



Monthly Investment Report

September 2021



IMPERIUM MARKETS

Imperium Markets Pty Ltd ABN: 87 616 579 527
Authorised Representative of Libertas Financial Planning Pty Ltd AFSL 429 718
Phone: +61 2 9053 2987
Email: michael.chandra@imperium.markets
Level 9 Suite 02, 3 Spring Street, Sydney NSW 2000

Impact of COVID-19 to Council's Portfolio

COVID-19 has adversely impacted financial markets, which in turn, has also affected Council's investment portfolio. We provide a quick summary in this section.

Equity markets experienced a significant correction in March 2020 but have recently surpassed their all-time highs due to the unprecedented global fiscal and monetary policy support. **The RBA cut rates to record lows on 3rd November 2020 to 0.10%, consistent with most global central banks resetting their official rates back to emergency levels.** As vaccination rates accelerate and economies began to reopen, global inflationary pressures have emerged. This has resulted in longer-term bond yields to rise significantly in recent months as a handful of international central banks have started to flag the possibility of increasing official interest rates in coming years, as well as withdrawing some of their other stimulatory policy measures (such as quantitative easing). Shares finally parred back some of their gains in September as investors start to factor in the reduced safety net of government and central bank stimulus.

Domestically, with regards to the medium-longer term outlook for fixed interest markets, of importance is the RBA's outlook and expectations for the Australian economy. They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4¼% (currently it is officially at 4.5% but masked by a significant drop in the participation rate – the real rate is above +6%);
2. *“Until actual (underlying) inflation is sustainably within the 2-3% target range”* (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

The RBA's ongoing base case (forecast) suggests conditions for a rate rise **“will not be met until 2024”**.

The largest impact to Council's investment portfolio is with regards to its largest exposure being assets held in bank term deposits, which accounts for around ~67% of Council's total investment. **The biggest risk that Council faces over the medium-longer term in this environment is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA), but the rapid loss of interest income as interest rates have plummeted.**

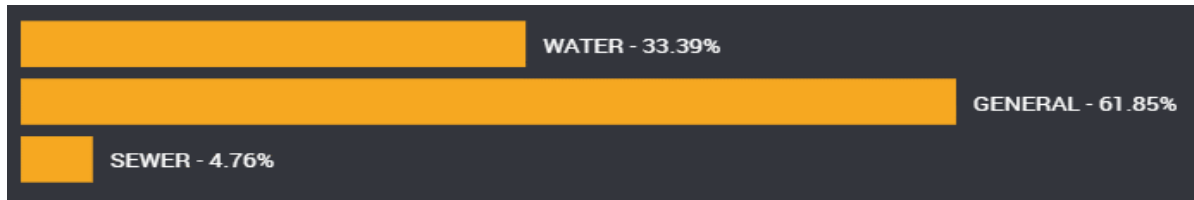
Council's term deposit portfolio was yielding 0.40% p.a. at month-end, with a weighted average duration of around 263 days or 9 months. **This short average duration will only provide some income protection against the low interest rate environment over the immediate future.** As existing deposits mature however, they will inevitably be reinvested at much lower prevailing rates.

Given official rates have fallen to record lows, Council is likely to see a rapid decline in interest income over future financial years. Its budgeted income over the medium-longer term needs to be revised to reflect the low interest rate environment. Returns between 0.40%-0.80% p.a. may potentially be the “norm” over the next few financial years, especially if rolling the majority of surplus funds for terms less than 2-3 years. Yields may in fact be lower if electing to invest for terms under 12 months.

Council's Portfolio & Compliance

Fund Allocation

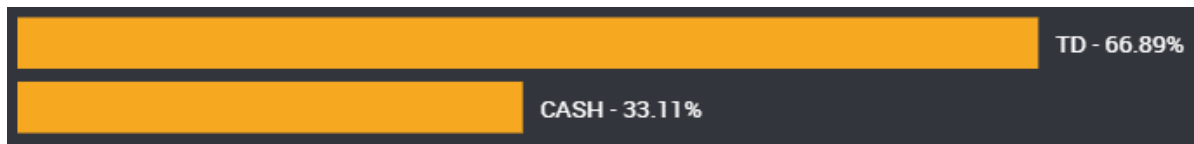
As at the end of September 2021, the portfolio was mainly directed to General Funds:



Asset Allocation

As at the end of September 2021, the portfolio is mainly directed to fixed term deposits (66.89%). The remainder of the portfolio is held in low yielding cash accounts with NAB (AA-) and Bendigo-Adelaide (BBB+), which remains at relatively high levels and will cause a drag to performance. We recommend opening the 'accelerator' cash account with Macquarie Bank (A+), which is currently paying an overnight rate of 0.40% p.a. for balances up to \$10m (and 0.20% p.a. for balances greater than \$10m).

With the RBA cutting interest rates in November 2020 to 0.10%, the priority should be to lock in any remaining attractive medium-longer dated fixed deposits or fixed bonds that may still be available to address reinvestment risk as margins continue to compress.



Council's Investment Policy does not specify any limits for Maturity, Counterparty and Credit Quality compliance measures. In the following sections, we have tentatively placed what other NSW councils have adopted as part of their compliance limits. We provided Berrigan Shire Council an Investment Policy review during the month of April 2021.

Term to Maturity

The portfolio is highly liquid with over 95% of the investment portfolio maturing within 12 months. We recommend a more diversified maturity profile to address reinvestment risk, which has been and continues to be a major detriment towards Council's interest income going forward.

Where ongoing liquidity requirements permit Council to invest in attractive 1-5 year investments, we recommend this be allocated fixed term deposits or fixed bonds (refer to respective sections below).

Compliant	Horizon	Invested (\$)	Invested (%)	Min. Limit (%)	Max. Limit (%)	Available (\$)
✓	0 - 90 days	\$18,900,824	45.02%	10%	100%	\$23,082,497
✓	91 - 365 days	\$21,082,497	50.22%	20%	100%	\$20,900,824
✓	1 - 2 years	\$2,000,000	4.76%	0%	70%	\$27,388,325
✓	2 - 5 years	\$0	0.00%	0%	50%	\$20,991,661
		\$41,983,322	100.00%			

Counterparty

As at the end of September 2021, Council had an overweight position to Bendigo-Adelaide, largely driven by the large cash balance. Overall, the portfolio is lightly diversified, with some exposure to the unrated ADIs.

Compliant	Issuer	Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	NAB	A-1+	\$6,282,280	14.96%	40.00%	\$10,511,049
✓	AMP Bank	A-2	\$7,000,000	16.67%	25.00%	\$3,495,830
X	Bendigo-Adel.	A-2	\$18,675,087	44.48%	25.00%	-\$8,179,257
✓	Defence Bank	A-2	\$6,000,000	14.29%	25.00%	\$4,495,830
✓	Central Murray	Unrated	\$2,000,000	4.76%	10.00%	\$2,198,332
✓	Goulburn Murray	Unrated	\$2,025,955	4.83%	10.00%	\$2,172,377
			\$41,983,322	100.00%		

In September 2020, ratings agency **S&P downgraded AMP Bank by one notch to "BBB"** stating its view that *"the overall creditworthiness of the AMP group is weaker"* and that *"the group is exposed to challenges that may disrupt its overall strategic direction and its ability to effectively execute its strategy."* Their short-term rating of A-2 remained unchanged. We have no issues with Council's investments with AMP Bank, given they are super-senior ranked assets, extremely low risk and high up the bank capital structure.

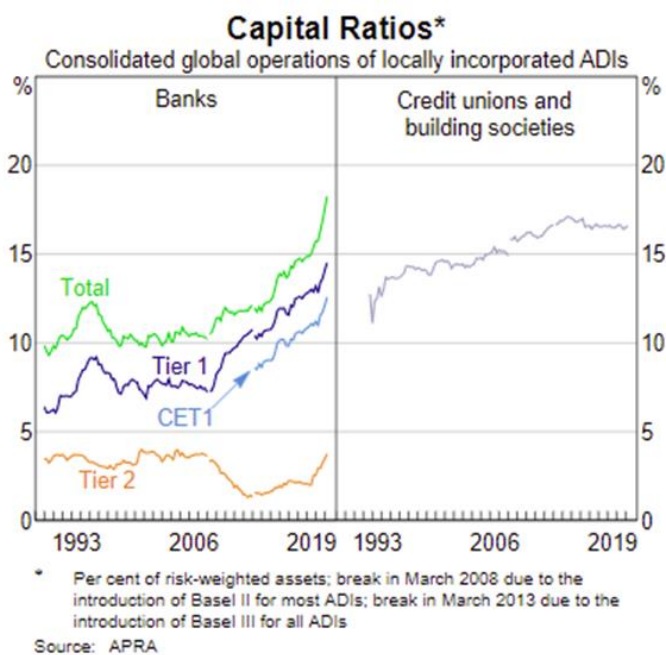
We remain supportive of the regional and unrated ADI sector (and have been even throughout the GFC period). They continue to remain solid, incorporate strong balance sheets, while exhibiting high levels of capital – typically, much higher compared to the higher rated ADIs. Some unrated ADIs have up to 25-40% more capital than the domestic major banks, and well above the Basel III requirements.

RBA Governor Lowe has commented that they have not seen any signs of stress in the financial system and that unlike during the GFC, the banks (all ADIs) now have cash, are well capitalised and are acting as “shock absorbers” in the current crisis.

Overall, the lower rated ADIs (BBB and unrated) are generally now in a better financial position than they have been historically (see the Capital Ratio figure below). We believe that deposit investments with the lower rated ADIs should be continued going forward, particularly when they offer ‘above market’ specials. Not only would it diversify the investment portfolio and reduce credit risk, it would also improve the portfolio’s overall returns.

In the current environment of high regulation and scrutiny, all domestic (and international) ADIs continue to carry high levels of capital. There is minimal (if any) probability of any ADI defaulting on their deposits going forward – this was stress tested during the GFC. **APRA’s mandate is to “protect depositors” and provide “financial stability”.**

The biggest single risk that depositors face in the current low interest rate environment is not capital or credit risk, but reinvestment risk. Interest rates are now at their effective lower bound of 0.10%.



Credit Quality

Council did not have an overweight position to any category as at the end of September. The portfolio remains well diversified from a ratings perspective, with some exposure down to the local credit unions.

From a ratings perspective, the “BBB” / “A-2” rated banks now generally dominate the number of ADIs issuing deposits within the investment grade space. However, given most banks are fully liquid during the current pandemic, most of the “BBB” / A-2” rated and Unrated ADIs are currently not seeking wholesale funding. As such, in the interim, we could see a shift towards a larger proportion of assets being directed towards the higher rated ADIs given the lack of appetite amongst the lower rated ADIs.

Compliant	Credit Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	A-1+ Category	\$6,282,280	15%	100%	\$35,701,042
✓	A-1 Category	\$0	0%	100%	\$41,983,322
✓	A-2 Category	\$31,675,087	75%	80%	\$1,911,570
✓	A-3 Category	\$0	0%	20%	\$8,396,664
✓	Unrated ADI Category	\$4,025,955	10%	15%	\$2,271,543
		\$41,983,322	100.00%		

Performance

Council's performance for the month ending 30 September 2021 is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.01%	0.03%	0.05%	0.03%	0.11%
AusBond Bank Bill Index	0.00%	0.01%	0.01%	0.01%	0.04%
Council's T/D Portfolio[^]	0.04%	0.15%	0.34%	0.15%	0.88%
Outperformance	0.04%	0.15%	0.33%	0.15%	0.84%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.10%	0.10%	0.10%	0.10%	0.11%
AusBond Bank Bill Index	0.01%	0.02%	0.03%	0.02%	0.04%
Council's T/D Portfolio[^]	0.55%	0.60%	0.68%	0.60%	0.88%
Outperformance	0.54%	0.58%	0.65%	0.58%	0.84%

[^]Total portfolio performance excludes Council's cash account holdings. Overall returns would be lower if cash was included.

For the month of September 2021, the deposit portfolio provided a reasonable return of +0.04% (actual) or +0.55% p.a. (annualised), easily outperforming the benchmark AusBond Bank Bill Index return of +0.00% (actual) or +0.01% p.a. (annualised). The outperformance continues to be driven by a combination of those deposits originally invested beyond 6 months.

Going forward, with the low interest rate environment (depleted cash rate), maturing deposits will inevitably be reinvested at lower prevailing rates. The reduction in interest income over coming years can be mitigated by undertaking a longer duration position.

Investors using the Imperium Markets platform have reduced the invisible costs associated with brokerage, and thereby lift client portfolio returns as investors are able to deal in deposits directly with the ADIs and execute at the best price possible.

Council's Term Deposit Portfolio & Recommendation

As at the end of September 2021, Council's deposit portfolio was yielding 0.40% p.a. (down 16bp from the previous month), with an average duration of around 263 days (~9 months).

We strongly recommend Council extends this average duration. In the low interest rate environment, the biggest collective risk that the local government sector has faced over the post-GFC era has been the dramatic fall in interest rates - from 7¼% to the historical low levels of 0.10%.

As the past decade has highlighted (post-GFC era), we have seen too many portfolios' roll a high proportion of their deposits between 3-6 months, resulting in their deposits being reinvested at lower prevailing rates. That is, depositors have overpaid for liquidity and generally not insured themselves against the low interest rate environment by diversify their funding across various tenors (out to 5 years) but rather placed all their 'eggs in one basket' and kept all their deposits short. **Reinvestment risk has collectively been and continues to be the biggest detriment to depositors' interest income over the post-GFC period.**

At the time of writing, we see value in:

ADI	LT Credit Rating	Term	T/D Rate
ICBC, Sydney	A	5 years	1.50% p.a.
Westpac	AA-	5 years	1.38% p.a.
ICBC, Sydney	A	4 years	1.23% p.a.
NAB	AA-	4 years	1.10% p.a.
AMP Bank	BBB	3 years	1.00% p.a. [^]
ICBC, Sydney	A	3 years	0.97% p.a.
Westpac	AA-	3 years	0.88% p.a.
NAB	AA-	3 years	0.85% p.a.
AMP Bank	BBB	2 years	0.80% p.a. [^]
NAB	AA-	2 years	0.60% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

The above deposits are suitable for investors looking to provide some income protection and mitigate reinvestment/rollover risk in the low interest rate environment.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (dependent on daily funding requirements):

ADI	LT Credit Rating	Term	T/D Rate
AMP Bank	BBB	11-12 months	0.80% p.a. [^]
AMP Bank	BBB	8-10 months	0.75% p.a. [^]
Judo Bank	BBB-	12 months	0.65% p.a.
Bank of Sydney	Unrated ADI	12 months	0.59% p.a.
MyState	BBB	12 months	0.50% p.a.
ME Bank	BBB+	12 months	0.45% p.a.
BoQ	BBB+	12 months	0.43% p.a.
CBA	AA-	12 months	0.36% p.a.
NAB	AA-	12 months	0.35% p.a.

[^] AMP T/Ds – contact us to receive an additional 0.20% p.a. rebated commission on top of the rate shown above

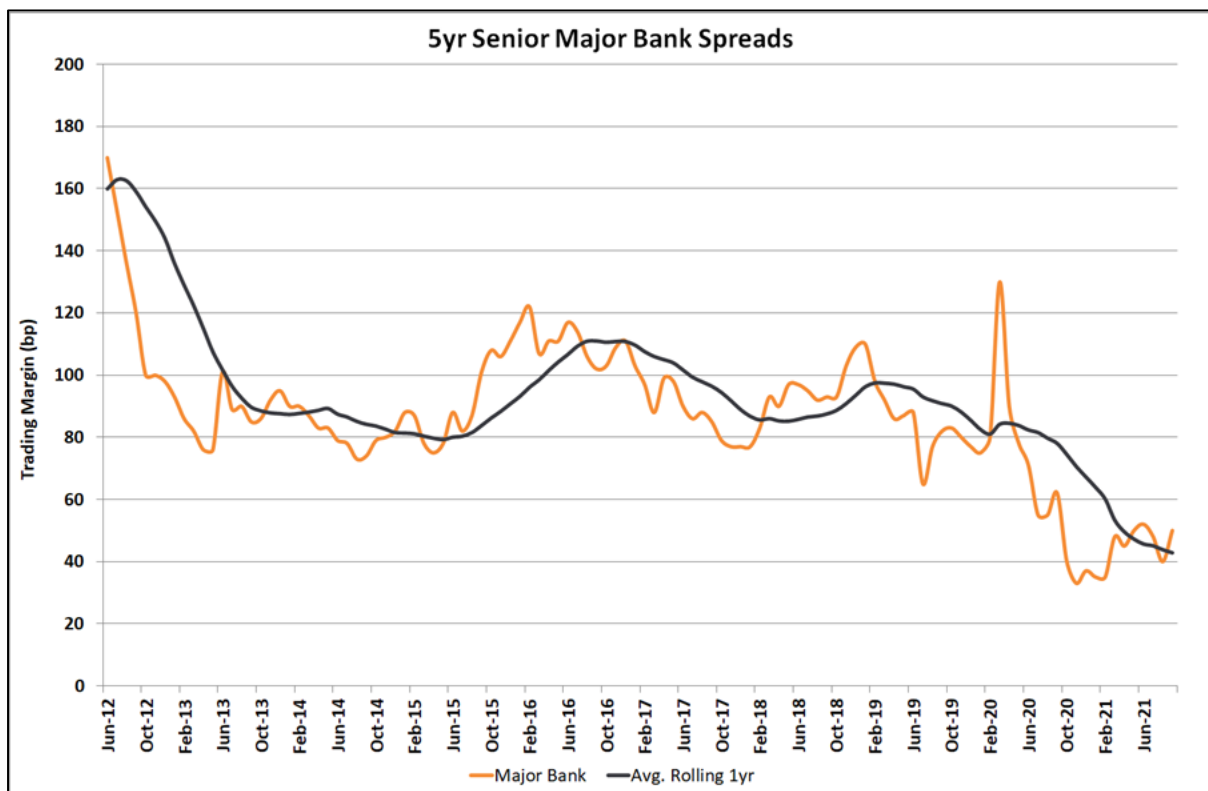
Amongst the investment grade sector, short-dated term deposits (maturing less than 12 months) are yielding under 0.50% p.a. (most are under 0.40% p.a.). We believe there is not much value being offered in short-dated deposits.

In contrast, there is an upward pick-up in yield for investors that can take advantage of 2-5 year fixed T/Ds whilst official rates are stuck at depressed levels at least for the next two to three years. For those investors that do not require high levels of liquidity and can stagger their investments longer-term, they will be rewarded over coming years if they roll for a minimum term of 2 years (we note some investors tend to roll for 3-5 years), potentially yielding, on average, more than double the return compared to those investors that purely invest in short-dated deposits.

Senior FRNs Review

APRA announced that it expects locally-incorporated ADIs subject to the liquidity cover ratio (LCR) to reduce their reliance on the committed loan facility (CLF) to zero by the end of 2022 subject to financial market conditions. APRA stated that no ADI should rely on the CLF to meet its minimum 100% LCR requirement from the beginning of 2022, although ADIs may continue to count any remaining CLF as part of their liquidity buffer. The four major Australian banks currently had \$127bn of ALA (alternative liquid assets)/CLF as of 30 June 2021, but also have LCR's well above the 100% minimum regulatory requirement (the current average LCR across all four is 130%).

Over September, amongst the senior major bank FRNs, physical credit securities were marked up to 10bp wider at the long-end of the curve. During the month, CBA (AA-) issued a 5½ year senior 'Green' FRN at +41bp. After NAB (AA-) issued its 5 year senior FRN at +41bp in August, we anticipate the other major banks may follow suit over coming months looking to refinance their upcoming maturities at these very cheap levels. Both are now trading at a discount to par as spreads widened over the course of the month.



Source: IBS Capital

Separately, CIBC Sydney issued a \$1.5bn 5yr covered bond (AAA) at +37bp. Suncorp (A+) issued a 5yr senior FRN at +48bp, initially tightening from price guidance of +52bp, printing \$750m. We both thought both issues were issued at very tight levels.

Amongst the "A" and "BBB" rated sector, the securities were marked around 3-5bp wider at the long-end of the curve. While turnover in the secondary market is still predominately dominated by

commonwealth, semi-government and major bank senior paper, given the lack of supply, we have started to observe that even a handful of regional bank senior paper has sometimes been trading inside “mid” levels over recent months.

The lack of supply from new (primary) issuances has played a major role with the rally in credit markets over the past 1½ years, now appearing fairly expensive of a historical level. FRNs will continue to play a role in investor’s portfolios mainly on the basis of their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment).

Senior FRNs (ADIs)	30/09/2021	31/08/2021
“AA” rated – 5yrs	+50bp	+40bp
“AA” rated – 3yrs	+28bp	+18bp
“A” rated – 5yrs	+57bp	+55bp
“A” rated – 3yrs	+40bp	+35bp
“BBB” rated – 3yrs	+48bp	+45bp

Source: IBS Capital

We now generally **recommend switches** (‘benchmark’ issues only) into new attractive primary issues (or longer-dated alternatives), out of the following senior FRNs that are maturing:

- **On or before mid-late 2024 for the “AA” rated ADIs (domestic major banks);**
- On or before mid-late 2022 for the “A” rated ADIs; and
- Within 12 months for the “BBB” rated ADIs (consider case by case).

Investors holding onto the above senior FRNs (‘benchmark’ issues only) in their last 1-2 years are now generally holding sub-optimal investments and are not maximising returns by foregoing realised capital gains. In the current low interest rate environment, any boost in overall returns should be locked in when it is advantageous to do so.

FRNs remain expensive in the current environment relative to deposits or bonds in the medium-long end of the curve.

Senior Bonds - Northern Territory Treasury Corporation (NTTC)

We are aware of the following senior retail bond offering from Northern Territory Treasury Corporation (NTTC) effective 30th August 2021:

Maturity Date	Rate % p.a. [^]	Interest Paid
15/12/2022	0.40%	Annually
15/12/2023	0.60%	Annually
15/12/2024	0.90%	Semi-Annually
15/12/2025	1.10%	Semi-Annually
15/12/2026	1.40%	Semi-Annually

^{^^}The rates offered in the above table can be reviewed and changed at any time from Treasury. The rate for broker sponsored applications will be dropped by 0.20% p.a. effective 1 October 2020.

Any investor interested in this product should avoid placing through the broker channel and contact Imperium Markets to receive the full commission of 0.25% (plus GST) on the face value of the investment, in the form of an additional rebate. If placed through the brokers, they are likely to keep the 0.25% commission (on the face value of the investment).

Overview	Description
Issuer	Northern Territory Government
Credit Rating	Aa3 (Moody's), which is AA- equivalent (S&P)
Type	Fixed senior (retail) bonds
Program	Territory Bonds Issue 111
Date for applications	01/07/2021 – 30/11/2021
Liquidity	Weekly redemptions available, subject to the prevailing market rate and administration costs ^{^^}

^{^^} Note given this is a retail bond offering (min. parcel size of \$5,000), for wholesale investors, we would not consider this to be a liquid investment (the largest redemptions to date have only been \$200-\$300k).

The product should be viewed as a hold-to-maturity product, noting there are significant penalty costs including admin fees, the prevailing market interest rate, and factors in any associate commissions that were previously paid. Given the longer-term outlook for official interest rates, **any investor with capacity should consider placing a small parcel (up to \$5m) in the 15/12/2024, 15/12/2025 and 15/12/2026 maturities through Imperium Markets** to receive an effectively higher rate, once factoring in the rebated commission.

