

**EXTRAORDINARY MEETING OF BATHURST REGIONAL
COUNCIL**

19 November 2021

His Worship the Mayor & Councillors

**Notice of Extraordinary Meeting of Bathurst Regional Council –
Wednesday 24 November 2021**

I have to advise that an Extraordinary Meeting of Bathurst Regional Council will be held in the Council Chambers on Wednesday 24 November 2021 commencing at 4:30 PM.



D J Sherley
GENERAL MANAGER

**MINUTES OF THE EXTRAORDINARY MEETING OF
BATHURST REGIONAL COUNCIL
HELD ON Wednesday 24 November 2021**

1 RECORDING OF MEETINGS

2 MEETING COMMENCES

Meeting commenced at

MINUTE

Meeting commenced at 4.30pm.

Present: Cr I North (Chair), Cr A Christian, Cr J Fry, Cr G Hanger, Cr J Jennings, Cr M Morse , Cr W Aubin via Teams

3 PRAYER AND ACKNOWLEDGEMENT OF COUNTRY

4 APOLOGIES

Nil

MINUTE

MOVED: Cr A Christian SECONDED: Cr J Fry

RESOLVED:

That the apology of Councillor Rudge be accepted and leave of absence granted.

That the apology of Councillor Bourke be accepted and leave of absence granted.

5 DECLARATION OF INTEREST

Declaration of Interest

MINUTE

RESOLUTION NUMBER: ORD2021-419

MOVED: Cr A Christian SECONDED: Cr G Hanger

RESOLVED:

NIL.

6 RECEIVE AND DEAL WITH GENERAL MANAGER'S AND DIRECTORS' REPORTS

6.1 DIRECTOR CORPORATE SERVICES AND FINANCE'S REPORT

6.1.1 ANNUAL FINANCIAL STATEMENTS

File No: 16.00055

RECOMMENDATION:

That the information be noted.

REPORT:

Council's Auditors, the Audit Office of NSW, have completed their audit of Bathurst Regional Council's Financial Statements for the year ended 30 June 2021.

In accordance with Section 418 (3) the audited Financial Statements and the Auditor's Reports for the year ending 30 June 2021 are presented to Council, shown at **attachment 1**.

In accordance with Section 420 of the Local Government Act, the public are invited to make submissions on the Audited Financial Statements until 4 pm on Thursday, 2 December 2021.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from this report.

BATHURST COMMUNITY STRATEGIC PLAN – OBJECTIVES AND STRATEGIES:

Objective 6: Community leadership and collaboration.

Strategy 6.1 Communicate and engage with the community, government and business groups on important matters affecting the Bathurst region.

Strategy 6.4 Meet legislative and compliance requirements.

Strategy 6.6 Manage our money and our assets to be sustainable now and into the future.

COMMUNITY ENGAGEMENT:

01 **Inform** - to provide the public with balanced and objective information to help them understand the problem, alternatives, opportunities and/or solutions.

02 **Consult** - to obtain public feedback on alternatives and/or decisions

ATTACHMENTS:

1. Bathurst Regional Council - Annual Financial Statements-2021 [6.1.1.1 - 106 pages]

MINUTE

RESOLUTION NUMBER: ORD2021-420

MOVED: Cr A Christian SECONDED: Cr J Jennings

RESOLVED:

That the information be noted.

7 MEETING CLOSE

MINUTE

The Meeting closed at 4.35pm.

CHAIR:

**Extraordinary Meeting of Council - 24 November 2021
Attachments**

6.1.1 ANNUAL FINANCIAL STATEMENTS.....2

6.1.1.1 BATHURST REGIONAL COUNCIL - ANNUAL FINANCIAL
STATEMENTS-2021.....2

Bathurst Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	71
On the Financial Statements (Sect 417 [3])	74

Overview

Bathurst Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
158 Russell Street
Bathurst NSW 2795

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

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

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

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

Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2021.



Ian North
Mayor
22 September 2021



Monica Morse
Deputy Mayor
22 September 2021



David Sherley
General Manager
22 September 2021



Aaron Jones
Responsible Accounting Officer
22 September 2021

Attachment 6.1.1.1

Bathurst Regional Council | Income Statement | For the year ended 30 June 2021

Bathurst Regional Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
49,617	Rates and annual charges	B2-1	49,230	46,848
29,485	User charges and fees	B2-2	23,486	21,963
2,803	Other revenue	B2-3	2,179	3,002
12,252	Grants and contributions provided for operating purposes	B2-4	12,905	13,457
62,280	Grants and contributions provided for capital purposes	B2-4	14,719	16,794
2,821	Interest and investment income	B2-5	812	1,679
2,417	Other income	B2-6	2,324	1,933
11,722	Net gains from the disposal of assets	B4-1	13,202	6,720
–	Fair value increment on investment properties	C1-8	590	–
173,397	Total income from continuing operations		119,447	112,396
Expenses from continuing operations				
31,171	Employee benefits and on-costs	B3-1	34,677	34,534
43,708	Materials and services	B3-2	42,604	45,215
1,321	Borrowing costs	B3-3	1,224	1,352
28,212	Depreciation, amortisation and impairment for non-financial assets	B3-4	33,479	25,411
2,200	Other expenses	B3-5	1,906	1,826
106,612	Total expenses from continuing operations		113,890	108,338
66,785	Operating result from continuing operations		5,557	4,058
66,785	Net operating result for the year attributable to Council		5,557	4,058
4,475	Net operating result for the year before grants and contributions provided for capital purposes		(9,162)	(12,736)

