



General Purpose Financial Statements

for the year ended 30 June 2021



**CITY OF
PARRAMATTA**

City of Parramatta Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

**126 Church Street
Parramatta NSW 2150**

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.parracity.nsw.gov.au.

City of Parramatta Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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


- the *Local Government Act 1993 (NSW)* 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:

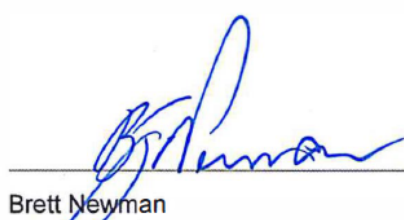
- present fairly the Council's operating result and financial position for the year ended 30 June 2021
- accord with Council's accounting and other records.

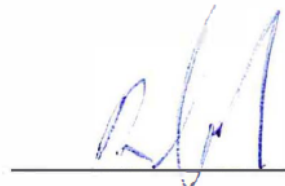
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 25 October 2021.



Steven Issa
Lord Mayor
25 October 2021

Michelle Garrard
Deputy Lord Mayor
25 October 2021

Brett Newman
Chief Executive Officer
25 October 2021

Richard Sheridan
Responsible Accounting Officer
25 October 2021

City of Parramatta Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
198,744	Rates and annual charges	B2-1	197,847	189,335
22,517	User charges and fees	B2-2	29,475	35,824
5,379	Other revenues	B2-3	7,364	10,914
18,269	Grants and contributions provided for operating purposes	B2-4	21,562	21,582
95,789	Grants and contributions provided for capital purposes	B2-4	46,037	50,173
7,535	Interest and investment income	B2-5	12,759	11,695
800	Other income	B2-6	8,072	4,525
(2,500)	Net gain from the disposal of assets	B4-1	19,215	3,773
346,533	Total income from continuing operations		342,331	327,821
Expenses from continuing operations				
121,385	Employee benefits and on-costs	B3-1	123,837	120,935
52,907	Materials and services	B3-2	91,123	96,172
2,101	Borrowing costs	B3-3	2,060	2,608
45,179	Depreciation, amortisation and impairment for non-financial assets	B3-4	49,534	45,390
42,465	Other expenses	B3-5	6,326	4,760
264,037	Total expenses from continuing operations		272,880	269,865
82,496	Net operating result for the year attributable to Council		69,451	57,956
(13,293)	Net operating result for the year before grants and contributions provided for capital purposes		23,414	7,783

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

City of Parramatta Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		69,451	57,956
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-5	26,228	250,324
Re-measurement of remediation liability for asbestos contamination	C3-5	(13,197)	(12,022)
Total items which will not be reclassified subsequently to the operating result		13,031	238,302
Total other comprehensive income for the year		13,031	238,302
Total comprehensive income for the year attributable to Council		82,482	296,258

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

City of Parramatta Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	74,401	57,045
Investments	C1-2	211,729	188,574
Receivables	C1-4	121,552	41,784
Inventories		128	106
Prepayments		3,316	1,416
Total current assets		411,126	288,925
Non-current assets			
Investments and other financial assets	C1-2	267,124	309,095
Receivables	C1-4	99,980	107,888
Infrastructure, property, plant and equipment	C1-5	2,919,024	2,870,736
Intangible Assets	C1-6	4,349	4,156
Right of use assets	C2-1	7,192	29,170
Investments accounted for using the equity method		–	6,095
Total non-current assets		3,297,669	3,327,140
Total assets		3,708,795	3,616,065
LIABILITIES			
Current liabilities			
Payables	C3-1	43,255	36,597
Contract liabilities	C3-2	21,289	5,114
Lease liabilities	C2-1	4,605	3,797
Borrowings	C3-3	9,193	8,981
Employee benefit provisions	C3-4	36,589	30,936
Provisions	C3-5	3,545	9,934
Total current liabilities		118,476	95,359
Non-current liabilities			
Payables	C3-1	316	457
Lease liabilities	C2-1	1,978	24,319
Borrowings	C3-3	12,494	21,687
Employee benefit provisions	C3-4	1,169	1,529
Provisions	C3-5	28,925	9,759
Total non-current liabilities		44,882	57,751
Total liabilities		163,358	153,110
Net assets		3,545,437	3,462,955
EQUITY			
Accumulated surplus		3,192,743	3,109,606
IPPE revaluation reserve		352,694	353,349
Total equity		3,545,437	3,462,955

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

City of Parramatta Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPP&E revaluation surplus	Total equity	Accumulated surplus	IPP&E revaluation surplus	Total equity
Opening balance at 1 July		3,109,606	353,349	3,462,955	3,052,510	115,047	3,167,557
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(2,964)	–	(2,964)
Changes due to AASB 16 adoption (make good provision)		–	–	–	2,104	–	2,104
Restated opening balance		3,109,606	353,349	3,462,955	3,051,650	115,047	3,166,697
Net operating result for the year		69,451	–	69,451	57,956	–	57,956
Other comprehensive income							
– Gain on revaluation of IPP&E	C1-5	–	26,228	26,228	–	250,324	250,324
– Adjustment to community land revaluation reserve for asbestos contamination	C3-5	–	(13,197)	(13,197)	–	(12,022)	(12,022)
Other comprehensive income		–	13,031	13,031	–	238,302	238,302
Total comprehensive income		69,451	13,031	82,482	57,956	238,302	296,258
Transfers between equity items		13,686	(13,686)	–	–	–	–
Closing balance at 30 June		3,192,743	352,694	3,545,437	3,109,606	353,349	3,462,955

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

City of Parramatta Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
198,743	Rates and annual charges		193,673	184,794
22,517	User charges and fees		35,654	39,293
7,535	Investment and interest revenue received		8,710	11,657
114,058	Grants and contributions		81,397	66,439
–	Bonds, deposits and retention received		5,449	2,315
5,379	Other		28,733	28,098
Payments:				
(118,805)	Payments to employees		(117,998)	(120,006)
(52,907)	Payments for materials and services		(94,022)	(63,955)
(2,101)	Borrowing costs		(2,096)	(2,652)
–	Bonds, deposits and retention refunded		(5,001)	(1,455)
(42,465)	Other		(19,356)	(56,069)
131,954	Net cash provided from (or used in) operating activities	G1-1a	115,143	88,459
Cash flows from investing activities				
Receipts:				
107,673	Sale of investment securities		857,124	263,759
1,400	Sale of infrastructure, property, plant and equipment		16,592	147,212
–	Contributions received from joint ventures and associates		–	1,124
Payments:				
–	Purchase of investment securities		(826,989)	(348,349)
(227,058)	Purchase of infrastructure, property, plant and equipment		(130,373)	(96,786)
–	Purchase of intangible assets		(1,313)	(2,464)
(117,985)	Net cash provided from (or used in) investing activities		(84,959)	(35,504)
Cash flows from financing activities				
Payments:				
(8,981)	Repayment of borrowings		(8,981)	(8,749)
(4,988)	Principal component of lease payments		(3,847)	(3,619)
(13,969)	Net cash flow provided from (or used in) financing activities		(12,828)	(12,368)
–	Net change in cash and cash equivalents		17,356	40,587
57,045	Cash and cash equivalents at beginning of year		57,045	16,458
57,045	Cash and cash equivalents at end of year	C1-1	74,401	57,045

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

City of Parramatta 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 25 October 2021. Council has the power to amend and reissue these Financial Statements in cases where critical information is received from public submissions or where the Office of Local Government 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 (except where amounts are shown in text).

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-5
- ii. estimated land 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 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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.

A1-1 Basis of preparation (continued)

Volunteer services

Council has more than 800 volunteers who work across several Council departments including bush care, park committees, community care, cultural heritage and tourism, and library services. Their services are vital to the success of Parramatta, with many Council programs and initiatives relying heavily on assistance from local volunteers. The total volunteer services provided for the year ended 30 June 2021, which can be reliably measured, is \$257,357. Council has elected to not recognise volunteer services in the income statement as the total amount of services donated, while can be reliably measured, is not material.

New accounting standards and interpretations issued not yet effective

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

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

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

New accounting standards adopted during the year

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

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Net Operating result from continuing operations		Grants and Contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Corporate Services	175,220	172,807	47,313	40,285	127,907	132,522	10,402	10,382	804,758	761,758
City Engagement and Experience	319	577	18,748	19,625	(18,429)	(19,048)	100	100	3,809	2,995
Executive Office	3,858	3,832	10,076	11,330	(6,218)	(7,498)	3,838	3,250	6,788	6,371
Property & Place	65,381	43,594	18,633	20,508	46,748	23,086	17,161	2,176	–	–
City Assets and Operations	65,814	41,150	128,966	126,226	(63,152)	(85,076)	21,960	6,588	2,408,786	2,390,250
Community Services	11,360	13,359	30,876	32,494	(19,516)	(19,135)	2,561	2,902	476,419	444,388
City Planning and Design	20,379	52,502	18,268	19,397	2,111	33,105	11,577	46,357	8,235	10,303
Total functions and activities	342,331	327,821	272,880	269,865	69,451	57,956	67,599	71,755	3,708,795	3,616,065

B1-2 Components of functions or activities

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

Corporate Service

- Corporate Administration
- ICT – Information Communication & Technology
- People and Culture
- Risk, Insurance and Internal Audit
- Civic Governance
- Legal Services
- Finance

City Engagement and Experience

- Customer Contact Centre
- City Experience
- City Experience and Engagement Administration
- City Identity
- City Engagement

Executive Office

- Executive Support Office
- General Management Support
- City Strategy

Property & Place

- Civic Place Precinct Redevelopment
- Property and Place Administration
- Property Development Group Projects
- Place Services
- Property, Security, Assets & Services

City Assets and Operations

- City Services Administration
- Regulatory
- City Operations
- City Assets & Environment

Community Services

- Riverside Theatres
- Social and Community Services
- Cultural Strategy
- Community Services and Administration

City Planning and Design

- Development & Traffic Services
- City Design
- City Planning
- City Planning and Design Admin

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	90,455	85,858
Business	57,583	56,467
Less: pensioner rebates (mandatory)	(1,367)	(1,333)
Less: pensioner rebates (Council policy)	(459)	(447)
Rates levied to ratepayers	146,212	140,545
Pensioner rate subsidies received	763	766
Total ordinary rates	146,975	141,311
Special rates		
Open space	2,435	2,335
CBD infrastructure	2,326	2,253
Suburban infrastructure	1,830	1,760
Economic development	821	796
Other	729	711
Rates levied to ratepayers	8,141	7,855
Total special rates	8,141	7,855
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501, & s.611)		
Domestic waste management services	39,965	37,414
Stormwater levy	1,868	1,834
Other	1,356	1,355
Less: pensioner rebates (mandatory)	(531)	(514)
Less: pensioner rebates (Council policy)	(181)	(175)
Annual charges levied	42,477	39,914
Pensioner subsidies received:		
– Domestic waste management	254	255
Total annual charges	42,731	40,169
Total rates and annual charges	197,847	189,335

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	3,405	3,618
Road opening permits	2	1,240	1,239
Construction zone fees	2	1,076	1,146
Road occupancy fees	2	571	559
Hoarding fees	2	610	538
Section 10.7 certificates (EP&A Act)	2	665	497
Food premises licences	2	545	487
Section 603 certificates	2	495	387
Development advertising fees	2	199	379
Annual fire safety statement fees	2	335	363
Subdivision release fees	2	227	219
Tower crane application fees	2	112	186
Section 611 charges	2	160	161
Vehicle crossing inspection fees	2	104	91
Other	2	945	842
Total fees and charges – statutory/regulatory		10,689	10,712
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Multi-level parking stations	2	7,788	11,509
Child care	1	5,374	5,668
Parking meters	2	3,311	4,062
Parramatta Riverside Theatre	2	1,297	2,849
Swimming centres	1	682	580
Other	2	334	444
Total fees and charges – other		18,786	25,112
Total user charges and fees		29,475	35,824
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,086	6,248
User charges and fees recognised at a point in time (2)		23,389	29,576
Total user charges and fees		29,475	35,824

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2021	2020
Fines – parking	2	5,113	7,273
Rebates	2	620	675
Fines – other	2	477	638
Sales – general	2	279	252
Insurance claims recoveries	2	226	100
Legal costs recovered	2	150	439
Riverside Theatre bar and catering sales	2	126	421
Other		373	1,116
Total other revenue		7,364	10,914

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	7,364	10,914
Total other revenue	7,364	10,914

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.

Reclassification of prior year items

As per the disclosure requirement of the *Code of Accounting Practice and Financial Reporting 2020/21* Council has reclassified the following prior-year item to the line Property Lease income - Note B2-6 Other income:

Outdoor dining rentals - \$218k

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	3,280	3,583	–	–
Financial assistance – local roads component	2	1,227	981	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,741	3,792	–	–
Financial assistance – local roads component	2	1,084	1,042	–	–
Amount recognised as income during current year		9,332	9,398	–	–

Special purpose grants and non-developer contributions (tied)

Cash contributions

Community services	2	66	74	–	–
Dept infrastructure planning and natural resources	2	228	1,750	3,190	2,883
Escarpment Board	2	–	–	9,279	–

Previously specific grants*:

Greenspace	1	–	–	–	202
Home support	2	865	989	–	–
Library	2	714	673	–	–
Local Roads and Community Infrastructure Program	2	–	–	1,189	–
Ministry of the arts	2	269	300	–	–
Operating Grants - NSW Government	2	4,453	1,410	–	–

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Other specific grants	2	101	108	347	325
Parramatta Aquatic Centre	2	—	—	3,163	1,277
Parramatta Road Urban Amenity Improvement Program	2	—	—	12,040	—
Sportsground Improvements	2	—	—	360	1,150
Street lighting	1	923	923	—	—
Transport (other roads and bridges funding)	2	889	779	4,084	3,579
Transport (roads to recovery)	2	1,382	1,182	—	—
Waste services performance improvement payment	2	242	239	—	—
Previously contributions*:					
Road restoration contributions	2	782	1,696	—	50
Other sponsorship received	2	87	113	—	—
Paid parental leave	2	151	144	—	—
Salary sacrifice motor vehicle contributions	2	97	164	—	—
Long service leave contributions	2	99	188	—	—
Fire Service Levy	2	—	193	—	—
LIRS subsidy	2	346	436	—	—
Parks and sporting grounds	2	—	—	—	299
National disability contribution	2	193	212	—	—
Other contributions	2	343	168	416	2
Total special purpose grants and non-developer contributions – cash		12,230	11,741	34,068	9,767
Total special purpose grants and non-developer contributions (tied)		12,230	11,741	34,068	9,767
Total grants and non-developer contributions		21,562	21,139	34,068	9,767
Total Grants revenue is attributable to:					
– Commonwealth funding		5,059	11,298	2,774	2,468
– State funding		15,475	6,526	31,112	6,948
– Other funding		1,028	3,315	182	351
		21,562	21,139	34,068	9,767

Reclassification of prior year items

As per the disclosure requirement of the *Code of Accounting Practice and Financial Reporting 2020/21* Council has disclosed non-developer contributions together with grants under General purpose grants and non-developer contributions

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	9,588	37,958
Developer Contributions (VPA)		2	–	443	289	–
Total developer contributions – cash			–	443	9,877	37,958
Non-cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,092	2,448
Total developer contributions non-cash			–	–	2,092	2,448
Total developer contributions			–	443	11,969	40,406
Total contributions			–	443	11,969	40,406
Total grants and contributions			21,562	21,582	46,037	50,173
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			923	923	–	202
Grants and contributions recognised at a point in time (2)			20,639	20,659	46,037	49,971
Total grants and contributions			21,562	21,582	46,037	50,173

B2-4 Grants and contributions (continued)

Unspent grants and contributions – external restrictions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	1,083	3,145	27,842	36,109
Add: Operating grants recognised as income in the current period but not yet spent	2,173	70	2,724	–
Add: Funds received and not recognised as revenue in the current year	–	–	–	691
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	(2,132)	–	(8,958)
Unspent funds at 30 June	3,256	1,083	30,566	27,842
Contributions				
Unspent funds at 1 July	–	–	136,726	134,131
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	12,280	41,162
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(18,350)	(38,567)
Unspent contributions at 30 June	–	–	130,656	136,726

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

B2-4 Grants and contributions (continued)

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 is recognised in accordance with the relevant accounting standard.