Economic Commentary

International Market

The Delta variant's ongoing global impact, China's slowing economy, along with fading fiscal and monetary policy support resulted in the 'risk-off' environment over September.

Global equity markets finally retraced some of their gains. Across the US, the S&P 500 Index fell -4.76%, while the tech-heavy NASDAQ Index lost 5.31%. Equities also fell across Europe's main indices, with losses led by Germany's DAX (-3.63%), France's CAC (-2.40%) and UK's FTSE (-0.47%).

US Fed Chair Powell flagged a November taper announcement, suggesting *"the economy has made progress toward these goals. If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted"*. **The Fed dot plots now sees half of the 18 FOMC participants forecasting a first rate hike(s) in 2022.**

The US unemployment rate fell to a 17-month low of 5.2% in August (from 5.4% in July), while the participation rate was unchanged at 61.7%.

August headline CPI rose +0.3% in the US, while the core reading rose +0.1% (below expectations for a +0.3% outcome) and +4.0% on an annual basis.

The ECB confirmed its intentions to moderate the PEPP bond buying pace in Q4, albeit still at a hefty €60b-€70b per month pace.

Hawkish rhetoric from the Bank of England flagged the possibility of hikes even before the end of its QE program. UK markets priced in 15bp of hikes by February, with 50bp of hikes priced for 2022.

Canada's Q2 GDP figures came in much weaker than expected at -1.1% on an annualised basis, or approximately -0.25% q/q, against +2.5% (annualised) expected.

The PBoC announced it will provide ¥300 billion yuan (US\$46.bn) of low-cost funding to banks to help them offer more support to small and medium-sized companies.

The MSCI World ex-Aus Index fell -4.29% for the month of September:

Index	1m	3m	1yr	3yr	5yr	10yr
S&P 500 Index	-4.76%	+0.23%	+28.09%	+13.92%	+14.72%	+14.30%
MSCI World ex-AUS	-4.29%	-0.26%	+27.01%	+11.39%	+11.93%	+10.77%
S&P ASX 200 Accum. Index	-1.85%	+1.71%	+30.56%	+9.65%	+10.42%	+10.80%

Source: S&P, MSCI

Domestic Market

In its meeting in September, the RBA kept to its scheduled tapering of asset purchases to \$4bn a week from \$5bn a week starting from early September, though given the delay in the recovery caused by the Delta outbreak, this reduced pace will continue until at least February 2022 rather than being reviewed in November.

RBA Governor Lowe pushed back on current market pricing with regards to official rate hikes prior to 2024, commenting ***“I find it difficult to understand why rate rises are being priced in next year or early 2023. While policy rates might be increased in other countries over this timeframe, our wage and inflation experience is quite different”***.

Q2 GDP rose by a larger than expected at +0.7% or +9.6% y/y, ahead of the extended lockdowns in NSW and VIC. This outcome sees GDP +1.6% above its pre-COVID level, with GDP expecting to fall by around -3½% in Q3 and begin to rebound in Q4 as restrictions ease. Retail sales fell -1.7% m/m in August against -2.5% expected.

Headline employment fell sharply -146.3k (consensus -80k) in August, driven by a -172.8k decline in NSW employment. The unemployment rate fell (rather than rose) 0.1% to 4.5%, driven by the sharp fall in the participation rate by 0.8% to 65.2%. **A measure of the ‘effective’ unemployment rate that accounts for participation changes puts the effective unemployment rate at around 5.7%-6.7%, instead of the 4.5% official number.**

Residential building approvals fell -8.6% m/m in July, which is the fourth consecutive month of decline, following -5.5% in June, -8.4% in May, and -5.0% in April.

The current account surplus rose \$1.5bn to a record \$20.5bn in the June quarter. That was due to a +10.7% q/q increase in export prices driven by iron ore. Iron ore futures traded below US\$90/tonne for the first time since July last year, on the back of weakening demand from China.

APRA announced that it expects locally-incorporated ADIs subject to the liquidity cover ratio (LCR) to reduce their reliance on the committed liquidity facility (CLF) to zero by the end of 2022, which is likely to result in some widening of major bank credit spreads over the coming year.

The Australian dollar fell -1.76%, finishing the month at US72.06 cents (from US73.35 cents the previous month).

Credit Market

The main global credit indices widened over September in the risk-off environment. The indices now trade back to their levels experienced in late 2020:

Index	September 2021	August 2021
CDX North American 5yr CDS	53bp	46bp
iTraxx Europe 5yr CDS	50bp	45bp
iTraxx Australia 5yr CDS	67bp	58bp

Source: Markit

Fixed Interest Review

Benchmark Index Returns

Index	September 2021	August 2021
Bloomberg AusBond Bank Bill Index (0+YR)	+0.00%	+0.00%
Bloomberg AusBond Composite Bond Index (0+YR)	-1.51%	+0.09%
Bloomberg AusBond Credit FRN Index (0+YR)	-0.06%	+0.05%
Bloomberg AusBond Credit Index (0+YR)	-0.79%	+0.06%
Bloomberg AusBond Treasury Index (0+YR)	-1.80%	+0.20%
Bloomberg AusBond Inflation Gov't Index (0+YR)	-2.67%	-0.43%

Source: Bloomberg

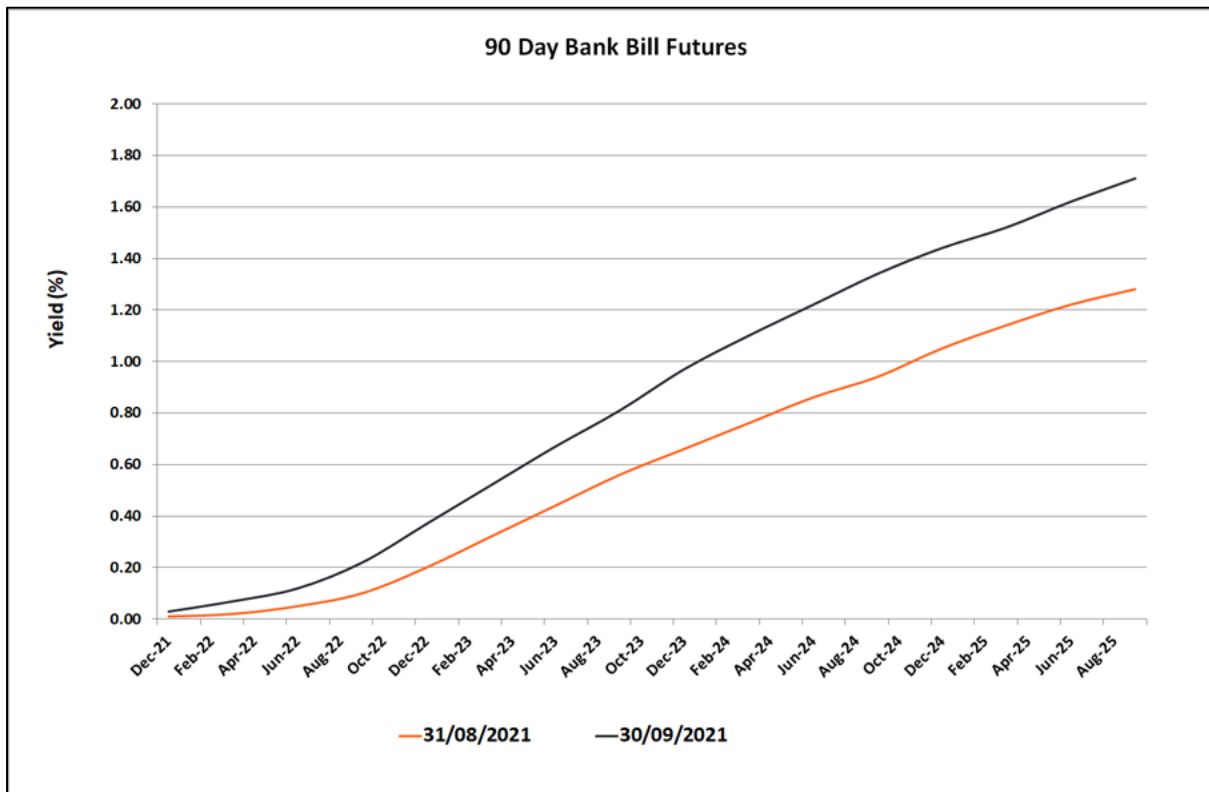
Other Key Rates

Index	September 2021	August 2021
RBA Official Cash Rate	0.10%	0.10%
90 Day (3 month) BBSW Rate	0.02%	0.01%
3yr Australian Government Bonds	0.25%	0.15%
10yr Australian Government Bonds	1.45%	1.12%
US Fed Funds Rate	0.00%-0.25%	0.00%-0.25%
10yr US Treasury Bonds	1.52%	1.30%

Source: RBA, AFMA, US Department of Treasury

90 Day Bill Futures

Over September, bill futures rose significantly across the board as global central banks (the RBA being an exception) began to flag the possibility of withdrawing their QE programs or start lifting official rates in coming years. Overall, bill futures continue to depict a low rate environment over the long-run, despite the steeping curve in recent months:



Source: ASX

Fixed Interest Outlook

US Federal Reserve Chairman Powell indicated that *“the US economy has made progress toward these goals. If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted”*, suggesting a November tapering announcement.

On their latest forecast, the 2022 ‘dot plot’ now sees 9 of the 18 FOMC participants with a first rate hike(s) in 2022. Nine other participants therefore still do not forecast rates lift-off before 2023. For 2023, the median dot is 1.0% (meaning 3 ½ hikes between now and end 2023).

In Australia, Governor Lowe has remained relatively dovish with his comments and commented that he “finds it difficult to understand why rate rises are being priced in next year or early 2023. While policy rates might be increased in other countries over this timeframe, our wage and inflation experience is quite different”.

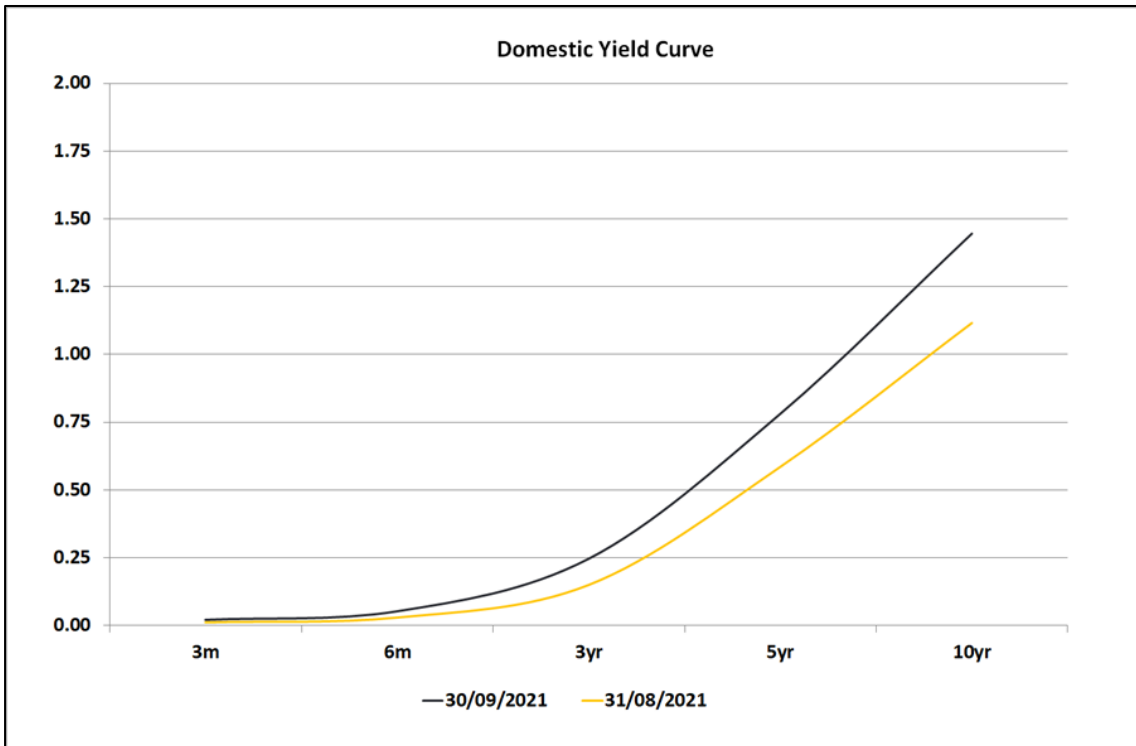
The RBA has factored in these snap lockdowns as part of their economic projections. Conceivably, the RBA’s central scenario does not see rate hikes until 2024 (conditions for an official rate rise **“will not be met until 2024”**), while their upside scenario is consistent with rate hikes in 2023, dependent on the flow of ongoing economic data.

They would like to see the following three economic indicators improve before they even consider increasing interest rates:

1. The unemployment rate to drop to around 4¼% (currently it is officially at 4.5% but masked by a significant drop in the participation rate – the real rate is above +6%);
2. *“Until actual (underlying) inflation is sustainably within the 2-3% target range”* (it has not been within their target band for the past 5 years); and
3. Wage growth to surpass +3% (it has not been above this level for the past 8 years).

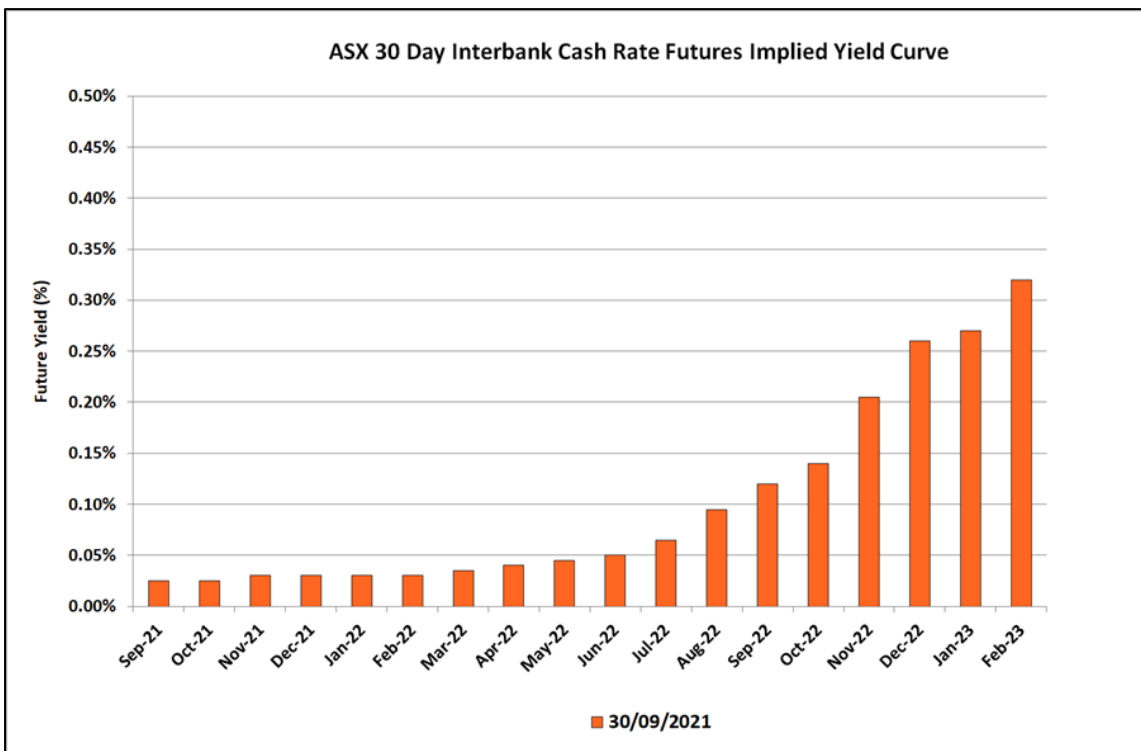
Governor Lowe has commented on the path of future rate hikes: *“it will not be enough for inflation to just sneak across the 2% line for a quarter or two. We want to see inflation well within the target band and be confident that it will stay there”*.

The domestic bond market continues to suggest a prolonged low period of interest rates. Over the month, yields rose around 33bp at the long-end of the curve:



Source: AFMA, ASX, RBA

The market continues to factor in the possibility of a rate hike up to 25bp by early 2023, dependent on the speed of the recovery once restrictions are eased:



Source: ASX



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Audit, Risk and Improvement Committee

Terms of Reference

Making an even better Berrigan Shire



Berrigan Shire Council (the Council) has established an Audit, Risk and Improvement Committee (the Committee) in compliance with section 428A of the *Local Government Act 1993* and clauses (#tbc) of the *Local Government (General) Regulation 2005*. These terms of reference set out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

1.0 Objective

The objective of the Council's Audit, Risk and Improvement Committee is to provide independent assurance to the Council by monitoring, reviewing and providing advice about Council's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

2.0 Independence

The Committee is to be independent to ensure it has no real or perceived bias or conflicts of interest that may interfere with its ability to act independently and provide the Council with robust, objective and unbiased advice and assurance.

The Committee is to provide an advisory and assurance role only and is to have no administrative function, delegated financial responsibility or any management functions of the Council. The Committee will provide independent advice to the Council that is informed by Council's internal audit and risk management activities and information and advice provided by council, relevant external bodies and subject matter experts.

The Committee must at all times ensure it maintains a direct reporting line to and from Council's internal audit function and act as a mechanism for internal audit to report to the governing body and Chief Executive Officer on matters affecting the performance of the internal audit function.

3.0 Authority

Council authorises the Committee, for the purposes of exercising its role and responsibilities to:

- access any information it needs from Council;
- use any Council resources it needs;
- have direct and unrestricted access to the Chief Executive Officer and senior management of the Council;
- seek the Chief Executive Officer's permission to meet with any other Council staff member or contractor;
- discuss any matters with the external auditor or other external parties;
- request the attendance of any employee at committee meetings, and
- obtain external legal or other professional advice up to a value of \$1,000. Any advice exceeding the monetary limit will require approval from the Chief Executive Officer or delegate.



Information and documents pertaining to the Committee are confidential and are not to be made publicly available. The Committee may only release Council information to external parties that are assisting the Committee to fulfil its responsibilities and only with the approval of the Chief Executive Officer, except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

4.0 Composition and tenure

The Committee consists of one independent prequalified voting Chair, and two independent voting members, in accordance with the *Guidelines for risk management and internal audit in local councils in NSW*.

The governing body is to appoint the Chair and members of the Committee. The Chair is counted as one member of the Committee. Current committee members are:

Name	Position
TBA	Independent Chair (voting)
TBA	Independent member (voting)
TBA	Independent member (voting)

All Committee members are to meet the independence and eligibility criteria prescribed in the *Guidelines for risk management and internal audit in local councils in NSW*.

Members will be appointed for a four-year period. Members can be reappointed for a further term, but the total period of continuous membership cannot exceed eight years. This includes any term as Chair of the Committee. Members who have served an eight year term (either as member or Chair) must have a minimum two year break from serving on the Committee before any subsequent appointment is possible. To preserve the Committee's knowledge of Council, ideally, no more than one member should leave the Committee because of rotation on any one year.

Specific member terms and conditions are to be disclosed in a letter of appointment. New members will be thoroughly inducted to their role and receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Prior to approving the reappointment or extension of the Chair's or an independent member's term, the governing body is to undertake an assessment of the Chair's or



committee member's performance. Reappointment of the Chair and members is also to be subject to the individual still meeting independence and eligibility requirements.

Members of the Committee are to possess and maintain a broad range of skills, knowledge and experience relevant to the operations, governance and financial management of Council, the environment in which council operates, and the contribution that the Committee makes to the Council. At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a local government environment. All members should have sufficient understanding of the Council's financial reporting responsibilities to be able to contribute to the Committee's consideration of the Council's annual financial statements.

5.0 Role

In accordance with section 428A of the *Local Government Act 1993*, the role of the Committee is to review and provide independent advice to the Council regarding the following aspects of the Council's operations:

- Compliance;
- risk management;
- fraud control;
- financial management;
- governance;
- implementation of the strategic plan, delivery program and strategies;
- service reviews;
- collection of performance measurement data by the council, and
- internal audit.

The Committee must also provide information to the Council for the purpose of improving Council's performance of its functions.

The Committee's specific audit, risk and improvement responsibilities under section 428A are outlined in Schedule 1 to this Charter.

The Committee will act as a forum for the Council's internal audit function and oversee its planning, monitoring and reporting to ensure it operates effectively.



The Committee will have no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings.

The Committee is directly responsible and accountable to the governing body of the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the Council rests with the governing body and Chief Executive Officer.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the governing body of the Council from time to time.

6.0 Responsibilities of members

6.1 Independent members

The Chair and members of the Committee are expected to understand and observe the requirements of the *Guidelines for risk management and internal audit for local government in NSW*. Members are also expected to:

- make themselves available as required to attend and participate in meetings;
- contribute the time needed to review and understand information provided to it;
- apply good analytical skills, objectivity and judgement;
- act in the best interests of the Council;
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry;
- maintain effective working relationships with the Council;
- have strong leadership qualities (Chair);
- lead effective committee meetings (Chair), and
- oversee the Council's internal audit function (Chair).

6.2 Conduct

Independent committee members are required to comply with the Council's Code of Conduct and be held to the same ethical, behavioural and conduct standards as officials of the Council.



Complaints or breaches of Council's Code of Conduct by an independent committee member are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*. The Chief Executive Officer must consult with the governing body before taking any disciplinary action against an independent committee member in response to a breach of the Council's Code of Conduct.

Prequalified Committee members are also required to comply with the Code of Conduct governing the NSW Government's *Audit and Risk Committee Independent Chairs and Members Prequalification Scheme*.

6.3 Conflicts of interest

Once a year, Committee members will provide written declarations to the Council stating that they do not have any conflicts of interest that would preclude them from being members of the Committee. Independent Committee members are 'designated persons' and must also complete and submit returns of interest.

Committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest they may have at the start of each meeting, before discussion of the relevant agenda item or issues, and when the issue arises. Where Committee members and observers are deemed to have a pecuniary or a significant non-pecuniary conflict of interest, they are to remove themselves from Committee deliberations on the issue. Details of any conflicts of interest should also be appropriately minuted.

6.4 Standards

Committee members are to conduct their work in accordance with the International Standards of the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and ISO31000:2018, where applicable.

7.0 Work plans

The work of the Committee is to be thoroughly planned and executed to ensure all Council activities and functions are reviewed. The Committee must develop a strategic plan every four years to ensure all matters listed in Schedule 1 are reviewed by the Committee and the internal audit function over each Council term. The strategic plan must be reviewed at least annually to ensure it remains appropriate.



The Committee may, in consultation with the Council's governing body vary the strategic work plan at any time to address new or emerging risks. The governing body of the Council may also, by resolution, request the Committee to approve a variation to the strategic work plan.

The Committee must also develop an annual work plan to guide its work, and the work of the internal audit function, over the forward year.

The Committee may, in consultation with the Council's governing body, vary the annual work plan to address new or emerging risks. The governing body of the Council may also, by resolution, request the Committee to approve a variation to the annual work plan.

When considering whether to vary the strategic or annual work plans, the Committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the work plan.

8.0 Assurance reporting

The Committee must regularly report to the Council to ensure the Council is kept informed of matters considered by the Committee and any emerging issues that may influence the strategic direction of the Council or the achievement of the Council's goals and objectives.

