, showed a deficit in FY2020/21 of (\$4.5M) versus (\$10.9M) for the year prior, a \$6.4M improvement.

The COVID-19 pandemic cost the Council \$6.3M in 20/21 in lost revenue and incurred additional expense. Revenue loss predominately through the reduction in parking fees (\$3.5M), outdoor seating (\$0.5M) and increases in rent relief (\$0.1M), licence fee and trading right (\$0.2M), and commercial waste (\$0.2M), a total revenue loss of \$4.5M.

The Council continued to operate the Pandemic Works & Services Program throughout the year, for supporting the Bondi Beach COVID-19 Testing Clinic Operation, Beach Ambassadors Program, additional cleaning, and PPE, and these costed Council \$2.7M. State Government reimbursed Council \$0.9M for the direct cost incurred for the COVID-19 Testing Clinic Operation. A net cost of \$1.8M from the Pandemic Works & Services Program.

The underlying result before Covid impact was a surplus of \$1.8M, a \$3.5M improvement on 2019/20. This resulted from a combination of cost reduction and revenue improvement.

	20/21	19/20
Surplus/(Deficit)	9.1	(43.7)
Add Back		
Capital Grants	(19.2)	(21.1)
Fair Value adjustment of properties	3.7	45.7
Fair Value of investments	(1.9)	0.4
Asset Disposal	3.8	7.8
Underlying Operating Surplus/ (Deficit)	(4.5)	(10.9)

Waverley Council

General Purpose Financial Statements

for the year ended 30 June 2021

Covid Impact	6.3	9.2
Operating Surplus/(Deficit) Pre Covid	1.8	(1.7)

Income

Overall income has increased **by \$3.0M**, the following are the main components :

- rates and annual charges risen by \$1.7M (2.6%) the majority of which is reflective of the annual increase in rates.
- User charges increased by \$1.3M, this increase mainly resulting from the increase in cemetery income of \$0.5M from the Exec. Road/truck zone permit income increased by \$0.5M, road restoration income \$0.5M.
- Other revenue \$2.8M increase, \$2.3M parking fines through rate increases, better enforcement/new metres and less covid relief in 20/21, \$0.9M income covering costs of Covid testing centres from St Vincent's Hospital.
- Other income down by (\$1.3M) resulting from the closure of Bondi Pavilion and rent relief granted to small businesses.
- Interest income down by (\$2.0M) as the rate of return has drastically reduced.

Costs

Overall costs have been reduced by \$3.8M, the majority of which is due to lower employment costs of \$1.8M and materials & services \$2.4M, offset by an increased depreciation charge of (\$0.5M) as a result of the large capital work program.

Employment Costs

As a result of the COVID-19 pandemic, Council left a number of position vacancies open, a strategy devised to mitigate revenue losses. The majority of cultural events were cancelled in 2020/21 and Bondi Pavilion was closed for renovation. Total savings resulting from these actions were \$1.8M.

Materials and Services

Materials and Services decreased by \$2.4M, due predominately several external events were being impacted by the COVID-19 restrictions resulted in a cost saving of \$0.6M, and a strategy to remove agency resources hiring \$1.6M.

Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments totalled \$152.6M as at 30 June 2021, a decrease of \$20.0M from the 2021/20 balance. This is principally attributed to the capital investment to infrastructure assets and the impact of the COVID-19 pandemic.

Waverley Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Waverley Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17 August 2021.



Paula Masseles
Mayor
17 August 2021



Elaine Keenan
Deputy Mayor
17 August 2021



Emily Scott
General Manager
17 August 2021



Teena Su
Acting Responsible Accounting Officer
17 August 2021

Waverley Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Restated Actual 2020
Income from continuing operations				
64,943	Rates and annual charges	B2-1	65,151	63,403
39,511	User charges and fees	B2-2	33,786	32,450
11,307	Other revenue	B2-3	13,745	10,952
5,215	Grants and contributions provided for operating purposes	B2-4	9,664	9,750
16,673	Grants and contributions provided for capital purposes	B2-4	19,185	21,084
2,348	Interest and investment income	B2-5	3,714	3,383
5,999	Other income	B2-6	5,366	6,616
145,996	Total income from continuing operations		150,611	147,638
Expenses from continuing operations				
68,297	Employee benefits and on-costs	B3-1	68,278	70,122
22,855	Materials and services	B3-2	41,173	43,639
78	Borrowing costs	B3-3	82	128
22,010	Depreciation, amortisation and impairment for non-financial assets	B3-4	21,441	20,979
21,402	Other expenses	B3-5	6,705	48,683
(977)	Net losses from the disposal of assets	B4-1	3,837	7,806
133,665	Total expenses from continuing operations		141,516	191,357
12,331	Operating result from continuing operations		9,095	(43,719)
12,331	Net operating result for the year attributable to Council		9,095	(43,719)
(4,342)	Net operating result for the year before grants and contributions provided for capital purposes		(10,090)	(64,803)

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

Waverley Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	Restated 2020
Net operating result for the year – from Income Statement		9,095	(43,719)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>732</u>	<u>(21,908)</u>
Total items which will not be reclassified subsequently to the operating result		732	(21,908)
Total other comprehensive income for the year		732	(21,908)
Total comprehensive income for the year attributable to Council		9,827	(65,627)

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

Waverley Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	Restated 2020	Restated 1 July 2019
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	28,330	36,225	14,141
Investments	C1-2	122,277	123,921	141,288
Receivables	C1-4	16,709	10,126	7,464
Other		690	60	202
Total current assets		168,006	170,332	163,095
Non-current assets				
Investments	C1-2	2,000	12,500	24,000
Receivables	C1-4	1,538	1,210	1,844
Infrastructure, property, plant and equipment	C1-5	975,286	942,045	952,496
Investment property	C1-6	110,785	113,910	158,474
Right of use assets	C2-1	777	1,206	–
Total non-current assets		1,090,386	1,070,871	1,136,814
Total assets		1,258,392	1,241,203	1,299,909
LIABILITIES				
Current liabilities				
Payables	C3-1	33,933	26,669	20,697
Income received in advance	C3-1	252	618	996
Contract liabilities	C3-2	1,977	997	2,000
Lease liabilities	C2-1	429	405	–
Borrowings	C3-3	447	435	423
Employee benefit provisions	C3-4	16,541	16,417	15,322
Total current liabilities		53,579	45,541	39,438
Non-current liabilities				
Lease liabilities	C2-1	407	852	–
Borrowings	C3-3	2,040	2,488	2,923
Employee benefit provisions	C3-4	1,342	1,125	724
Total non-current liabilities		3,789	4,465	3,647
Total liabilities		57,368	50,006	43,085
Net assets		1,201,024	1,191,197	1,256,824
EQUITY				
Accumulated surplus	C4-1	674,394	665,299	709,018
IPPE revaluation reserve	C4-1	526,630	525,898	547,806
Council equity interest		1,201,024	1,191,197	1,256,824
Total equity		1,201,024	1,191,197	1,256,824

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

Waverley Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		665,299	525,898	1,191,197	711,018	531,392	1,242,410
Correction of prior period errors	G4-1	-	-	-	-	16,414	16,414
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(2,000)	-	(2,000)
Restated opening balance		665,299	525,898	1,191,197	709,018	547,806	1,256,824
Net operating result for the year		9,095	-	9,095	(43,418)	-	(43,418)
Correction of prior period errors	G4-1	-	-	-	(301)	-	(301)
Restated net operating result for the period		9,095	-	9,095	(43,719)	-	(43,719)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	-	732	732	-	(21,908)	(21,908)
Other comprehensive income		-	732	732	-	(21,908)	(21,908)
Total comprehensive income		9,095	732	9,827	(43,719)	(21,908)	(65,627)
Closing balance at 30 June		674,394	526,630	1,201,024	665,299	525,898	1,191,197

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

Waverley Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
46,722	Rates and annual charges		65,601	62,403
57,609	User charges and fees		33,429	32,428
2,449	Investment and interest revenue received		2,249	4,886
21,894	Grants and contributions		24,894	27,297
–	Bonds, deposits and retention amounts received		546	3,818
17,104	Other		25,700	26,062
<i>Payments:</i>				
(65,263)	Employee benefits and on-costs		(69,586)	(68,129)
(26,361)	Materials and services		(36,848)	(21,817)
(90)	Borrowing costs		(85)	(123)
–	Bonds, deposits and retention amounts refunded		(274)	(3,815)
(21,349)	Other		(10,228)	(30,231)
32,715	Net cash flows from operating activities	G1-1	35,398	32,779
Cash flows from investing activities				
<i>Receipts:</i>				
27,655	Sale of investment securities		113,750	141,200
977	Sale of infrastructure, property, plant and equipment		359	469
<i>Payments:</i>				
(698)	Purchase of investment securities		(99,752)	(112,705)
–	Purchase of investment property		(532)	(1,170)
(60,479)	Purchase of infrastructure, property, plant and equipment		(56,261)	(37,703)
(32,545)	Net cash flows from investing activities		(42,436)	(9,909)
Cash flows from financing activities				
<i>Payments:</i>				
(435)	Repayment of borrowings		(436)	(423)
–	Principal component of lease payments		(421)	(363)
(435)	Net cash flows from financing activities		(857)	(786)
(265)	Net change in cash and cash equivalents		(7,895)	22,084
15,545	Cash and cash equivalents at beginning of year		36,225	14,141
15,280	Cash and cash equivalents at end of year	C1-1	28,330	36,225
134,491	plus: Investments on hand at end of year	C1-2	124,277	136,421
149,771	Total cash, cash equivalents and investments		152,607	172,646

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

Waverley Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 17 August 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 investment properties – refer Note C1-6
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-5
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Staff Charitable Funds

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

Those newly adopted standards had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020 Restated	2021	2020 Restated	2021	2020	2021	2020 Restated
\$ '000										
Functions or activities										
Asset Management Services	22,977	20,038	18,978	63,918	3,999	(43,880)	13,420	10,559	289,278	298,083
Beach Services, Maintenance & Safety	295	295	8,344	7,677	(8,049)	(7,382)	10	2	241	254
Cemetery Services	1,314	856	1,382	986	(68)	(130)	–	–	52,984	53,864
Child Care Services	8,225	8,392	10,414	10,379	(2,189)	(1,987)	4,069	4,263	6,401	6,173
Community Services	536	568	2,267	2,450	(1,731)	(1,882)	491	509	158,811	156,413
Corporate Support Services	56,163	53,761	10,325	10,370	45,838	43,391	2,217	2,324	79,080	72,645
Cultural Services	66	597	3,326	4,824	(3,260)	(4,227)	10	–	–	–
Customer Services & Communication	1,568	1,396	808	–	760	1,396	–	–	–	–
Development, Building & Health Services	11,873	15,983	19,842	23,278	(7,969)	(7,295)	6,950	10,538	24,475	21,625
Emergency Management Services	86	46	254	253	(168)	(207)	103	65	899	942
Environmental Services	803	805	2,910	3,024	(2,107)	(2,219)	802	805	272	400
Governance, Integrated Planning & Community Engagement	14	4	1,870	2,403	(1,856)	(2,399)	–	–	–	–
Library Services	299	272	5,023	5,380	(4,724)	(5,108)	245	237	37,944	38,798
Parking Services	22,606	19,965	11,621	11,916	10,985	8,049	321	320	14,630	12,197
Parks Services & Maintenance	121	97	9,919	10,216	(9,798)	(10,119)	6	11	155,169	152,939
Place Management	4	693	117	874	(113)	(181)	–	69	10	19
Recreation Services	15	1,007	365	265	(350)	742	–	1,003	278	247
Regulatory Services	318	166	2,111	2,107	(1,793)	(1,941)	8	–	54	82
Social & Affordable Housing	829	999	1,916	2,123	(1,087)	(1,124)	–	–	47,024	47,891
Traffic & Transport Services	194	145	138	65	56	80	194	129	46,288	46,072
Urban Open Space Maintenance & Accessibility	613	420	7,476	7,314	(6,863)	(6,894)	–	–	325,091	316,003
Waste Services	21,692	21,133	22,110	21,535	(418)	(402)	3	–	19,463	16,556
Total functions and activities	150,611	147,638	141,516	191,357	9,095	(43,719)	28,849	30,834	1,258,392	1,241,203

B1-2 Components of functions or activities

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

Asset Management Services

This service includes planning for renewal of assets, financial management and project delivery of works on vital infrastructure. The Service contributes to every aspect of Council's operations, to our ability to deliver our services cost effectively and to the community's social, environmental and economic well being.