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Cash and investments	6,566	10,517
– Overdue rates and annual charges (incl. special purpose rates)	34	1,029
Fair value adjustments		
– Movements in investments at fair value through profit and loss	5,684	149
– Interest in Civic Risk Mutual	475	–
Total interest and investment income (losses)	12,759	11,695

Accounting policy

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

For Fair value items refer to the Accounting policy C1-2 Financial investments.

Council waived the interest payments on outstanding rates as part of a COVID relief package.

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,166	1,081
Leaseback fees - council vehicles		1,016	1,041
Room/Facility Hire		387	889
Property lease income		1,781	951
Total Other lease income		4,350	3,962
Total rental income	C2-2	4,350	3,962
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		–	563
Total net share of interests in joint ventures and associates using the equity method		–	563
Other			
Community Land post amalgamation and others		1,467	–
Cost of assets newly discovered at stocktake		1,562	–
Gain on Lease modification		603	–
Other assets income		90	–
Total other		3,722	–
Total other income		8,072	4,525

Reclassification of prior year items

As per the disclosure requirement of the Code of Accounting Practice and Financial Reporting 2020/21 Council has reclassified the following prior-year item:

included Rental income - 3.773k

transferred from Note B2-3: Outdoor dining rentals - \$218k

included a Net share of interest in joint ventures and associated using the equity method - \$563k

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	95,472	96,442
Employee leave entitlements (ELE)	11,215	11,364
Superannuation	10,220	10,157
Agency personnel	3,700	4,573
Employee termination costs	4,998	593
Other	3,168	3,104
Total employee costs	128,773	126,233
Less: capitalised costs	(4,936)	(5,298)
Total employee costs expensed	123,837	120,935

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 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 C3-5 for more information.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		5,158	7,548
Contractor and consultancy costs			
– consultancies		3,941	5,459
– minor contracts		2,871	3,564
– contractor services		2,844	3,495
– bushland management		2,515	2,875
– ICT software maintenance		3,644	2,537
– professional services		1,585	2,030
– multi-level car parks		1,292	1,554
– security external services		1,658	1,491
– external plant and equipment hire		842	1,467
– cleaning external services		2,059	1,442
– recycling external services		120	1,185
– plant repairs		441	879
– restorations		1,593	519
– electrical external services		303	440
– public tree maintenance		345	415
– sustainability and waste		271	285
– footpath maintenance		56	237
– garbage external services		359	113
– pools repairs		40	87
– contaminated waste removal external services		170	60
– auditors remuneration	F2-1	213	215

Disclosed as Other expenses in FY2020*

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	Notes	2021	2020
Councillor and Mayoral fees and associated expenses	F1-2	862	847
Advertising		1,172	1,378
Bank charges		623	648
Electricity and heating		961	1,354
Insurance		2,440	2,113
Postage		733	657
Street lighting		2,727	2,798
Telephone and communications		884	791
Other expenses		4,452	2,578
Artists in mall and other artists		1,923	1,851
Computer expenses		1,372	1,434
Parking – signs		593	994
Parking space levy		1,599	1,719
Promotions and publicity		691	870
Tipping fees		18,244	16,864
Water		352	651
Memberships		337	534
End of Disclosed as Other expenses in FY2020			
Legal expenses: other		1,196	1,344
Legal expenses: planning and development		428	1,026
Expenses from short-term leases		161	169
Expenses from leases of low value assets		416	200
Variable lease expense relating to usage		14,725	12,719
Other		1,912	4,736
Total materials and services		91,123	96,172

Accounting policy

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

*Reclassification of prior year items

As per the disclosure requirement of the *Code of Accounting Practice and Financial Reporting 2020/21* Council has reclassified these items from Other expenses.

B3-3 Borrowing costs

\$ '000	2021	2020
Interest on loans	1,349	1,805
Interest on leases	711	803
Total interest bearing liability costs	2,060	2,608
Total borrowing costs expensed	2,060	2,608

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.

No borrowing costs were capitalised in the year ended 30 June 2021.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		3,052	2,901
Office equipment		1,480	1,085
Furniture and fittings		1,899	1,835
Land improvements (depreciable)		768	623
Infrastructure:	C1-5		
– Buildings – non-specialised		3,079	2,841
– Buildings – specialised		504	494
– Other structures		886	835
– Roads		16,631	16,500
– Bridges		1,167	1,136
– Footpaths		2,981	2,797
– Stormwater drainage		5,938	4,279
– Swimming pools		14	14
– Other open space/recreational assets		3,379	3,271
Right of use assets	C2-1	4,877	4,858
Other assets:			
– Library books		1,009	857
– Other		285	259
Intangible assets	C1-6	1,120	805
Total gross depreciation and amortisation costs		49,069	45,390
Total depreciation and amortisation costs		49,069	45,390
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-5		
– Other structures		465	–
Total gross IPPE impairment / revaluation decrement costs		465	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		465	–
Total depreciation, amortisation and impairment for non-financial assets		49,534	45,390

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-5 for IPPE assets and Note C1-6 for intangible assets and C2-1 for right of use assets.

Impairment of non-financial assets

Council's 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).

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

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

B3-5 Other expenses

\$ '000	2021	2020
Civic Risk Mutual - Equity to Fair Value accounting decrement	970	–
Contributions/levies to other levels of government		
– NSW fire brigade levy	3,466	3,278
– Department of planning levy	344	379
Donations, contributions and assistance to other organisations (Section 356)	1,546	1,103
Total other expenses	5,356	4,760
Total other expenses	6,326	4,760

Accounting policy

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

Impairment expenses are recognised when identified.

Reclassification of prior year items

As per the disclosure requirement of the Code of Accounting Practice and Financial Reporting 2020/21 Council has reclassified the number of items from this Note to the Note B3-2 Material and services. Refer to the Note B3-2 Material and services for details.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		87,085	3,361
Less: carrying amount of property assets sold/written off		(55,688)	(23,792)
Gain (or loss) on disposal		31,397	(20,431)
Gain (or loss) on disposal of plant and equipment			
	C1-5		
Proceeds from disposal – plant and equipment		242	1,594
Less: carrying amount of plant and equipment assets sold/written off		(46)	(1,075)
Gain (or loss) on disposal		196	519
Gain (or loss) on disposal of infrastructure			
	C1-5		
Proceeds from disposal – infrastructure		–	192
Less: carrying amount of infrastructure assets sold/written off		(12,378)	(5,727)
Gain (or loss) on disposal		(12,378)	(5,535)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments		857,089	263,759
Less: carrying amount of investments sold/redeemed/matured		(857,089)	(263,759)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
Proceeds from disposal – non-current assets 'held for sale'		–	126,649
Less: carrying amount of 'held for sale' assets sold/written off		–	(97,429)
Gain (or loss) on disposal		–	29,220
Net gain (or loss) on disposal of assets		19,215	3,773

Accounting policy

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

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 14/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	198,744	197,847	(897)	0% U
User charges and fees	22,517	29,475	6,958	31% F
Variance predominantly due to faster than expected recovery from COVID-19:				
<ul style="list-style-type: none"> \$1.2m: Riverside performance income; \$2.2m: Higher utilisation of multi-level car parks; \$1.3m: Income from aquatic centres, bookings for parks, ovals and halls; \$2m: Income from statutory and regulatory services. 				
Other revenues	5,379	7,364	1,985	37% F
<ul style="list-style-type: none"> \$1.4m: The budget was significantly reduced due to Covid-19, resulting in higher than predicted parking infringements revenue. \$0.4m: Compensation by Sydney Metro for breaking the lease for Artist Studio. 				
Operating grants and contributions	18,269	21,562	3,293	18% F
<ul style="list-style-type: none"> \$2m: LRCI stage 2 not included in the original budget. 				
Capital grants and contributions	95,789	46,037	(49,752)	(52)% U
<ul style="list-style-type: none"> \$41.5m: Lower than expected Section 7.11 contributions due to the impact of COVID-19 and progression of development. It is expected that section 7.11 contributions will be received in the next financial year. \$4.1m: PRUAIP - Bridge Street Granville Acquisition grant not recognised as income in the financial year 2020-21; \$2.2m: Developers contributions received as works in kind i.e. stormwater assets, footpaths, kerb and gutter and other assets \$1.3m: Charles Street Square works grant moved to the financial year 2021-22 				
Interest and investment revenue	7,535	12,759	5,224	69% F
The strong performance annually can be attributed to the TCorp Long Term growth fund has returned approximately 17.74% as both international and domestic shares rallied.				
The outperformance has also been anchored by diligently selling Floating rate notes resulting in capital gains, as well as term deposit portfolio currently yielding around 1.27%.				
Net gains from disposal of assets	(2,500)	19,215	21,715	(869)% F
The gain from the compulsory sale of the site known as Horwood Place partially offsets the loss from disposal of other assets and loss from stocktake results as per below:				
<ul style="list-style-type: none"> \$32.4m: gain from the sale of Horwood place site; \$5m: loss from the results of stocktake (\$4.1m Other Structure and \$0.9m Bridges) \$7m: loss from disposal of renewed infrastructure assets 				
Other income	800	8,072	7,272	909% F

continued on next page ...

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----
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The variance is primarily due to:

- \$2.3m: Higher than expected lease revenue as a result of opened facilities and services earlier than expected from Covid-19. The budget is included in the Other revenue line.
- \$1.5m: Recognition of bridges and other structures as part of asset stocktake.
- \$1.5m: Recognition of community land transferred at amalgamation.

EXPENSES

Employee benefits and on-costs	121,385	123,837	(2,452)	(2)%	U
Materials and services	52,907	91,123	(38,216)	(72)%	U

Variance is due to the difference in mapping between budget and financial statements. This unfavourable variance is offset with Other Expenses favourable variance.

Borrowing costs	2,101	2,060	41	2%	F
Depreciation, amortisation and impairment of non-financial assets	45,179	49,534	(4,355)	(10)%	U
Other expenses	42,465	6,326	36,139	85%	F

Refer to commentary for Materials and services

STATEMENT OF CASH FLOWS

Cash flows from operating activities	131,954	115,143	(16,811)	(13)%	U
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Lower than expected:

- section 7.11 contributions due to the impact of COVID-19 and progression of development and,
- collection of rates revenue.

Cash flows from investing activities	(117,985)	(84,959)	33,026	(28)%	F
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The lower level of cash inflow from the sale of investment securities is offset by a lower level of investment in infrastructure

- \$15m: cash received from the sale of 189 Macquarie street not budgeted.

Cash flows from financing activities	(13,969)	(12,828)	1,141	(8)%	F
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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	105	494
Cash-equivalent assets		
– Deposits at call	74,296	56,551
Total cash and cash equivalents	74,401	57,045

Reconciliation of cash and cash equivalents

\$ '000	Notes	2021	2020
Total cash and cash equivalents per Statement of Financial Position	C1-1	74,401	57,045
Balance as per the Statement of Cash Flows		74,401	57,045

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	43,993	–	30,854	–
Negotiable Certificates of Deposit (NCD). Floating Rate Notes (FRN) and Bonds	17,031	68,124	16,295	113,890
Total	61,024	68,124	47,149	113,890
Debt securities at amortised cost				
Long term deposits	150,705	193,400	141,425	195,205
Total	150,705	193,400	141,425	195,205
Total financial investments	211,729	261,524	188,574	309,095
Other financial assets				
Interest in Civic Risk Mutual	–	5,600	–	–
Total	–	5,600	–	–
Total financial investments	211,729	267,124	188,574	309,095

Accounting policy

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

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending

C1-2 Financial investments (continued)

on the classification of the financial assets.

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

Financial assets through profit or loss

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

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

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	286,130	261,524	245,619	309,095
attributable to:				
External restrictions	–	261,098	–	247,123
Internal restrictions	204,672	426	199,732	61,972
Unrestricted	81,453	–	45,887	–
	286,130	261,524	245,619	309,095

\$ '000	2021	2020
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Details of restrictions

Specific purpose unexpended grants	13,337	–
External restrictions – included in liabilities	13,337	–

External restrictions

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

Developer contributions – general	130,642	136,726
Museum of Applied Arts & Sciences Agreement	36,854	40,000

continued on next page ...