The Committee will provide an update to the governing body and Chief Executive Officer of its activities and opinions after every Committee meeting.

The Committee will provide an annual assessment to the governing body and Chief Executive Officer each year on the Committee's work and its opinion on how Council is performing.

The Committee will provide a comprehensive assessment every Council term of all the matters listed in Schedule 1 to the governing body and Chief Executive Officer.

The Committee may at any time report to the governing body or Chief Executive Officer on any other matter it deems of sufficient importance to warrant their attention. The Mayor



and Chair of the Committee may also meet at any time to discuss issues relating to the work of the Committee.

Should the governing body require additional information, a request for the information may be made to the Chair by resolution.

9.0 Administrative arrangements

9.1 Meetings

The Committee will meet at least four times per year including a special meeting to review the Council's financial statements.

The Committee can hold additional meetings when significant unexpected issues arise, or if the Chair is asked to hold an additional meeting by a committee member, the Chief Executive Officer or the governing body.

Committee meetings can be held in person, by telephone or videoconference. Proxies are not permitted if a member is unable to attend a meeting.

A quorum will consist of a majority of independent voting members. Where the vote is tied, the Chair has the casting vote.

The Chair of the Committee will decide the agenda for each committee meeting. Each committee meeting is to be minuted to preserve a record of the issues considered and the actions and decisions taken by the Committee.

The Chief Executive Officer and Head of internal audit are to attend Committee meetings as non-voting observers. The external auditor (or their representative) is to be invited to each Committee meeting as an independent observer. The Chair may request the Council's Finance Manager, senior managers, any councillors, and any employee/contractor of the Council and any subject matter expert to attend committee meetings, at the approval of the Chief Executive Officer. These individuals must attend and provide any information requested, where possible. Observers have no voting rights and may be excluded from a meeting by the Chair at any time.



The Committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with only voting members of the Committee present.

The Committee must meet separately with both the Head of internal audit and the Council's external auditor at least once per year.

9.2 Dispute resolution

Members of the Committee and the Council's management should maintain an effective working relationship and seek to resolve any differences they may have in an amicable and professional way via discussion and negotiation.

In the event of a disagreement between the Committee and the Chief Executive Officer or other senior managers, the dispute is to be resolved by the governing body of the Council.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Secretary of the Department of Planning, Industry and Environment in writing.

9.3 Secretariat

The Chief Executive Officer will appoint a Council employee/s to provide secretariat support to the Committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated after approval from the Chair at least one week before the meeting and ensure that minutes of meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within one week of the meeting to each member.

9.4 Resignation and dismissal of members

Where the Chair or a Committee member is unable to complete their term, or does not intend to seek reappointment after the expiry of their term, they should give four weeks' notice to the Chair and governing body prior to their resignation to enable the Council to ensure a smooth transition to a new Committee member.



The governing body can terminate via resolution the engagement of any Chair or independent committee member before the expiry of their term where the individual has:

- breached the conditions of, or become ineligible under the NSW Government's *Audit and Risk Committee Independent Chairs and Members Prequalification Scheme*;
- breached the Council's Code of Conduct;
- performed unsatisfactorily or not to expectations;
- been declared bankrupt or found to be insolvent;
- experienced an adverse change in business status;
- been proven to be in a serious breach of their obligations under any legislation, or
- declared, or is found to be in, a position of a conflict of interest which is unresolvable.

9.5 Review arrangements

At least once every Council term, the governing body must conduct an external review of the effectiveness of the Committee.

These terms of reference are to be reviewed annually by the Committee and once each Council term by the governing body. Any substantive changes are to be approved by the governing body.

10.0 Further information

For further information on Council's Audit, Risk and Improvement Committee, contact Michelle Koopman on michellek@berriganshire.nsw.gov.au or by phone on 03 5888 5100.



Reviewed by Chair of the Audit, Risk and Improvement committee,

(signed)

_____ (date)

Adopted by Council,

_____ (date)

_____ (resolution reference)

Date of review: _____

Housing & Homelessness

Briefing Berrigan Shire Council

Ordinary Council Meeting

20 October 2021

Briefing Outline

- Introduction - Purpose
- Housing and Homelessness Service System
- Role of Local Government in Housing System
- Affordable Housing – what is it
- Housing Affordability Murray Riverina Region
- Housing Affordability Berrigan Shire LGA
- COVID 19 – Impact on Regional Housing
- Emerging Issues
- Next Steps

Purpose

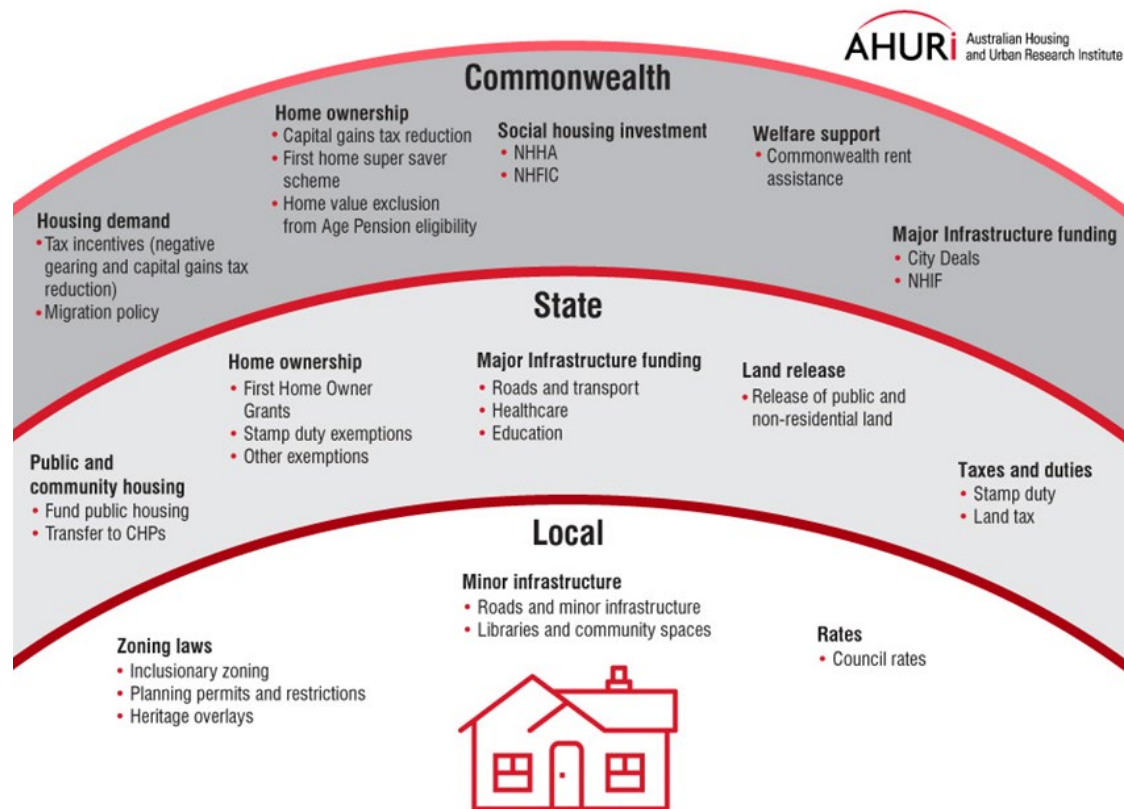
- Provide an overview of Housing and Homelessness Service System
- Identify intergovernmental roles and responsibilities for planning and supply of housing
- Brief Councillors on emerging issues re: Housing Affordability and Homelessness in Berrigan LGA
- Consider what if any action the Council should take in response to emerging issues

Housing and Homelessness Service System

- Complex multi-layered system
- Commonwealth Government is broadly responsible for funding the supply by State Governments or incentivising its supply by private developers and individual home owners
- State Government's provide Housing – public, social and homelessness services
- Homelessness Services do not supply housing – they assist people who are homeless to access accommodation – crisis accommodation and transitional housing

Overview Commonwealth, State and Local Government Policy Housing

Figure 1: Housing policy levers of Federal, state and territory, and local governments



Role of Local Government

- Historically via LEP the role of Local Government has been to ensure an adequate supply of appropriate land is identified as available for housing – a planning role
- Councils also plan and provide infrastructure – roads, open space needed to support residential development – a service provision role
- Local Councils also approve development applications for housing and residential developments – a regulatory and compliance role

Affordable Housing

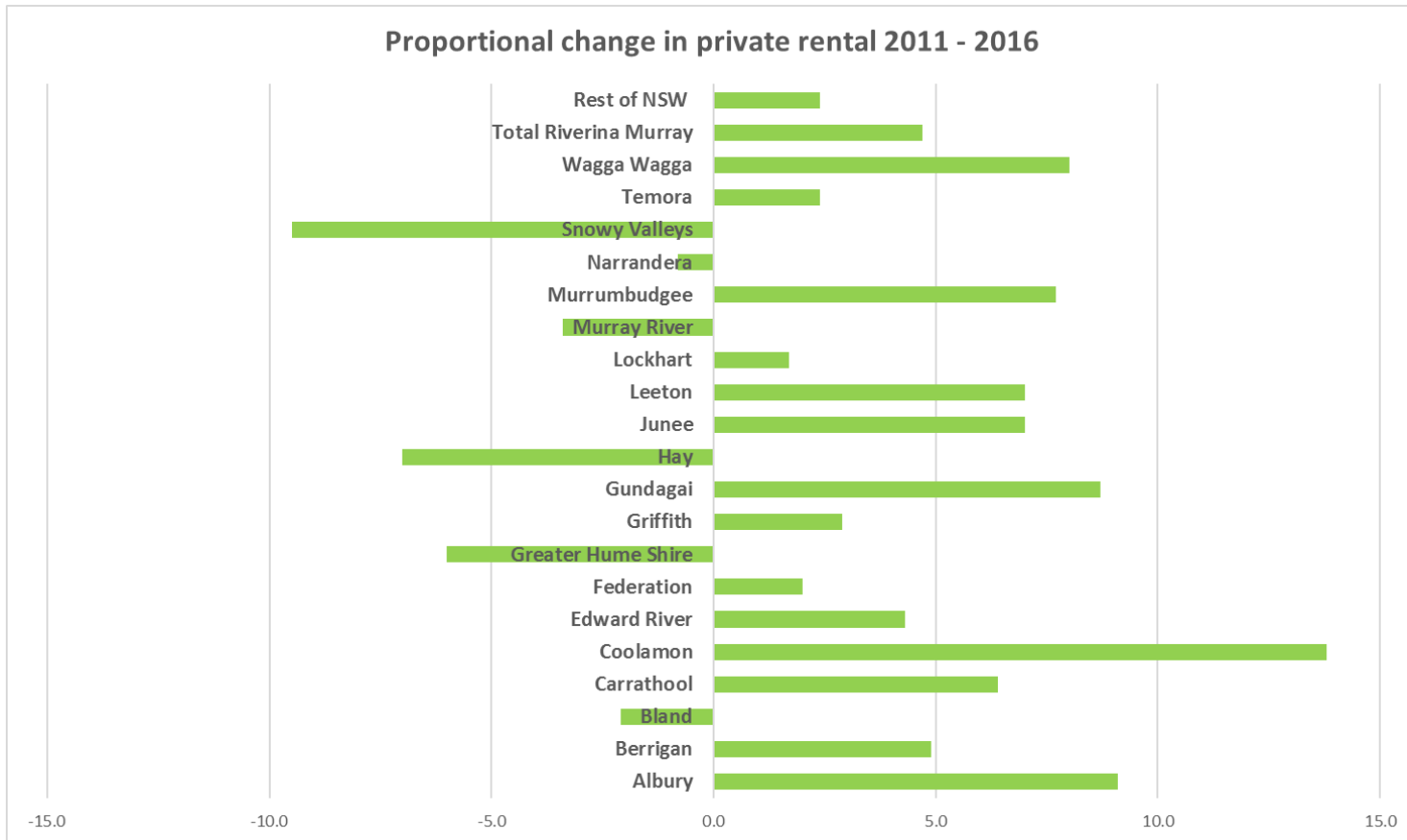
- Affordable housing is a relative term and is based on household income
- Generally accepted by banks, government and the market is the notion that housing is not affordable when the costs of maintaining housing/accommodation is more than 30% of household incomes
- Social housing is housing that is available to moderate to low and to low income households
- When social housing is public or community housing tenants can be charged no more than 30% of the renting household's income

Housing Affordability Riverina Murray

- Historically construction accounts for just 1% of housing stock in the region, therefore any mismatch between housing demand and type of housing is not amenable to change even in the long term
- the percentage of people living in rental housing increased between 2001 – 2016 by 4.1% compared to 2.4% for regional NSW
- The demand for affordable housing, particularly affordable rental housing, is increasing across the region.

(Source: NSW Communities and Justice 2020)

Proportional change in private rental 2011 – 2016 Riverina Murray Region



(Source: NSW Communities and Justice 2020)

Rental Affordability Berrigan Shire

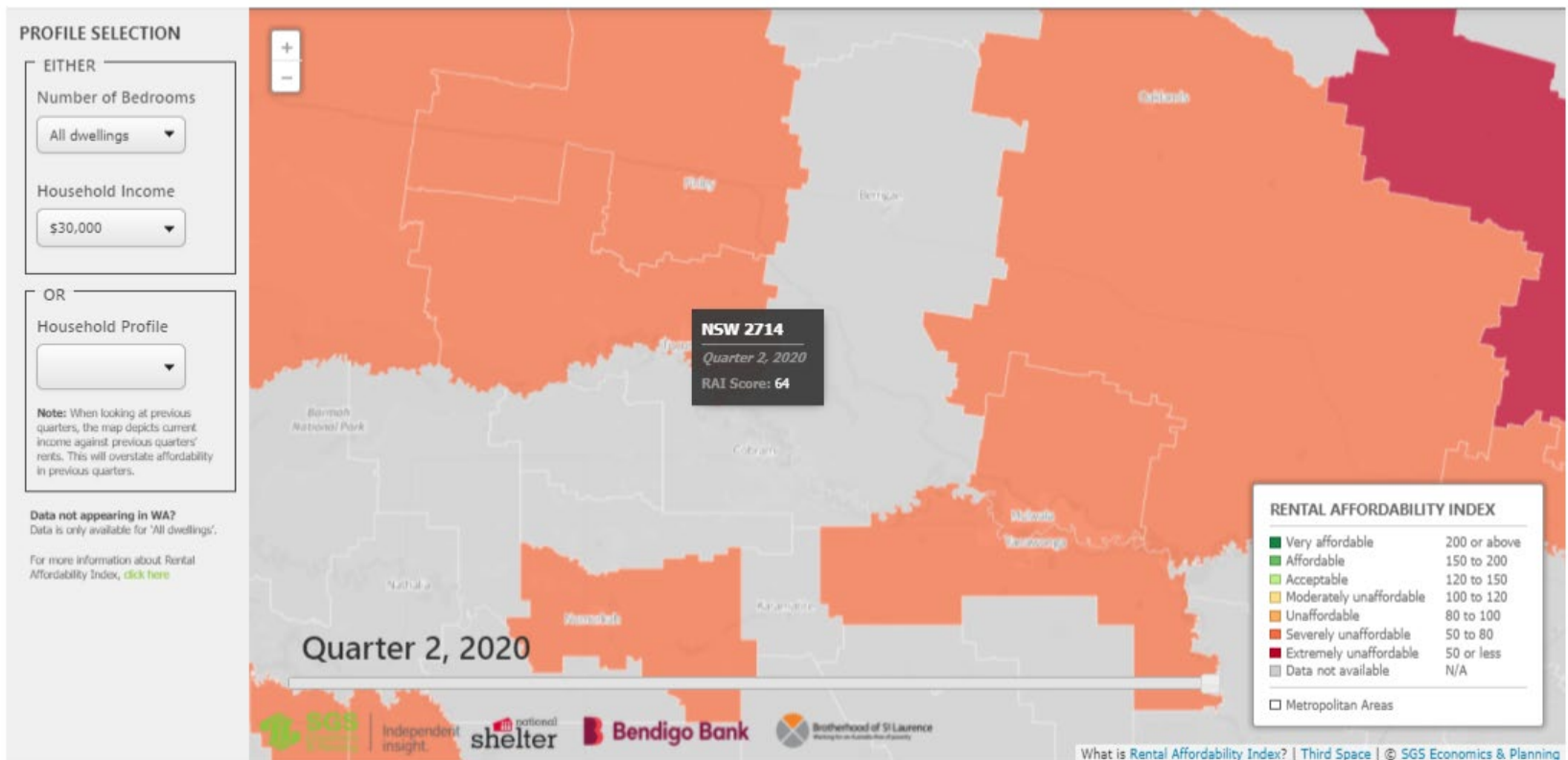
Data indicates that ...

- housing is moderately unaffordable for moderate to low income households (less than \$50,000 pa)
- housing is severely unaffordable for low income households (less than \$30,000 pa)
- a Single Pensioner Aged Pensioner receives approximately \$25,000 pa

Source

<https://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>

Rental Affordability Tocumwal & Finley



COVID 19 – Impact on regional housing markets

According to Australian Housing & Research Institute

- metropolitan housing markets have seen a reduction in median rentals and sales
- regional Housing markets have established their own trajectory
- housing demand in ‘rest of state’ regions is increasing dwelling prices, lowering vacancy rates and reducing affordability in these regional areas’ (AHURI, 2021a).

Emerging Issues – Regional Homelessness

- 28.85% of clients sought assistance for Housing crisis (eviction/homelessness);
- 22.31% of clients sought assistance for financial difficulties;
- 13.08% of clients sought assistance for domestic and family violence;
- 26% of clients sought assistance for their previous accommodation ended;
- 22% of clients sought assistance for housing affordability stress (rent too high);
- 33% of people presenting at [their] service [were] on a Job Seeker payment which is only \$620.00 [per] the fortnight;
- 24% [are] on Disability support pensions;
- 16% [are] on parenting payments;
- 9% of the people presenting for assistance have an employee income; and
- the median price for a private rental in regional NSW is \$450 a week, [w]hich would be more than half the income for anyone on any type of government welfare payment (Vinnies Denilquin, 2021)

Low Incomes & Private Rental Berrigan Shire

	Census 2016	June 2020	March 2021	June 2021
Rent Assistance		629	608	609
Rent Assistance – Post Code				
2712				94
2713				174
2714				227
3644 - Barooga				114
3644 – Cobram Barooga				733
*Low Income Households – less than \$650 per week	694			
*Households Renting Privately	681			
*Households in the Berrigan Shire – all types	3378			
*Households Renting Privately	681			
*Households in the Berrigan Shire – all types	3378			

March 2021 – Twenty-one (21) low income households had either left the LGA or were no longer eligible for rent assistance as the number of households receiving rent assistance fell to 608

Private Rental and Sales Market – Berrigan Shire Council

- Between September 2017 and March 2021 the median sales price for non-strata housing increased from \$238,000 to \$320,000 an increase of 28%.
- Median rent for all residential property types increased from \$210 to \$270, a 22% increase, effectively squeezing social housing tenants out of the market
- Anecdotal comment provided by Arthurs' Real Estate Finley confirms that not only is rental accommodation in short supply, landlords now have choice with up to 15 applicants per property, many of whom would not be low income tenants

Next Steps ...

- There are no short term or immediate fixes for Council should it decide it has a role in leading or advocating for an increase in the supply of affordable housing ...

Options include ...

- Statutory – Inclusion of the LGA in the NSW Government’s Affordable Housing SEPP 70 (this would require the development of a Local Affordable Housing Strategy and subsequent or consequent amendment to the Council’s LEP) (**Medium Term Response**)
- Audit of vacant land (serviced land) or housing in the LGA that is owned by government departments and or Council (**Short Term – Medium Term Response**)
- Identifying unoccupied housing in the LGA as part of a Housing Strategy (**Medium Term Response**)

Options include ...

Service Provision

- Identify community facilities with shower and laundry amenities that could be used by rough sleepers (**Short - Medium Term Response**)
- Facilitate access by homelessness service system and rough sleepers to shower and laundry amenities (**Medium Term Response**)

Options include cont...

Strategic (**Medium to Long Term**)

- Establish a strategic partnership with Homes Out West, Vinnies Homelessness Services or similar Community Housing Provider either in conjunction with RAMJO Councils serviced by Homes Out West or singly to:
 - advocate for funding to increase the quantum of public or affordable housing using vacant residential land that is owned by Council and or State Government Agencies;
 - advocate for the financial support needed to increase the capacity of Homes Out West or similar to manage additional affordable and social housing properties;
 - advocate for COVID19 Affordable Housing Recovery Fund (similar to the recently announced Victoria Fund -[\\$80 Million In Regional Housing Funding Up For Grabs | Premier of Victoria](#));

Options include cont...

A strategic partnership with Homes Out West, Vinnies Homelessness Services or similar Community Housing Provider either in conjunction with RAMJO Councils serviced by Homes Out West or singly to:

- Advocate for regional, cross-border or local opportunities to establish a voluntary affordable housing landlord register including the resources needed for the non-government housing agencies to maintain such a register;
- Advocate for the development of projects by the state government and community housing providers designed to increase, via head lease arrangements or voluntary planning agreements, the number of affordable housing properties in the LGA;

Options include cont....

Strategic

- The Berrigan Shire Council to facilitate an annual workshop or forum between Berrigan Shire Council and the NSW Communities and Justice Department on emerging issues and trends related to the quality and availability of affordable housing in the Berrigan Shire LGA and the extent of homelessness and rough sleeping in the LGA.



Sales Report

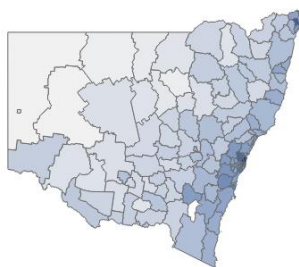
[Click for Rent report](#)



Median Sales Price - March 2021 quarter

Quarter: March 2021 | Strata/Non-strata: Total | Median sales price (\$'000s): \$58 - \$2,250

New South Wales



Greater Metropolitan Region (GMR)



Median Sales Price (\$'000s)



Quarterly Sales Statistics - March 2020 quarter

Local Government Area	Quarter	Region			
Berrigan	March 2020	NSW			
Strata/Non-strata	First quartile(\$'000s)	Median(\$'000s)	Third quartile(\$'000s)	Mean(\$'000s)	Sales (#)
Non-strata	\$142	\$224	\$275	\$223	37
Strata	-	-	-	-	-
Total	\$146	\$222	\$272	\$222	38

(s) 30 or less sales lodged, (-) 10 or less sales lodged

HOUSING & HOMELESSNESS

Briefing for the Berrigan Shire Council

October 2021

ABSTRACT

Housing policy in Australia is complex and multi-layered. The traditional role of local government in housing is that of the consent authority, responsible for ensuring an adequate supply of residential land. However, there is a crisis in the supply of affordable housing for key workers in retail, accommodation, health and social services in the Berrigan Shire, partly prompted by a 28% increase in median house prices since March 2020. There is mounting evidence that unmet housing demand is encouraging local Councils and communities throughout regional Australia to consider a place-based response to alleviate the economic and social consequences of a lack of supply. Place-based responses' that are cognisant of the need to respond also to a growing demand for affordable housing. This briefing provides the Council and Council Officers with an overview of the housing and homelessness system at a state, regional and local level. It includes also options for discussion, further investigation and consideration.