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

Attachment 6.1.1.1

Bathurst Regional Council | Statement of Comprehensive Income | For the year ended 30 June 2021

Bathurst Regional 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		5,557	4,058
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>19,039</u>	<u>98,213</u>
Total items which will not be reclassified subsequently to the operating result		19,039	98,213
Total other comprehensive income for the year		19,039	98,213
Total comprehensive income for the year attributable to Council		24,596	102,271

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

Attachment 6.1.1.1

Bathurst Regional Council | Statement of Financial Position | For the year ended 30 June 2021

Bathurst Regional Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	6,154	3,197
Investments	C1-2	62,100	60,480
Receivables	C1-4	9,581	10,950
Inventories	C1-5	4,580	7,568
Contract assets and contract cost assets	C1-6	2,304	1,339
Other	C1-9	675	588
Total current assets		85,394	84,122
Non-current assets			
Investments	C1-2	24,980	13,300
Receivables	C1-4	623	512
Inventories	C1-5	11,487	11,453
Infrastructure, property, plant and equipment	C1-7	1,421,297	1,410,807
Investment property	C1-8	16,111	15,521
Right of use assets	C2-1	219	632
Total non-current assets		1,474,717	1,452,225
Total assets		1,560,111	1,536,347
LIABILITIES			
Current liabilities			
Payables	C3-1	7,109	9,523
Contract liabilities	C3-2	7,069	3,814
Lease liabilities	C2-1	83	182
Borrowings	C3-3	5,056	5,423
Employee benefit provisions	C3-4	12,877	12,933
Provisions	C3-5	111	97
Total current liabilities		32,305	31,972
Non-current liabilities			
Payables	C3-1	1,218	1,081
Lease liabilities	C2-1	143	453
Borrowings	C3-3	31,123	32,356
Employee benefit provisions	C3-4	179	171
Provisions	C3-5	1,777	1,544
Total non-current liabilities		34,440	35,605
Total liabilities		66,745	67,577
Net assets		1,493,366	1,468,770
EQUITY			
Accumulated surplus	C4-1	696,215	690,658
IPPE revaluation reserve	C4-1	797,151	778,112
Council equity interest		1,493,366	1,468,770
Total equity		1,493,366	1,468,770

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

Bathurst Regional Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		690,658	778,112	1,468,770	690,747	679,899	1,370,646
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(4,147)	-	(4,147)
Restated opening balance		690,658	778,112	1,468,770	686,600	679,899	1,366,499
Net operating result for the year		5,557	-	5,557	4,058	-	4,058
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	19,039	19,039	-	98,213	98,213
Other comprehensive income		-	19,039	19,039	-	98,213	98,213
Total comprehensive income		5,557	19,039	24,596	4,058	98,213	102,271
Closing balance at 30 June		696,215	797,151	1,493,366	690,658	778,112	1,468,770

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

Bathurst Regional Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
49,412	Rates and annual charges		49,296	48,200
29,471	User charges and fees		24,703	22,277
2,821	Investment and interest revenue received		864	1,715
74,531	Grants and contributions		29,148	26,130
4,991	Other		8,666	7,528
<i>Payments:</i>				
(31,074)	Employee benefits and on-costs		(37,024)	(33,047)
(43,394)	Materials and services		(48,013)	(39,137)
(1,321)	Borrowing costs		(1,224)	(1,342)
–	Bonds, deposits and retention amounts refunded		(346)	(309)
(2,178)	Other		(2,560)	(14,927)
83,259	Net cash flows from operating activities	G1-1a	23,510	17,088
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		120,960	53,500
11,722	Sale of real estate assets		16,286	8,489
–	Sale of infrastructure, property, plant and equipment		300	1,439
–	Deferred debtors receipts		–	46
<i>Payments:</i>				
–	Purchase of investment securities		(117,760)	(48,100)
–	Acquisition of term deposits		(16,500)	–
–	Purchase of investment property		–	(1)
(80,777)	Purchase of infrastructure, property, plant and equipment		(21,763)	(35,939)
(4,000)	Purchase of real estate assets		(240)	(1,089)
–	Deferred debtors and advances made		(126)	–
(73,055)	Net cash flows from investing activities		(18,843)	(21,655)
Cash flows from financing activities				
<i>Receipts:</i>				
3,925	Proceeds from borrowings		3,875	6,650
<i>Payments:</i>				
(5,357)	Repayment of borrowings		(5,475)	(5,378)
(135)	Principal component of lease payments		(110)	(276)
(1,567)	Net cash flows from financing activities		(1,710)	996
8,637	Net change in cash and cash equivalents		2,957	(3,571)
4,466	Cash and cash equivalents at beginning of year		3,197	6,768
13,103	Cash and cash equivalents at end of year	C1-1	6,154	3,197
86,500	plus: Investments on hand at end of year	C1-2	87,080	73,780
99,603	Total cash, cash equivalents and investments		93,234	76,977

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

Bathurst Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenue	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	23
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
B4 Gains or losses	26
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
B5 Performance against budget	27
B5-1 Material budget variations	27
B6 Material Income Statement items	n/a
B6-1 Material Income Statement items	n/a
C Financial position	29
C1 Assets we manage	29
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	30
C1-3 Restricted cash, cash equivalents and investments	31
C1-4 Receivables	32
C1-5 Inventories	33
C1-6 Contract assets and Contract cost assets	34
C1-7 Infrastructure, property, plant and equipment	35
C1-8 Investment properties	38
C1-9 Other	38
C2 Leasing activities	39
C2-1 Council as a lessee	39
C2-2 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	43