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

\$ '000	2021	2020
Specific purpose unexpended grants (recognised as revenue) – general fund	33,779	28,925
Domestic waste management	33,102	27,673
CBD infrastructure special rate	4,887	5,967
Stormwater levy	1,402	1,851
Catchment remediation special rate	2,173	1,912
Economic development special rate	1,140	1,300
Harris park special rate	762	647
Open space special rate	846	559
Suburban infrastructure special rate	1,813	1,281
Infrastructure special rate (former Holroyd)	361	282
External restrictions - others	247,761	247,123
Total external restrictions	261,098	247,123
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Property and significant assets reserve	198,158	253,662
Employees leave entitlement	6,401	6,400
Urgent ward works	498	1,642
Parking Meters	41	–
Total internal restrictions	205,098	261,704
Total restrictions	466,196	508,827

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	17,276	996	13,018	1,080
User charges and fees	708	–	1,264	–
Receivable related to sale of assets				
– Sale of land (Museum of Applied Arts & Sciences project)	–	–	1,108	–
– Sale of land (189 Macquarie St)	–	–	15,000	–
– Sale of land (6&8 Parramatta Square)	–	98,399	–	98,399
– Sale of land (Compulsory sale of Horwood place site)	87,085	–	–	–
Accrued revenues				
– Interest on investments	1,315	–	3,425	–
Net GST receivable	2,803	–	1,943	–
Licencing receivables	1,197	–	1,021	–
Government grants and subsidies	2,072	–	4,186	–
Environmental upgrade agreements	140	316	140	457
Works in kind receivable from developers	7,667	–	–	7,667
Other debtors	2,202	269	1,757	285
Total	122,465	99,980	42,862	107,888
Less: provision of impairment				
Rates and annual charges	(69)	–	(69)	–
Other debtors	(844)	–	(1,009)	–
Total provision for impairment – receivables	(913)	–	(1,078)	–

C1-4 Receivables (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total net receivables	121,552	99,980	41,784	107,888

C1-4 Receivables (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted receivables				
Domestic waste management	4,286	–	3,418	–
Stormwater management	246	–	208	–
Other				
CBD Infrastructure special rate	499	–	425	–
Open space special rate	165	–	116	–
Suburban Infrastructure Special Rate	115	–	83	–
Economic development special rate	142	–	119	–
Catchment Remediation Special Rate	22	–	22	–
Harris park special rate	16	–	9	–
Infrastructure Special Rate (Former Holroyd)	4	–	3	–
Total external restrictions	5,495	–	4,403	–
Internally restricted receivables				
Sale of land (6&8 Parramatta Square)	–	98,399	–	98,399
Sale of land (Compulsory sale of Horwood place site)	87,085	–	–	–
Sale of land (189 Macquarie St)	–	–	15,000	–
Sale of land (Museum of Applied Arts & Sciences project)	–	–	1,108	–
Internally restricted receivables	87,085	98,399	16,108	98,399
Unrestricted receivables	28,972	1,581	21,273	9,489
Total net receivables	121,552	99,980	41,784	107,888

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year	1,078	1,166
- amounts written off	–	–
+ new provisions recognised during the year	25	270
– amounts provided for but recovered during the year	(190)	(358)
Balance at the end of the year	913	1,078

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 30 days past due has seen a significant increase in credit risk.

C1-4 Receivables (continued)

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP capitalised	Transfers between asset classes	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	71,375	–	71,375	29,504	100,763	–	–	–	(83,550)	–	–	–	118,092	–	118,092
Plant and equipment	20,482	(10,179)	10,303	–	1,030	(46)	(3,052)	–	–	–	–	–	20,803	(12,568)	8,235
Office equipment	10,637	(4,380)	6,257	–	1,401	–	(1,480)	–	–	–	–	–	12,038	(5,860)	6,178
Furniture and fittings	22,258	(11,547)	10,711	–	498	(373)	(1,899)	–	–	–	–	–	22,298	(13,361)	8,937
Land:															
– Operational land	405,104	–	405,104	–	2,211	(40,550)	–	–	–	–	–	–	366,765	–	366,765
– Community land	312,160	–	312,160	–	12,660	–	–	–	–	–	(9,696)	–	315,124	–	315,124
– Crown land	60,498	–	60,498	–	–	(47)	–	–	–	–	–	–	60,451	–	60,451
– Land under roads (post 30/6/08)	2,151	–	2,151	–	–	–	–	–	–	–	–	–	2,151	–	2,151
Land improvements – depreciable	33,610	(8,368)	25,242	42	2,720	(156)	(768)	–	–	–	–	–	36,125	(9,045)	27,080
Infrastructure:															
– Buildings – non-specialised	234,196	(54,767)	179,429	1,327	257	(13,354)	(3,079)	–	–	–	–	–	217,671	(53,091)	164,580
– Buildings – specialised	34,379	(12,000)	22,379	445	3,094	(1,204)	(504)	–	–	–	–	–	35,432	(11,222)	24,210
– Other structures	24,435	(8,434)	16,001	194	8,019	(4,190)	(886)	(465)	–	(1,200)	–	–	21,232	(3,759)	17,473
– Roads	1,221,240	(300,804)	920,436	17,055	–	(4,501)	(16,631)	–	–	77	–	–	1,230,608	(314,172)	916,436
– Bridges	100,938	(32,162)	68,776	125	11,135	(903)	(1,167)	–	–	–	–	35,924	133,423	(19,533)	113,890
– Footpaths	200,780	(54,507)	146,273	2,712	6,500	(537)	(2,981)	–	–	–	–	–	208,997	(57,030)	151,967
– Bulk earthworks (non-depreciable)	103,853	–	103,853	–	–	(70)	–	–	–	–	–	–	103,783	–	103,783
– Stormwater drainage	647,812	(194,328)	453,484	2,314	3,035	(92)	(5,938)	–	–	–	–	–	653,013	(200,210)	452,803
– Swimming pools	1,512	(525)	987	–	–	–	(14)	–	–	–	–	–	1,512	(539)	973
– Other open space/recreational assets	71,791	(28,527)	43,264	4,424	4,387	(1,888)	(3,379)	–	–	104	–	–	76,617	(29,705)	46,912
Other assets:															
– Heritage collections	2,456	–	2,456	90	116	–	–	–	–	1,019	–	–	4,463	(782)	3,681
– Library books	7,336	(4,111)	3,225	–	299	–	(1,009)	–	–	–	–	–	7,636	(5,121)	2,515
– Other	6,946	(574)	6,372	–	701	–	(285)	–	–	–	–	–	7,647	(859)	6,788
Total infrastructure, property, plant and equipment	3,595,949	(725,213)	2,870,736	58,232	158,826	(67,911)	(43,072)	(465)	(83,550)	–	(9,696)	35,924	3,655,881	(736,857)	2,919,024

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period									At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP capitalised	Adjustments and transfers	Reclassification of Net Carrying Amounts	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	55,208	–	55,208	30,811	68,980	–	–	(83,624)	–	–	–	–	71,375	–	71,375
Plant and equipment	18,974	(9,317)	9,657	–	4,622	(1,075)	(2,901)	–	–	–	–	–	20,482	(10,179)	10,303
Office equipment	8,087	(3,680)	4,407	–	3,380	–	(1,085)	–	–	(445)	–	–	10,637	(4,380)	6,257
Furniture and fittings	18,885	(9,703)	9,182	–	3,288	–	(1,835)	–	76	–	–	–	22,258	(11,547)	10,711
Land:															
– Operational land	311,443	–	311,443	–	–	(9,457)	–	–	(1,357)	–	–	104,475	405,104	–	405,104
– Community land	310,799	–	310,799	–	4	–	–	–	1,357	–	–	–	312,160	–	312,160
– Land under roads (post 30/6/08)	2,151	–	2,151	–	–	–	–	–	–	–	–	–	2,151	–	2,151
– Crown land	74,558	–	74,558	–	–	(14,060)	–	–	–	–	–	–	60,498	–	60,498
Land improvements – depreciable	29,024	(7,794)	21,230	110	4,572	(47)	(623)	–	–	–	–	–	33,610	(8,368)	25,242
Infrastructure:															
– Buildings – non-specialised	209,004	(52,016)	156,988	4,636	20,950	(228)	(2,841)	–	(76)	–	–	–	234,196	(54,767)	179,429
– Buildings – specialised	31,186	(11,506)	19,680	672	2,521	–	(494)	–	–	–	–	–	34,379	(12,000)	22,379
– Other structures	21,968	(7,599)	14,369	99	2,375	–	(835)	–	(7)	–	–	–	24,435	(8,434)	16,001
– Roads	1,213,721	(287,534)	926,187	13,071	2,024	(3,890)	(16,500)	–	–	(45)	(411)	–	1,221,240	(300,804)	920,436
– Bridges	100,819	(31,025)	69,794	111	–	–	(1,136)	–	7	–	–	–	100,938	(32,162)	68,776
– Footpaths	190,466	(52,089)	138,377	4,287	7,256	(848)	(2,797)	–	–	(2)	–	–	200,780	(54,507)	146,273
– Bulk earthworks (non-depreciable)	104,029	–	104,029	–	–	(99)	–	–	–	–	(77)	–	103,853	–	103,853
– Stormwater drainage	479,696	(169,854)	309,842	1,213	371	–	(4,279)	–	–	–	–	146,337	647,812	(194,328)	453,484
– Swimming pools	1,512	(511)	1,001	–	–	–	(14)	–	–	–	–	–	1,512	(525)	987
– Other open space/recreational assets	69,611	(25,900)	43,711	1,157	2,578	(890)	(3,271)	–	–	(21)	–	–	71,791	(28,527)	43,264
Other assets:															
– Heritage collections	2,443	–	2,443	–	13	–	–	–	–	–	–	–	2,456	–	2,456
– Library books	5,924	(3,254)	2,670	–	1,412	–	(857)	–	–	–	–	–	7,336	(4,111)	3,225
– Other	6,026	(315)	5,711	–	920	–	(259)	–	–	–	–	–	6,946	(574)	6,372
Total infrastructure, property, plant and equipment	3,265,534	(672,097)	2,593,437	56,167	125,266	(30,594)	(39,727)	(83,624)	–	(513)	(488)	250,812	3,595,949	(725,213)	2,870,736

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

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

Accounting policy

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 the acquisition date.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and the depreciated historical cost is unlikely to be material.

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, bulk earthworks and heritage assets are 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	Buildings	Years
Office equipment	5 to 10	Structure	40 to 120
Office furniture	10	Roof	75
Computer equipment	5	Fitouts and fittings, services	2 to 180
Vehicles	5 to 10	Stormwater assets	
Other plant and equipment	5 to 10	Pits and pipes	100 to 120
Roads		Other infrastructure assets	
Road surface	12 to 40	Bridge surface and deck	20 to 100
Road pavement base	80 to 100	Bridge structure	40 to 200
Road pavement subbase	150	Swimming pools	20 to 50
Kerb and gutter	100	Open space assets	5 to 100
Other Assets		Bus shelters	30
Library books	5	Other structures	5 to 100
Trees	50 to 100	Footpaths	
Other Assets	5 to 10	Footpaths	20 to 100

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

Revaluation model

Infrastructure, property, plant and equipment (IPP&E) are held at fair value. Comprehensive valuations are performed at least every five years, however, the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from the current fair value according to AASB 13.

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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

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

Crown reserves

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

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

C1-6 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
IT Development and Software		
Opening values at 1 July		
Gross book value	13,501	10,650
Accumulated amortisation	(9,345)	(8,155)
Net book value – opening balance	4,156	2,495
Movements for the year		
Purchases	555	2,021
Amortisation charges	(1,120)	(805)
Development costs	758	–
– Gross book value reclassified from PPE	–	831
– Accumulated amortisation reclassified from PPE	–	(386)
Closing values at 30 June		
Gross book value	14,814	13,501
Accumulated amortisation	(10,465)	(9,345)
Total intangible assets - net book value	4,349	4,156

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including buildings, IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Buildings

Council leases buildings for their corporate offices and other buildings; the leases are generally between 2 and 7 years and some of them include a renewal option to allow Council to renew for up to twice the non-cancellable lease term at their discretion.

The building leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Garbage trucks

Council leases garbage trucks with lease term 7 years; the lease payments are variable depending on the number of collections performed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for office and IT equipment are generally for low-value assets. The leases are for between 2 and 6 years with no renewal option, the payments are fixed, however, some of the leases include variable payments based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

\$ '000	Buildings	Office and IT Equipment	Total
2021			
Opening balance at 1 July	29,124	46	29,170
Additions/modification to right-of-use assets	(17,101)	–	(17,101)
Depreciation charge	(4,854)	(23)	(4,877)
Balance at 30 June	7,169	23	7,192
2020			
Opening balance at 1 July	33,959	–	33,959
Additions/modification to right-of-use assets	–	69	69
Depreciation charge	(4,835)	(23)	(4,858)
Balance at 30 June	29,124	46	29,170

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	4,605	1,978	3,797	24,319
Total lease liabilities	4,605	1,978	3,797	24,319

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	4,716	1,978	–	6,694	6,583
2020					
Cash flows	4,605	16,176	10,436	31,217	28,116

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	711	803
Variable lease payments based on usage not included in the measurement of lease liabilities	14,725	12,719
Depreciation of right of use assets	4,877	4,858
Expenses relating to short-term leases	161	169
Expenses relating to low-value leases	416	200
	20,890	18,749

(e) Statement of Cash Flows

Total cash outflow for leases	19,673	17,511
	19,673	17,511

(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 storage for the excess art from the art gallery, visitors centers, and other community services provided by Council.

The leases are generally between 1 and 5 years 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.

Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-

C2-1 Council as a lessee (continued)

of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental or the asset is held to meet Councils service delivery objective (refer note C1-5).

\$ '000	2021	2020
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Operating lease expenses

Assets held as property, plant and equipment

Direct operating expenses that generated rental income	848	667
Lease income (excluding variable lease payments not dependent on an index or rate)	318	413
Lease income relating to variable lease payments not dependent on an index or a rate	3,184	2,882
Total income relating to operating leases for Council assets	4,350	3,962

Other leased assets expenses

Other	915	303
Total expenses relating to other leases assets	915	303

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

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

< 1 year	523	367
1–2 years	288	329
2–3 years	258	309
3–4 years	258	279
4–5 years	258	279

continued on next page ...

C2-2 Council as a lessor (continued)

\$ '000	2021	2020
> 5 years	17,562	17,584
Total undiscounted lease payments to be received	19,147	19,147

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.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services	14,202	–	8,532	–
Security bonds, deposits and retentions	12,306	–	11,858	–
Accrued expenses:				
– Materials and contracts	14,796	–	14,766	–
– Salaries and wages	1,684	–	1,138	–
– Accrued Interest	127	–	163	–
Environment upgrade agreement	140	316	140	457
Government departments and agencies	–	–	–	–
Total payables	43,255	316	36,597	457
Total payables	43,255	316	36,597	457

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	9,754	9,375
Total payables and borrowings	9,754	9,375

Accounting policy

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

Payables represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	14,856	–	800	–
Total grants received in advance		14,856	–	800	–
User fees and charges received in advance:					
Funds received prior to the performance obligations being satisfied (upfront payments) - AASB 15	(ii)	5,765	–	4,234	–
Upfront fees – swimming pools and childcare		668	–	80	–
Total user fees and charges received in advance		6,433	–	4,314	–

C3-2 Contract liabilities (continued)

Total contract liabilities	21,289	–	5,114	–
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Notes

(i) Council has received funding to construct assets including playgrounds, parks, streetlighting, and footpaths. 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) Upfront payments of user charges include tickets and bonds paid to Riverside Theatre, swimming pool fees, sports field hire fees, planning and building regulation fees, construction zone fees, road opening fees, and other application fees. The contract liability relates to the funds received prior to the performance obligations being satisfied. Council will recognise revenue when the performance obligation has been satisfied, as per the recognition criteria in AASB 15.

(i) Revenue recognised (during the financial year) from opening contract liability balances

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	800	–
User fees and charges received in advance:		
Funds received prior to the performance obligations being satisfied (upfront payments)		
- AASB 15	1,909	3,483
Upfront fees – swimming pools	40	40
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,749	3,523

Significant changes in contract liabilities

Significant changes to contract liability are largely attributable to the upfront payment of grants relating to the Parramatta Road Urban Amenities Improvement Project (PRUAIP), which involves the acquisition of several land parcels at Bridge Street, Granville, and the construction of streetscape and open space assets at Good and Bridge Street, Granville.