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Housing policy over the last 50 years has been structured around a politically initiated ideology of home ownership as normal and beneficial, and public housing as an inferior form of tenure (Ruming et al. (2004, p.235)

Introduction

Access to safe, secure, appropriate and affordable housing is something which many people in Australia, New South Wales and increasingly in the Berrigan Shire do not experience. An experience exacerbated in regional and rural communities in recent years by demand-driven change in how social housing or publically-funded housing is planned and supplied. According to the Australian Institute of Health and Welfare (AIHW) housing stress, in particular ‘homelessness can profoundly affect a person’s mental and physical health, their education and employment opportunities, and their ability to fully participate in society’ⁱ.

The purpose of this briefing is to:

1. provide an overview of the context and service delivery requirements of the NSW social housing and homelessness support service system;
2. identify the role of local government in NSW as part of the broader housing service system;
3. review national, State and regional trends in demand for, and the supply of, housing, and the provision of homelessness services;
4. review the role of the housing market (private rental market) separate to, and in the context of, affordability of housing and the social housing service system;
5. provide a comparative snap shot of the current availability of affordable housing, social housing and homelessness support services in the Berrigan LGA and neighbouring LGAs;
6. identify emerging issues in the Berrigan LGA and neighbouring LGAs regarding access to housing (private rental market and social housing market) and the visible increase in rough sleeping and number of people living in short stay accommodation; and
7. canvass the role of COVID19 in exacerbating underlying stressors in the sustainability of LGAs private housing and social housing stock, and the social and economic consequences of failure to plan for renewal and diversity in the private rental and social housing market.

The Affordable Housing Service System or Social Housing System

In 2018–19, just under 800,000 Australians lived in social housing, living in over 437,000 dwellings across the country. Over 70% of social housing dwellings were public housing stock with increasing numbers in community housing. Social housing also provided targeted financial assistance for eligible Australians on low incomes and supported people experiencing homelessness or at risk of homelessnessⁱⁱ

National Housing and Homelessness Agreement

The demand for housing and the supply of housing in Australia is governed by a complex and multi-layered system of public policy, legislation, programs, and housing strategies designed to incentivise market-based supply of housing in response to population growth and or market forces. Broad reform in how services are provided by the Commonwealth and State government has also in the past 30-years, led to a separation in a policy and planning sense, of housing policies designed to a) respond to market demand and b) stimulate construction and market-based supply of housing stock. The adoption of market based demand policy is the opposite of the supply-sided social (public) or affordable housing policies of the post-WWII reconstruction and post-war immigration policies.

Today, the Commonwealth government is primarily concerned with governing housing demand using its powers (taxation, grant programs, immigration etc) to stimulate or slow-down investment in the supply of housing by market-based developers, community or not-for-profit housing providers, individual or State and Territory Governments. The Commonwealth / State and Territories National Housing and Homelessness Agreement (NHHA) has in its various iterations in the past 30-years, set out the programs and funding arrangements negotiated between the Commonwealth Government and the States/Territories. Focus in the past decade has been on stimulating supply through market-based, individual home-owner investment in housing and not-for-profit housing providers, meaning investment in ‘affordable rental housing’ has been maintained through the National Housing and Financial Investment Corporation (NHFIC) and its suite of programs and grants. Additional assistance provided by the Commonwealth includes Rent Assistance – a capped payment to individuals (pensioners, welfare dependent tenants) where their weekly rent is ‘unaffordable’; that is greater than 30% of their weekly income.

Recognised by relevant stakeholders (Commonwealth, State and Territories and Not-for-profit housing providers) is the benchmark that housing stress for non-home owners and mortgagee holders is experienced when the cost of rent or mortgage payments or lodgings (not board and lodgings) exceeds 30% of after tax income. Affordability is therefore, a relative concept. For example just because the median house price in an area is 50% less than the median house price in Melbourne or Sydney does not make it affordable for low to moderately low income households.

Figure 1: Housing policy levers of Federal, state and territory, and local governments

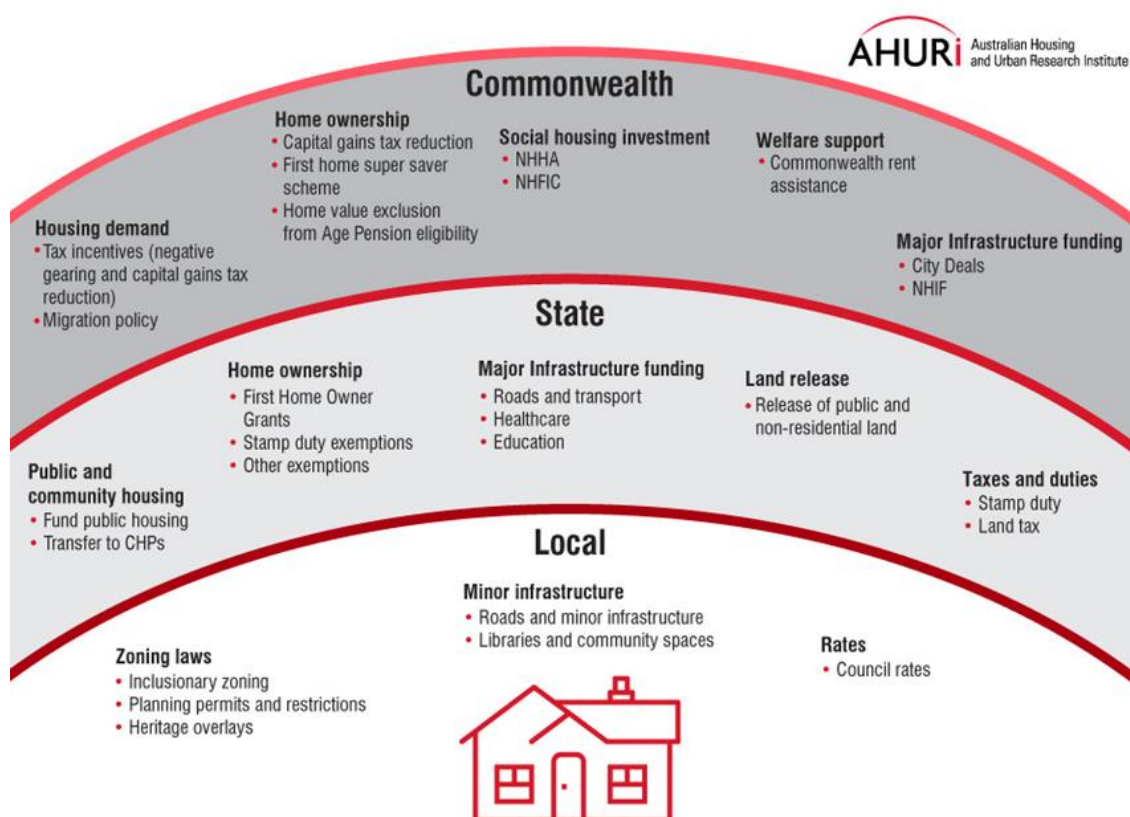


Figure 1 Role of Government Housing Service System

Source AHURI (2018) Policy Brief

Homeless, Crisis and Transitional Housing Support Service System

Also governed by the NHHHA is funding directed to the not-for-profit service system via a complex arrangement of direct funding, or transfers of funds, to relevant State housing and homelessness service agencies and homelessness service providers. A key characteristic of the homelessness service system is that it does not supply housing. Homelessness services are responsible for assessing the housing and social support needs of individuals and families who are at risk of homelessness, homeless, or sleeping rough. Central to this model is the notion that any accommodation or housing provided is crisis or at best transitional (short term) and the role of the homelessness service system is to assess the homeless individual and their family so they can then be prioritised for social housing (long term housing) and or linked to social services (mental health, employment, alcohol and drug services, financial counselling services etc.) so those providers can address the issues that contributed to the break-down of their previous housing or accommodation and in doing so exit the homelessness service system via the private rental market.

State Supplied Housing – Community Housing, Affordable Housing or Social Housing

In New South Wales the Department of Communities and Justice assesses eligibility and prioritises individuals and families' access to available social housing. Planning for new social housing reflects a strategic decision to adopt a demand-model (hence retrospective) to address existing gaps and supply shortfalls in high growth areas or inner city renewal areas. Facilitating housing and resettlement services for high-priority-access-cohorts e.g.: humanitarian refugees is also managed through this system of demand. Further, the supply of social housing, with this demand-driven model, is constrained by funding and planning controls used by the public and neighbouring developers to oppose social housing developments. A housing outcome addressed in part by the NSW State Government's *Affordable Housing Strategy* advocating inclusionary planning controls for inclusion in Council Local Environment Plans (LEP) is part of a long-term strategy to increase access to affordable housing.

In the meantime, the short fall in social housing supply is not offset by the Department of Communities and Justice housing assistance programs even though they are directed toward low to medium-low income individuals and families who are supported via bond rental loans to: a) enter the private rental market; or b) transfer to a new rental property. Nor does the current model have the capacity to regulate and oversee not-for-profit community housing provider management of social housing in regional and rural NSW. Social housing stock, particularly NSW ex-public housing stock, does not meet contemporary standards in terms of diversity of housing stock, the quality, thermal performance (heating and cooling) and overall condition. Further issues experienced in social housing stocked noted above, are not overseen by the Department of Communities and Justice or similar state agencies in the other States and territories, for housing provided by the private rental market even though financial assistance (bond rent loans) is provided to prospective tenants for payment to landlords. An outcome of this practice is that in a planning sense the 'true' demand for secure tenure social housing properties and the condition of these properties is masked. Where systemic faults in local rental market lead to a churn of properties accompanied by increasing demand from middle to high income earners (lower risk tenants), such as is currently being experienced in the Berrigan LGA, acceleration of unaffordability of rental in what were previously affordable rental markets occurs and exposes a new group of renters to poor or substandard housing.

This scenario exposes a recognised systemic fault in the dynamics of local rental markets which operate best in housing markets where the rental supply demand rate or rental vacancy rate is less than three percent (Communities and Justice NSW, 2020). Daniel (2021) reporting on the results of the 2020 National Housing Survey, writes that 'in 2020, 23 percent of renters were unable to keep

warm in their home during cold weather, 27 per cent reported problems with mould, and 21 percent reported problems of dampness', (Daniel L. , 2021) suggesting that private rental and not-for-profit community housing (social housing landlords) do not meet their obligations to provide housing that is fit for purpose, and which can support the physical health and wellbeing of tenants.

Role of Local Government – Affordable Housing

Historically the role of Local Government has been restricted to facilitating housing development through land use regulation and ensuring planned development is consistent with the LEP and the objectives of land use zones. The planning role has also seen Councils use the strategic planning and statutory planning system to ensure its planning practices considers investment in infrastructure that will support any given proposed development, such as roads, open space, and service supply.

New South Wales Councils are now being encouraged to consider as part of the development and review of their Local Strategic Planning Statements, and LEPs, how Councils can contribute to the NSW Housing Affordability Strategy Targets. At a policy level the NSW State Government has amended the State Environmental Planning Policy No 70 (SEPP 70) to allow NSW Councils that can demonstrate housing stress and a lack of affordable housing, to include inclusionary zoning in their LEPs. Councils must nominate themselves for inclusion in the SEPP 70 Affordable Housing Scheme to enable Councils to levy contributions for affordable housing.

What is inclusionary zoning?

Inclusionary Zoning provides the planning framework for inclusionary housing defined as 'a range of local policies that tap the economic gains from rising real estate values to create affordable housing. Where these local policies are focused on using the zoning system, the term inclusionary zoning is used'. (Lincoln Land Institute, 2018) cited by (Phibbs & King, 2018).

Nationally and in NSW, Local Councils recognise housing for key workers such as those in health care, child care, hospitality, police, and retail is fundamental to the economic prosperity of local communities. Key workers do not attract high wages, nor are many employed on a full time basis. Key industries tend to be those industries that are highly casualised and as a result employees in these industries experience housing stress. Based on research undertaken by the Australian Housing and Urban Research Institute (2018) inclusionary zoning and voluntary planning agreements between Councils and developers 'can encourage affordable housing inclusion as part of incremental residential development within the existing planning and development framework' (AHURI, 2021).

Inclusionary zoning, voluntary planning agreements and Local Housing Strategies are planning interventions that NSW Councils can use, and are using, to support the development of affordable housing. In the context of the Berrigan Shire the development of a **Local Housing Strategy** would provide nuanced and local level assessment of the actions the Council could take to improve the availability and affordability of housing within the LGA. Such a Strategy may also inform reviews of Local Council policy, precinct and infrastructure plans and planning officers' assessment of new housing developments.

In NSW, Local Councils also have a key advocacy role in relation to State and Commonwealth government investment in local infrastructure and social services. In the context of the Berrigan Shire, this requires acknowledgement that regional planning models, aggregate service delivery data and smoothed demand to regional centres masking trends and the demand in smaller communities. In the Riverina Murray Region, the regional centres of Albury and Wagga Wagga are the beneficiaries of smoothed data. This data management practice informs State planning assumptions and it is a practice that has led to a steady diminishment in the resources available to meet the bespoke needs of border communities that are, in an urban planning sense, an agglomeration of communities: socially, economically, and functionally and in a land use sense, located in the peri-urban catchments of Shepparton and Echuca. The service delivery issues and implications of which, for

social service infrastructure have already been explored in the Council's current Children and Young People and Families Strategy.

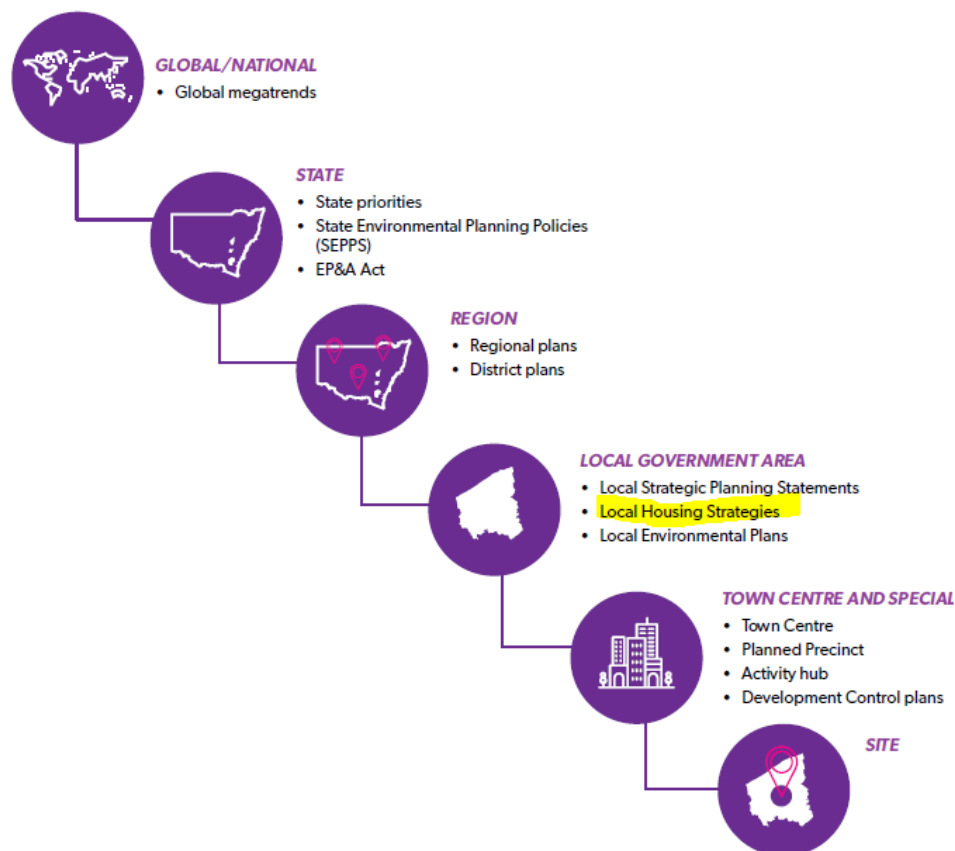


Figure 2 Local Housing Strategy's & the NSW Planning Framework

Source (NSW Dept Planning and Environment, 2018)

National, State and regional trends in housing demand

Nationally and at a State level, the demand for safe, secure and affordable housing grows. However, a range of factors impacts the market-based housing supply, including the availability of land, regulatory and planning controls, and investment models that do not favour affordable or social housing by private investors primarily due to its low capital return. When asked about their experience or knowledge of social housing, the broader community think of broad-acre public housing estates or public housing towers in metropolitan centres. Real estate agents and potential rental property investors therefore look for properties that will appreciate in value in locations close to services and amenities and which will, in the context of the local housing market, deliver a weekly rental return that is at least 1% of the market value of the property.

Similarly, State government investment in public or social housing has not kept pace with demand, nor has the State government invested in maintaining the supply, quality and condition of public housing stock. The State government's policy response has been characterised by wholesale transfer of public housing stock to Community Housing Providers that operate at arms-length from government (Tenants Union NSW, 2020).

It is, therefore, clear that there are many deeply embedded structural issues which are not amenable to Local Government planning and zoning controls or intervention.

Affordable Housing Riverina Murray

The New South Wales Department of Communities and Justice (2020) has published an overview of the supply and match of housing types in the Riverina Murray Region. The key take away messages from this publications are:

1. There is a mismatch between the supply and match of housing types throughout the region with 73% of housing in the region being 3-bedroom housing, yet couples with children households make up only 35% of households
2. The mismatch of housing types to supply is most evident in the lack of diversity of housing type. For example, a single person household on a disability pension may not want or need to maintain a three-bedroom older style home set on 800m². Similarly, a family living in a two-bedroom unit may potentially also be living in housing that does not meet their needs.

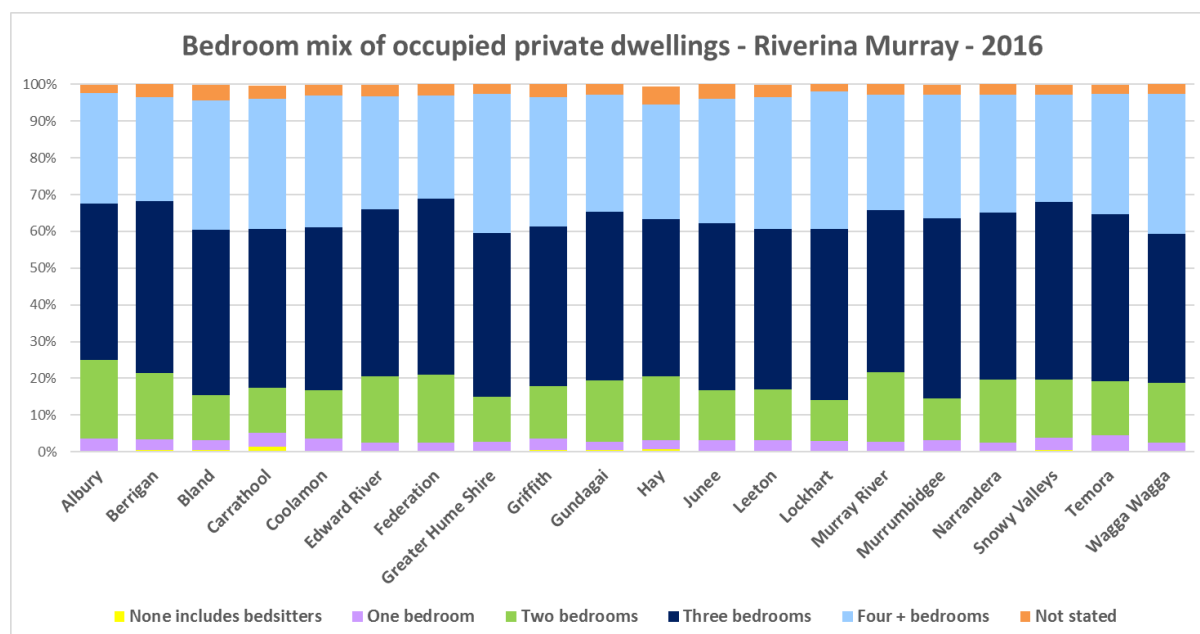


Figure 3 Bedroom mix of occupied private dwellings - Riverina Murray 2016

Source: (Communities and Justice NSW, 2020)

3. Of concern is data that indicates that 10% of family households living in the region are in housing with 2 bedrooms; which is an indicator of the unaffordability (given supply) of housing for some households
4. Historically construction accounts for just 1% of housing stock in the region, therefore any mismatch between housing demand and type of housing is not amenable to change even in the long term
5. The proportion of households living in rental housing has increased over time with the percentage of people living in rental housing having increased between 2001 – 2016 4.1% compared to 2.4% for regional NSW
6. The demand for affordable housing, particularly affordable rental housing, is increasing across the region. The graph below demonstrates the change in the number of low income renters between 2006 and 2016 in each LGA in the region.

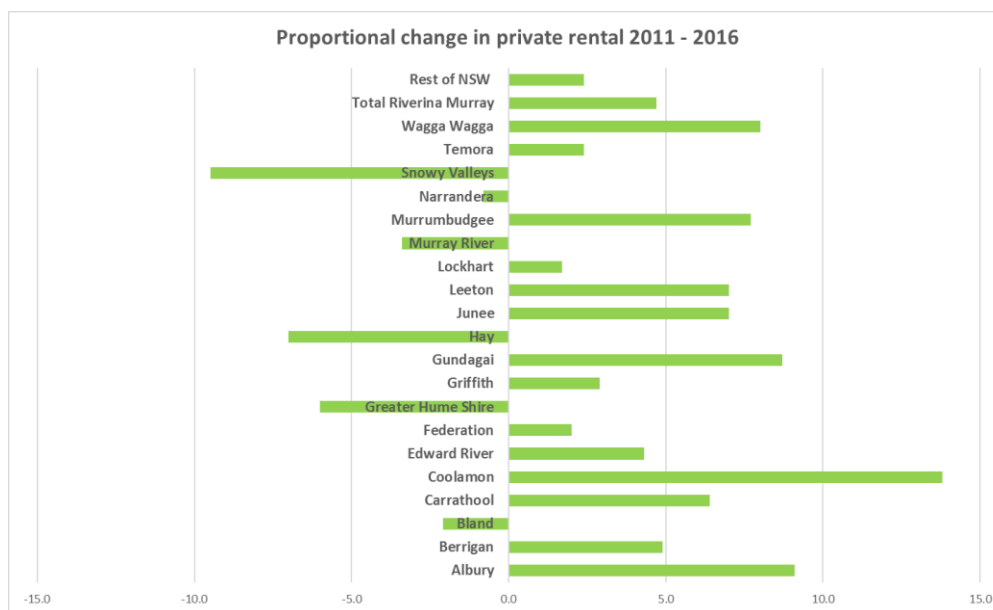


Figure 4 Proportional change in private rental 2011 - 2016

Source (Communities and Justice NSW, 2020)

- Public housing in the Riverina Murray is primarily located in Wagga Wagga and Albury while ex-public housing, now social housing properties, are managed by a single community housing provider. Homes Out West and are in effect at capacity as wait list times are extensive.

