



Greater  
Hume  
Council



Image: HiVision Imaging

# Annual Financial Statements

For the year ended 30 June 2021





Greater  
Hume  
Council



Image: HiVision Imaging

# General Purpose Financial Statements

For the year ended 30 June 2021

# Greater Hume Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

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

39 Young Street  
Holbrook NSW 2644

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.greaterhume.nsw.gov.au](http://www.greaterhume.nsw.gov.au).

# Greater Hume Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Greater Hume Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 15 September 2021.



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Councillor Heather Wilton

**Mayor**

15 September 2021

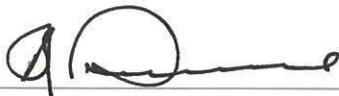


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Councillor Doug Meyer OAM

**Councillor**

15 September 2021



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Steven Pinnuck

**General Manager**

15 September 2021



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Dean Hart

**Responsible Accounting Officer**

15 September 2021

## Greater Hume Shire Council

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
12,142	Rates and annual charges	B2-1	11,791	11,416
6,736	User charges and fees	B2-2	7,388	6,042
406	Other revenue	B2-3	347	339
11,298	Grants and contributions provided for operating purposes	B2-4	17,525	14,027
16,326	Grants and contributions provided for capital purposes	B2-4	14,213	4,711
263	Interest and investment income	B2-5	248	461
–	Other income	B2-6	222	227
–	Net gains from the disposal of assets	B4-1	293	–
47,171	<b>Total income from continuing operations</b>		<b>52,027</b>	<b>37,223</b>
<b>Expenses from continuing operations</b>				
9,977	Employee benefits and on-costs	B3-1	11,146	10,696
8,703	Materials and services	B3-2	15,379	14,892
174	Borrowing costs	B3-3	284	231
8,667	Depreciation, amortisation and impairment for non-financial assets	B3-4	9,742	9,025
3,627	Other expenses	B3-5	1,002	1,085
–	Net losses from the disposal of assets	B4-1	–	53
31,148	<b>Total expenses from continuing operations</b>		<b>37,553</b>	<b>35,982</b>
16,023	<b>Net operating result for the year attributable to Council</b>		<b>14,474</b>	<b>1,241</b>
(303)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>261</b>	<b>(3,470)</b>

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

## Greater Hume Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>14,474</b>	<b>1,241</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-6	<b>494</b>	133,601
Impairment loss relating to infrastructure, property, plant and equipment	C1-6	<b>(171)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>323</b>	133,601
<b>Total other comprehensive income for the year</b>		<b>323</b>	133,601
<b>Total comprehensive income for the year attributable to Council</b>		<b>14,797</b>	134,842

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

## Greater Hume Shire Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	2,219	8,462
Investments	C1-2	20,073	15,273
Receivables	C1-4	8,268	5,522
Inventories	C1-5	2,007	2,304
<b>Total current assets</b>		<b>32,567</b>	<b>31,561</b>
<b>Non-current assets</b>			
Investments	C1-2	4,000	–
Receivables	C1-4	74	10
Infrastructure, property, plant and equipment	C1-6	643,106	630,993
Intangible Assets	C1-7	124	191
Right of use assets	C2-1	86	120
<b>Total non-current assets</b>		<b>647,390</b>	<b>631,314</b>
<b>Total assets</b>		<b>679,957</b>	<b>662,875</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	3,474	2,799
Contract liabilities	C3-2	2,706	793
Lease liabilities	C2-1	57	48
Borrowings	C3-3	491	516
Employee benefit provisions	C3-4	3,695	3,532
<b>Total current liabilities</b>		<b>10,423</b>	<b>7,688</b>
<b>Non-current liabilities</b>			
Payables	C3-1	1,432	1,497
Lease liabilities	C2-1	37	77
Borrowings	C3-3	2,753	3,248
Employee benefit provisions	C3-4	208	162
Provisions	C3-5	5,152	5,048
<b>Total non-current liabilities</b>		<b>9,582</b>	<b>10,032</b>
<b>Total liabilities</b>		<b>20,005</b>	<b>17,720</b>
<b>Net assets</b>		<b>659,952</b>	<b>645,155</b>
<b>EQUITY</b>			
Accumulated surplus		281,463	266,989
IPPE revaluation reserve		378,489	378,166
<b>Council equity interest</b>		<b>659,952</b>	<b>645,155</b>
<b>Total equity</b>		<b>659,952</b>	<b>645,155</b>

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

## Greater Hume 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		266,989	378,166	645,155	266,604	244,565	511,169
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(856)	-	(856)
Net operating result for the year		14,474	-	14,474	1,241	-	1,241
<b>Restated net operating result for the period</b>		<b>14,474</b>	<b>-</b>	<b>14,474</b>	<b>1,241</b>	<b>-</b>	<b>1,241</b>
<b>Other comprehensive income</b>							
- Gain on revaluation of IPP&E	C1-6	-	494	494	-	133,601	133,601
- Impairment (loss) reversal relating to IPP&E	C1-6	-	(171)	(171)	-	-	-
<b>Other comprehensive income</b>		<b>-</b>	<b>323</b>	<b>323</b>	<b>-</b>	<b>133,601</b>	<b>133,601</b>
<b>Total comprehensive income</b>		<b>14,474</b>	<b>323</b>	<b>14,797</b>	<b>1,241</b>	<b>133,601</b>	<b>134,842</b>
<b>Closing balance at 30 June</b>		<b>281,463</b>	<b>378,489</b>	<b>659,952</b>	<b>266,989</b>	<b>378,166</b>	<b>645,155</b>

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

## Greater Hume Shire Council

### Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
12,142	Rates and annual charges		11,951	11,637
6,938	User charges and fees		7,136	5,919
263	Investment and interest revenue received		280	610
28,176	Grants and contributions		31,376	18,996
–	Bonds, deposits and retention amounts received		612	695
447	Other		3,124	2,406
<i>Payments:</i>				
(9,977)	Employee benefits and on-costs		(11,200)	(10,238)
(11,314)	Materials and services		(18,427)	(11,575)
(174)	Borrowing costs		(201)	(206)
–	Bonds, deposits and retention amounts refunded		(533)	(448)
(3,700)	Other		(1,130)	(3,412)
22,801	<b>Net cash flows from operating activities</b>	G1-1a	<b>22,988</b>	<b>14,384</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
3,928	Sale of investment securities		25,750	4,925
–	Sale of real estate assets		1,186	269
332	Sale of infrastructure, property, plant and equipment		454	412
12	Deferred debtors receipts		–	11
<i>Payments:</i>				
–	Purchase of investment securities		(34,550)	(4,003)
(26,440)	Purchase of infrastructure, property, plant and equipment		(21,264)	(14,575)
–	Purchase of real estate assets		(208)	(164)
–	Deferred debtors and advances made		(28)	–
(22,168)	<b>Net cash flows from investing activities</b>		<b>(28,660)</b>	<b>(13,125)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(516)	Repayment of borrowings		(520)	(544)
–	Principal component of lease payments		(51)	(45)
(516)	<b>Net cash flow provided (or used in) financing activities</b>		<b>(571)</b>	<b>(589)</b>
117	<b>Net change in cash and cash equivalents</b>		<b>(6,243)</b>	<b>670</b>
1,475	Cash and cash equivalents at beginning of year		8,462	7,792
1,592	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>2,219</b>	<b>8,462</b>
–	plus: Investments on hand at end of year	C1-2	24,073	15,273
1,592	<b>Total cash, cash equivalents and investments</b>		<b>26,292</b>	<b>23,735</b>

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

# Greater Hume Shire Council

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# Greater Hume Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 15 September 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

#### Monies and other assets received by Council

##### The Consolidated Fund

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

## A1-1 Basis of preparation (continued)

### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council relies on the support of volunteers to safeguard and maintain some of its important Council assets. Whilst this support is recognised as a significant contribution to Council, the value of such services cannot be reliably measured and are therefore not recognised in Council's income statement.

### 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.

### New accounting standards adopted during the year

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

Council has determined that none of these newly adopted standards have had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

### COVID-19 Impacts

COVID-19 has caused a disruption to Council's business practices with a number of staff working remotely from home or at other Council facilities away from their usual workplace. Whilst this has caused some inconvenience, it has not resulted in significant additional cost. The social distancing requirements have necessitated the use of electronic means of communication such as Zoom and Microsoft Teams.

Council has provided some rent relief to lessees to compensate for lost income due to the business interruption and some additional costs have been incurred in closing down and cleaning of Council facilities, and providing staff and facilities with essential hygiene products.

Rate collections and other receivables have not been impacted for the period ended 30 June 2021.

Council is of the view that physical non-current assets will not experience substantial declines in value due to COVID-19. A large proportion of Council's physical assets were revalued prior to the emergence of COVID-19 during the 2019/2020 financial year. For assets where fair value is determined by market value Council has no evidence of material changes to these values.

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

## 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
<b>Functions or activities</b>										
Governance	31	48	1,121	1,170	(1,090)	(1,122)	189	41	16	21
Administration	1,292	532	2,478	2,949	(1,186)	(2,417)	104	191	33,917	31,914
Public order and safety	475	1,231	1,127	1,568	(652)	(337)	403	1,131	4,096	4,465
Health	–	175	172	160	(172)	15	–	–	–	–
Environment	1,782	1,309	2,322	2,137	(540)	(828)	496	97	2,989	2,939
Community services and education	3,377	2,352	3,141	2,409	236	(57)	2,192	1,274	5,919	5,765
Housing and community amenities	1,158	784	701	832	457	(48)	1,290	206	3,317	2,910
Water supplies	2,047	2,047	2,054	2,144	(7)	(97)	344	90	25,073	24,614
Sewerage services	2,011	1,819	1,782	1,778	229	41	535	63	38,205	38,053
Recreation and culture	2,126	2,326	4,059	4,016	(1,933)	(1,690)	2,546	2,433	38,464	37,697
Mining, manufacturing and construction	171	123	572	3,705	(401)	(3,582)	–	–	374	377
Transport and communication	22,146	9,515	16,653	12,301	5,493	(2,786)	17,950	7,679	521,461	506,746
Economic affairs	917	621	1,371	813	(454)	(192)	24	28	5,206	7,374
General purpose income	14,494	14,341	–	–	14,494	14,341	5,665	5,505	920	–
<b>Total functions and activities</b>	<b>52,027</b>	<b>37,223</b>	<b>37,553</b>	<b>35,982</b>	<b>14,474</b>	<b>1,241</b>	<b>31,738</b>	<b>18,738</b>	<b>679,957</b>	<b>662,875</b>

## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

### Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

### Public order and safety

Includes Council's fire protection, emergency services, enforcement of regulations and animal control.

### Health

Includes administration of health regulations.

### Environment

Includes noxious plants and insect/vermin control, other environmental protection, solid waste management including domestic waste, other waste management, other sanitation and garbage, street cleaning, drainage and stormwater management.

### Community services and education

Includes youth services, aged and disabled persons services and children's services including family day care and child care.

### Housing and community amenities

Includes public cemeteries, public conveniences, street lighting, town planning, and other community amenities including housing development and accommodation for families, aged persons, disabled persons, migrants and Indigenous persons.

### Water supplies

Includes the provision of reticulated water to villages in the Greater Hume Shire area.

### Sewerage services

Includes the provision of reticulated sewerage and common effluent services to villages in the Greater Hume Shire area.

### Recreation and culture

Includes public libraries; museums; art galleries, community centres and public halls, sporting grounds and venues, swimming pools, parks and gardens, and other sporting, recreational and cultural services.

### Mining, manufacturing and construction

Includes building control and quarries and pits.

### Transport and communication

Includes urban, rural and regional roads, including sealed and unsealed roads, bridges, footpaths, kerb and gutter, parking areas, and aerodromes. Also includes natural disaster repair works and RMCC works.

### Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion, real estate development and other business undertakings.

### General purpose income

Includes general rates, general component of FAG and interest income.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	3,283	3,214
Farmland	5,338	5,150
Business	253	231
Less: pensioner rebates (mandatory)	(167)	(171)
<b>Rates levied to ratepayers</b>	<b>8,707</b>	<b>8,424</b>
Pensioner rate subsidies received	75	93
<b>Total ordinary rates</b>	<b>8,782</b>	<b>8,517</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	829	813
Water supply services	574	584
Sewerage services	1,403	1,370
Waste management services (non-domestic)	174	172
Less: pensioner rebates (mandatory)	(54)	(57)
<b>Annual charges levied</b>	<b>2,926</b>	<b>2,882</b>
Pensioner subsidies received:		
– Water	31	(52)
– Sewerage	22	38
– Domestic waste management	30	31
<b>Total annual charges</b>	<b>3,009</b>	<b>2,899</b>
<b>Total rates and annual charges</b>	<b>11,791</b>	<b>11,416</b>

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
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	159	139
Sewerage services	2	224	257
Waste management services (non-domestic)	2	13	13
Water supply services	1	1,112	1,319
Other	2	3	3
<b>Total specific user charges</b>		<b>1,511</b>	<b>1,731</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building regulation	2	161	114
Animal control	2	52	48
Health administration	2	160	152
Planning and building regulation	2	5	7
Section 10.7 certificates (EP&A Act)	2	35	30
Section 603 certificates	2	45	31
Tapping fees	2	77	40
Town planning	2	140	117
<b>Total fees and charges – statutory/regulatory</b>		<b>675</b>	<b>539</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged care	2	66	55
Aged persons rents and fees	2	177	171
Asbestos waste disposal charges	2	210	–
Caravan park	1	47	43
Cemeteries	2	56	64
Child care	1	408	160
Family day care	1	630	644
Leaseback fees – Council vehicles	1	65	64
Libraries	1	21	16
Private works	1	593	474
Recycling income (non-domestic)	1	130	60
Sports stadium	2	12	25
Swimming centres	1	85	78
Tourism	2	14	16
Transport for NSW (state roads not controlled by Council)	2	2,615	1,848
Other	2	73	54
<b>Total fees and charges – other</b>		<b>5,202</b>	<b>3,772</b>
<b>Total user charges and fees</b>		<b>7,388</b>	<b>6,042</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		3,091	2,858
User charges and fees recognised at a point in time (2)		4,297	3,184
<b>Total user charges and fees</b>		<b>7,388</b>	<b>6,042</b>