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	9,193	12,494	8,981	21,687
Total borrowings	9,193	12,494	8,981	21,687

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 21.

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements		2021
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	30,668	(8,981)	–	–	21,687
Lease liability (Note C2-1b)	28,116	(3,847)	–	(17,686)	6,583
Total liabilities from financing activities	58,784	(12,828)	–	(17,686)	28,270

C3-3 Borrowings (continued)

	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	39,416	(8,748)	–	–	–	–	30,668
Lease liability (Note C2-1b)	–	(3,620)	–	–	31,667	69	28,116
Total liabilities from financing activities	39,416	(12,368)	–	–	31,667	69	58,784

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	280	200
Total financing arrangements	1,280	1,200
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	218	151
Total undrawn financing arrangements	1,218	1,151

Breaches and defaults

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

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

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest 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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Long service leave	18,258	1,169	17,585	1,529
Annual leave	12,445	–	11,006	–
Sick leave	748	–	974	–
Other employee provisions	5,138	–	1,371	–
Total employee benefit provisions	36,589	1,169	30,936	1,529

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	18,904	18,425
	18,904	18,425

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Other provisions				
Asbestos removal - Land	2,617	26,633	9,089	7,181
Asbestos removal - Buildings	561	–	612	–
Make good provisions	287	2,292	–	2,578
Legal expense	80	–	233	–
Sub-total – other provisions	3,545	28,925	9,934	9,759
Total provisions	3,545	28,925	9,934	9,759

Description of and movements in provisions

\$ '000	Other provisions				Net carrying amount
	Asbestos removal Buildings	Legal expense	Asbestos removal Land	Make good provisions	
2021					
At beginning of year	612	233	16,270	2,578	19,693
Additional provisions	–	–	13,197	–	13,197
Amounts used (payments)	(51)	(154)	(218)	–	(423)
Total other provisions at end of year	561	79	29,249	2,578	32,467
2020					
At beginning of year	663	441	6,000	2,393	9,497
Additional provisions	–	100	12,022	185	12,307
Amounts used (payments)	(51)	(308)	(1,752)	–	(2,111)
Total other provisions at end of year	612	233	16,270	2,578	19,693

continued on next page ...

C3-5 Provisions (continued)

Nature and purpose of provisions

Make Good Provisions

Make good provision is recognised for the estimated cost to restore leased premises to its original condition at the conclusion of the lease.

Asbestos Removal

This provision is made for the estimated present value of the costs of asbestos removal from parks, reserves and buildings as at reporting date. Provision is calculated based on the number of sites that were already identified by the Council as contaminated.

The ultimate cost of asbestos removal is uncertain and cost estimates can vary in response to many factors including findings of ongoing investigations as more contaminated land is discovered, updated cost estimates, restoration techniques or experience at other locations.

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 interest expense.

Defined Benefit Plan: Multi-Employer Pooled Fund

Council participates in an employer sponsored Defined Benefit Superannuation Scheme (the Fund) that is a multi-employer plan.

(a) a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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 employee contributions

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40m for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

(b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

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

C3-5 Provisions (continued)

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.

(c) a description of any agreed allocation of a deficit of surplus on:

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

(d) given the entity accounts for that plan as if were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact that the plan is a defined benefit plan.

Council confirms that the plan is a defined benefit plan.

(ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

(iii) the expected contribution to the plan for the next annual reporting period.

The expected contributions by Council to the Fund for the next annual reporting period are \$803,100.96

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

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

Employer reserves only*	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	96.5%

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

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

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

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

The requirement for additional 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 remain in place and will continue to be reviewed on an annual basis or as required. Council advises that it is estimated that there are \$393,500 past service contributions remaining.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2021 was \$870,643.78. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA as at 30 June 2020.

(v) an indication of the level of participation of the entity in the plan compared with other participating entities.

Based on a Past Service Liabilities methodology, the share of the surplus attributed to Council is 0.98%.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1-1 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures -Civic Risk entities	–	6,095
Total net share of interests in joint ventures and associates using the equity method – assets	–	6,095

Restructure of Civic Risk entities to Civic Risk Mutual Ltd

As part of the business efficiency and compliance project the CivicRisk entities legally combined into CivicRisk Mutual Ltd from 1 July 2020.

The change in business structure has an impact on where members report their share of surpluses from the financial year 2020-21 years onwards. Member's surplus in CivicRisk Mutual Ltd was reported as a passive interest (financial asset) and accounted for in accordance with AASB 9. The interest is required to be held at fair value through profit or loss by members. Refer to Note C1-2 Investments.

D1-2 Unconsolidated structured entities

Council did not consolidate the following structured entities:

Parramasala

The principal objective of Parramasala Limited is the promotion of multicultural literature, music, performing arts, visual arts, craft, design, film and community arts. Multicultural NSW and City of Parramatta Council are two investors of the Company. Investors sign a two-year agreement with Parramasala.

The two-year agreement ended on 30 June 2020. The festival was cancelled due to COVID-19 and no new agreement has been entered into by either party.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	74,401	57,045	74,401	57,045
Receivables	221,532	149,672	220,682	148,185
Investments				
– Debt securities at amortised cost	344,105	336,630	344,105	336,630
– Loans and receivables	5,600	–	–	–
Fair value through profit and loss				
Investments				
– Held for trading	129,148	161,039	134,748	161,039
Total financial assets	774,786	704,386	773,936	702,899
Financial liabilities				
Payables	43,571	37,054	43,571	37,054
Borrowings	21,687	30,668	20,820	29,030
Lease liabilities	6,583	28,116	6,583	28,116
Total financial liabilities	71,841	95,838	70,974	94,200

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

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

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

The risks associated with the instruments held are:

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

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
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	4,185	3,937
Impact of a 10% movement in price of investments		
– Equity / Income Statement	13,475	16,104

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges, (ii) user charges and fees, (iii) capital receivable from sale of land.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

The receivable from Walker Corporation is secured by:

- \$10.5m bank guarantee,
- holding company guarantee from Walker Holding Group,
- positive covenant on the land title.

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

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

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

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	16,441	912	357	562	18,272
2020						
Gross carrying amount	–	12,948	542	181	427	14,098

Receivables other than rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	202,030	942	–	646	555	204,173
Expected loss rate (%)	0.00%	0.00%	0.00%	44.80%	100.00%	0.41%
ECL provision	–	–	–	289	555	844
2020						
Gross carrying amount	134,379	1,404	131	126	612	136,652
Expected loss rate (%)	0.00%	10.00%	100.00%	100.00%	100.00%	0.74%
ECL provision	–	140	131	126	612	1,009

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

(c) Liquidity risk

Payables, lease liabilities, 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.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total contractu al cash flows	Actual carrying values
2021							
Trade/other payables	0.00%	12,306	30,808	457	–	43,571	43,571
Loans and advances	0.00%	–	9,193	12,494	–	21,687	21,687
Total financial liabilities		12,306	40,001	12,951	–	65,258	65,258
2020							
Trade/other payables	0.00%	11,858	25,196	–	–	37,054	37,054
Loans and advances	5.04%	–	8,981	21,687	–	30,668	30,668
Total financial liabilities		11,858	34,177	21,687	–	67,722	67,722

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

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 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
At fair value through profit or loss		30/06/2021	30/06/2020	129,148	161,039	—	—	5,600	—	134,748	161,039
Total financial assets				129,148	161,039	—	—	5,600	—	134,748	161,039
Infrastructure, property, plant and equipment											
Operational land	C1-5	30/06/2020	30/06/2020	—	—	366,765	405,104	—	—	366,765	405,104
Community land		30/06/2018	30/06/2018	—	—	—	—	315,124	312,160	315,124	312,160
Crown Land		30/06/2018	30/06/2018	—	—	—	—	60,451	60,498	60,451	60,498
Land under roads		30/06/2018	30/06/2018	—	—	—	—	2,151	2,151	2,151	2,151
Land improvements - depreciable		30/06/2019	30/06/2019	—	—	—	—	27,080	25,242	27,080	25,242
Buildings-non specialised		30/06/2019	30/06/2019	—	—	—	—	164,580	179,429	164,580	179,429
Buildings-specialised		30/06/2019	30/06/2019	—	—	—	—	24,210	22,379	24,210	22,379
Other structures		30/06/2021	13/05/2016	—	—	—	—	17,473	16,001	17,473	16,001
Roads		30/06/2019	30/06/2019	—	—	—	—	916,436	920,436	916,436	920,436
Bridges		30/06/2021	13/05/2016	—	—	—	—	113,890	68,776	113,890	68,776
Footpaths		31/03/2018	31/03/2018	—	—	—	—	151,967	146,273	151,967	146,273
Bulk earthworks		30/06/2019	30/06/2019	—	—	—	—	103,783	103,853	103,783	103,853
Stormwater drainage		30/06/2020	30/06/2020	—	—	—	—	452,803	453,484	452,803	453,484
Swimming pools		30/06/2019	30/06/2019	—	—	—	—	973	987	973	987
Other open space/recreational assets		30/06/2019	30/06/2019	—	—	—	—	46,912	43,264	46,912	43,264
Total infrastructure, property, plant and equipment				—	—	366,765	405,104	2,397,833	2,354,933	2,764,598	2,760,037

Note:
Capital WIP is not included above as it is carried at cost.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Operational Land

This asset class is comprised of all Council's land classified as Operational Land under the *Local Government Act 1993*. The last valuation was undertaken on 30 June 2020 by APV Valuers & Asset Management.

Carrying amount of Operational Land was assessed at this reporting date by APV. Depending upon the unique circumstances of each lot, land has been valued using a range of approaches.

The valuation of the freehold land that has been carried out on a market value basis - assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between a willing vendor and a willing purchaser in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets.

This asset class is categorised as level 2 as the inputs used in the valuation of these assets are observable.

Community Land (including Crown Land)

Community land assets are comprised of Council owned land classified as Community Land under the *Local Government Act 1993* and land under the care and management of Council on behalf of the Crown.

Council's Community Land was revalued as at 30 June 2018 based on the Valuer General's valuation.

Carrying amount of Community Land was assessed at this reporting date by management using Valuer General's revaluation. Change in carrying value was considered to be immaterial.

Land Under Roads

Land Under Roads identified as roads constructed post 01/07/2008 has been valued on 30/06/2018, based on Municipal Average Land Rate discounted by 90%. Council has elected to only recognise land under roads for new roads constructed after 01/07/2008.

Carrying amount of Land Under Roads was assessed at this reporting date by management and change in carrying value was considered to be immaterial.

Buildings

Council engaged APV Valuers & Asset Management to value all buildings and to assess change in carrying amount as at 30 June 2019.

The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets. The net value of the building and site services is the difference between the market value of the asset (as a whole) less the market value of the land component.

Where there is no depth of market the fair value has been determined on current replacement basis. This is calculated by determining the gross current replacement cost and determining the amount of accumulated depreciation to reflect the level of service potential remaining in the asset. The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting equipment, and general lighting etc). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

E2-1 Fair value measurement (continued)

This asset class is categorised as level 3 as some of the inputs used in the valuation of these assets require significant professional judgment and are unobservable

Other Structures

This asset class is comprised of the Bus Shelter, Shelters, Street Furniture, and similar assets.

As of 30 June 2021, the Other Structures assets were valued by internal experts using Level 3 valuation inputs and the cost approach.

The significant inputs used in valuing Other Structures were useful life, pattern of consumption, asset condition and gross replacement cost.

Roads

This asset class is comprised of the Road Carriageway, Kerb & Gutter and Traffic Facilities. The road carriageway is defined as the trafficable portion of a road including the kerb and gutter.

Council's roads are componentised into the formation, pavement, sub-pavement, surface and kerb & gutter and further separated into segments for inspection and valuation.

The formation costs for roads are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. The formation of roads bulk earthworks is non-depreciable as it is not expected that the formation will not need to be renewed during the normal operational use of the assets this financial year.

A comprehensive valuation was completed on 30/06/2019 by APV Valuers & Asset Management. The cost approach was adopted to value Council roads. The replacement cost (based on unit rates), useful lives and conditions were determined by a complete condition assessment using digital imaging technology to gather the granular condition of the Road network by and external specialist Infrastructure Management Group Pty Ltd (IMG).

The valuations are based on the fair value of the modern equivalent of the existing assets. This approach has included an assessment of the overall useful life of each type of asset and the subsequent determination of the remaining useful life of each asset. The unit rates, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

Pavement and Surface condition were rated by IMG this financial year. Council has a documented condition assessment manual. Each condition criteria were assessed in terms of actual affected extent and severity and applied a scaling to convert it to a 1 to 5 rating scale in line with industry recommendations, which have been aligned to the NAMS ratings 1 (Excellent) to 5 (Very Poor).

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

Bridges

This asset class is comprised of all pedestrian and vehicle access bridges.

A revaluation was conducted as at 30 June 2021 for the existing Parramatta bridges by APV Pty Ltd.

The bridges were inspected by Pitt and Sherry Engineers and APV Pty Ltd valued using the cost approach. The significant inputs used in valuing bridges useful life, pattern of consumption, asset condition and gross replacement cost.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

Footpaths

This asset class is comprised of pedestrian walkways and cycle ways. A comprehensive valuation was conducted by Assetic Pty Ltd on 30 March 2018. Replacement costs (unit rates) and useful lives were determined using technical knowledge. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value.

Surface condition was rated by IMG. Each condition criteria were assessed in terms of actual affected extent and severity and applied a scaling to convert it to a 1 to 5 rating scale in line with industry recommendations, which have been aligned to the NAMS ratings 1 (Excellent) to 5 (Very Poor). IMG Ltd undertook digital imagery condition survey of all Council Footpath assets. Assetic Pty Ltd used the condition data to value the footpath assets using the Cost Approach (Level 3).

E2-1 Fair value measurement (continued)

Council assessed change in carrying amount of Footpaths at the end of this financial year. Change in carrying value was considered to be immaterial and no revaluation was performed this financial year.

Stormwater Drainage

The Stormwater Drainage asset class consists of Council's Stormwater Conduits, Stormwater Structures and Stormwater Other Structures. In 2020, Assetic Pty Ltd completed a valuation of these assets using the replacement cost approach. The valuations are based on the fair value of the modern equivalent of the existing assets. This approach has included an assessment of the overall useful life of each type of asset and the subsequent determination of the remaining useful life of each asset.

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge, which incorporated standard unit rates applied to the dimensions of the asset based on local projects/ data and available data verified with first principle calculations; and considered environmental factors based on asset location.

Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined through asset inspections based on documented condition rating manuals and condition sampling methodology. This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

Swimming Pools

Assets within this class are comprised of swimming pools and associated structures.