Expected Waiting Time by Table				
ALLOCATION ZONE	1 bed	2 bed	3 bed	4 bed
S091 ALBURY	2-5 years	2-5 years	2-5 years	5-10 years
S093 BERRIGAN		10+ years		10+ years
S094 WEST WYALONG	Up to 2 years	2-5 years	Up to 2 years	2-5 years
S096 HILLSTON/CARRATHOOL			2-5 years	10+ years
S098 COOLAMON		10+ years	Up to 2 years	
S099 COOTAMUNDRA	2-5 year	2-5 years	Up to 2 years	Up to 2 years
S100 COROWA	2-5 years	Up to 2 years Up to 2	Up to 2 years	2-5 years
S101 CULCAIRN			10+ years	10+ years
S102 DENILIQUIN	2-5 years	Up to 2 years	Up to 2 years	Up to 2 years
S103 GRIFFITH	5-10 years	2-5 years	2-5 years	2-5 years
S104 GUNDAGAI	5-10 years	2-5 years	2-5 years	5-10 years
S105 HAY		Up to 2 years	2-5 years	2-5 years
S106 HOLBROOK			2-5 years	
S107 JERILDERIE		Up to 2 years	Up to 2 years	10+ years
S108 JUNEE	2-5 years	Up to 2 years	2-5 years	2-5 years
S109 LEETON	Up to 2 years	2-5 years	Up to 2 years	Up to 2 years

Expected Waiting Time by Table				
ALLOCATION ZONE	1 bed	2 bed	3 bed	4 bed
S111 LOCKHART		10+ years	2-5 years	10+ years
S112 MATHOURA/MURRAY				
S113 COLEAMBALLY			10+ years	10+ years
S114 NARRANDERA	2-5 years	Up to 2 years	2-5 years	Up to 2 years
S115 TEMORA	2-5 years	Up to 2 years	2-5 years	Up to 2 years
S117 TUMBARUMBA		5-10 years	Up to 2 years	
S118 TUMUT	2-5 years	2-5 years	Up to 2 years	2-5 years
S119 URANA				
S120 WAGGA WAGGA	2-5 years	2-5 years	2-5 years	2-5 years
S121 BARHAM/WAKOOL				
S123 ADELONG	Up to 2 years	Up to 2 years	Up to 2 years	10+ years
S126 DARLINGTON POINT			Up to 2 years	
S128 FINLEY			Up to 2 years	Up to 2 years
S129 GANMAIN				
S130 HENTY				
S132 MOAMA		2-5 years	2-5 years	
S133 MOULAMEIN				
S134 MULWALA				
S135 THE ROCK			10+ years	
S136 TARCUTTA		Up to 2 years	2-5 years	
S137 TOCUMWAL	2-5 years		5-10 years	
S140 YENDA			Up to 2 years	

Table 1 Wait List Riverina Murray

Source (Communities and Justice NSW, 2020)

- In the past two decades there has been a sustained increase in demand for affordable rental housing concurrent with a decline in rental stock (public, social and private) with the region experiencing a private rental vacancy rate of 1.4% well below the 3% benchmark for private rental supply/demand.

Housing Affordability Berrigan Shire

A recent Societe Generale de Sureveillance *General Society for Surveillance* (SGS) report commissioned by the Brotherhood of St Laurence (2020) addresses what has been a significant gap in reporting and research on the housing affordability, developing the Australian Housing Affordability Indexⁱⁱⁱ. This index acknowledges that renting households on average have lower incomes. Hence, the affordability of housing and the costs associated with heating and cooling a home impacts renting households more

that homeowner and mortgagee households (Daniel, et al., 2020). For example, households that rent do not have the same options re: installation of additional insulation, glazing upgrades, photovoltaic solar, hard wired heating and cooling systems, that a homeowner or mortgagee might consider to reduce the costs associated with living in a home.

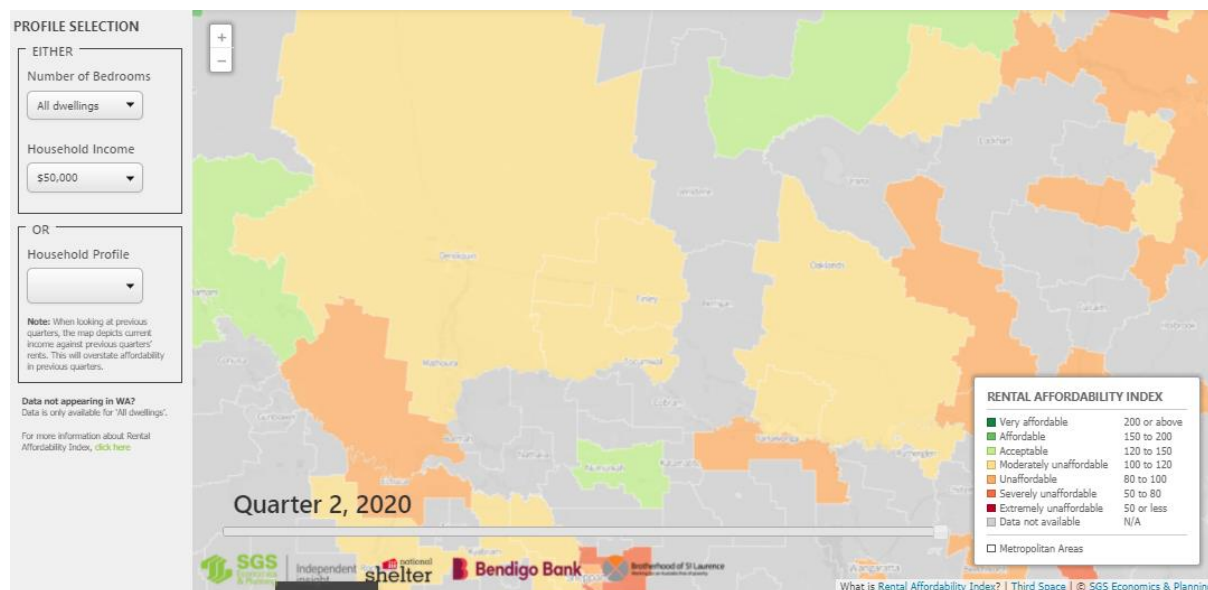


Figure 5 Rental Affordability Finley and Tocumwal x Income \$50,000 pa

Source <https://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>

Illustrated in Figure 3 is the affordability of housing in the Berrigan Shire for people on a low to moderate income; that is less than \$50,000 per annum as at June 2020. The data indicates that housing in Finley and Tocumwal is moderately unaffordable. Single person households over 65 are the largest growing cohort in the Berrigan Shire; of this cohort non self-funded pensioners receive approximately \$25,000 per annum, are less likely to own their home and therefore live in private rental housing or other forms of housing. For the single, over 65 cohort, housing affordability is severely unaffordable (Figure 4).

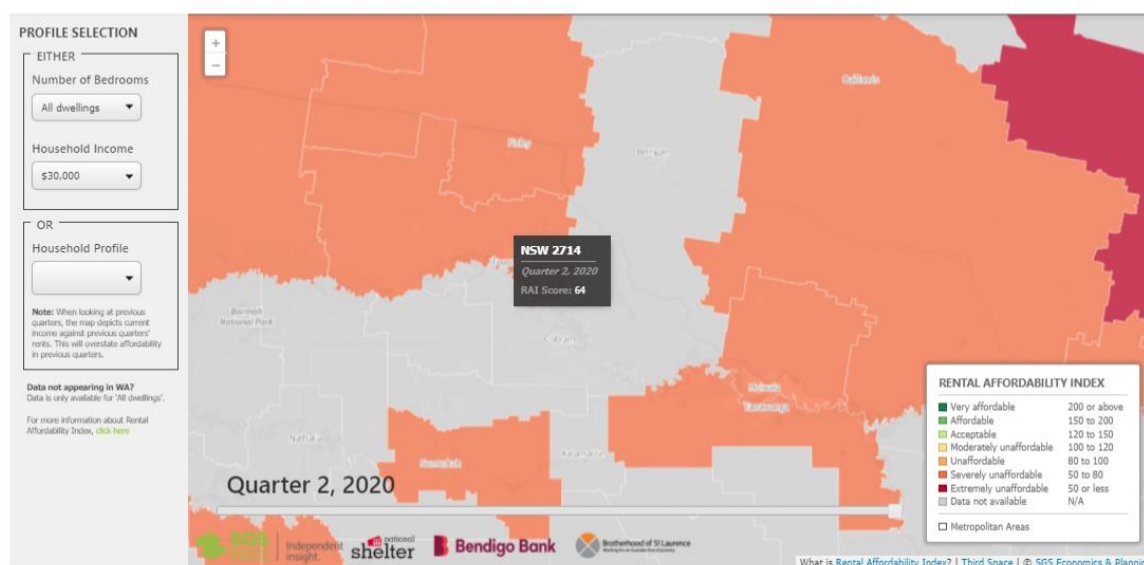


Figure 6 Rental Affordability Tocumwal and Finley x income \$30,000 pa

COVID19 – Impact on Regional Housing

Research undertaken by the Australian Housing and Urban Research Institute (AHURI) has identified a number of issues impacting on the housing and rental markets in regional Australia. AHURI key findings are that Regional Housing markets have established their own trajectory and while metropolitan housing markets have seen a reduction in median rentals and sales, the opposite is the case in regional Australia. AHURI (2021) notes that ‘housing demand in ‘rest of state’ regions is increasing dwelling prices, lowering vacancy rates and reducing affordability in these regional areas’ (AHURI, 2021a).

The research suggests that recovery should be place-based, targeted investment in social housing funded appropriately and designed to bring long-term benefits to local areas. AHURI research also noted that those at the most risk of housing stress are low-income households experiencing stress in the private rental market and employed in low wage and casualised industries such as hospitality, retail, and accommodation.

Emerging Issues

Homelessness Berrigan Shire

In the Berrigan Shire homelessness services are one of those services that the majority of community members have no knowledge about until they experience a crisis that impacts on their housing (financial, health, or family violence related). Moreover, many users of homelessness services drift into homelessness with many commencing the trajectory with couch surfing (staying with friends while they wait for a private rental property), and moving progressively to rough sleeping (usually in car or at camp grounds). Homeless services can work with individuals and families who do not have secure housing; that is a right to stay in their accommodation in the medium to long-term. New in the Berrigan Shire is the visibility of rough sleeping and reports from employers that their employees are now ‘homeless’.

Noted previously, homelessness services do not provide housing. Their focus is on supporting people who are homeless or at risk of homelessness access the services that can assist an individual or family address the issues that may have led to the break down in their previous housing. The focus of homeless services model is support and intervention which will allow the client to re-enter the private or social housing market. The model, especially when there is limited private or social housing, does lead to social housing and homelessness support workers suggesting to individuals and families that they move to locations where there is housing. Although the practice ensures individuals and families exit the homelessness service system, it masks the ‘true’ demand for social housing by displacing ‘demand’ to regional centres. Correspondence via received from via email from Homes Out West and Vinnies Deniliquin suggests this is currently the experience in Berrigan Shire and surrounding areas:

There is not a significant waitlist currently for housing in these regions. However, we do get enquiries about housing in these regions from people, and due to the lack of movement and therefore availability, we often assist them to change their allocation zone. I don’t believe that these waitlist numbers are indicative of what the true demand is. (Home Out West, 2021)

We are seeing an increase in individuals and families reaching out for support as their private rental has been sold and there are limited to no more listed in their area. Currently, when appropriate we are having to encourage people to reach out to hotels, motels and caravan parks to see if they would allow a cheap weekly rate while they wait

for a housing option to become available. Often these people are having to relocate, which could mean leaving their supports, employment and pulling kids out of schools. (Vinnies Denilquin, 2021)

Issues of privacy and confidentiality also make it extremely difficult for the two Housing and Homelessness Services (Homes-Out-West and Vinnies Homelessness Services) that outreach to the Berrigan Shire to share information about the level of demand and housing outcome for the individuals and families that enter and exit their services. Hence, there is no LGA specific data about housing demand, nor the extent of homelessness or people at risk of homelessness in the Berrigan LGA. What we know based on data from Vinnies Homelessness Services Denilquin who cover Edward River, Murray, Hay and the Berrigan Shire, is the following:

- 28.85% of clients sought assistance for Housing crisis (eviction/ homelessness);
- 22.31% of clients sought assistance for financial difficulties;
- 13.08% of clients sought assistance for domestic and family violence;
- 26% of clients sought assistance for their previous accommodation ended;
- 22% of clients sought assistance for housing affordability stress (rent too high);
- 33% of people presenting at [their] service [were] on a Job Seeker payment which is only \$620.00 [per] the fortnight;
- 24% [are] on Disability support pensions;
- 16% [are] on parenting payments;
- 9% of the people presenting for assistance have an employee income; and
- the median price for a private rental in regional NSW is \$450 a week, [w]hich would be more than half the income for anyone on any type of government welfare payment (Vinnies Denilquin, 2021).

Any increase in the prevalence of homelessness leads to an increase in the visibility of rough sleeping. Rough sleeping includes people camping beside the River on a more or less permanent basis and sleeping in their car during colder months. These individuals often do not come into contact with homelessness services. Common to all is that they have difficulty accessing shower and laundry amenities.

Low Income Households, Private Rentals & Berrigan Shire

A proxy indicator of the extent and potential social / economic seriousness of social housing and private rental housing market failure for Shire residents and employing businesses are the number of Berrigan Shire households eligible for and who receive rent assistance from the Commonwealth Government. As at March June 2020, 629 households received rent assistance. By March 2021 - 21 low income households had either left the LGA or were no longer eligible for rent assistance as the number of households receiving rent assistance fell to 608^{iv}. The former scenario (households that left) are more likely, given the broader context of COVID19, related border and business shut downs. As at June 2021, 609 households now receive rent assistance.

	Census 2016	June 2020	March 2021	June 2021
Rent Assistance		629	608	609
Rent Assistance – Post Code				
2712				94
2713				174
2714				227

3644 - Barooga				114
3644 – Cobram Barooga				733
*Low Income Households – less than \$650 per week	694			
*Households Renting Privately	681			
*Households in the Berrigan Shire – all types	3378			

Table 2 Rent Assistance and Low Income Households Berrigan Shire 2016 - 2021

Source: Australian Government DSS Payment Demographics – June 2020, March 2021 and June 2021 and * id. Data Berrigan/atlas.id.com.au/Berrigan/maps/renting-privately

Private Rental and Sales Market – Berrigan LGA

In a private rental market that is operating efficiently at a 3% supply and demand rate, investors are often advised that they can expect and will receive in rent at least 1% return on the assessed value of their property. This truism of investment assumes that prospective tenants are mid to high income earners which not the case in the Berrigan Shire. Mid to high income earners in the Berrigan Shire tend to purchase their home. In 2017 the median rent for all residential property types was \$210 compared to the median sales price of \$238,000 as at June 2021.^v Between September 2017 and March 2021 the median sales price for non-strata housing increased from \$238,000 to \$320,000 an increase of 28%. Across the same period the median rent for all residential property types increased from \$210 to \$270, a 22% increase, effectively squeezing social housing tenants out of the market.

	September 2017	June 2021
Rental Bonds - held	586	555
New Bonds lodged	68	53
Median Rent – all property types	\$210	\$270
Median Sales	\$238,000	\$320,000

Table 3 Rent Bonds and Median Rent Berrigan Shire 2017 - 2020

Source: [Rent and Sales Report - interactive dashboard | Family & Community Services \(nsw.gov.au\)](#)

On the one hand, while a 28% increase in the value of residential property in the LGA is excellent news for property owners and the Council, the impact on 22% of Shire residents, the majority of whom live in Finley and Tocumwal, is of considerable concern. Arguably a number of landlords may not be aware that they are assumed, for the purposes of government, to be a critical part of the social housing system. Further, if asked most would suggest that they are not viewed as social housing landlords. A proxy indicator of landlord preferences that can be monitored are the number of rental bond loans that are accepted, which the data suggests is also decreasing.

Anecdotal comment provided by Arthurs' Real Estate Finley confirms that not only is rental accommodation in short supply, landlords now have the choice with up to 15 applicants per property, many of whom would not be low income tenants. Ms Arthur also expressed her concern that, as rents continue to rise and based on her experience and knowledge of the market, landlords would be wary of tenants who have casual or season jobs, preferring tenants who can afford the rent. Hence, we can expect that a number of private landlords will (particularly if prices or rents are sustained post COVID19) will seek to:

- a) realise the capital gain in their property; or
- b) increase rental yields; arguably making their property unavailable to tenants (even those with a good rental history) who require a bond loan and rent assistance, preferring instead mid to high income tenants with a good rental history and possibly more stable employment options.

Next Steps ...

There are no short term or immediate fixes for Council should it decide it has a role in leading or advocating for an increase in the supply of affordable housing. Options for further consideration by the Council could include:

Statutory

- Inclusion of the LGA in the NSW Government's Affordable Housing SEPP 70 (this would require the development of a Local Affordable Housing Strategy and subsequent or consequent amendment to the Council's LEP) (**Medium Term Response**)
- Audit of vacant land (serviced land) or vacant housing in the LGA that is owned by government departments (**Short Term – Medium Term Response**)
- Identify all unoccupied housing in the LGA as part of a Housing Strategy (**Medium Term Response**)

Service Provision

- Identify community facilities with shower and laundry amenities that could be used by rough sleepers (**Short - Medium Term Response**)
- Facilitate access by homelessness service system and rough sleepers to community facilities with shower and laundry amenities (**Medium Term Response**)

Strategic

- Establish a strategic partnership with Homes Out West, Vinnies Homelessness Services or similar Community Housing Provider either in conjunction with RAMJO Councils serviced by Homes Out West or singly to:
 - advocate for funding to increase the quantum of affordable housing using vacant residential land that is owned by State Government Agencies;
 - advocate for the financial support needed to increase the capacity of Homes Out West or similar to manage additional affordable and social housing properties;
 - advocate for COVID19 Affordable Housing Recovery Fund (similar to the recently announced Victoria Fund -[\\$80 Million In Regional Housing Funding Up For Grabs | Premier of Victoria](#));
 - advocate for regional, cross-border or local opportunities to establish a voluntary affordable housing landlord register including the resources needed for the non-government housing agencies to maintain such a register;

- facilitate the development of projects designed to increase, via head lease arrangements or voluntary planning agreements, the quantum of affordable housing properties in the LGA;
- The Berrigan Shire Council to facilitate an annual workshop or forum between Berrigan Shire Council and the NSW Communities and Justice Department on emerging issues and trends related to the quality and availability of affordable housing in the Berrigan Shire LGA and the extent of homelessness and rough sleeping in the LGA.

Note an LGA-based workshop with the NSW Communities and Justice Department on an annual basis ensures a place-based response rather than a regional response. Further, the relationships and data compiled to support this type of workshop would, over time, identify the extent of displacement of local demand to regional centres. Data that could benchmark 'true' LGA demand when aggregated to a regional level. Therefore, improving the quality of the data, regional resource allocation and decision-making by the homelessness and housing system and NSW Communities and Justice Department.

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ⁱ Australian Institute of Health and Welfare <https://www.aihw.gov.au/getmedia/c1ce917d-9812-459d-967d-0d2a027f70c0/aihw-hou-322-nsw-factsheet.pdf.aspx> accessed 20 September 2021

ⁱⁱ Social Housing in Australia <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2020/contents/social-housing-dwellings>

ⁱⁱⁱ SGS Economics and Brotherhood of St Laurence 2020 [SGS-Economics-and-Planning_RAI-2020-FINAL.pdf \(sgsep.com.au\)](https://www.sgsep.com.au)

^{iv} DSS Payment Demographic Data [DSS Payment Demographic Data - DSS Demographics - June 2021 - data.gov.au](https://www.data.gov.au)

^v NSW Government [www://facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard](http://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard)

Berrigan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

“Making an even better Berrigan Shire”



Berrigan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

56 Chanter St
BERRIGAN NSW 2712

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.berriganshire.nsw.gov.au.

Berrigan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides two audit reports:

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

Who uses the Financial Statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements. Council is required to forward an audited set of financial statements to the Office of Local Government.

Berrigan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- 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 20 October 2021.

Cr. Matthew Hannan
Mayor
20 October 2021

Cr. Daryll Morris
Councillor
20 October 2021

Karina Ewer
Chief Executive Officer
20 October 2021

Tahlia Fry
Responsible Accounting Officer
20 October 2021

Berrigan Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
10,532	Rates and annual charges	B2-1	10,938	10,570
1,743	User charges and fees	B2-2	2,746	2,648
575	Other revenue	B2-3	892	1,010
7,529	Grants and contributions provided for operating purposes	B2-4	8,181	7,834
982	Grants and contributions provided for capital purposes	B2-4	6,397	3,631
752	Interest and investment income	B2-5	374	669
–	Other income	B2-6	128	152
<u>22,113</u>	Total income from continuing operations		<u>29,656</u>	<u>26,514</u>
Expenses from continuing operations				
4,849	Employee benefits and on-costs	B3-1	8,144	7,617
6,465	Materials and services	B3-2	6,992	6,990
186	Borrowing costs	B3-3	77	257
6,100	Depreciation, amortisation and impairment for non-financial assets	B3-4	6,546	6,225
2,304	Other expenses	B3-5	569	513
–	Net losses from the disposal of assets	B4-1	1,235	558
<u>19,904</u>	Total expenses from continuing operations		<u>23,563</u>	<u>22,160</u>
<u>2,209</u>	Operating result from continuing operations		<u>6,093</u>	<u>4,354</u>
<u>2,209</u>	Net operating result for the year attributable to Council		<u>6,093</u>	<u>4,354</u>
<u>1,227</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>(304)</u>	<u>723</u>

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

Berrigan Shire Council**Statement of Comprehensive Income**

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		6,093	4,354
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>36,055</u>	<u>53,886</u>
Total items which will not be reclassified subsequently to the operating result		36,055	53,886
Total other comprehensive income for the year		36,055	53,886
Total comprehensive income for the year attributable to Council		42,148	58,240

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

Berrigan Shire Council**Statement of Financial Position**

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	14,684	11,245
Investments	C1-2	28,026	27,046
Receivables	C1-4	2,956	1,743
Inventories	C1-5	230	275
Other		51	51
Total current assets		45,947	40,360
Non-current assets			
Infrastructure, property, plant and equipment	C1-6	343,299	302,964
Total non-current assets		343,299	302,964
Total assets		389,246	343,324
LIABILITIES			
Current liabilities			
Payables	C3-1	1,689	1,975
Contract liabilities	C3-2	1,064	622
Borrowings	C3-3	644	259
Employee benefit provisions	C3-4	2,654	2,668
Provisions	C3-5	34	34
Total current liabilities		6,085	5,558
Non-current liabilities			
Borrowings	C3-3	4,768	1,567
Employee benefit provisions	C3-4	172	125
Provisions	C3-5	562	563
Total non-current liabilities		5,502	2,255
Total liabilities		11,587	7,813
Net assets		377,659	335,511
EQUITY			
Accumulated surplus	C4-1	128,397	122,304
IPPE revaluation reserve	C4-1	249,262	213,207
Council equity interest		377,659	335,511
Total equity		377,659	335,511

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

Berrigan Shire 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		122,304	213,207	335,511	118,423	159,321	277,744
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(473)	-	(473)
Net operating result for the year		6,093	-	6,093	4,354	-	4,354
Restated net operating result for the period		6,093	-	6,093	4,354	-	4,354
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	36,055	36,055	-	53,886	53,886
Other comprehensive income		-	36,055	36,055	-	53,886	53,886
Total comprehensive income		6,093	36,055	42,148	4,354	53,886	58,240
Closing balance at 30 June		128,397	249,262	377,659	122,304	213,207	335,511

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

Berrigan Shire Council**Statement of Cash Flows**

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
10,533	Rates and annual charges		11,064	10,927
1,744	User charges and fees		3,036	2,582
752	Investment and interest revenue received		456	814
8,510	Grants and contributions		13,418	11,381
–	Bonds, deposits and retention amounts received		80	187
575	Other		4,753	2,634
<i>Payments:</i>				
(4,831)	Employee benefits and on-costs		(9,318)	(8,910)
(6,310)	Materials and services		(7,508)	(4,978)
(186)	Borrowing costs		(77)	(41)
(2,304)	Other		(2,492)	(2,386)
8,483	Net cash flows from operating activities	G1-1	13,412	12,210
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		–	954
–	Sale of real estate assets		83	870
414	Sale of infrastructure, property, plant and equipment		448	291
<i>Payments:</i>				
(500)	Acquisition of term deposits		(980)	–
(7,783)	Purchase of infrastructure, property, plant and equipment		(13,109)	(11,290)
–	Purchase of real estate assets		(1)	–
(7,869)	Net cash flows from investing activities		(13,559)	(9,175)
Cash flows from financing activities				
<i>Receipts:</i>				
8,000	Proceeds from borrowings		4,000	1,000
<i>Payments:</i>				
(766)	Repayment of borrowings		(414)	(168)
7,234	Net cash flows from financing activities		3,586	832
7,848	Net change in cash and cash equivalents		3,439	3,867
515	Cash and cash equivalents at beginning of year		11,245	7,378
8,363	Cash and cash equivalents at end of year	C1-1	14,684	11,245
20,181	plus: Investments on hand at end of year	C1-2	28,026	27,046
28,544	Total cash, cash equivalents and investments		42,710	38,291

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

Berrigan Shire Council

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Berrigan Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 20 October 2021. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not-for-profit entity.

