



Greater  
Hume  
Council



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# Annual Financial Statements

For the year ended 30 June 2022







Greater  
Hume  
Council



Image: HiVision Imaging

# General Purpose Financial Statements

For the year ended 30 June 2022

# Greater Hume Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

## 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 2022.

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 2022

### Statement by Councillors and Management

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#### Statement by Councillors and Management made pursuant to Section 413 (2c) 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:

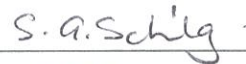
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 21 September 2022.



Councillor Tony Quinn  
Mayor  
21 September 2022



Councillor Annette Schilg  
Councillor  
21 September 2022



Evelyn Arnold  
General Manager  
21 September 2022



Dean Hart  
Responsible Accounting Officer  
21 September 2022



# Greater Hume Shire Council

## Income Statement

for the year ended 30 June 2022

| Original<br>unaudited<br>budget<br>2022 | \$ '000  | Notes | Actual<br>2022 | Actual<br>2021 |
|---|--|-------|----------------|----------------|
|   | <b>Income from continuing operations</b>   |       |                |                |
| 12,560                                  | Rates and annual charges   | B2-1  | <b>12,228</b>  | 11,791         |
| 7,536                                   | User charges and fees  | B2-2  | <b>6,554</b>   | 7,388          |
| 389                                     | Other revenues   | B2-3  | <b>418</b>     | 347            |
| 10,495                                  | Grants and contributions provided for operating purposes   | B2-4  | <b>15,403</b>  | 17,525         |
| 10,241                                  | Grants and contributions provided for capital purposes   | B2-4  | <b>10,506</b>  | 14,213         |
| 166                                     | Interest and investment income   | B2-5  | <b>297</b>     | 248            |
| 225                                     | Other income   | B2-6  | <b>225</b>     | 222            |
| –                                       | Net gain from the disposal of assets   | B4-1  | <b>1,215</b>   | 293            |
| <b>41,612</b>                           | <b>Total income from continuing operations</b>   |       | <b>46,846</b>  | 52,027         |
|   | <b>Expenses from continuing operations</b>   |       |                |                |
| 10,422                                  | Employee benefits and on-costs   | B3-1  | <b>12,675</b>  | 11,146         |
| 7,759                                   | Materials and services   | B3-2  | <b>11,379</b>  | 15,379         |
| 145                                     | Borrowing costs  | B3-3  | <b>203</b>     | 284            |
| 9,680                                   | Depreciation, amortisation and impairment of non-financial assets                                      | B3-4  | <b>10,009</b>  | 9,742          |
| 3,899                                   | Other expenses   | B3-5  | <b>1,078</b>   | 1,002          |
| <b>31,905</b>                           | <b>Total expenses from continuing operations</b>   |       | <b>35,344</b>  | 37,553         |
| <b>9,707</b>                            | <b>Net operating result for the year attributable to Council</b>                                       |       | <b>11,502</b>  | 14,474         |
| <b>(534)</b>                            | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>996</b>     | 261            |

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 2022

| \$ '000  | Notes | 2022          | 2021          |
|--|-------|---------------|---------------|
| <b>Net operating result for the year – from Income Statement</b>                       |       | <b>11,502</b> | <b>14,474</b> |
| <b>Other comprehensive income:</b>   |       |               |               |
| Amounts which will not be reclassified subsequently to the operating result            |       |               |               |
| Gain on revaluation of infrastructure, property, plant and equipment                   | C1-6  | <b>67,862</b> | 494           |
| Impairment loss relating to infrastructure, property, plant and equipment              | C1-6  | <b>–</b>      | (171)         |
| <b>Total items which will not be reclassified subsequently to the operating result</b> |       | <b>67,862</b> | <b>323</b>    |
| <b>Total other comprehensive income for the year</b>                                   |       | <b>67,862</b> | <b>323</b>    |
| <b>Total comprehensive income for the year attributable to Council</b>                 |       | <b>79,364</b> | <b>14,797</b> |

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 2022

| \$ '000  | Notes | 2022           | 2021           |
|--|-------|----------------|----------------|
| <b>ASSETS</b>  |       |                |                |
| <b>Current assets</b>                                |       |                |                |
| Cash and cash equivalents                            | C1-1  | 8,621          | 2,219          |
| Investments  | C1-2  | 15,177         | 20,073         |
| Receivables  | C1-4  | 7,994          | 8,268          |
| Inventories  | C1-5  | 2,510          | 2,007          |
| <b>Total current assets</b>                          |       | <b>34,302</b>  | <b>32,567</b>  |
| <b>Non-current assets</b>                            |       |                |                |
| Investments  | C1-2  | 7,000          | 4,000          |
| Receivables  | C1-4  | 12             | 74             |
| Infrastructure, property, plant and equipment (IPPE) | C1-6  | 720,495        | 643,106        |
| Intangible assets                                    | C1-7  | 86             | 124            |
| Right of use assets                                  | C2-1  | 33             | 86             |
| <b>Total non-current assets</b>                      |       | <b>727,626</b> | <b>647,390</b> |
| <b>Total assets</b>                                  |       | <b>761,928</b> | <b>679,957</b> |
| <b>LIABILITIES</b>                                   |       |                |                |
| <b>Current liabilities</b>                           |       |                |                |
| Payables   | C3-1  | 2,886          | 3,474          |
| Contract liabilities                                 | C3-2  | 4,433          | 2,706          |
| Lease liabilities                                    | C2-1  | 21             | 57             |
| Borrowings   | C3-3  | 657            | 491            |
| Employee benefit provisions                          | C3-4  | 3,724          | 3,695          |
| <b>Total current liabilities</b>                     |       | <b>11,721</b>  | <b>10,423</b>  |
| <b>Non-current liabilities</b>                       |       |                |                |
| Payables   | C3-1  | 1,378          | 1,432          |
| Lease liabilities                                    | C2-1  | 16             | 37             |
| Borrowings   | C3-3  | 4,026          | 2,753          |
| Employee benefit provisions                          | C3-4  | 194            | 208            |
| Provisions   | C3-5  | 5,277          | 5,152          |
| <b>Total non-current liabilities</b>                 |       | <b>10,891</b>  | <b>9,582</b>   |
| <b>Total liabilities</b>                             |       | <b>22,612</b>  | <b>20,005</b>  |
| <b>Net assets</b>                                    |       | <b>739,316</b> | <b>659,952</b> |
| <b>EQUITY</b>  |       |                |                |
| Accumulated surplus                                  |       | 292,965        | 281,463        |
| IPPE revaluation reserve                             |       | 446,351        | 378,489        |
| <b>Council equity interest</b>                       |       | <b>739,316</b> | <b>659,952</b> |
| <b>Total equity</b>                                  |       | <b>739,316</b> | <b>659,952</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 2022

| \$ '000  | Notes | 2022                |                          |                | 2021                |                          |                |
|--|-------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
|  |       | Accumulated surplus | IPPE revaluation reserve | Total equity   | Accumulated surplus | IPPE revaluation reserve | Total equity   |
| Opening balance at 1 July  |       | 281,463             | 378,489                  | 659,952        | 266,989             | 378,166                  | 645,155        |
| Net operating result for the year  |       | 11,502              | –                        | 11,502         | 14,474              | –                        | 14,474         |
| <b>Net operating result for the period</b>   |       | <b>11,502</b>       | <b>–</b>                 | <b>11,502</b>  | <b>14,474</b>       | <b>–</b>                 | <b>14,474</b>  |
| <b>Other comprehensive income</b>  |       |                     |                          |                |                     |                          |                |
| – Gain on revaluation of infrastructure, property, plant and equipment               | C1-6  | –                   | 67,862                   | 67,862         | –                   | 494                      | 494            |
| – Impairment loss reversal relating to infrastructure, property, plant and equipment | C1-6  | –                   | –                        | –              | –                   | (171)                    | (171)          |
| <b>Other comprehensive income</b>  |       | <b>–</b>            | <b>67,862</b>            | <b>67,862</b>  | <b>–</b>            | <b>323</b>               | <b>323</b>     |
| <b>Total comprehensive income</b>  |       | <b>11,502</b>       | <b>67,862</b>            | <b>79,364</b>  | <b>14,474</b>       | <b>323</b>               | <b>14,797</b>  |
| <b>Closing balance at 30 June</b>  |       | <b>292,965</b>      | <b>446,351</b>           | <b>739,316</b> | <b>281,463</b>      | <b>378,489</b>           | <b>659,952</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 2022

| Original<br>unaudited<br>budget<br>2022     | \$ '000   | Notes | Actual<br>2022 | Actual<br>2021 |
|---|---|-------|----------------|----------------|
| <b>Cash flows from operating activities</b> |   |       |                |                |
| <b>Receipts:</b>                            |   |       |                |                |
| 12,560                                      | Rates and annual charges                            |       | 12,216         | 11,951         |
| 7,761                                       | User charges and fees                               |       | 7,746          | 7,136          |
| 166   | Interest received                                   |       | 220            | 280            |
| 20,736                                      | Grants and contributions                            |       | 24,911         | 31,376         |
| –   | Bonds, deposits and retentions received             |       | –              | 612            |
| 428   | Other   |       | 3,460          | 3,124          |
| <b>Payments:</b>                            |   |       |                |                |
| (10,422)                                    | Payments to employees                               |       | (12,648)       | (11,200)       |
| (7,759)                                     | Payments for materials and services                 |       | (14,690)       | (18,427)       |
| (145)                                       | Borrowing costs                                     |       | (162)          | (201)          |
| –   | Bonds, deposits and retentions refunded             |       | (271)          | (533)          |
| (3,977)                                     | Other   |       | (835)          | (1,130)        |
| 19,348                                      | <b>Net cash flows from operating activities</b>     | G1-1  | 19,947         | 22,988         |
| <b>Cash flows from investing activities</b> |   |       |                |                |
| <b>Receipts:</b>                            |   |       |                |                |
| 2,103                                       | Sale of investments                                 |       | 15,409         | 25,750         |
| –   | Sale of real estate assets                          |       | 180            | 1,186          |
| 179   | Proceeds from sale of IPPE                          |       | 1,906          | 454            |
| 11  | Deferred debtors receipts                           |       | 32             | –              |
| <b>Payments:</b>                            |   |       |                |                |
| –   | Purchase of investments                             |       | (13,513)       | (34,550)       |
| (22,496)                                    | Payments for IPPE                                   |       | (18,453)       | (21,264)       |
| –   | Purchase of real estate assets                      |       | (487)          | (208)          |
| –   | Deferred debtors and advances made                  |       | –              | (28)           |
| (20,203)                                    | <b>Net cash flows from investing activities</b>     |       | (14,926)       | (28,660)       |
| <b>Cash flows from financing activities</b> |   |       |                |                |
| <b>Receipts:</b>                            |   |       |                |                |
| 1,500                                       | Proceeds from borrowings                            |       | 2,000          | –              |
| <b>Payments:</b>                            |   |       |                |                |
| (499)                                       | Repayment of borrowings                             |       | (561)          | (520)          |
| –   | Principal component of lease payments               |       | (58)           | (51)           |
| 1,001                                       | <b>Net cash flow provided financing activities</b>  |       | 1,381          | (571)          |
| 146   | <b>Net change in cash and cash equivalents</b>      |       | 6,402          | (6,243)        |
| 1,475                                       | Cash and cash equivalents at beginning of year      |       | 2,219          | 8,462          |
| 1,621                                       | <b>Cash and cash equivalents at end of year</b>     | C1-1  | 8,621          | 2,219          |
| –   | plus: Investments on hand at end of year            | C1-2  | 22,177         | 24,073         |
| 1,621                                       | <b>Total cash, cash equivalents and investments</b> |       | 30,798         | 26,292         |

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

# Greater Hume Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 21 September 2022. 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

Significant judgements in applying the Council's accounting policies;

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

#### **Monies and other assets received by Council**

##### **The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, 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 activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service.

## A1-1 Basis of preparation (continued)

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### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, 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 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 2022.

### 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 2022.

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 evidence of an increase in the value of these assets and this has been reflected in the fair value calculations.

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 |                |
|--|---------------|---------------|---------------|---------------|------------------|---------------|--------------------------|---------------|---------------------------|----------------|
|  | 2022          | 2021          | 2022          | 2021          | 2022             | 2021          | 2022                     | 2021          | 2022                      | 2021           |
| <b>Functions or activities</b>         |               |               |               |               |                  |               |                          |               |                           |                |
| Governance                             | 545           | 31            | 1,744         | 1,121         | (1,199)          | (1,090)       | 481                      | 189           | 12                        | 16             |
| Administration                         | 667           | 1,292         | 2,398         | 2,478         | (1,731)          | (1,186)       | 80                       | 104           | 39,219                    | 33,917         |
| Public order and safety                | 598           | 475           | 1,216         | 1,127         | (618)            | (652)         | 546                      | 403           | 4,231                     | 4,096          |
| Health                                 | 173           | 183           | 179           | 172           | (6)              | 11            | –                        | –             | –                         | –              |
| Environment                            | 1,276         | 1,782         | 533           | 2,322         | 743              | (540)         | (20)                     | 496           | 3,707                     | 2,989          |
| Community services and education       | 4,292         | 3,377         | 4,141         | 3,141         | 151              | 236           | 2,693                    | 2,192         | 6,330                     | 5,919          |
| Housing and community amenities        | 1,105         | 1,158         | 1,097         | 701           | 8                | 457           | 706                      | 1,290         | 4,239                     | 3,317          |
| Water supplies                         | 2,029         | 2,047         | 1,972         | 2,054         | 57               | (7)           | 251                      | 344           | 26,455                    | 25,073         |
| Sewerage services                      | 2,075         | 2,011         | 1,966         | 1,782         | 109              | 229           | 334                      | 535           | 39,963                    | 38,205         |
| Recreation and culture                 | 5,185         | 2,126         | 3,639         | 4,059         | 1,546            | (1,933)       | 4,919                    | 2,546         | 45,092                    | 38,464         |
| Mining, manufacturing and construction | 174           | 171           | 507           | 572           | (333)            | (401)         | –                        | –             | 388                       | 374            |
| Transport and communication            | 10,439        | 22,146        | 14,719        | 16,653        | (4,280)          | 5,493         | 8,174                    | 17,950        | 585,342                   | 521,461        |
| Economic affairs                       | 1,533         | 734           | 1,233         | 1,371         | 300              | (637)         | 78                       | 24            | 5,303                     | 5,206          |
| General purpose income                 | 16,755        | 14,494        | –             | –             | 16,755           | 14,494        | 7,667                    | 5,665         | 1,647                     | 920            |
| <b>Total functions and activities</b>  | <b>46,846</b> | <b>52,027</b> | <b>35,344</b> | <b>37,553</b> | <b>11,502</b>    | <b>14,474</b> | <b>25,909</b>            | <b>31,738</b> | <b>761,928</b>            | <b>679,957</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 Road Maintenance Council Contracts (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  | 2022          | 2021          |
|--|---------------|---------------|
| <b>Ordinary rates</b>                              |               |               |
| Residential  | 3,373         | 3,283         |
| Farmland   | 5,467         | 5,338         |
| Business   | 271           | 253           |
| Less: pensioner rebates                            | (181)         | (167)         |
| <b>Rates levied to ratepayers</b>                  | <b>8,930</b>  | <b>8,707</b>  |
| Pensioner rate subsidies received                  | 110           | 75            |
| <b>Total ordinary rates</b>                        | <b>9,040</b>  | <b>8,782</b>  |
| <b>Annual charges</b>                              |               |               |
| (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |               |               |
| Domestic waste management services                 | 863           | 829           |
| Water supply services                              | 700           | 574           |
| Sewerage services                                  | 1,400         | 1,403         |
| Waste management services (not domestic)           | 178           | 174           |
| Less: pensioner rebates                            | (27)          | (54)          |
| <b>Annual charges levied</b>                       | <b>3,114</b>  | <b>2,926</b>  |
| Pensioner subsidies received:                      |               |               |
| – Water  | 16            | 31            |
| – Sewerage   | 43            | 22            |
| – Domestic waste management                        | 15            | 30            |
| <b>Total annual charges</b>                        | <b>3,188</b>  | <b>3,009</b>  |
| <b>Total rates and annual charges</b>              | <b>12,228</b> | <b>11,791</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.