Bathurst Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

C3-3 Borrowings	44
C3-4 Employee benefit provisions	45
C3-5 Provisions	46
C4 Reserves	47
C4-1 Nature and purpose of reserves	47
D Council structure	48
D1 Results by fund	48
D1-1 Income Statement by fund	48
D1-2 Statement of Financial Position by fund	49
D2 Interests in other entities	50
D2-1 Subsidiaries	50
D2-2 Interests in joint arrangements	51
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	54
E3-1 Contingencies	58
F People and relationships	61
F1 Related party disclosures	61
F1-1 Key management personnel (KMP)	61
F1-2 Councillor and Mayoral fees and associated expenses	61
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	63
G1-1 Statement of Cash Flows information	63
G2-1 Commitments	64
G3 Statement of developer contributions as at 30 June 2021	65
G3-1 Summary of developer contributions	65
G3-2 Developer contributions by plan	65
G3-3 Contributions not under plans	67
G4 Statement of performance measures	68
G4-1 Statement of performance measures – consolidated results	68
G4-2 Statement of performance measures by fund	69
H Additional Council disclosures (unaudited)	70
H1-1 Council information and contact details	70

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 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 OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-8
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) 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.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council relies on some volunteer services in the operation of various Museums. The volunteer services, whilst helping the facilities, would not be purchased if not voluntarily provided and the value of those services cannot be reliably measured.

New accounting standards and interpretations issued not yet effective

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

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

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

New accounting standards adopted during the year

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

As at the date of authorisation of these financial statements Council does not consider that any of these standards and interpretations had a material impact on the Council's financial statements, financial position, financial performance or cash flows.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance	–	–	3,475	3,475	(3,475)	(3,475)	6,457	6,607	68	68
Administration	1,198	1,965	13,527	15,789	(12,329)	(13,824)	353	943	89,621	85,988
Public order and safety	481	855	1,951	2,102	(1,470)	(1,247)	291	346	8,543	7,901
Environment	10,682	11,834	9,220	10,264	1,462	1,570	230	843	172,149	174,280
Community services and education	2,714	3,234	2,437	2,802	277	432	2,365	2,481	11,241	11,309
Housing and community amenities	452	472	2,657	5,088	(2,205)	(4,616)	980	120	5,430	5,215
Water supplies	15,957	15,821	18,256	14,558	(2,299)	1,263	2,771	2,389	279,009	277,167
Sewerage services	15,064	14,645	14,559	8,938	505	5,707	1,066	927	194,209	191,591
Recreation and culture	9,561	10,462	17,402	19,528	(7,841)	(9,066)	2,763	4,348	234,252	218,695
Mining, manufacturing and construction	1,022	1,015	1,268	1,185	(246)	(170)	–	–	222	221
Transport and communication	11,899	7,712	25,134	18,821	(13,235)	(11,109)	10,135	10,711	556,171	563,912
Economic affairs	15,942	9,905	4,004	5,788	11,938	4,117	213	536	9,196	–
General Purpose Revenues	34,475	34,476	–	–	34,475	34,476	–	–	–	–
Total functions and activities	119,447	112,396	113,890	108,338	5,557	4,058	27,624	30,251	1,560,111	1,536,347

B1-2 Components of functions or activities

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

Governance

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

Administration

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

Public order and safety

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

Environment

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

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

Housing and community amenities

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

Water supplies

Includes maintenance and operation of dams, water filtration plant, reservoirs and the reticulation of the water supply.

Sewerage services

Includes maintenance and operation of the sewerage network of pipes, pump stations and treatment works.

Recreation and culture

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

Mining, manufacturing and construction

Includes building control, quarries and pits.

Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	19,688	19,031
Farmland	2,168	2,117
Mining	11	11
Business	5,994	5,781
Less: pensioner rebates (mandatory)	(664)	(654)
Rates levied to ratepayers	27,197	26,286
Pensioner rate subsidies received	365	360
Total ordinary rates	27,562	26,646
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	6,508	6,106
Stormwater management services	390	–
Water supply services	3,367	3,332
Sewerage services	10,822	10,188
Waste management services (non-domestic)	922	876
Section 611 charges	40	42
Less: pensioner rebates (mandatory)	(424)	(417)
Less: pensioner rebates (Council policy)	(190)	(154)
Annual charges levied	21,435	19,973
Pensioner subsidies received:		
– Water	113	111
– Sewerage	110	108
– Domestic waste management	10	10
Total annual charges	21,668	20,202
Total rates and annual charges	49,230	46,848

Council has used 01/07/2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	9,641	8,685
Sewerage services	2	1,613	1,581
Waste management services (non-domestic)	1	3,339	3,050
Total specific user charges		14,593	13,316
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	1,393	1,271
Private works – section 67	1	43	99
Section 603 certificates	2	138	90
Total fees and charges – statutory/regulatory		1,574	1,460
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	87	313
Advertising	1	1	253
Cemeteries	2	9	9
Art gallery	2	15	5
Bathurst rail museum	2	293	52
Child care	2	709	593
Chifley home	2	1	6
Entertainment centre	2	417	467
Library and art gallery	2	15	23
Mount panorama	2	1,009	2,275
National motor racing museum	2	381	284
Tourism	2	398	649
Transport for NSW works (state roads not controlled by Council)	1	3,093	1,052
Sewerage	1	622	929
Water	2	200	199
Other	2	69	78
Total fees and charges – other		7,319	7,187
Total user charges and fees		23,486	21,963
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		7,098	5,383
User charges and fees recognised at a point in time (2)		16,388	11,197
Total user charges and fees		23,486	16,580

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.