Beach Services, Maintenance & Safety

This service includes beach safety, beach maintenance and cleaning and also supports voluntary surf lifesaving clubs.

Cemetery Services

This service currently includes interment of ashes and remains at two sites, Waverley and South Head. Waverley Cemetery is a fully operational Cemetery with sales in excess of \$1million per annum.

Child Care Services

Providing quality, affordable long day care and family day care for children aged 0-5 as well as parenting programs and counselling for families.

Community Services

Council provides a range of community services within Waverley in addition to supporting a broad range of community organisations. Our services and support for other groups and agencies ensure that the community has access to relevant, accessible and affordable facilities, spaces, programs and activities.

Corporate Support Services

This service includes a range of professional support services for financial planning and management, workforce planning, organisational development and performance management, business systems improvement, risk management and insurance, procurement, telecommunications and IT and special projects to support the Executive in customer service and organisational review.

Cultural Services

Council provides and supports a range of activities that celebrate and strengthen an appreciation of our cultural heritage and diversity.

Customer Services & Communication

This area is responsible for ensuring that customer service is provided in a professional, friendly and timely way, and that our community is informed about Council's plans, initiatives, services and activities.

Development, Building & Health Services

This service involves preparing new Local Environmental Plans, Development Control Plans and Planning Strategies relating to future land use planning and heritage conservation.

It also assesses and determines development applications in accordance with the EP&A Act and provides Council with a digital mapping service.

Emergency Management Services

Waverley and Woollahra have a joint relationship in funding and supporting the local SES unit and it is a requirement under the NSW State Emergency Act.

Environmental Services

This is a growing service area covering all aspects of the aquatic, biological and air environments. Its subservices are specifically geared to meet the requirements of our Environmental Action Plan (EAP). EAP is a key element of Waverley's resourcing strategy for Waverley Community Strategic Plan.

B1-2 Components of functions or activities (continued)

Governance, Integrated Planning & Community Engagement

This service is designed to ensure we can engage with our community in an open and responsive way, discussing and making decisions with them about their future on the basis of sound and balanced judgement and policies. It also ensures that we can be properly held to account for planning decisions and for the efficiency and effectiveness of the services we deliver.

Library Services

The Library offers information, recreation and entertainment as well as opportunities for people to train, learn or simply interact with neighbours and friends. The Library is a major education and community capacity building resource.

Parking Services

This service provides substantial community safety and amenity by ensuring that our very limited supply of public parking opportunities (limited relative to demand) is shared fairly by all. This service is more effectively delivered if its implemented in close conjunction with Environmental Services and Traffic and Transport Services.

Parks Services & Maintenance

This service maintains and cares for Council's 99 parks. The park and reserves are divided into a number of categories including regional parks, coastal reserves, small parks, pocket parks, linkages and remnant vegetation.

Place Management

Bondi Beach and Bondi Junction are important places for Waverley residents and for the wider Sydney community. They contain a world famous beach and one of Sydney's most vibrant retail precincts and play a significant role in delivering recreational and commercial experiences to the region. A Place Management approach has been adopted to allow Council to give special focus to these areas, as well as ensuring that our smaller retail villages continue thrive.

An ongoing challenge for the Place Managers is to find the right balance between the needs of visitors, residents and the business sector.

Recreation Services

This includes all aspects of sport and active leisure, from broad LGA-wide planning, through to the detailed design and construction of specific facilities. A newly emerging area is sports facilities management, programming and maintenance.

Regulatory Services

In the summer season there is an increased demand for this service due to the large influx of visitors. Core areas of focus are:

- Monitoring building sites to ensure adequate pollution control is in place
- Ensuring companion animals are effectively and responsibly managed and cared for in accordance with the Companion Animals Act and Regulation
- Providing education material and information to the public investigating reports of abandoned vehicles and removing them in accordance with Impounding Act
- The quantitative volume of noise, time, place and the frequency of the noise

Social & Affordable Housing

This service includes creating and managing secure housing for local people on very low incomes in addition to providing medium term accommodation at subsidised rents to those on low-to-middle income levels.

Traffic & Transport Services

This service helps ensure that traffic flows as smoothly, efficiently and safely in Waverley as is possible, given the very small amount of road space we have to share, relative to the very high demand of the residents and visitors who use it.

The service also functions to help provide as many alternatives as possible to private car use including planning and design of pedestrian and cycling routes, and negotiation with the community and other levels of government for improved traffic and parking distribution systems such as residential preferred parking schemes.

Urban Open Space Maintenance & Accessibility

This service maintains the roads, footpaths, drains, trees and grass along the 123.46 km of local and regional roads within Waverley Council.

B1-2 Components of functions or activities (continued)

Waste Services

This service provides waste and recycling collection services to 29,491 residential properties as well as a commercial collection to businesses within Waverley Council.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	34,118	33,142
Business	12,311	12,087
Less: pensioner rebates (mandatory)	(282)	(285)
Less: pensioner rebates (Council policy)	(89)	(91)
Rates levied to ratepayers	46,058	44,853
Pensioner rate subsidies received	154	160
Total ordinary rates	46,212	45,013
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	18,434	17,884
Stormwater Management Services	529	525
Section 611 charges	52	55
Less: pensioner rebates (mandatory)	(167)	(168)
Annual charges levied	18,848	18,296
Pensioner subsidies received:		
– Domestic waste management	91	94
Total annual charges	18,939	18,390
Total rates and annual charges	65,151	63,403

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)			
Waste management services (non-domestic)	2	3,028	3,076
Total specific user charges		3,028	3,076
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	3,029	2,494
Section 10.7 certificates (EP&A Act)	2	250	198
Section 603 certificates	2	162	124
Hoarding/crane permits	1	1,756	2,370
Total fees and charges – statutory/regulatory		5,197	5,186
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	1,298	833
Child care	2	4,144	4,101
Leaseback fees – Council vehicles	2	184	146
Park rents	1	389	294
Restoration charges	2	800	500
Room/facility hires	1	392	655
Admission and service fees	1	81	297
Bus shelter fees	1	1,439	1,432
Car parking fees	2	4,491	4,323
Car parking meter income	2	8,388	8,108
Road opening permits	2	504	317
Temporary truck zone permit	1	1,913	1,640
Other	2	1,538	1,542
Total fees and charges – other		25,561	24,188
Total user charges and fees		33,786	32,450
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,021	6,688
User charges and fees recognised at a point in time (2)		27,765	25,762
Total user charges and fees		33,786	32,450

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
Ex gratia rates	2	23	24
Fines	2	226	205
Fines – parking	2	10,777	8,468
Legal fees recovery – rates and charges (extra charges)	2	5	4

B2-3 Other revenue (continued)

\$ '000	Timing	2021	2020
Legal fees recovery – other	2	637	612
Insurance claims recoveries	2	26	288
Recycling income (non-domestic)	2	91	103
Sale of abandoned vehicles	2	31	16
Sales – general	2	1	88
Other	2	1,928	1,144
Total other revenue		13,745	10,952

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		13,745	10,952
Total other revenue		13,745	10,952

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	722	752	–	–
Financial assistance – local roads component	2	222	251	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	782	826	–	–
Financial assistance – local roads component	2	229	237	–	–
Amount recognised as income during current year		1,955	2,066	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Child care	2	4,015	4,255	–	–
Community care	2	214	383	–	–
Employment and training programs	2	246	42	–	–
Environmental programs	2	571	378	–	–
Library	2	56	56	–	–
Library – per capita	2	189	182	–	–
Recreation and culture - stronger community grant	1	–	–	946	1,003
Street lighting	2	193	193	–	–
Transport (roads to recovery)	2	278	278	–	–
Transport (other roads and bridges funding)	1	67	113	10,555	9,651
Other specific grants	2	112	22	–	–
Previously contributions:					
Community services	2	625	624	–	–
Other councils – joint works/services	2	783	824	–	–
Recreation and culture	2	6	75	–	–
Roads and bridges	2	354	259	366	–
Other contributions	2	–	–	550	–
Total special purpose grants and non-developer contributions – cash		7,709	7,684	12,417	10,654
Total special purpose grants and non-developer contributions (tied)		7,709	7,684	12,417	10,654
Total grants and non-developer contributions		9,664	9,750	12,417	10,654
Comprising:					
– Commonwealth funding		2,439	6,231	491	500
– State funding		1,441	1,650	11,010	10,154
– Other funding		5,784	1,869	916	–
		9,664	9,750	12,417	10,654

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	3,019	7,751
S 7.12 – fixed development consent levies		2	–	–	3,749	2,679
Total developer contributions – cash			–	–	6,768	10,430
Total developer contributions			–	–	6,768	10,430
Total contributions			–	–	6,768	10,430
Total grants and contributions			9,664	9,750	19,185	21,084
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	11,501	–
Grants and contributions recognised at a point in time (2)			9,664	9,750	7,684	21,084
Total grants and contributions			9,664	9,750	19,185	21,084

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	477	1,816	–	2,000
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	358	252	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	2,676	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(334)	(1,591)	–	(997)
Less: Funds received in prior year but revenue recognised and funds spent in current year				
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(946)	(1,003)
Unspent funds at 30 June	501	477	1,730	–
Contributions				
Unspent funds at 1 July	–	–	22,373	18,995
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	6,768	10,503
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(4,562)	(7,125)
Unspent contributions at 30 June	–	–	24,579	22,373

Accounting policy

Grant income under AASB 15

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

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

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

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

Grant income

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Contributions

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

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

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

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)	80	133
– Cash and investments	1,780	3,622
Fair value adjustments		
– Movements in investments at fair value through profit and loss	1,854	(372)
Total interest and investment income (losses)	3,714	3,383
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	80	133
General Council cash and investments	3,412	3,013

B2-5 Interest and investment income (continued)

\$ '000	2021	2020
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	–	75
Domestic waste management operations	206	139
Restricted investments/funds – internal:		
Internally restricted assets	16	23
Total interest and investment income	3,714	3,383

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Investment properties			
Lease income		2,831	2,631
Total Investment properties		2,831	2,631
Other lease income			
Other		2,535	3,985
Total Other lease income		2,535	3,985
Total rental income	C2-2	5,366	6,616
Total other income		5,366	6,616