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 | 2022         | 2021         |
|--|--------|--------------|--------------|
| <b>User charges</b>  |        |              |              |
| Domestic waste management services                             | 2      | 153          | 159          |
| Sewerage services  | 2      | 250          | 224          |
| Water supply services  | 1      | 959          | 1,112        |
| Waste management services (not domestic)                       | 2      | 13           | 13           |
| Other  | 2      | –            | 3            |
| <b>Total user charges</b>                                      |        | <b>1,375</b> | <b>1,511</b> |
| <b>Fees</b>  |        |              |              |
| Building regulation  | 2      | 164          | 161          |
| Animal control   | 2      | 48           | 52           |
| Health administration  | 2      | 150          | 160          |
| Planning and building regulation                               | 2      | 8            | 5            |
| Section 10.7 certificates (EP&A Act)                           | 2      | 41           | 35           |
| Section 603 certificates                                       | 2      | 36           | 45           |
| Tapping fees   | 2      | 59           | 77           |
| Town planning  | 2      | 213          | 140          |
| Aged care  | 2      | 53           | 66           |
| Aged persons rents and fees                                    | 2      | 183          | 177          |
| Caravan park   | 1      | 31           | 47           |
| Asbestos waste disposal charges                                | 2      | –            | 210          |
| Child care   | 1      | 566          | 408          |
| Cemeteries   | 2      | 59           | 56           |
| Family day care  | 1      | 515          | 630          |
| Leaseback fees – Council vehicles                              | 1      | 66           | 65           |
| Libraries  | 1      | 5            | 21           |
| Private works  | 1      | 398          | 593          |
| Recycling income (non-domestic)                                | 1      | 96           | 130          |
| Sports stadium   | 2      | 26           | 12           |
| Swimming centres   | 1      | 75           | 85           |
| Tourism  | 2      | 21           | 14           |
| Transport for NSW (state roads not controlled by Council)      | 2      | 2,264        | 2,615        |
| Other  | 2      | 102          | 73           |
| <b>Total fees</b>  |        | <b>5,179</b> | <b>5,877</b> |
| <b>Total user charges and fees</b>                             |        | <b>6,554</b> | <b>7,388</b> |
| <b>Timing of revenue recognition for user charges and fees</b> |        |              |              |
| User charges and fees recognised over time (1)                 |        | 2,711        | 3,091        |
| User charges and fees recognised at a point in time (2)        |        | 3,843        | 4,297        |
| <b>Total user charges and fees</b>                             |        | <b>6,554</b> | <b>7,388</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 revenues

| \$ '000   | Timing | 2022       | 2021       |
|---|--------|------------|------------|
| Advertising   | 2      | 51         | 57         |
| Legal fees recovery – rates and charges (extra charges) | 2      | 54         | 3          |
| Commissions and agency fees                             | 2      | 61         | 39         |
| Diesel rebate   | 2      | 96         | 138        |
| Insurance claims recoveries                             | 2      | 16         | 57         |
| Sales – miscellaneous                                   | 2      | 21         | 20         |
| Other   | 2      | 119        | 33         |
| <b>Total other revenue</b>                              |        | <b>418</b> | <b>347</b> |

### Timing of revenue recognition for other revenue

|   |            |            |
|---|------------|------------|
| Other revenue recognised over time (1)          | –          | –          |
| Other revenue recognised at a point in time (2) | 418        | 347        |
| <b>Total other revenue</b>                      | <b>418</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<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|--|--------|-------------------|-------------------|-----------------|-----------------|
| <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      | 1,917             | 1,648             | –               | –               |
| Financial assistance – local roads component                               | 2      | 1,061             | 1,051             | –               | –               |
| <b>Payment in advance - future year allocation</b>                         |        |                   |                   |                 |                 |
| Financial assistance – general component                                   | 2      | 2,811             | 1,765             | –               | –               |
| Financial assistance – local roads component                               | 2      | 1,768             | 1,126             | –               | –               |
| <b>Amount recognised as income during current year</b>                     |        | <b>7,557</b>      | <b>5,590</b>      | <b>–</b>        | <b>–</b>        |
| <b>Special purpose grants and non-developer contributions (tied)</b>       |        |                   |                   |                 |                 |
| <b>Cash contributions</b>  |        |                   |                   |                 |                 |
| Bushfire and emergency services  | 2      | 520               | 327               | –               | –               |
| Bushfire Communities Resilience & Economic Recovery                        | 1      | 467               | –                 | –               | –               |
| Child care   | 2      | 2,720             | 1,848             | –               | 96              |
| Community centres  | 2      | 10                | –                 | –               | –               |
| COVID 19 Pandemic Support  | 2      | 90                | –                 | –               | –               |
| Crown Land   | 1      | 6                 | 26                | –               | –               |
| Employment Subsidies   | 2      | 83                | 22                | –               | –               |
| Floodplain management  | 2      | 54                | 94                | –               | –               |
| Library  | 1      | 93                | 132               | 172             | –               |
| LIRS subsidy   | 2      | 18                | 23                | –               | –               |
| Natural disaster relief  | 2      | 585               | –                 | –               | –               |
| Natural Disaster Relief- Bushfires   | 2      | –                 | (34)              | –               | –               |
| Noxious weeds  | 2      | 88                | 103               | –               | –               |
| Footpath   | 2      | –                 | –                 | 100             | –               |
| Public conveniences  | 1      | –                 | –                 | 147             | 390             |
| Recreation and culture   | 1      | 4                 | 15                | 3,726           | 1,701           |
| Other Grants and Contributions   | 2      | 105               | 53                | –               | 93              |
| Road Safety Officer  | 2      | –                 | 102               | –               | –               |
| Rural Fire Service - Buildings & Amenities                                 | 2      | –                 | –                 | 25              | 103             |
| Sewerage (excl. section 64 contributions)                                  | 2      | –                 | 62                | –               | –               |
| Tourism and economic development   | 2      | 20                | 15                | 2               | –               |
| Transport (other roads and bridges funding)                                | 1      | –                 | 5,297             | 3,005           | 9,633           |
| Transport (roads to recovery)  | 2      | 1,049             | 1,883             | –               | –               |
| Transport for NSW contributions (regional roads, block grant)              | 2      | 1,862             | 1,921             | 427             | 860             |
| Water supplies   | 2      | –                 | –                 | –               | 6               |
| Youth services   | 1      | 71                | 46                | –               | –               |
| <b>Total special purpose grants and non-developer contributions – cash</b> |        | <b>7,846</b>      | <b>11,935</b>     | <b>7,604</b>    | <b>12,881</b>   |

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

| <b>\$ '000</b>   | <b>Timing</b> | <b>Operating<br/>2022</b> | <b>Operating<br/>2021</b> | <b>Capital<br/>2022</b> | <b>Capital<br/>2021</b> |
|--|---------------|---------------------------|---------------------------|-------------------------|-------------------------|
| <b>Non-cash contributions</b>  |               |                           |                           |                         |                         |
| Recreation and culture   | 2             | —                         | —                         | 894                     | 89                      |
| Roads and bridges  | 2             | —                         | —                         | 958                     | 467                     |
| Sewerage (excl. section 64 contributions)                                  | 2             | —                         | —                         | 120                     | —                       |
| Water supplies (excl. section 64 contributions)                            | 2             | —                         | —                         | 77                      | —                       |
| Other  | 2             | —                         | —                         | —                       | 5                       |
| <b>Total other contributions – non-cash</b>                                |               | <b>—</b>                  | <b>—</b>                  | <b>2,049</b>            | <b>561</b>              |
| <b>Total special purpose grants and non-developer contributions (tied)</b> |               | <b>7,846</b>              | <b>11,935</b>             | <b>9,653</b>            | <b>13,442</b>           |
| <b>Total grants and non-developer contributions</b>                        |               | <b>15,403</b>             | <b>17,525</b>             | <b>9,653</b>            | <b>13,442</b>           |
| <b>Comprising:</b>   |               |                           |                           |                         |                         |
| – Other funding  |               | 347                       | 199                       | 3,093                   | 1,060                   |
| – Commonwealth funding   |               | 9,665                     | 8,022                     | 1,997                   | 1,190                   |
| – State funding  |               | 5,391                     | 9,304                     | 4,563                   | 11,192                  |
|  |               | <b>15,403</b>             | <b>17,525</b>             | <b>9,653</b>            | <b>13,442</b>           |

## B2-4 Grants and contributions (continued)

### Developer contributions

| \$ '000   | Notes | Timing | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|---|-------|--------|-------------------|-------------------|-----------------|-----------------|
| <b>Developer contributions:</b>                                   |       |        |                   |                   |                 |                 |
| (s7.4 & s7.11 - EP&A Act, s64 of the LGA):                        |       |        |                   |                   |                 |                 |
| <b>Cash contributions</b>   |       |        |                   |                   |                 |                 |
| S 7.11 – contributions towards amenities/services                 |       | 2      | –                 | –                 | 176             | 31              |
| S 7.12 – fixed development consent levies                         |       | 2      | –                 | –                 | 308             | 346             |
| S 64 – water supply contributions                                 |       | 2      | –                 | –                 | 158             | 122             |
| S 64 – sewerage service contributions                             |       | 2      | –                 | –                 | 171             | 225             |
| Other developer contributions                                     |       | 2      | –                 | –                 | 40              | 47              |
| <b>Total developer contributions – cash</b>                       |       |        | <b>–</b>          | <b>–</b>          | <b>853</b>      | <b>771</b>      |
| <b>Total developer contributions</b>                              |       |        | <b>–</b>          | <b>–</b>          | <b>853</b>      | <b>771</b>      |
| <b>Total contributions</b>  |       |        | <b>–</b>          | <b>–</b>          | <b>853</b>      | <b>771</b>      |
| <b>Total grants and contributions</b>                             |       |        | <b>15,403</b>     | <b>17,525</b>     | <b>10,506</b>   | <b>14,213</b>   |
| <b>Timing of revenue recognition for grants and contributions</b> |       |        |                   |                   |                 |                 |
| Grants and contributions recognised over time (1)                 |       |        | 641               | 5,399             | 7,050           | 11,820          |
| Grants and contributions recognised at a point in time (2)        |       |        | 14,762            | 12,126            | 3,456           | 2,393           |
| <b>Total grants and contributions</b>                             |       |        | <b>15,403</b>     | <b>17,525</b>     | <b>10,506</b>   | <b>14,213</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<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>Unspent grants and contributions</b>   |                   |                   |                 |                 |
| Unspent funds at 1 July   | 600               | 285               | 2,132           | 589             |
| <b>Add:</b> Funds received and not recognised as revenue in the current year                              | 517               | 505               | 3,143           | 2,132           |
| <b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year | (75)              | (115)             | –               | –               |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year          | (386)             | (75)              | (1,958)         | (589)           |
| <b>Unspent funds at 30 June</b>   | <b>656</b>        | <b>600</b>        | <b>3,317</b>    | <b>2,132</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   | –        | –        | 2,707      | 2,127        |
| <b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | –        | –        | 861        | 777          |
| <b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year         | –        | –        | (3,108)    | (197)        |
| <b>Unspent contributions at 30 June</b>   | <b>–</b> | <b>–</b> | <b>460</b> | <b>2,707</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  | 2022       | 2021       |
|--|------------|------------|
| <b>Interest on financial assets measured at amortised cost</b>   |            |            |
| – Overdue rates and annual charges (incl. special purpose rates) | 59         | 54         |
| – Cash and investments   | 238        | 194        |
| <b>Total interest and investment income (losses)</b>             | <b>297</b> | <b>248</b> |
| <b>Interest and investment income is attributable to:</b>        |            |            |
| <b>Unrestricted investments/financial assets:</b>                |            |            |
| Overdue rates and annual charges (general fund)                  | 32         | 20         |
| General Council cash and investments                             | 119        | 97         |
| <b>Restricted investments/funds – external:</b>                  |            |            |
| Development contributions  |            |            |
| – Section 7.11   | 7          | 5          |
| Water fund operations  | 60         | 62         |
| Sewerage fund operations   | 79         | 64         |
| <b>Total interest and investment income</b>                      | <b>297</b> | <b>248</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 | 2022       | 2021       |
|---------------------------------|-------|------------|------------|
| <b>Rental income</b>            |       |            |            |
| <b>Other lease income</b>       |       |            |            |
| Commercial property             |       | 72         | 61         |
| Residential property            |       | 60         | 59         |
| Land                            |       | 27         | 35         |
| Room/Facility Hire              |       | 66         | 67         |
| <b>Total other lease income</b> |       | <b>225</b> | <b>222</b> |
| <b>Total rental income</b>      | C2-2  | <b>225</b> | <b>222</b> |
| <b>Total other income</b>       |       | <b>225</b> | <b>222</b> |

## B3 Costs of providing services

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

| \$ '000  | 2022          | 2021          |
|--|---------------|---------------|
| Salaries and wages                             | 10,342        | 9,536         |
| Travel expenses                                | 187           | 149           |
| Employee leave entitlements (ELE)              | 878           | 1,073         |
| Superannuation – defined contribution plans    | 1,024         | 884           |
| Superannuation – defined benefit plans         | 108           | 133           |
| Workers' compensation insurance                | 258           | 239           |
| Fringe benefit tax (FBT)                       | 26            | 25            |
| Training costs (other than salaries and wages) | 156           | 116           |
| Protective clothing                            | 41            | 64            |
| Other  | 166           | 128           |
| <b>Total employee costs</b>                    | <b>13,186</b> | <b>12,347</b> |
| Less: capitalised costs                        | (511)         | (1,201)       |
| <b>Total employee costs expensed</b>           | <b>12,675</b> | <b>11,146</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 | 2022          | 2021          |
|---|-------|---------------|---------------|
| Raw materials and consumables                       |       | 2,108         | 1,347         |
| Contractor and consultancy costs                    |       | 6,638         | 11,615        |
| Audit Fees  | F2-1  | 107           | 89            |
| Advertising   |       | 63            | 54            |
| Bank charges  |       | 54            | 8             |
| Councillor and Mayoral fees and associated expenses | F1-2  | 166           | 148           |
| Election expenses                                   |       | 88            | 3             |
| Electricity and heating                             |       | 319           | 354           |
| Insurance   |       | 707           | 636           |
| Postage   |       | 35            | 36            |
| Printing and stationery                             |       | 114           | 220           |
| Street lighting                                     |       | 96            | 119           |
| Subscriptions and publications                      |       | 146           | 144           |
| Telephone and communications                        |       | 155           | 141           |
| Valuation fees                                      |       | 57            | 54            |
| Water charges                                       |       | 213           | 234           |
| Other expenses                                      |       | 81            | 76            |
| <b>Legal expenses:</b>                              |       |               |               |
| – Legal expenses: planning and development          |       | 45            | 25            |
| – Legal expenses: debt recovery                     |       | 71            | 10            |
| – Legal expenses: other                             |       | 116           | 66            |
| <b>Total materials and services</b>                 |       | <b>11,379</b> | <b>15,379</b> |
| <b>Total materials and services</b>                 |       | <b>11,379</b> | <b>15,379</b> |

### Accounting policy

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

## B3-3 Borrowing costs

| \$ '000  | Notes | 2022       | 2021       |
|--|-------|------------|------------|
| <b>(i) Interest bearing liability costs</b>            |       |            |            |
| Interest on leases                                     |       | 5          | 8          |
| Interest on loans                                      |       | 148        | 172        |
| <b>Total interest bearing liability costs</b>          |       | <b>153</b> | <b>180</b> |
| <b>Total interest bearing liability costs expensed</b> |       | <b>153</b> | <b>180</b> |
| <b>(ii) Other borrowing costs</b>                      |       |            |            |
| – Remediation liabilities                              | C3-5  | 50         | 104        |
| <b>Total other borrowing costs</b>                     |       | <b>50</b>  | <b>104</b> |
| <b>Total borrowing costs expensed</b>                  |       | <b>203</b> | <b>284</b> |

### Accounting policy

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

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

| \$ '000  | Notes     | 2022          | 2021         |
|--|-----------|---------------|--------------|
| <b>Depreciation and amortisation</b>   |           |               |              |
| Plant and equipment  | C1-6      | 1,061         | 1,044        |
| Office equipment   | C1-6      | 33            | 41           |
| Furniture and fittings   | C1-6      | 20            | 18           |
| <b>Infrastructure:</b>   | C1-6      |               |              |
| – Buildings – non-specialised  |           | 394           | 388          |
| – Buildings – specialised  |           | 766           | 752          |
| – Other structures   |           | 1,026         | 961          |
| – Roads  |           | 5,020         | 4,849        |
| – Stormwater drainage  |           | 142           | 126          |
| – Water supply network   |           | 446           | 439          |
| – Sewerage network   |           | 610           | 605          |
| – Swimming pools   |           | 358           | 361          |
| Right of use assets  | C2-1      | 54            | 54           |
| <b>Reinstatement, rehabilitation and restoration assets:</b>                           |           |               |              |
| – Asset reinstatement costs  | C3-5,C1-6 | 37            | 34           |
| – Quarry assets  | C3-5,C1-6 | 3             | 3            |
| Intangible assets  | C1-7      | 39            | 67           |
| <b>Total depreciation and amortisation costs</b>                                       |           | <b>10,009</b> | <b>9,742</b> |
| <b>Impairment / revaluation decrement of IPPE</b>                                      |           |               |              |
| <b>Infrastructure:</b>   | C1-6      |               |              |
| – Bridges  |           | –             | 171          |
| <b>Total IPPE impairment / revaluation decrement costs</b>                             |           | <b>–</b>      | <b>171</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>10,009</b> | <b>9,742</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>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
| <b>Impairment of receivables</b>   |              |              |
| Other  | <b>76</b>    | 46           |
| <b>Total impairment of receivables</b>                                       | <b>76</b>    | <b>46</b>    |
| <b>Other</b>   |              |              |
| <b>Contributions/levies to other levels of government:</b>                   |              |              |
| – NSW fire brigade levy  | <b>51</b>    | 47           |
| – NSW rural fire service levy  | <b>463</b>   | 427          |
| – State Emergency Services levy  | <b>16</b>    | 16           |
| – Riverina Regional Library  | <b>275</b>   | 251          |
| Donations, contributions and assistance to other organisations (Section 356) | <b>197</b>   | 215          |
| <b>Total other</b>   | <b>1,002</b> | <b>956</b>   |
| <b>Total other expenses</b>  | <b>1,078</b> | <b>1,002</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 | 2022         | 2021         |
|---|-------|--------------|--------------|
| <b>Gain (or loss) on disposal of property (excl. investment property)</b> |       |              |              |
| Proceeds from disposal – property   |       | 1,613        | –            |
| Less: carrying amount of property assets sold/written off                 |       | (433)        | –            |
| <b>Gain (or loss) on disposal</b>   |       | <b>1,180</b> | <b>–</b>     |
| <b>Gain (or loss) on disposal of plant and equipment</b>                  |       |              |              |
|   | C1-6  |              |              |
| Proceeds from disposal – plant and equipment                              |       | 293          | 340          |
| Less: carrying amount of plant and equipment assets sold/written off      |       | (132)        | (187)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>161</b>   | <b>153</b>   |
| <b>Gain (or loss) on disposal of infrastructure</b>                       |       |              |              |
|   | C1-6  |              |              |
| Proceeds from disposal – infrastructure                                   |       | –            | 114          |
| Less: carrying amount of infrastructure assets sold/written off           |       | (277)        | (601)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>(277)</b> | <b>(487)</b> |
| <b>Gain (or loss) on disposal of real estate assets held for sale</b>     |       |              |              |
|   | C1-5  |              |              |
| Proceeds from disposal – real estate assets                               |       | 180          | 1,186        |
| Less: carrying amount of real estate assets sold/written off              |       | (29)         | (559)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>151</b>   | <b>627</b>   |
| <b>Gain (or loss) on disposal of investments</b>                          |       |              |              |
|   | C1-2  |              |              |
| Proceeds from disposal/redemptions/maturities – investments               |       | 15,409       | 25,750       |
| Less: carrying amount of investments sold/redeemed/matured                |       | (15,409)     | (25,750)     |
| <b>Gain (or loss) on disposal</b>   |       | <b>–</b>     | <b>–</b>     |
| <b>Net gain (or loss) from disposal of assets</b>                         |       | <b>1,215</b> | <b>293</b>   |