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

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

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

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

Council monitors its receivables closely and currently considered all of them recoverable, with debt collection processes ongoing where necessary.

COVID-19 Impacts

While the COVID-19 pandemic has had an impact on the Council and its operations, this has not been material in nature.

A1-1 Basis of preparation (continued)

There has been some minor increases in costs relating to additional equipment to meet hygiene requirements.

Collections of outstanding rates remain strong and remain at pre-COVID-19 levels. This will need to be continually monitored over the recovery period.

Interest rates and investment returns are at historic lows and the Council expects this will continue in the medium term. The impact of COVID-19 on the national and international economy may see low returns continue for an extended period of time

For assets where fair value is determined by market value Council has no evidence of material changes to these values.

In an overall sense, the financial impact of the COVID-19 pandemic has not been significant and is not expected to be significant.

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
- Water service
- Sewerage service

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Australia Day Committee
- Barooga Advancement Group
- Barooga Community Botanical Gardens Committee
- Barooga Recreation Reserve
- Berrigan Conservation & Tidy Towns
- Berrigan Sportsground Committee
- Berrigan War Memorial Hall
- Berrigan War Memorial Swimming Pool
- Boomanoomana Landcare Committee
- Finley Railway Park
- Finley Recreation Reserve Committee of Management
- Finley School of Arts
- Finley Showground Sporting Complex Committee
- Finley Tidy Towns
- Finley War Memorial Hall
- Finley War Memorial Swimming Pool
- Mary Lawson Memorial Wayside Rest Committee
- Native Dog Landcare Group
- Retreat Public Hall
- Tocumwal Foreshore
- Tocumwal Friends of the Library Group
- Tocumwal Historic Aerodrome Museum
- Tocumwal Rail Preservation Committee
- Tocumwal Recreation Reserve Committee
- Tocumwal Swimming Pool Committee
- Tocumwal War Memorial Hall

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.

Council currently considers it holds no trust funds that are applicable in accordance with Section 411 of the *Local Government Act 1993 (NSW)*.

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has no material reliance on volunteer services and there is no financial impact on the financial statements as presented.

New accounting standards and interpretations issued 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.

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

A1-1 Basis of preparation (continued)

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

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

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

New accounting standards adopted during the year

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

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

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Sustainable Natural and Built Landscapes	15,642	13,725	16,402	16,193	(760)	(2,468)	7,028	4,642	317,241	270,540
Good Government	9,613	9,006	1,883	1,844	7,730	7,162	3,782	3,569	28,744	28,088
Supported and Engaged communities	3,875	3,194	3,819	3,398	56	(204)	3,597	2,989	42,185	40,013
Diverse and resilient business	526	589	1,459	725	(933)	(136)	171	265	4,676	4,683
Other	-	-	-	-	-	-	-	-	(3,600)	-
Total functions and activities	29,656	26,514	23,563	22,160	6,093	4,354	14,578	11,465	389,246	343,324

B1-2 Components of functions or activities

Sustainable and Natural Built Landscapes

Development decisions made today about how we move around and between our communities and use our natural resources - the River, wildlife, forests, agricultural and urban land, and water shape the future of our communities. Council's Delivery Program and strategic objectives are:

- 1.1 Support sustainable use of natural resources and built landscapes
- 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
- 1.3 Connect and protect our communities

Sustainable and natural built landscapes include the Council functions of Housing, Environment, Water Supply, Sewerage Services, Mining, Manufacture and Construction, and Transport and Communication.

Good Government

Good government is about making good decisions over time. These decisions involve managing our financial, economic, and environmental risks and the social implications of decisions made. Council's good government Delivery Program and strategic objectives are:

- 2.1 Berrigan Shire 2027 objectives and strategic actions facilitate the effective governance by Council of Council operations and reporting
- 2.2 Strengthen strategic relationships and partnerships with community, business and government

Good Government includes the Council functions of Administration and Governance.

Supported and Engaged communities

Safe, healthy, accessible and inclusive communities are child and older person friendly. Lifelong learning, cultural expression, services for older residents and recreational activities provide opportunities for people with a diverse range of interests to become involved and engaged in their local communities. Council's Supported and engaged communities Delivery Program and strategic objectives are:

- 3.1 Create safe, friendly and accessible communities
- 3.2 Support community engagement through life-long learning, culture and recreation

Supported and engaged communities includes the Council functions of Public Order and Safety, Health, Community Amenities, Community Services and Education and Recreation and Culture.

Diverse and resilient business

Our lifestyle, climate, existing facilities and proximity to Melbourne present a range of agricultural, tourism, retail and health industry opportunities. Council's Delivery Program and diverse and resilient business strategic objectives include:

- 4.1 Strengthen and diversify the local economy and invest in local job creation and innovation
- 4.2 Diversify and promote local tourism
- 4.3 Connect local, regional and national road and rail infrastructure and networks

Diverse and resilient business include the Council functions of Economic Affairs.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2021	2020
Ordinary rates			
Residential	1	2,891	2,820
Farmland	1	1,960	1,928
Business	1	591	530
Less: pensioner rebates (mandatory)	1	(176)	(174)
Rates levied to ratepayers		5,266	5,104
Pensioner rate subsidies received	2	95	95
Total ordinary rates		5,361	5,199
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1	1,102	1,059
Stormwater management services	1	77	75
Water supply services	1	2,192	2,112
Sewerage services	1	2,222	2,142
Waste management services (non-domestic)	1	96	90
Less: pensioner rebates (mandatory)	1	(244)	(238)
Annual charges levied		5,445	5,240
Pensioner subsidies received:			
– Water	2	46	41
– Sewerage	2	44	44
– Domestic waste management	2	42	46
Total annual charges		5,577	5,371
Total rates and annual charges		10,938	10,570

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	250	251
Water supply services	2	1,160	1,196
Sewerage services	2	64	61
Waste management services (non-domestic)	2	387	390
Total specific user charges		1,861	1,898
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	309	218
Private works – section 67	2	135	147
Section 10.7 certificates (EP&A Act)	2	28	24
Section 603 certificates	2	35	27
Total fees and charges – statutory/regulatory		507	416
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	42	24
Cemeteries	2	120	103
Library	2	4	3
Swimming centres	2	87	78
Sewerage	2	4	9
Water supply	2	78	64
Other	2	43	53
Total fees and charges – other		378	334
Total user charges and fees		2,746	2,648
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		2,746	2,648
Total user charges and fees		2,746	2,648

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

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

2020 Accounting Policy

User charges and fees are recognised as revenue when the service has been provided.

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	1	1
Legal fees recovery – rates and charges (extra charges)	1	15	24
Commissions and agency fees	1	78	62
Diesel rebate	1	69	77
Recycling income (non-domestic)	1	7	–
Sales – general	1	7	11
Insurance rebate	1	10	6
Paid parental leave scheme	1	9	13
Sale of gravel	1	17	–
Sale of high security water	1	390	672
Sale of scrap metal	1	71	16
Statecover OHS incentives	1	–	20
Other	1	80	42
Workers compensation recovery	1	138	66
Total other revenue		892	1,010

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	891	1,010
Other revenue recognised at a point in time (2)	1	1
Total other revenue	892	1,011

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	1	1,696	1,713	–	–
Financial assistance – local roads component	1	706	701	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1	1,814	1,814	–	–
Financial assistance – local roads component	1	757	744	–	–
Amount recognised as income during current year		4,973	4,972	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Bushfire and emergency services	1	59	59	–	–
Sewerage	2	–	–	2	–
Community care	2	2	2	–	–
Economic development	2	100	163	694	9
Employment and training programs	2	126	–	–	–
Environmental programs	2	47	–	–	–
ESPL implementation funds	2	79	29	–	–
Floodplain management	2	–	–	–	103
Heritage and cultural	2	5	9	–	–
Library	2	–	4	4	159
Library – per capita	1	63	64	–	–
Library – special projects	1	20	18	–	–
LIRS subsidy	1	24	29	–	–
Recreation and culture	2	–	–	2,776	2,598
Noxious weeds	2	189	62	–	–
Street lighting	2	56	51	–	–
Transport (other roads and bridges funding)	2	–	–	2,127	321
Transport (roads to recovery)	2	1,316	1,316	–	–
Other specific grants	2	77	16	–	–
Previously contributions:					
Business development	2	5	–	29	–
Heritage/cultural	2	–	–	91	40
Kerb and gutter	2	–	–	20	–
Paving	2	–	–	41	–
Recreation and culture	2	–	–	120	18
Roads and bridges	2	–	–	–	60
Transport for NSW contributions (regional roads, block grant)	2	1,040	1,040	186	179
Sewerage (excl. section 64 contributions)	2	–	–	60	–
Total special purpose grants and non-developer contributions – cash		3,208	2,862	6,150	3,487
Total special purpose grants and non-developer contributions (tied)		3,208	2,862	6,150	3,487
Total grants and non-developer contributions		8,181	7,834	6,150	3,487

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Comprising:					
– Commonwealth funding		6,544	6,492	1,026	1,106
– State funding		1,526	302	4,763	2,027
– Other funding		111	1,040	361	354
		8,181	7,834	6,150	3,487

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):						
Cash contributions						
S 7.11 – contributions towards amenities/services						
		2	–	–	31	14
S 64 – water supply contributions						
		2	–	–	212	113
S 64 – sewerage service contributions						
		2	–	–	4	17
Total developer contributions – cash			–	–	247	144
Total developer contributions			–	–	247	144
Total contributions			–	–	247	144
Total grants and contributions			8,181	7,834	6,397	3,631
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)						
			5,139	5,142	–	–
Grants and contributions recognised at a point in time (2)						
			3,042	2,692	6,397	3,631
Total grants and contributions			8,181	7,834	6,397	3,631

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	280	68	677	254
Add: Funds received for the provision of goods and services	7,029	6,794	6,046	3,365
Add: Funds recognised in the current period and now spent	(7,204)	(6,582)	(5,037)	(2,469)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	(622)	(473)
Unspent funds at 30 June	105	280	1,064	677
Contributions				
Unspent funds at 1 July	600	456	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	247	144	-	-
Add: contributions received for the provision of goods and services	1,698	1,794	-	-
Less: contributions recognised in the current period now spent	(1,698)	(1,794)	-	-
Unspent contributions at 30 June	847	600	-	-

Accounting policy

Accounting policy from 1 July 2020

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 obligations is satisfied.

The performance obligations are varied based on the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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 is recognised at the assets fair value when the asset is received. Councils 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

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.

B2-4 Grants and contributions (continued)

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

Accounting policy prior to 1 July 2020

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

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	14	31
– Cash and investments	360	638
Total interest and investment income (losses)	374	669
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	6	15
General Council cash and investments	204	504
Restricted investments/funds – external:		
Water fund operations	130	101
Sewerage fund operations	34	49
Total interest and investment income	374	669

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Staff Housing		16	19
Caravan Park		35	35
Leaseback fees - council vehicles		53	61
Other facilities		24	37
Total Other lease income		128	152
Total rental income	C2-2	128	152
Total other income		128	152

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	6,127	5,935
Employee leave entitlements (ELE)	1,271	1,206
ELE on-costs	78	24
Superannuation – defined contribution plans	568	558
Superannuation – defined benefit plans	144	157
Workers' compensation insurance	267	143
Fringe benefit tax (FBT)	30	34
Protective clothing	24	34
Other	95	57
Total employee costs	8,604	8,148
Less: capitalised costs	(460)	(531)
Total employee costs expensed	8,144	7,617
Number of 'full-time equivalent' employees (FTE) at year end	97	98

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		4,307	4,320
Contractor and consultancy costs		242	144
– Domestic waste and recycling collection contract		423	491
Audit Fees ¹	F2-1	65	94
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	165	219
Advertising		77	57
Bank charges		48	39
Cleaning		6	6
Electricity and heating		330	351
Insurance		430	376
Street lighting		188	186
Subscriptions and publications		46	10
Telephone and communications		78	58
Valuation fees		40	39
Travel expenses		221	237
Training costs (other than salaries and wages)		101	213
Other expenses		167	90
Legal expenses:			
– Legal expenses: planning and development		25	18
– Legal expenses: debt recovery		33	42
Total materials and services		6,992	6,990
Total materials and services		6,992	6,990

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans		79	41
Total interest bearing liability costs		79	41
Total interest bearing liability costs expensed		79	41

(ii) Other borrowing costs

Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	(2)	216
Total other borrowing costs		(2)	216
Total borrowing costs expensed		77	257

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
Depreciation and amortisation			
Plant and equipment		911	819
Office equipment		23	21
Land improvements (depreciable)		54	54
Infrastructure:	C1-6		
– Buildings – non-specialised		11	–
– Buildings – specialised		638	573
– Roads		2,615	2,641
– Bridges		108	107
– Footpaths		74	74
– Stormwater drainage		242	250
– Water supply network		673	681
– Sewerage network		601	610
– Swimming pools		47	65
– Other open space/recreational assets		287	178
– Aerodrome		106	–
Other assets:			
– Heritage collections		1	1
– Library books		24	27
– Other		114	107
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	13	13
– Quarry assets	C3-5,C1-6	4	4
Total gross depreciation and amortisation costs		6,546	6,225
Total depreciation and amortisation costs		6,546	6,225
Total depreciation, amortisation and impairment for non-financial assets		6,546	6,225

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Other assets 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.

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		5	9
Total impairment of receivables	C1-4	5	9
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		260	205
Donations, contributions and assistance to other organisations (Section 356)			
– Heritage and cultural programs		27	18
– Public halls and community facilities		14	28
– Riverina and Murray Regional Organisation of Councils		17	17
– Sporting grounds		63	60
– Swimming pools		148	98
– Tourism and area promotion		34	67
– Other		1	11
Total other		564	504
Total other expenses		569	513

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	C1-6		
Proceeds from disposal – plant and equipment		448	291
Less: carrying amount of plant and equipment assets sold/written off		(67)	(224)
Gain (or loss) on disposal		381	67
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure written off		(1,692)	(1,217)
Gain (or loss) on disposal		(1,692)	(1,217)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		83	870
Less: carrying amount of real estate assets sold/written off		(7)	(278)
Gain (or loss) on disposal		76	592
Net gain (or loss) on disposal of assets		(1,235)	(558)

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

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

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	10,532	10,938	406	4% F
User charges and fees Council budgets for fees and charges conservatively.	1,743	2,746	1,003	58% F
Other revenues Council budgets for other revenues conservatively.	575	892	317	55% F
Operating grants and contributions	7,529	8,181	652	9% F
Capital grants and contributions Grant funds are released on milestones rather than award of the grant.	982	6,397	5,415	551% F
Interest and investment revenue Investment yields decreased substantially from what was originally budgeted due to the COVID-19 pandemic.	752	374	(378)	(50)% U
Other income Council did not budget for other income.	-	128	128	∞ F

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	4,849	8,144	(3,295)	(68)% U
Council did not budget accordingly for Employee Benefits and on-costs.				
Materials and services	6,465	6,992	(527)	(8)% U
Borrowing costs	186	77	109	59% F
Council delayed on loan drawdowns due to project delays.				
Depreciation, amortisation and impairment of non-financial assets	6,100	6,546	(446)	(7)% U
Other expenses	2,304	569	1,735	75% F
Council did not budget accordingly for other expenses.				
Net losses from disposal of assets	-	1,235	(1,235)	∞ U
Council did not budget for net losses from disposal of assets.				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	8,483	13,412	4,929	58% F
Council operationally performed better than budgeted.				
Cash flows from investing activities	(7,869)	(13,559)	(5,690)	72% U
Council invested a substantial amount of money into infrastructure, property, plant and equipment due to increased grant funding throughout the year. Steady cashflow allowed Council to further invest in Term Deposits.				
Cash flows from financing activities	7,234	3,586	(3,648)	(50)% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	14,684	11,245
Total cash and cash equivalents	14,684	11,245

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,684	11,245
Balance as per the Statement of Cash Flows	14,684	11,245

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Long term deposits	28,026	-	27,046	-
Total	28,026	-	27,046	-
Total financial investments	28,026	-	27,046	-
Total cash assets, cash equivalents and investments	42,710	-	38,291	-

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

C1-2 Financial investments (continued)

- 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.

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.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	42,710	–	38,291	–
attributable to:				
External restrictions	31,075	–	24,675	–
Internal restrictions	4,599	–	5,560	–
Unrestricted	7,036	–	8,056	–
	42,710	–	38,291	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	1,114	622
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External restrictions – included in liabilities

	1,114	622
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External restrictions – other

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

Developer contributions – general	847	600
Specific purpose unexpended grants (recognised as revenue) – general fund	55	335
Water fund	20,302	11,829
Sewer fund	3,949	7,108
Domestic waste management	4,808	4,181
External restrictions – other	29,961	24,053

Total external restrictions

	31,075	24,675
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Internal restrictions

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

Plant and vehicle replacement	1,639	1,340
Employees leave entitlement	389	389
Aerodrome	381	332
Capital works reserve	1,203	2,491
Information technology	550	500
Levee bank construction	–	71
Risk management	363	363
Tourism events	74	74
Total internal restrictions	4,599	5,560

Total restrictions

	35,674	30,235
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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	474	-	570	-
User charges and fees	328	-	549	-
Accrued revenues				
– Interest on investments	114	-	196	-
– Other income accruals	180	-	180	-
Government grants and subsidies	1,850	-	248	-
Net GST receivable	10	-	-	-
Total	2,956	-	1,743	-
Total net receivables	2,956	-	1,743	-
Externally restricted receivables				
Water supply				
– Rates and availability charges	172	-	221	-
Sewerage services				
– Rates and availability charges	86	-	93	-
Total external restrictions	258	-	314	-
Unrestricted receivables	2,698	-	1,429	-
Total net receivables	2,956	-	1,743	-

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

For 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 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 120 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.

COVID-19

Council's rate and user charges collections have not been impacted by the COVID-19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	12	-	18	-
Stores and materials	218	-	257	-
Total inventories at cost	230	-	275	-
Total inventories	230	-	275	-

Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Water				
Stores and materials	85	-	109	-
Total water	85	-	109	-
Sewerage				
Stores and materials	12	-	17	-
Total sewerage	12	-	17	-
Total externally restricted assets	97	-	126	-
Total unrestricted assets	133	-	149	-
Total inventories	230	-	275	-

C1-5 Inventories (continued)

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		12	-	18	-
Total real estate for resale		12	-	18	-
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		12	-	18	-
Total costs		12	-	18	-
Total real estate for resale		12	-	18	-
Movements:					
Real estate assets at beginning of the year		18	-	111	185
– Purchases and other costs		1	-	-	-
– WDV of sales (expense)	B4-1	(7)	-	(278)	-
– Transfer between current/non-current		-	-	185	(185)
Total real estate for resale		12	-	18	-

Accounting policy

Raw materials and stores

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

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	3,774	–	3,774	1,934	3,424	–	–	(2,164)	–	–	–	6,968	–	6,968
Plant and equipment	8,731	(5,220)	3,511	–	1,059	(46)	(911)	–	–	–	–	8,243	(4,631)	3,612
Office equipment	711	(614)	97	–	26	–	(23)	–	(1)	–	–	737	(638)	99
Land:														
– Operational land	7,264	–	7,264	–	495	–	–	–	(1,040)	(295)	–	6,424	–	6,424
– Community land	283	–	283	–	–	–	–	–	743	–	–	1,026	–	1,026
– Crown land	2,775	–	2,775	–	–	–	–	–	297	(676)	–	2,396	–	2,396
– Land under roads (post 30/6/08)	109	–	109	–	–	–	–	–	–	–	–	109	–	109
Land improvements – depreciable	847	(292)	555	–	–	–	(54)	–	–	–	–	847	(346)	501
Infrastructure:														
– Buildings – non-specialised	677	(5)	672	–	–	–	(11)	–	–	(17)	–	650	(6)	644
– Buildings – specialised	45,130	(13,478)	31,652	207	1,269	(349)	(638)	9	–	–	203	46,276	(13,932)	32,344
– Roads	159,725	(45,674)	114,051	2,136	–	(514)	(2,615)	504	–	–	37,649	176,249	(25,543)	150,706
– Bridges & Culverts	7,970	(4,662)	3,308	–	–	–	(108)	–	(1)	–	3,804	12,114	(5,111)	7,003
– Footpaths	4,781	(1,286)	3,495	–	226	(17)	(74)	–	–	–	197	4,960	(1,133)	3,827
– Bulk earthworks (non-depreciable)	3,431	–	3,431	–	–	–	–	–	–	–	8,764	12,195	–	12,195
– Stormwater drainage	23,379	(5,114)	18,265	–	98	–	(242)	69	1	–	1,864	25,421	(5,435)	19,986
– Water supply network	62,652	(16,989)	45,663	1,874	–	(149)	(673)	1,577	1	(12,531)	–	51,386	(17,201)	34,185
– Sewerage network	62,024	(17,101)	44,923	104	–	(95)	(601)	–	–	(2,795)	–	61,529	(19,993)	41,536
– Swimming pools	3,295	(1,325)	1,970	–	–	–	(47)	–	(1)	–	14	3,330	(1,394)	1,936
– Other open space/recreational assets	10,125	(2,898)	7,227	1,286	112	(532)	(287)	–	–	(49)	–	10,782	(3,025)	7,757
– Aerodrome	–	–	–	–	–	–	(106)	–	6,338	–	168	10,853	(4,453)	6,400
Other assets:														
– Heritage collections	75	(6)	69	–	–	–	(1)	–	1	–	–	75	(7)	68
– Library books	236	(95)	141	–	30	(20)	(24)	–	(1)	–	–	175	(49)	126
– Other	15,706	(6,345)	9,361	125	346	(37)	(114)	5	(6,337)	(243)	–	5,294	(2,193)	3,101
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	449	(93)	356	–	–	–	(13)	–	–	(2)	–	447	(105)	342
– Quarry assets	46	(34)	12	–	–	–	(4)	–	–	–	–	46	(38)	8
Total infrastructure, property, plant and equipment	424,195	(121,231)	302,964	7,666	7,085	(1,759)	(6,546)	–	–	(16,608)	52,663	448,532	(105,233)	343,299