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	55,640	56,532
Employee leave entitlements (ELE)	5,587	5,152
Superannuation	5,843	5,856
Workers' compensation insurance	3,100	3,326
Fringe benefit tax (FBT)	137	185
Other	230	157
Total employee costs	70,537	71,208
Less: capitalised costs	(2,259)	(1,086)
Total employee costs expensed	68,278	70,122
Number of 'full-time equivalent' employees (FTE) at year end	632	612

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		5,754	6,509
Contractor and consultancy costs		7,727	8,049
Contractor and consultancy costs (temporary staff)		796	2,404
Audit Fees	F2-1	87	83
Infringement notice contract costs (SEINS)		1,434	1,192
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	379	391
Advertising		309	437
Bank charges		687	770
Cleaning		2,073	1,749
Computer software charges		1,616	1,473
Electricity and heating		501	603
Insurance		1,452	1,282
Office expenses (including computer expenses)		273	253
Postage		188	172
Printing and stationery		512	523
Street lighting		793	827
Subscriptions and publications		366	384
Telephone and communications		152	141
Valuation fees		97	108
Travel expenses		201	209
Abandonment of fines by office of state debt recovery		1,007	1,048
Car park levy		134	138
Family day care subsidy		1,029	894
Land tax – crown land		620	638
Waste disposal charges		7,299	7,332
Water rates and charges		222	287
Strata Levy		313	332
Training costs (other than salaries and wages)		394	339
Other expenses		807	814
Legal expenses:			
– Legal expenses: planning and development		912	1,191
– Legal expenses: other		1,455	1,520
Variable lease expense relating to usage		1,143	1,033
Operating leases expense:			
Other (fuel and gas)		441	514
Total materials and services		41,173	43,639

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2021	2020
(i) Interest bearing liability costs		
Interest on leases	7	34
Interest on loans	75	94
Total interest bearing liability costs	82	128
Total interest bearing liability costs expensed	82	128
Total borrowing costs expensed	82	128

Accounting policy

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

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

\$ '000	Notes	2021	2020 Restated
Depreciation and amortisation			
Plant and equipment		1,919	2,098
Office equipment		275	351
Infrastructure:	C1-5		
– Buildings – non-specialised		3,024	3,015
– Buildings – specialised		3,906	3,882
– Other structures		514	782
– Roads		5,702	4,827
– Footpaths		1,672	1,470
– Stormwater drainage		904	1,186
– Other open space/recreational assets		2,744	2,600
Right of use assets	C2-1	429	414
Other assets:			
– Library books		225	227
– Other		127	127
Total depreciation and amortisation costs		21,441	20,979
Total depreciation, amortisation and impairment for non-financial assets		21,441	20,979

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-5 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Fair value decrement on investment properties			
Fair value decrement on investment properties		3,657	45,734
Total fair value decrement on investment properties	C1-6	3,657	45,734
Other			
Contributions/levies to other levels of government		12	24
– Department of planning levy		446	330
– Emergency services levy (includes FRNSW, SES, and RFS levies)		143	114
– NSW fire brigade levy		1,762	1,611
Donations, contributions and assistance to other organisations (Section 356)		685	870
Total other expenses		6,705	48,683

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 plant and equipment	C1-5		
Proceeds from disposal – plant and equipment		359	469
Less: carrying amount of plant and equipment assets sold/written off		(185)	(282)
Gain (or loss) on disposal		174	187
Gain (or loss) on disposal of infrastructure	C1-5		
Less: carrying amount of infrastructure assets sold/written off		(4,011)	(7,993)
Gain (or loss) on disposal		(4,011)	(7,993)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		113,750	141,200
Less: carrying amount of investments sold/redeemed/matured		(113,750)	(141,200)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(3,837)	(7,806)

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 30/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	64,943	65,151	208	0% F
User charges and fees	39,511	33,786	(5,725)	(14)% U
The lower User charges and fees mainly due to Child Care Benefits being allocated to Operating grants and contributions and Outdoor eating income was allocated to Other revenue.				
Other revenues	11,307	13,745	2,438	22% F
Higher Other revenues is driven by revenue for on-charging traffic control costs in relation to Bondi Beach Covid testing clinic to St Vincent which is not in the budget and parking fines received higher than expected.				
Operating grants and contributions	5,215	9,664	4,449	85% F
Higher Operating grants and contributions is due to Child Care Benefits being included in this category.				
Capital grants and contributions	16,673	19,185	2,512	15% F
Capital grant and contribution received higher than anticipated.				
Interest and investment revenue	2,348	3,714	1,366	58% F
Higher interest and investment revenue is driven by fair value movements on financial investments of \$1.85m.				
Other income	5,999	5,366	(633)	(11)% U
Lower other income was due to Covid relief fees waived on rent.				
EXPENSES				
Employee benefits and on-costs	68,297	68,278	19	0% F
Materials and services	22,855	41,173	(18,318)	(80)% U
Unfavourable variance in Materials and services is due to a large number of expenses being re-classified from Other expenses in FY20/21. Refer to note B3-2 for details.				
Depreciation, amortisation and impairment of non-financial assets	22,010	21,441	569	3% F
Other expenses	21,402	6,705	14,697	69% F
Favourable variance in Other expenses is due to a large number of expenses being re-classified to Materials and services. Refer to note B3-2 for details.				
Net losses from disposal of assets	(977)	3,837	(4,814)	493% U
Net losses from disposal of assets are largely from write off other infrastructure assets (other structure & other open space/recreational assets) and roads as a result from renewal/upgrade works.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
STATEMENT OF CASH FLOWS					
Cash flows from operating activities	32,715	35,398	2,683	8%	F
It is due to higher operating grants and contributions received during the year than budget.					
Cash flows from investing activities	(32,545)	(42,436)	(9,891)	30%	U
The actual cash outflows from investing activities is lower than the original budget largely due to Sale of investment securities.					
Cash flows from financing activities	(435)	(857)	(422)	97%	U
It is due to principal component of lease payments not in the budget.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	1,004	5,900
Cash-equivalent assets		
– Deposits at call	11,360	16,157
– Managed funds	15,966	14,168
Total cash and cash equivalents	28,330	36,225

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	28,330	36,225
Balance as per the Statement of Cash Flows	28,330	36,225

Accounting policy

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

C1-2 Financial investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's	30,777	–	33,421	–
Total	30,777	–	33,421	–
Debt securities at amortised cost				
Long term deposits	91,500	2,000	90,500	12,500
Total	91,500	2,000	90,500	12,500
Total financial investments	122,277	2,000	123,921	12,500
Total cash assets, cash equivalents and investments	150,607	2,000	160,146	12,500

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, 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.

Fair value through other comprehensive income – equity instruments

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

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

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

C1-2 Financial investments (continued)

Financial assets through profit or loss

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

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

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

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	150,607	2,000	160,146	12,500
attributable to:				
External restrictions	36,622	2,000	18,743	12,500
Internal restrictions	103,778	–	128,765	–
Unrestricted	10,207	–	12,638	–
	150,607	2,000	160,146	12,500

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	1,730	–
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External restrictions – included in liabilities

	1,730	–
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External restrictions – other

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

Developer contributions – general	24,579	22,373
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Specific purpose unexpended grants (recognised as revenue) – general fund	501	477
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Stormwater management	492	–
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Domestic waste management	11,320	8,393
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External restrictions – other	36,892	31,243
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Total external restrictions

	38,622	31,243
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Internal restrictions

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

Plant and vehicle replacement	4,955	4,148
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SAMP Infrastructure	12,863	11,645
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Employees leave entitlement	5,636	5,040
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Carry over works	7,965	9,422
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Deposits, retentions and bonds	16,290	13,162
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Affordable housing	1,910	1,886
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Cemeteries	583	872
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Election	450	307
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Centralised reserve	6,865	7,714
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IT Information	1,998	2,613
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Property Investment strategy	33,292	61,389
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Looking good	–	53
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Parking meters	1,923	2,571
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Car Park Parking	2,296	1,540
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Social housing	551	534
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Unexpended loans	51	51
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Other	6,150	5,818
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Total internal restrictions	103,778	128,765
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Total restrictions

	142,400	160,008
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	1,904	675	2,300	670
Interest and extra charges	91	237	145	193
User charges and fees	1,877	–	1,763	–
Accrued revenues				
– Interest on investments	290	–	669	–
– Other income accruals	234	–	258	–
Government grants and subsidies	8,141	–	3,453	–
Net GST receivable	1,740	–	786	–
Parking fines	2,489	2,009	933	1,730
Total	16,766	2,921	10,307	2,593
Less: provision of impairment				
User charges and fees	(57)	–	(181)	–
Parking fines	–	(1,383)	–	(1,383)
Total provision for impairment – receivables	(57)	(1,383)	(181)	(1,383)
Total net receivables	16,709	1,538	10,126	1,210
Externally restricted receivables				
Domestic waste management	1,099	355	1,193	281
Total external restrictions	1,099	355	1,193	281
Unrestricted receivables	15,610	1,183	8,933	929
Total net receivables	16,709	1,538	10,126	1,210

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	1,564	1,472
– amounts already provided for and written off this year	(52)	(17)
– Provision recognised/(reduced) during the year	(72)	109
Balance at the end of the year	1,440	1,564

Accounting policy

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

Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or

C1-4 Receivables (continued)

- the financial assets (for non-rates debtors) are more than 90 days past due.

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over one years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

Accounting policy under AASB 139

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	Restated 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)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	21,976	–	21,976	39,446	–	(1,087)	–	(15,217)	–	–	45,118	–	45,118
Plant and equipment	21,535	(12,045)	9,490	–	819	(185)	(1,919)	–	–	–	21,774	(13,569)	8,205
Office equipment	11,014	(9,928)	1,086	8	61	–	(275)	–	–	–	11,083	(10,203)	880
Land:													
– Crown land	156,201	–	156,201	–	–	–	–	–	–	–	156,201	–	156,201
– Operational land	78,811	–	78,811	–	–	–	–	–	–	–	78,811	–	78,811
– Community land	101,142	–	101,142	–	–	–	–	–	–	–	101,142	–	101,142
Infrastructure:													
– Buildings – non-specialised	125,520	(46,962)	78,558	501	–	–	(3,024)	–	–	–	126,022	(49,987)	76,035
– Buildings – specialised	125,243	(70,926)	54,317	971	1,085	–	(3,906)	2,516	–	–	129,815	(74,832)	54,983
– Other structures	29,717	(11,902)	17,815	524	676	(527)	(514)	910	(318)	(295)	28,631	(10,360)	18,271
– Roads	430,657	(208,480)	222,177	5,807	697	(1,568)	(5,702)	7,029	–	–	441,091	(212,651)	228,440
– Footpaths	59,358	(25,681)	33,677	476	401	(182)	(1,672)	3,731	–	–	63,506	(27,075)	36,431
– Stormwater drainage	126,110	(51,102)	75,008	286	1,079	(92)	(904)	84	–	–	127,411	(51,950)	75,461
– Other open space/recreational assets	147,384	(60,625)	86,759	1,627	3,051	(555)	(2,744)	947	318	1,027	165,120	(74,690)	90,430
Other assets:													
– Library books	3,983	(2,793)	1,190	–	202	–	(225)	–	–	–	4,185	(3,018)	1,167
– Other	6,196	(2,358)	3,838	–	–	–	(127)	–	–	–	6,197	(2,486)	3,711
Total infrastructure, property, plant and equipment	1,444,847	(502,802)	942,045	49,646	8,071	(4,196)	(21,012)	–	–	732	1,506,107	(530,821)	975,286