#### 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 16/06/2021 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  | 2022<br>Budget | 2022<br>Actual | 2022<br>----- Variance ----- |                |
|--|----------------|----------------|------------------------------|----------------|
| <b>Revenues</b>  |                |                |                              |                |
| <b>Rates and annual charges</b>  | <b>12,560</b>  | <b>12,228</b>  | <b>(332)</b>                 | <b>(3)% U</b>  |
| <b>User charges and fees</b>   | <b>7,536</b>   | <b>6,554</b>   | <b>(982)</b>                 | <b>(13)% U</b> |
| User fees and charges were lower than budget mainly due to the following;  |                |                |                              |                |
| <ul style="list-style-type: none"> <li>Childcare centres - lower attendances due to COVID</li> <li>Water and Sewer Usage (2021-22 had a higher rainfall than previous years resulting in lower usage)</li> </ul>   |                |                |                              |                |
| <b>Other revenues</b>  | <b>389</b>     | <b>418</b>     | <b>29</b>                    | <b>7% F</b>    |
| <b>Operating grants and contributions</b>  | <b>10,495</b>  | <b>15,403</b>  | <b>4,908</b>                 | <b>47% F</b>   |
| The increase in operating grants and contributions for 2021-22 may be attributed to the following;   |                |                |                              |                |
| <ul style="list-style-type: none"> <li>Prepayment of Financial Assistance Grant relating to the 2022-23 financial year increased from 25% to 50% of annual grant amount.</li> <li>Increased grants funding to assist Childcare centres during 2021-22.</li> <li>Natural Disaster funding to assist with storm damage in November 2021 and February 2022</li> <li>Additional funding received from EPA and Murrumbidgee Primary Health Network to assist with community bushfire recovery.</li> <li>NSW Government COVID grant assistance.</li> </ul> |                |                |                              |                |
| <b>Capital grants and contributions</b>  | <b>10,241</b>  | <b>10,506</b>  | <b>265</b>                   | <b>3% F</b>    |
| <b>Interest and investment revenue</b>   | <b>166</b>     | <b>297</b>     | <b>131</b>                   | <b>79% F</b>   |
| A conservative budget was set for interest on investments due to prevailing trends in the market. A combination of improved rates and a modified investment strategy resulted in an improved yield.  |                |                |                              |                |
| <b>Net gains from disposal of assets</b>   | <b>–</b>       | <b>1,215</b>   | <b>1,215</b>                 | <b>∞ F</b>     |
| During the year Council disposed of a number of properties to help fund other projects.  |                |                |                              |                |
| <b>Other income</b>  | <b>225</b>     | <b>225</b>     | <b>–</b>                     | <b>0% F</b>    |

## B5-1 Material budget variations (continued)

| \$ '000   | 2022<br>Budget  | 2022<br>Actual  | 2022<br>----- Variance ----- |                |
|---|-----------------|-----------------|------------------------------|----------------|
| <b>Expenses</b>   |                 |                 |                              |                |
| <b>Employee benefits and on-costs</b>   | <b>10,422</b>   | <b>12,675</b>   | <b>(2,253)</b>               | <b>(22)% U</b> |
| Additional staff mainly in the Children Services.   |                 |                 |                              |                |
| <b>Materials and services</b>   | <b>7,759</b>    | <b>11,379</b>   | <b>(3,620)</b>               | <b>(47)% U</b> |
| 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>  | <b>145</b>      | <b>203</b>      | <b>(58)</b>                  | <b>(40)% U</b> |
| 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>  | <b>9,680</b>    | <b>10,009</b>   | <b>(329)</b>                 | <b>(3)% U</b>  |
| <b>Other expenses</b>   | <b>3,899</b>    | <b>1,078</b>    | <b>2,821</b>                 | <b>72% F</b>   |
| 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>   | <b>19,348</b>   | <b>19,947</b>   | <b>599</b>                   | <b>3% F</b>    |
| <b>Cash flows from investing activities</b>   | <b>(20,203)</b> | <b>(14,926)</b> | <b>5,277</b>                 | <b>(26)% F</b> |
| Council provided in the budget for the upgrade of the Jindera Sewerage Treatment plant (\$4.5m) and the renewal of Culcain Reservoir (\$1m). These projects did not proceed in the current year and will be carried forward.  |                 |                 |                              |                |
| <b>Cash flows from financing activities</b>   | <b>1,001</b>    | <b>1,381</b>    | <b>380</b>                   | <b>38% F</b>   |
| During the year Council borrowed an additional \$500k to partially finance the over-expenditure on the North Henty rail crossing project. This borrowing was not budgeted as Council did not anticipate the level of over-expenditure when the budget was set.                    |                 |                 |                              |                |

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

| \$ '000                                | 2022         | 2021         |
|--|--------------|--------------|
| <b>Cash assets</b>                     |              |              |
| Cash on hand and at bank               | 7,121        | 2,219        |
| Cash equivalent assets                 |              |              |
| – Term deposits                        | 1,500        | –            |
| <b>Total cash and cash equivalents</b> | <b>8,621</b> | <b>2,219</b> |

#### Reconciliation of cash and cash equivalents

|   |              |              |
|---|--------------|--------------|
| Total cash and cash equivalents per Statement of Financial Position | 8,621        | 2,219        |
| <b>Balance as per the Statement of Cash Flows</b>                   | <b>8,621</b> | <b>2,219</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  | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| <b>Debt securities at amortised cost</b>                   |                 |                     |                 |                     |
| Term deposits  | 15,177          | 2,000               | 18,073          | –                   |
| Government and semi-government bonds                       | –               | 5,000               | 2,000           | 4,000               |
| <b>Total</b>   | <b>15,177</b>   | <b>7,000</b>        | <b>20,073</b>   | <b>4,000</b>        |
| <b>Total financial investments</b>                         | <b>15,177</b>   | <b>7,000</b>        | <b>20,073</b>   | <b>4,000</b>        |
| <b>Total cash assets, cash equivalents and investments</b> | <b>23,798</b>   | <b>7,000</b>        | <b>22,292</b>   | <b>4,000</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 (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

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

#### Classification

On initial recognition, Council classifies its financial assets as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

## C1-2 Financial investments (continued)

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- 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 and allocated cash, cash equivalents and investments

| \$ '000  | 2022            | 2021     |
|--|-----------------|----------|
| (a) Externally restricted cash, cash equivalents and investments                   |                 |          |
| <b>Total cash, cash equivalents and investments</b>                                | <b>30,798</b>   | 26,292   |
| Less: Externally restricted cash, cash equivalents and investments                 | <b>(12,822)</b> | (11,557) |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>17,976</b>   | 14,735   |

#### External restrictions

##### External restrictions – included in liabilities

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

|  |              |       |
|--|--------------|-------|
| Specific purpose unexpended grants – general fund      | <b>3,894</b> | 2,607 |
| <b>External restrictions – included in liabilities</b> | <b>3,894</b> | 2,607 |

#### External restrictions

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

|                                      |               |        |
|--------------------------------------|---------------|--------|
| Developer contributions – general    | <b>460</b>    | 695    |
| Developer contributions – water fund | –             | 1,029  |
| Developer contributions – sewer fund | –             | 982    |
| Water fund                           | <b>3,409</b>  | 2,200  |
| Sewer fund                           | <b>4,750</b>  | 3,635  |
| Specific purpose unexpended grants   | <b>79</b>     | 125    |
| Town improvement funds               | <b>18</b>     | 75     |
| Trust                                | <b>208</b>    | 205    |
| Other                                | <b>4</b>      | 4      |
| <b>Total external restrictions</b>   | <b>12,822</b> | 11,557 |

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

| \$ '000  | 2022            | 2021     |
|--|-----------------|----------|
| (b) Internal allocations   |                 |          |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>17,976</b>   | 14,735   |
| Less: Internally restricted cash, cash equivalents and investments                 | <b>(13,389)</b> | (12,310) |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b>         | <b>4,587</b>    | 2,425    |

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

| <b>\$ '000</b>   | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| <b>Internal allocations</b>  |               |               |
| At 30 June, Council has internally allocated funds to the following: |               |               |
| Plant and vehicle replacement  | 996           | 1,683         |
| Employees' leave entitlement   | 698           | 703           |
| Carry over works (uncompleted works)                                 | 4,108         | 4,107         |
| Aged care units – Jindera  | 60            | 73            |
| Bypass handover works contribution                                   | 451           | 451           |
| Crown Lands Lease reserve  | 32            | 24            |
| Culcairn community housing   | 252           | 249           |
| Culcairn Oasis community newsletter                                  | 9             | 5             |
| Emergency Services Reserve   | 419           | –             |
| Children Services  | 625           | 605           |
| Children Services Culcairn Capital Improvements                      | 172           | –             |
| Children Services Holbrook Capital Improvements                      | 148           | –             |
| Gum Swamp maintenance reserve  | 15            | 20            |
| Henty housing  | 39            | 37            |
| Henty Headerlines newsletter   | 14            | 12            |
| Holbrook caravan park sale reserve                                   | –             | 110           |
| Holbrook Frampton Court  | 295           | 299           |
| Holbrook housing   | 27            | 35            |
| Holbrook Kala Court  | 279           | 247           |
| Holbrook Village Hostel  | –             | 173           |
| Jindera Administration Hub reserve                                   | 80            | 59            |
| Jindera Hostel   | 9             | 9             |
| Land development reserve   | 2,559         | 1,014         |
| Morven community fund  | 19            | 19            |
| Quarry restoration   | 325           | 261           |
| Noxious Weed Reserve   | –             | 15            |
| Riverina Noxious Weeds program                                       | 66            | 66            |
| Risk management incentive bonus                                      | 137           | 104           |
| Submarine Museum   | 27            | 40            |
| Waste management reserve   | 1,189         | 1,339         |
| Works warranty   | 277           | 478           |
| Weeds of the Riverina booklet  | –             | 12            |
| Other  | 62            | 61            |
| <b>Total internal allocations</b>                                    | <b>13,389</b> | <b>12,310</b> |

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

| <b>\$ '000</b>   | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
| <b>(c) Unrestricted and unallocated</b>                                    |              |              |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b> | <b>4,587</b> | <b>2,425</b> |

## C1-4 Receivables

| \$ '000   | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| Rates and annual charges                            | 655             | –                   | 660             | –                   |
| Interest and extra charges                          | 68              | –                   | 60              | –                   |
| User charges and fees                               | 1,681           | –                   | 2,336           | –                   |
| Private works                                       | 298             | –                   | 184             | –                   |
| Accrued revenues                                    |                 |                     |                 |                     |
| – Interest on investments                           | 117             | –                   | 48              | –                   |
| Amounts due from other councils                     | 70              | –                   | 112             | –                   |
| Deferred debtors                                    | 44              | 12                  | 14              | 74                  |
| Government grants and subsidies                     | 5,163           | –                   | 4,487           | –                   |
| Net GST receivable                                  | 26              | –                   | 418             | –                   |
| Other debtors                                       | 3               | –                   | 6               | –                   |
| <b>Total</b>  | <b>8,125</b>    | <b>12</b>           | <b>8,325</b>    | <b>74</b>           |
| <b>Less: provision for impairment</b>               |                 |                     |                 |                     |
| User charges and fees                               | (131)           | –                   | (57)            | –                   |
| <b>Total provision for impairment – receivables</b> | <b>(131)</b>    | <b>–</b>            | <b>(57)</b>     | <b>–</b>            |
| <b>Total net receivables</b>                        | <b>7,994</b>    | <b>12</b>           | <b>8,268</b>    | <b>74</b>           |
| <b>Externally restricted receivables</b>            |                 |                     |                 |                     |
| <b>Water supply</b>                                 |                 |                     |                 |                     |
| – Rates and availability charges                    | 3               | –                   | 4               | –                   |
| – Usage charges                                     | 508             | –                   | 509             | –                   |
| <b>Sewerage services</b>                            |                 |                     |                 |                     |
| – Rates and availability charges                    | 113             | –                   | 110             | –                   |
| – Usage Charges                                     | 219             | –                   | 245             | –                   |
| <b>Domestic waste management</b>                    | <b>59</b>       | <b>–</b>            | <b>68</b>       | <b>–</b>            |
| <b>Total external restrictions</b>                  | <b>902</b>      | <b>–</b>            | <b>936</b>      | <b>–</b>            |
| <b>Unrestricted receivables</b>                     | <b>7,092</b>    | <b>12</b>           | <b>7,332</b>    | <b>74</b>           |
| <b>Total net receivables</b>                        | <b>7,994</b>    | <b>12</b>           | <b>8,268</b>    | <b>74</b>           |

| \$ '000   | 2022       | 2021      |
|---|------------|-----------|
| <b>Movement in provision for impairment of receivables</b>                    |            |           |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | 57         | 67        |
| + new provisions recognised during the year                                   | 99         | 11        |
| – amounts provided for but recovered during the year                          | (24)       | (7)       |
| – amounts already provided for and written off this year                      | (1)        | (14)      |
| <b>Balance at the end of the year</b>   | <b>131</b> | <b>57</b> |
| <b>Represented by:</b>  |            |           |
| Expected credit loss (calculated in accordance with AASB 9)                   | 131        | 27        |
| Additional specific provisions  | –          | 30        |
| <b>Balance at the end of the year</b>   | <b>131</b> | <b>57</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.

### COVID-19

Council's rates and user charges collections have not been significantly impacted by the COVID-19 pandemic.

## C1-5 Inventories

| \$ '000                          | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|----------------------------------|-----------------|---------------------|-----------------|---------------------|
| <b>(i) Inventories at cost</b>   |                 |                     |                 |                     |
| Real estate for resale           | 2,234           | –                   | 1,776           | –                   |
| Stores and materials             | 276             | –                   | 231             | –                   |
| <b>Total inventories at cost</b> | <b>2,510</b>    | <b>–</b>            | <b>2,007</b>    | <b>–</b>            |
| <b>Total inventories</b>         | <b>2,510</b>    | <b>–</b>            | <b>2,007</b>    | <b>–</b>            |

**(i) Other disclosures**

| \$ '000  | Notes | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-------|-----------------|---------------------|-----------------|---------------------|
| <b>(a) Details for real estate development</b>         |       |                 |                     |                 |                     |
| Residential  |       | 637             | –                   | 591             | –                   |
| Industrial/commercial                                  |       | 1,597           | –                   | 1,185           | –                   |
| <b>Total real estate for resale</b>                    |       | <b>2,234</b>    | <b>–</b>            | <b>1,776</b>    | <b>–</b>            |
| (Valued at the lower of cost and net realisable value) |       |                 |                     |                 |                     |
| <b>Represented by:</b>                                 |       |                 |                     |                 |                     |
| Acquisition costs                                      |       | 1,083           | –                   | 1,101           | –                   |
| Development costs                                      |       | 1,151           | –                   | 675             | –                   |
| <b>Total costs</b>                                     |       | <b>2,234</b>    | <b>–</b>            | <b>1,776</b>    | <b>–</b>            |
| <b>Total real estate for resale</b>                    |       | <b>2,234</b>    | <b>–</b>            | <b>1,776</b>    | <b>–</b>            |
| <b>Movements:</b>                                      |       |                 |                     |                 |                     |
| Real estate assets at beginning of the year            |       | 1,776           | –                   | 2,127           | –                   |
| – Purchases and other costs                            |       | 487             | –                   | 208             | –                   |
| – WDV of sales (expense)                               | B4-1  | (29)            | –                   | (559)           | –                   |
| <b>Total real estate for resale</b>                    |       | <b>2,234</b>    | <b>–</b>            | <b>1,776</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                | 2022         | 2021         |
|------------------------|--------------|--------------|
| Real estate for resale | 1,763        | 1,691        |
|                        | <b>1,763</b> | <b>1,691</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<br>asset class                                     | At 1 July 2021           |   |                           | Asset movements during the reporting period |                         |                                   |                         |               |   |  | At 30 June 2022          |   |                           |
|--|--------------------------|---|---------------------------|---|-------------------------|-----------------------------------|-------------------------|---------------|---|--|--------------------------|---|---------------------------|
|  | Gross carrying<br>amount | Accumulated<br>depreciation<br>and impairment | Net<br>carrying<br>amount | Additions<br>renewals <sup>1</sup>          | Additions new<br>assets | Carrying<br>value of<br>disposals | Depreciation<br>expense | WIP transfers | Revaluation<br>decrements<br>to equity<br>(ARR) | Revaluation<br>increments to<br>equity (ARR) | Gross carrying<br>amount | Accumulated<br>depreciation<br>and impairment | Net<br>carrying<br>amount |
| <b>\$ '000</b>   |                          |   |                           |   |                         |                                   |                         |               |   |  |                          |   |                           |
| Capital work in progress   | 4,599                    | –   | 4,599                     | 3,357                                       | 244                     | –                                 | –                       | (3,873)       | –   | –  | 4,327                    | –   | 4,327                     |
| Plant and equipment  | 12,291                   | (5,434)                                       | 6,857                     | –   | 1,377                   | (132)                             | (1,061)                 | –             | –   | –  | 12,952                   | (5,911)                                       | 7,041                     |
| Office equipment   | 579                      | (388)   | 191                       | –   | 28                      | –                                 | (33)                    | –             | –   | –  | 607                      | (421)   | 186                       |
| Furniture and fittings   | 248                      | (138)   | 110                       | –   | 18                      | –                                 | (20)                    | –             | –   | –  | 266                      | (158)   | 108                       |
| <b>Land:</b>   |                          |   |                           |   |                         |                                   |                         |               |   |  |                          |   |                           |
| – Operational land   | 8,982                    | –   | 8,982                     | –   | 86                      | (318)                             | –                       | –             | –   | 440  | 9,190                    | –   | 9,190                     |
| – Community land   | 5,230                    | –   | 5,230                     | –   | –                       | –                                 | –                       | –             | –   | 1,627  | 6,857                    | –   | 6,857                     |
| – Land under roads (post 30/6/08)                                | 717                      | –   | 717                       | –   | 43                      | –                                 | –                       | –             | –   | 224  | 984                      | –   | 984                       |
| <b>Infrastructure:</b>   |                          |   |                           |   |                         |                                   |                         |               |   |  |                          |   |                           |
| – Buildings – non-specialised                                    | 23,545                   | (8,725)                                       | 14,820                    | 291   | 547                     | (115)                             | (394)                   | 59            | –   | 1,386  | 26,487                   | (9,893)                                       | 16,594                    |
| – Buildings – specialised  | 40,503                   | (22,556)                                      | 17,947                    | 207   | 4,152                   | (126)                             | (766)                   | 606           | –   | 1,626  | 48,733                   | (25,087)                                      | 23,646                    |
| – Other structures   | 22,689                   | (8,426)                                       | 14,263                    | 440   | 1,279                   | (98)                              | (1,026)                 | 588           | (47)  | –  | 24,645                   | (9,246)                                       | 15,399                    |
| – Roads  | 387,480                  | (102,556)                                     | 284,924                   | 3,119                                       | 897                     | (46)                              | (5,020)                 | 1,863         | –   | 24,127                                       | 425,311                  | (115,447)                                     | 309,864                   |
| – Bulk earthworks (non-depreciable)                              | 212,229                  | –   | 212,229                   | 1,581                                       | 374                     | –                                 | –                       | 496           | –   | 32,832                                       | 247,512                  | –   | 247,512                   |
| – Stormwater drainage  | 13,809                   | (3,144)                                       | 10,665                    | 1,123                                       | 607                     | (7)                               | (142)                   | 122           | –   | 1,650  | 17,789                   | (3,771)                                       | 14,018                    |
| – Water supply network   | 32,900                   | (11,894)                                      | 21,006                    | 14  | 99                      | –                                 | (446)                   | 34            | –   | 2,323  | 37,160                   | (14,130)                                      | 23,030                    |
| – Sewerage network   | 48,851                   | (16,279)                                      | 32,572                    | –   | 327                     | –                                 | (610)                   | 105           | –   | 1,695  | 54,435                   | (20,346)                                      | 34,089                    |
| – Swimming pools   | 10,262                   | (3,753)                                       | 6,509                     | –   | –                       | –                                 | (358)                   | –             | (21)  | –  | 10,229                   | (4,099)                                       | 6,130                     |
| <b>Reinstatement, rehabilitation and<br/>restoration assets:</b> |                          |   |                           |   |                         |                                   |                         |               |   |  |                          |   |                           |
| – Tip assets   | 1,648                    | (183)   | 1,465                     | –   | 75                      | –                                 | (37)                    | –             | –   | –  | 1,722                    | (219)   | 1,503                     |
| – Quarry assets  | 78                       | (58)  | 20                        | –   | –                       | –                                 | (3)                     | –             | –   | –  | 78                       | (61)  | 17                        |
| <b>Total infrastructure, property,<br/>plant and equipment</b>   | <b>826,640</b>           | <b>(183,534)</b>                              | <b>643,106</b>            | <b>10,132</b>                               | <b>10,153</b>           | <b>(842)</b>                      | <b>(9,916)</b>          | <b>–</b>      | <b>(68)</b>                                     | <b>67,930</b>                                | <b>929,284</b>           | <b>(208,789)</b>                              | <b>720,495</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 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 |
| \$ '000  |                       |   |                     |   |                      |                             |                      |   |               |  |                       |   |                     |
| 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:</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)