A comprehensive valuation was conducted by APV as at 30 June 2019 using the cost approach. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

Open Space Assets

Open space assets include assets such as playground equipment, barbeques and other park facilities.

As of 30 June 2018, the majority of open space assets were valued by internal experts using Level 3 valuation inputs and the cost approach.

As of 30 June 2019, Council revalued the groups of assets (fences, land improvements, irrigations) which were not revalued at the last year's revaluation. The valuation was performed by internal experts using the cost approach.

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

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

\$ '000	Fair value (30/06 2021)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community Land	315,124	Land Values obtained from the NSW Valuer-General	Adjustments are made to observable inputs for zoning restrictions, topography, land shape and size
Crown Land	60,451	Land Values obtained from the NSW Valuer-General	Adjustments are made to observable inputs for zoning restrictions, topography, land shape and size
Land Under Roads	2,151	Englobo methodology	Land size
Land improvements	27,080	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Buildings (Specialised and Non-Specialised)	188,790	Market-based direct comparison/cost approach	Market value if available. Otherwise, current replacement cost

E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/06 2021)	Valuation technique/s	Unobservable inputs
Other Structures	17,473	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Roads including bulk earthworks	1,020,219	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Bridges	113,890	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Footpaths	151,967	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Stormwater Drainage	452,803	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Swimming Pools	973	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.
Open Space/Recreational Assets	46,912	Cost Approach	Current replacement cost of modern equivalent asset, useful life, pattern of consumption and asset condition.

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

\$ '000	Total IPP&E 2021	2020 Restated
Opening balance	2,354,933	2,192,716
Total gains or losses for the period		
Fair value gains – other comprehensive income	26,228	145,850
Other movements		
Purchases (gross book value)	80,445	68,004
Disposals (written down value)	(26,942)	(20,062)
Depreciation and impairment	(35,812)	(32,789)
Transfer to Other assets held at cost	(1,019)	(75)
Transfer from Operational Land	–	1,289
Closing balance	2,397,833	2,354,933

Highest and best use

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

E3-1 Contingencies

The independent expert (JMB Environmental Consulting Pty Ltd - JMBE) was engaged by Council in 2018/19 to conduct a Hazardous Materials Management register. JMBE performed the risk assessment and assigned a risk score to each of the Council's buildings.

Council has classified the cost of removal of hazardous material for low and very low rated risk items as a Contingent liability totalling \$4.4m.

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. Specifically, KMP of Council are the:

(a) Lord Mayor, (b) Councillors, (c) CEO and (d) Directors.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2021	2020
Compensation:		
Short-term benefits	2,995	3,524
Post-employment benefits	–	14
Other long-term benefits	235	377
Total	3,230	3,915

KMP compensation includes all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. If a person became a KMP of a reporting entity during a reporting period, no disclosure is required for any remuneration paid to that person before that person's appointment as KMP. If a person ceases to be a KMP during a reporting period, the entity is required to disclose that person's compensation for the period until cessation.

Short-term Benefits

Short-term benefits include cash salary and, where relevant for executives, lump sum payments, motor vehicle benefits, car parking and the fringe benefits tax paid or payable on these benefits.

Post-employment Benefits

Post-employment benefits include superannuation benefits. Other long-term benefits include long service leave and annual leave.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillors' fees	478	506
Councillors' expenses (including Mayor)	274	231
Mayoral fee	110	110
Total	862	847

F1-3 Joint Ventures

Refer to Note D1-1.

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of current year's financial statements	200	200
Overruns for auditing of prior year financial statements recognised in current year	13	15
Total Auditor-General remuneration	213	215
Total audit paid or payable to the Audit Office	213	215

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
Net operating result from Income Statement	69,451	57,956
Adjust for non-cash items:		
Depreciation and amortisation	49,069	45,390
Net losses/(gains) on disposal of assets	(19,215)	(3,773)
Work in kind received	(2,381)	(2,448)
Gain on Lease modification	(603)	—
Cost of assets newly discovered at stocktake	(1,562)	—
Community Land post amalgamation and other	—	—
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(6,159)	(149)
– Revaluation decrements / impairments of IPP&E direct to P&L	465	—
Share of net (profits)/losses of associates/joint ventures using the equity method	970	(563)
+/- Movement in operating assets and liabilities:		
Decrease/(increase) in receivables	(753)	(6,685)
Increase/(decrease) in provision for impairment of receivables	(165)	(88)
Decrease/(increase) in inventories	(22)	(14)
Decrease/(increase) in other current assets	(1,520)	(339)
Increase/(decrease) in payables	5,670	42
Increase/(decrease) in accrued interest payable	(36)	(44)
Increase/(decrease) in other accrued expenses payable	576	753
Increase/(decrease) in other liabilities	307	(3,754)
Increase/(decrease) in contract liabilities	16,175	2,150
Increase/(decrease) in provision for employee benefits	5,293	2,070
Increase/(decrease) in other provisions	(417)	(2,045)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	115,143	88,459

Council does not use Non-cash investing and financing activities.

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	140,768	109,140
Plant and equipment	39	1,625
Footpaths	26,651	–
Roads, kerb and gutter	9,387	–
Bridges	721	2,517
Stormwater Drainage	230	231
Land Improvements	–	7,821
IT and web assets	853	646
Other Structure	43	37
Open Space	5,895	38,371
Other	1,720	3,911
Total commitments	186,307	164,299

Details of capital commitments

Capital commitments relate to ongoing capital projects such as Parramatta Square development, Town Hall upgrade, Charles Street Square works, roads, kerb and gutter maintenance, aquatic leisure centre etc.

G3-1 Events occurring after the reporting date

Purchase of 9 Wentworth Street, Parramatta

In September 2021 Council purchased a new administrative building intending to move administration facilities from 126 Church Street, current administrative building, and occupy part of this seven-storey building in 2023. The total cost of the purchase is \$64m.

Valuation of Horwood place car park

On the 4th of August 2020, Sydney Metro made an offer of \$87m in respect of the Acquisition of the site know as Horwood place car park. Council recognised the sale of the Horwood place car park in the financial year 2020/2021 based on the offer from Sydney Metro.

Council lodged the request to Valuer General NSW for the review of compensation in accordance with the Land Acquisition Act. On the 12th of August 2021 Council received a preliminary assessment from Valuer General NSW. As per the report, the preliminarily determining compensation payable to Council exceeded the offer amount. The Valuer-General NSW is entitled to review or amend a prior determination or re-ascertain a valuation. The final determination has not yet been made.

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Open space	109	—	—	2	—	—	111	—
Community facilities	8,563	230	—	175	(203)	—	8,765	—
Traffic and parking	2,986	—	—	61	—	—	3,047	—
Traffic and transport	2	—	2,092	—	—	—	2	—
Councils OnLine	15	—	—	—	—	—	15	—
Public domain projects	10,081	450	—	204	(613)	—	10,122	—
River foreshore park	3,882	172	—	61	(2,069)	—	2,046	—
Arts and cultural facility	7,822	344	—	160	(186)	—	8,140	—
Recreation Facilities	8,300	287	—	138	(3,258)	—	5,467	—
Historic buildings	1,273	57	—	27	—	—	1,357	—
Car park enhancements	415	57	—	6	(252)	—	226	—
Access and transport	11,858	344	—	233	(1,086)	—	11,349	—
Ermington traffic and pedestrian	—	—	—	—	—	—	—	—
Community facilities (A)	985	658	—	22	(466)	—	1,199	—
Drainage, water quality and laneway infrastructure	1,181	376	—	25	(250)	—	1,332	—
Natural environment	—	126	—	—	(126)	—	—	—
Open space and recreation	1,610	1,098	—	17	(2,708)	—	17	—
Public domain	2,096	316	—	30	(1,442)	—	1,000	—
Roads and shared paths	1,116	572	—	19	(937)	—	770	—
Parramatta Square	7,190	1,696	—	153	(928)	—	8,111	—
Open Space Land - Former Hills	4,582	52	—	94	—	—	4,728	—
Open Space Capital - Former Hills	435	7	—	9	—	—	451	—
Transport Facilities Capital - Former Hills	2,399	29	—	49	—	—	2,477	—
Administration - Former Hills	1,059	4	—	22	—	—	1,085	—
Stormwater Management - Former Hills	2,242	34	—	46	—	—	2,322	—
Community Facilities - Former Hills	2,423	82	—	45	(489)	—	2,061	—
Open Space and Recreation -Former Hills	3,122	232	—	66	(26)	—	3,394	—
Roads and Natural Paths -Former Hills	3,115	271	—	57	(487)	—	2,956	—
Natural Environment -Former Hills	61	34	—	1	(39)	—	57	—
Public Domain -Former Hills	61	34	—	2	—	—	97	—
Drainage and Water Quality -Former Hills	77	34	—	2	—	—	113	—
Drainage & Water Quality (Former Hornsby)	242	8	—	5	—	—	255	—
Public Domain - Former Hornsby	1,841	63	—	38	—	—	1,942	—
Roads - Former Hornsby	1,649	35	—	34	—	—	1,718	—
Open Space - Former Hornsby	14,068	314	—	276	(992)	—	13,666	—

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G4-1 Summary of developer contributions (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community Facilities - Former Hornsby	3,255	39	–	63	(379)	–	2,978	–
Plan Administration - Former Hornsby	52	1	–	1	–	–	54	–
Other - Former Hornsby	2,834	207	–	60	–	–	3,101	–
Community Facilities - Former Auburn	98	46	–	2	–	–	146	–
Public Domain - Former Auburn	215	102	–	5	–	–	322	–
Accessibility and Traffic - Former Auburn	150	29	–	3	–	–	182	–
Plan Administration - Former Auburn	22	10	–	1	–	–	33	–
Open Space (HBW)	10,477	450	–	212	(638)	–	10,501	–
Community Facilities (HBW)	–	252	–	3	–	–	255	–
Traffic Management (HBW)	2,640	186	–	54	(223)	–	2,657	–
Plan Administration (HBW)	642	66	–	10	(400)	–	318	–
Community Facilities (Carter Street)	370	–	–	8	–	–	378	–
Local Open Space (Carter Street)	977	2	–	20	–	–	999	–
District Recreation (Carter Street)	2,221	5	–	45	–	–	2,271	–
Active Transport (Carter Street)	740	2	–	15	–	–	757	–
Traffic Management (Carter Street)	861	2	–	18	–	–	881	–
Plan Administration (Carter Street)	30	–	–	–	–	–	30	–
Parks and Recreation (former Holroyd)	58	71	–	2	–	–	131	–
Sporting Fields (former Holroyd)	58	71	–	2	–	–	131	–
Community Facilities (former Holroyd)	25	30	–	–	–	–	55	–
Total S7.11 and S7.12 revenue under plans	132,585	9,587	2,092	2,603	(18,197)	–	126,578	–
S7.4 planning agreements	4,141	–	–	88	(164)	–	4,065	–
Total contributions	136,726	9,587	2,092	2,691	(18,361)	–	130,643	–

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

G4-2 S7.11 and S7.12 Contributions – under a plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
PARRAMATTA SECTION 7.11 CONTRIBUTION PLAN NUMBER 1								
Traffic and parking	2,986	—	—	61	—	—	3,047	—
Total	2,986	—	—	61	—	—	3,047	—

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G4-2 S7.11 and S7.12 Contributions – under a plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
PARRAMATTA COMPREHENSIVE SECTION 7.11 CONTRIBUTION PLAN								
Open space	109	–	–	2	–	–	111	–
Traffic and transport	2	–	2,092	–	–	–	2	–
Total	111	–	2,092	2	–	–	113	–
PARRAMATTA COMPREHENSIVE SECTION 7.12 CONTRIBUTION PLAN (NON CITY CENTRE)								
Councils OnLine	15	–	–	–	–	–	15	–
Community facilities (A)	985	658	–	22	(466)	–	1,199	–
Drainage, water quality and laneway infrastructure	1,181	376	–	25	(250)	–	1,332	–
Natural environment	–	126	–	–	(126)	–	–	–
Open space and recreation	1,610	1,098	–	17	(2,708)	–	17	–
Public domain	2,096	316	–	30	(1,442)	–	1,000	–
Roads and shared paths	1,116	572	–	19	(937)	–	770	–
Total	7,003	3,146	–	113	(5,929)	–	4,333	–
PARRAMATTA COMPREHENSIVE SECTION 7.12 CONTRIBUTION PLAN (CIVIC IMPROVEMENT)								
Community facilities	8,563	230	–	175	(203)	–	8,765	–
Public domain projects	10,082	450	–	204	(613)	–	10,123	–
River foreshore park	3,882	172	–	61	(2,069)	–	2,046	–
Arts and cultural facility	7,822	344	–	160	(186)	–	8,140	–
Recreation Facilities	8,300	287	–	138	(3,258)	–	5,467	–
Historic buildings	1,273	57	–	27	–	–	1,357	–
Car park enhancements	415	57	–	6	(252)	–	226	–
Parramatta Square	7,190	1,696	–	153	(928)	–	8,111	–
Access and transport	11,856	344	–	233	(1,086)	–	11,347	–
Total	59,383	3,637	–	1,157	(8,595)	–	55,582	–
SECTION 7.11 DEVELOPMENT CONTRIBUTION PLAN - CARLINGFORD PRECINCT								
Open Space Land – Former Hills	4,582	52	–	94	–	–	4,728	–
Open Space Capital – Former Hills	435	7	–	9	–	–	451	–
Transport Facilities Capital – Former Hills	2,399	29	–	49	–	–	2,477	–
Administration – Former Hills	1,059	4	–	22	–	–	1,085	–
Stormwater Management – Former Hills	2,242	34	–	46	–	–	2,322	–
Community Facilities – Former Hills	1,819	19	–	37	–	–	1,875	–
Total	12,536	145	–	257	–	–	12,938	–
SECTION 7.12 DEVELOPMENT CONTRIBUTION PLAN-FORMER HILLS LGA LAND								
Community Facilities – Former Hills	605	63	–	8	(489)	–	187	–

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G4-2 S7.11 and S7.12 Contributions – under a plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Open Space and Recreation -Former Hills	3,122	232	–	66	(26)	–	3,394	–
Roads and Natural Paths -Former Hills	3,115	271	–	57	(487)	–	2,956	–
Natural Environment -Former Hills	62	34	–	1	(39)	–	58	–
Public Domain -Former Hills	62	34	–	2	–	–	98	–
Drainage and Water Quality -Former Hills	77	34	–	2	–	–	113	–
Total	7,043	668	–	136	(1,041)	–	6,806	–
SECTION 7.11 FORMER EPPING AND HORNSBY TC								
Plan Administration – Former Hornsby	27	1	–	–	–	–	28	–
Community Facilities – Former Hornsby	1,133	34	–	20	(379)	–	808	–
Drainage & Water Quality (Former Hornsby)	242	8	–	5	–	–	255	–
Open Space – Former Hornsby	8,013	300	–	154	(872)	–	7,595	–
Public Domain – Former Hornsby	1,842	63	–	38	–	–	1,943	–
Roads – Former Hornsby	942	33	–	20	–	–	995	–
Total	12,199	439	–	237	(1,251)	–	11,624	–
HORNSBY SECTION 7.11 DEVELOPMENT CONTRIBUTIONS PLAN								
Roads – Former Hornsby	707	2	–	14	–	–	723	–
Open Space – Former Hornsby	6,055	14	–	122	(120)	–	6,071	–
Community Facilities – Former Hornsby	2,122	5	–	43	–	–	2,170	–
Plan Administration – Former Hornsby	25	–	–	1	–	–	26	–
Total	8,909	21	–	180	(120)	–	8,990	–
HORNSBY SECTION 7.12 DEVELOPMENT CONTRIBUTION PLAN								
Other – Former Hornsby	2,002	8	–	41	–	–	2,051	–
Total	2,002	8	–	41	–	–	2,051	–
AUBURN DEVELOPMENT CONTRIBUTIONS PLAN 2007 - PART B RESIDENTIAL AND PART F EMPLOYMENT								
Community Facilities – Former Auburn	99	46	–	2	–	–	147	–
Public Domain – Former Auburn	215	102	–	5	–	–	322	–
Accessibilty and Traffic – Former Auburn	150	29	–	3	–	–	182	–
Plan Administration – Former Auburn	22	10	–	1	–	–	33	–
Total	486	187	–	11	–	–	684	–
AUBURN DEVELOPMENT CONTRIBUTIONS PLAN 2007 - PART C HOMEBUSH BAY WEST								
Open Space (HBW)	10,477	450	–	212	(638)	–	10,501	–
Community Facilities (HBW)	–	252	–	3	–	–	255	–
Traffic Management (HBW)	2,640	186	–	54	(223)	–	2,657	–
Plan Administration (HBW)	642	66	–	10	(400)	–	318	–

continued on next page ...