### Accounting policy

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

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

## B2-3 Other revenue

\$ '000	Timing	2021	2020
Advertising	2	56	12
Legal fees recovery – rates and charges (extra charges)	2	3	6
Commissions and agency fees	2	39	42
Legal fees recovery – other	2	1	1
Diesel rebate	2	138	159
Insurance claims recoveries	2	57	54
Sales – miscellaneous	2	20	22
Other	2	33	43
<b>Total other revenue</b>		<b>347</b>	<b>339</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		339
<b>Total other revenue</b>		<b>347</b>

### 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
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,648	1,637	–	–
Financial assistance – local roads component	2	1,051	1,035	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	1,765	1,734	–	–
Financial assistance – local roads component	2	1,126	1,099	–	–
<b>Amount recognised as income during current year</b>		<b>5,590</b>	<b>5,505</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Bushfire and emergency services	2	327	327	–	–
Child care	2	1,848	1,247	–	–
Child Care Centre	1	–	–	96	309
Crown Land	1	26	–	–	–
Drainage	2	–	–	–	12
Employment and training programs	2	22	9	–	–
Floodplain management	2	94	161	–	–
Library	2	132	107	–	–
LIRS subsidy	2	23	27	–	–
Natural Disaster Relief- Bushfires	2	(34)	609	–	–
Noxious weeds	2	103	93	–	–
Public conveniences	1	–	–	390	–
Recreation and culture	1	15	–	1,701	1,985
Other Grants and Contributions	2	53	124	93	–
Road Safety Officer	2	102	103	–	–
Rural Fire Service - Buildings & Amenities	2	–	–	103	254
Sewerage (excl. section 64 contributions)	2	62	–	–	4
Tourism and economic development	1	15	3	–	–
Transport (other roads and bridges funding)	1	5,297	1,409	9,633	1,314
Transport (roads to recovery)	2	1,883	2,015	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,921	2,288	860	400
Water supplies	2	–	–	6	–
Youth services	1	46	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>11,935</b>	<b>8,522</b>	<b>12,881</b>	<b>4,278</b>

**B2-4 Grants and contributions (continued)**

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Non-cash contributions</b>					
Recreation and culture	2	-	-	89	6
Roads and bridges	2	-	-	467	3
Other	2	-	-	5	54
<b>Total other contributions – non-cash</b>		<b>-</b>	<b>-</b>	<b>561</b>	<b>63</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>11,935</b>	<b>8,522</b>	<b>13,442</b>	<b>4,341</b>
<b>Total grants and non-developer contributions</b>		<b>17,525</b>	<b>14,027</b>	<b>13,442</b>	<b>4,341</b>
<b>Comprising:</b>					
– Other funding		199	3,001	1,060	1,021
– Commonwealth funding		8,022	7,519	1,190	23
– State funding		9,304	3,507	11,192	3,297
		<b>17,525</b>	<b>14,027</b>	<b>13,442</b>	<b>4,341</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	<b>31</b>	6
S 7.12 – fixed development consent levies		2	–	–	<b>346</b>	182
S 64 – water supply contributions		2	–	–	<b>122</b>	90
S 64 – sewerage service contributions		2	–	–	<b>225</b>	60
Other developer contributions		2	–	–	<b>47</b>	32
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>771</b>	<b>370</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>771</b>	<b>370</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>771</b>	<b>370</b>
<b>Total grants and contributions</b>			<b>17,525</b>	<b>14,027</b>	<b>14,213</b>	<b>4,711</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>5,399</b>	1,412	<b>11,820</b>	3,607
Grants and contributions recognised at a point in time (2)			<b>12,126</b>	12,615	<b>2,393</b>	1,104
<b>Total grants and contributions</b>			<b>17,525</b>	<b>14,027</b>	<b>14,213</b>	<b>4,711</b>

## 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
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	285	175	589	796
<b>Add:</b> Funds received and not recognised as revenue in the current year	505	110	2,132	570
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(115)	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(75)	–	(589)	(777)
<b>Unspent funds at 30 June</b>	<b>600</b>	<b>285</b>	<b>2,132</b>	<b>589</b>

Unexpended capital grants relate to funding received under the Commonwealth Government Drought Communities and Crown Land Stimulus projects.

### Contributions

Unspent funds at 1 July	2,127	1,837	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	777	348	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(197)	(58)	–	–
<b>Unspent contributions at 30 June</b>	<b>2,707</b>	<b>2,127</b>	<b>–</b>	<b>–</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

## B2-4 Grants and contributions (continued)

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### Capital grants

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	54	52
– Cash and investments	194	409
<b>Total interest and investment income (losses)</b>	<b>248</b>	<b>461</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	20	24
General Council cash and investments	97	288
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	5	7
Water fund operations	62	64
Sewerage fund operations	64	78
<b>Total interest and investment income</b>	<b>248</b>	<b>461</b>

### 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
<b>Rental income</b>			
<b>Other lease income</b>			
Commercial property		61	72
Residential property		59	68
Land		35	51
Room/Facility Hire		67	36
<b>Total Other lease income</b>		<b>222</b>	<b>227</b>
<b>Total rental income</b>	C2-2	<b>222</b>	<b>227</b>
<b>Total other income</b>		<b>222</b>	<b>227</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	9,536	8,823
Travel expenses	149	119
Employee leave entitlements (ELE)	1,073	1,114
Superannuation – defined contribution plans	884	811
Superannuation – defined benefit plans	133	155
Workers' compensation insurance	239	304
Fringe benefit tax (FBT)	25	14
Training costs (other than salaries and wages)	116	151
Protective clothing	64	60
Other	128	106
<b>Total employee costs</b>	<b>12,347</b>	<b>11,657</b>
Less: capitalised costs	(1,201)	(961)
<b>Total employee costs expensed</b>	<b>11,146</b>	<b>10,696</b>

#### 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		1,347	2,466
Contractor and consultancy costs		11,615	6,384
Audit Fees	F2-1	89	89
Advertising		54	60
Bank charges		8	47
Councillor and Mayoral fees and associated expenses	F1-2	148	171
Election expenses		3	–
Electricity and heating		354	416
Insurance		636	543
Postage		36	37
Printing and stationery		220	258
Provision for remediation/rehabilitation tips and quarries		–	3,574
Street lighting		119	151
Subscriptions and publications		144	111
Telephone and communications		141	117
Valuation fees		54	48
Water charges		234	278
Other expenses		76	67
<b>Legal expenses:</b>			
– Legal expenses: planning and development		25	44
– Legal expenses: debt recovery		10	11
– Legal expenses: other		66	20
<b>Total materials and services</b>		<b>15,379</b>	<b>14,892</b>
<b>Total materials and services</b>		<b>15,379</b>	<b>14,892</b>
<b>B3-3 Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on leases		8	11
Interest on loans		172	191
<b>Total interest bearing liability costs</b>		<b>180</b>	<b>202</b>
<b>Total interest bearing liability costs expensed</b>		<b>180</b>	<b>202</b>
<b>(ii) Other borrowing costs</b>			
– Remediation liabilities	C3-5	104	29
<b>Total other borrowing costs</b>		<b>104</b>	<b>29</b>
<b>Total borrowing costs expensed</b>		<b>284</b>	<b>231</b>

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment	C1-6	1,044	917
Office equipment	C1-6	41	41
Furniture and fittings	C1-6	18	15
<b>Infrastructure:</b>			
– Buildings – non-specialised	C1-6	388	379
– Buildings – specialised		752	643
– Other structures		961	917
– Roads		4,849	4,501
– Stormwater drainage		126	119
– Water supply network		439	428
– Sewerage network		605	594
– Swimming pools		361	347
Right of use assets	C2-1	54	50
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Asset reinstatement costs	C3-5,C1-6	34	4
– Quarry assets	C3-5,C1-6	3	3
Intangible assets	C1-7	67	67
<b>Total depreciation and amortisation costs</b>		<b>9,742</b>	<b>9,025</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>			
– Bridges	C1-6	171	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>171</b>	<b>–</b>
Amounts taken through revaluation reserve	C1-6	(171)	–
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>9,742</b>	<b>9,025</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

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

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

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

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

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

**B3-5 Other expenses**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Impairment of receivables</b>		
Other	46	115
<b>Total impairment of receivables</b>	<b>46</b>	<b>115</b>
<b>Other</b>		
<b>Contributions/levies to other levels of government:</b>		
– NSW fire brigade levy	47	49
– NSW rural fire service levy	427	365
– State Emergency Services levy	16	16
– Riverina Regional Library	251	272
– Other contributions/levies	–	23
Donations, contributions and assistance to other organisations (Section 356)	215	245
<b>Total other</b>	<b>956</b>	<b>970</b>
<b>Total other expenses</b>	<b>1,002</b>	<b>1,085</b>

**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
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		<b>340</b>	178
Less: carrying amount of plant and equipment assets sold/written off		<b>(187)</b>	(104)
<b>Gain (or loss) on disposal</b>		<b>153</b>	74
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Proceeds from disposal – infrastructure		<b>114</b>	234
Less: carrying amount of infrastructure assets sold/written off		<b>(601)</b>	(485)
<b>Gain (or loss) on disposal</b>		<b>(487)</b>	(251)
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		<b>1,186</b>	269
Less: carrying amount of real estate assets sold/written off		<b>(559)</b>	(145)
<b>Gain (or loss) on disposal</b>		<b>627</b>	124
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		<b>25,750</b>	4,925
Less: carrying amount of investments sold/redeemed/matured		<b>(25,750)</b>	(4,925)
<b>Gain (or loss) on disposal</b>		<b>–</b>	–
<b>Net gain (or loss) on disposal of assets</b>		<b>293</b>	(53)

**Accounting policy**

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	12,142	11,791	(351)	(3)% <b>U</b>
<b>User charges and fees</b>	6,736	7,388	652	10% <b>F</b>
Works carried out on State roads under the Roads Maintenance Council Contract (RMCC) exceeded budget by \$815k.				
<b>Other revenues</b>	406	347	(59)	(15)% <b>U</b>
<b>Operating grants and contributions</b>	11,298	17,525	6,227	55% <b>F</b>
During 2020-21 Council received grant funding to carry out major works on the construction of a new rail crossing north of Henty township. Total grants for 2020-21 for this project was \$5.3m. The grant was initially budgeted as a capital grant. As these works were carried out on behalf of Transport for NSW and ARTC the amount received and associated cost of works have been recorded as an operating grant and operating expenses respectively.				
Funding received to support the operations of the Childcare centres resulted in an increase of \$984k in funding compared to original budget estimates.				
<b>Capital grants and contributions</b>	16,326	14,213	(2,113)	(13)% <b>U</b>
Council budgeted \$3.5m for a grant to finance the proposed Jindera Multipurpose Stadium. This project did not progress during 2020/21.				
Additional grants were received during 2020/21 which were not budgeted, including \$1.5m for the Local Roads & Community Infrastructure program, \$1.9m for Fixing Country Roads and \$900k from the Drought Communities Fund.				
Unexpended grants at the end of the financial year of \$2.1m have been taken up in the liabilities in the Statement of Financial position. The budget assumes all grants would be spent by end of year.				
Please refer to note on operating grants regarding grant funds received for the North Henty rail crossing project.				
<b>Interest and investment revenue</b>	263	248	(15)	(6)% <b>U</b>
<b>Net gains from disposal of assets</b>	-	293	293	∞ <b>F</b>
Property sales from commercial and residential subdivisions and sales of plant and equipment.				
<b>Other income</b>	-	222	222	∞ <b>F</b>

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	9,977	11,146	(1,169)	(12)% U
Additional staff employed in Childcare centres.				
<b>Materials and services</b>	8,703	15,379	(6,676)	(77)% U
Costs relating to the construction of the rail crossing north of the Henty township were budgeted as capital expenditure. Actual costs have been taken up as operating expenditure.				
Costs previously budgeted as "Other expenses" have been reclassified to "Materials and services" in accordance with changes to the Local Government Code of Accounting Practice and Financial Reporting. This reclassification was not known at the time of preparing the budget.				
<b>Borrowing costs</b>	174	284	(110)	(63)% U
Increase in provision for remediation of landfills and quarries arising from an increase in CPI.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	8,667	9,742	(1,075)	(12)% U
Asset additions and the revaluation of the road network in the previous year have given rise to a significant increase in depreciation expense. The full impact on depreciation expense was not quantified at the time of finalising the 2020-21 budget.				
<b>Other expenses</b>	3,627	1,002	2,625	72% F
Costs previously budgeted as "Other expenses" have been reclassified to "Materials and services" in accordance with changes to the Local Government Code of Accounting Practice and Financial Reporting. This reclassification was not known at the time of preparing the budget.				
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	22,801	22,988	187	1% F
<b>Cash flows from investing activities</b>	(22,168)	(28,660)	(6,492)	29% U
Increase in investments in long term term deposits.				
<b>Cash flows from financing activities</b>	(516)	(571)	(55)	11% U
Principal component of lease payments budgeted as materials and contracts				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	2,219	3,162
Cash-equivalent assets		
– Term deposits	–	5,300
<b>Total cash and cash equivalents</b>	<b>2,219</b>	<b>8,462</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,219	8,462
<b>Balance as per the Statement of Cash Flows</b>	<b>2,219</b>	<b>8,462</b>

#### 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 (when applicable) 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
<b>Debt securities at amortised cost</b>				
Term deposits	18,073	–	15,273	–
Government and semi-government bonds	2,000	4,000	–	–
<b>Total</b>	<b>20,073</b>	<b>4,000</b>	<b>15,273</b>	<b>–</b>
<b>Total financial investments</b>	<b>20,073</b>	<b>4,000</b>	<b>15,273</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>22,292</b>	<b>4,000</b>	<b>23,735</b>	<b>–</b>

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.