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

| Plant and equipment               | Years      | Other equipment                    | Years      |
|-----------------------------------|------------|------------------------------------|------------|
| Office equipment                  | 5 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           | 30 to 80   |                                    |            |
| Reticulation pipes: other         | 60 to 50   |                                    |            |
| 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         |                                    |            |

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

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

#### Land under roads

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

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

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

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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 30/06/22        |                                  |                     | as at 30/06/21        |                                  |                     |
|---|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
|   | 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   | 257                   | –                                | 257                 | 132                   | –                                | 132                 |
| Land  |                       |                                  |                     |                       |                                  |                     |
| – Operational land  | 210                   | –                                | 210                 | 200                   | –                                | 200                 |
| Infrastructure  | 37,160                | 14,130                           | 23,030              | 32,900                | 11,894                           | 21,006              |
| <b>Total water supply</b>   | <b>37,627</b>         | <b>14,130</b>                    | <b>23,497</b>       | <b>33,232</b>         | <b>11,894</b>                    | <b>21,338</b>       |
| <b>Sewerage services</b>  |                       |                                  |                     |                       |                                  |                     |
| WIP   | 272                   | –                                | 272                 | 192                   | –                                | 192                 |
| Plant and equipment   | 24                    | 24                               | –                   | 24                    | 24                               | –                   |
| Land  |                       |                                  |                     |                       |                                  |                     |
| – Operational land  | 954                   | –                                | 954                 | 908                   | –                                | 908                 |
| Infrastructure  | 54,454                | 20,364                           | 34,090              | 48,851                | 16,279                           | 32,572              |
| <b>Total sewerage services</b>  | <b>55,704</b>         | <b>20,388</b>                    | <b>35,316</b>       | <b>49,975</b>         | <b>16,303</b>                    | <b>33,672</b>       |
| <b>Total restricted infrastructure, property, plant and equipment</b> | <b>93,331</b>         | <b>34,518</b>                    | <b>58,813</b>       | <b>83,207</b>         | <b>28,197</b>                    | <b>55,010</b>       |



## C1-7 Intangible assets

Intangible assets are as follows:

| \$ '000   | 2022       | 2021       |
|---|------------|------------|
| <b>Software</b>                                 |            |            |
| <b>Opening values at 1 July</b>                 |            |            |
| Gross book value                                | 531        | 531        |
| Accumulated amortisation and impairment         | (407)      | (340)      |
| <b>Net book value – opening balance</b>         | <b>124</b> | <b>191</b> |
| <b>Movements for the year</b>                   |            |            |
| Amortisation charges                            | (39)       | (67)       |
| <b>Closing values at 30 June</b>                |            |            |
| Gross book value                                | 531        | 531        |
| Accumulated amortisation and impairment         | (445)      | (407)      |
| <b>Total software – net book value</b>          | <b>86</b>  | <b>124</b> |
| <b>Total intangible assets – net book value</b> | <b>86</b>  | <b>124</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>2022</b>               |                   |           |
| Opening balance at 1 July | 86                | 86        |
| Depreciation charge       | (54)              | (54)      |
| <b>Balance at 30 June</b> | <b>33</b>         | <b>33</b> |
| <b>2021</b>               |                   |           |
| Opening balance at 1 July | 120               | 120       |
| Additions                 | 20                | 20        |
| Depreciation charge       | (54)              | (54)      |
| <b>Balance at 30 June</b> | <b>86</b>         | <b>86</b> |

#### (b) Lease liabilities

| \$ '000                        | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--------------------------------|-----------------|---------------------|-----------------|---------------------|
| Lease liabilities              | 21              | 16                  | 57              | 37                  |
| <b>Total lease liabilities</b> | <b>21</b>       | <b>16</b>           | <b>57</b>       | <b>37</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<br>Statement of<br>Financial<br>Position |
|-------------|----------|-------------|-----------|-------|--|
| <b>2022</b> |          |             |           |       |  |
| Cash flows  | 23       | 17          | –         | 40    | 37   |
| <b>2021</b> |          |             |           |       |  |
| Cash flows  | 62       | 40          | –         | 102   | 94   |

## 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                             | 2022      | 2021      |
|-------------------------------------|-----------|-----------|
| Interest on lease liabilities       | 5         | 8         |
| Depreciation of right of use assets | 54        | 54        |
|                                     | <b>59</b> | <b>62</b> |

### (e) Statement of Cash Flows

|                               |           |           |
|-------------------------------|-----------|-----------|
| Total cash outflow for leases | 21        | 62        |
|                               | <b>21</b> | <b>62</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  | 2022       | 2021 |
|--|------------|------|
| <b>(i) Assets held as property, plant and equipment</b>                            |            |      |
| Lease income (excluding variable lease payments not dependent on an index or rate) | <b>225</b> | 222  |
| <b>Total income relating to operating leases for Council assets</b>                | <b>225</b> | 222  |

### (ii) 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  | <b>136</b> | 114 |
| 1–2 years   | <b>138</b> | 117 |
| 2–3 years   | <b>141</b> | 120 |
| 3–4 years   | <b>144</b> | 123 |
| 4–5 years   | <b>147</b> | 126 |
| > 5 years   | <b>140</b> | 130 |
| <b>Total undiscounted lease payments to be received</b> | <b>846</b> | 730 |

### Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

| \$ '000                                    | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Goods and services – operating expenditure | 1,128           | –                   | 1,406           | –                   |
| Goods and services – capital expenditure   | 724             | –                   | 940             | –                   |
| Accrued expenses:                          |                 |                     |                 |                     |
| – Borrowings                               | 26              | –                   | 35              | –                   |
| – Salaries and wages                       | 183             | –                   | 126             | –                   |
| – Other expenditure accruals               | 127             | –                   | 35              | –                   |
| Security bonds, deposits and retentions    | 311             | 1,378               | 528             | 1,432               |
| Prepaid rates                              | 387             | –                   | 404             | –                   |
| <b>Total payables</b>                      | <b>2,886</b>    | <b>1,378</b>        | <b>3,474</b>    | <b>1,432</b>        |

#### Payables relating to restricted assets

| \$ '000   | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| <b>Externally restricted assets</b>                   |                 |                     |                 |                     |
| Water   | 408             | –                   | 448             | –                   |
| Sewer   | 58              | –                   | 100             | –                   |
| Other – trust fund                                    | 207             | –                   | 205             | –                   |
| <b>Total payables relating to restricted assets</b>   | <b>673</b>      | <b>–</b>            | <b>753</b>      | <b>–</b>            |
| <b>Total payables relating to unrestricted assets</b> | <b>2,213</b>    | <b>1,378</b>        | <b>2,721</b>    | <b>1,432</b>        |
| <b>Total payables</b>                                 | <b>2,886</b>    | <b>1,378</b>        | <b>3,474</b>    | <b>1,432</b>        |

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

| \$ '000   | 2022       | 2021       |
|---|------------|------------|
| 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  | 311        | 528        |
| <b>Total payables</b>   | <b>311</b> | <b>528</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 | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|---|-------|-----------------|---------------------|-----------------|---------------------|
| <b>Grants and contributions received in advance:</b>  |       |                 |                     |                 |                     |
| Funds to construct Council controlled assets  | (i)   | 3,436           | —                   | 2,030           | —                   |
| Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 | (ii)  | 458             | —                   | 577             | —                   |
| <b>Total grants received in advance</b>   |       | <b>3,894</b>    | <b>—</b>            | <b>2,607</b>    | <b>—</b>            |
| <b>User fees and charges received in advance:</b>   |       |                 |                     |                 |                     |
| Other   |       | 539             | —                   | 99              | —                   |
| <b>Total user fees and charges received in advance</b>                                      |       | <b>539</b>      | <b>—</b>            | <b>99</b>       | <b>—</b>            |
| <b>Total contract liabilities</b>   |       | <b>4,433</b>    | <b>—</b>            | <b>2,706</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.



## C3-2 Contract Liabilities (continued)

### Contract liabilities relating to restricted assets

| \$ '000  | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| <b>Externally restricted assets</b>                                  |                 |                     |                 |                     |
| Unspent grants held as contract liabilities (excl. Water & Sewer)    | 3,894           | —                   | 2,607           | —                   |
| <b>Contract liabilities relating to externally restricted assets</b> | <b>3,894</b>    | <b>—</b>            | <b>2,607</b>    | <b>—</b>            |
| <b>Total contract liabilities relating to restricted assets</b>      | <b>3,894</b>    | <b>—</b>            | <b>2,607</b>    | <b>—</b>            |
| <b>Total contract liabilities relating to unrestricted assets</b>    | <b>539</b>      | <b>—</b>            | <b>99</b>       | <b>—</b>            |
| <b>Total contract liabilities</b>                                    | <b>4,433</b>    | <b>—</b>            | <b>2,706</b>    | <b>—</b>            |

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

| \$ '000  | 2022         | 2021       |
|--|--------------|------------|
| <b>Grants and contributions received in advance:</b>   |              |            |
| Funds to construct Council controlled assets   | 2,030        | 590        |
| Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15                        | 577          | 156        |
| <b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b> | <b>2,607</b> | <b>746</b> |

### Accounting policy

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

### C3-3 Borrowings

| \$ '000                      | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|------------------------------|-----------------|---------------------|-----------------|---------------------|
| Loans – secured <sup>1</sup> | 657             | 4,026               | 491             | 2,753               |
| <b>Total borrowings</b>      | <b>657</b>      | <b>4,026</b>        | <b>491</b>      | <b>2,753</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   | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| <b>Total borrowings relating to unrestricted assets</b> | <b>657</b>      | <b>4,026</b>        | <b>491</b>      | <b>2,753</b>        |
| <b>Total borrowings</b>                                 | <b>657</b>      | <b>4,026</b>        | <b>491</b>      | <b>2,753</b>        |

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

| \$ '000  | 2021               | Repay-<br>ments of<br>principal<br>and interest | Non-cash<br>movements | 2022               |
|--|--------------------|---|-----------------------|--------------------|
|  | Opening<br>Balance |   | Acquisition           | Closing<br>balance |
| Loans – secured                                    | 3,244              | (561)   | 2,000                 | 4,683              |
| Lease liability (Note C2-1b)                       | 94                 | (57)  | –                     | 37                 |
| <b>Total liabilities from financing activities</b> | <b>3,338</b>       | <b>(618)</b>                                    | <b>2,000</b>          | <b>4,720</b>       |

| \$ '000  | 2020               | Repay-<br>ments of<br>principal and<br>interest | 2021               |
|--|--------------------|---|--------------------|
|  | Opening<br>Balance |   | Closing<br>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>       |

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

| \$ '000                                     | 2022       | 2021       |
|---|------------|------------|
| <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          | 5          |
| <b>Total drawn financing arrangements</b>   | <b>5</b>   | <b>5</b>   |
| <b>Undrawn facilities</b>                   |            |            |
| – Bank overdraft facilities                 | 200        | 200        |
| – Credit cards/purchase cards               | 35         | 35         |
| – Lease facilities                          | 340        | 340        |
| <b>Total undrawn financing arrangements</b> | <b>575</b> | <b>575</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  | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Annual leave   | 1,163           | –                   | 1,010           | –                   |
| Long service leave   | 2,371           | 194                 | 2,546           | 208                 |
| Other leave  | 190             | –                   | 139             | –                   |
| <b>Total employee benefit provisions</b>                                 | <b>3,724</b>    | <b>194</b>          | <b>3,695</b>    | <b>208</b>          |
| <b>Total employee benefit provisions relating to unrestricted assets</b> | <b>3,724</b>    | <b>194</b>          | <b>3,695</b>    | <b>208</b>          |

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

| \$ '000  | 2022         | 2021         |
|--|--------------|--------------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. |              |              |
| Provisions – employee benefits   | 1,630        | 2,235        |
|  | <b>1,630</b> | <b>2,235</b> |

#### Description of and movements in provisions

| \$ '000                                    | ELE provisions |                    |                         | Total        |
|--|----------------|--------------------|-------------------------|--------------|
|  | Annual leave   | Long service leave | Other employee benefits |              |
| <b>2022</b>                                |                |                    |                         |              |
| At beginning of year                       | 1,010          | 2,754              | 139                     | 3,903        |
| Additional provisions                      | 817            | 31                 | 6                       | 854          |
| Amounts used (payments)                    | (664)          | (238)              | 45                      | (857)        |
| Other                                      | –              | 18                 | –                       | 18           |
| <b>Total ELE provisions at end of year</b> | <b>1,163</b>   | <b>2,565</b>       | <b>190</b>              | <b>3,918</b> |
| <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)        |
| <b>Total ELE provisions at end of year</b> | <b>1,010</b>   | <b>2,754</b>       | <b>139</b>              | <b>3,903</b> |

## 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 and annual 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 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  | 2022<br>Current | 2022<br>Non-Current | 2021<br>Current | 2021<br>Non-Current |
|--|-----------------|---------------------|-----------------|---------------------|
| <b>Asset remediation/restoration:</b>            |                 |                     |                 |                     |
| Asset remediation/restoration (future works)     | –               | 5,277               | –               | 5,152               |
| <b>Sub-total – asset remediation/restoration</b> | <b>–</b>        | <b>5,277</b>        | <b>–</b>        | <b>5,152</b>        |
| <b>Total provisions</b>                          | <b>–</b>        | <b>5,277</b>        | <b>–</b>        | <b>5,152</b>        |

### Description of and movements in provisions

| \$ '000                               | Other provisions     |                           |
|---------------------------------------|----------------------|---------------------------|
|                                       | Asset<br>remediation | Net<br>carrying<br>amount |
| <b>2022</b>                           |                      |                           |
| At beginning of year                  | 5,152                | 5,152                     |
| - Unwinding of discount               | 50                   | 50                        |
| - Additional provisions               | 75                   | 75                        |
| Total other provisions at end of year | 5,277                | 5,277                     |
| <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 | 5,152                | 5,152                     |

### Accounting policy

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

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

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

### Asset remediation – tips and quarries

#### Restoration

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

### C3-5 Provisions (continued)

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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.

#### **Nature and purpose of provisions**

##### **Asset remediation**

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

## 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<br>2022 | Water<br>2022 | Sewer<br>2022 |
|--|-----------------|---------------|---------------|
| <b>Income from continuing operations</b>   |                 |               |               |
| Rates and annual charges   | 10,128          | 700           | 1,400         |
| User charges and fees  | 5,353           | 959           | 242           |
| Interest and investment revenue  | 158             | 60            | 79            |
| Other revenues   | 338             | 59            | 21            |
| Grants and contributions provided for operating purposes   | 15,344          | 16            | 43            |
| Grants and contributions provided for capital purposes   | 9,980           | 235           | 291           |
| Net gains from disposal of assets  | 1,215           | –             | –             |
| Other income   | 225             | –             | –             |
| <b>Total income from continuing operations</b>   | <b>42,741</b>   | <b>2,029</b>  | <b>2,076</b>  |
| <b>Expenses from continuing operations</b>   |                 |               |               |
| Employee benefits and on-costs   | 11,333          | 530           | 812           |
| Materials and services   | 10,522          | 304           | 553           |
| Borrowing costs  | 203             | –             | –             |
| Depreciation, amortisation and impairment of non-financial assets                                      | 8,953           | 446           | 610           |
| Other expenses   | 383             | 695           | –             |
| <b>Total expenses from continuing operations</b>   | <b>31,394</b>   | <b>1,975</b>  | <b>1,975</b>  |
| <b>Operating result from continuing operations</b>   | <b>11,347</b>   | <b>54</b>     | <b>101</b>    |
| <b>Net operating result for the year</b>   | <b>11,347</b>   | <b>54</b>     | <b>101</b>    |
| <b>Net operating result attributable to each council fund</b>  | <b>11,347</b>   | <b>54</b>     | <b>101</b>    |
| <b>Net operating result for the year before grants and contributions provided for capital purposes</b> | <b>1,367</b>    | <b>(181)</b>  | <b>(190)</b>  |



## D1-2 Statement of Financial Position by fund

| \$ '000                                       | General<br>2022 | Water<br>2022 | Sewer<br>2022 |
|---|-----------------|---------------|---------------|
| <b>ASSETS</b>                                 |                 |               |               |
| <b>Current assets</b>                         |                 |               |               |
| Cash and cash equivalents                     | 462             | 3,409         | 4,750         |
| Investments                                   | 15,177          | –             | –             |
| Receivables                                   | 7,151           | 511           | 332           |
| Inventories                                   | 2,510           | –             | –             |
| <b>Total current assets</b>                   | <b>25,300</b>   | <b>3,920</b>  | <b>5,082</b>  |
| <b>Non-current assets</b>                     |                 |               |               |
| Investments                                   | 7,000           | –             | –             |
| Receivables                                   | 12              | –             | –             |
| Infrastructure, property, plant and equipment | 661,682         | 23,497        | 35,316        |
| Intangible assets                             | 86              | –             | –             |
| Right of use assets                           | 33              | –             | –             |
| <b>Total non-current assets</b>               | <b>668,813</b>  | <b>23,497</b> | <b>35,316</b> |
| <b>Total assets</b>                           | <b>694,113</b>  | <b>27,417</b> | <b>40,398</b> |
| <b>LIABILITIES</b>                            |                 |               |               |
| <b>Current liabilities</b>                    |                 |               |               |
| Payables                                      | 2,420           | 408           | 58            |
| Contract liabilities                          | 4,433           | –             | –             |
| Lease liabilities                             | 21              | –             | –             |
| Borrowings                                    | 657             | –             | –             |
| Employee benefit provision                    | 3,724           | –             | –             |
| <b>Total current liabilities</b>              | <b>11,255</b>   | <b>408</b>    | <b>58</b>     |
| <b>Non-current liabilities</b>                |                 |               |               |
| Payables                                      | 1,378           | –             | –             |
| Lease liabilities                             | 16              | –             | –             |
| Borrowings                                    | 4,026           | –             | –             |
| Employee benefit provision                    | 194             | –             | –             |
| Provisions                                    | 5,277           | –             | –             |
| <b>Total non-current liabilities</b>          | <b>10,891</b>   | <b>–</b>      | <b>–</b>      |
| <b>Total liabilities</b>                      | <b>22,146</b>   | <b>408</b>    | <b>58</b>     |
| <b>Net assets</b>                             | <b>671,967</b>  | <b>27,009</b> | <b>40,340</b> |
| <b>EQUITY</b>                                 |                 |               |               |
| Accumulated surplus                           | 265,816         | 11,527        | 15,622        |
| Revaluation reserves                          | 406,151         | 15,482        | 24,718        |
| <b>Council equity interest</b>                | <b>671,967</b>  | <b>27,009</b> | <b>40,340</b> |
| <b>Total equity</b>                           | <b>671,967</b>  | <b>27,009</b> | <b>40,340</b> |

## E Risks and accounting uncertainties

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

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

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

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

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

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

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

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.