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	3,508	–	3,508	3,521	90	–	–	(3,345)	–	–	–	3,774	–	3,774
Plant and equipment	7,940	(4,929)	3,011	–	1,534	(224)	(819)	10	–	–	–	8,731	(5,220)	3,511
Office equipment	690	(594)	96	–	22	–	(21)	–	–	–	–	711	(614)	97
Land:														
– Operational land	9,276	–	9,276	–	–	–	–	–	(2,489)	–	477	7,264	–	7,264
– Community land	271	–	271	–	–	–	–	–	(25)	–	37	283	–	283
– Crown land	–	–	–	–	–	–	–	–	2,777	(2)	–	2,775	–	2,775
– Land under roads (post 30/6/08)	234	–	234	–	–	–	–	–	–	(125)	–	109	–	109
Land improvements – depreciable	1,058	(239)	819	–	–	–	(54)	–	(210)	–	–	847	(292)	555
Infrastructure:														
– Buildings – non-specialised	639	(11)	628	–	–	–	–	–	(628)	–	672	677	(5)	672
– Buildings – specialised	41,766	(12,638)	29,128	1,069	1,407	(186)	(573)	536	644	(374)	–	45,130	(13,478)	31,652
– Roads	156,397	(43,296)	113,101	1,870	386	(776)	(2,641)	2,124	(13)	–	–	159,725	(45,674)	114,051
– Bridges	7,987	(4,568)	3,419	–	–	–	(107)	–	(4)	–	–	7,970	(4,662)	3,308
– Footpaths	4,623	(1,239)	3,384	32	199	(71)	(74)	25	–	–	–	4,781	(1,286)	3,495
– Bulk earthworks (non-depreciable)	3,308	–	3,308	108	–	–	–	15	–	–	–	3,431	–	3,431
– Stormwater drainage	23,175	(4,887)	18,288	–	361	(82)	(250)	–	(52)	–	–	23,379	(5,114)	18,265
– Water supply network	48,607	(21,288)	27,319	99	49	–	(681)	132	–	–	18,745	62,652	(16,989)	45,663
– Sewerage network	42,597	(23,828)	18,769	285	–	(85)	(610)	–	–	–	26,564	62,024	(17,101)	44,923
– Swimming pools	2,952	(1,412)	1,540	–	–	–	(65)	–	2	–	493	3,295	(1,325)	1,970
– Other open space/recreational assets	9,767	(4,365)	5,402	587	–	–	(178)	503	(531)	–	1,444	10,125	(2,898)	7,227
Other assets:														
– Heritage collections	70	(3)	67	–	–	–	(1)	–	–	–	2	75	(6)	69
– Library books	274	(116)	158	–	27	(17)	(27)	–	–	–	–	236	(95)	141
– Other	8,838	(6,003)	2,835	168	–	–	(107)	–	529	–	5,936	15,706	(6,345)	9,361
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	433	(80)	353	–	–	–	(13)	–	–	–	16	449	(93)	356
– Quarry assets	46	(30)	16	–	–	–	(4)	–	–	–	1	46	(34)	12
Total infrastructure, property, plant and equipment	374,456	(129,526)	244,930	7,739	4,075	(1,441)	(6,225)	–	–	(501)	54,387	424,195	(121,231)	302,964

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

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

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with a desktop valuation provided by an external valuer, or in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW), if no desktop valuation is available.

Increases in the carrying amounts arising on revaluation are credited to the asset 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.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	20 to 60
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	60 to 125
Other plant and equipment	5 to 15	Buildings: other	10 to 195
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100 to 1000
Bores	20 to 40	Culverts	60 to 100
Reticulation pipes	80 to 130	Flood control structures	80 to 100
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Road Pavements - Sealed	30 to 200	Airport Assets	20 to 180
Road Pavements - Unsealed	15 to 60	Swimming pools	30 to 120
Road Surface	10 to 85	Other open space/recreational assets	5 to 60
Bridge: concrete	60 to 200	Other infrastructure	15 to 210
Bridge: other	100 to 200	Library books	10
Kerb, gutter and footpaths	15 to 100		

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

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

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

These assets are under the control of RFS to enable that service to comply with the Service Delivery contract with Council and have not been recognised in these statements.

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	561	–	561	1,694	–	1,694
Plant and equipment	–	–	–	7	7	–
Office equipment	7	7	–	149	–	149
Land						
– Operational land	668	–	668	670	–	670
Buildings	14	12	2	10	8	2
Infrastructure	51,386	17,201	34,185	62,905	17,008	45,897
Total water supply	52,636	17,220	35,416	65,435	17,023	48,412
Sewerage services						
WIP	465	–	465	2	–	2
Plant and equipment	163	163	–	163	152	11
Land						
– Operational land	1,284	–	1,284	1,488	–	1,488
Buildings	51	2	49	254	14	240
Infrastructure	61,529	19,993	41,536	61,428	17,034	44,394
Total sewerage services	63,492	20,158	43,334	63,335	17,200	46,135
Domestic waste management						
Land						
Total restricted infrastructure, property, plant and equipment	116,128	37,378	78,750	128,770	34,223	94,547

Infrastructure, property, plant and equipment – current year impairments

\$ '000	2021	2020
(iii) Impairment losses recognised direct to gains/(losses) in P/L:		
Old Motel and Hardware Store - Tocumwal - Due for demolition in 2021/2022 to make way for Car Park	323	–
Total impairment losses	323	–
Impairment of assets – gains/(losses) in P/L	323	–

C2 Leasing activities

C2-1 Council as a lessee

Council does not have any material leases for the purpose of delivering services to its community. A number of minor leases over Crown lands have been classified as 'peppercorn' leases with annual rentals less than \$2,000 as disclosed in Note C2.

(a) Income Statement

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

\$ '000	2021	2020
Expenses relating to Peppercorn leases	1	1
	<u>1</u>	<u>1</u>

(b) Statement of Cash Flows

Total cash outflow for leases	1	1
	<u>1</u>	<u>1</u>

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

Council has a number of leases at significantly below market value for land and buildings which are used for:

- Community Services
- Second Hand Store/Car Park

The leases are generally between 5 and 30 years and require payments of a maximum amount of \$1,250 per year.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

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.

C2-1 Council as a lessee (continued)

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and plant & vehicles to staff and to community groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2021	2020
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The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Operating lease expenses

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	128	152
Total income relating to operating leases for Council assets	128	152

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Land 2021	Land 2020	Buildings & Oth Structures 2021	Buildings & Oth Structures 2020
Opening balance as at 1 July	784	784	6,467	4,108
Additions renewals	-	-	-	20
Depreciation expense	-	-	(91)	12
Revaluation decrements to equity (ARR)	(212)	-	-	-
Revaluation increments to equity (ARR)	-	-	21	2,327
Closing balance as at 30 June	572	784	6,397	6,467

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	749	–	668	–
Goods and services – capital expenditure	–	–	524	–
Accrued expenses:				
– Salaries and wages	211	–	181	–
– Other expenditure accruals	40	–	23	–
Security bonds, deposits and retentions	353	–	273	–
Prepaid rates	336	–	306	–
Total payables	1,689	–	1,975	–
Total payables	1,689	–	1,975	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	63	–	5	–
Payables relating to externally restricted assets	63	–	5	–
Total payables relating to restricted assets	63	–	5	–
Total payables relating to unrestricted assets	1,626	–	1,970	–
Total payables	1,689	–	1,975	–

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)	1,064	–	622	–
Total grants received in advance		1,064	–	622	–
Total contract liabilities		1,064	–	622	–

Notes

C3-2 Contract Liabilities (continued)

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 or AASB 1058 being satisfied since the performance obligations are ongoing.

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)	1,064	-	622	-
Contract liabilities relating to externally restricted assets	1,064	-	622	-
Total contract liabilities relating to restricted assets	1,064	-	622	-
Total contract liabilities	1,064	-	622	-

C3-2 Contract Liabilities (continued)

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)	622	473
Total revenue recognised that was included in the contract liability balance at the beginning of the period	622	473

Significant changes in contract liabilities

There has been no significant changes in the value of contract liabilities compared to the previous year.

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	644	4,768	259	1,567
Total borrowings	644	4,768	259	1,567

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

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

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	376	3,486	–	–
Borrowings relating to externally restricted assets	376	3,486	–	–
Total borrowings relating to restricted assets	376	3,486	–	–
Total borrowings relating to unrestricted assets	268	1,282	259	1,567
Total borrowings	644	4,768	259	1,567

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.

C3-3 Borrowings (continued)

Changes in liabilities arising from financing activities

	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
\$ '000							
Loans – secured	1,826	(414)	4,000	–	–	–	5,412
Total liabilities from financing activities	1,826	(414)	4,000	–	–	–	5,412

	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	994	(168)	1,000	–	–	–	1,826
Total liabilities from financing activities	994	(168)	1,000	–	–	–	1,826

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	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	896	–	824	–
Long service leave	1,392	159	1,562	118
Other leave	106	–	94	–
ELE on-costs	260	13	188	7
Total employee benefit provisions	2,654	172	2,668	125

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,610	1,411
	1,610	1,411

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
2021					
At beginning of year	824	1,680	195	94	2,793
Additional provisions	72	–	78	12	162
Amounts used (payments)	–	(129)	–	–	(129)
Total ELE provisions at end of year	896	1,551	273	106	2,826
2020					
At beginning of year	794	1,565	–	22	2,381
Additional provisions	324	428	–	89	841
Amounts used (payments)	(294)	(313)	–	(17)	(624)
Other	–	–	195	–	195
Total ELE provisions at end of year	824	1,680	195	94	2,793

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.

C3-4 Employee benefit provisions (continued)

On-costs

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

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

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	34	562	34	563
Sub-total – asset remediation/restoration	34	562	34	563
Total provisions	34	562	34	563
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	34	562	34	563
Total provisions	34	562	34	563

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	597	597
Unwinding of discount	(2)	(2)
Total other provisions at end of year	595	595
2020		
At beginning of year	381	381
Unwinding of discount	216	216
Total other provisions at end of year	597	597

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	6,675	2,116	2,147
User charges and fees	1,439	1,239	68
Interest and investment revenue	210	130	34
Other revenues	412	436	44
Grants and contributions provided for operating purposes	8,181	–	–
Grants and contributions provided for capital purposes	6,119	212	66
Other income	128	–	–
Total income from continuing operations	23,164	4,133	2,359
Expenses from continuing operations			
Employee benefits and on-costs	7,322	464	358
Materials and services	4,828	1,224	940
Borrowing costs	53	24	–
Depreciation, amortisation and impairment of non-financial assets	5,242	690	614
Other expenses	(21)	319	271
Net losses from the disposal of assets	991	149	95
Total expenses from continuing operations	18,415	2,870	2,278
Operating result from continuing operations	4,749	1,263	81
Net operating result for the year	4,749	1,263	81
Net operating result attributable to each council fund	4,749	1,263	81
Net operating result for the year before grants and contributions provided for capital purposes	(1,370)	1,051	15

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	6,433	6,302	1,949
Investments	12,026	14,000	2,000
Receivables	2,361	172	423
Inventories	133	85	12
Other	51	–	–
Total current assets	21,004	20,559	4,384
Non-current assets			
Receivables	(3,263)	–	3,263
Infrastructure, property, plant and equipment	264,661	35,638	43,000
Total non-current assets	261,398	35,638	46,263
TOTAL ASSETS	282,402	56,197	50,647
LIABILITIES			
Current liabilities			
Payables	1,600	89	–
Contract liabilities	1,064	–	–
Borrowings	25	619	–
Employee benefit provision	2,654	–	–
Provisions	34	–	–
Total current liabilities	5,377	708	–
Non-current liabilities			
Borrowings	(1,057)	5,825	–
Employee benefit provision	172	–	–
Provisions	562	–	–
Total non-current liabilities	(323)	5,825	–
TOTAL LIABILITIES	5,054	6,533	–
Net assets	277,348	49,664	50,647
EQUITY			
Accumulated surplus	90,121	27,494	10,782
Revaluation reserves	187,227	22,170	39,865
Council equity interest	277,348	49,664	50,647
Total equity	277,348	49,664	50,647

D1-3 Details of internal loans

Council has the below Internal Loans to disclose in accordance with s410(3) of the *Local Government Act 1993*.

Details of individual internal loans	Loan 395	Loan 390
Borrower (by purpose)	General Fund	Water Fund
Lender (by purpose)	Sewer Fund	Sewer Fund
Sewer Fund to Water Fund - Finley Water Treatment Plant		
Date of Minister's approval	10/09/2019	10/09/2019
Date raised	30/06/2021	30/06/2021
Sewer Fund to General Fund - Tocumwal Foreshore Building		
Term years	10	10
Dates of maturity	30/06/2031	30/06/2031
Rate of interest (%)	1.48	1.48
Amount originally raised (\$'000)	\$1,000,000	\$2,600,000
Total repaid during year (principal and interest) (\$'000)	NIL	NIL
Principal outstanding at end of year (\$'000)	\$1,000,000	\$2,600,000

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	14,684	11,245	14,684	11,245
Receivables	2,956	1,743	2,956	1,743
Investments				
– Debt securities at amortised cost	28,026	27,046	28,026	27,046
Total financial assets	45,666	40,034	45,666	40,034
Financial liabilities				
Payables	1,689	1,975	1,689	1,975
Loans/advances	5,412	1,826	5,412	1,826
Total financial liabilities	7,101	3,801	7,101	3,801

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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 Ministerial investment order made subject to S625. 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.
- **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 investing only in term deposits, in line with Council's Financial Strategy 2021.

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>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	114	270
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

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

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

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

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	–	392	46	13	23	474
2020						
Gross carrying amount	–	487	44	31	8	570

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	333	1,610	229	181	129	2,482
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2020						
Gross carrying amount	622	469	5	1	76	1,173
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	353	–	–	–	353	1,353
Loans and advances	0.00%	–	644	1,139	3,629	5,412	5,412
Total financial liabilities		353	644	1,139	3,629	5,765	6,765
2020							
Trade/other payables	0.00%	273	1,396	–	–	1,669	1,669
Loans and advances	3.29%	–	258	1,157	411	1,826	1,826
Total financial liabilities		273	1,654	1,157	411	3,495	3,495

Loan agreement breaches

There have been no breaches to loan agreements 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
- 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).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/21	30/06/20	–	–	3,612	3,511	3,612	3,511
Office equipment		30/06/21	30/06/20	–	–	99	97	99	97
Operational land		30/06/21	30/06/20	–	–	6,424	7,264	6,424	7,264
Community land		30/06/21	30/06/20	–	–	1,026	283	1,026	283
Crown Land		30/06/21	30/06/20	–	–	2,396	2,775	2,396	2,775
Land under roads (post 30/06/08)		30/06/21	30/06/20	–	–	109	109	109	109
Land improvements – depreciable		30/06/14	30/06/14	–	–	501	555	501	555
Buildings – non-specialised		30/06/21	30/06/20	–	–	644	672	644	672
Buildings – specialised		30/06/21	30/06/20	–	–	32,344	31,652	32,344	31,652
Roads		30/06/21	30/06/19	–	–	150,706	114,051	150,706	114,051
Bridges		30/06/21	30/06/19	–	–	7,003	3,308	7,003	3,308
Footpaths		30/06/21	30/06/19	–	–	3,827	3,495	3,827	3,495
Bulk earthworks		30/06/21	30/06/19	–	–	12,195	3,431	12,195	3,431
Stormwater drainage		30/06/21	30/06/19	–	–	19,986	18,265	19,986	18,265
Water supply network		30/06/21	30/06/20	–	–	34,185	45,663	34,185	45,663
Sewer network		30/06/21	30/06/20	–	–	41,536	44,923	41,536	44,923
Swimming pools		30/06/21	30/06/20	–	–	1,936	1,970	1,936	1,970
Open Space		30/06/21	30/06/20	–	–	7,757	12	7,757	12
Aerodrome		30/06/21	30/06/20	–	–	6,400	–	6,400	–
Heritage collections		30/06/21	30/06/20	–	–	68	7,227	68	7,227
Library books		30/06/18	30/06/18	–	–	126	69	126	69
Other assets		30/06/21	30/06/20	–	–	3,101	141	3,101	141
Tip assets		30/06/21	30/06/20	–	–	342	9,361	342	9,361
Quarry assets		30/06/21	30/06/20	–	–	8	356	8	356
Total infrastructure, property, plant and equipment				–	–	336,331	299,190	336,331	299,190

Non-recurring fair value measurements

Transfers between level 1 and level 2 fair value hierarchies

Council's policy for determining transfers between fair value hierarchies is at the end of the reporting period.

There were no transfers in or out of level 1 and level 2 fair valuation hierarchy

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment: Major plant (graders, loaders, etc.), fleet vehicles (cars, utes, etc.) and minor plant (chainsaws, mowers etc.)

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

Office Equipment: Computers, office furniture

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

Operational land: Land under Council offices, depots, libraries, water and sewer treatment plants etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council’s operational land assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Community land: Land under parks, recreation reserves, public halls etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council’s community land was valued using the unimproved land value provided by the NSW Valuer General in accordance with Office of Local Government guidance for infrastructure assets, as well as input from APV Valuers and Asset Management Pty Ltd.

Land under roads: Land under roads acquired since 1 July 2008

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties. As the Council’s land under roads assets have no feasible alternate use, significant adjustments to the rate per square meter have been applied to the unobservable inputs and are based on a rate per square metre.

Council’s Land under roads were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Land Improvements - depreciable: Car parks, netball and tennis courts, fences etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) –, dimensions, specifications. (Level 3) – Unit rates, Condition, Remaining life, Residual value

These assets were valued at depreciated replacement cost. Available market data for recent projects and published cost guides are used to determine the estimated replacement cost of the asset, including preliminaries. A condition assessment is then applied based on factors such as the age of the asset, overall condition and remaining life. In some cases, residual values are factored into the calculation, which is the value at the time the asset is considered to no longer be available.

Council’s Land Improvements were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

E2-1 Fair value measurement (continued)

Buildings (Non-specialised): Residences

Valuation technique – “Market approach”
Inputs used (Level 3) – Sales evidence

Council’s non-specialised buildings have been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject building with adjustment for differences between key attributes of the properties. The land value is then subtracted from the market value of the property to measure the building asset fair value.

Council’s Buildings (non-specialised) were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Buildings (Specialised): Community halls, toilet blocks, Council office, libraries, depot buildings, sheds etc.

Valuation technique – “Cost approach”
Inputs used (Level 3) – Unit rates, dimensions, specifications. (Level 3) – Condition, Remaining life, Residual value

These assets were valued at depreciated replacement cost. Available market data for recent projects and published cost guides are used to determine the estimated replacement cost of the asset, including preliminaries. A condition assessment is then applied based on factors such as the age of the asset, overall condition and remaining life. In some cases, residual values are factored into the calculation, which is the value at the time the asset is considered no longer to be available.

Council’s Buildings (specialised) were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Roads, Bridges, Footpaths: Road surface, pavement, formation, road furniture, bridges, culverts.

Valuation technique – “Cost approach”
Inputs used (Level 3) – Unit rates, useful life, asset condition, specifications.

These assets were valued at depreciated replacement cost. Council’s road infrastructure assets are segmented and componentised into the following categories:

- Seal
- Pavement
- Formation and earthworks
- Culverts
- Road furniture (signs, guideposts, guardrails)

Council has surveyed its entire road network to measure both length and width of pavement and seal.

Council’s roads, bridges and footpath assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Bulk earthworks: Levee banks.

Valuation technique – “Cost approach”
Inputs used (Level 3) – Unit rates, dimensions, condition

The unit rates were determined by current replacement cost.

Council’s bulk earthworks were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Stormwater drainage: Kerb and gutter, drainage network, pumps and pump well, retention basins etc.

Valuation technique – “Cost approach”
Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

Council has surveyed its entire stormwater drainage network to measure both length and width of pipes and location and depth of pits.

Condition assessments have been applied across the entire drainage network to establish remaining useful lives.

Council’s stormwater drainage were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Water Supply Network: Treatment plants, mains, reservoirs etc.

Valuation technique – “Cost approach”
Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

E2-1 Fair value measurement (continued)

The Council has surveyed its entire sewerage network to measure both length and width of pipes and their location.

Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's water network assets were valued externally by APV Valuers and Asset Management.

Sewerage Network: Sewer pipes, pump stations, treatment plants etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

The Council has surveyed its entire sewerage network to measure both length and width of pipes and location and depth of pits. Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's sewerage network assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Other Assets

Heritage collections:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Library books: Books and other collection items.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Library books are valued as bulk annual purchases and depreciated using a standard useful life.

Other Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils other assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Tip & Quarry Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils tip and quarry assets were valued at depreciated historical cost, and remediation costs are estimated in House by Mr Matthew Clarke, Director of Technical Services, and are factored to account for inflation.

Open Space Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Council's open space assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Non-current assets classified as ‘held for sale’

Assets previously classified as “Held for Sale” are actively being marketed however as they may not sell within 12 months, or indeed for some considerable time they have been transferred to Inventory assets along with all other land being marketed.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The valuation process/es they use for level 3 fair valuation measurements is to use the market or cost approach (as indicated above) to review fair value, where the relationship of unobservable inputs to Fair Value are affected by any change in component pricing and asset condition. Asset valuations are reviewed annually by the Director of Technical Services and the Finance Manager.