G4-2 S7.11 and S7.12 Contributions – under a plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Total	13,759	954	–	279	(1,261)	–	13,731	–
CARTER STREET PRECINCT DEVELOPMENT CONTRIBUTION PLAN 2016								
Community Facilities (Carter Street)	370	–	–	8	–	–	378	–
Local Open Space (Carter Street)	977	2	–	20	–	–	999	–
District Recreation (Carter Street)	2,220	5	–	45	–	–	2,270	–
Active Transport (Carter Street)	740	2	–	15	–	–	757	–
Traffic Management (Carter Street)	861	2	–	18	–	–	881	–
Plan Administration (Carter Street)	30	–	–	–	–	–	30	–
Total	5,198	11	–	106	–	–	5,315	–
HOLROYD SECTION 7.11 DEVELOPMENT CONTRIBUTIONS PLAN 2013								
Community Facilities (former Holroyd)	25	30	–	–	–	–	55	–
Parks and Recreation (former Holroyd)	58	71	–	2	–	–	131	–
Sporting Fields (former Holroyd)	58	71	–	2	–	–	131	–
Plan administration (former Holroyd)	–	6	–	–	–	–	6	–
Total	141	178	–	4	–	–	323	–
SECTION 7.12 FORMER EPPING AND HORNSBY TC								
Other – Former Hornsby	833	199	–	19	–	–	1,051	–
Total	833	199	–	19	–	–	1,051	–

G4-3 S7.4 planning agreements

S7.4 planning agreements

Lennox Bridge Portals	567	–	–	–	–	–	567	–
Parramatta River Pedestrian Crossing	2,682	–	–	–	–	–	2,682	–
Local Road Works River Road West	181	–	–	–	–	–	181	–
Local road works Ermington	12	–	–	–	–	–	12	–
Robin Thomas Reserve	229	–	–	–	–	–	229	–
Bushland Regeneration Ponds Creek Reserve	24	–	–	–	–	–	24	–
Wentworth Point Library and Community Center	–	–	–	–	–	–	–	–
VPA-21 Hassal St	93	–	–	–	–	–	93	–
VPA- 258-262 Pennant Hills Road and 17-20 Azile Court, Carligford	353	–	–	–	–	–	353	–

continued on next page ...

G4-3 S7.4 planning agreements (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Total	4,141	—	—	—	—	—	4,141	—

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(50)	(0.02)%	1.21%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	271,395			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	249,833	78.70%	77.81%	> 60.00%
Total continuing operating revenue ¹	317,432			
3. Unrestricted current ratio				
Current assets less all external restrictions	405,631	5.30x	4.21x	> 1.50x
Current liabilities less specific purpose liabilities	76,481			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	51,079	3.43x	3.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	14,888			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	18,203	8.58%	7.00%	< 5.00%
Rates and annual charges collectable	212,060			
The ratio is outside the benchmark and deteriorated this year due to the impact of COVID-19 where Council did not pursue the debtors in financial hardship.				
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	418,506	19.98 mths	18.42 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	20,942			

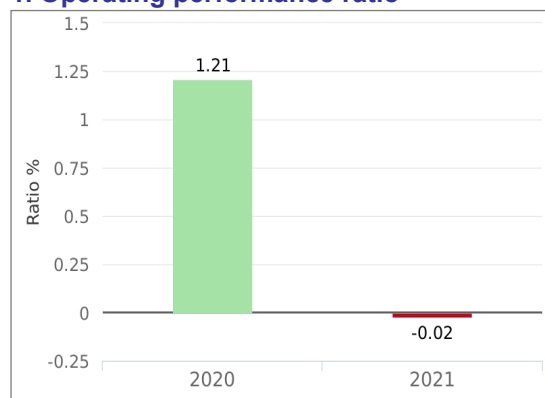
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio (0.02)%

The ratio is outside the benchmark and deteriorated this year. The main reason is the impact of COVID-19 and compulsory acquisition of Horwood place car park site resulting in a decrease in car park revenue by \$4m.

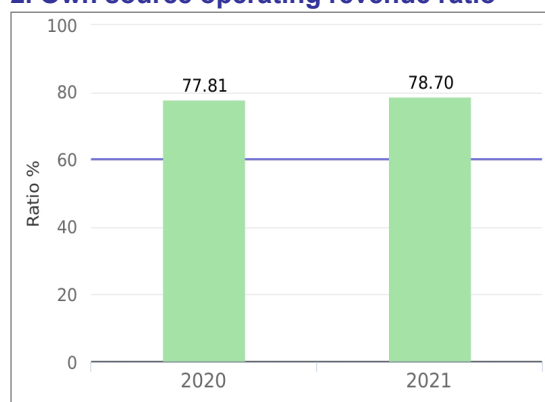
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 78.70%

The ratio remains above the benchmark with no significant changes since last year.

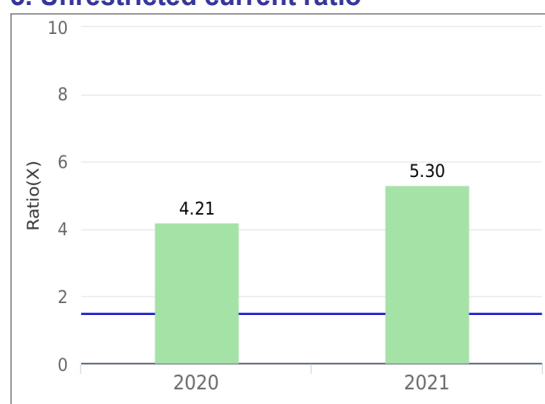
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 5.30x

The ratio remains above the benchmark with no significant changes since last year.

Benchmark: — > 1.50x

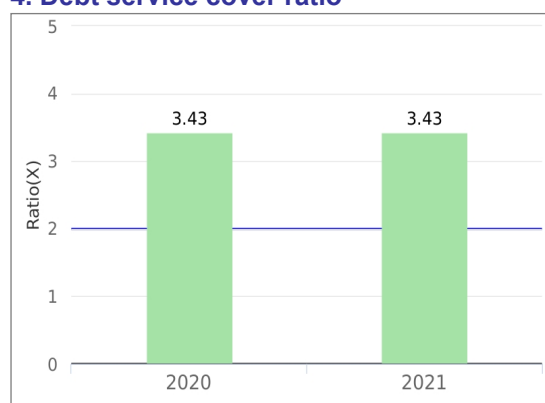
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.43x

The ratio remains above the benchmark with no significant changes since last year.

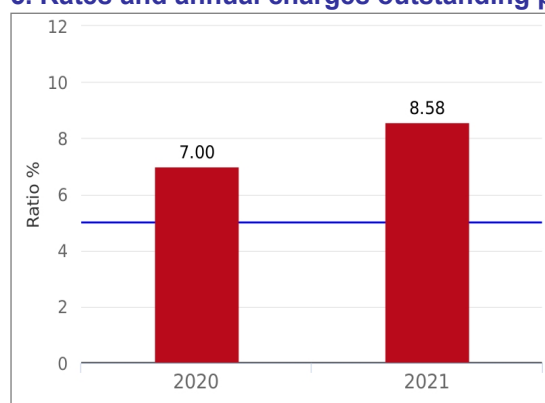
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 8.58%

The ratio is outside the benchmark and deteriorated this year. The main reason is the impact of COVID-19 where Council did not pursue the debtors in the financial hardship.

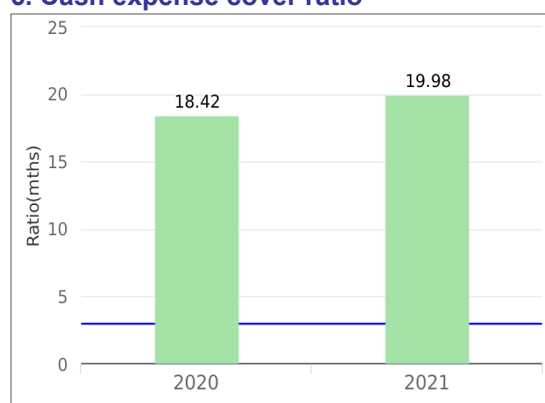
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 19.98 mths

The cash expense cover ratio exceeds the benchmark and improved this year due to \$15m received from sale of 189 Macquarie street and capital grants received.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

126 Church Street
Parramatta NSW 2150

Contact details

Mailing Address:

PO BOX 32
Parramatta NSW 2124

Telephone: (02) 9806 5050

Facsimile: (02) 9806 5917

Opening hours:

8:30am - 4:30pm
Monday to Friday

Internet: <http://www.cityofparramatta.nsw.gov.au/>

Email: council@cityofparramatta.nsw.gov.au

Officers

Chief Executive Officer

Brett Newman

Responsible Accounting Officer

Richard Sheridan

Auditors

Level 19, Tower 2 Darling Park, 201 Sussex St,
Sydney NSW 2000

Elected members

Lord Mayor

Steven Issa

Councillors

Michelle Garrard (Deputy Lord Mayor)

Andrew Wilson

Benjamin Barrak

Pierre Esber

Donna Davis

Bill Tyrrell

Lorraine Wearne

Bob Dwyer

Andrew Jefferies

Phil Bradley

Sameer Pandey

Martin Zaiter

Patricia Prociv

Other information

ABN: 49 907 174 773

INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
City of Parramatta Council

To the Councillors of the City of Parramatta Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

Steven Issa
Lord Mayor
City of Parramatta Council
PO Box 32
PARRAMATTA NSW 2124

Contact: Nirupama Mani
Phone no: 02 9275 7111
Our ref: D2120985/1776

27 October 2021

Dear Lord Mayor

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





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

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	197.8	189.3	 4.5
Grants and contributions revenue	67.6	71.8	 5.8
Operating result from continuing operations	69.5	58.0	 19.8
Net operating result before capital grants and contributions	23.4	7.8	 200.0

The Council's operating result from continuing operations (\$69.5m million including depreciation and amortisation expense of \$49.5 million) was \$11.5 million higher than the 2019–20 result. This was mainly due to:

- \$8.5 million increase in rates and annual charges, \$15.4 million increase in the net gain from the disposal of assets and \$5.1 million decrease in materials and services expense
- offset by \$6.3 million decrease in user fees and charges, \$4.2 million decrease in grants and contributions provided for capital purposes and \$3.5 million decrease in other revenue.

The net operating result before capital grants and contributions of \$23.4 million was \$15.6 million higher than the 2019–20 result. This was mainly due gain from the compulsory sale of the Horwood Place carpark.

Rates and annual charges revenue of \$197.8 million increased by \$8.5 million (4.5 per cent) in 2020–21 due to:

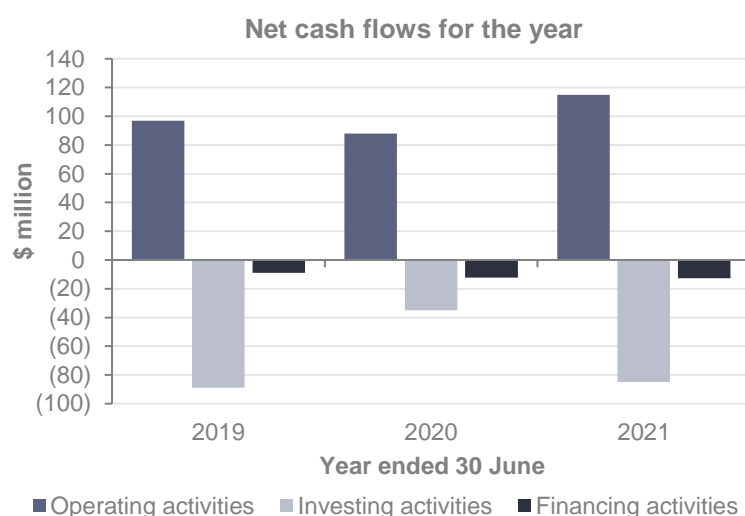
- annual rate peg increase applied to ordinary rates (2.6 per cent)
- increase of \$2.6 million for domestic waste management service charges.

Grants and contributions revenue of \$67.6 million decreased by \$4.1 million (5.8 per cent) in 2020–21 mainly due to lower cash contributions for S 7.11 of \$28.4 million offset by higher special purpose grants and non-developer contributions of \$24.3 million.

STATEMENT OF CASH FLOWS

The Council's cash and cash equivalents balance at 30 June 2021 was \$74.4 million. Net cash flows for the year increased by \$17.4 million.

The overall increase in net cash flows was due to an increase in operating activities of \$115.1 million. This was offset by net cash outflows used in investing activities of \$85.0 million mainly from purchase of infrastructure, property, plant and equipment.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	547.7	554.7	<ul style="list-style-type: none"> Cash and cash equivalents decreased by \$7 million Externally restricted funds mainly include development contributions (\$130.6 million), proceeds from the sale of the Museum of Applied Arts and Sciences (MAAS) site (\$36.9 million), specific purpose unexpended grants (\$33.8 million) and domestic waste management (\$33.1 million).
Restricted cash and investments:			
• External restrictions	261.1	247.2	
• Internal restrictions	205.1	261.7	<ul style="list-style-type: none"> Internally restricted cash and investments are restricted due to Council policy. Restricted funds comprise of funds set aside for the Property and significant assets reserve (\$198.2 million), Employee leave entitlements (\$6.4 million) and Urgent ward works (\$0.5 million). The Property and significant assets reserve represent funds set aside from the sale of property, such as the Parramatta Square site.