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	49	46
Fines – parking	2	132	398
Legal fees recovery – rates and charges (extra charges)	1	–	1
Commissions and agency fees	2	83	282
Diesel rebate	2	–	161
Insurance claims recoveries	2	29	56
Recycling income (non-domestic)	2	135	122
Insurance rebates	2	106	185
Mount Panorama	2	430	772
Recovery of Lehman Brothers investment	2	3	4
Reversal of tip remediation provision	2	237	–
Other	2	667	577
Sales – miscellaneous	2	308	398
Total other revenue		2,179	3,002

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	1
Other revenue recognised at a point in time (2)	2,179	3,000
Total other revenue	2,179	3,001

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.

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

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)					
Financial assistance	2	3,118	3,207	–	–
Payment in advance - future year allocation					
Financial assistance	2	3,339	3,399	–	–
Amount recognised as income during current year		6,457	6,606	–	–
Special purpose grants and non-developer contributions (tied)					
Art gallery	1	–	–	–	35
Bushfire and emergency services	2	291	346	–	–
Community care	2	2,053	2,326	19	34
Community centres	1	–	–	38	51
Community services	2	–	–	–	2
Economic development	1	50	125	47	178
Environmental programs	1	202	33	28	–
Heritage and cultural	2	661	622	994	1,279
LIRS subsidy	2	12	41	–	–
Mount Panorama	1	–	–	88	937
Other contributions	2	27	32	–	79
Other councils – joint works/services	1	235	178	–	–
Recreation and culture	1	56	93	964	1,733
Other specific grants	1	29	5	312	302
Sewerage services	1	–	–	–	100
Storm/flood damage	1	–	–	574	810
Strategic planning	2	12	12	–	–
Street lighting	2	108	108	–	–
Tourism	2	–	–	116	–
Transport (aerodrome)	1	–	–	–	652
Transport (cycleways)	1	–	–	512	197
Transport (other roads and bridges funding)	1	62	68	1,081	658
Transport (roads to recovery)	1	1,575	1,873	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,016	913	619	80
Waste management	2	13	–	–	–
Water supplies	1	46	76	1,695	1,527
Total special purpose grants and non-developer contributions – cash		6,448	6,851	7,087	8,654
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	1,848	3,952
Heritage/cultural	2	–	–	293	409
Other	2	–	–	1,100	–
Total other contributions – non-cash		–	–	3,241	4,361
Total special purpose grants and non-developer contributions (tied)		6,448	6,851	10,328	13,015
Total grants and non-developer contributions		12,905	13,457	10,328	13,015
Comprising:					
– Commonwealth funding		10,268	10,734	2,415	2,579
– State funding		2,376	1,387	4,457	5,709
– Other funding		261	1,336	3,456	4,727
		12,905	13,457	10,328	13,015

continued on next page ...

Page 18 of 80

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,295	2,166
S 64 – water supply contributions		2	–	–	1,030	786
S 64 – sewerage service contributions		2	–	–	1,066	827
Total developer contributions – cash			–	–	4,391	3,779
Total developer contributions			–	–	4,391	3,779
Total contributions			–	–	4,391	3,779
Total grants and contributions			12,905	13,457	14,719	16,794
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,255	2,451	5,339	7,180
Grants and contributions recognised at a point in time (2)			10,650	11,006	9,380	9,614
Total grants and contributions			12,905	13,457	14,719	16,794

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants				
Unspent funds at 1 July	–	–	5,100	4,945
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	879	–	–	10,860
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(93)	–	(4,778)	(6,959)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	–	(3,746)
Unspent funds at 30 June	786	–	322	5,100
Unspent contributions				
Unspent funds at 1 July	–	–	43,131	45,624
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	4,442	3,865
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(2,490)	(6,358)
Unspent contributions at 30 June	–	–	45,083	43,131

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

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 are recognised in accordance with the relevant accounting standard.

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	101	177
– Cash and investments	711	1,502
Total interest and investment income (losses)	812	1,679
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	101	177
General Council cash and investments	415	1,162
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	12	31
– Section 64	24	55
Water fund operations	46	45
Sewerage fund operations	109	107
Domestic waste management operations	105	102
Total interest and investment income	812	1,679

Accounting policy

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

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

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		663	687
Lease income relating to variable lease payments not dependent on an index or a rate		154	132
Total Investment properties		817	819
Other lease income			
Room/Facility Hire		1,302	985
Leaseback fees - council vehicles		205	129
Total Other lease income		1,507	1,114
Total rental income	C2-2	2,324	1,933
Total other income		2,324	1,933

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	24,814	23,924
Travel expenses	508	556
Employee leave entitlements (ELE)	4,044	5,297
Superannuation	3,156	3,067
Workers' compensation insurance	1,597	1,203
Fringe benefit tax (FBT)	93	180
Payroll tax	286	238
Training costs (other than salaries and wages)	288	199
Protective clothing	4	1
Other	72	100
Total employee costs	34,862	34,765
Less: capitalised costs	(185)	(231)
Total employee costs expensed	34,677	34,534
Number of 'full-time equivalent' employees (FTE) at year end	398	393

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		29,021	31,379
Contractor and consultancy costs		2,157	2,555
Audit Fees	F2-1	179	165
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	298	275
Advertising		909	807
Bank charges		154	144
Cleaning		609	515
Electricity and heating		2,313	2,363
Fire control expenses		5	5
Insurance		1,469	1,365
Office expenses (including computer expenses)		80	58
Postage		128	143
Printing and stationery		195	193
Street lighting		646	1,030
Subscriptions and publications		1,677	1,300
Telephone and communications		476	591
Valuation fees		194	158

continued on next page ...