#### 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.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>22,292</b>	<b>4,000</b>	23,735	–
<b>attributable to:</b>				
External restrictions	11,557	–	8,514	–
Internal restrictions	8,310	4,000	10,345	–
Unrestricted	2,425	–	4,876	–
	<b>22,292</b>	<b>4,000</b>	23,735	–

\$ '000	2021	2020
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	2,607	746
<b>External restrictions – included in liabilities</b>	<b>2,607</b>	<b>746</b>

#### External restrictions

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

Developer contributions – general	695	463
Developer contributions – water fund	1,029	907
Developer contributions – sewer fund	982	757
Water fund	2,200	1,909
Sewer fund	3,635	3,318
Specific purpose unexpended grants	125	128
Town improvement funds	75	75
Trust	205	207
Other	4	4
<b>Total external restrictions</b>	<b>11,557</b>	<b>8,514</b>

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Internal restrictions</b>		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	1,683	1,192
Employees' leave entitlement	703	892
Carry over works (uncompleted works)	4,107	2,268
Aged care units – Jindera	73	64
Bypass handover works contribution	451	557
Crown Lands Lease reserve	24	–
Culcairn community housing	249	239
Culcairn Oasis community newsletter	5	4
Henty housing	37	52
Family Day Care	605	526
Gum Swamp maintenance reserve	20	22
Henty Headerlines newsletter	12	11
Holbrook caravan park sale reserve	110	393
Holbrook Frampton Court	299	298
Holbrook housing	35	93
Holbrook Kala Court	247	189
Holbrook Village Hostel	173	249
Jindera Administration Hub reserve	59	–
Jindera Hostel	9	28
Land development reserve	1,014	353
Morven community fund	19	19
Quarry restoration	261	326
Risk management incentive bonus	104	111
Riverina Noxious Weeds program	66	66
Noxious Weed Reserve	15	30
Submarine Museum	40	38
Waste management reserve	1,339	1,715
Works warranty	478	389
Weeds of the Riverina booklet	12	12
Woomargama streetscape	–	44
Other	61	165
<b>Total internal restrictions</b>	<b>12,310</b>	<b>10,345</b>
<b>Total restrictions</b>	<b>23,867</b>	<b>18,859</b>

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
<b>Purpose</b>				
Rates and annual charges	660	-	681	-
Interest and extra charges	60	-	57	-
User charges and fees	2,336	-	1,403	-
Private works	184	-	648	-
Accrued revenues				
– Interest on investments	48	-	83	-
Amounts due from other councils	112	-	91	-
Deferred debtors	14	74	50	10
Government grants and subsidies	4,487	-	2,405	-
Net GST receivable	418	-	160	-
Other debtors	6	-	11	-
<b>Total</b>	<b>8,325</b>	<b>74</b>	<b>5,589</b>	<b>10</b>
<b>Less: provision for impairment</b>				
User charges and fees	(57)	-	(67)	-
<b>Total provision for impairment – receivables</b>	<b>(57)</b>	<b>-</b>	<b>(67)</b>	<b>-</b>
<b>Total net receivables</b>	<b>8,268</b>	<b>74</b>	<b>5,522</b>	<b>10</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	4	-	5	-
– Usage charges	509	-	556	-
<b>Sewerage services</b>				
– Rates and availability charges	110	-	112	-
– Usage Charges	245	-	188	-
<b>Domestic waste management</b>	<b>68</b>	<b>-</b>	<b>63</b>	<b>-</b>
<b>Total external restrictions</b>	<b>936</b>	<b>-</b>	<b>924</b>	<b>-</b>
<b>Unrestricted receivables</b>	<b>7,332</b>	<b>74</b>	<b>4,598</b>	<b>10</b>
<b>Total net receivables</b>	<b>8,268</b>	<b>74</b>	<b>5,522</b>	<b>10</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	67	76
+ new provisions recognised during the year	11	35
– amounts provided for but recovered during the year	(7)	(18)
– amounts already provided for and written off this year	(14)	(43)
<b>Balance at the end of the year</b>	<b>57</b>	<b>67</b>
<b>Represented by:</b>		
Expected credit loss (calculated in accordance with AASB 9)	27	16
Additional specific provisions	30	50
<b>Balance at the end of the year</b>	<b>57</b>	<b>67</b>

## C1-4 Receivables (continued)

### Accounting policy

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

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

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

### Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

For non-rates debtors, Council uses the presumption that an asset which is more than 60 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

### COVID-19

Council's rates and user charges collections have not been significantly impacted by the COVID-19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision. Cashflows and interest income may be impacted in 2020/21 due to the State Government legislating that rate instalments can be deferred until 30 September and no interest can be charged for the first 6 months. The impact this may have is not able to be measured at this stage however it is not expected to be significant.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	1,776	-	2,127	-
Stores and materials	231	-	177	-
<b>Total inventories at cost</b>	<b>2,007</b>	<b>-</b>	<b>2,304</b>	<b>-</b>
<b>Total inventories</b>	<b>2,007</b>	<b>-</b>	<b>2,304</b>	<b>-</b>

### (i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>					
Residential		591	-	602	-
Industrial/commercial		1,185	-	1,525	-
<b>Total real estate for resale</b>		<b>1,776</b>	<b>-</b>	<b>2,127</b>	<b>-</b>

(Valued at the lower of cost and net realisable value)

#### Represented by:

Acquisition costs		1,101	-	1,201	-
Development costs		675	-	926	-
<b>Total costs</b>		<b>1,776</b>	<b>-</b>	<b>2,127</b>	<b>-</b>
<b>Total real estate for resale</b>		<b>1,776</b>	<b>-</b>	<b>2,127</b>	<b>-</b>

#### Movements:

Real estate assets at beginning of the year		2,127	-	2,452	-
- Purchases and other costs		208	-	164	-
- Transfers in from (out to) Note C1-6		-	-	(344)	-
- WDV of sales (expense)	B4-1	(559)	-	(145)	-
<b>Total real estate for resale</b>		<b>1,776</b>	<b>-</b>	<b>2,127</b>	<b>-</b>

### (b) Current inventories not anticipated to be settled within the next 12 months

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

\$ '000	2021	2020
Real estate for resale	1,691	1,635
	<b>1,691</b>	<b>1,635</b>

## C1-5 Inventories (continued)

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### Accounting policy

#### **Raw materials and stores, work in progress and finished goods**

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

#### **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 <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	1,852	–	1,852	4,067	–	–	–	–	(1,320)	–	4,599	–	4,599
Plant and equipment	11,825	(4,832)	6,993	–	1,096	(187)	(1,045)	–	–	–	12,291	(5,434)	6,857
Office equipment	522	(347)	175	–	53	–	(40)	–	3	–	579	(388)	191
Furniture and fittings	225	(120)	105	–	23	–	(18)	–	–	–	248	(138)	110
<b>Land:</b>													
– Operational land	9,049	–	9,049	–	–	(67)	–	–	–	–	8,982	–	8,982
– Community land	5,230	–	5,230	–	–	–	–	–	–	–	5,230	–	5,230
– Land under roads (post 30/6/08)	676	–	676	–	41	–	–	–	–	–	717	–	717
<b>Infrastructure:</b>													
– Buildings – non-specialised	22,925	(8,337)	14,588	319	294	–	(388)	–	7	–	23,545	(8,725)	14,820
– Buildings – specialised	40,410	(21,817)	18,593	69	46	(15)	(752)	–	6	–	40,503	(22,556)	17,947
– Other structures	19,668	(7,474)	12,194	2,373	495	(1)	(961)	–	163	–	22,689	(8,426)	14,263
– Roads	378,227	(98,110)	280,117	3,977	5,753	(518)	(4,849)	(171)	615	–	387,480	(102,556)	284,924
– Bulk earthworks (non-depreciable)	209,348	–	209,348	738	1,976	–	–	–	167	–	212,229	–	212,229
– Stormwater drainage	13,290	(3,018)	10,272	135	373	–	(126)	–	11	–	13,809	(3,144)	10,665
– Water supply network	32,324	(11,350)	20,974	115	101	–	(439)	–	62	193	32,900	(11,894)	21,006
– Sewerage network	48,257	(15,531)	32,726	106	3	–	(605)	–	41	301	48,851	(16,279)	32,572
– Swimming pools	10,257	(3,392)	6,865	–	5	–	(361)	–	–	–	10,262	(3,753)	6,509
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>													
– Tip assets	1,359	(146)	1,213	–	41	–	(34)	–	245	–	1,648	(183)	1,465
– Quarry assets	78	(55)	23	–	–	–	(3)	–	–	–	78	(58)	20
<b>Total infrastructure, property, plant and equipment</b>	<b>805,522</b>	<b>(174,529)</b>	<b>630,993</b>	<b>11,899</b>	<b>10,300</b>	<b>(788)</b>	<b>(9,621)</b>	<b>(171)</b>	<b>–</b>	<b>494</b>	<b>826,640</b>	<b>(183,534)</b>	<b>643,106</b>

(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 <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Landfill Rehabilitation Re-measurement	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	2,672	–	2,672	1,416	–	–	–	(2,236)	–	–	–	1,852	–	1,852
Plant and equipment	10,662	(4,150)	6,512	–	1,503	(105)	(917)	–	–	–	–	11,825	(4,832)	6,993
Office equipment	500	(306)	194	–	22	–	(41)	–	–	–	–	522	(347)	175
Furniture and fittings	176	(105)	71	–	47	–	(15)	2	–	–	–	225	(120)	105
<b>Land:</b>														
– Operational land	7,885	–	7,885	–	2	–	–	–	–	–	1,162	9,049	–	9,049
– Community land	4,210	–	4,210	–	–	–	–	–	–	–	1,020	5,230	–	5,230
– Land under roads (post 30/6/08)	673	–	673	–	3	–	–	–	–	–	–	676	–	676
<b>Infrastructure:</b>														
– Buildings – non-specialised	21,579	(7,958)	13,621	–	1,080	–	(379)	179	–	87	–	22,925	(8,337)	14,588
– Buildings – specialised	38,425	(21,291)	17,134	410	348	(68)	(643)	1,412	–	–	–	40,410	(21,817)	18,593
– Other structures	18,304	(6,739)	11,565	847	227	(95)	(917)	567	–	–	–	19,668	(7,474)	12,194
– Roads	330,586	(111,067)	219,519	6,198	206	(304)	(4,501)	–	–	95	58,904	378,227	(98,110)	280,117
– Bulk earthworks (non-depreciable)	139,223	–	139,223	652	–	–	–	–	–	–	69,473	209,348	–	209,348
– Stormwater drainage	10,792	(3,134)	7,658	–	135	–	(119)	21	–	46	2,531	13,290	(3,018)	10,272
– Water supply network	31,909	(10,819)	21,090	–	55	–	(428)	–	–	57	200	32,324	(11,350)	20,974
– Sewerage network	47,546	(14,796)	32,750	7	191	–	(594)	2	–	59	311	48,257	(15,531)	32,726
– Swimming pools	9,998	(3,045)	6,953	57	166	(17)	(347)	53	–	–	–	10,257	(3,392)	6,865
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>														
– Tip assets	437	(142)	295	–	–	–	(4)	–	922	–	–	1,359	(146)	1,213
– Quarry assets	78	(52)	26	–	–	–	(3)	–	–	–	–	78	(55)	23
<b>Total infrastructure, property, plant and equipment</b>	<b>675,655</b>	<b>(183,604)</b>	<b>492,051</b>	<b>9,587</b>	<b>3,985</b>	<b>(589)</b>	<b>(8,908)</b>	<b>–</b>	<b>922</b>	<b>344</b>	<b>133,601</b>	<b>805,522</b>	<b>(174,529)</b>	<b>630,993</b>

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

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

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	10
Office furniture	5 to 10	Benches, seats etc.	10
Computer equipment	5		
Vehicles	5	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 12	Buildings: masonry	50 to 150
Other plant and equipment	6 to 10	Buildings: other	50 to 100
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	50 to 100	Drains	110
Bores	33	Culverts	100 to 120
Reticulation pipes: PVC	60 to 80		
Reticulation pipes: other	60 to 80		
Pumps and telemetry	25		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20 to 35	Bulk earthworks	Infinite
Sealed roads: pavement base	80 to 105	Swimming pools	40 -60
Sealed roads: pavement sub-base	160 to 210		
Unsealed roads	25 to 40		
Bridge: concrete	100 to 120		
Bridge/Culverts: other	100 to 120		
Kerb, gutter and footpaths	40		

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

### Land under roads

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

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

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

### Crown reserves

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

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

### Rural Fire Service assets

Greater Hume Shire Council recognises the land and buildings used by the Rural Fire Service situated within the Shire boundary, however, it does not account for Rural Fire Service plant or other equipment.

## 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
<b>Water supply</b>						
WIP	132	–	132	62	–	62
Land						
– Operational land	200	–	200	200	–	200
Infrastructure	32,900	11,894	21,006	32,324	11,350	20,974
<b>Total water supply</b>	<b>33,232</b>	<b>11,894</b>	<b>21,338</b>	<b>32,586</b>	<b>11,350</b>	<b>21,236</b>
<b>Sewerage services</b>						
WIP	192	–	192	41	–	41
Plant and equipment	24	24	–	24	24	–
Land						
– Operational land	908	–	908	908	–	908
Infrastructure	48,851	16,279	32,572	48,257	15,531	32,726
<b>Total sewerage services</b>	<b>49,975</b>	<b>16,303</b>	<b>33,672</b>	<b>49,230</b>	<b>15,555</b>	<b>33,675</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>83,207</b>	<b>28,197</b>	<b>55,010</b>	<b>81,816</b>	<b>26,905</b>	<b>54,911</b>

## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	531	531
Accumulated amortisation	(340)	(273)
<b>Net book value – opening balance</b>	<b>191</b>	<b>258</b>
<b>Movements for the year</b>		
Amortisation charges	(67)	(67)
<b>Closing values at 30 June</b>		
Gross book value	531	531
Accumulated amortisation	(407)	(340)
<b>Total software – net book value</b>	<b>124</b>	<b>191</b>
<b>Total intangible assets – net book value</b>	<b>124</b>	<b>191</b>

### Accounting policy

#### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight line basis over periods generally ranging from three to ten years.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of office and IT equipment.

Council has other low value leases which are not material and not disclosed in this note.

Information relating to the leases in place and associated balances and transactions is provided below.

#### Office and IT equipment

Leases of office and IT equipment include photocopiers, servers and plotters.