Debt

The Council had borrowings of \$21.7 million at 30 June 2021, of which \$9.2 million is classified as a current liability to be settled within the next 12 months. Council repaid loan principal of \$9 million during the year.

PERFORMANCE

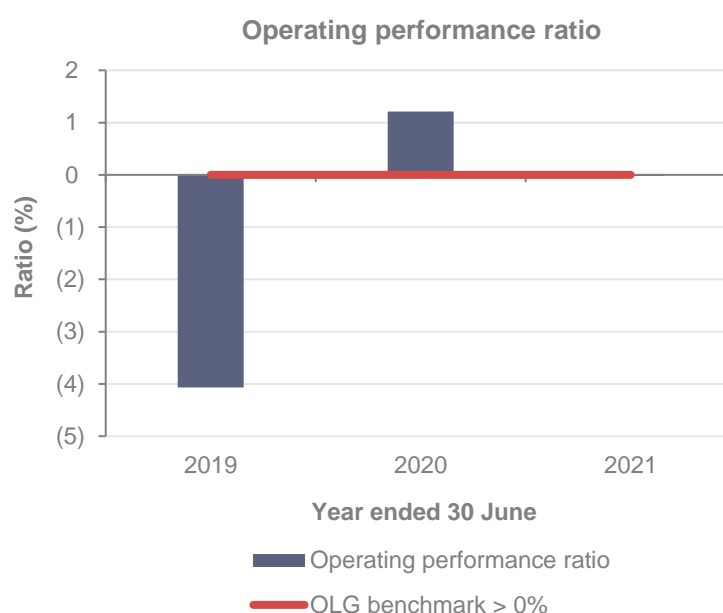
Performance measures

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

Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

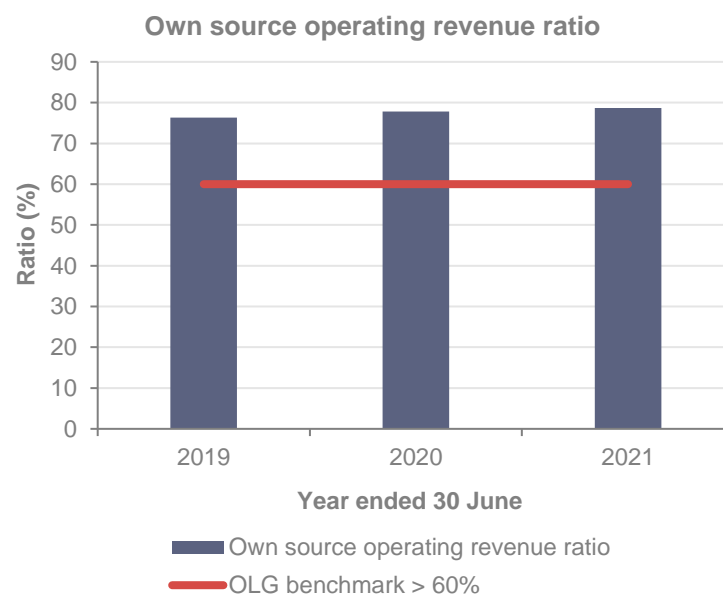
The Council reported an operating performance ratio of (0.02) per cent in 2020-21. The Council did not meet the OLG benchmark for the current reporting period. The ratio has been impacted by COVID-19 and the compulsory acquisition of Horwood place car park site resulting in a decrease in car park revenue.



Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

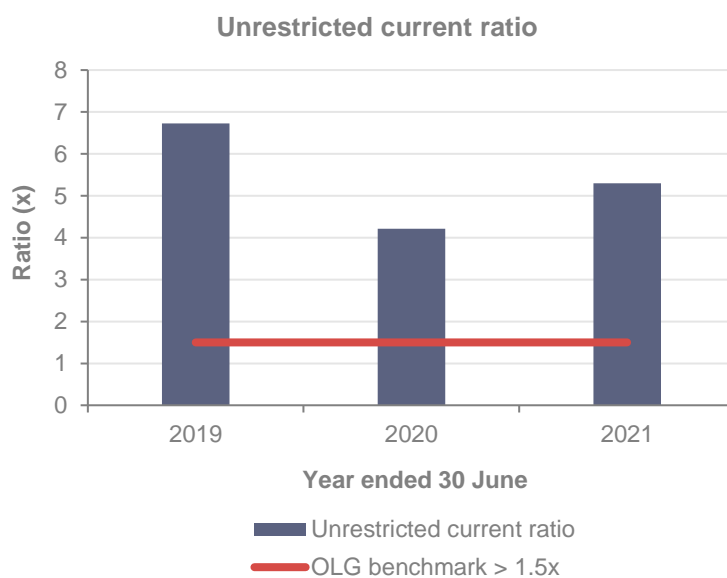
The Council met the OLG benchmark for the current reporting period.



Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

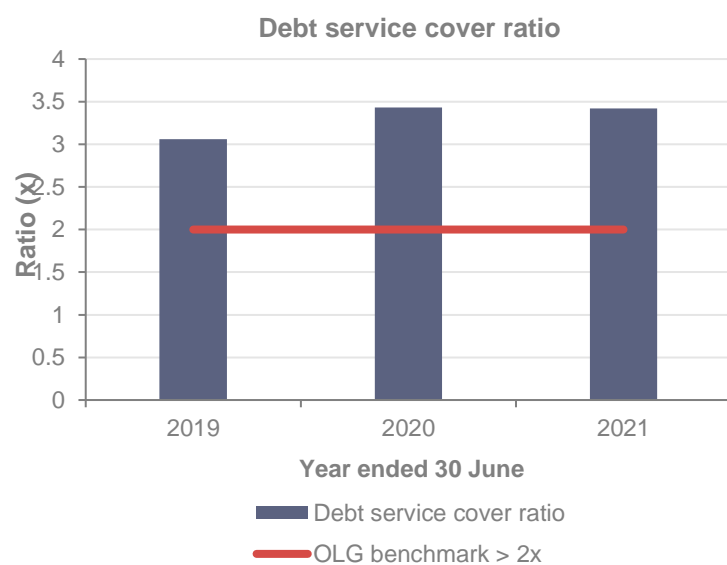
The Council met the OLG benchmark for the current reporting period.



Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

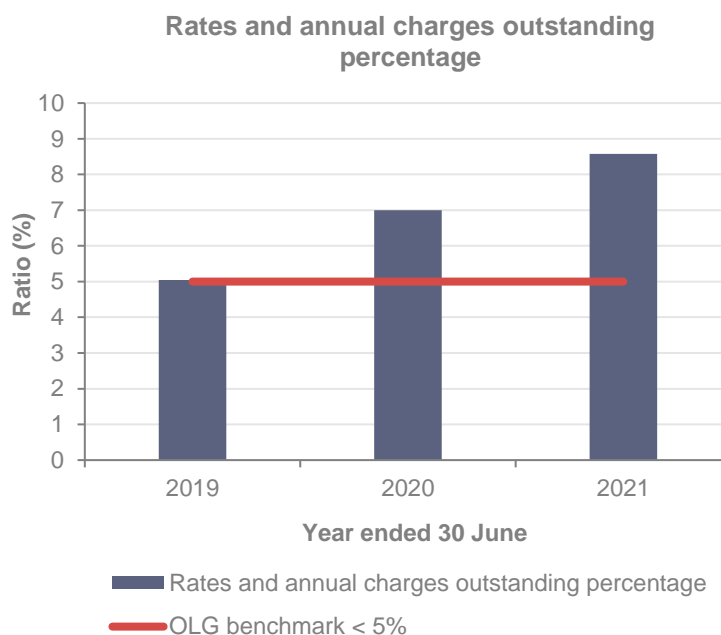
The Council met the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

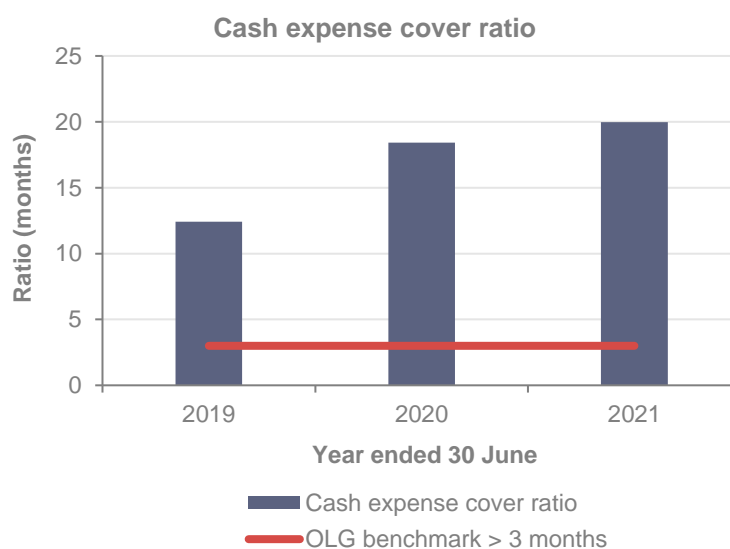
The Council did not meet the OLG benchmark for the current reporting period. This ratio has been impacted by COVID-19 where Council did not pursue certain debtors in financial hardship.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

The Council incurred \$58.2 million on asset renewals during 2020-21, which is relatively consistent with asset renewals in the prior year of \$56.2 million.

OTHER MATTERS

Legislative compliance

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

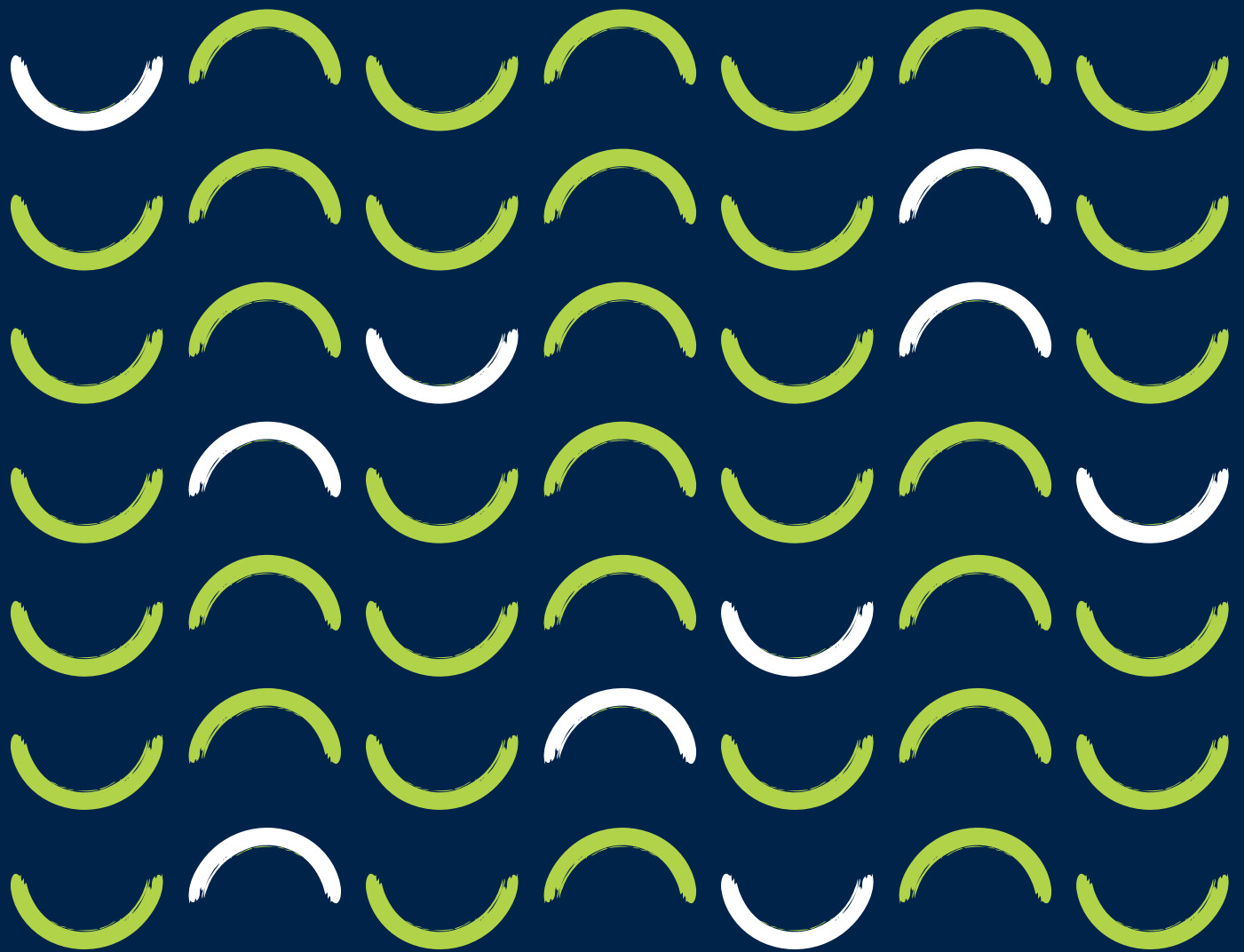
- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Nirupama Mani
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Brett Newman, Chief Executive Officer
Dr. Col Gellatly, AO, Chair of the Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment



Special Purpose Financial Statements

for the year ended 30 June 2021



**CITY OF
PARRAMATTA**

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Statement of Financial Position of Leasing of Council property	7
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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).

City of Parramatta Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

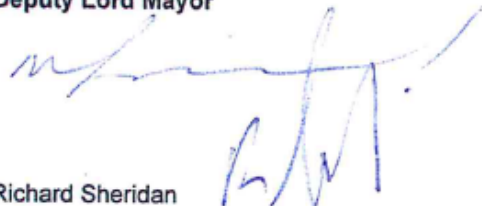
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 25 October 2021.