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

C1-5 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	Restated 1 July 2019			Asset movements during the reporting period							Restated 30 June 2020		
	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)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	9,538	–	9,538	17,764	–	(1,401)	–	(3,925)	–	–	21,976	–	21,976
Plant and equipment	21,917	(11,039)	10,878	–	992	(282)	(2,098)	–	–	–	21,535	(12,045)	9,490
Office equipment	10,878	(9,576)	1,302	–	135	–	(351)	–	–	–	11,014	(9,928)	1,086
Land:													
– Operational land	78,811	–	78,811	–	–	–	–	–	–	–	78,811	–	78,811
– Community land	95,029	–	95,029	–	–	–	–	–	–	6,113	101,142	–	101,142
– Crown land	180,398	–	180,398	–	–	–	–	–	–	(24,197)	156,201	–	156,201
Infrastructure:													
– Buildings – non-specialised	124,558	(44,092)	80,466	908	–	(162)	(3,015)	361	–	–	125,520	(46,962)	78,558
– Buildings – specialised	124,062	(67,331)	56,731	312	320	(144)	(3,882)	980	–	–	125,243	(70,926)	54,317
– Other structures	27,335	(11,121)	16,214	741	1,371	(1)	(782)	272	–	–	29,717	(11,902)	17,815
– Roads	351,119	(145,422)	205,697	3,114	4,808	(4,074)	(4,827)	341	(856)	17,974	430,657	(208,480)	222,177
– Footpaths	51,894	(15,430)	36,464	1,667	1,940	(724)	(1,470)	456	–	(4,656)	59,358	(25,681)	33,677
– Stormwater drainage	138,517	(47,535)	90,982	1,264	485	(581)	(1,186)	1,186	–	(17,142)	126,110	(51,102)	75,008
– Other open space/recreational assets	144,420	(58,713)	85,707	1,804	2,440	(869)	(2,600)	277	–	–	147,384	(60,625)	86,759
Other assets:													
– Library books	3,781	(2,566)	1,215	–	202	–	(227)	–	–	–	3,983	(2,793)	1,190
– Other	4,368	(1,304)	3,064	82	–	(37)	(127)	–	856	–	6,196	(2,358)	3,838
Total infrastructure, property, plant and equipment	1,366,625	(414,129)	952,496	27,656	12,693	(8,275)	(20,565)	(52)	–	(21,908)	1,444,847	(502,802)	942,045

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

C1-5 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Other Assets		Stormwater assets	
Library Books	5 to 10	Drains	80 to 100
Other	5 to 100	Culverts	50 to 80
		Flood control structures	80 to 100
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	100
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60	Seawall	120
Kerb, gutter and footpaths	40		

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

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

Crown reserves

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

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.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
Domestic waste management						
Plant and equipment	14,688	7,985	6,703	13,399	6,710	6,689
Total domestic waste management	14,688	7,985	6,703	13,399	6,710	6,689
Total restricted infrastructure, property, plant and equipment	14,688	7,985	6,703	13,399	6,710	6,689

C1-6 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	110,785	113,910
Total owned investment property	110,785	113,910
Owned investment property		
At fair value		
Opening balance at 1 July	113,910	158,474
Capitalised subsequent expenditure	532	1,118
Net gain/(loss) from fair value adjustments	(3,657)	(45,734)
– Transfers from/(to) owner occupied (Note C1-5)	–	52
Closing balance at 30 June	110,785	113,910

Accounting policy

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

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings for staff office and sub-depots. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

These leases have between 1 and 5 years.

(a) Right of use assets

\$ '000	Property, Plant & Equipment	Total
2021		
Opening balance at 1 July	1,206	1,206
Depreciation charge	(429)	(429)
Balance at 30 June	777	777
2020		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	1,620	1,620
Depreciation charge	(414)	(414)
Balance at 30 June	1,206	1,206

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	429	407	405	852
Total lease liabilities	429	407	405	852

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	429	849	–	1,278	836
2020					
Cash flows	363	1,341	–	1,704	1,257

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	7	34
Variable lease payments based on usage not included in the measurement of lease liabilities	1,143	1,033
Depreciation of right of use assets	429	414

C2-1 Council as a lessee (continued)

	1,579	1,481
\$ '000	2021	2020
(e) Statement of Cash Flows		
Total cash outflow for leases	(421)	(363)
	(421)	(363)

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes.

\$ '000	2021	2020
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	2,831	2,631

continued on next page ...

C2-2 Council as a lessor (continued)

\$ '000	2021	2020
Total income relating to operating leases for investment property assets	2,831	2,631
Operating lease expenses		
Direct operating expenses that generated rental income	(2,283)	(2,292)
Direct operating expenses that did not generate rental income	(460)	(509)
Total expenses relating to operating leases	(2,743)	(2,801)

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	2,535	3,985
Total income relating to operating leases for Council assets	2,535	3,985

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

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

< 1 year	3,586	3,645
1–2 years	1,884	3,409
2–3 years	746	1,728
3–4 years	676	709
4–5 years	592	540
> 5 years	5,433	5,821
Total undiscounted lease payments to be received	12,917	15,852

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	8,544	–	4,219	–
Goods and services – capital expenditure	6,737	–	5,281	–
Accrued expenses:				
– Borrowings	16	–	19	–
– Salaries and wages	–	–	1,649	–
– Other expenditure accruals	1,600	–	1,680	–
Security bonds, deposits and retentions	1,589	–	1,317	–
Builders deposits	14,701	–	11,846	–
Other	188	–	159	–
Prepaid rates	558	–	499	–
Total payables	33,933	–	26,669	–
Income received in advance				
Payments received in advance	252	–	618	–
Total income received in advance	252	–	618	–
Total payables	34,185	–	27,287	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Domestic waste management	829	–	51	–
Payables relating to externally restricted assets	829	–	51	–
Total payables relating to restricted assets	829	–	51	–
Total payables relating to unrestricted assets	33,356	–	27,236	–
Total payables	34,185	–	27,287	–

C3-1 Payables (continued)

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	14,701	11,846
Total payables	14,701	11,846

Accounting policy

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

Payables

Payables 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

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,653	–	997	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	77	–	–	–
Total grants received in advance		1,730	–	997	–
Upfront fees	(iii)	247	–	–	–
Total user fees and charges received in advance		247	–	–	–
Total contract liabilities		1,977	–	997	–

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) Operating grants received in advance. The revenue is expected to be recognised in the next 12 months.

(iii) These are mainly from upfront income for roads restorations, car parks, library and bus shelter.

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,730	–	–	–
Contract liabilities relating to externally restricted assets	1,730	–	–	–

C3-2 Contract Liabilities (continued)

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total contract liabilities relating to restricted assets	1,730	-	-	-
Total contract liabilities relating to unrestricted assets	247	-	997	-
Total contract liabilities	1,977	-	997	-

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)	946	1,003
Total revenue recognised that was included in the contract liability balance at the beginning of the period	946	1,003

Accounting policy

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

C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured ¹	447	2,040	435	2,488
Total borrowings	447	2,040	435	2,488

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

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

Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total borrowings relating to unrestricted assets	447	2,040	435	2,488
Total borrowings	447	2,040	435	2,488

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,923	(436)	-	-	-	-	2,487
Lease liability (Note C2-1b)	1,257	(421)	-	-	-	-	836

C3-3 Borrowings (continued)

Total liabilities from financing activities	4,180	(857)	-	-	-	-	3,323
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	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	3,346	(423)	-	-	-	-	2,923
Lease liability (Note C2-1b)	1,620	(363)	-	-	-	-	1,257
Total liabilities from financing activities	4,966	(786)	-	-	-	-	4,180

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	30	30
Total financing arrangements	280	280
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	30	30
Total undrawn financing arrangements	280	280

(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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	6,652	-	6,223	-
Sick leave	1,532	-	1,677	-
Long service leave	7,825	1,342	7,929	1,125
Gratuities	387	-	401	-
Time off in lieu	145	-	187	-
Total employee benefit provisions	16,541	1,342	16,417	1,125

Employee benefit provisions relating to restricted assets

Externally restricted assets

C3-4 Employee benefit provisions (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Domestic Waste Management	1,357	282	1,535	312
Employee benefit provisions relating to externally restricted assets	1,357	282	1,535	312
Total employee benefit provisions relating to restricted assets	1,357	282	1,535	312
Total employee benefit provisions relating to unrestricted assets	15,184	1,060	14,882	813
Total employee benefit provisions	16,541	1,342	16,417	1,125

C3-4 Employee benefit provisions (continued)

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	<u>11,338</u>	<u>11,284</u>
	11,338	11,284

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
2021					
At beginning of year	6,223	1,677	9,054	588	17,542
Additional provisions	4,327	–	1,135	125	5,587
Amounts used (payments)	(3,898)	(145)	(1,022)	(181)	(5,246)
Total ELE provisions at end of year	<u>6,652</u>	<u>1,532</u>	<u>9,167</u>	<u>532</u>	<u>17,883</u>
2020					
At beginning of year	5,451	1,669	8,233	693	16,046
Additional provisions	3,620	8	1,484	40	5,152
Amounts used (payments)	(2,848)	–	(663)	(145)	(3,656)
Total ELE provisions at end of year	<u>6,223</u>	<u>1,677</u>	<u>9,054</u>	<u>588</u>	<u>17,542</u>

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Interests in other entities

D1-1 Interests in joint arrangements

(i) Joint operations

	Principal activity
(a) Council is involved in the following joint operations (JO's)	
Name of joint operation:	
Bourke Road Integrated Facility	Council main depot operation

Council assets employed in the joint operations

\$ '000	2021	2020
Council's own assets employed in the operations		
Current assets:		
Receivables	112	148
Non-current assets		
Property, plant and equipment	17,695	18,025
Total assets – Council owned	17,807	18,173
Total net assets employed – Council and jointly owned	17,807	18,173

Accounting policy

The council has determined that it has only joint operations.

Joint operations:

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

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

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

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	28,330	36,225	28,330	36,225
Receivables	18,247	11,336	18,247	11,336
Investments				
– Debt securities at amortised cost	93,500	103,000	93,500	103,000
Fair value through profit and loss				
Investments				
– Held for trading	30,777	33,421	30,777	33,421
Total financial assets	170,854	183,982	170,854	183,982
Financial liabilities				
Payables	33,933	26,669	33,933	26,669
Loans/advances	2,487	2,923	2,487	2,923
Total financial liabilities	36,420	29,592	36,420	29,592

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

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

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

The risks associated with the instruments held are:

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

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
<p>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.</p>		
<p>Impact of a 1% movement in interest rates</p>		
– Equity / Income Statement	1,526	1,726
<p>Impact of a 10% movement in price of investments</p>		
– Equity / Income Statement	3,078	3,342

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. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

Credit risk profile

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	–	2,579	–	–	–	2,579
2020						
Gross carrying amount	–	2,970	–	–	–	2,970

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	11,488	1,301	298	144	3,877	17,108
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	37.14%	8.42%
ECL provision	–	–	–	–	1,440	1,440
2020						
Gross carrying amount	5,481	1,002	153	170	3,124	9,930
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	50.06%	15.75%
ECL provision	–	–	–	–	1,564	1,564

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	16,290	17,085	–	–	33,375	33,375
Loans and advances	2.68%	–	447	2,040	–	2,487	2,487
Total financial liabilities		16,290	17,532	2,040	–	35,862	35,862
2020							
Trade/other payables	0.00%	13,162	13,008	–	–	26,170	26,170
Loans and advances	2.68%	–	435	2,364	124	2,923	2,923
Total financial liabilities		13,162	13,443	2,364	124	29,093	29,093

Loan agreement breaches

Detail here any breaches to loan agreements which have occurred during the reporting year.