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  | 2022  | 2021  |
|--|-------|-------|
| 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  | 308   | 240   |
| Impact of a 10% movement in price of investments   |       |       |
| – Equity / Income Statement  | 3,084 | 2,407 |

### (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<br>overdue | overdue rates and annual charges |           | Total |
|-----------------------|--------------------|----------------------------------|-----------|-------|
|                       |                    | < 5 years                        | ≥ 5 years |       |
| <b>2022</b>           |                    |                                  |           |       |
| Gross carrying amount | 10                 | 335                              | 310       | 655   |
| <b>2021</b>           |                    |                                  |           |       |
| Gross carrying amount | –                  | 645                              | 15        | 660   |

## 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<br>overdue | Overdue debts |              |              |           | Total |
|------------------------|--------------------|---------------|--------------|--------------|-----------|-------|
|                        |                    | 0 - 30 days   | 31 - 60 days | 61 - 90 days | > 91 days |       |
| 2022                   |                    |               |              |              |           |       |
| Gross carrying amount  | 6,220              | 844           | 27           | 114          | 277       | 7,482 |
| Expected loss rate (%) | 0.00%              | 0.00%         | 0.00%        | 0.00%        | 10.46%    | 0.39% |
| ECL provision          | —                  | —             | —            | —            | 29        | 29    |
| 2021                   |                    |               |              |              |           |       |
| 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% |
| ECL provision          | —                  | —             | —            | —            | 27        | 27    |

### (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.

|                             | Weighted<br>average<br>interest<br>rate | Subject<br>to no<br>maturity | ≤ 1 Year | payable in:<br>1 - 5<br>Years | > 5 Years | Total cash<br>outflows | Actual<br>carrying<br>values |
|-----------------------------|---|------------------------------|----------|-------------------------------|-----------|------------------------|------------------------------|
| \$ '000                     |   |                              |          |                               |           |                        |                              |
| 2022                        |   |                              |          |                               |           |                        |                              |
| Payables                    | 0.00%                                   | 1,689                        | 2,575    | —                             | —         | 4,264                  | 4,264                        |
| Borrowings                  | 3.84%                                   | —                            | 847      | 2,652                         | 1,938     | 5,437                  | 4,683                        |
| Total financial liabilities |   | 1,689                        | 3,422    | 2,652                         | 1,938     | 9,701                  | 8,947                        |
| 2021                        |   |                              |          |                               |           |                        |                              |
| Payables                    | 0.00%                                   | 2,364                        | 2,542    | —                             | —         | 4,906                  | 4,906                        |
| Borrowings                  | 4.03%                                   | —                            | 634      | 2,340                         | 884       | 3,858                  | 3,244                        |
| Total financial liabilities |   | 2,364                        | 3,176    | 2,340                         | 884       | 8,764                  | 8,150                        |

## 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.

### Fair value hierarchy

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)

| Fair value measurement hierarchy                                |            |                          |       |                                       |         |   |         |         |      |
|---|------------|--------------------------|-------|---------------------------------------|---------|---|---------|---------|------|
| \$ '000   | Notes      | Date of latest valuation |       | Level 2 Significant observable inputs |         | Level 3 Significant unobservable inputs |         | Total   |      |
|   |            | 2022                     | 2021  | 2022                                  | 2021    | 2022                                    | 2021    | 2022    | 2021 |
| Recurring fair value measurements                               |            |                          |       |                                       |         |   |         |         |      |
| Infrastructure, property, plant and equipment <span>C1-6</span> |            |                          |       |                                       |         |   |         |         |      |
| Bulk earthworks   | 01/07/2019 | 01/07/2019               | —     | —                                     | 247,512 | 212,229                                 | 247,512 | 212,229 |      |
| Roads infrastructure  | 01/07/2019 | 01/07/2019               | —     | —                                     | 309,864 | 284,924                                 | 309,864 | 284,924 |      |
| Land under roads  | 01/07/2016 | 01/07/2016               | —     | —                                     | 984     | 717                                     | 984     | 717     |      |
| Stormwater drainage   | 01/07/2019 | 01/07/2019               | —     | —                                     | 14,018  | 10,665                                  | 14,018  | 10,665  |      |
| Sewerage network  | 01/07/2021 | 30/06/2017               | —     | —                                     | 34,089  | 32,572                                  | 34,089  | 32,572  |      |
| Water supply network  | 01/07/2021 | 30/06/2017               | —     | —                                     | 23,030  | 21,006                                  | 23,030  | 21,006  |      |
| Operational land  | 01/07/2019 | 01/07/2019               | —     | —                                     | 9,190   | 8,982                                   | 9,190   | 8,982   |      |
| Community land  | 01/07/2019 | 01/07/2019               | —     | —                                     | 6,857   | 5,230                                   | 6,857   | 5,230   |      |
| Buildings specialised   | 30/06/2018 | 30/06/2018               | —     | —                                     | 23,646  | 17,947                                  | 23,646  | 17,947  |      |
| Buildings non-specialised                                       | 30/06/2018 | 30/06/2018               | 1,990 | 1,348                                 | 14,604  | 13,472                                  | 16,594  | 14,820  |      |
| Swimming pools  | 30/06/2018 | 30/06/2018               | —     | —                                     | 6,130   | 6,509                                   | 6,130   | 6,509   |      |
| Other structures  | 30/06/2018 | 30/06/2018               | —     | —                                     | 15,399  | 14,263                                  | 15,399  | 14,263  |      |
| Plant, office equipment, furniture and fittings                 | 30/06/2018 | 30/06/2018               | —     | —                                     | 7,335   | 7,158                                   | 7,335   | 7,158   |      |
| Tips and quarries   | 30/06/2018 | 30/06/2018               | —     | —                                     | 1,520   | 1,485                                   | 1,520   | 1,485   |      |
| Total infrastructure, property, plant and equipment             |            |                          | 1,990 | 1,348                                 | 714,178 | 637,159                                 | 716,168 | 638,507 |      |

### 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 Australis Asset Advisory Group with an effective 01/07/2021.

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 2026/27.

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 Australis Asset Advisory Group with an effective 01/07/2021.

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 2026/27.

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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### Swimming Pools

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 |        |
|--|-----------------|---------|----------------------|---------|------------------|------|---------------------|--------|
|  | 2022            | 2021    | 2022                 | 2021    | 2022             | 2021 | 2022                | 2021   |
| <b>Opening balance</b>   | <b>212,229</b>  | 209,348 | <b>284,924</b>       | 280,117 | <b>717</b>       | 676  | <b>10,665</b>       | 10,272 |
| <b>Total gains or losses for the period</b>                    |                 |         |                      |         |                  |      |                     |        |
| Recognised in other comprehensive income – revaluation surplus | 32,832          | –       | 24,127               | –       | 224              | –    | 1,650               | –      |
| <b>Other movements</b>   |                 |         |                      |         |                  |      |                     |        |
| Purchases (GBV)  | 2,451           | 2,881   | 5,879                | 10,345  | 43               | 41   | 1,852               | 519    |
| Disposals (WDV)  | –               | –       | (46)                 | (518)   | –                | –    | (7)                 | –      |
| Depreciation and impairment                                    | –               | –       | (5,020)              | (5,020) | –                | –    | (142)               | (126)  |
| <b>Closing balance</b>   | <b>247,512</b>  | 212,229 | <b>309,864</b>       | 284,924 | <b>984</b>       | 717  | <b>14,018</b>       | 10,665 |

| \$ '000  | Sewerage network |        | Water supply network |        | Operational Land |       | Community Land |       |
|--|------------------|--------|----------------------|--------|------------------|-------|----------------|-------|
|  | 2022             | 2021   | 2022                 | 2021   | 2022             | 2021  | 2022           | 2021  |
| <b>Opening 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 |
| <b>Total gains or losses for the period</b>                    |                  |        |                      |        |                  |       |                |       |
| Recognised in other comprehensive income – revaluation surplus | 1,695            | 301    | 2,323                | 193    | 440              | –     | 1,627          | –     |
| <b>Other movements</b>   |                  |        |                      |        |                  |       |                |       |
| Purchases (GBV)  | 432              | 150    | 147                  | 278    | 86               | –     | –              | –     |
| Disposals (WDV)  | –                | –      | –                    | –      | (318)            | (67)  | –              | –     |
| Depreciation and impairment                                    | (610)            | (605)  | (446)                | (439)  | –                | –     | –              | –     |
| <b>Closing balance</b>   | <b>34,089</b>    | 32,572 | <b>23,030</b>        | 21,006 | <b>9,190</b>     | 8,982 | <b>6,857</b>   | 5,230 |

## E2-1 Fair value measurement (continued)

| \$ '000  | Building specialised |               | Buildings non specialised |               | Swimming pools |              | Other structures |               |
|--|----------------------|---------------|---------------------------|---------------|----------------|--------------|------------------|---------------|
|  | 2022                 | 2021          | 2022                      | 2021          | 2022           | 2021         | 2022             | 2021          |
| <b>Opening balance</b>   | <b>17,947</b>        | 18,593        | <b>14,820</b>             | 14,588        | <b>6,509</b>   | 6,865        | <b>14,263</b>    | 12,194        |
| <b>Total gains or losses for the period</b>                    |                      |               |                           |               |                |              |                  |               |
| Recognised in other comprehensive income – revaluation surplus | <b>1,626</b>         | –             | <b>1,386</b>              | –             | <b>(21)</b>    | –            | <b>(47)</b>      | –             |
| <b>Other movements</b>   |                      |               |                           |               |                |              |                  |               |
| Purchases (GBV)  | <b>4,965</b>         | 121           | <b>897</b>                | 620           | –              | 5            | <b>2,307</b>     | 3,031         |
| Disposals (WDV)  | <b>(126)</b>         | (15)          | <b>(115)</b>              | –             | –              | –            | <b>(98)</b>      | (1)           |
| Depreciation and impairment                                    | <b>(766)</b>         | (752)         | <b>(394)</b>              | (388)         | <b>(358)</b>   | (361)        | <b>(1,026)</b>   | (961)         |
| <b>Closing balance</b>   | <b>23,646</b>        | <b>17,947</b> | <b>16,594</b>             | <b>14,820</b> | <b>6,130</b>   | <b>6,509</b> | <b>15,399</b>    | <b>14,263</b> |

| \$ '000  | Plant, office equipment and furniture |              | Tips and quarries |              | Total          |                |
|--|---------------------------------------|--------------|-------------------|--------------|----------------|----------------|
|  | 2022                                  | 2021         | 2022              | 2021         | 2022           | 2021           |
| <b>Opening balance</b>   | <b>7,158</b>                          | 7,273        | <b>1,485</b>      | 1,236        | <b>638,507</b> | <b>629,141</b> |
| Recognised in other comprehensive income – revaluation surplus | –                                     | –            | –                 | –            | <b>67,862</b>  | <b>494</b>     |
| Purchases (GBV)  | <b>1,423</b>                          | 1,175        | <b>75</b>         | 286          | <b>20,557</b>  | <b>19,452</b>  |
| Disposals (WDV)  | <b>(132)</b>                          | (187)        | –                 | –            | <b>(842)</b>   | <b>(788)</b>   |
| Depreciation and impairment                                    | <b>(1,114)</b>                        | (1,103)      | <b>(40)</b>       | (37)         | <b>(9,916)</b> | <b>(9,792)</b> |
| <b>Closing balance</b>   | <b>7,335</b>                          | <b>7,158</b> | <b>1,520</b>      | <b>1,485</b> | <b>716,168</b> | <b>638,507</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 7.5% of salaries for the year ending 30 June 2021 (increasing to 8% 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 \$40m for 1 July 2019 to 30 June 2021 and \$20m per annum from 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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 2022 is:

| Employer reserves only*  | \$millions | Asset Coverage |
|--------------------------|------------|----------------|
| Assets                   | 2,376.6    |                |
| Past Service Liabilities | 2,380.7    | 99.8%          |
| Vested Benefits          | 2,391.7    | 99.4%          |

- \* 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 | 5.5% 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 December 2022.

## 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 31 December 2021 and \$20m for each year from 1 January 2022 to 31 December 2024) 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 2022 was \$88,856. The expected contributions to the Fund by Council for the next annual reporting period are \$69,566. Based on a Past Service Liabilities methodology, the share of the surplus that can be attributed to Council is 0.20%.

It is estimated that there are \$40,098 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 2022 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's share of Riverina Joint Organisation is not material.

#### (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's share of Riverina Eastern Regional Organisation of Councils is not material.

## 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                  | 2022       | 2021         |
|--------------------------|------------|--------------|
| <b>Compensation:</b>     |            |              |
| Short-term benefits      | 868        | 900          |
| Post-employment benefits | 73         | 71           |
| Other long-term benefits | 53         | 32           |
| <b>Total</b>             | <b>994</b> | <b>1,003</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                                     |     |                                 | Outstanding<br>balances<br>including<br>commitments | Terms and conditions | Impairment<br>provision on<br>outstanding<br>balances | Impairment<br>expense |
|---|-----|---------------------------------|---|----------------------|---|-----------------------|
| \$ '000   | Ref | Transactions<br>during the year |   |                      |   |                       |
| <b>2022</b>   |     |                                 |   |                      |   |                       |
| Earthworks (Easties Dirt Works)                               | 1   | 130                             | –   | Normal payment terms | –   | –                     |
| Childcare Services  | 2   | 22                              | –   | Normal payment terms | –   | –                     |
| Earthworks and Plumbing Services (Bluey's Plumbin' & Diggin') | 3   | 552                             | –   | Normal payment terms | –   | –                     |
| <b>2021</b>   |     |                                 |   |                      |   |                       |
| Earthworks (Easties Dirt Works)                               | 1   | 106                             | –   | Normal payment terms | –   | –                     |
| Childcare Services  | 2   | 22                              | –   | Normal payment terms | –   | –                     |
| Earthworks and Plumbing Services (Bluey's Plumbin' & Diggin') | 3   | –                               | –   |                      | –   | –                     |

## F1-1 Key management personnel (KMP) (continued)

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- 1 Council contracted Easties Dirt Works to perform earthworks 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.
- 3 Council contracted Bluey's Plumbin' & Diggin' to perform earthworks and plumbing services 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.



## F1-2 Councillor and Mayoral fees and associated expenses

| \$ '000  | 2022       | 2021       |
|--|------------|------------|
| The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are: |            |            |
| – Mayoral fee  | 23         | 22         |
| – Councillors' fees  | 108        | 104        |
| – Other expenses   | 35         | 22         |
| <b>Total</b>   | <b>166</b> | <b>148</b> |

## F2 Other relationships

### F2-1 Audit fees

| \$ '000   | 2022       | 2021      |
|---|------------|-----------|
| 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>   |            |           |
| (i) Audit and other assurance services  |            |           |
| Audit and review of financial statements  | 80         | 63        |
| <b>Remuneration for audit and other assurance services</b>  | <b>80</b>  | <b>63</b> |
| <b>Total Auditor-General remuneration</b>   | <b>80</b>  | <b>63</b> |
| <b>Non NSW Auditor-General audit firms</b>  |            |           |
| (i) Audit and other assurance services  |            |           |
| Internal Audit and Audit Committee Services   | 22         | 25        |
| Other Audit Services  | 5          | 1         |
| <b>Remuneration for audit and other assurance services</b>  | <b>27</b>  | <b>26</b> |
| <b>Total remuneration of non NSW Auditor-General audit firms</b>  | <b>27</b>  | <b>26</b> |
| <b>Total audit fees</b>   | <b>107</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  | 2022          | 2021          |
|--|---------------|---------------|
| <b>Net operating result from Income Statement</b>                          | <b>11,502</b> | 14,474        |
| <b>Add / (less) non-cash items:</b>  |               |               |
| Depreciation and amortisation  | 10,009        | 9,742         |
| (Gain) / loss on disposal of assets  | (1,215)       | (293)         |
| Non-cash capital grants and contributions                                  | (2,049)       | (561)         |
| Unwinding of discount rates on reinstatement provisions                    | 50            | 80            |
| <b>Movements in operating assets and liabilities and other cash items:</b> |               |               |
| (Increase) / decrease of receivables                                       | 230           | (2,772)       |
| Increase / (decrease) in provision for impairment of receivables           | 74            | (10)          |
| (Increase) / decrease of inventories                                       | (45)          | (54)          |
| Increase / (decrease) in payables  | (278)         | 281           |
| Increase / (decrease) in accrued interest payable                          | (9)           | 3             |
| Increase / (decrease) in other accrued expenses payable                    | 149           | (266)         |
| Increase / (decrease) in other liabilities                                 | (288)         | 218           |
| Increase / (decrease) in contract liabilities                              | 1,727         | 1,913         |
| Increase / (decrease) in employee benefit provision                        | 15            | 209           |
| Increase / (decrease) in other provisions                                  | 75            | 24            |
| <b>Net cash flows from operating activities</b>                            | <b>19,947</b> | <b>22,988</b> |

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

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

|  |              |            |
|--|--------------|------------|
|  | 2,049        | 561        |
| <b>Total non-cash investing and financing activities</b> | <b>2,049</b> | <b>561</b> |

## G2-1 Commitments

### Capital commitments (exclusive of GST)

| \$ '000 | 2022 | 2021 |
|---------|------|------|
|---------|------|------|

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Buildings                       | 273          | —            |
| Plant and equipment             | 197          | 375          |
| Roads & drainage infrastructure | 639          | 1,300        |
| Sporting facilities             | 77           | 1,828        |
| Swimming Pools                  | 74           | —            |
| <b>Total commitments</b>        | <b>1,260</b> | <b>3,503</b> |