The lease terms are between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### (a) Right of use assets

\$ '000	Plant & Equipment	Total
<b>2021</b>		
Opening balance at 1 July	120	120
<b>Additions to right-of-use assets</b>	<b>20</b>	<b>20</b>
Depreciation charge	(54)	(54)
<b>Balance at 30 June</b>	<b>86</b>	<b>86</b>
<b>2020</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	170	170
Depreciation charge	(50)	(50)
<b>Balance at 30 June</b>	<b>120</b>	<b>120</b>

#### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	57	37	48	77
<b>Total lease liabilities</b>	<b>57</b>	<b>37</b>	<b>48</b>	<b>77</b>

#### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	62	40	–	102	94
<b>2020</b>					
Cash flows	55	83	–	138	125

## C2-1 Council as a lessee (continued)

### (d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	8	11
Depreciation of right of use assets	54	50
	<b>62</b>	<b>61</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	62	55
	<b>62</b>	<b>55</b>

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

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

- recreation facilities
- water and sewer infrastructure

The leases are generally renewed annually and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

## C2-1 Council as a lessee (continued)

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### 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. The right-of-use 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.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties for the purpose of low income housing, residential housing, health services, communications towers, community groups and other commercial enterprises. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are either occupied by council employees or held for strategic purposes.

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

\$ '000	2021	2020
<b>(ii) Assets held as property, plant and equipment</b>		
Lease income (excluding variable lease payments not dependent on an index or rate)	222	227
<b>Total income relating to operating leases for Council assets</b>	<b>222</b>	<b>227</b>

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

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

< 1 year	114	171
1–2 years	117	78
2–3 years	120	51
3–4 years	123	24
4–5 years	126	19
> 5 years	130	107
<b>Total undiscounted lease payments to be received</b>	<b>730</b>	<b>450</b>

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	1,406	–	1,125	–
Goods and services – capital expenditure	940	–	566	–
Accrued expenses:				
– Borrowings	35	–	32	–
– Salaries and wages	126	–	346	–
– Other expenditure accruals	35	–	81	–
Security bonds, deposits and retentions	528	1,432	384	1,497
Prepaid rates	404	–	265	–
<b>Total payables</b>	<b>3,474</b>	<b>1,432</b>	<b>2,799</b>	<b>1,497</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Water	448	–	163	–
Sewer	100	–	27	–
Other – trust fund	205	–	207	–
<b>Total payables relating to restricted assets</b>	<b>753</b>	<b>–</b>	<b>397</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>2,721</b>	<b>1,432</b>	<b>2,402</b>	<b>1,497</b>
<b>Total payables</b>	<b>3,474</b>	<b>1,432</b>	<b>2,799</b>	<b>1,497</b>

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	528	384
<b>Total payables</b>	<b>528</b>	<b>384</b>

#### 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.

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

#### 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
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,030	-	590	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	577	-	156	-
<b>Total grants received in advance</b>		<b>2,607</b>	<b>-</b>	<b>746</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Other		99	-	47	-
<b>Total user fees and charges received in advance</b>		<b>99</b>	<b>-</b>	<b>47</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>2,706</b>	<b>-</b>	<b>793</b>	<b>-</b>

### Notes

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

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

### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	2,607	-	618	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>2,607</b>	<b>-</b>	<b>618</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>2,607</b>	<b>-</b>	<b>618</b>	<b>-</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>99</b>	<b>-</b>	<b>175</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>2,706</b>	<b>-</b>	<b>793</b>	<b>-</b>

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

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	590	157
Operating grants (received prior to performance obligation being satisfied)	156	699
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>746</b>	<b>856</b>

### C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	491	2,753	516	3,248
<b>Total borrowings</b>	<b>491</b>	<b>2,753</b>	<b>516</b>	<b>3,248</b>

(1) Loans are secured over the revenue of Council.

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

#### Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to unrestricted assets</b>	<b>491</b>	<b>2,753</b>	<b>516</b>	<b>3,248</b>
<b>Total borrowings</b>	<b>491</b>	<b>2,753</b>	<b>516</b>	<b>3,248</b>

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

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

#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		2021
	Opening Balance	Repay-ments of principal and interest	Closing balance
Loans – secured	3,764	(520)	3,244
Lease liability (Note C2-1b)	125	(31)	94
<b>Total liabilities from financing activities</b>	<b>3,889</b>	<b>(551)</b>	<b>3,338</b>

\$ '000	2019		Non-cash movements	2020
	Opening Balance	Repay-ments of principal and interest	Acquisition due to change in accounting policy	Closing balance
Loans – secured	4,308	(544)	–	3,764
Lease liability (Note C2-1b)	–	(56)	170	125
<b>Total liabilities from financing activities</b>	<b>4,308</b>	<b>(600)</b>	<b>170</b>	<b>3,889</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	200	200
Credit cards/purchase cards	40	40
Lease facilities	340	340
<b>Total financing arrangements</b>	<b>580</b>	<b>580</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	5	9
<b>Total drawn financing arrangements</b>	<b>5</b>	<b>9</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	35	31
– Lease facilities	340	340
<b>Total undrawn financing arrangements</b>	<b>575</b>	<b>571</b>

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

#### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,010	–	1,003	–
Long service leave	2,546	208	2,412	162
Other leave	139	–	117	–
<b>Total employee benefit provisions</b>	<b>3,695</b>	<b>208</b>	<b>3,532</b>	<b>162</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>3,695</b>	<b>208</b>	<b>3,532</b>	<b>162</b>

#### 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 – employee benefits	2,235	2,283
	<b>2,235</b>	<b>2,283</b>

#### Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
<b>2021</b>				
At beginning of year	1,003	2,574	117	3,694
Additional provisions	744	327	3	1,074
Amounts used (payments)	(737)	(147)	19	(865)
Total ELE provisions at end of year	<b>1,010</b>	<b>2,754</b>	<b>139</b>	<b>3,903</b>
<b>2020</b>				
At beginning of year	826	2,363	104	3,293
Additional provisions	731	377	6	1,114
Amounts used (payments)	(554)	(166)	7	(713)
Total ELE provisions at end of year	1,003	2,574	117	3,694

## C3-4 Employee benefit provisions (continued)

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### Accounting policy

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

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

## C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	5,152	–	5,048
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>5,152</b>	<b>–</b>	<b>5,048</b>
<b>Total provisions</b>	<b>–</b>	<b>5,152</b>	<b>–</b>	<b>5,048</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2021</b>		
At beginning of year	5,048	5,048
<b>Changes to provision:</b>		
- Revised discount rate	17	17
- Unwinding of discount	63	63
- Additional provisions	24	24
Total other provisions at end of year	<b>5,152</b>	<b>5,152</b>
<b>2020</b>		
At beginning of year	522	522
- Revised cost recognised as remediation assets in IPP&E	922	922
- Revised costs recognised in income statement	3,574	3,574
- Unwinding of discount	29	29
Total other provisions at end of year	<b>5,048</b>	<b>5,048</b>

#### 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.

## C3-5 Provisions (continued)

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### Asset remediation – tips and quarries

#### Restoration

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

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

#### Rehabilitation

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

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

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

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

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

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

## 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
<b>Income from continuing operations</b>			
Rates and annual charges	9,814	574	1,403
User charges and fees	6,059	1,113	216
Interest and investment revenue	122	62	64
Other revenues	250	77	20
Grants and contributions provided for operating purposes	17,349	92	84
Grants and contributions provided for capital purposes	13,859	129	225
Net gains from disposal of assets	293	–	–
Other income	222	–	–
<b>Total income from continuing operations</b>	<b>47,968</b>	<b>2,047</b>	<b>2,012</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	9,918	496	732
Materials and services	14,602	322	455
Borrowing costs	284	–	–
Depreciation, amortisation and impairment of non-financial assets	8,691	446	605
Other expenses	208	794	–
<b>Total expenses from continuing operations</b>	<b>33,703</b>	<b>2,058</b>	<b>1,792</b>
<b>Operating result from continuing operations</b>	<b>14,265</b>	<b>(11)</b>	<b>220</b>
<b>Net operating result for the year</b>	<b>14,265</b>	<b>(11)</b>	<b>220</b>
<b>Net operating result attributable to each council fund</b>	<b>14,265</b>	<b>(11)</b>	<b>220</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>406</b>	<b>(140)</b>	<b>(5)</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	(5,627)	3,229	4,617
Investments	20,073	–	–
Receivables	7,400	513	355
Inventories	2,007	–	–
<b>Total current assets</b>	<b>23,853</b>	<b>3,742</b>	<b>4,972</b>
<b>Non-current assets</b>			
Investments	4,000	–	–
Receivables	74	–	–
Infrastructure, property, plant and equipment	588,096	21,338	33,672
Intangible assets	124	–	–
Right of use assets	86	–	–
<b>Total non-current assets</b>	<b>592,380</b>	<b>21,338</b>	<b>33,672</b>
<b>TOTAL ASSETS</b>	<b>616,233</b>	<b>25,080</b>	<b>38,644</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	2,926	448	100
Contract liabilities	2,706	–	–
Lease liabilities	57	–	–
Borrowings	491	–	–
Employee benefit provision	3,695	–	–
<b>Total current liabilities</b>	<b>9,875</b>	<b>448</b>	<b>100</b>
<b>Non-current liabilities</b>			
Payables	1,432	–	–
Lease liabilities	37	–	–
Borrowings	2,753	–	–
Employee benefit provision	208	–	–
Provisions	5,152	–	–
<b>Total non-current liabilities</b>	<b>9,582</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>19,457</b>	<b>448</b>	<b>100</b>
<b>Net assets</b>	<b>596,776</b>	<b>24,632</b>	<b>38,544</b>
<b>EQUITY</b>			
Accumulated surplus	254,469	11,473	15,521
Revaluation reserves	342,307	13,159	23,023
<b>Council equity interest</b>	<b>596,776</b>	<b>24,632</b>	<b>38,544</b>
<b>Total equity</b>	<b>596,776</b>	<b>24,632</b>	<b>38,544</b>

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

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

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

The risks associated with the instruments held are:

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

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

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

### (a) Market risk – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	240	239
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,407	2,399

### (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 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
<b>2021</b>						
Gross carrying amount	–	613	17	15	15	660
2020						
Gross carrying amount	–	629	17	17	18	681

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

### 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
<b>2021</b>						
Gross carrying amount	6,320	896	252	13	258	7,739
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.46%	0.35%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>2020</b>						
Gross carrying amount	4,444	210	12	10	232	4,908
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	6.90%	0.33%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>16</b>

### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	1,960	2,542	-	-	4,502	4,502
Loans and advances	4.03%	-	634	2,340	884	3,858	3,244
<b>Total financial liabilities</b>		<b>1,960</b>	<b>3,176</b>	<b>2,340</b>	<b>884</b>	<b>8,360</b>	<b>7,746</b>
<b>2020</b>							
Trade/other payables	0.00%	1,881	2,150	-	-	4,031	4,031
Loans and advances	6.54%	-	731	2,577	1,516	4,824	3,764
<b>Total financial liabilities</b>		<b>1,881</b>	<b>2,881</b>	<b>2,577</b>	<b>1,516</b>	<b>8,855</b>	<b>7,795</b>

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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).

## E2-1 Fair value measurement (continued)

\$ '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
<b>Recurring fair value measurements</b>									
<b>Infrastructure, property, plant and equipment</b> <span style="float: right;">C1-6</span>									
Bulk earthworks		01/07/2019	01/07/2019	–	–	212,229	209,348	212,229	209,348
Roads infrastructure		01/07/2019	01/07/2019	–	–	284,924	280,117	284,924	280,117
Land under roads		01/07/2016	01/07/2016	–	–	717	676	717	676
Stormwater drainage		01/07/2019	01/07/2019	–	–	10,665	10,272	10,665	10,272
Sewerage network		30/06/2017	30/06/2017	–	–	32,572	32,726	32,572	32,726
Water supply network		30/06/2017	30/06/2017	–	–	21,006	20,974	21,006	20,974
Operational land		01/07/2019	01/07/2019	–	–	8,982	9,049	8,982	9,049
Community land		01/07/2019	01/07/2019	–	–	5,230	5,230	5,230	5,230
Buildings specialised		30/06/2018	30/06/2018	–	–	17,947	18,593	17,947	18,593
Buildings non-specialised		30/06/2018	30/06/2018	1,348	1,350	13,472	13,238	14,820	14,588
Swimming pools		30/06/2018	30/06/2018	–	–	6,509	6,865	6,509	6,865
Other structures		30/06/2018	30/06/2018	–	–	14,263	12,194	14,263	12,194
Plant, office equipment, furniture and fittings		30/06/2018	30/06/2018	–	–	7,158	7,273	7,158	7,273
Tips and quarries		30/06/2018	30/06/2018	–	–	1,485	1,236	1,485	1,236
<b>Total infrastructure, property, plant and equipment</b>				<b>1,348</b>	<b>1,350</b>	<b>637,159</b>	<b>627,791</b>	<b>638,507</b>	<b>629,141</b>

### 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)

##### Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, kerb & gutter and footpaths.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment undertaken by Greater Hume Council engineering department, and subsequent revaluation by Jeff Roorda & Associates and council staff with an effective date of 01/07/2019. Assets have been componentised and a full review of asset condition, useful life and unit rates for each component was undertaken.

An annual review of the carrying values of these assets is undertaken on an annual basis to determine whether there has been a material movement during the year, which would result in a revaluation of this class of assets.

The full revaluation of road assets is undertaken on a 5 year cycle and was completed during the 2019/20 financial year based on the assets as at 30 June 2019. The next valuation will take place in 2024/25.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

This class of assets has been disclosed as Input Level 3.

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

##### Stormwater Drainage Infrastructure

This asset class comprises pits, pipes, open channels and headwalls.

The cost approach was adopted to value these assets based on assessments and calculations from a revaluation undertaken by and Jeff Roorda & Associates and council staff with an effective date of 01/07/2019. Assets have been componentised and an evaluation of useful life and unit rates for each component was undertaken resulting in revaluation of these assets.

The full revaluation of stormwater drainage assets is undertaken on a 5 year cycle and was completed during the 2019/20 financial year based on assets held as at 30 June 2019. The next valuation will take place in 2024/25.

## E2-1 Fair value measurement (continued)

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Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

This class of assets has been disclosed as Input Level 3.