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 measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020 Restated	2021	2020 Restated
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		30,777	33,421	–	–	30,777	33,421
Investment property							
Investment properties	C1-6	110,785	113,910	–	–	110,785	113,910
Total investment property		110,785	113,910	–	–	110,785	113,910
Infrastructure, property, plant and equipment							
Buildings – non-specialised	C1-5	–	–	76,035	78,558	76,035	78,558
Buildings special		–	–	54,983	54,317	54,983	54,317
Community land		–	–	101,142	101,142	101,142	101,142
Crown Land		–	–	156,201	156,201	156,201	156,201
Operational land		–	–	78,811	78,811	78,811	78,811
Footpaths		–	–	36,431	33,677	36,431	33,677
Roads		–	–	228,440	222,177	228,440	222,177
Stormwater drainage		–	–	75,461	75,008	75,461	75,008
Office equipment and furniture		–	–	880	1,086	880	1,086
Plant and equipment		–	–	8,205	9,490	8,205	9,490
Open space and recreation		–	–	90,430	86,759	90,430	86,759
Library books and resources		–	–	1,167	1,190	1,167	1,190
Other structures		–	–	18,271	17,815	18,271	17,815
Other assets		–	–	3,711	3,838	3,711	3,838
Total infrastructure, property, plant and equipment		–	–	930,168	920,069	930,168	920,069

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).

E2-1 Fair value measurement (continued)

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

Financial assets

At fair value through profit and loss are represented by Floating Rate Notes, Covered Bonds and Term Deposits. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced base on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset.

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

Investment property

The valuation of Council's investment properties was undertaken at June 2021 by APV Valuers & Asset Management,

Investment properties such as commercial units, commercial terraces and retail shops have been valued as market value, having regard to the "highest and best use", taking in consideration the criteria of physical possibility, legal permissibility and financial feasibility. Implied within these criteria is the recognition of the contribution of that specific use to community environment or to community development goals, in addition to wealth maximisation to the individual owner.

The valuation technique utilised is Level 2 inputs (observable inputs), where applicable, included:

- Current rental income
- Rent reviews
- Capitalisation rate
- Price per square metre
- Direct comparison to sales evidence
- Zoning
- Location
- Land area and configuration
- Planning controls

Other investment properties such as public car park and shopping centre office space have been valued using Cost approach with Level 3 valuation inputs in the past. There has been a change to the valuation process by using Market approach with Level 2 valuation inputs as described above in 2019/20 financial year.

Infrastructure, property, plant and equipment (IPPE)

Operational Land

The asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at June 2017 and was performed by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation input. There has been no change to the valuation process during the reporting period.

Community Land and Crown Land

Valuations of all Council's Community Land and Council managed land were based on either the land value provided by the Valuer-General or an average unit rate based on land value for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Buildings – Non Specialised and Specialised

E2-1 Fair value measurement (continued)

Council's buildings are valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2017.

The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

Roads

The roads asset class includes roads, defined as the trafficable portion of a road, between but not including the kerb and gutter. It also includes "other roads" assets including Bridges, Carparks, Kerb and Gutter and Traffic facilities.

The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period

Footpaths

The 'Cost Approach' using Level 3 inputs was used to value footpaths. Valuation for the footpath was based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit on similar could be supported from market evidence (Level 2) other inputs) such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Trucks, tractors, ride on mowers, street sweepers, earthmoving equipment, buses and motor vehicles
- Office Equipment Refrigerators, electronic appliances, flat-screen monitors and computer equipment
- Furniture & Fittings Chairs, desks and display systems.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Other Open Space / Recreational Assets

Assets within this class comprise Soft Fall Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. All assets in this class were valued in-house by experienced engineering & asset management staff. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Library Books and Resources

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class comprises Mall Light, Shade Structure, Flag Pole, Planter Boxes and Garden Beds.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. As such there assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Assets

This asset class comprises trees and other miscellaneous assets.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. As such there assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Buildings	131,018	Non-Specialised Buildings: Market Value Specialised Buildings: Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Community Land and Crown Land	257,343	Land values obtained from the NSW Valuer-General	* Price Per square metre
Operational Land	78,811	Market Value	* Price Per square metre
Footpaths	36,431	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Roads	228,440	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Stormwater Drainage	75,461	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Plant & Equipment	8,205	Historical Cost	* Gross replacement cost * Remaining useful life
Office Equipment	880	Historical Cost	* Gross replacement cost * Remaining useful life
Open Space & Recreation	90,430	Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Library Books	1,167	Historical Cost	* Gross replacement cost * Remaining useful life
Other Structures	18,271	Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Other Assets	3,711	Historical Cost	* Gross replacement cost * Remaining useful life

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

\$ '000	Buildings		Land		Plant & equipment		Infrastructure	
	2021	2020	2021	2020	2021	2020	2021	2020 Restated
Opening balance	132,875	137,197	336,154	354,238	10,576	12,180	435,436	435,065
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	(18,084)	–	–	732	(3,823)
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	–	–	(856)
Purchases (GBV)	5,073	2,880	–	–	888	1,127	27,325	22,204
Disposals (WDV)	–	(305)	–	–	(185)	(282)	(2,924)	(6,249)
Depreciation and impairment	(6,930)	(6,897)	–	–	(2,194)	(2,449)	(11,536)	(10,905)
Closing balance	131,018	132,875	336,154	336,154	9,085	10,576	449,033	435,436

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Other assets		Total	
	2021	2020	2021	2020 Restated
Opening balance	5,028	4,279	920,069	1,101,433
Recognised in other comprehensive income – revaluation surplus	–	–	732	(21,907)
Transfers from/(to) level 2 FV hierarchy	–	–	–	(158,474)
Transfers from/(to) another asset class	–	856	–	–
Purchases (GBV)	202	246	33,488	26,457
Disposals (WDV)	–	(37)	(3,109)	(6,873)
Depreciation and impairment	(352)	(316)	(21,012)	(20,567)
Closing balance	4,878	5,028	930,168	920,069

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 – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

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 \$681,195.14. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2020, and covers the period ended 30 June 2021.

E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$448,500. Council's expected contribution to the plan for the next annual reporting period is \$682,685.64.

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 1.12%.

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

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

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

* Plus promotional increases

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

(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.

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) 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	2,235	2,152
Post-employment benefits	127	125
Other long-term benefits	152	79
Total	2,514	2,356

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2021						
Grants & Contributions Provided to Waverley Action for Youth Services	1	86	-		-	-
Subsidised Property Rental from Waverley Action for Youth Services	2	13	-		-	-
2020						
Grants & Contributions Provided to Waverley Action for Youth Services	1	86	-		-	-
Subsidised Property Rental from Waverley Action for Youth Services	2	12	-		-	-

1 Council Provides a Community Grants Program to ensure the delivery of a range of services to the local community. A KMP is a member of the management committee of one of its supported Community Organisations - Waverley Action For Youth Services.

2 A KMP is member of the Waverley Action For Youth Services (WAYS) management committee. WAYS rents two properties for its operation from Council and Council provides rental subsidies of \$60k annually to WAYS for the two property leases. WAYS paid the Council at \$13k of rent and utility expenses in 2020/21.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	237	243
Other Councillors' expenses (including Mayor)	98	104
Total	379	391

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	87	83
Remuneration for audit and other assurance services	87	83

Total Auditor-General remuneration	87	83
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Total audit fees	87	83
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020 Restated
Net operating result from Income Statement	9,095	(43,719)
Adjust for non-cash items:		
Depreciation and amortisation	21,441	20,979
Net losses/(gains) on disposal of assets	3,837	7,806
Adoption of AASB 15/1058	-	(2,000)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(1,854)	372
– Investment property	3,657	45,734
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(6,787)	(2,120)
Increase/(decrease) in provision for impairment of receivables	(124)	92
Decrease/(increase) in other current assets	(630)	142
Increase/(decrease) in payables	4,325	678
Increase/(decrease) in accrued interest payable	(3)	5
Increase/(decrease) in other accrued expenses payable	(1,729)	1,808
Increase/(decrease) in other liabilities	2,849	509
Increase/(decrease) in contract liabilities	980	997
Increase/(decrease) in provision for employee benefits	341	1,496
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	35,398	32,779

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	29,258	4,962
Plant and equipment	503	153
Infrastructure	10,319	27,673
Total commitments	40,080	32,788
These expenditures are payable as follows:		
Later than one year and not later than 5 years	353	6,208
Within the next year	39,727	26,580
Total payable	40,080	32,788
Sources for funding of capital commitments:		
Unrestricted general funds	853	699
Future grants and contributions	8,866	15,793
Section 7.11 and 64 funds/reserves	609	4,467
Unexpended grants	707	477
Externally restricted reserves	36	207
Internally restricted reserves	29,009	11,145
Total sources of funding	40,080	32,788

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Infrastructure, property, plant and equipment revaluation reserve

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

Nature of prior-period error

A comprehensive condition assessment for the Other Structure and Open Space & Recreation asset classes were completed during the 2020/21 financial year. This condition assessment identified that it was highly likely that there was a material difference between the carrying value and fair value. Council then completed a revaluation of the asset class in accordance with relevant accounting standards and OLG code of accounting practice. The material difference occurred for the seawall and ocean pool sub-classes.

These seawalls have historically not been recorded in Council's Asset Register. These assets were first recorded in the Register and was triggered by the recent works above the capitalisation threshold. Before the 2021 fair valuation process, the WDV for these assets was \$2.15 million (for 1,150 square metres). In the June 2021 fair valuation process, 4,674 square meters of seawalls were identified and should be recorded in the Register, valued at \$14.32 million WDV as at 21 June 2021. This equates to a material difference of \$12.17 million as at 30 June 2021.

Council also owns several ocean pools. Like seawalls, these assets were not all historically recorded in Council's Asset Register. In the 2021 FV process, Bronte Ocean Pool was identified and its value only captured due to the recent renewal works which had been carried out in June 2018, 2019, and 2020 respectively. It has a written down value (WDV) of \$0.31 million. The 2021 FV estimate of the Bronte Ocean Pool is \$3.96 million. This equates to a difference of \$3.64 million as at 30 June 2021.

These errors were corrected by restating the balances of Infrastructure, Property, Plant and Equipment and the Asset Revaluation Reserve at the beginning of the earliest comparative period, 1 July 2019 financial year. As a result, the opening balance for both items was increased by \$16.41 million dollars.

Depreciation expense for the 2019/20 financial year was also revised to account for the increase in fair value of the Infrastructure asset. Depreciation expense for the 2019/20 financial year was increased by \$0.3 million dollars to \$20.7 million dollars in total. As a result, the net operating result for the year was reduced by \$0.3 million dollars to \$43.7 million dollars.