#### These expenditures are payable as follows:

|                      |              |              |
|----------------------|--------------|--------------|
| Within the next year | 1,260        | 3,503        |
| <b>Total payable</b> | <b>1,260</b> | <b>3,503</b> |

#### Sources for funding of capital commitments:

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Unrestricted general funds      | 250          | 952          |
| Future grants and contributions | 731          | 1,454        |
| Unexpended grants               | —            | 301          |
| Internally restricted reserves  | 279          | 796          |
| <b>Total sources of funding</b> | <b>1,260</b> | <b>3,503</b> |

#### Details of capital commitments

The above commitments relate mainly to the following projects;

- Purchase of Fuso Truck & Tipper
- Purchase of John Deere Mower
- Hanel Lookout Improvements
- Jindera Pool Upgrades
- Playground at Culcairn Recreation Reserve
- Road Capital Improvements
- Buildings at Henty Sportsground

## 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 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 2022

### G5-1 Summary of developer contributions

| \$ '000  | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during<br>the year - Cash | Interest and<br>investment<br>income earned | Amounts<br>expended | Held as<br>restricted<br>asset at 30 June<br>2022 |
|--|--------------------------------------|---|---|---------------------|---|
| Drainage   | –                                    | 110   | 4   | (76)                | 38  |
| Roads  | 36                                   | 4   | 1   | –                   | 41  |
| Open space                                       | 1                                    | 50  | –   | –                   | 51  |
| Community facilities                             | 77                                   | 7   | –   | (24)                | 60  |
| Other  | 9                                    | 4   | –   | –                   | 13  |
| <b>S7.11 contributions – under a plan</b>        | <b>123</b>                           | <b>175</b>  | <b>5</b>                                    | <b>(100)</b>        | <b>203</b>  |
| <b>S7.12 levies – under a plan</b>               | <b>568</b>                           | <b>308</b>  | <b>4</b>                                    | <b>(623)</b>        | <b>257</b>  |
| <b>Total S7.11 and S7.12 revenue under plans</b> | <b>691</b>                           | <b>483</b>  | <b>9</b>                                    | <b>(723)</b>        | <b>460</b>  |
| S7.11 not under plans                            | 4                                    | 40  | –   | (44)                | –   |
| S64 contributions                                | 2,011                                | 330   | –   | (2,341)             | –   |
| <b>Total contributions</b>                       | <b>2,706</b>                         | <b>853</b>  | <b>9</b>                                    | <b>(3,108)</b>      | <b>460</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<br>balance at<br>1 July 2021 | Contributions<br>received during<br>the year - Cash | Interest and<br>investment<br>income earned | Amounts<br>expended | Held as<br>restricted<br>asset at 30 June<br>2022 |
|--|--------------------------------------|---|---|---------------------|---|
| <b>CONTRIBUTION PLAN NUMBER 1 – FORMER HUME SHIRE PROPORTION OF GREATER HUME SHIRE</b> |                                      |   |   |                     |   |
| Roads  | 36                                   | 4   | 1   | –                   | 41  |
| Open space   | 1                                    | –   | –   | –                   | 1   |
| Community facilities   | 77                                   | 7   | –   | (24)                | 60  |
| Other  | 9                                    | 4   | –   | –                   | 13  |
| <b>Total</b>   | <b>123</b>                           | <b>15</b>   | <b>1</b>                                    | <b>(24)</b>         | <b>115</b>  |
| <b>INFRASTRUCTURE CONTRIBUTIONS PLAN - SOUTH JINDERA LOW DENSITY RESIDENTIAL AREA</b>  |                                      |   |   |                     |   |
| Drainage   | –                                    | 110   | 4   | (76)                | 38  |
| Open space   | –                                    | 50  | –   | –                   | 50  |
| Other  | –                                    | –   | –   | –                   | –   |
| <b>Total</b>   | <b>–</b>                             | <b>160</b>  | <b>4</b>                                    | <b>(76)</b>         | <b>88</b>   |

## S7.12 Levies – under a plan

### GREATER HUME SHIRE COUNCIL S7.12 LEVY DEVELOPMENT CONTRIBUTIONS PLAN 2014

|              |            |            |          |              |            |
|--------------|------------|------------|----------|--------------|------------|
| Other        | 568        | 308        | 4        | (623)        | 257        |
| <b>Total</b> | <b>568</b> | <b>308</b> | <b>4</b> | <b>(623)</b> | <b>257</b> |

## G5-3 Contributions not under plans

### CONTRIBUTIONS NOT UNDER A PLAN

|              |          |           |          |             |          |
|--------------|----------|-----------|----------|-------------|----------|
| Other        | 4        | 40        | –        | (44)        | –        |
| <b>Total</b> | <b>4</b> | <b>40</b> | <b>–</b> | <b>(44)</b> | <b>–</b> |

## G6 Statement of performance measures

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

| \$ '000  | Amounts<br>2022 | Indicator<br>2022 | Indicators<br>20212020 |          | Benchmark |
|--|-----------------|-------------------|------------------------|----------|-----------|
| 1. Operating performance ratio   |                 |                   |                        |          |           |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup> | (143)           | (0.41)%           | 0.04%                  | (10.16)% | > 0.00%   |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                           | 35,125          |                   |                        |          |           |
| 2. Own source operating revenue ratio  |                 |                   |                        |          |           |
| Total continuing operating revenue excluding all grants and contributions <sup>1</sup>                               | 19,722          | 43.22%            | 38.65%                 | 49.66%   | > 60.00%  |
| Total continuing operating revenue <sup>1</sup>  | 45,631          |                   |                        |          |           |
| 3. Unrestricted current ratio  |                 |                   |                        |          |           |
| Current assets less all external restrictions  | 25,815          | 4.95x             | 4.28x                  | 5.11x    | > 1.50x   |
| Current liabilities less specific purpose liabilities  | 5,213           |                   |                        |          |           |
| 4. Debt service cover ratio  |                 |                   |                        |          |           |
| Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>             | 10,069          | 12.25x            | 11.74x                 | 7.26x    | > 2.00x   |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                               | 822             |                   |                        |          |           |
| 5. Rates and annual charges outstanding percentage   |                 |                   |                        |          |           |
| Rates and annual charges outstanding   | 723             | 5.54%             | 5.72%                  | 6.06%    | < 10.00%  |
| Rates and annual charges collectable   | 13,061          |                   |                        |          |           |
| 6. Cash expense cover ratio  |                 |                   |                        |          |           |
| Current year's cash and cash equivalents plus all term deposits  | 25,798          | 10.59             | 7.59                   | 10.76    | > 3.00    |
| Monthly payments from cash flow of operating and financing activities  | 2,435           | mths              | 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 |
|--|---------------------------------|--------|------------------|---------|------------------|---------|-----------|
|  | 2022                            | 2021   | 2022             | 2021    | 2022             | 2021    |           |
| <b>1. Operating performance ratio</b>  |                                 |        |                  |         |                  |         |           |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup> | <b>0.72%</b>                    | 0.47%  | <b>(10.09)%</b>  | (7.30)% | <b>(10.64)%</b>  | (0.28)% | > 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>39.02%</b>                   | 34.54% | <b>87.63%</b>    | 89.20%  | <b>83.91%</b>    | 84.64%  | > 60.00%  |
| Total continuing operating revenue <sup>1</sup>  |                                 |        |                  |         |                  |         |           |
| <b>3. Unrestricted current ratio</b>   |                                 |        |                  |         |                  |         |           |
| Current assets less all external restrictions  | <b>4.95x</b>                    | 4.28x  | <b>9.61x</b>     | 8.35x   | <b>87.62x</b>    | 49.72x  | > 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>11.42x</b>                   | 10.68x | ∞                | ∞       | ∞                | ∞       | > 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>5.54%</b>                    | 5.71%  | <b>0.43%</b>     | 0.70%   | <b>8.07%</b>     | 7.84%   | < 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>7.24</b>                     | 4.66   | ∞                | ∞       | ∞                | ∞       | > 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.

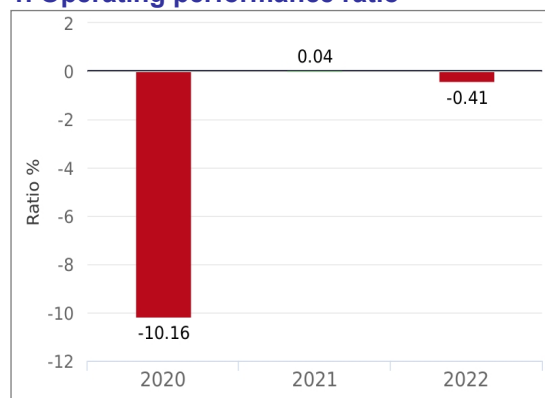
**End of the audited financial statements**



## 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 2021/22 result

2021/22 ratio (0.41)%

Council's operating performance ratio resulted in a small negative result. The operating result for the year before capital grants and contributions was \$1.014m however this included gains on disposal of assets of \$1.215m. It should also be noted that the result includes an increase in the prepayment of Financial Assistance Grant (FAG) from 25% to 50% of the annual grant amount.

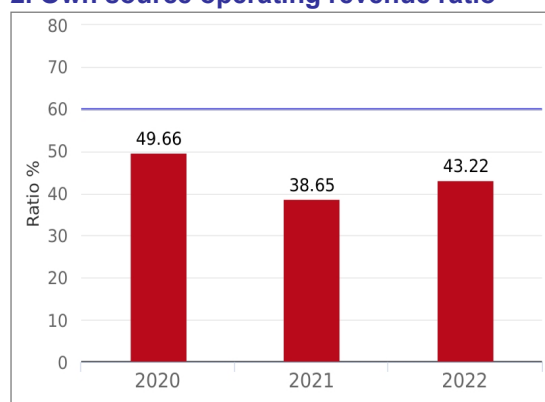
Benchmark: — > 0.00%

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 2021/22 result

2021/22 ratio 43.22%

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 contribution due to their large and relatively small populations.

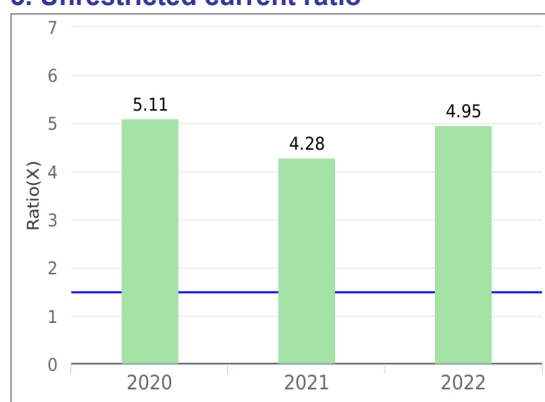
Benchmark: — > 60.00%

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 2021/22 result

2021/22 ratio 4.95x

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

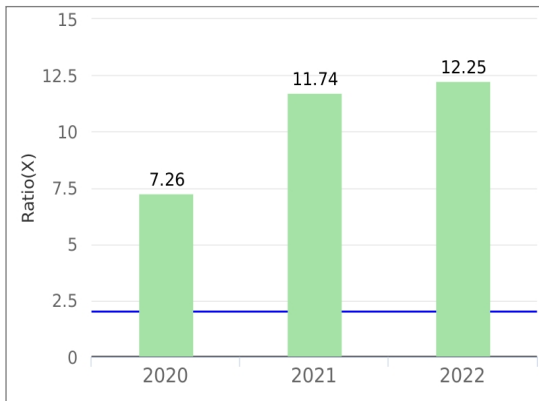
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 12.25x

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

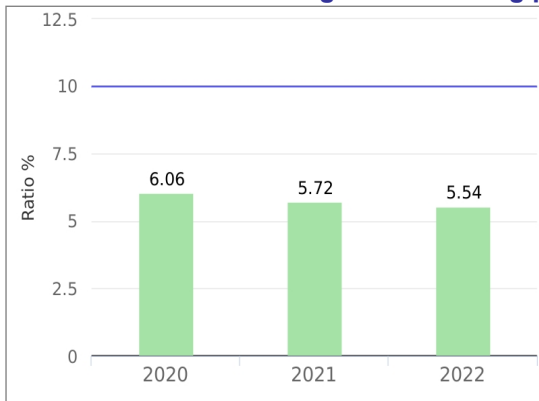
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2021/22 result

2021/22 ratio 5.54%

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

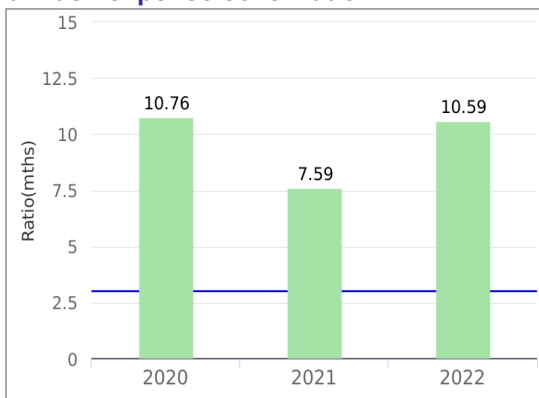
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 10.59 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

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Financial review

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

| \$ '000   | 2022    | 2021    | 2020    | 2019    | 2018    |
|---|---------|---------|---------|---------|---------|
| <b>Inflows:</b>   |         |         |         |         |         |
| Rates and annual charges revenue                                  | 12,228  | 11,791  | 11,416  | 11,277  | 10,886  |
| User charges revenue  | 6,554   | 7,388   | 6,042   | 7,364   | 7,423   |
| Interest and investment revenue (losses)                          | 297     | 248     | 461     | 634     | 562     |
| Grants income – operating and capital                             | 25,056  | 30,967  | 18,368  | 10,376  | 11,076  |
| Total income from continuing operations                           | 46,846  | 52,027  | 37,223  | 35,879  | 40,351  |
| Sale proceeds from IPPE   | 2,086   | 1,640   | 681     | 1,426   | 720     |
| <b>Outflows:</b>  |         |         |         |         |         |
| Employee benefits and on-cost expenses                            | 12,675  | 11,146  | 10,696  | 9,631   | 9,197   |
| Borrowing costs   | 203     | 284     | 231     | 260     | 264     |
| Materials and contracts expenses                                  | 11,379  | 15,379  | 14,892  | 7,175   | 8,155   |
| Total expenses from continuing operations                         | 35,344  | 37,553  | 35,982  | 29,020  | 29,636  |
| Total cash purchases of IPPE                                      | 18,453  | 21,264  | 14,575  | 14,884  | 15,926  |
| Total loan repayments (incl. finance leases)                      | 611     | 574     | 589     | 586     | 589     |
| Operating surplus/(deficit) (excl. capital income)                | 996     | 261     | (3,470) | (317)   | 1,140   |
| <b>Financial position figures</b>                                 |         |         |         |         |         |
| Current assets  | 34,302  | 32,567  | 31,561  | 31,665  | 31,237  |
| Current liabilities   | 11,721  | 10,423  | 7,688   | 7,206   | 7,718   |
| Net current assets  | 22,581  | 22,144  | 23,873  | 24,459  | 23,519  |
| Available working capital (Unrestricted net current assets)       | 9,941   | 7,767   | 7,900   | 5,577   | 6,429   |
| Cash and investments – unrestricted                               | 4,587   | 2,425   | 4,876   | 3,832   | 4,570   |
| Cash and investments – internal restrictions                      | 13,389  | 12,310  | 10,345  | 11,272  | 11,507  |
| Cash and investments – total                                      | 30,798  | 26,292  | 23,735  | 23,987  | 22,471  |
| Total borrowings outstanding (loans, advances and finance leases) | 4,683   | 3,244   | 3,764   | 4,308   | 4,894   |
| Total value of IPPE (excl. land and earthworks)                   | 664,741 | 599,482 | 581,219 | 523,664 | 511,144 |
| Total accumulated depreciation                                    | 208,789 | 183,534 | 174,529 | 183,604 | 176,367 |
| Indicative remaining useful life (as a % of GBV)                  | 69%     | 69%     | 70%     | 65%     | 65%     |

**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

**Opening hours:**

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

**Telephone:** 02 6036 0100

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

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

**Officers****General Manager**

Evelyn Arnold

**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 Tony Quinn

**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 Greater Hume Shire Council

### Qualified 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 2022, the Statement of Financial Position as at 30 June 2022, 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- 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 2022, 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 Qualified Opinion

#### Non recognition of rural fire-fighting equipment

As disclosed in Note C-6 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 26 September 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

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 qualified audit opinion.

## Other Information

The Council's annual report for the year ended 30 June 2022 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.

A handwritten signature in dark ink, reading "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

7 October 2022  
SYDNEY





Mr Tony Quinn  
Mayor  
Greater Hume Shire Council  
PO Box 99  
HOLBROOK NSW 2644

Contact: Nirupama Mani  
Phone no: 02 9275 7111  
Our ref: D2219306/1732

7 October 2022

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2022  
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 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified 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 2022 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.

### **Modification to the opinion in the Independent Auditor's Report**

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

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 26 September 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.





Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

## INCOME STATEMENT

### Operating result

|  | 2022<br>\$m | 2021<br>\$m | Variance<br>%  |
|--|-------------|-------------|--|
| Rates and annual charges revenue                             | 12.2        | 11.8        |  3.4  |
| Grants and contributions revenue                             | 25.9        | 31.7        |  18.2 |
| Operating result from continuing operations                  | 11.5        | 14.5        |  2.0  |
| Net operating result before capital grants and contributions | 1.0         | 0.3         |  233  |

Rates and annual charges revenue was \$12.2 million (\$11.8 million for the year ended 30 June 2021). The increase of \$0.4 million (3.4%) is consistent with an increase in ordinary rates in line with the 2% rate peg and an increase in the total number of rateable properties.

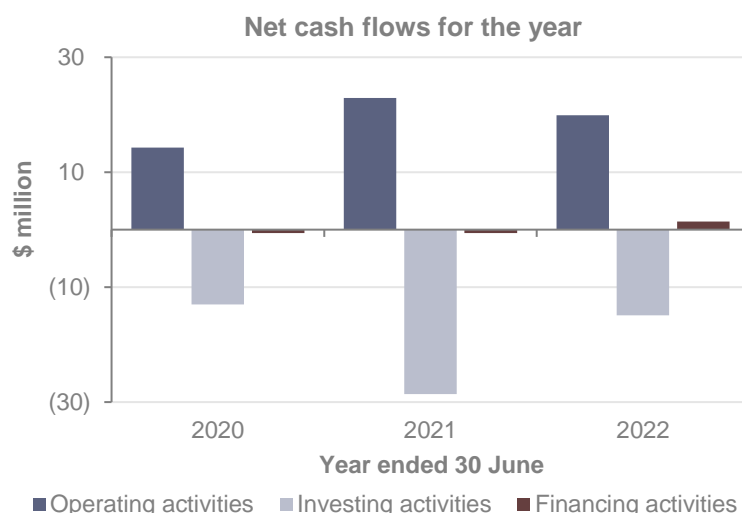
Grants and contributions revenue was \$25.9 million (\$31.7 million for the year ended 30 June 2021). The decrease of \$5.8 million (18.2%) was primarily due to the significant funding for the North Henty Rail Crossing project and the Restart Grant which was recognised as revenue in the prior year.