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

### **Land under Roads**

This asset class comprises land under roadways and road reserves acquired after 1 July 2008. Council uses the engloba method to value land under roads. This class of asset has been disclosed as Input Level 3.

### **Sewerage Network**

This asset class comprises treatment works, pumping stations, sewerage mains, and reuse water plant.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. This assessment was undertaken by Mike Brearley and Associates in 2017.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value

The full revaluation of the Sewerage Network is undertaken on a 5 year cycle and the next valuation will take place in 2021/22.

The sewerage network is indexed annually in accordance with reference rates provided in the NSW Department of Industry - Water guidelines.

This class of assets has been disclosed as Input Level 3.

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

## E2-1 Fair value measurement (continued)

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### Water Supply Network

This asset class comprises treatment works, pumping stations, water pipelines, bores and reservoirs.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. This assessment was undertaken by Mike Brearley and Associates in 2017.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value

The full revaluation of the Water Supply Network is undertaken on a 5 year cycle and the next valuation will take place in 2021/22.

The water supply network is indexed annually in accordance with reference rates provided in the NSW Department of Industry - Water guidelines.

This class of assets has been disclosed as Input Level 3.

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

### Community Land

This asset class comprises all of Council owned land classified as Community Land and Care Control Management Land (Crown Land) of which Council derives current and future economic benefits from the use of the land asset.

The key unobservable input to the valuation is the price per square metre.

Council has used the Valuer General's Unimproved Capital Value (UCV) as the basis for establishing the fair value of the land as at 1 July 2019.

The full revaluation of the Community Land is undertaken on a 3 year cycle and was undertaken during the 2019/20 financial year. The next valuation will take place in 2022/23. This class of assets has been disclosed as Input Level 3.

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

### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the *NSW Local Government Act 1993*.

The key unobservable input to the valuation is the price per square metre.

Council has used the Valuer General's Unimproved Capital Value (UCV) as the basis for establishing the fair value of the land as at 1 July 2019.

The full revaluation of the Operational Land is undertaken on a 3 year cycle and was undertaken during the 2019/20 financial year. The next valuation will take place in 2022/23.

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

### Buildings - Specialised and Non Specialised

Council engaged Australis Asset Advisory Group to value all its buildings in June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

While all buildings were physically inspected, inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

The full revaluation of the Buildings is undertaken on a 5 year cycle and the next valuation will take place in 2022/23.

This class of assets has been disclosed as Input Level 3 except for some residential buildings where an observable market value is present, and disclosed as Input Level 2. There has been no change to the valuation process during the reporting period.

## E2-1 Fair value measurement (continued)

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This class of assets comprises swimming pool structures, amenities and filtration equipment.

Council engaged Australis Asset Advisory Group to value these assets in June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value.

The full revaluation of the Swimming Pools is undertaken on a 5 year cycle and the next valuation will take place in 2022/23. This class of assets has been disclosed as Input Level 3.

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

### Other Structures

This class comprises fencing, hologram and town clock and miscellaneous other structures.

Council engaged Australis Asset Advisory Group to value these assets in June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost.

The full revaluation of the Other Structure is undertaken on a 5 year cycle and the next valuation will take place in 2022/23.

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

This class of assets has been disclosed as Input Level 3.

### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings include but are not limited to the following:

- Plant & Equipment - Motor Vehicles, Utes, Trucks, Tractors, Earthmoving Equipment and Ride-on Mowers
- Office Equipment - Computer Equipment, Data Projectors, Servers & Printers
- Furniture & Fittings - Chairs, Desks, Shelving and Air Conditioning Units

Council staff completed a desktop audit to value these assets in June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost.

The carrying amount of these assets is deemed to be the fair value due to the type of asset.

The key unobservable inputs to the valuation are the remaining useful life and residual value.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value.

This class of assets has been disclosed as Input Level 3.

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

### Tips and Quarries

This class comprises tips, transfer stations and quarries. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost. Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption. This class of assets has been disclosed as Input Level 3.

## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

#### b. The valuation process for level 3 fair value measurements

Council's non financial asset classes have been assigned to Level 3 inputs with the exception of a small number of residential properties where a market price input is observable.

Level 3 valuation process for asset classes where the basis was Cost Approach.

The inputs used for this technique were:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Unit Rates
- Useful Life

When necessary Council engages external consultants with expertise in the valuation of Infrastructure, Property, Plant & Equipment assets, to work in conjunction with its own staff to establish the fair values of its assets based on the above inputs.

Classes of assets are assessed formally on a five year rolling cycle in accordance with the requirements of the code. At the end of each reporting period Council assesses whether there is any indication that the carrying amount of any class of asset may differ materially from that which would be determined if the class of assets were revalued at that date.

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

\$ '000	Bulk earthworks		Roads infrastructure		Land under Roads		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>209,348</b>	139,223	<b>280,117</b>	219,519	<b>676</b>	673	<b>10,272</b>	7,658
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	69,473	–	58,904	–	–	–	2,531
<b>Other movements</b>								
Purchases (GBV)	<b>2,881</b>	652	<b>10,345</b>	6,499	<b>41</b>	3	<b>519</b>	202
Disposals (WDV)	–	–	<b>(518)</b>	(304)	–	–	–	–
Depreciation and impairment	–	–	<b>(5,020)</b>	(4,501)	–	–	<b>(126)</b>	(119)
<b>Closing balance</b>	<b>212,229</b>	209,348	<b>284,924</b>	280,117	<b>717</b>	676	<b>10,665</b>	10,272

\$ '000	Sewerage network		Water supply network		Operational Land		Community Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>32,726</b>	32,750	<b>20,974</b>	21,090	<b>9,049</b>	7,885	<b>5,230</b>	4,210
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>301</b>	311	<b>193</b>	200	–	1,162	–	1,020
<b>Other movements</b>								
Purchases (GBV)	<b>150</b>	259	<b>278</b>	112	–	2	–	–
Disposals (WDV)	–	–	–	–	<b>(67)</b>	–	–	–
Depreciation and impairment	<b>(605)</b>	(594)	<b>(439)</b>	(428)	–	–	–	–
<b>Closing balance</b>	<b>32,572</b>	32,726	<b>21,006</b>	20,974	<b>8,982</b>	9,049	<b>5,230</b>	5,230

## E2-1 Fair value measurement (continued)

\$ '000	Building specialised		Buildings non specialised		Swimming pools		Other structures	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>18,593</b>	17,134	<b>14,588</b>	12,231	<b>6,865</b>	6,953	<b>12,194</b>	11,565
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	121	2,170	620	1,346	5	276	3,031	1,641
Disposals (WDV)	(15)	(68)	–	–	–	(17)	(1)	(95)
Depreciation and impairment	(752)	(643)	(388)	(339)	(361)	(347)	(961)	(917)
<b>Closing balance</b>	<b>17,947</b>	18,593	<b>14,820</b>	13,238	<b>6,509</b>	6,865	<b>14,263</b>	12,194

\$ '000	Plant, office equipment and furniture		Tips and quarries		Total	
	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>7,273</b>	6,777	<b>1,236</b>	321	<b>629,141</b>	<b>487,989</b>
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	494	133,601
Purchases (GBV)	1,175	1,574	286	922	19,452	15,658
Disposals (WDV)	(187)	(105)	–	–	(788)	(589)
Depreciation and impairment	(1,103)	(973)	(37)	(7)	(9,792)	(8,868)
<b>Closing balance</b>	<b>7,158</b>	7,273	<b>1,485</b>	1,236	<b>638,507</b>	<b>627,791</b>

### Highest and best use

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

This was established taking into consideration the following criteria;

- Physical possibility
- Legal permissibility
- Financial feasibility
- Maximum profitability, and
- Contribution to the community and its environment.

## 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

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

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

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

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

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

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

As stated 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.

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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

We confirm the plan is a defined benefit plan.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only*	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7 ...	106.2%

- excluding member accounts and reserves in both assets and liabilities.

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

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

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2021.

## E3-1 Contingencies (continued)

An employer's past service contribution per annum as a percentage of the total past service contributions for all Pooled Employers (of \$40M for each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

The requirement for contributions in order to maintain the adequacy of the funding position for the accrued liabilities (currently \$40M per annum) is assessed annually by the Actuary. The past service contributions of \$40M per annum are estimated to remain in place until 30 June 2021. However the Trustee determined in March 2019 that going forward should the funding on both Vested Benefit and Accrued Benefit funding levels exceed 100%, the Fund will look to suspend the request for past service contributions. This is subject to the outcome of each annual funding update and any changes will be communicated in the New Year.

The amount of employer contributions to the defined benefit section of the Fund by Council and recognised as an expense for the year ending 30 June 2021 was \$114,427.32. The expected contributions to the Fund by Council for the next annual reporting period are \$109,847.28. Based on a Past Service Liabilities methodology, the share of the surplus that can be attributed to Council is 0.19%.

It is estimated that there are \$76,900 past service contributions remaining.

The last valuation of the Fund was performed by the Fund Actuary, Mr Richard Boyfield, FIAA on 30 June, 2021,

### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2021 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## E3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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

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

### ASSETS NOT RECOGNISED

#### (i) Land under roads

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

#### (ii) Riverina Regional Library

Council holds a 7.46% share in Riverina Regional Library. Council does not have control or a significant influence over the organisation and accordingly has not been included as part of the primary financial statements. Council's share of Riverina Regional Library is not material.

#### (iii) Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the *Local Government Act 1993 (NSW)* together with the Bland Shire, Cootamundra-Gundagai Regional, Coolamon Shire, Junee Shire, Temora Shire, Lockhart Shire and Wagga City Councils. Council does not have control or a significant influence over the Riverina Joint Organisation and accordingly has not been included as part of the primary financial statements.

#### (iv) Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Cootamundra-Gundagai Regional, Coolamon Shire, Junee Shire, Temora Shire, Lockhart Shire, Goldenfields Water County Council & Riverina Water County Council. Council does not have control or a significant influence over the Riverina Eastern Regional Organisation of Councils and accordingly has not been included as part of the primary financial statements.

#### (v) Rural Fire Service

The Code of Accounting Practice and Financial Reporting (Update 27) General Purpose Financial Statements (the Code) issued by the Office of Local Government at page A60 states "Councils need to assess whether they control any Rural Fire Service assets and recognise in their financial statements any material assets under their control." In addition, AASB116 requires that an asset can only be recognised if it is probable that future economic benefits associated with the items will flow to the entity.

In response to the Code, and taking into consideration where effective control of the assets lie and the entity that receives any future economic benefit from the assets, Council has adopted a position statement on the recognition of Rural Fire Service assets which states "Greater Hume Shire Council accounts for land and buildings used by the Rural Fire Service situated within the Shire boundary, however, does not account for Rural Fire Service plant or other equipment."

## 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
<b>Compensation:</b>		
Short-term benefits	900	878
Post-employment benefits	71	68
Other long-term benefits	32	47
<b>Total</b>	<b>1,003</b>	<b>993</b>

#### 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.

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2021</b>						
Earthworks and Childcare Services	1,2	128	–	Normal payment terms	–	–
<b>2020</b>						
Earthworks and Childcare Services	1,2	114	–	Normal payment terms	–	–

1 Council contracted Easties Dirt Works to perform earth works during the year, a company which the Principal is a close family member of a KMP of Council. The contractor engagement is controlled through Council's Vendor Panel process which requires vendors to submit their details to Council and is subsequently reviewed by senior management. Council awards work to these vendors by tender or quotes depending on the size of the contract in accordance with its procurement policy. Amounts were billed based on Council's schedule of Plant & Equipment Quotation Rates and were due and payable under normal payment terms.

2 Council pays a partner of a KMP of Council for services relating to Childcare. Payment is made at contract rates determined under family assistance laws and were due and payable under normal payment terms.

## 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	22	22
– Councillors' fees	104	114
– Other expenses	22	35
<b>Total</b>	<b>148</b>	<b>171</b>

## 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.		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	63	61
<b>Remuneration for audit and other assurance services</b>	<b>63</b>	<b>61</b>
<b>Total Auditor-General remuneration</b>	<b>63</b>	<b>61</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Internal Audit and Audit Committee Services	25	27
Other Audit Services	1	1
<b>Remuneration for audit and other assurance services</b>	<b>26</b>	<b>28</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>26</b>	<b>28</b>
<b>Total audit fees</b>	<b>89</b>	<b>89</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>14,474</b>	1,241
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	9,742	9,025
Net losses/(gains) on disposal of assets	(293)	53
Non-cash capital grants and contributions	(561)	(37)
Adoption of AASB 15/1058	–	(856)
Unwinding of discount rates on reinstatement provisions	80	29
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(2,772)	(474)
Increase/(decrease) in provision for impairment of receivables	(10)	(9)
Decrease/(increase) in inventories	(54)	(27)
Decrease/(increase) in other current assets	–	28
Increase/(decrease) in payables	281	(539)
Increase/(decrease) in accrued interest payable	3	(4)
Increase/(decrease) in other accrued expenses payable	(266)	125
Increase/(decrease) in other liabilities	218	138
Increase/(decrease) in contract liabilities	1,913	793
Increase/(decrease) in provision for employee benefits	209	401
Increase/(decrease) in other provisions	24	4,497
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>22,988</b>	14,384

#### (b) Non-cash investing and financing activities

Gifted Assets - roads and other infrastructure for new subdivisions and RMS gifted roads.

	561	37
<b>Total non-cash investing and financing activities</b>	<b>561</b>	37

## 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:		
<b>Property, plant and equipment</b>		
Buildings	–	150
Plant and equipment	375	–
Roads & drainage infrastructure	1,300	2,058
Sporting facilities	1,828	–
<b>Total commitments</b>	<b>3,503</b>	<b>2,208</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	3,503	2,208
<b>Total payable</b>	<b>3,503</b>	<b>2,208</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	952	24
Future grants and contributions	1,454	2,034
Unexpended grants	301	–
Internally restricted reserves	796	150
<b>Total sources of funding</b>	<b>3,503</b>	<b>2,208</b>

### Details of capital commitments

The above commitments relate mainly to the following projects;

- North Henty Railway Crossing
- Purchase of Komatsu Loader
- Stormwater Drainage works
- Floodway mitigation
- Holbrook Multi-purpose sports facility

## 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

##### Nature of changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

### G4-2 Changes in accounting estimates

Council made no changes in any accounting estimates during the year.