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

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

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Infrastructure, property, plant and equipment	936,082	16,414	952,496
Total assets	1,283,495	16,414	1,299,909
Total liabilities	43,085	–	43,085
Revaluation reserves	531,392	16,414	547,806
Total equity	1,240,410	16,414	1,256,824

G4-1 Correction of errors (continued)

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

Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Infrastructure, property, plant and equipment	925,932	16,113	942,045
Total assets	1,225,090	16,113	1,241,203
Total liabilities	50,006	–	50,006
Accumulated surplus	665,600	(301)	665,299
Revaluation reserves	509,484	16,414	525,898
Total equity	1,175,084	16,113	1,191,197

Income Statement

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Total income from continuing operations	147,638	–	147,638
Depreciation and amortisation	20,678	301	20,979
Total expenses from continuing operations	191,056	301	191,357
Net operating result for the year	(43,418)	(301)	(43,719)

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Net operating result for the year	(43,418)	(301)	(43,719)
Total comprehensive income for the year	(65,326)	(301)	(65,627)

G5 Statement of developer contributions as at 30 June 2021

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 levies – under a plan	3,207	3,749	–	–	(3,435)	–	3,521	–
Total S7.11 and S7.12 revenue under plans	3,207	3,749	–	–	(3,435)	–	3,521	–
S7.4 planning agreements	19,166	3,019	–	–	(1,127)	–	21,058	–
Total contributions	22,373	6,768	–	–	(4,562)	–	24,579	–

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.

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 LEVIES – UNDER A PLAN								
Roads	3,207	3,749	–	–	(3,435)	–	3,521	–
Total	3,207	3,749	–	–	(3,435)	–	3,521	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	2020 Restated	Indicators 2019	2018	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4,450)	(3.43)%	(8.58)%	0.78%	1.76%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	129,572					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	119,908	80.61%	79.17%	87.31%	86.65%	> 60.00%
Total continuing operating revenue	148,757					
3. Unrestricted current ratio						
Current assets less all external restrictions	130,285	5.51x	7.22x	11.13x	10.15x	> 1.50x
Current liabilities less specific purpose liabilities	23,624					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	17,073	18.18x	11.18x	42.77x	23.78x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	939					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	2,907	4.24%	5.06%	2.84%	3.11%	< 5.00%
Rates and annual charges collectable	68,544					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	121,830	12.40 mths	13.38 mths	15.22 mths	14.82 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	9,823					

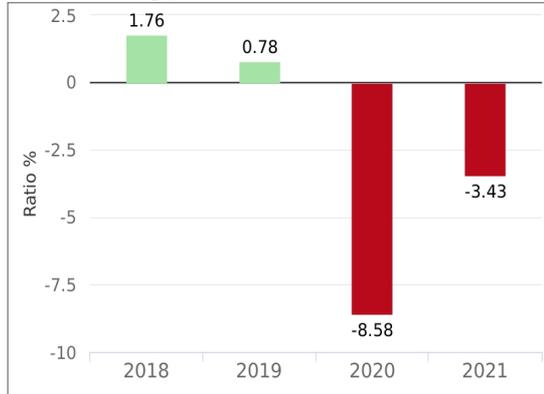
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio (3.43)%

In 2020/21 financial year, Council's operating performance has continuously been impacted by COVID-19. Council has experienced revenue loss from investment income and COVID relief package, at the same time, Council is proactively managing its costs. Consequently, the operating performance ratio has improved from 2019/20, but is still not meeting the industry benchmark of 0.00% for FY2020/21.

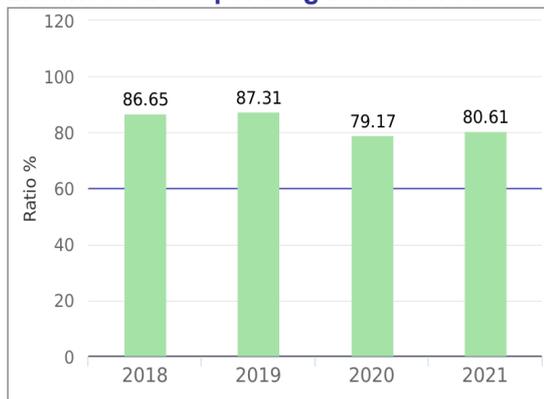
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 80.61%

The ratio compares well with the industry benchmark of greater than 60.00%, it shows Waverley Council is less reliant on external funding sources to carry out its services & activities.

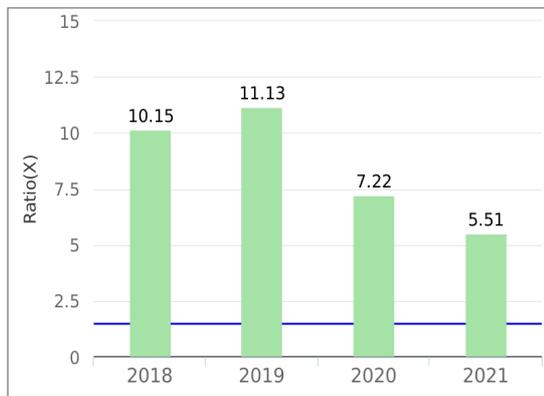
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 5.51x

Council's liquidity remains strong with sufficient liquid assets on hand to meeting short term obligations as they fall due. It compares well against the industry benchmark of 1.50x.

Benchmark: — > 1.50x

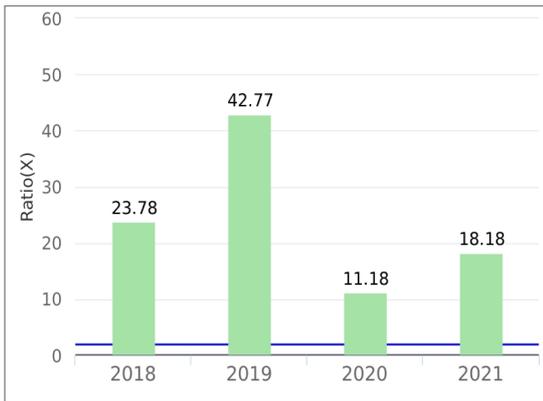
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 18.18x

This ratio shows that Waverley Council has strong capacity to repay additional debt and provides a favorable comparison with the industry benchmark of greater than 2.00x.

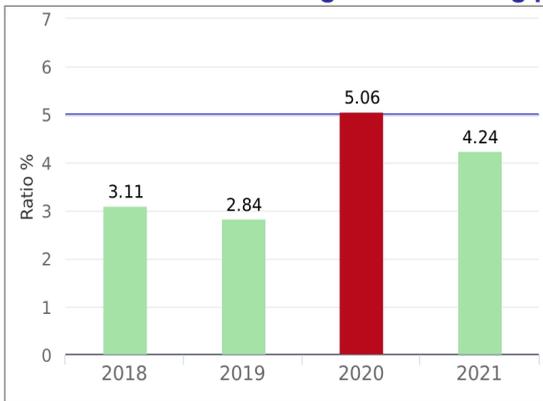
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 4.24%

The ratio compares well with the industry benchmark of less than 5.00%.

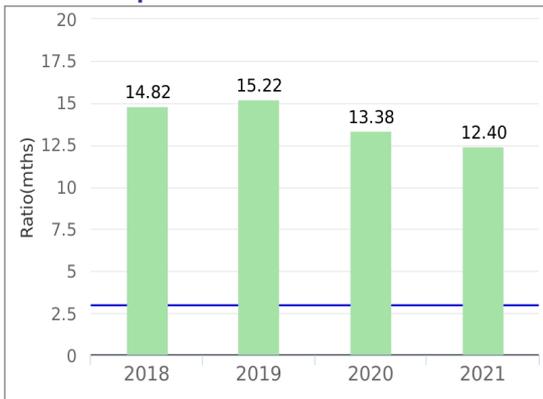
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 12.40 mths

This ratio compares favorably with the industry benchmark of greater than 3.00 months.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
Inflows:					
Rates and annual charges revenue	65,151	63,403	61,429	59,366	57,375
User charges revenue	33,786	32,450	37,278	35,575	34,230
Interest and investment revenue (losses)	3,714	3,383	5,266	4,583	4,481
Grants income – operating and capital	22,081	20,404	10,858	7,785	9,468
Total income from continuing operations	150,611	147,638	141,037	144,113	138,106
Sale proceeds from IPPE	359	469	992	845	5,729
New loan borrowings and advances	–	–	–	–	2,200
Outflows:					
Employee benefits and on-cost expenses	68,278	70,122	63,857	55,865	58,268
Borrowing costs	82	128	90	120	142
Materials and contracts expenses	41,173	43,639	21,666	22,387	22,975
Total expenses from continuing operations	141,516	191,357	133,537	127,000	126,933
Total cash purchases of IPPE	56,261	37,703	19,978	20,310	24,268
Total loan repayments (incl. finance leases)	865	786	412	815	960
Operating surplus/(deficit) (excl. capital income)	(10,090)	(64,803)	(1,911)	6,742	2,510
Financial position figures					
Current assets	168,006	170,332	163,095	161,567	153,157
Current liabilities	53,579	45,541	37,438	37,240	36,741
Net current assets	114,427	124,791	125,657	124,327	116,416
Available working capital (Unrestricted net current assets)	(4,150)	(3,750)	5,892	4,882	6,811
Cash and investments – unrestricted	10,207	12,638	7,779	8,996	6,970
Cash and investments – internal restrictions	103,778	128,765	141,958	140,107	132,690
Cash and investments – total	152,607	172,646	179,429	171,783	157,727
Total borrowings outstanding (loans, advances and finance leases)	2,487	2,923	3,346	3,758	4,573
Total value of IPPE (excl. land and earthworks)	1,326,154	1,264,894	1,157,203	1,145,220	1,135,009
Total accumulated depreciation	530,821	502,802	394,961	379,029	364,101
Indicative remaining useful life (as a % of GBV)	60%	60%	66%	67%	68%

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

H1-3 Council information and contact details

Principal place of business:

Customer Service Centre, 55 Spring Street Bondi Junction

Contact details

PO Box 9
Bondi Junction
NSW 1355

Telephone: 02 9083 8000

Opening hours:

9:00am - 5:00pm
Monday to Friday

Internet: www.waverley.nsw.gov.au

Email: info@waverley.nsw.gov.au

Officers

Emily Scott

General Manager

Evan Hutchings

Responsible Accounting Officer

Public Officer

Evan Hutchings

Auditors

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

Elected members

Paula Masselos

Mayor

Councillors

Cr Angela Burrill

Cr Dominic Wy Kanak

Cr Elaine Keenan

Cr John Wakefield

Cr George Copeland

Cr Leon Glotsman

Cr Sally Betts

Cr Steve Lewis

Cr Tony Kay

Cr Will Nemesh

Other information

ABN: 12 502 583 608



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

To the Councillors of the Waverley Council

Opinion

I have audited the accompanying financial statements of Waverley 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.



Caroline Karakatsanis
Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY



Cr Paula Masselos
 Mayor
 Waverley Council
 PO Box 9
 BONDI JUNCTION NSW 1355

Contact: Caroline Karakatsanis
 Phone no: 02 9275 7143
 Our ref: D2123009/1804

29 October 2021

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020* \$m	Variance %
Rates and annual charges revenue	65.2	63.4	↑ 2.8
Grants and contributions revenue	28.8	30.8	↓ 6.5
Operating result from continuing operations	9.1	(43.7)	↑ 120.8
Net operating result before capital grants and contributions	(10.1)	(64.8)	↑ 84.4

* The 2020 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Council's operating result (\$9.1 million including the effect of depreciation and amortisation expense of \$21.4 million) was \$52.8 million higher than the 2019–20 result. This was mainly due to the movement in the value of investment properties, which decreased by \$3.7 million compared to a reduction of \$45.7 million in 2019–20.