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Office Equipment	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Aerodrome	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Operational Land	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land
Community Land	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land
Land under Roads (post 30/06/08)	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land • Alternate Uses
Land Improvements - Depreciable	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Buildings – Non Specialised	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Buildings - Specialised	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Roads	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Bridges	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Footpaths	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Bulk Earthworks	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Stormwater Drainage	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Water Supply Network	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Sewer Network	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Swimming Pools	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Heritage Collections	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Library Books	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Other Assets	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Tip & Quarry Assets	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life

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

\$ '000	Operational Land		Community Land		Crown Land		Depreciable land improvements	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	7,264	9,276	283	271	2,775	–	555	819
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(1,040)	(2,489)	743	(25)	297	2,777	–	(210)
Purchases (GBV)	495	–	–	–	–	–	–	–
Depreciation and impairment	–	–	–	–	–	–	(54)	(54)
Revaluation	(295)	477	–	37	(676)	(2)	–	–
Closing balance	6,424	7,264	1,026	283	2,396	2,775	501	555

\$ '000	Land under roads		Buildings non-specialised		Building specialised		Plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	109	234	672	628	31,652	29,128	3,511	3,011
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	(628)	–	645	(1)	–
Purchases (GBV)	–	–	–	–	1,476	3,012	1,059	1,543
Disposals (WDV)	–	–	–	–	(349)	(186)	(46)	(224)
Depreciation and impairment	–	–	(11)	–	(638)	(573)	(911)	(819)
Revaluation	–	(125)	(17)	672	203	(374)	–	–
Closing balance	109	109	644	672	32,344	31,652	3,612	3,511

E2-1 Fair value measurement (continued)

\$ '000	Office equipment		Roads		Bridges		Footpaths	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	97	96	114,051	113,101	3,308	3,419	3,495	3,384
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(1)	–	(1)	(13)	(1)	(4)	–	–
Purchases (GBV)	26	22	2,136	4,380	–	–	226	256
Disposals (WDV)	–	–	(514)	(776)	–	–	(17)	(71)
Depreciation and impairment	(23)	(21)	(2,615)	(2,641)	(108)	(107)	(74)	(74)
Revaluation	–	–	37,649	–	3,804	–	197	–
Closing balance	99	97	150,706	114,051	7,003	3,308	3,827	3,495

\$ '000	Bulk earth		Stormwater drainage		Water supply network		Sewerage network	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	3,431	3,308	18,265	18,288	45,663	27,319	44,923	18,769
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	1	(52)	1	–	–	–
Purchases (GBV)	–	123	98	361	1,874	280	104	285
Disposals (WDV)	–	–	–	(82)	(149)	–	(95)	(85)
Depreciation and impairment	–	–	(242)	(250)	(673)	(681)	(601)	(610)
Revaluation	8,764	–	1,864	–	(12,531)	18,745	(2,795)	26,564
Closing balance	12,195	3,431	19,986	18,265	34,185	45,663	41,536	44,923

E2-1 Fair value measurement (continued)

\$ '000	Swimming pools		Heritage collections		Library books		Other assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	1,970	1,540	68	67	141	158	16,588	8,237
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(1)	2	1	–	(1)	–	(6,337)	(2)
Purchases (GBV)	–	–	–	–	30	27	1,869	1,258
Disposals (WDV)	–	–	–	–	(20)	(17)	(569)	–
Depreciation and impairment	(47)	(65)	(1)	(1)	(24)	(27)	(401)	(285)
Revaluation	14	493	–	2	–	–	(292)	7,380
Closing balance	1,936	1,970	68	68	126	141	10,858	16,588

\$ '000	Tip and quarry assets		Aerodrome		Total	
	2021	2020	2021	2020	2021	2020
Opening balance	369	369	–	–	299,190	241,422
Transfers from/(to) another asset class	–	–	6,338	–	(2)	1
Purchases (GBV)	–	–	–	–	9,393	11,547
Disposals (WDV)	–	–	–	–	(1,759)	(1,441)
Depreciation and impairment	(17)	(17)	(106)	–	(6,546)	(6,225)
Revaluation	(2)	17	168	–	36,055	53,886
Closing balance	350	369	6,400	–	336,331	299,190

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

There were no FV hierarchy transfer into or out of level 3.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

The 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 employee contributions for non-180 Point members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

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

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These 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 \$128,790.30. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2020.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$117,580.80.

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 other accumulation accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.16% as at 30 June 2021.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

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.

E3-1 Contingencies (continued)

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

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.

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	629	930
Post-employment benefits	66	108
Total	695	1,038

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There are no other disclosures to be made by KMP.

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	27	27
Councillors' fees	97	94
Other Councillors' expenses (including Mayor)	41	98
Total	165	219

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	65	94
Remuneration for audit and other assurance services	65	94
Total Auditor-General remuneration	65	94
Non NSW Auditor-General audit firms		
Total audit fees	65	94

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	6,093	4,354
Adjust for non-cash items:		
Depreciation and amortisation	6,546	6,225
Net losses/(gains) on disposal of assets	1,235	558
Adoption of AASB 15/1058	-	(473)
Unwinding of discount rates on reinstatement provisions	-	216
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(1,213)	10
Decrease/(increase) in inventories	39	(79)
Decrease/(increase) in other current assets	-	(14)
Increase/(decrease) in payables	81	210
Increase/(decrease) in other accrued expenses payable	47	(89)
Increase/(decrease) in other liabilities	110	258
Increase/(decrease) in contract liabilities	442	622
Increase/(decrease) in provision for employee benefits	33	412
Increase/(decrease) in other provisions	(1)	-
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	13,412	12,210

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	45	1,078
Roadworks	155	81
Sewer Infrastructure	301	133
Water infrastructure	10,604	559
Economic Development	1,250	–
Land & Buildings	677	–
Total commitments	13,032	1,851
These expenditures are payable as follows:		
Within the next year	13,032	1,851
Total payable	13,032	1,851
Sources for funding of capital commitments:		
Unrestricted general funds	654	41
Future grants and contributions	794	40
Externally restricted reserves	11,526	692
Internally restricted reserves	58	1,078
Total sources of funding	13,032	1,851

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 Changes in accounting policy

Voluntary changes in accounting policies

Adoption of new accounting standards – not retrospective

During the year ended 30 June 2021, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2020 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2020.

The impacts of adopting these standards and associated transition disclosures are provided below:

G4-2 Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

Council made no changes to accounting estimates during the year ending 30 June 2021.

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					
S7.11 not under plans	132	31	-	-	-	-	163	-
S64 contributions	468	216	-	-	-	-	684	-
Total contributions	600	247	-	-	-	-	847	-

Under the *Environmental Planning and Assessment Act 1979*, Council has obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G5-2 Contributions not under plans

\$ '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					
CONTRIBUTIONS NOT UNDER A PLAN								
Drainage	34	27	-	-	-	-	61	-
Parking	16	3	-	-	-	-	19	-
Open space	82	1	-	-	-	-	83	-
Total	132	31	-	-	-	-	163	-

G5-3 S64 contributions

S64 contributions

Water	440	212	-	-	-	-	652	-
Sewer	28	4	-	-	-	-	32	-
Total	468	216	-	-	-	-	684	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	936	4.02%	5.64%	5.60%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	23,259				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ^{1,3}	15,078	50.84%	56.76%	59.29%	> 60.00%
Total continuing operating revenue ¹	29,656				
3. Unrestricted current ratio					
Current assets less all external restrictions	14,517	4.88x	4.33x	6.79x	> 1.50x
Current liabilities less specific purpose liabilities	2,972				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,559	15.40x	18.29x	35.08x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	491				
5. Rates and annual charges outstanding percentage ³					
Rates and annual charges outstanding ³	474	4.11%	5.07%	5.84%	< 10.00%
Rates and annual charges collectable	11,537				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	42,710	25.87	27.88	29.33	> 3.00
Monthly payments from cash flow of operating and financing activities	1,651	mths	mths	mths	mths

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

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

(3) These ratios have had the pensioner subsidies removed from the 2018/19 amounts due to changes in the 2019/20 Accounting Code. This change is to ensure comparatives remain consistent.

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2.61)%	1.61%	30.60%	26.67%	7.85%	(3.28)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ^{1,3}	38.27%	43.47%	94.87%	97.32%	97.20%	99.24%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.04x	4.33x	4.08x	86.40x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15.57x	13.02x	10.69x	164.09x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage ³							
Rates and annual charges outstanding	3.11%	3.75%	7.35%	9.83%	3.83%	4.27%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	16.00 mths	20.95 mths	73.09 mths	47.11 mths	17.98 mths	35.79 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

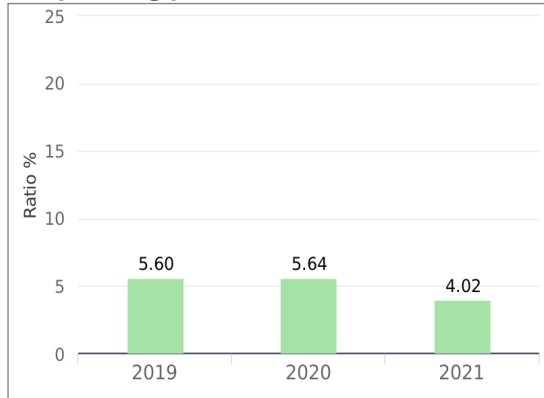
(1) - (2) Refer to Notes at Note G6-1 above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 4.02%

The operating performance ratio has seen a slight decrease to 4.02% (2019: 5.60%) due to an increase in depreciation expenses after a comprehensive revaluation of Council's Water and Sewer Assets in the 2020 Financial Year, as Council continues to have its Assets comprehensively revalued increases in Depreciation Expenses are expected to continue.

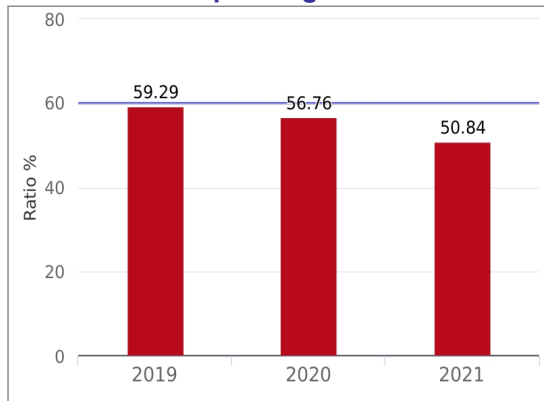
Benchmark: — > 0.00%

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 50.84%

The own source operating revenue ratio decreased to 50.84% (2019: 56.76%) due to the increase in grant funding.

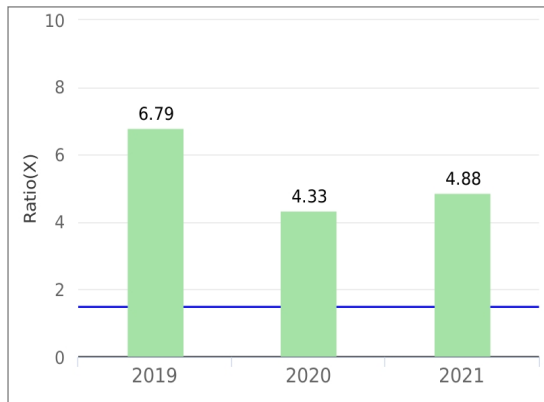
Benchmark: — > 60.00%

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 4.88x

The unrestricted current ratio has seen a slight increase in 2021 due to decrease in externally restricted cash, cash equivalents and investments.

Benchmark: — > 1.50x

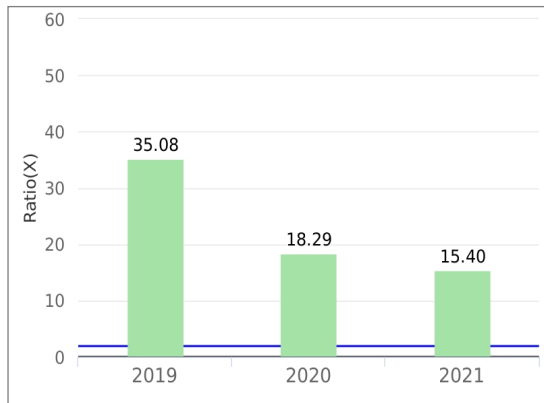
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 15.40x

The debt service cover ratio has decreased to 15.39% (2019: 18.29%) due to the drawdown of loans this financial year to fund large scale Council projects.

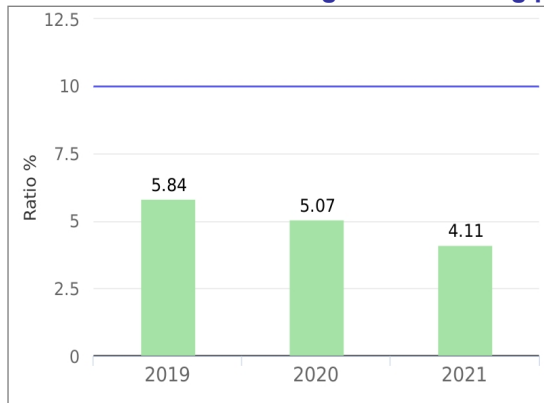
Benchmark: — > 2.00x

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 4.11%

The rates and annual charges outstanding percentage of 4.11% has decreased from the prior year (2019: 5.07%) due to a successful year of collections.

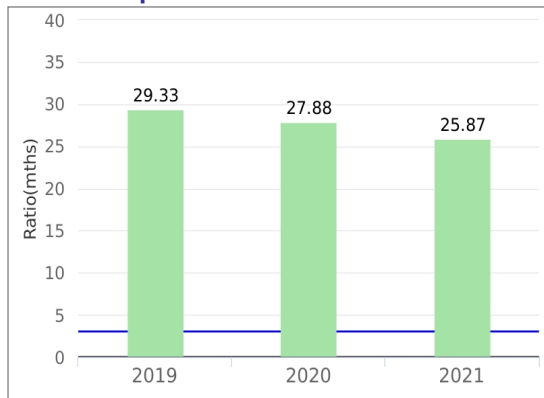
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 25.87 mths

Council's cash expenses cover ratio has decreased slightly to 25.87% (2019: 27.88%). However, Council remains in a strong position.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Berrigan Shire Council

General Purpose Financial Statements for the year ended 30 June 2021

Berrigan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Berrigan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

“Making an even better Berrigan Shire”



Berrigan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Income Statement of sewerage business activity	5
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Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
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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).

Berrigan Shire 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*,
- the NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

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

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

Signed in accordance with a resolution of Council made on 20 October 2021.

Matthew Hannan
Mayor
20 October 2021

Daryll Morris
Councillor
20 October 2021

Karina Ewer
Chief Executive Officer
20 October 2021

Tahlia Fry
Responsible Accounting Officer
20 October 2021

Berrigan Shire Council**Income Statement of water supply business activity**

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	2,116	2,028
User charges	1,161	1,199
Fees	78	64
Interest	130	102
Other income	436	716
Total income from continuing operations	3,921	4,109
Expenses from continuing operations		
Employee benefits and on-costs	464	481
Borrowing costs	24	–
Materials and services	1,224	1,403
Depreciation, amortisation and impairment	690	709
Water purchase charges	120	144
Net losses from the disposal of assets	149	–
Other expenses	199	276
Total expenses from continuing operations	2,870	3,013
Surplus (deficit) from continuing operations before capital amounts	1,051	1,096
Grants and contributions provided for capital purposes	212	113
Surplus (deficit) from continuing operations after capital amounts	1,263	1,209
Surplus (deficit) from all operations before tax	1,263	1,209
Less: corporate taxation equivalent [based on result before capital]	(273)	(301)
Surplus (deficit) after tax	990	908
Plus accumulated surplus	25,865	24,656
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	273	301
Closing accumulated surplus	27,128	25,865
Return on capital %	3.0%	2.3%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	990	908
Less: capital grants and contributions (excluding developer contributions)	(212)	(113)
Surplus for dividend calculation purposes	778	795
Potential dividend calculated from surplus	389	398

Berrigan Shire Council**Income Statement of sewerage business activity**

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	2,147	2,062
User charges	4	12
Fees	64	58
Interest	34	49
Other income	44	44
Total income from continuing operations	2,293	2,225
Expenses from continuing operations		
Employee benefits and on-costs	358	357
Materials and services	940	1,032
Depreciation, amortisation and impairment	614	660
Net losses from the disposal of assets	95	85
Calculated taxation equivalents	8	12
Other expenses	263	249
Total expenses from continuing operations	2,278	2,395
Surplus (deficit) from continuing operations before capital amounts	15	(170)
Grants and contributions provided for capital purposes	66	17
Surplus (deficit) from continuing operations after capital amounts	81	(153)
Surplus (deficit) from all operations before tax	81	(153)
Less: corporate taxation equivalent [based on result before capital]	(4)	–
Surplus (deficit) after tax	77	(153)
Plus accumulated surplus	10,693	10,834
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	8	12
– Corporate taxation equivalent	4	–
Less:		
Closing accumulated surplus	10,782	10,693
Return on capital %	0.0%	(0.4)%
Subsidy from Council	626	576
Calculation of dividend payable:		
Surplus (deficit) after tax	77	(153)
Less: capital grants and contributions (excluding developer contributions)	(66)	(17)
Surplus for dividend calculation purposes	11	–
Potential dividend calculated from surplus	6	–

Berrigan Shire Council**Statement of Financial Position of water supply business activity**

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	6,302	7,829
Investments	14,000	4,000
Receivables	172	221
Inventories	85	109
Total current assets	20,559	12,159
Non-current assets		
Infrastructure, property, plant and equipment	35,638	48,412
Total non-current assets	35,638	48,412
Total assets	56,197	60,571
LIABILITIES		
Current liabilities		
Payables	89	5
Borrowings	619	–
Total current liabilities	708	5
Non-current liabilities		
Borrowings	5,825	–
Total non-current liabilities	5,825	–
Total liabilities	6,533	5
Net assets	49,664	60,566
EQUITY		
Accumulated surplus	27,494	25,865
Revaluation reserves	22,170	34,701
Total equity	49,664	60,566

Berrigan Shire Council**Statement of Financial Position of sewerage business activity**

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	1,949	5,108
Investments	2,000	2,000
Receivables	423	93
Inventories	12	17
Total current assets	4,384	7,218
Non-current assets		
Receivables	3,263	–
Infrastructure, property, plant and equipment	43,000	46,135
Total non-current assets	46,263	46,135
Total assets	50,647	53,353
Net assets	50,647	53,353
EQUITY		
Accumulated surplus	10,782	10,693
Revaluation reserves	39,865	42,660
Total equity	50,647	53,353

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)

NIL

Category 2

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

a. Berrigan Shire Council Water Supply

Supply drinking quality water to the towns of Barooga, Berrigan, Finley and Tocumwal

b. Berrigan Shire Council Sewerage Service

Supply of a reticulated sewerage service to the towns of Barooga, Berrigan, Finley and Tocumwal.

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%.

Note – Significant Accounting Policies (continued)

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/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

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

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

Berrigan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

MANAGEMENT OF TOCUMWAL TOWN BEACH IN PEAK TIMES

Tocumwal Town Beach is a designated Primitive Camping Area that attracts many “Free Campers”

The Beach camping area is managed by the Tocumwal Foreshore Committee a 355 committee of the Berrigan Shire. Through the Shire there is a contractor appointed who collects the camping fees on a daily basis and within this contract the contractor cleans the toilet block daily and when busy twice daily.

The contractor also maintains the cleanliness of the area and notifies the rubbish removal contractor when the bins need emptying so the Town Beach camping area maintains its integrity and reputation throughout Australia.

After a survey in 2016 and again in 2019 prior to COVID-19 it was estimated that the campers at Tocumwal Town Beach spend \$100 a day for 2 people in a caravan and this contributes \$1,200,000 annually to the Tocumwal town economy.

The area has facilities of:

- Male and Female toilet facilities
- Unheated showers
- Many potable, town water taps throughout the area
- General rubbish collection with 24 bins
- Recycle collection facility for glass and aluminium cans
- 700 metres walking distance to Tocumwal shops and supermarket
- Frontage to a 300m x 80m sandy Murray River beach

Licence

Tocumwal Town Beach has a licence for 65 camps.

Being a very popular public access area there are times at Christmas, Easter and the Melbourne Cup long weekend that the town has an influx of people and the Tocumwal Town Beach sometimes has in excess of the licensed 65.

How do we manage this excess above 65 camps?

- Being a public access area that is managed by the Foreshore Committee and the collection and maintenance contractor there is no person of authority on site to “count in” the number of camps. When the contractor goes down to the Beach to collect the Fees and clean the ablution block he is sometimes faced with an area that has in excess of 65 camps already set up and no way of knowing who was the 66th camp that arrived.
- The contractor or the Foreshore Committee has no authority to, “move people on”
- So, we determine that the ablution block needs extra attention and cleaning 2 or 3 times every day.
- We also manage the excess rubbish disposal.
- The contractor usually notifies the President of the Foreshore Committee who offers some hands on assistance and who also monitors the situation.
- The contractor and the Foreshore President, whose phone number is on the information board so any camper can contact us at any time, receive quite a few phone calls prior to these peak times of people enquiring as to how busy the camping area may be. We have started to tell people that we have limited space available when we are able to make a guesstimate of a likely influx.

When the grey water collection system is installed in the near future the camping area will have yet another advantage for the campers.

Between the contractor and the Foreshore Committee we do a pretty good job of managing the Town Beach Primitive Camping area and collectively we are very proud of the asset that it is to the town of Tocumwal and the job that we do in managing the area.



ID	AREA
1	0.65026
2	0.908927
3	18.2171
4	5.48585
5	1.1218
6	0.889764
7	0.203118
8	0.375218
9	0.115516
10	0.193194
11	0.202406
12	0.645727
13	0.114167
14	0.203333
15	0.0406248
16	0.334756
17	0.554703
18	0.24241
19	0.056715

LOCAL TRAFFIC COMMITTEE

MINUTES

Held Thursday 7th October, 2021

Zoom Meeting / Office Attendance

11:00 am at Berrigan Shire Council Office



Transport
for NSW



PRESENT

KIM SCHULTZ	NETWORK & SAFETY OFFICER TRANSPORT FOR NSW (ZOOM)
SERGEANT PETER KIRK	HIGHWAY PATROL SUPERVISOR DENILIKUIN POLICE
MR GARY GEORGE	ACTING DIRECTOR TECHNICAL SERVICES BERRIGAN SHIRE COUNCIL

APOLOGIES

MR PETER BRAYBON	LOCAL MEMBER OF PARLIAMENT REPRESENTATIVE
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NEW BUSINESS

ITEMS FOR DISCUSSION

LTC 1	REVIEW SPEED ZONE - JERILDERIE ROAD, BERRIGAN.....	3
LTC 2	REVIEW SPEED ZONE - CHANTER STREET, BERRIGAN.....	3
LTC 3	COBRAM BAROOGA CYCLE CLUB 2021/2022 RACE PERMIT APPLICATION.....	3
LTC 4	TEMPORARY ROAD CLOSURE - BERRIGAN ANNUAL COMMUNITY CHRISTMAS MARKET NIGHT	4
LTC 5	TOCUMWAL TOURIST INFORMATION CENTRE SIGNAGE AND PARKING	4

LTC 1 REVIEW SPEED ZONE - JERILDERIE ROAD, BERRIGAN

BACKGROUND

Review the 50km/h speed zone on Jerilderie Road, Berrigan to extend it out to the Berrigan Recreation Reserve. Concerned residents / businesses on the east side raised a safety concern that vehicles do not slow down enough through this area when other vehicles are turning into their access, and also highlighted there is a shared path along this side with no barrier.

CONCLUSION

Council requests Transport NSW to undertake a speed zone review of Jerilderie Road, Berrigan

LTC 2 REVIEW SPEED ZONE - CHANTER STREET, BERRIGAN

BACKGROUND

The Berrigan District Development Association (BDDA) has requested that the speed zone in Chanter Street, Berrigan be dropped from 50km/h to 40km/h, due to no pedestrian or zebra crossing in the main street to halt traffic for pedestrians, older community struggling to cross the street, high volume of trucks especially during harvest and on street parking limited.

CONCLUSION

Council supplies Transport NSW with some traffic data and requests Transport NSW to undertake a speed zone review of Chanter Street, Berrigan.

LTC 3 COBRAM BAROOGA CYCLE CLUB 2021/2022 RACE PERMIT

APPLICATION

BACKGROUND

The Cobram Barooga Cycle Club has submitted an application to renew their race permit for another 12 months. The current permit is due to expire on 30th November, 2021. The Cobram Barooga Cycle Club would like to hold race events from the carpark at 139 Hughes Street, Barooga every Sunday commencing at 10:00am from 1st December, 2021 through to 30th November, 2022.

RECOMMENDATION

That the Council approves the application made by Cobram Barooga Cycle Club to hold their weekly race events from the carpark at 139 Hughes Street, Barooga every Sunday commencing at 10:00am for the next 12 months from 1st December, 2021 to 30th November, 2022.