## 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 - Cash	Interest and investment income earned	Held as restricted asset at 30 June 2021
Roads	34	2	–	36
Open space	1	–	–	1
Community facilities	49	27	1	77
Other	8	1	–	9
<b>S7.11 contributions – under a plan</b>	<b>92</b>	<b>30</b>	<b>1</b>	<b>123</b>
<b>S7.12 levies – under a plan</b>	<b>368</b>	<b>346</b>	<b>4</b>	<b>568</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>460</b>	<b>376</b>	<b>5</b>	<b>691</b>
S7.11 not under plans	4	47	–	4
S64 contributions	1,663	348	–	2,011
<b>Total contributions</b>	<b>2,127</b>	<b>771</b>	<b>5</b>	<b>2,706</b>

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

## G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year - Cash	Interest and investment income earned	Held as restricted asset at 30 June 2021
<b>CONTRIBUTION PLAN NUMBER 1 – FORMER HUME SHIRE PROPORTION OF GREATER HUME SHIRE</b>				
Roads	34	2	–	36
Open space	1	–	–	1
Community facilities	49	27	1	77
Other	8	1	–	9
<b>Total</b>	<b>92</b>	<b>30</b>	<b>1</b>	<b>123</b>

## S7.12 Levies – under a plan

### GREATER HUME SHIRE COUNCIL S94A LEVY DEVELOPMENT CONTRIBUTIONS PLAN 2014

Other	368	346	4	568
<b>Total</b>	<b>368</b>	<b>346</b>	<b>4</b>	<b>568</b>

## G5-3 Contributions not under plans

### CONTRIBUTIONS NOT UNDER A PLAN

Other	4	47	–	4
<b>Total</b>	<b>4</b>	<b>47</b>	<b>–</b>	<b>4</b>

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>14</b>	<b>0.04%</b>	(10.16)%	(0.64)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>37,521</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>19,996</b>	<b>38.65%</b>	49.66%	55.26%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>51,734</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>18,383</b>	<b>4.28x</b>	5.11x	5.24x	> 1.50x
Current liabilities less specific purpose liabilities	<b>4,300</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>10,040</b>	<b>11.74x</b>	7.26x	10.24x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>855</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>720</b>	<b>5.72%</b>	6.06%	5.89%	< 10.00%
Rates and annual charges collectable	<b>12,586</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>20,292</b>	<b>7.59</b>	10.76	12.23	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>2,672</b>	<b>mths</b>	mths	mths	mths

(1) Excludes fair value adjustments, reversal of revaluation decrements, and net gain on sale of assets.

(2) Excludes impairment/revaluation decrements and net loss on sale of assets.

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>0.47%</b>	(10.69)%	<b>(7.30)%</b>	(9.71)%	<b>(0.28)%</b>	(1.88)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>34.54%</b>	44.24%	<b>89.20%</b>	98.14%	<b>84.64%</b>	94.44%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>4.28x</b>	5.11x	<b>8.35x</b>	20.72x	<b>49.72x</b>	162.04x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>10.68x</b>	6.28x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>5.71%</b>	7.21%	<b>0.70%</b>	0.00%	<b>7.84%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>4.66</b>	7.64	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>mths</b>	mths					mths

(1) - (2) Refer to Notes at Note 24(a) above.

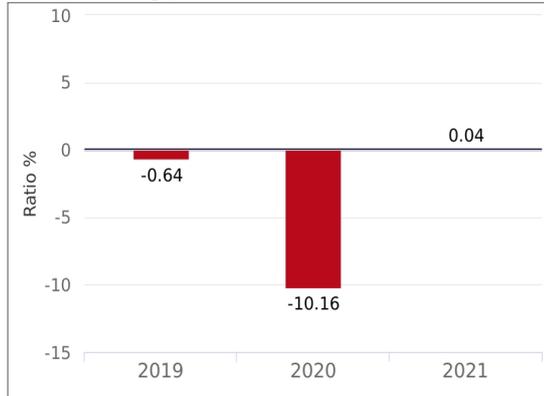
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

### End of audited financial statements.

## 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 0.04%

Council's operating performance ratio resulted in a small positive result.

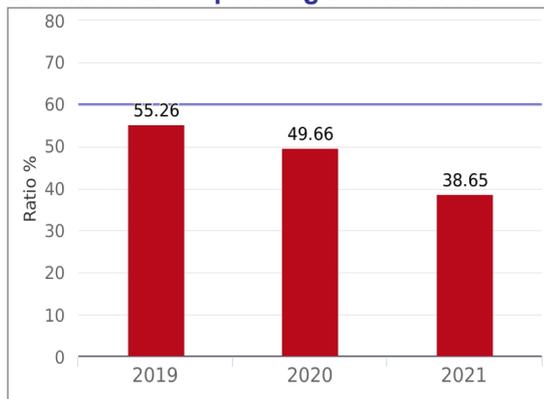
Benchmark: — > 0.00%

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 38.65%

Greater Hume Council receives a relatively high proportion of its income from grants and contributions. A benchmark of 60% own source income is desirable, however rural councils such as Greater Hume Council rely heavily on grants and contributions due to their large area and relatively small populations. During 2020/2021 operating grants received increased by 25% over the previous year. This accounted for the further decline in Own Source Operating Revenue Ratio.

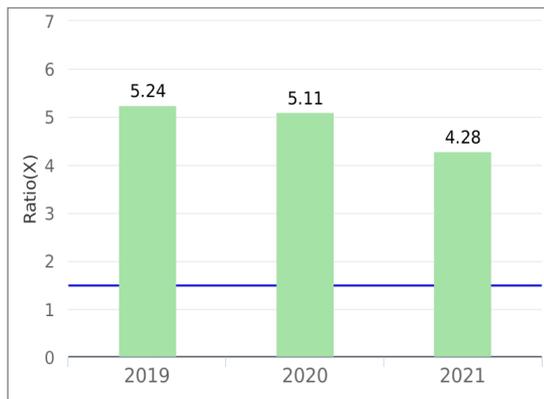
Benchmark: — > 60.00%

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 4.28x

The unrestricted current ratio measures Council's ability to meet its short term financial liabilities. A measure above 2:1 indicates a strong financial capacity to meet liabilities. This ratio is indicative of Council's strong cash position.

Benchmark: — > 1.50x

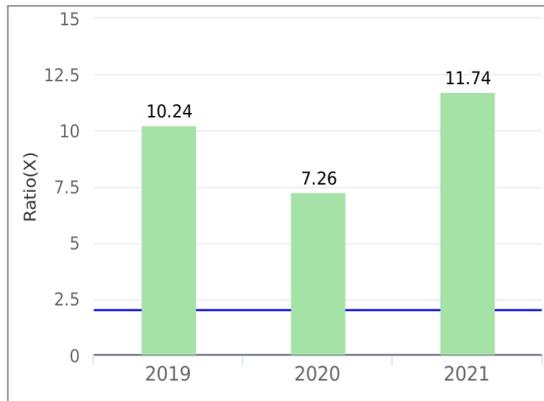
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 11.74x

Council has a relatively low level of borrowings. This ratio indicates that Council is able to comfortably service its current debt level out of its EBITDA.

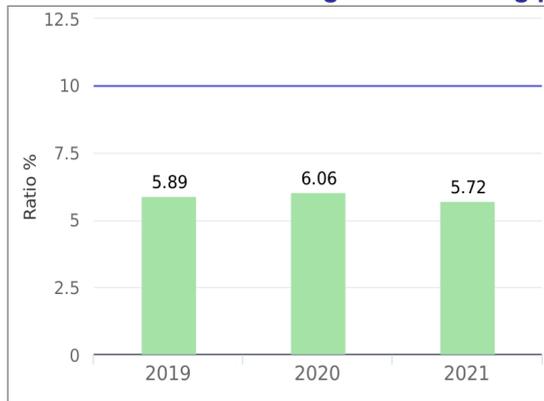
Benchmark: — > 2.00x

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ 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 5.72%

Council's level of outstanding rates and charges remained consistent with previous years which is a pleasing outcome in the current economic conditions.

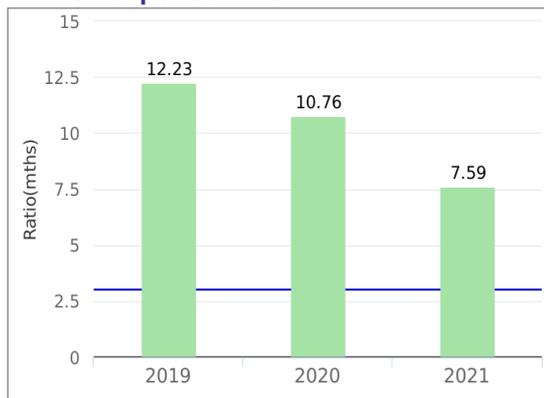
Benchmark: — < 10.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ 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 7.59 mths

Council's cash position is sound and the ratio indicates Council is able to pay all its commitments as and when they fall due.

Benchmark: — > 3.00mths

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

## H1-2 Financial review

### Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
<b>Inflows:</b>					
Rates and annual charges revenue	11,791	11,416	11,277	10,886	9,471
User charges revenue	7,388	6,042	7,364	7,423	7,729
Interest and investment revenue (losses)	248	461	634	562	654
Grants income – operating and capital	30,967	18,368	10,376	11,076	11,182
Total income from continuing operations	52,027	37,223	35,879	40,351	34,735
Sale proceeds from IPPE	1,640	681	1,426	720	341
<b>Outflows:</b>					
Employee benefits and on-cost expenses	11,146	10,696	9,631	9,197	9,066
Borrowing costs	284	231	260	264	284
Materials and contracts expenses	15,379	14,892	7,175	8,155	7,538
Total expenses from continuing operations	37,553	35,982	29,020	29,636	28,145
Total cash purchases of IPPE	21,264	14,575	14,884	15,926	15,755
Total loan repayments (incl. finance leases)	574	589	586	589	697
Operating surplus/(deficit) (excl. capital income)	261	(3,470)	(317)	1,140	1,494
<b>Financial position figures</b>					
Current assets	32,567	31,561	31,665	31,237	27,383
Current liabilities	10,423	7,688	7,206	7,718	6,079
Net current assets	22,144	23,873	24,459	23,519	21,304
Available working capital (Unrestricted net current assets)	7,767	7,900	5,577	6,429	3,974
Cash and investments – unrestricted	2,425	4,876	3,832	4,570	425
Cash and investments – internal restrictions	12,310	10,345	11,272	11,507	13,518
Cash and investments – total	26,292	23,735	23,987	22,471	19,998
Total borrowings outstanding (loans, advances and finance leases)	3,244	3,764	4,308	4,894	4,758
Total value of IPPE (excl. land and earthworks)	599,482	581,219	523,664	511,144	499,265
Total accumulated depreciation	183,534	174,529	183,604	176,367	178,199
Indicative remaining useful life (as a % of GBV)	69%	70%	65%	65%	64%

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

## H1-3 Council information and contact details

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**Principal place of business:**

39 Young Street  
Holbrook NSW 2644

**Contact details**

**Mailing Address:**

PO Box 99  
Holbrook NSW 2644

**Telephone:** 02 6036 0100

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Internet:** <http://www.greaterhume.nsw.gov.au>

**Email:** [mail@greaterhume.nsw.gov.au](mailto:mail@greaterhume.nsw.gov.au)

**Officers**

**General Manager**

Steven Pinnuck

**Responsible Accounting Officer**

Dean Hart

**Public Officer**

David Smith

**Auditors**

Audit Office of NSW  
Level 15, 1 Margaret St  
Sydney NSW 2000

**Elected members**

**Mayor**

Councillor Heather Wilton

**Councillors**

Doug Meyer OAM  
Matt Hicks  
Jenny O'Neill  
Lea Parker  
Tony Quinn  
Annette Schilg  
Terry Weston

**Other information**

**ABN:** 44 970 341 154



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Greater Hume Shire Council**

To the Councillors of the Greater Hume Shire Council

## Opinion

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

In my opinion:

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

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

## Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2021  
SYDNEY



Cr Heather Wilton  
Mayor  
Greater Hume Shire Council  
PO Box 99  
HOLBROOK NSW 2644

Contact: Nirupama Mani  
Phone no: 02 9275 7111  
Our ref: D2120515/1732

6 October 2021

Dear Mayor

## **Report on the Conduct of the Audit for the year ended 30 June 2021 Greater Hume Shire Council**

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

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

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

### **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

#### **Rural fire-fighting equipment not recognised in the financial statements**

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

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

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

## INCOME STATEMENT

### Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	11.8	11.4	3.5
Grants and contributions revenue	31.7	18.7	69.5
Operating result from continuing operations	14.5	1.2	1,108
Net operating result before capital grants and contributions	0.3	(3.5)	109

The Council's net operating result from continuing operations was a surplus of \$14.5 million (\$1.2 million surplus for the year ended 30 June 2020). The increase of \$13.3 million is mainly due to the additional \$13.0 million increase in grants and contributions revenue.

The net operating result before capital grants and contributions was a surplus of \$0.3 million (\$3.5 million deficit for the year ended 30 June 2020). The increase of \$3.8 million is mainly due to recording of a \$3.6 million expense for the asset remediation provision in the 2020 financial year.

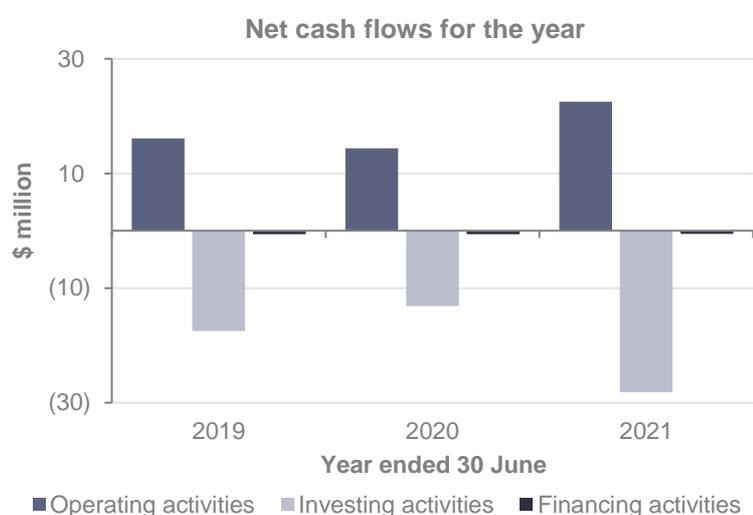
Rates and annual charges revenue were \$11.8 million (\$11.4 million for the year ended 30 June 2020). The increase of \$0.4 million (3.5%) is consistent with an increase in ordinary rates in line with the 2.6% rate peg and an increase in the total number of rateable properties.