The Council's operating result from continuing operations (\$11.5 million including depreciation and amortisation expense of \$10 million) was \$3 million lower than the 2020–21 result. The decrease is largely due to the decrease in grants and contributions which has been partially offset by the \$4.0 million decrease in materials and services expenses.

The net operating result before capital grants and contributions (\$1 million) was \$0.7 million higher than the 2020–21 result. This is mainly due to the \$0.9 million increase in the net gain from the disposal of assets.

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$8.6 million (\$2.2 million for the year ended 30 June 2021). There was a net increase in cash and cash equivalents of \$6.4 million during the 2021–22 financial year.
- Net cash provided by operating activities has decreased by \$3 million. This is due to the decrease in receipts of grants and contributions of \$6.4 million.
- Net cash used in investing activities has decreased by \$13.7 million due to a net decrease in purchase of infrastructure, property plant and equipment of \$20.1 million.
- Net cash flows from financing activities has increased by \$1.9 million as a result of Council entering into a new borrowing arrangement for \$2 million.



## FINANCIAL POSITION

### Cash and investments

| Cash and investments   | 2022        | 2021        | Commentary   |
|--|-------------|-------------|--|
|  | \$m         | \$m         |  |
| <b>Total cash, cash equivalents and investments</b>              | <b>30.8</b> | <b>26.3</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 \$1.2 million is primarily due to \$1.1 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 \$1.1 million is mainly due to the increase in the land development reserve.</li> </ul> |
| Restricted and allocated cash, cash equivalents and investments: |             |             |  |
| • External restrictions  | 12.8        | 11.6        |  |
| • Internal allocations   | 13.4        | 12.3        |  |

## Debt

- Council has \$4.7 million of external borrowings (2021: \$3.2 million) which is secured over the revenue of Council.
- Council has a \$0.2 million bank overdraft facility (2021: \$0.2 million) which was undrawn as at 30 June 2022.

## PERFORMANCE

### Performance measures

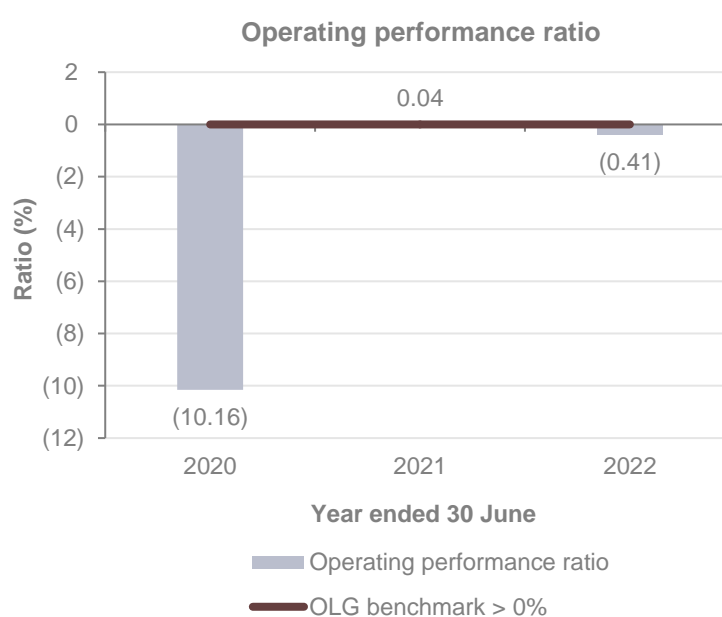
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

#### Operating performance ratio

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

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 operating performance ratio declined to (0.41)% (2021: 0.04%) due to the decrease in grants and contributions provided for operating purposes.

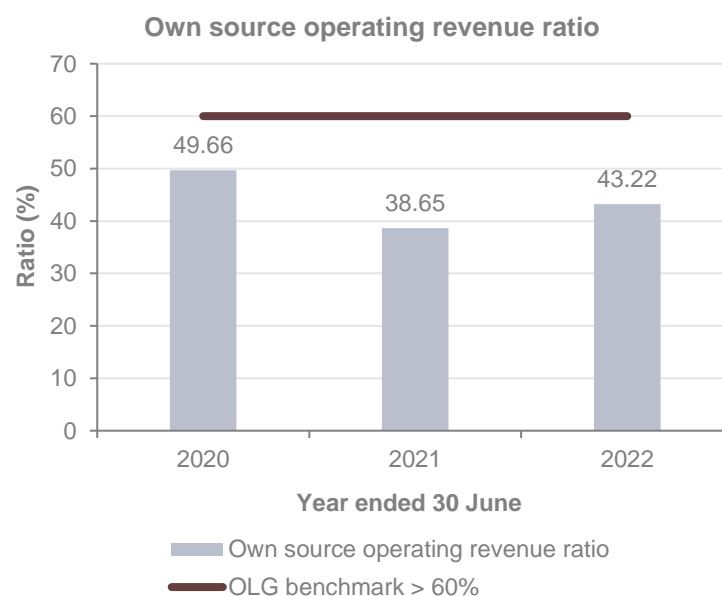


#### Own source operating revenue ratio

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

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 own source operating revenue ratio has increased slightly from 30 June 2021.

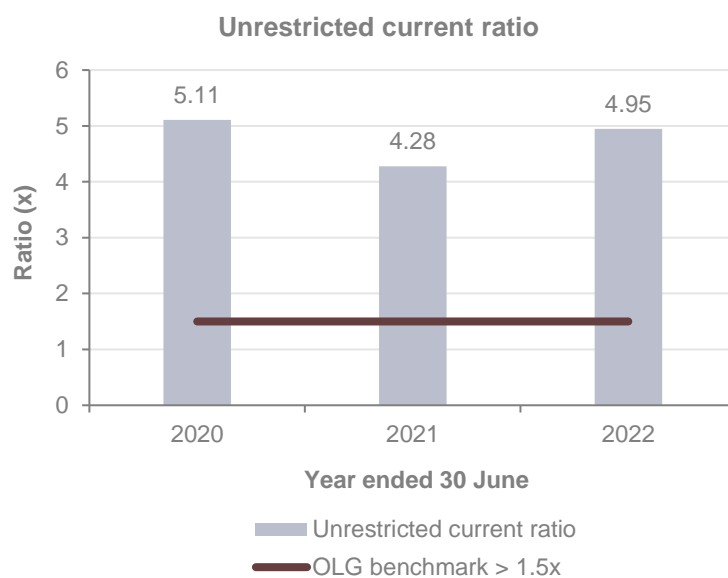


## Unrestricted current ratio

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

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.

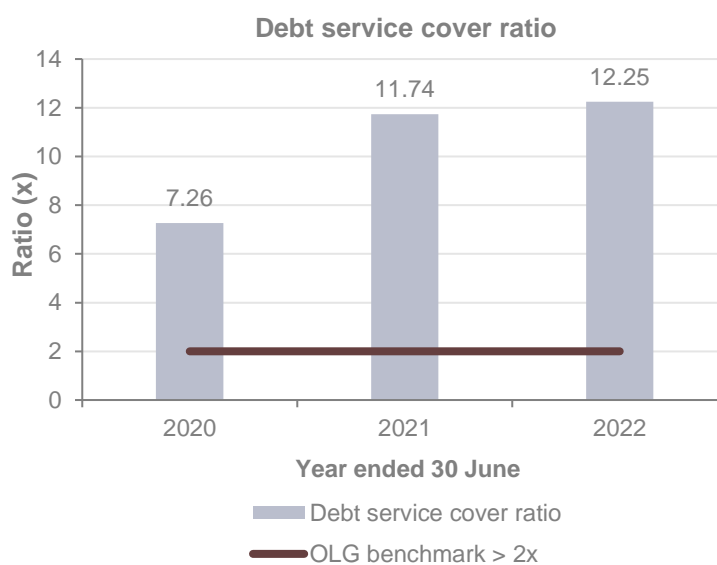
The Council's unrestricted current ratio has increased due to an increase in the unrestricted cash, cash equivalents and investments.



## Debt service cover ratio

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

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.

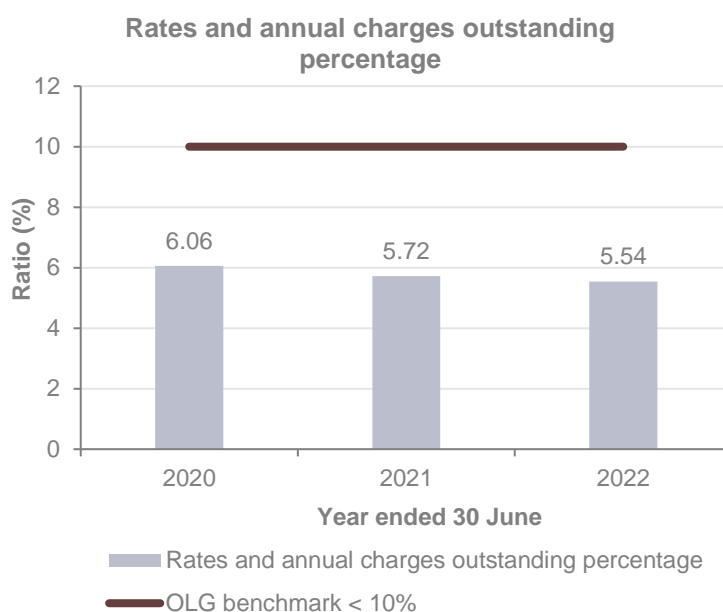


## Rates and annual charges outstanding percentage

The Council is within the OLG benchmark for the current reporting period.

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 rates and annual charges outstanding remained consistent for the last three years, which reflects sound debt recovery at the Council.

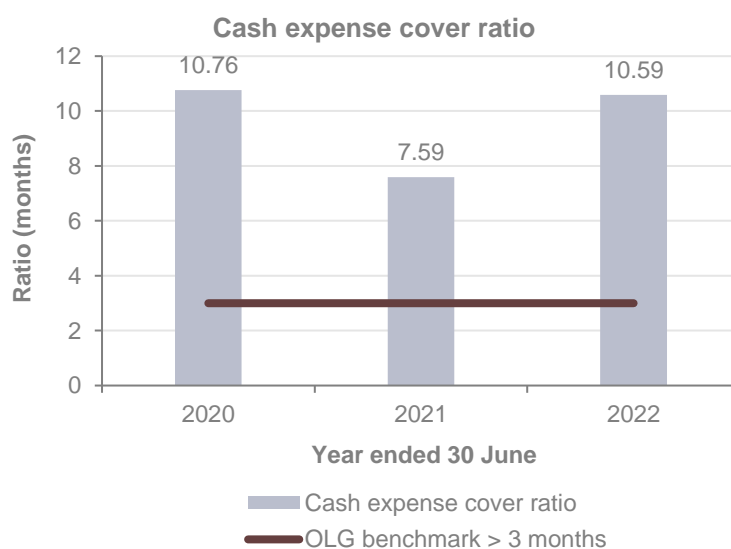


## Cash expense cover ratio

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

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's cash expense cover has increased due to the increase in cash held.



## Infrastructure, property, plant and equipment renewals

The Council renewed \$10.1 million of assets in the 2021–22 financial year, compared to \$11.9 million of assets in the 2020–21 financial year. This decline is largely due to \$1.9 million decrease in other structure renewals.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, 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

Delegate of the Auditor-General for New South Wales

cc: Ms Evelyn Arnold, General Manager  
Mr David Maxwell, Chair of the Audit, Risk and Improvement Committee  
Mr David Smith, Director Corporate & Community Services  
Mr Michael Cassel, Secretary of the Department of Planning and Environment





Greater  
Hume  
Council



Image: HiVision Imaging

# Special Purpose Financial Statements

For the year ended 30 June 2022



## Special Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

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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.**

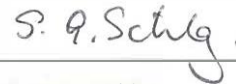
**Signed in accordance with a resolution of Council made on 21 September 2022.**



Councillor Tony Quinn

**Mayor**

21 September 2022



Councillor Annette Schilg

**Councillor**

21 September 2022



Evelyn Arnold

**General Manager**

21 September 2022



Dean Hart

**Responsible Accounting Officer**

21 September 2022

## Greater Hume Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2022

| \$ '000  | 2022          | 2021          |
|--|---------------|---------------|
| <b>Income from continuing operations</b>                                   |               |               |
| Access charges   | 700           | 574           |
| User charges   | 959           | 1,113         |
| Interest and investment income   | 60            | 62            |
| Grants and contributions provided for operating purposes                   | 16            | 92            |
| Other income   | 59            | 77            |
| <b>Total income from continuing operations</b>                             | <b>1,794</b>  | <b>1,918</b>  |
| <b>Expenses from continuing operations</b>                                 |               |               |
| Employee benefits and on-costs   | 530           | 496           |
| Materials and services   | 304           | 322           |
| Depreciation, amortisation and impairment                                  | 446           | 446           |
| Water purchase charges   | 695           | 794           |
| <b>Total expenses from continuing operations</b>                           | <b>1,975</b>  | <b>2,058</b>  |
| <b>Surplus (deficit) from continuing operations before capital amounts</b> | <b>(181)</b>  | <b>(140)</b>  |
| Grants and contributions provided for capital purposes                     | 235           | 129           |
| <b>Surplus (deficit) from continuing operations after capital amounts</b>  | <b>54</b>     | <b>(11)</b>   |
| <b>Surplus (deficit) from all operations before tax</b>                    | <b>54</b>     | <b>(11)</b>   |
| <b>Surplus (deficit) after tax</b>   | <b>54</b>     | <b>(11)</b>   |
| Opening accumulated surplus  | 11,473        | 11,484        |
| Plus adjustments for amounts unpaid:                                       |               |               |
| <b>Closing accumulated surplus</b>   | <b>11,527</b> | <b>11,473</b> |
| <b>Return on capital %</b>   | <b>(0.8)%</b> | <b>(0.7)%</b> |
| <b>Subsidy from Council</b>  | <b>1,041</b>  | <b>458</b>    |
| <b>Calculation of dividend payable:</b>                                    |               |               |
| Surplus (deficit) after tax  | 54            | (11)          |
| Less: capital grants and contributions (excluding developer contributions) | (235)         | (129)         |
| <b>Surplus for dividend calculation purposes</b>                           | <b>-</b>      | <b>-</b>      |
| <b>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 2022

| \$ '000  | 2022          | 2021          |
|--|---------------|---------------|
| <b>Income from continuing operations</b>                                   |               |               |
| Access charges   | 1,400         | 1,403         |
| User charges   | 158           | 154           |
| Liquid trade waste charges   | 84            | 62            |
| Interest and investment income   | 79            | 64            |
| Grants and contributions provided for operating purposes                   | 43            | 84            |
| Other income   | 21            | 20            |
| <b>Total income from continuing operations</b>                             | <b>1,785</b>  | <b>1,787</b>  |
| <b>Expenses from continuing operations</b>                                 |               |               |
| Employee benefits and on-costs   | 812           | 732           |
| Materials and services   | 553           | 455           |
| Depreciation, amortisation and impairment                                  | 610           | 605           |
| <b>Total expenses from continuing operations</b>                           | <b>1,975</b>  | <b>1,792</b>  |
| <b>Surplus (deficit) from continuing operations before capital amounts</b> | <b>(190)</b>  | <b>(5)</b>    |
| Grants and contributions provided for capital purposes                     | 291           | 225           |
| <b>Surplus (deficit) from continuing operations after capital amounts</b>  | <b>101</b>    | <b>220</b>    |
| <b>Surplus (deficit) from all operations before tax</b>                    | <b>101</b>    | <b>220</b>    |
| <b>Surplus (deficit) after tax</b>   | <b>101</b>    | <b>220</b>    |
| Opening accumulated surplus  | 15,521        | 15,301        |
| Plus adjustments for amounts unpaid:                                       |               |               |
| <b>Closing accumulated surplus</b>   | <b>15,622</b> | <b>15,521</b> |
| Return on capital %  | (0.5)%        | 0.0%          |
| Subsidy from Council   | 1,483         | 507           |
| <b>Calculation of dividend payable:</b>                                    |               |               |
| Surplus (deficit) after tax  | 101           | 220           |
| Less: capital grants and contributions (excluding developer contributions) | (291)         | (225)         |
| <b>Surplus for dividend calculation purposes</b>                           | <b>-</b>      | <b>-</b>      |
| <b>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 2022

| \$ '000                                       | 2022          | 2021          |
|---|---------------|---------------|
| <b>ASSETS</b>                                 |               |               |
| <b>Current assets</b>                         |               |               |
| Cash and cash equivalents                     | 3,409         | 3,229         |
| Receivables                                   | 511           | 513           |
| <b>Total current assets</b>                   | <b>3,920</b>  | <b>3,742</b>  |
| <b>Non-current assets</b>                     |               |               |
| Infrastructure, property, plant and equipment | 23,497        | 21,338        |
| <b>Total non-current assets</b>               | <b>23,497</b> | <b>21,338</b> |
| <b>Total assets</b>                           | <b>27,417</b> | <b>25,080</b> |
| <b>LIABILITIES</b>                            |               |               |
| <b>Current liabilities</b>                    |               |               |
| Payables                                      | 408           | 448           |
| <b>Total current liabilities</b>              | <b>408</b>    | <b>448</b>    |
| <b>Total liabilities</b>                      | <b>408</b>    | <b>448</b>    |
| <b>Net assets</b>                             | <b>27,009</b> | <b>24,632</b> |
| <b>EQUITY</b>                                 |               |               |
| Accumulated surplus                           | 11,527        | 11,473        |
| Revaluation reserves                          | 15,482        | 13,159        |
| <b>Total equity</b>                           | <b>27,009</b> | <b>24,632</b> |

## Greater Hume Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

| \$ '000                                       | 2022          | 2021          |
|---|---------------|---------------|
| <b>ASSETS</b>                                 |               |               |
| <b>Current assets</b>                         |               |               |
| Cash and cash equivalents                     | 4,750         | 4,617         |
| Receivables                                   | 332           | 355           |
| <b>Total current assets</b>                   | <b>5,082</b>  | <b>4,972</b>  |
| <b>Non-current assets</b>                     |               |               |
| Infrastructure, property, plant and equipment | 35,316        | 33,672        |
| <b>Total non-current assets</b>               | <b>35,316</b> | <b>33,672</b> |
| <b>Total assets</b>                           | <b>40,398</b> | <b>38,644</b> |
| <b>LIABILITIES</b>                            |               |               |
| <b>Current liabilities</b>                    |               |               |
| Payables                                      | 58            | 100           |
| <b>Total current liabilities</b>              | <b>58</b>     | <b>100</b>    |
| <b>Total liabilities</b>                      | <b>58</b>     | <b>100</b>    |
| <b>Net assets</b>                             | <b>40,340</b> | <b>38,544</b> |
| <b>EQUITY</b>                                 |               |               |
| Accumulated surplus                           | 15,622        | 15,521        |
| Revaluation reserves                          | 24,718        | 23,023        |
| <b>Total equity</b>                           | <b>40,340</b> | <b>38,544</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 – 25% (20/21 26%)

## 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 25% (20/21 26%).

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 25% 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 3.62% at 30 June 2022.