Page 23 of 80

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

B3-2 Materials and services (continued)

\$ '000	2021	2020
Other expenses	2	–
Legal expenses:		
– Legal expenses: planning and development	–	2
– Legal expenses: debt recovery	47	58
– Legal expenses: other	490	471
Expenses from short-term leases	62	88
Expenses from leases of low value assets	114	84
Variable lease expense relating to usage	110	99
Recycling services	1,269	1,367
Total materials and services	42,604	45,215

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on leases		13	17
Interest on overdraft		21	–
Interest on loans		1,190	1,319
Total interest bearing liability costs		1,224	1,336
Total interest bearing liability costs expensed		1,224	1,336
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	–	16
Total other borrowing costs		–	16
Total borrowing costs expensed		1,224	1,352

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		2,629	2,529
Office equipment		439	251
Furniture and fittings		166	162
Land improvements (depreciable)		491	458
Infrastructure:	C1-7		
– Buildings		1,726	1,449
– Buildings – Leasehold Improvements		283	21
– Other structures		901	818
– Roads		14,256	8,614
– Bridges		994	422
– Footpaths		256	194
– Stormwater drainage		1,964	1,785
– Water supply network		4,459	4,256
– Sewerage network		4,281	3,279
– Swimming pools		158	415

continued on next page ...

Page 24 of 80

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

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

\$ '000	Notes	2021	2020
Right of use assets	C2-1	114	279
Other assets:			
– Other		342	459
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	20	20
Total depreciation and amortisation costs		33,479	25,411
Total depreciation, amortisation and impairment for non-financial assets		33,479	25,411

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 C1-7 for IPPE assets.

Impairment of non-financial assets

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		(98)	84
Total impairment of receivables	C1-4	(98)	84
Fair value decrement on investment properties			
Fair value decrement on investment properties		–	47
Total fair value decrement on investment properties	C1-8	–	47
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		438	392
– NSW rural fire service levy		454	426
– Waste levy		65	59
– EPA payment for Sewerage Treatment		28	19
– Donations, contributions and assistance		654	243
– Footpath and gutter maintenance		93	115
– Somerville collection		(2)	192
Upper Macquarie County Council (Noxious Weeds)		274	249
Total other expenses		1,906	1,826

Accounting policy

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

Impairment expenses are recognised when identified.

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Infrastructure, property, plant & equipment			
Proceeds from disposal – property		95	1,439
Less: carrying amount of property assets sold/written off		–	(1,444)
Gain (or loss) on disposal		95	(5)
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		205	–
Less: carrying amount of plant and equipment assets sold/written off		(188)	–
Gain (or loss) on disposal		17	–
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		16,286	8,489
Less: carrying amount of real estate assets sold/written off		(3,196)	(1,764)
Gain (or loss) on disposal		13,090	6,725
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		60,480	53,500
Less: carrying amount of investments sold/redeemed/matured		(60,480)	(53,500)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		13,202	6,720

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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REVENUES

User charges and fees	29,485	23,486	(5,999)	(20)%	U
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Continuing extreme water restrictions saw income from Water Usage drop by over \$2 million from budget. RMCC ordered works were down by \$1.9 million. COVID-19 restrictions saw User Charges down at many Council facilities, including Childrens Services \$375,000, BMEC \$268,000, Mt Panorama \$216,000 and Events \$137,000.

Other revenues	2,803	2,179	(624)	(22)%	U
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Parking fines were \$225,000 below Budget with reduced enforcement due to COVID. Other Revenues from Mt Panorama and other Council facilities/events were more than \$600,000 below Budget with reduced events, again due to COVID.

Capital grants and contributions	62,280	14,719	(47,561)	(76)%	U
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The main variance in this item is from Mount Panorama second track grants of \$45 million not being received. Work was halted due to the section 10 being placed on Mount Panorama by the Federal Government and, consequently, grant funds were not applied for.

Several Grants were awarded late in the year, with Construction works not able to commence on Eusdale and Stony Creek Bridges, totalling \$1,865,000. Delays in finalising tenders/contractors for various building construction projects resulted in a further \$2,460,000 under Budget. The Go-Kart track construction project was delayed due to a Section 10 declaration over portion of Mt Panorama resulting in a loss of \$2,250,000 against Budget. Donated Assets were \$961,000 below Budget due to delays in private land development.

Interest and investment revenue	2,821	812	(2,009)	(71)%	U
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The official Interest Rate remaining at historically low levels has resulted in Council's Interest revenue being below Budget.

Net gains from disposal of assets	11,722	13,202	1,480	13%	F
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Delays in the planning approval process for Council's land development program kept this income item under budget.

Fair value increment on investment property	-	590	590	∞	F
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Nil budgeted for this item due to ongoing uncertainties about improvements to CPI at time of budget preparation. CPI actually increased 3.8% for year.

EXPENSES

Employee benefits and on-costs	31,171	34,677	(3,506)	(11)%	U
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Mainly due to COVID and seasonal projects delayed from the drought, Council changed its focus to maintenance jobs rather than capital works which meant wages expense was directed to the operating statement instead of construction of new assets.

Borrowing costs	1,321	1,224	97	7%	F
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Interest rate on newer loans in 2020 and 2021 were lower than budgeted. Discount adjustments for remediation liabilities

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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was less than budgeted.

Depreciation, amortisation and impairment of non-financial assets	28,212	33,479	(5,267)	(19)%	U
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Revaluation increments of \$98 million for Roads, Bridges and other IPP&E in 2020 were not taken into account in preparing the Budget for this year.