Grants and contributions revenue was \$31.7 million (\$18.7 million for the year ended 30 June 2020). The increase of \$13.0 million (69.5%) was primarily due to the Council receiving:

- \$6.6 million for the Restart Grant
- \$3.8 million for to the North Henty Rail Crossing project
- \$1.9 million for Fixing Country Roads; and
- \$1.4 million for the Local Roads and Infrastructure Grants.

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$2.2 million (\$8.5 million for the year ended 30 June 2020). There was a net decrease of cash and cash equivalents of \$6.3 million during the 2020–21 financial year.
- Net cash provided by operating activities has increased by \$8.1 million. This is due to an increase in receipts of grants and contributions of \$12.4 million and an increase in payments in relation to materials and services of \$7.4 million.
- Net cash used in investing activities has increased by \$15.0 million due to a net increase in the purchase of investment securities of \$7.8 million. Additionally, there was an increase in purchase of infrastructure, property, plant and equipment of \$6.2 million.
- There was no significant movement in the net cash used in financing activities, which represents repayment of Council's external borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>26.3</b>	<b>23.7</b>	<ul style="list-style-type: none"> <li>• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$3.1 million is primarily due to a \$1.9 million increase in specific purpose unexpended grants.</li> <li>• Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of work and any forward plans identified by Council. The increase of \$2.0 million is mainly due to the \$1.8</li> </ul>
Restricted cash and investments:			
• External restrictions	11.6	8.5	
• Internal restrictions	12.3	10.3	
• Unrestricted	2.4	4.9	

million increase in the restriction for carry over (uncompleted) works.

- Unrestricted cash and investments was \$2.4 million, which is available to provide liquidity for day-to-day operations of the Council.

## Debt

Council has \$3.2 million of external borrowings (2020: \$3.8 million) which is secured over the revenue of Council.

Council has a \$0.2 million bank overdraft facility (2020: \$0.2 million) which was undrawn as at 30 June 2021.

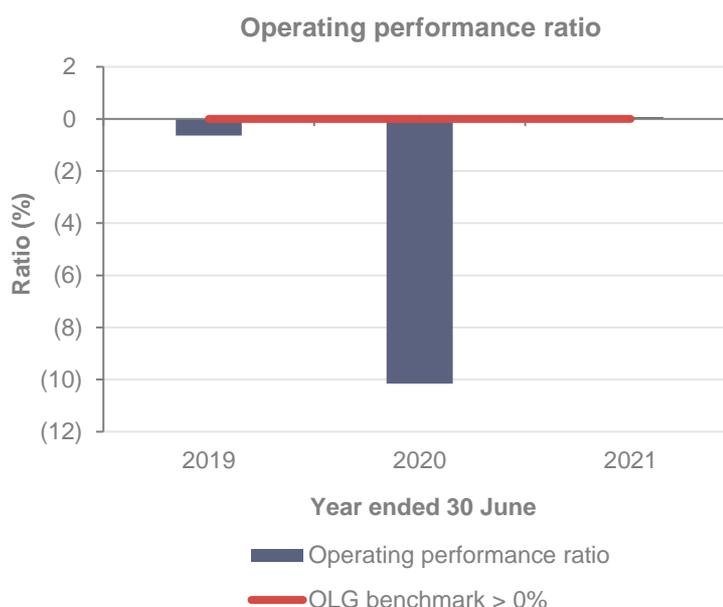
## PERFORMANCE

### Performance measures

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

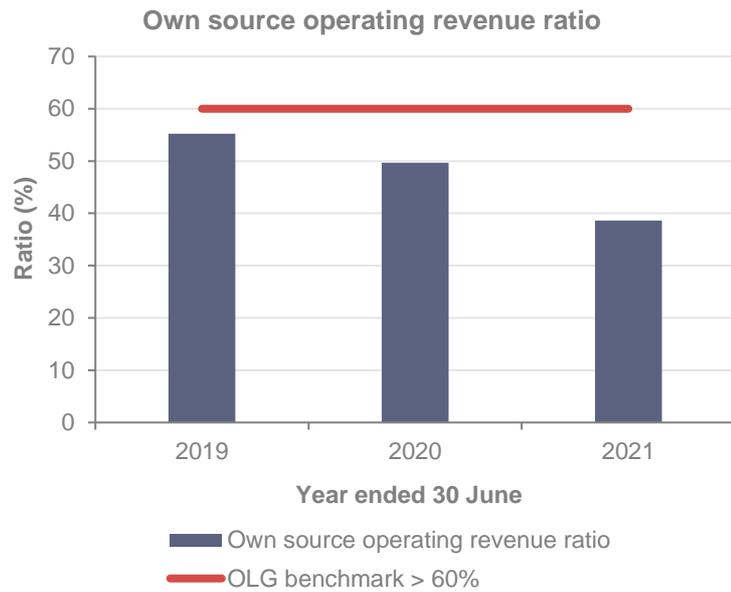
#### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council met the OLG benchmark for the current reporting period. This indicates that Council contained operating expenses within operating revenue.
- The operating performance ratio improved to 0.04% (2020: (10.5)%) due to the decrease in expenses relating to the re-measurement of asset remediation/restoration provisions from 2020.



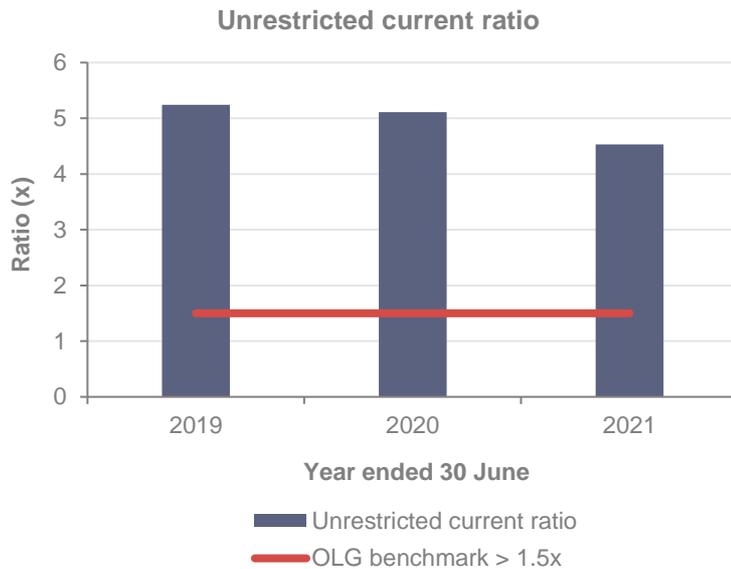
### Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council did not meet the OLG benchmark for the current reporting period. This indicates that the Council is more reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio has continued to decrease for Council over the assessed time period.



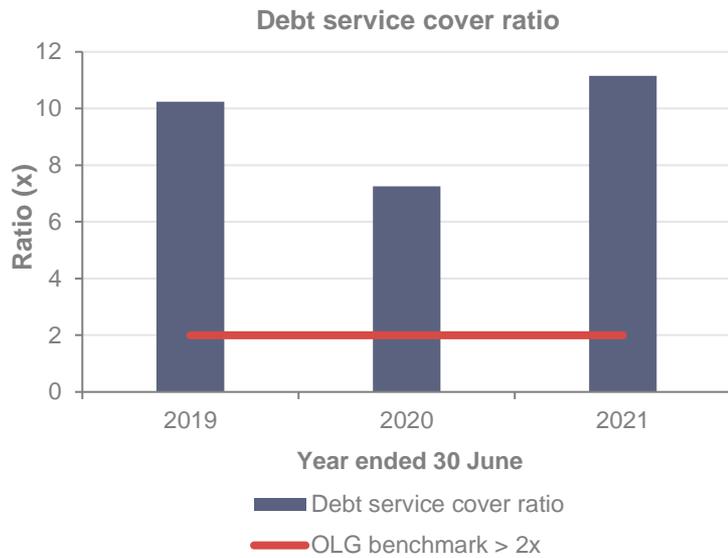
### Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has decreased due to an increase in current liabilities.



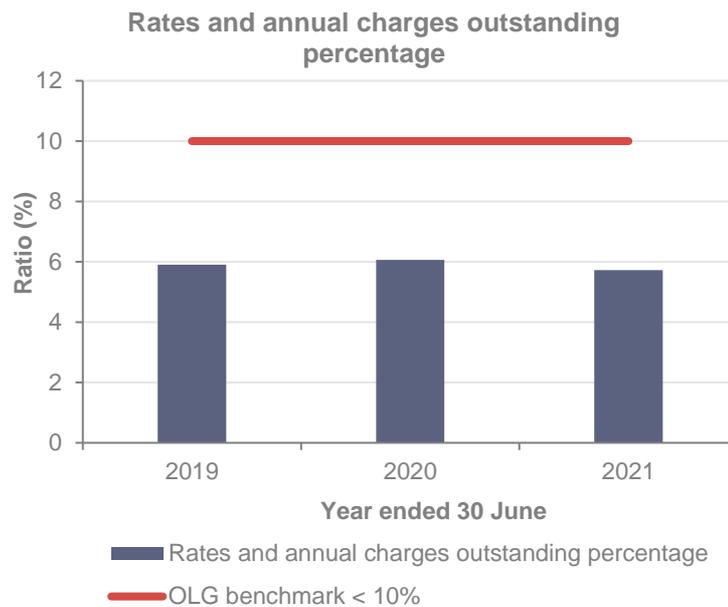
### Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council has sufficient operating revenue to service its debt.



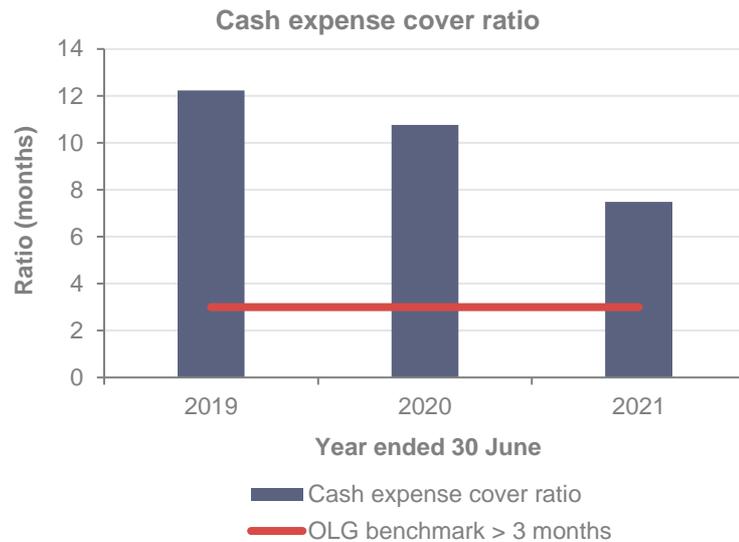
### Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council is within the OLG benchmark for the current reporting period.
- The rates and annual charges outstanding remained consistent for the last three years, which reflects sound debt recovery at the Council.



## Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council had the capacity to cover 7.59 months of operating cash expenditure without additional cash inflows at 30 June 2021.
- The Council's cash expense cover has decreased due to an increase in expenditure for projects.



## Infrastructure, property, plant and equipment renewals

The Council renewed \$11.9 million of assets in the 2020-21 financial year, compared to \$9.6 million of assets in the 2019-20 financial year. This increase is primarily due to \$2.7 million of additional capital work in progress.

## OTHER MATTERS

### Legislative compliance

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

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

Nirupama Mani  
Director, Financial Audit

cc: Mr Steven Pinnuck, General Manager  
Mr David Maxwell, Chair of the Audit, Risk and Improvement Committee  
Mr David Smith, Director Corporate & Community Services  
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



Greater  
Hume  
Council



Greater  
Hume  
Council



Image: HiVision Imaging

# Special Purpose Financial Statements

For the year ended 30 June 2021

# Greater Hume Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Greater Hume Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

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#### 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:

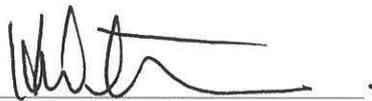
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial 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 15 September 2021.