## 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 2022 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 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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 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 2022, 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 2021–22 (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 2022 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 dark ink, reading "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

7 October 2022  
SYDNEY



Greater  
Hume  
Council



Image: HiVision Imaging

# Special Schedules

For the year ended 30 June 2022

Greater Hume Shire Council

Special Schedules

for the year ended 30 June 2022

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|  |      |
|--|------|
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| Report on infrastructure assets as at 30 June 2022 | 7    |

# Greater Hume Shire Council

## Permissible income for general rates

| \$ '000   | Notes                     | Calculation<br>2021/22 | Calculation<br>2022/23 |
|---|---------------------------|------------------------|------------------------|
| <b>Notional general income calculation <sup>1</sup></b>           |                           |                        |                        |
| Last year notional general income yield                           | a                         | 9,036                  | 9,272                  |
| Plus or minus adjustments <sup>2</sup>                            | b                         | 54                     | 96                     |
| <b>Notional general income</b>                                    | $c = a + b$               | <b>9,090</b>           | <b>9,368</b>           |
| <b>Permissible income calculation</b>                             |                           |                        |                        |
| Or rate peg percentage  | e                         | 2.00%                  | 2.00%                  |
| Or plus rate peg amount   | $i = e \times (c + g)$    | 182                    | 187                    |
| <b>Sub-total</b>  | $k = (c + g + h + i + j)$ | <b>9,272</b>           | <b>9,555</b>           |
| Plus (or minus) last year's carry forward total                   | l                         | —                      | 1                      |
| Less valuation objections claimed in the previous year            | m                         | —                      | (1)                    |
| <b>Sub-total</b>  | $n = (l + m)$             | <b>—</b>               | <b>—</b>               |
| <b>Total permissible income</b>                                   | $o = k + n$               | <b>9,272</b>           | <b>9,555</b>           |
| Less notional general income yield                                | p                         | 9,272                  | 9,554                  |
| <b>Catch-up or (excess) result</b>                                | $q = o - p$               | <b>—</b>               | <b>1</b>               |
| Plus income lost due to valuation objections claimed <sup>4</sup> | r                         | 1                      | —                      |
| <b>Carry forward to next year <sup>6</sup></b>                    | $t = q + r + s$           | <b>1</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 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. 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 2023.

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 2021–22 (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 2022 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 2022'.

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 dark ink, reading "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

7 October 2022  
SYDNEY

## Greater Hume Shire Council

## Report on infrastructure assets as at 30 June 2022

| Asset Class          | Asset Category                           | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2021/22 Required maintenance <sup>a</sup> | 2021/22 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost |              |              |              |             |
|----------------------|--|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|--------------|-------------|
|                      |  | \$ '000   | \$ '000   | \$ '000                                   | \$ '000                    |                     |                              | 1   | 2            | 3            | 4            | 5           |
| Buildings            | Other                                    | —   | —   | 24  | 53                         | 7,057               | 9,287                        | 15.0%   | 36.0%        | 40.0%        | 6.0%         | 3.0%        |
|                      | Council Offices / Administration Centres | 10  | 10  | 38  | 40                         | 4,318               | 7,244                        | 0.0%  | 0.0%         | 83.0%        | 17.0%        | 0.0%        |
|                      | Works Depots                             | —   | —   | 53  | 53                         | 2,508               | 4,073                        | 28.0%   | 6.0%         | 54.0%        | 12.0%        | 0.0%        |
|                      | Public Halls                             | 40  | 40  | 35  | 36                         | 5,063               | 11,781                       | 0.0%  | 14.0%        | 52.0%        | 34.0%        | 0.0%        |
|                      | Houses                                   | —   | —   | 27  | 17                         | 1,703               | 1,821                        | 56.0%   | 6.0%         | 38.0%        | 0.0%         | 0.0%        |
|                      | Libraries                                | —   | —   | 5   | 14                         | 1,777               | 3,298                        | 0.0%  | 33.0%        | 67.0%        | 0.0%         | 0.0%        |
|                      | Museums                                  | —   | —   | 5   | 5                          | 468                 | 1,024                        | 12.0%   | 12.0%        | 50.0%        | 25.0%        | 1.0%        |
|                      | Amenities/Public Toilets                 | 35  | 35  | 21  | 39                         | 3,988               | 6,127                        | 7.0%  | 18.0%        | 48.0%        | 16.0%        | 11.0%       |
|                      | Sporting Facilities                      | 45  | 45  | 57  | 14                         | 10,152              | 16,375                       | 7.0%  | 11.0%        | 71.0%        | 10.0%        | 1.0%        |
|                      | Aged Care Facilities                     | —   | —   | 40  | 47                         | 3,206               | 4,979                        | 15.0%   | 32.0%        | 53.0%        | 0.0%         | 0.0%        |
|                      | <b>Sub-total</b>                         | <b>130</b>  | <b>130</b>  | <b>305</b>                                | <b>318</b>                 | <b>40,240</b>       | <b>66,009</b>                | <b>9.1%</b>   | <b>16.7%</b> | <b>58.6%</b> | <b>13.9%</b> | <b>1.7%</b> |
| Other structures     | Other structures                         | 10  | 10  | 23  | 40                         | 15,399              | 24,312                       | 5.0%  | 13.0%        | 76.0%        | 0.0%         | 6.0%        |
|                      | <b>Sub-total</b>                         | <b>10</b>   | <b>10</b>   | <b>23</b>                                 | <b>40</b>                  | <b>15,399</b>       | <b>24,312</b>                | <b>5.0%</b>   | <b>13.0%</b> | <b>76.0%</b> | <b>0.0%</b>  | <b>6.0%</b> |
| Roads                | Roads                                    | —   | —   | —   | —                          | —                   | —                            | 0.0%  | 0.0%         | 0.0%         | 0.0%         | 0.0%        |
|                      | Sealed Roads Surface                     | 50  | 50  | 4,129                                     | 5,912                      | 28,893              | 44,145                       | 7.0%  | 49.0%        | 39.0%        | 5.0%         | 0.0%        |
|                      | Sealed Roads Structure                   | —   | —   | —   | —                          | 208,115             | 252,644                      | 8.0%  | 48.0%        | 39.0%        | 5.0%         | 0.0%        |
|                      | Unsealed roads                           | —   | —   | 1,154                                     | 1,847                      | 16,281              | 29,933                       | 0.0%  | 42.0%        | 49.0%        | 9.0%         | 0.0%        |
|                      | Bridges                                  | 1,400   | 1,400   | 150                                       | 19                         | 43,712              | 79,836                       | 6.0%  | 9.0%         | 63.0%        | 17.0%        | 5.0%        |
|                      | Footpaths                                | —   | —   | 51  | 40                         | 4,290               | 5,524                        | 30.0%   | 27.0%        | 41.0%        | 2.0%         | 0.0%        |
|                      | Kerb & Gutter                            | —   | —   | 51  | 17                         | 8,573               | 13,229                       | 7.0%  | 42.0%        | 44.0%        | 7.0%         | 0.0%        |
|                      | Bulk earthworks                          | —   | —   | —   | —                          | 247,512             | 247,512                      | 4.0%  | 42.0%        | 44.0%        | 10.0%        | 0.0%        |
|                      | <b>Sub-total</b>                         | <b>1,450</b>  | <b>1,450</b>  | <b>5,535</b>                              | <b>7,835</b>               | <b>557,376</b>      | <b>672,823</b>               | <b>6.0%</b>   | <b>40.7%</b> | <b>44.2%</b> | <b>8.5%</b>  | <b>0.6%</b> |
| Water supply network | Mains                                    | —   | —   | 117                                       | 106                        | 19,937              | 31,136                       | 22.0%   | 47.0%        | 19.0%        | 12.0%        | 0.0%        |
|                      | Pumping Station/s                        | —   | —   | 13  | 8                          | 494                 | 745                          | 6.0%  | 89.0%        | 5.0%         | 0.0%         | 0.0%        |
|                      | Treatment Works                          | —   | —   | 6   | 8                          | 198                 | 380                          | 0.0%  | 100.0%       | 0.0%         | 0.0%         | 0.0%        |
|                      | Reservoirs                               | —   | —   | 5   | 4                          | 1,957               | 4,282                        | 7.0%  | 40.0%        | 15.0%        | 38.0%        | 0.0%        |
|                      | Bores                                    | —   | —   | —   | —                          | 359                 | 462                          | 0.0%  | 100.0%       | 0.0%         | 0.0%         | 0.0%        |
|                      | Other                                    | —   | —   | 4   | 1                          | 84                  | 156                          | 0.0%  | 78.0%        | 0.0%         | 2.0%         | 20.0%       |
|                      | <b>Sub-total</b>                         | <b>—</b>  | <b>—</b>  | <b>145</b>                                | <b>127</b>                 | <b>23,030</b>       | <b>37,161</b>                | <b>19.4%</b>  | <b>48.4%</b> | <b>17.7%</b> | <b>14.4%</b> | <b>0.1%</b> |

## Greater Hume Shire Council

## Report on infrastructure assets as at 30 June 2022 (continued)

| Asset Class                      | Asset Category      | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2021/22 Required maintenance <sup>a</sup> | 2021/22 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost |              |              |              |             |
|----------------------------------|---------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|--------------|-------------|
|                                  |                     | \$ '000   | \$ '000   | \$ '000                                   | \$ '000                    | \$ '000             | \$ '000                      | 1   | 2            | 3            | 4            | 5           |
| Sewerage network                 | Mains               | —   | —   | 44  | 54                         | 24,165              | 38,559                       | 19.0%   | 33.0%        | 48.0%        | 0.0%         | 0.0%        |
|                                  | Pumping Station/s   | 20  | 20  | 33  | 64                         | 3,352               | 5,224                        | 11.0%   | 77.0%        | 10.0%        | 2.0%         | 0.0%        |
|                                  | Treatment Works     | —   | —   | 39  | 69                         | 5,280               | 9,142                        | 5.0%  | 82.0%        | 11.0%        | 2.0%         | 0.0%        |
|                                  | Reuse Scheme        | 10  | 10  | 10  | 9                          | 1,293               | 1,511                        | 0.0%  | 94.0%        | 3.0%         | 3.0%         | 0.0%        |
|                                  | <b>Sub-total</b>    | <b>30</b>   | <b>30</b>   | <b>126</b>                                | <b>196</b>                 | <b>34,089</b>       | <b>54,436</b>                | <b>15.4%</b>  | <b>47.1%</b> | <b>36.9%</b> | <b>0.6%</b>  | <b>0.0%</b> |
| Stormwater drainage              | Stormwater drainage | —   | —   | —   | —                          | 14,017              | 17,788                       | 22.0%   | 44.0%        | 23.0%        | 11.0%        | 0.0%        |
|                                  | <b>Sub-total</b>    | <b>—</b>  | <b>—</b>  | <b>—</b>                                  | <b>—</b>                   | <b>14,018</b>       | <b>17,788</b>                | <b>22.0%</b>  | <b>44.0%</b> | <b>23.0%</b> | <b>11.0%</b> | <b>0.0%</b> |
| Open space / recreational assets | Swimming pools      | 150   | 150   | —   | —                          | 6,130               | 10,230                       | 38.0%   | 16.0%        | 40.0%        | 3.0%         | 3.0%        |
|                                  | <b>Sub-total</b>    | <b>150</b>  | <b>150</b>  | <b>—</b>                                  | <b>—</b>                   | <b>6,130</b>        | <b>10,230</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>1,770</b>  | <b>1,770</b>  | <b>6,134</b>                              | <b>8,516</b>               | <b>690,282</b>      | <b>882,759</b>               | <b>8.1%</b>   | <b>38.6%</b> | <b>44.1%</b> | <b>8.4%</b>  | <b>0.8%</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 2022

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

| \$ '000  | Amounts<br>2022 | Indicator<br>2022 | Indicators<br>20212020 |         | Benchmark  |
|--|-----------------|-------------------|------------------------|---------|------------|
| Buildings and infrastructure renewals ratio                              |                 |                   |                        |         |            |
| Asset renewals <sup>1</sup>  | 10,132          | 115.64%           | 137.53%                | 120.93% | >= 100.00% |
| Depreciation, amortisation and impairment                                | 8,762           |                   |                        |         |            |
| Infrastructure backlog ratio   |                 |                   |                        |         |            |
| Estimated cost to bring assets to a satisfactory standard                | 1,770           | 0.25%             | 0.09%                  | 0.05%   | < 2.00%    |
| Net carrying amount of infrastructure assets                             | 694,609         |                   |                        |         |            |
| Asset maintenance ratio  |                 |                   |                        |         |            |
| Actual asset maintenance   | 8,516           | 138.83%           | 105.92%                | 103.10% | > 100.00%  |
| Required asset maintenance   | 6,134           |                   |                        |         |            |
| Cost to bring assets to agreed service level                             |                 |                   |                        |         |            |
| Estimated cost to bring assets to an agreed service level set by Council | 1,770           | 0.20%             | 0.07%                  | 0.04%   |            |
| Gross replacement cost   | 882,759         |                   |                        |         |            |

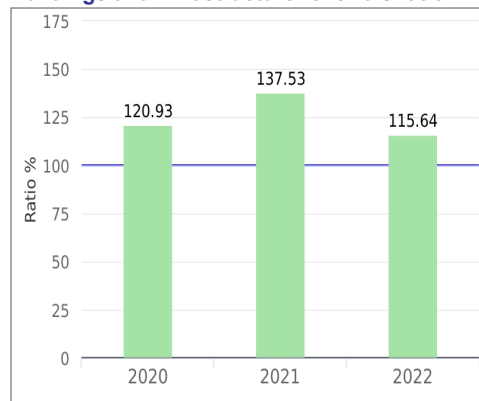
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2022

#### 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

21/22 ratio 115.64%

Major roads and stormwater drainage infrastructure renewal projects have resulted in a renewal ratio which exceeds Council's benchmark aim of at least 100% renewal

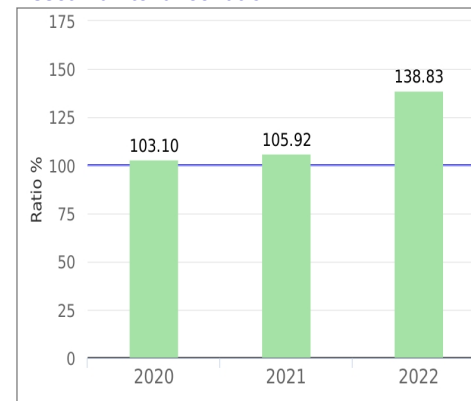
Benchmark: —  $\geq 100.00\%$

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

21/22 ratio 138.83%

Council's annual maintenance expenditure during 2021-22 has met Council's benchmark aim of at least 100%. Council's forward budgets provide for a 1:1 ratio in future budget periods.

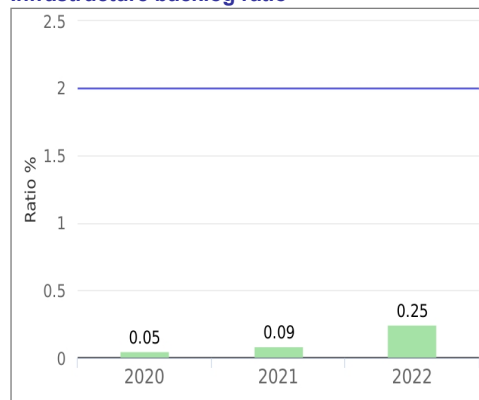
Benchmark: —  $> 100.00\%$

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

21/22 ratio 0.25%

Council has no serious backlog issues in its infrastructure network.

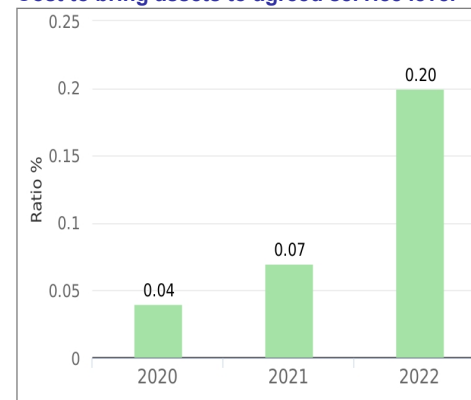
Benchmark: —  $< 2.00\%$

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

21/22 ratio 0.20%

Continuing major works on the renewal of roads and building infrastructure has been a major contributor to achieving this result in 2021-22.

## Greater Hume Shire Council

### Report on infrastructure assets as at 30 June 2022

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

|  | General fund |         | Water fund |         | Sewer fund |        | Benchmark  |
|--|--------------|---------|------------|---------|------------|--------|------------|
| \$ '000  | 2022         | 2021    | 2022       | 2021    | 2022       | 2021   |            |
| Buildings and infrastructure renewals ratio                              |              |         |            |         |            |        |            |
| Asset renewals <sup>1</sup>  |              |         |            |         |            |        |            |
| Depreciation, amortisation and impairment                                | 131.30%      | 153.50% | 3.14%      | 26.20%  | 0.00%      | 17.52% | >= 100.00% |
| Infrastructure backlog ratio   |              |         |            |         |            |        |            |
| Estimated cost to bring assets to a satisfactory standard                |              |         |            |         |            |        |            |
| Net carrying amount of infrastructure assets                             | 0.27%        | 0.10%   | 0.00%      | 0.00%   | 0.09%      | 0.09%  | < 2.00%    |
| Asset maintenance ratio  |              |         |            |         |            |        |            |
| Actual asset maintenance   |              |         |            |         |            |        |            |
| Required asset maintenance   | 139.74%      | 105.68% | 87.59%     | 125.35% | 155.56%    | 91.94% | > 100.00%  |
| Cost to bring assets to agreed service level                             |              |         |            |         |            |        |            |
| Estimated cost to bring assets to an agreed service level set by Council |              |         |            |         |            |        |            |
| Gross replacement cost   | 0.22%        | 0.08%   | 0.00%      | 0.00%   | 0.06%      | 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.