Other expenses	2,200	1,906	294	13%	F
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Write-back of Provision for Doubtful Debts \$110,000 (credit) due to payment of outstanding invoices. Donations were \$90,000 below Budget, with many community events cancelled due to COVID restrictions. Council's contribution to Sommersville Collection was \$74,000 below Budget, as the museum experienced strong sales during the year, decreasing Council's net contribution.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	83,259	23,510	(59,749)	(72)%	U
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A combination of the above variances, mainly User Charges & Fees down \$6,150,000 and Capital Grant and Contributions down \$47.6mil make up the majority of this variance.

Cash flows from investing activities	(73,055)	(18,843)	54,212	(74)%	F
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Mount Panorama second track project (\$45.681mil) was halted due to the Federal Government's section 10 placement on Mount Panorama. Delays in completion of capital works are the major contributor to this variance, with many seasonal projects delayed due to drought in the early part of the year and then further delays due to COVID restrictions and cost savings in the latter part of the year.

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	6,154	3,197
Total cash and cash equivalents	6,154	3,197

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,154	3,197
Balance as per the Statement of Cash Flows	6,154	3,197

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Long term deposits	57,000	17,730	53,730	4,500
NCD's, FRN's (with maturities > 3 months)	5,100	7,250	6,750	8,800
Total	62,100	24,980	60,480	13,300
Total financial investments	62,100	24,980	60,480	13,300
Total cash assets, cash equivalents and investments	68,254	24,980	63,677	13,300

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	68,254	24,980	63,677	13,300
attributable to:				
External restrictions	54,062	24,980	62,446	13,300
Internal restrictions	14,134	–	1,123	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	1,101	1,701
Specific purpose unexpended grants – water fund	7	7
Specific purpose unexpended loans – general	2,272	–
Specific purpose unexpended loans – water	–	2,999
External restrictions – included in liabilities	3,380	4,707

External restrictions – other

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

Developer contributions – general	15,559	15,727
Developer contributions – water fund	9,508	8,470
Developer contributions – sewer fund	20,016	18,934
Water fund	7,476	8,656
Sewer fund	20,551	17,448
Stormwater management	390	–
Domestic waste management	2,162	1,804
External restrictions – other	75,662	71,039

Total external restrictions

79,042	75,746
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Internal restrictions

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

Employees leave entitlement	138	138
Administration	321	–
Building maintenance and improvements	246	–
Carry over works	830	29
Cultural and community services	675	494
Environmental	8	13
Land development	10,818	–
Plant and vehicle replacement	847	198
Waste employee leave entitlements	251	251
Total internal restrictions	14,134	1,123

Total restrictions

93,176	76,869
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	2,170	168	2,089	169
Interest and extra charges	967	-	987	-
User charges and fees	3,353	-	2,713	-
Accrued revenues				
– Interest on investments	190	-	222	-
– Other income accruals	184	-	620	-
Deferred debtors	52	455	38	343
Government grants and subsidies	59	-	12	-
Net GST receivable	903	-	1,083	-
Sundry debtors	1,727	-	3,320	-
Total	9,605	623	11,084	512
Less: provision of impairment				
User charges and fees	(3)	-	(81)	-
Other debtors	(21)	-	(53)	-
Total provision for impairment – receivables	(24)	-	(134)	-
Total net receivables	9,581	623	10,950	512

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	134	58
+ new provisions recognised during the year	-	160
– amounts already provided for and written off this year	-	(84)
– amounts provided for but recovered during the year	(110)	-
Balance at the end of the year	24	134

Accounting policy

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

Impairment

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

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

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

The Council uses the 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 significant increase in credit risk then the lifetime losses are estimated and recognised.

C1-4 Receivables (continued)

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	3,664	11,487	6,654	11,453
Stores and materials	621	–	604	–
Trading stock	295	–	310	–
Total inventories at cost	4,580	11,487	7,568	11,453
Total inventories	4,580	11,487	7,568	11,453

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		2,680	8,298	5,707	2,683
Industrial/commercial		984	3,189	947	8,770
Total real estate for resale		3,664	11,487	6,654	11,453

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

Represented by:

Acquisition costs	2,610	11,212	5,806	11,212
Development costs	1,054	275	848	241
Total costs	3,664	11,487	6,654	11,453
Total real estate for resale	3,664	11,487	6,654	11,453

Movements:

Real estate assets at beginning of the year	6,654	11,453	7,237	11,545
– Purchases and other costs	206	34	848	241
– WDV of sales (expense)	(3,196)	–	(1,764)	–
– Transfer between current/non-current	–	–	333	(333)
Total real estate for resale	3,664	11,487	6,654	11,453

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory

C1-5 Inventories (continued)

are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	2,304	1,339
Total contract assets and contract cost assets		2,304	1,339

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Transport Assets	1,734	-	611	-
Flood Security Works	418	-	216	-
Skate Park	-	-	201	-
Other	152	-	311	-
Total contract assets	2,304	-	1,339	-

Significant changes in contract assets

Contract Assets has increased significantly from 2020 due to grant programs from other levels of Government, where we have incurred large expenditure but not reached milestones listed in grant agreements for payment of income.