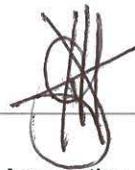
Councillor Heather Wilton  
**Mayor**  
15 September 2021



Councillor Doug Meyer OAM  
**Councillor**  
15 September 2021



Steven Pinnuck  
**General Manager**  
15 September 2021



Dean Hart  
**Responsible Accounting Officer**  
15 September 2021

## Greater Hume Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	574	584
User charges	1,113	1,317
Interest	62	65
Grants and contributions provided for non-capital purposes	92	(52)
Other income	77	43
<b>Total income from continuing operations</b>	<b>1,918</b>	<b>1,957</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	496	496
Materials and services	322	347
Depreciation, amortisation and impairment	446	435
Water purchase charges	794	869
<b>Total expenses from continuing operations</b>	<b>2,058</b>	<b>2,147</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(140)</b>	<b>(190)</b>
Grants and contributions provided for capital purposes	129	90
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(11)</b>	<b>(100)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(11)</b>	<b>(100)</b>
<b>Surplus (deficit) after tax</b>	<b>(11)</b>	<b>(100)</b>
<b>Plus accumulated surplus</b>	<b>11,484</b>	<b>11,584</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>11,473</b>	<b>11,484</b>
<b>Return on capital %</b>	<b>(0.7)%</b>	<b>(0.9)%</b>
<b>Subsidy from Council</b>	<b>458</b>	<b>377</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(11)	(100)
Less: capital grants and contributions (excluding developer contributions)	(129)	(90)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Greater Hume Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	1,403	1,370
User charges	154	170
Liquid trade waste charges	62	79
Interest	64	78
Grants and contributions provided for non-capital purposes	84	38
Other income	20	20
<b>Total income from continuing operations</b>	<b>1,787</b>	<b>1,755</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	732	729
Materials and services	455	465
Depreciation, amortisation and impairment	605	594
<b>Total expenses from continuing operations</b>	<b>1,792</b>	<b>1,788</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(5)</b>	<b>(33)</b>
Grants and contributions provided for capital purposes	225	63
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>220</b>	<b>30</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>220</b>	<b>30</b>
<b>Surplus (deficit) after tax</b>	<b>220</b>	<b>30</b>
<b>Plus accumulated surplus</b>	<b>15,301</b>	15,271
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>15,521</b>	15,301
<b>Return on capital %</b>	<b>0.0%</b>	(0.1)%
<b>Subsidy from Council</b>	<b>507</b>	329
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	220	30
Less: capital grants and contributions (excluding developer contributions)	(225)	(63)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Greater Hume Shire Council

### Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,229	2,816
Receivables	513	561
<b>Total current assets</b>	<b>3,742</b>	<b>3,377</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	21,338	21,236
<b>Total non-current assets</b>	<b>21,338</b>	<b>21,236</b>
<b>Total assets</b>	<b>25,080</b>	<b>24,613</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	448	163
<b>Total current liabilities</b>	<b>448</b>	<b>163</b>
<b>Total liabilities</b>	<b>448</b>	<b>163</b>
<b>Net assets</b>	<b>24,632</b>	<b>24,450</b>
<b>EQUITY</b>		
Accumulated surplus	11,473	11,484
Revaluation reserves	13,159	12,966
<b>Total equity</b>	<b>24,632</b>	<b>24,450</b>

## Greater Hume Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,617	4,075
Receivables	355	300
<b>Total current assets</b>	<b>4,972</b>	<b>4,375</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	33,672	33,675
<b>Total non-current assets</b>	<b>33,672</b>	<b>33,675</b>
<b>Total assets</b>	<b>38,644</b>	<b>38,050</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	100	27
<b>Total current liabilities</b>	<b>100</b>	<b>27</b>
<b>Total liabilities</b>	<b>100</b>	<b>27</b>
<b>Net assets</b>	<b>38,544</b>	<b>38,023</b>
<b>EQUITY</b>		
Accumulated surplus	15,521	15,301
Revaluation reserves	23,023	22,722
<b>Total equity</b>	<b>38,544</b>	<b>38,023</b>

## 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)

#### Greater Hume Shire Council Combined Water Supplies

Comprising the whole of the operations and assets of the water supply systems servicing the towns of Jindera, Burrumbuttock, Brocklesby, Gerogery and Culcairn.

#### Greater Hume Shire Council Combined Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the towns of Burrumbuttock, Culcairn, Henty, Holbrook, Jindera and Walla Walla.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 26% (19/20 27.5%)

## Note – Significant Accounting Policies (continued)

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

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

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

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

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

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

#### (ii) Return on investments (rate of return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective 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 June 2021.

## Note – Significant Accounting Policies (continued)

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### (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.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Greater Hume Shire Council**

To the Councillors of the Greater Hume Shire Council

## **Opinion**

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity

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

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

## **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

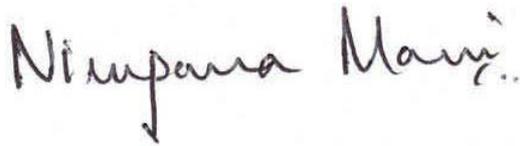
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end.

Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2021  
SYDNEY



Greater  
Hume  
Council



Greater  
Hume  
Council



Image: HiVision Imaging

# Special Schedules

For the year ended 30 June 2021

# Greater Hume Shire Council

## Special Schedules

for the year ended 30 June 2021

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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

## Greater Hume Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	8,740	9,036
Plus or minus adjustments <sup>2</sup>	b	69	54
<b>Notional general income</b>	c = a + b	<b>8,809</b>	<b>9,090</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	229	182
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>9,038</b>	<b>9,272</b>
<b>Total permissible income</b>	o = k + n	<b>9,038</b>	<b>9,272</b>
Less notional general income yield	p	9,036	9,272
<b>Catch-up or (excess) result</b>	q = o - p	<b>2</b>	<b>-</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	-	1
Less unused catch-up <sup>5</sup>	s	(2)	-
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>-</b>	<b>1</b>

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Greater Hume Shire Council

To the Councillors of Greater Hume Shire Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

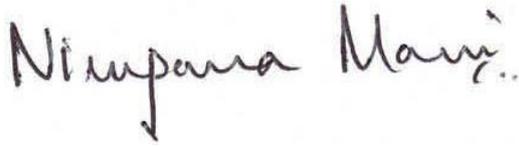
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a downward-pointing arrow at the end of the last letter.

Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2021  
SYDNEY

## Greater Hume Shire Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Other	–	–	27	35	5,773	8,760	15.0%	36.0%	40.0%	6.0%	3.0%
	Council Offices / Administration Centres	10	10	37	48	4,043	6,635	0.0%	0.0%	83.0%	17.0%	0.0%
	Works Depots	–	–	52	63	2,320	3,700	28.0%	6.0%	54.0%	12.0%	0.0%
	Public Halls	40	40	27	40	4,809	13,733	0.0%	14.0%	52.0%	34.0%	0.0%
	Houses	–	–	26	30	1,088	1,182	56.0%	6.0%	38.0%	0.0%	0.0%
	Libraries	–	–	5	15	1,518	2,866	0.0%	33.0%	67.0%	0.0%	0.0%
	Museums	–	–	5	9	445	939	0.0%	25.0%	50.0%	25.0%	0.0%
	Amenities/Public Toilets	35	35	21	23	1,825	3,719	12.0%	18.0%	48.0%	16.0%	6.0%
	Sporting Facilities	45	45	60	21	7,995	18,015	7.0%	11.0%	71.0%	10.0%	1.0%
	Aged Care Facilities	–	–	57	54	2,951	4,499	15.0%	32.0%	53.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>130</b>	<b>130</b>	<b>317</b>	<b>338</b>	<b>32,767</b>	<b>64,048</b>	<b>8.4%</b>	<b>16.6%</b>	<b>59.3%</b>	<b>14.7%</b>	<b>1.0%</b>
<b>Other structures</b>	Other structures	10	10	–	–	14,263	22,689	5.0%	13.0%	76.0%	0.0%	6.0%
	<b>Sub-total</b>	<b>10</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>14,263</b>	<b>22,689</b>	<b>5.0%</b>	<b>13.0%</b>	<b>76.0%</b>	<b>0.0%</b>	<b>6.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed Roads Surface	50	50	2,363	2,323	22,970	34,248	7.0%	49.0%	39.0%	5.0%	0.0%
	Sealed Roads Structure	–	–	–	–	193,032	234,303	8.0%	48.0%	39.0%	5.0%	0.0%
	Unsealed roads	–	–	1,131	1,383	18,472	32,251	0.0%	42.0%	49.0%	9.0%	0.0%
	Bridges	200	200	100	59	38,354	69,140	6.0%	9.0%	63.0%	17.0%	5.0%
	Footpaths	–	–	50	49	3,923	5,046	30.0%	27.0%	41.0%	2.0%	0.0%
	Kerb & Gutter	–	–	50	39	8,173	12,490	7.0%	42.0%	44.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	212,229	212,229	4.0%	42.0%	44.0%	10.0%	0.0%
		<b>Sub-total</b>	<b>250</b>	<b>250</b>	<b>3,694</b>	<b>3,853</b>	<b>497,153</b>	<b>599,707</b>	<b>6.0%</b>	<b>40.8%</b>	<b>44.2%</b>	<b>8.4%</b>
<b>Water supply network</b>	Mains	–	–	114	144	18,077	28,047	22.0%	47.0%	19.0%	12.0%	0.0%
	Pumping Station/s	–	–	13	2	482	753	6.0%	89.0%	5.0%	0.0%	0.0%
	Treatment Works	–	–	6	18	199	299	0.0%	100.0%	0.0%	0.0%	0.0%
	Reservoirs	–	–	5	10	1,936	3,319	7.0%	40.0%	15.0%	38.0%	0.0%
	Bores	–	–	–	–	231	339	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	–	–	4	4	81	143	22.0%	78.0%	0.0%	0.0%	0.0%
		<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>142</b>	<b>178</b>	<b>21,006</b>	<b>32,900</b>	<b>19.7%</b>	<b>48.4%</b>	<b>17.8%</b>	<b>14.1%</b>

## Greater Hume Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Sewerage network</b>	Mains	–	–	43	21	22,529	34,066	19.0%	33.0%	48.0%	0.0%	0.0%
	Pumping Station/s	20	20	33	37	3,485	4,931	11.0%	77.0%	10.0%	2.0%	0.0%
	Treatment Works	–	–	39	44	3,858	6,279	5.0%	82.0%	11.0%	2.0%	0.0%
	Reuse Scheme	10	10	9	12	2,700	3,575	0.0%	94.0%	3.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>30</b>	<b>30</b>	<b>124</b>	<b>114</b>	<b>32,572</b>	<b>48,851</b>	<b>15.0%</b>	<b>48.2%</b>	<b>36.1%</b>	<b>0.7%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	55	96	10,665	13,809	22.0%	44.0%	23.0%	11.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>55</b>	<b>96</b>	<b>10,665</b>	<b>13,809</b>	<b>22.0%</b>	<b>44.0%</b>	<b>23.0%</b>	<b>11.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	150	150	126	143	6,509	10,262	38.0%	16.0%	40.0%	3.0%	3.0%
	<b>Sub-total</b>	<b>150</b>	<b>150</b>	<b>126</b>	<b>143</b>	<b>6,509</b>	<b>10,262</b>	<b>38.0%</b>	<b>16.0%</b>	<b>40.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Total – all assets</b>		<b>570</b>	<b>570</b>	<b>4,458</b>	<b>4,722</b>	<b>614,935</b>	<b>792,266</b>	<b>8.0%</b>	<b>38.6%</b>	<b>44.3%</b>	<b>8.4%</b>	<b>0.7%</b>

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

## Infrastructure asset condition assessment 'key'

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

## Greater Hume Shire Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>11,899</b>	<b>137.53%</b>	120.93%	114.27%	>= 100.00%
Depreciation, amortisation and impairment	<b>8,652</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>570</b>	<b>0.09%</b>	0.05%	0.06%	< 2.00%
Net carrying amount of infrastructure assets	<b>619,534</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>4,722</b>	<b>105.92%</b>	103.10%	109.80%	> 100.00%
Required asset maintenance	<b>4,458</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>570</b>	<b>0.07%</b>	0.04%	0.04%	
Gross replacement cost	<b>792,266</b>				

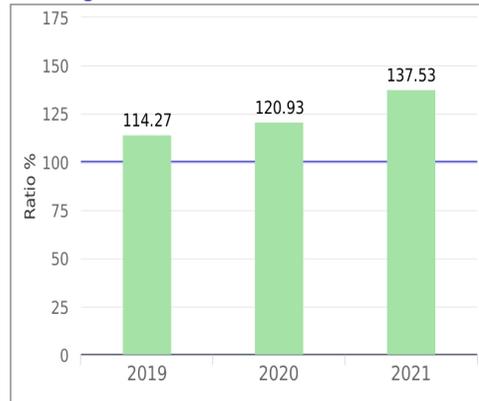
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Greater Hume Shire Council

## Report on infrastructure assets as at 30 June 2021

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

Commentary on result	
20/21 ratio	137.53%
Major road infrastructure renewal projects have resulted in a renewal ratio which exceeds Council's benchmark aim of at least 100% renewal.	

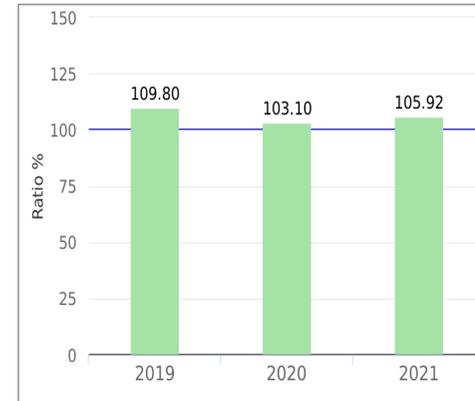
Benchmark: —  $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

Commentary on result	
20/21 ratio	105.92%
Council's annual maintenance expenditure during 2020-21 has met Council's benchmark aim of at least 100%. Councils forward budgets provide for a 1:1 ratio in future budget periods.	

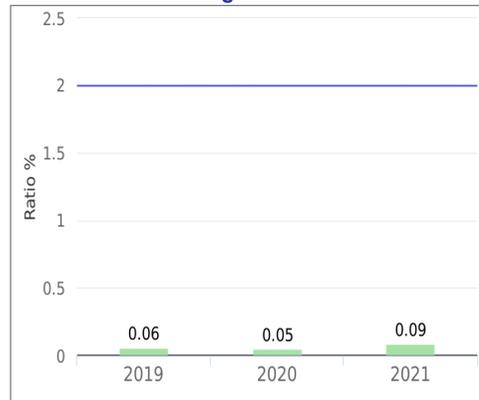
Benchmark: —  $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

Commentary on result	
20/21 ratio	0.09%
Council has no serious backlog issues in its infrastructure network. Condition assessments carried out on road infrastructure in conjunction with the revaluation process during 2019-20 identified an increase in assets requiring immediate renewal.	

Benchmark: —  $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

Commentary on result	
20/21 ratio	0.07%
Continuing major works on the renewal of roads and building infrastructure has been a major contributor to achieving this result in 2020-21.	

## Greater Hume Shire Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>153.50%</b>	138.72%	<b>26.20%</b>	0.00%	<b>17.52%</b>	1.18%	>= 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>0.10%</b>	0.05%	<b>0.00%</b>	0.00%	<b>0.09%</b>	0.09%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>105.68%</b>	104.28%	<b>125.35%</b>	100.00%	<b>91.94%</b>	62.31%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>0.08%</b>	0.04%	<b>0.00%</b>	0.00%	<b>0.06%</b>	0.06%	

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



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