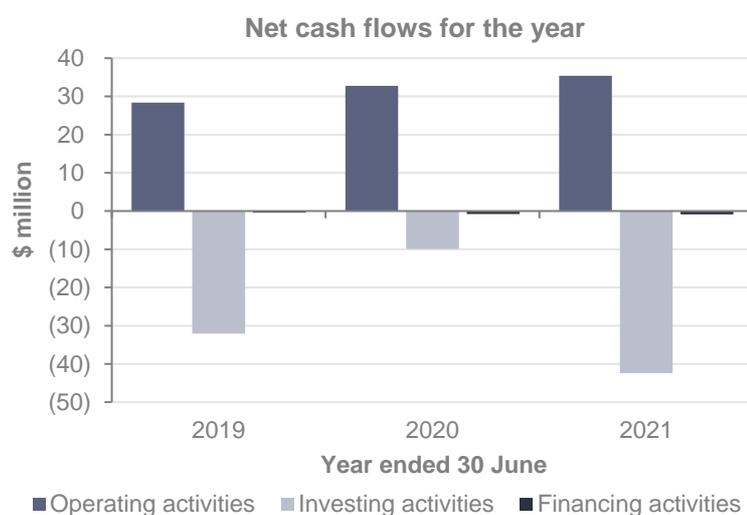
The net operating result before capital grants and contributions (deficit of \$10.1 million) was \$54.7 million higher than the 2019–20 result. This was due to the movement in investment properties noted above.

Rates and annual charges revenue (\$65.2 million) increased by \$1.8 million (2.8 per cent) in 2020–2021.

Grants and contributions revenue (\$28.8 million) decreased by \$2 million (6.5 per cent) in 2020–2021 mainly due to a reduction in receipts from developer contributions.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$7.9 to \$28.3 million at 30 June 2021.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	152.6	172.6	• External restrictions include unspent specific purpose grants, developer contributions, and domestic waste management charges.
Restricted cash and investments:			• Balances are internally restricted due to Council policy or decisions for forward plans including works program.
• External restrictions	38.6	31.2	
• Internal restrictions	103.8	128.8	

Debt

After repaying principal and interest of \$511,000, total borrowings as at 30 June 2021 was \$2.5 million (2020: \$2.9 million).

PERFORMANCE

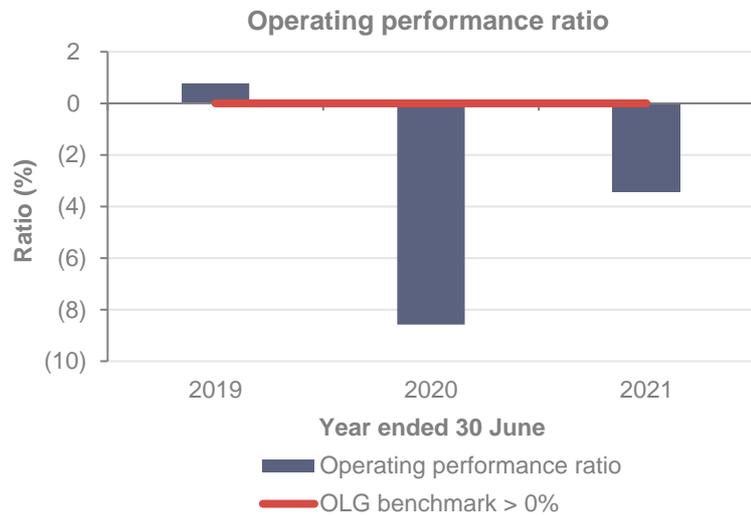
Performance measures

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.

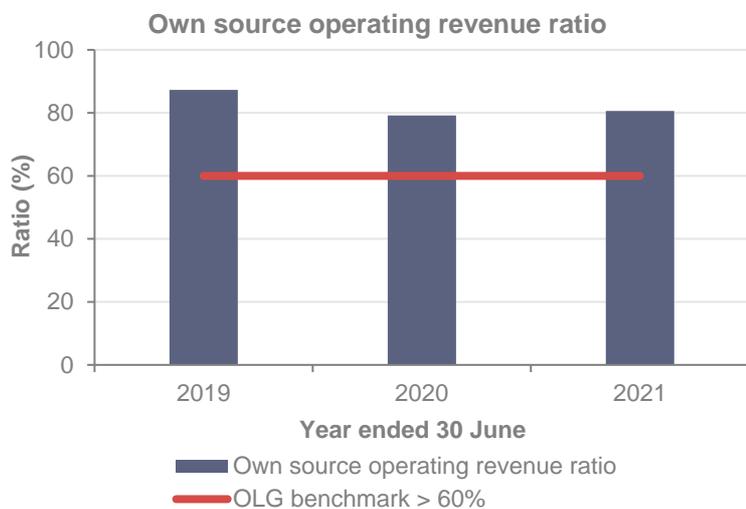
The Council did not meet the OLG benchmark for the current reporting period. The 2020 ratio was restated resulting from a prior period error adjustment.



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 met the OLG benchmark for the current reporting period.



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.

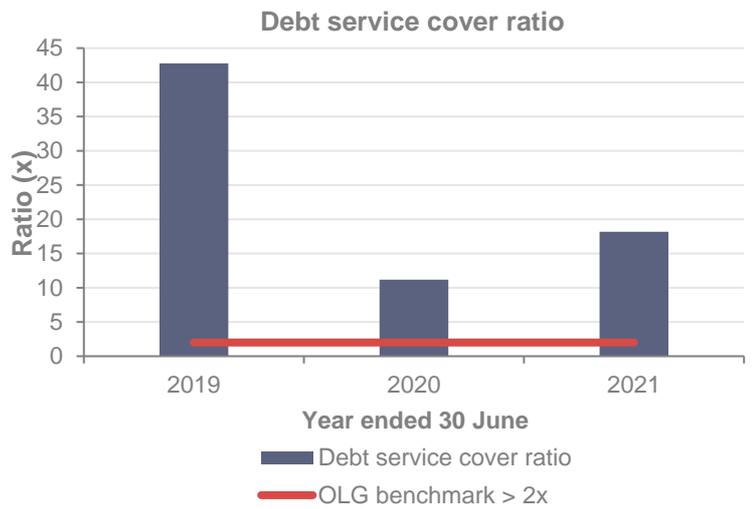
The Council met the OLG benchmark for the current reporting period.



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.

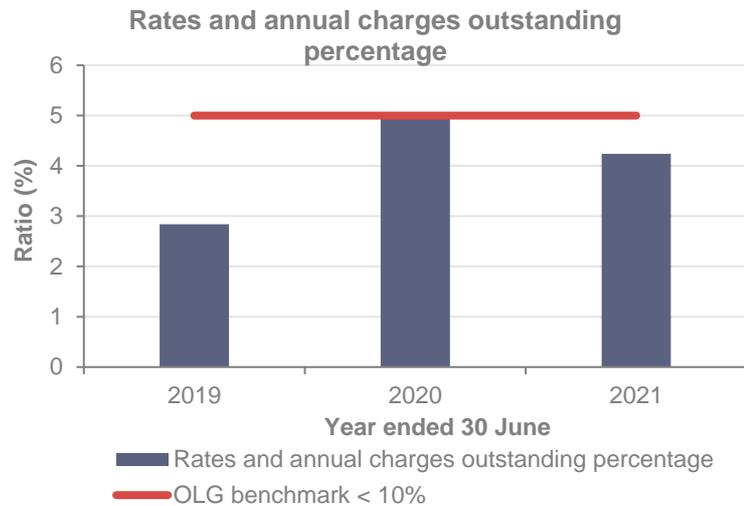
The Council met the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

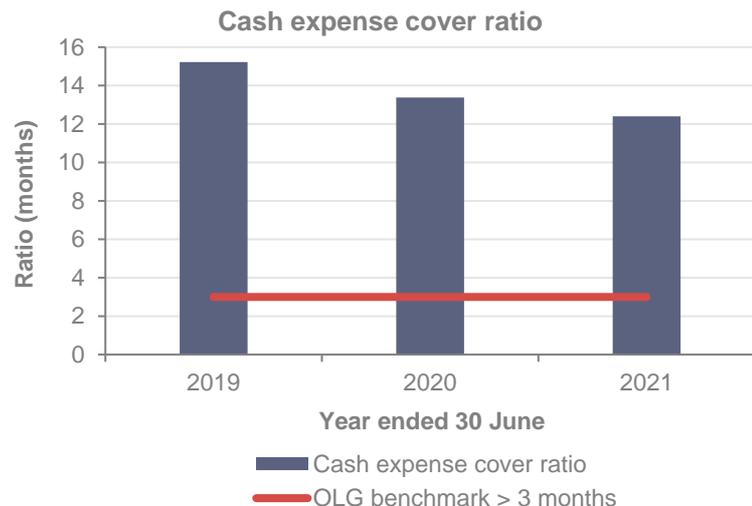
The Council met the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$49.6 million compared to \$27.7 million for the prior year
- The level of asset renewals during the year represented 236 per cent of the total depreciation expense (\$21 million) for the year.

OTHER MATTERS

Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.



Caroline Karakatsanis
Director - Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Emily Scott, General Manager
Elizabeth Gavey, Chair of Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Waverley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

Connecting the city and the sea.

A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.



Waverley Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government 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).

Waverley Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17 August 2021.



Paula Masselos

Mayor

17 August 2021



Elaine Keenan

Deputy Mayor

17 August 2021



Emily Scott

General Manager

17 August 2021



Teena Su

Acting Responsible Accounting Officer

17 August 2021

Waverley Council

Income Statement of Property

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	2,681	2,716
Other income	3,178	2,959
Total income from continuing operations	5,859	5,675
Expenses from continuing operations		
Employee benefits and on-costs	563	564
Materials and services	649	792
Other expenses	5,189	47,104
Total expenses from continuing operations	6,401	48,460
Surplus (deficit) from continuing operations before capital amounts	(542)	(42,785)
Surplus (deficit) from continuing operations after capital amounts	(542)	(42,785)
Surplus (deficit) from all operations before tax	(542)	(42,785)
Surplus (deficit) after tax	(542)	(42,785)
Plus accumulated surplus	113,703	158,465
Plus adjustments for amounts unpaid:		
Less:		
– Dividend paid	(2,487)	(1,977)
Closing accumulated surplus	110,674	113,703
Subsidy from Council	542	42,785

Waverley Council

Income Statement of Commercial waste

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	3,500	3,446
Total income from continuing operations	3,500	3,446
Expenses from continuing operations		
Employee benefits and on-costs	1,261	753
Materials and services	37	47
Depreciation, amortisation and impairment	2	6
Other expenses	1,958	1,948
Total expenses from continuing operations	3,258	2,754
Surplus (deficit) from continuing operations before capital amounts	242	692
Surplus (deficit) from continuing operations after capital amounts	242	692
Surplus (deficit) from all operations before tax	242	692
Less: corporate taxation equivalent [based on result before capital]	(63)	(190)
Surplus (deficit) after tax	179	502
Plus accumulated surplus	139	24
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	63	190
Less:		
– Dividend paid	(523)	(577)
Closing accumulated surplus	(142)	139