Accounting policy

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 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	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	28,516	(16,268)	12,248	1,232	–	(188)	(2,629)	–	–	29,097	(18,434)	10,663
Office equipment	2,937	(1,715)	1,222	243	8	–	(439)	–	–	3,179	(2,145)	1,034
Furniture and fittings	2,081	(1,317)	764	–	–	–	(166)	–	–	2,081	(1,483)	598
Land:												
– Operational land	103,347	–	103,347	–	605	–	–	–	(35)	103,917	–	103,917
– Community land	17,542	–	17,542	–	–	–	–	–	2,355	19,897	–	19,897
– Land under roads (post 30/6/08)	1,247	–	1,247	–	233	–	–	–	–	1,480	–	1,480
Land improvements – depreciable	25,594	(5,446)	20,148	–	694	–	(491)	–	3,126	30,571	(7,094)	23,477
Infrastructure:												
– Buildings	186,474	(56,760)	129,714	343	1,402	–	(1,726)	–	(275)	187,756	(58,298)	129,458
– Buildings – leasehold improvements	5,325	(23)	5,302	143	–	–	(283)	–	–	5,468	(306)	5,162
– Other structures	29,202	(8,578)	20,624	351	983	–	(901)	(1,238)	4,354	37,799	(13,626)	24,173
– Roads	479,464	(160,454)	319,010	2,758	1,565	–	(14,256)	–	–	483,787	(174,710)	309,077
– Bridges	98,548	(43,292)	55,256	1,391	–	–	(994)	–	–	99,939	(44,286)	55,653
– Footpaths	18,912	(6,405)	12,507	350	456	–	(256)	–	–	19,718	(6,661)	13,057
– Bulk earthworks (non-depreciable)	140,499	–	140,499	532	1,800	–	–	–	–	142,831	–	142,831
– Stormwater drainage	193,586	(48,935)	144,651	5	1,162	–	(1,964)	–	–	194,753	(50,899)	143,854
– Water supply network	367,468	(131,459)	236,009	5,870	242	–	(4,459)	–	2,170	377,000	(137,168)	239,832
– Sewerage network	233,488	(85,427)	148,061	459	982	–	(4,281)	–	1,323	237,077	(90,533)	146,544
– Swimming pools	15,945	(2,061)	13,884	–	–	–	(158)	–	–	15,945	(2,219)	13,726
Other assets:												
– Other	40,978	(13,538)	27,440	39	691	–	(342)	1,238	6,021	48,237	(13,150)	35,087
Reinstatement, rehabilitation and restoration assets (refer Note 15):												
– Tip assets	1,434	(102)	1,332	–	–	–	(20)	465	–	1,777	–	1,777
Total infrastructure, property, plant and equipment	1,992,587	(581,780)	1,410,807	13,716	10,823	(188)	(33,365)	465	19,039	2,042,309	(621,012)	1,421,297

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

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class \$ '000	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	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Plant and equipment	27,667	(15,623)	12,044	3,007	18	(292)	(2,529)	–	28,516	(16,268)	12,248
Office equipment	2,339	(1,464)	875	455	143	–	(251)	–	2,937	(1,715)	1,222
Furniture and fittings	2,067	(1,155)	912	–	14	–	(162)	–	2,081	(1,317)	764
Land:											
– Operational land	102,940	–	102,940	–	707	(300)	–	–	103,347	–	103,347
– Community land	17,542	–	17,542	–	–	–	–	–	17,542	–	17,542
– Land under roads (post 30/6/08)	1,488	–	1,488	–	–	–	–	–	1,247	–	1,247
Land improvements – depreciable	24,345	(4,988)	19,357	320	929	–	(458)	–	25,594	(5,446)	20,148
Infrastructure:											
– Buildings – non-specialised	187,470	(55,792)	131,678	1,032	1,325	(479)	(1,449)	(373)	186,474	(56,760)	129,714
– Buildings – specialised	2,029	(2)	2,027	–	3,296	–	(21)	–	5,325	(23)	5,302
– Other structures	24,841	(7,760)	17,081	1,821	2,540	–	(818)	–	29,202	(8,578)	20,624
– Roads	458,715	(170,724)	287,991	2,645	3,958	–	(8,614)	33,030	479,464	(160,454)	319,010
– Bridges	38,485	(16,849)	21,636	496	–	–	(422)	33,546	98,548	(43,292)	55,256
– Footpaths	15,748	(5,581)	10,167	172	687	–	(194)	1,675	18,912	(6,405)	12,507
– Bulk earthworks (non-depreciable)	129,069	–	129,069	1,378	457	–	–	9,595	140,499	–	140,499
– Stormwater drainage	169,748	(43,514)	126,234	312	2,638	–	(1,785)	17,252	193,586	(48,935)	144,651
– Water supply network	354,932	(125,966)	228,966	7,804	1,365	–	(4,256)	2,130	367,468	(131,459)	236,009
– Sewerage network	229,142	(81,345)	147,797	484	1,701	–	(3,279)	1,358	233,488	(85,427)	148,061
– Swimming pools	13,836	(1,646)	12,190	–	89	–	(415)	–	15,945	(2,061)	13,884
Other assets:											
– Other	40,603	(13,079)	27,524	202	173	–	(459)	–	40,978	(13,538)	27,440
Reinstatement, rehabilitation and restoration assets (refer Note 15):											
– Tip assets	1,434	(82)	1,352	–	–	–	(20)	–	1,434	(102)	1,332
Total infrastructure, property, plant and equipment	1,844,440	(545,570)	1,298,870	20,128	20,040	(1,071)	(25,132)	98,213	1,992,587	(581,780)	1,410,807

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

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Non-depreciable
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	80		

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

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

Land under roads

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

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

Crown reserves

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

C1-7 Infrastructure, property, plant and equipment (continued)

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land and buildings.