Steven Issa
Lord Mayor



Michelle Garrard
Deputy Lord Mayor



Brett Newman
Chief Executive Officer



Richard Sheridan
Responsible Accounting Officer



City of Parramatta Council

Income Statement of Car park operations

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	7,788	11,509
Total income from continuing operations	7,788	11,509
Expenses from continuing operations		
Employee benefits and on-costs	587	402
Materials and services	1,321	1,568
Depreciation, amortisation and impairment	739	770
Calculated taxation equivalents	1,843	2,442
Other expenses	2,247	1,852
Total expenses from continuing operations	6,737	7,034
Surplus (deficit) from continuing operations before capital amounts	1,051	4,475
Less: corporate taxation equivalent - 26%[based on result before capital]	(273)	(1,231)
Surplus (deficit) after tax	778	3,244
Plus accumulated surplus	146,347	151,697
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	1,843	2,442
– Corporate taxation equivalent	273	1,231
Closing accumulated surplus	149,241	158,614
Return on capital %	0.9%	2.7%
Subsidy from Council	669	–

City of Parramatta Council

Income Statement of Leasing – Council property

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
Rental revenue	311	303
Total income from continuing operations	311	303
Expenses from continuing operations		
Employee benefits and on-costs	89	112
Materials and services	34	36
Revaluation decrements loss	–	45
Depreciation, amortisation and impairment	47	47
Calculated taxation equivalents	67	32
Total expenses from continuing operations	298	272
Surplus (deficit) from continuing operations before capital amounts	13	31
Less: corporate taxation equivalent -26% [based on result before capital]	(3)	–
Surplus (deficit) after tax	10	31
Plus accumulated surplus	5,211	2,257
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	67	46
– Corporate taxation equivalent	3	–
Closing accumulated surplus	5,291	2,334
Return on capital %	0.2%	0.6%
Subsidy from Council	67	17

City of Parramatta Council

Statement of Financial Position of Car park operations

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Non-current assets		
Receivables	–	11
Infrastructure, property, plant and equipment	113,139	166,012
Total non-current assets	113,139	166,023
Total assets	113,139	166,023
LIABILITIES		
Current liabilities		
Payables-due to general fund	63	900
Employee benefit provisions	116	86
Total current liabilities	179	986
Total liabilities	179	986
Net assets	112,960	165,037
EQUITY		
Accumulated surplus	147,124	158,614
Distribution to Council (equity)	(52,854)	(12,267)
Revaluation reserve	18,690	18,690
Total equity	112,960	165,037

City of Parramatta Council

Statement of Financial Position of Leasing of Council property

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Non-current assets		
Receivables – due from general fund	344	353
Receivables	–	16
Infrastructure, property, plant and equipment	5,266	5,272
Total non-current assets	5,610	5,641
Total assets	5,610	5,641
LIABILITIES		
Current liabilities		
Payables	–	13
Employee benefit provisions	11	25
Total current liabilities	11	38
Non-current liabilities		
Employee benefit provisions	11	24
Total non-current liabilities	11	24
Total liabilities	22	62
Net assets	5,588	5,579
EQUITY		
Accumulated surplus	2,343	2,334
Distribution to Council (equity)	2,877	2,877
Revaluation reserves	368	368
Total equity	5,588	5,579

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* (NSW), the *Local Government (General) Regulation 2005*, 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, current values 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, return 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 - Business activities with gross operating turnover is over \$2 million

Car Park Operations

To generate income for the Council through operations of car parking facilities.

Category 2 - Business activities with gross operating turnover is less than \$2 million

To generate income for the Council through the leasing of Council-owned shops, buildings.

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):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 26%

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,001 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

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

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.52% at 30 June 2021.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
City of Parramatta Council

To the Councillors of the City of Parramatta Council

Opinion

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

The Declared Business Activities of the Council are:

- Car park operations
- Leasing of Council property.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

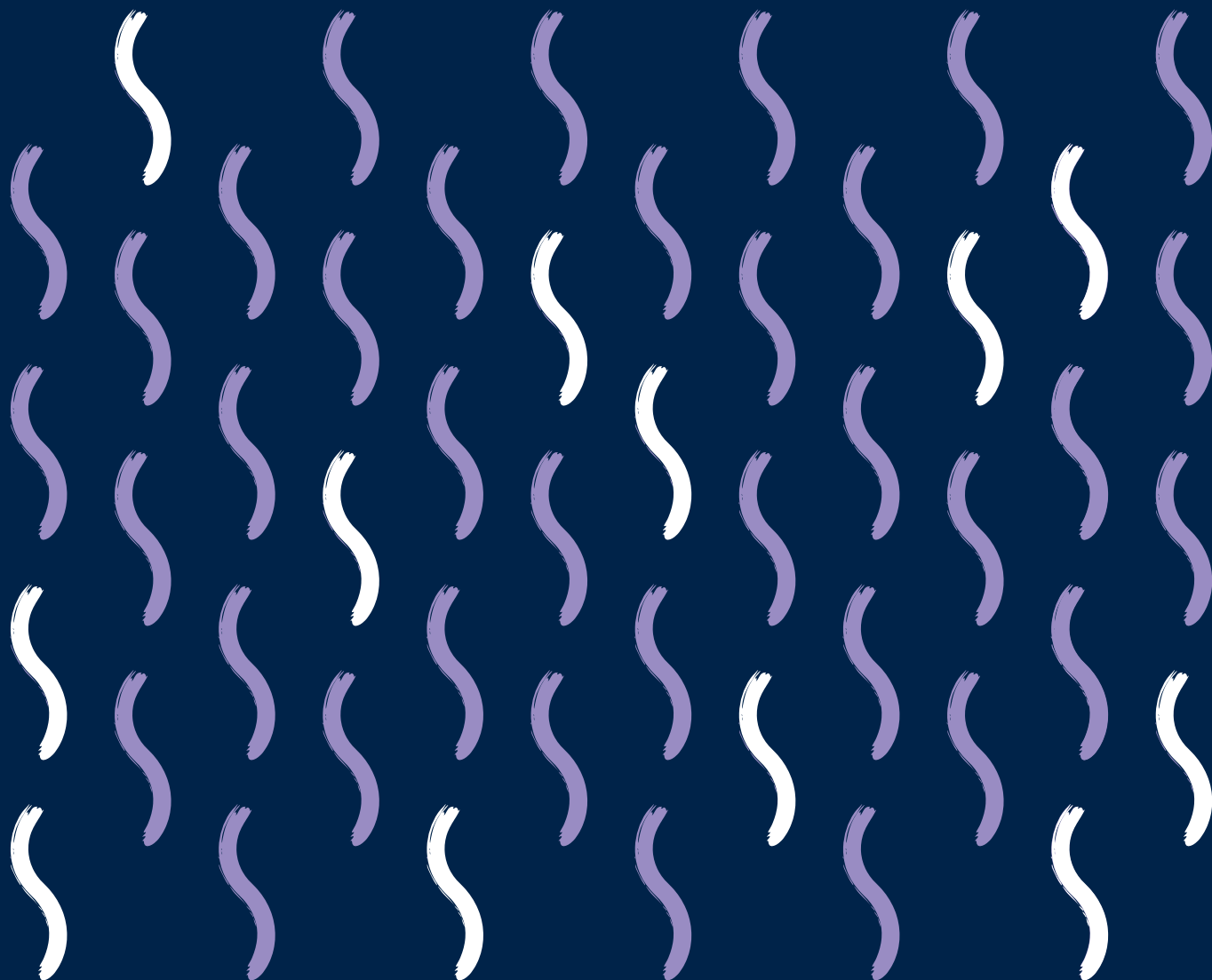
- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from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

A handwritten signature in 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

27 October 2021
SYDNEY



Special Schedules

for the year ended 30 June 2021

City of Parramatta Council

Special Schedules

for the year ended 30 June 2021

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Independent Auditor's Report	4
Report on infrastructure assets as at 30 June 2021	7

City of Parramatta Council

Permissible income for general rates

\$ '000	Notes	2020/21 Former Parra- matta City Council	2020/21 Former Hills Shire Council	2020/21 Former Auburn City Council	2020/21 Former Hornsby Shire Council	2020/21 Former Holroyd City Council	2020/21 City of Parra- matta Council	2021/22 City of Parra- matta Council
Notional general income calculation ¹								
Last year notional general income yield	a	107,082	12,058	15,938	12,089	1,483	148,650	155,184
Plus or minus adjustments ²	b	909	215	909	278	1	2,312	1,130
Notional general income	c = a + b	107,991	12,273	16,847	12,367	1,484	150,962	156,314
Permissible income calculation								
Rate peg percentage	d	2.60%	2.60%	2.60%	2.60%	2.60%		2.00%
Or plus rate peg amount	e=c x d	2,808	319	438	322	39	3,926	3,126
Sub-total	f=c+e	110,799	12,592	17,285	12,689	1,523	154,888	159,440
Plus (or minus) last year's carry forward total	g	25	(220)	—	(14)	2	(207)	(146)
Sub-total	i=g+h	25	(220)	—	(14)	2	(207)	(146)
Total permissible income	j=f+i	110,824	12,372	17,285	12,675	1,525	154,681	159,294
Less notional general income yield	k	111,184	12,592	17,197	12,689	1,522	155,184	159,983
Catch-up or (excess) result	l=j-k	(361)	(220)	88	(15)	3	(505)	(689)
Plus income lost due to valuation objections claimed	m	359	—	—	—	—	359	43
Carry forward to next year ³	n=l+m	(2)	(220)	88	(15)	3	(146)	(646)

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).
- (3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

INDEPENDENT AUDITOR'S REPORT
Special Schedule – Permissible income for general rates
City of Parramatta Council

To the Councillors of City of Parramatta Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

27 October 2021
SYDNEY

City of Parramatta Council

Report on infrastructure assets as at 30 June 2021

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	2020/21 Required maintenance ^a	2020/21 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
Buildings	Buildings	1,305	4,625	16,292	18,277	188,790	253,104	54.3%	35.9%	7.9%	1.6%	0.3%
	Sub-total	1,305	4,625	16,292	18,277	188,790	253,104	54.3%	35.9%	7.9%	1.6%	0.3%
Other structures	Other structures	158	555	—	—	17,473	21,232	8.7%	73.2%	15.5%	2.2%	0.4%
	Sub-total	158	555	—	—	17,473	21,232	8.7%	73.2%	15.5%	2.2%	0.4%
Roads	Roads	6,573	20,781	13,834	12,123	916,436	1,230,608	33.5%	42.7%	22.2%	1.2%	0.4%
	Roads (including kerb and gutter and traffic management devices)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Bridges	1	4	—	—	113,890	133,423	69.2%	29.8%	1.0%	0.0%	0.0%
	Footpaths	494	1,918	2,252	2,760	151,967	208,997	13.6%	37.7%	47.8%	0.9%	0.0%
	Bulk earthworks	—	—	—	—	103,783	103,783	100.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	7,068	22,703	16,086	14,883	1,286,076	1,676,811	38.0%	38.4%	22.3%	1.0%	0.3%

City of Parramatta Council

Report on infrastructure assets as at 30 June 2021 (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	2020/21 Required maintenance ^a	2020/21 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
Stormwater drainage	Stormwater drainage	5,499	16,327	3,314	3,330	452,803	653,014	8.8%	66.2%	22.4%	1.6%	1.0%
	Sub-total	5,499	16,327	3,314	3,330	452,803	653,014	8.8%	66.2%	22.4%	1.6%	1.0%
Open space / recreational assets	Swimming pools	—	—	—	—	973	1,512	0.0%	0.0%	0.0%	0.0%	100.0%
	Other open space assets	328	1,053	19,142	19,482	46,912	76,617	57.0%	22.1%	19.4%	1.1%	0.4%
	Sub-total	328	1,053	19,142	19,482	47,885	78,129	55.9%	21.7%	19.0%	1.1%	2.3%
Total – all assets		14,358	45,263	54,834	55,972	1,993,027	2,682,290	32.7%	44.7%	20.8%	1.2%	0.5%

(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

City of Parramatta Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	58,260	166.25%	174.26%	>= 100.00%
Depreciation, amortisation and impairment	35,044			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	14,358	0.68%	0.79%	< 2.00%
Net carrying amount of infrastructure assets	2,111,119			
Asset maintenance ratio				
Actual asset maintenance	55,972	102.08%	99.33%	> 100.00%
Required asset maintenance	54,834			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	45,263	1.69%	1.98%	
Gross replacement cost	2,682,290			

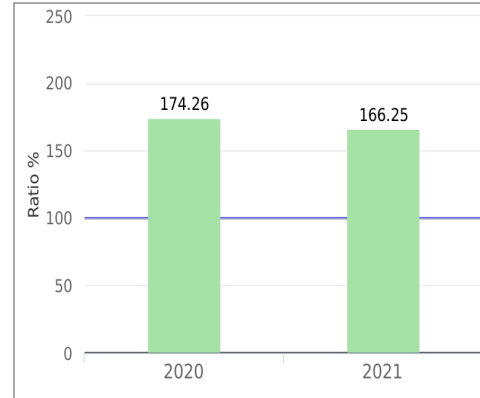
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

City of Parramatta Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

20/21 ratio 166.25%

The renewals ratio exceeds the required benchmark. This result indicates that council is adequately renewing its existing assets.

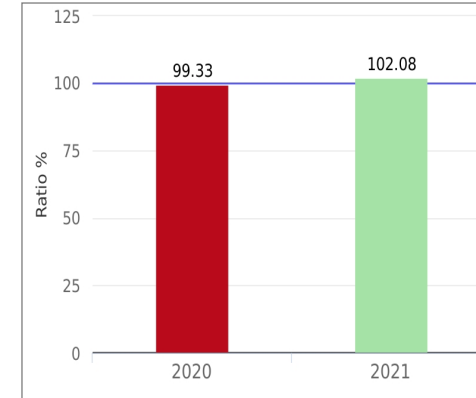
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

20/21 ratio 102.08%

Council's maintenance ratio has increased from the prior year and exceeds the benchmark. Based on this ratio council is investing an adequate amount in maintenance.

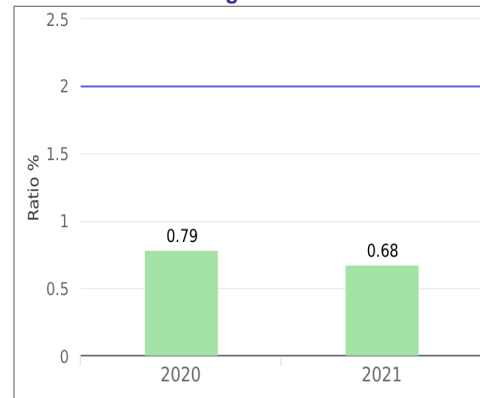
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

20/21 ratio 0.68%

Council's backlog ratio has improved as a result of asset condition assessments and continues to remain below the maximum benchmark. This is due to a reduction in the percentage of poor and very poor conditions across asset classes

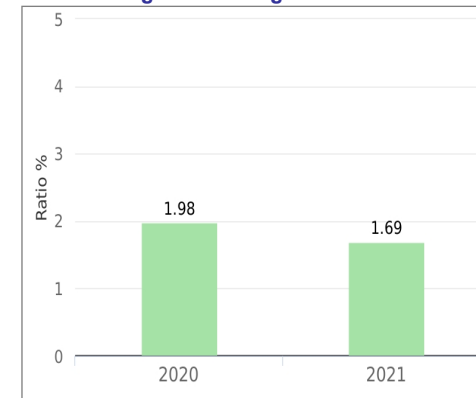
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

20/21 ratio 1.69%

The estimated cost to bring assets to an agreed service level as set by Council has reduced slightly due to a reduction of assets in poor and very poor conditions across the asset classes.