Waverley Council

Income Statement of Cemetery

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
User charges	1,298	833
Interest	16	23
Total income from continuing operations	1,314	856
Expenses from continuing operations		
Employee benefits and on-costs	814	892
Materials and services	178	184
Depreciation, amortisation and impairment	60	44
Other expenses	651	322
Total expenses from continuing operations	1,703	1,442
Surplus (deficit) from continuing operations before capital amounts	(389)	(586)
Surplus (deficit) from continuing operations after capital amounts	(389)	(586)
Surplus (deficit) from all operations before tax	(389)	(586)
Surplus (deficit) after tax	(389)	(586)
Plus accumulated surplus	16,088	16,780
Plus adjustments for amounts unpaid:		
Add:		
– Subsidy paid/contribution to operations	(502)	(106)
Less:		
Closing accumulated surplus	15,197	16,088
Return on capital %	(0.7)%	(1.1)%
Subsidy from Council	1,170	1,052

Waverley Council

Statement of Financial Position of Property

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Receivables	186	215
Total current assets	186	215
Non-current assets		
Investment property	110,785	113,910
Total non-current assets	110,785	113,910
Total assets	110,971	114,125
LIABILITIES		
Current liabilities		
Payables	129	266
Employee benefit provisions	91	79
Total current liabilities	220	345
Total liabilities	220	345
Net assets	110,751	113,780
EQUITY		
Accumulated surplus	110,674	113,703
Revaluation reserves	77	77
Total equity	110,751	113,780

Waverley Council

Statement of Financial Position of Commercial waste

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Receivables	131	238
Total current assets	131	238
Total assets	131	238
LIABILITIES		
Current liabilities		
Payables	192	11
Employee benefit provisions	81	88
Total current liabilities	273	99
Total liabilities	273	99
Net assets	(142)	139
EQUITY		
Accumulated surplus	(142)	139
Total equity	(142)	139

Waverley Council

Statement of Financial Position of Cemetery

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	583	872
Total current assets	583	872
Non-current assets		
Infrastructure, property, plant and equipment	52,401	52,992
Total non-current assets	52,401	52,992
Total assets	52,984	53,864
LIABILITIES		
Current liabilities		
Payables	23	10
Employee benefit provisions	113	115
Total current liabilities	136	125
Total liabilities	136	125
Net assets	52,848	53,739
EQUITY		
Accumulated surplus	15,197	16,088
Revaluation reserves	37,651	37,651
Total equity	52,848	53,739

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. Waverley Council Property Services

Comprising the whole of the operations and assets of the property services, commercial properties controlled by Waverley Council.

b. Waverley Council Trade Waste Services

Comprising the whole of the operations and assets of the commercial waste services which service the area of Waverley. This service collects and disposes of waste collected from commercial premises.

Category 2

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

a. Waverley & South Head Cemeteries

Comprising the whole of the operations and assets of both the Waverley & South Head Cemeteries.

This business operates from offices located at Waverley Cemetery dealing with maintenance, sales and burials.

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,321,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,321,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

Income tax

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

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

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

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

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

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

Local government rates and charges

A calculation of the equivalent rates and charges 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 when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

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

(ii) Return on investments (rate of return)

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

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.

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.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Waverley Council

To the Councillors of the Waverley Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Waverley 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:

- Property
- Commercial Waste
- Cemetery

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.

A handwritten signature in black ink, appearing to read 'C. Karakatsanis', written in a cursive style.

Caroline Karakatsanis

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Waverley Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

Connecting the city and the sea.

A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.



Waverley Council

Special Schedules

for the year ended 30 June 2021

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Waverley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	46,068	47,171
Plus or minus adjustments ²	b	(75)	183
Notional general income	c = a + b	45,993	47,354
Permissible income calculation			
Rate peg percentage	e	2.60%	2.00%
Plus rate peg amount	i = e x (c + g)	1,196	947
Sub-total	k = (c + g + h + i + j)	47,189	48,301
Plus (or minus) last year's carry forward total	l	5	21
Sub-total	n = (l + m)	5	21
Total permissible income	o = k + n	47,194	48,322
Less notional general income yield	p	47,171	48,285
Catch-up or (excess) result	q = o - p	23	37
Less unused catch-up ³	s	(2)	(2)
Carry forward to next year ⁴	t = q + r + s	21	35

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) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (4) 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
Waverley Council

To the Councillors of Waverley Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Waverley 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.



Caroline Karakatsanis

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Waverley Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Offices/ Administration Centres	223	223	792	817	11,445	24,911	0.0%	25.1%	69.8%	5.1%	0.0%
	Council Works Depot	–	–	1,002	1,021	8,372	11,185	98.2%	0.0%	1.8%	0.0%	0.0%
	Council Public Halls	864	864	200	261	21,129	70,002	11.2%	0.0%	81.7%	7.1%	0.0%
	Libraries	–	–	593	579	21,329	37,025	0.0%	100.0%	0.0%	0.0%	0.0%
	Cultural Facilities	531	531	684	764	13,054	22,069	62.6%	0.0%	30.2%	4.3%	2.9%
	Other Buildings	801	801	1,512	1,398	50,163	82,668	11.0%	46.9%	36.5%	5.6%	0.0%
	Specialised Buildings	39	39	613	682	5,527	7,977	66.5%	6.1%	24.7%	2.7%	0.0%
	Sub-total	2,458	2,458	5,396	5,522	131,018	255,837	18.4%	32.3%	44.4%	4.7%	0.3%
Other structures	Other structures	703	291	215	371	18,271	28,631	56.4%	19.1%	10.5%	14.0%	0.0%
	Sub-total	703	291	215	371	18,271	28,631	56.4%	19.1%	10.5%	14.0%	0.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	225	–	885	907	64,684	107,713	24.2%	56.6%	18.0%	1.2%	0.0%
	Footpaths	332	–	5,204	5,455	36,430	63,506	14.7%	66.3%	16.0%	3.0%	0.0%
	Other road assets	142	–	2,395	2,581	17,083	28,329	35.6%	47.2%	14.4%	2.8%	0.0%
	Sealed roads structure	–	–	–	–	79,254	195,254	2.4%	0.1%	97.5%	0.0%	0.0%
	Kerb and Gutter	825	–	67	70	67,420	109,795	32.7%	48.9%	14.3%	4.1%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,524	–	8,551	9,013	264,871	504,597	17.1%	33.8%	47.5%	1.7%	0.0%
Stormwater drainage	Stormwater drainage	–	–	407	529	–	29,216	27.5%	67.9%	4.6%	0.0%	0.0%
	Other	365	–	–	–	75,461	98,195	12.4%	68.2%	18.3%	1.1%	0.0%
	Sub-total	365	–	407	529	75,461	127,411	15.9%	68.1%	15.2%	0.8%	0.0%
Open space / recreational assets	Open Space & Recreational Assets	1,785	–	5,592	5,652	90,430	165,120	34.6%	38.1%	21.8%	5.5%	0.0%
	Sub-total	1,785	–	5,592	5,652	90,430	165,120	34.6%	38.1%	21.8%	5.5%	0.0%
	Total – all assets	6,835	2,749	20,161	21,087	580,051	1,081,596	21.0%	37.7%	38.1%	3.2%	0.1%

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

Waverley Council

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

Infrastructure asset condition assessment 'key'

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

Explanation of the two estimated costs:

Estimated Cost to *Agreed Level of Service*:

- This cost indicates bringing Council assets that have reached the intervention level agreed by the community to an agreed condition. This condition varies with each asset class and subclass.
- Council has a range of asset condition service levels that are agreed upon., e.g. road assets to be 80% in conditions 1 & 2 with the remainder across conditions 3, 4 & 5.
- This cost provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total suite of assets that the Council has under its care and stewardship.
- Cost to Agreed Level of Service is different from Cost to Satisfactory as it is a measure that does not set a minimum condition standard of 3. Allowing assets to be more accurately represented through their asset lifecycles, whilst reporting on the cost to meet the "*Agreed Levels of Service*".

Estimated Cost to *Satisfactory Standard*

- The level of satisfactory condition is set at condition 3 for all asset classes. This requires all assets to be strictly maintained at a level of condition 3 and above.
- In determining the cost, Council estimates the amount required to be spent on existing infrastructure only. We take the replacement value of Condition 4 & 5 assets back to Condition 3 or "*Satisfactory*", e. the expected cost to bring the assets up to Condition 3.
- This cost does not take into account the cost to bring assets back to conditions 1 and 2. Utilising asset condition valuation percentages, we estimate the cost to match the minimum condition of 3.

Waverley Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	2020 Restated	Indicators 2019	2018	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	49,638					
Depreciation, amortisation and impairment	18,466	268.81%	155.45%	82.56%	94.13%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	6,835					
Net carrying amount of infrastructure assets	625,169	1.09%	0.99%	1.00%	1.05%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	21,087					
Required asset maintenance	20,161	104.59%	108.19%	102.33%	94.25%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	2,749	0.25%	0.56%	0.60%	0.64%	
Gross replacement cost	1,081,596					

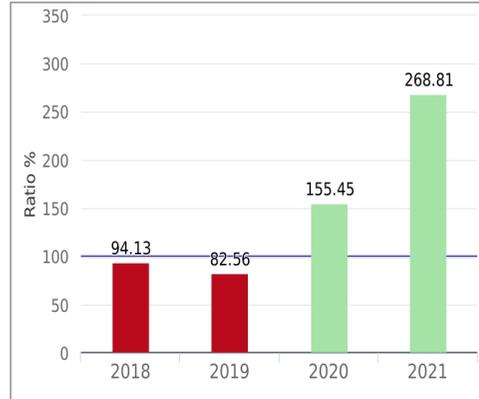
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Waverley Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
20/21 ratio	268.81%
Council's infrastructure assets upgrades and renewals are carried out as per its Strategic Asset Management Plan (SAMP) to ensure the assets are keeping to the agreed community satisfactory level.	

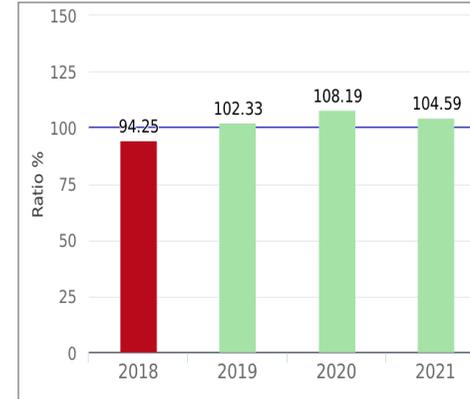
Benchmark: — $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
20/21 ratio	104.59%
This ratio compares well with the industry benchmark of 100%. It indicates Council's spending on asset maintenance is sufficient to stop the infrastructure backlog from growing.	

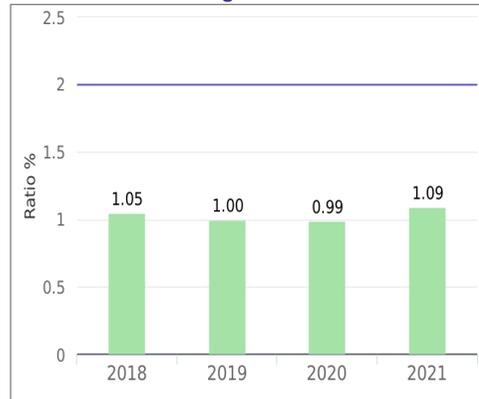
Benchmark: — $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
20/21 ratio	1.09%
This ratio shows that Council has a small proportion of infrastructure backlog and it compares favorably with the industry benchmark of less than 2.00%.	

Benchmark: — $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
20/21 ratio	0.25%
This ratio shows that Council has a small proportion of outstanding infrastructure upgrade/renewal works to bring assets at agreed service levels, as compared to the total value of its assets.	



WAVERLEY
COUNCIL

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