C1-8 Investment properties

\$ '000	2021	2020
Owned investment property		
Investment property on hand at fair value	16,111	15,521
Total owned investment property	16,111	15,521

Owned investment property

At fair value

Opening balance at 1 July	15,521	15,567
Acquisitions	-	1
Net gain/(loss) from fair value adjustments	590	(47)
Closing balance at 30 June	16,111	15,521

Accounting policy

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

C1-9 Other

Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	675	-	588	-
Total other assets	675	-	588	-

C2 Leasing activities

C2-1 Council as a lessee

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

Buildings

Council leases land and buildings for their operational purposes; the leases are generally between 1 and 100 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable 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.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 3 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	Plant & Equipment	Office Equipment	Land	Buildings	Total
2021					
Opening balance at 1 July	–	590	40	2	632
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	–	–	–	–	–
Additions to right-of-use assets	–	181	–	–	181
Adjustments to right-of-use assets due to re-measurement of lease liability	–	(481)	–	–	(481)
Depreciation charge	–	(106)	(6)	(2)	(114)
Other movement	–	–	1	–	1
Balance at 30 June	–	184	35	–	219
2020					
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	43	359	47	6	455
Additions to right-of-use assets	–	487	–	–	487
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–	–	–
Depreciation charge	(39)	(229)	(7)	(4)	(279)
Other movement	(4)	(27)	–	–	(31)
Balance at 30 June	–	590	40	2	632

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	83	143	182	453
Total lease liabilities	83	143	182	453

(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	84	127	21	232	226
2020					
Cash flows	182	454	26	662	635

(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	13	17
Variable lease payments based on usage not included in the measurement of lease liabilities	110	99
Depreciation of right of use assets	114	279
Expenses relating to short-term leases	62	88
Expenses relating to low-value leases	114	84
	413	567

(e) Statement of Cash Flows

Total cash outflow for leases	410	550
	410	550

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

Council has identified a number of right of use leases at significantly below market terms & conditions for land and buildings used for toilet facilities, underground pipes and RFS brigade stations.

Lease periods range up to 58 years remaining and require payments of a maximum amount of \$1,000 per year. Market values for these assets are very difficult to reliably estimate due to the nature of the asset (underground pipes and land within railway corridors), so Council has measured these assets at cost. 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

C2-1 Council as a lessee (continued)

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties 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 as investment property (refer note C1-9) and/or IPP&E (refer note C1-8) in the Statement of Financial Position.

\$ '000	2021	2020
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(i) Assets held as investment property

Investment property operating leases relate to Council's leasing of the Post Office building. The leases for each tenant range in term from 1 to 7 years, with some having options for further periods up to 15 years.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	663	687
Lease income relating to variable lease payments not dependent on an index or a rate	154	132
Total income relating to operating leases for investment property assets	817	819

Operating lease expenses

Direct operating expenses that generated rental income	400	350
Direct operating expenses that did not generate rental income	234	234
Total expenses relating to operating leases	634	584

Repairs and maintenance: investment property

Other	116	85
Total repairs and maintenance: investment property	116	85

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council land, buildings and facilities for the provision of services by various community organisations and groups. The leases for each tenant range in term from 1 to 5 years. The table below relates to operating leases on assets disclosed in note C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,507	1,114
Total income relating to operating leases for Council assets	1,507	1,114

(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	831	815
1–2 years	569	834
2–3 years	320	633
3–4 years	242	549
4–5 years	247	248
> 5 years	20	275
Total undiscounted lease payments to be received	2,229	3,354

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	3,175	–	4,709	–
Accrued expenses:				
– Borrowings	28	–	28	–
– Other expenditure accruals	300	–	843	–
Security bonds, deposits and retentions	1,804	1,218	2,287	1,081
Prepaid rates	1,802	–	1,656	–
Total payables	7,109	1,218	9,523	1,081
Total payables	7,109	1,218	9,523	1,081

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Funds to construct Council controlled assets	(i)	6,061	–	3,599	–
Grant Funds received prior to performance obligation being satisfied	(ii)	931	–	127	–
Contributions received prior to performance obligation being satisfied	(ii)	13	–	13	–
Total grants received in advance		7,005	–	3,739	–
User fees and charges received in advance:					
Other		64	–	75	–
Total user fees and charges received in advance		64	–	75	–
Total contract liabilities		7,069	–	3,814	–

Notes

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

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

C3-2 Contract Liabilities (continued)

Significant changes in contract liabilities

Contract Liabilities have increased significantly from 2020 due to grant programs from other levels of Government, where Council has received grant income but not completed the projects.

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		2020	2020
	Current	Non-current	Current	Non-current
Loans – secured ¹	5,056	31,123	5,423	32,356
Total borrowings	5,056	31,123	5,423	32,356

(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 18.

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements			2021
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	37,779	(1,600)	–	–	–	36,179
Lease liability (Note C2-1b)	635	(409)	–	–	–	226
Total liabilities from financing activities	38,414	(2,009)	–	–	–	36,405

\$ '000	2019		Non-cash movements			2020
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	36,507	1,272	–	–	–	37,779
Lease liability (Note C2-1b)	–	635	–	–	–	635
Total liabilities from financing activities	36,507	1,907	–	–	–	38,414

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	650	650
Credit cards/purchase cards	115	115
Total financing arrangements	765	765
Undrawn facilities		
– Bank overdraft facilities	650	650
– Credit cards/purchase cards	115	115
Total undrawn financing arrangements	765	765

continued on next page ...

Page 44 of 80

C3-3 Borrowings (continued)

Additional financing arrangements information

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. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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		2020	
	Current	Non-current	Current	Non-current
Annual leave	3,523	–	3,438	–
Long service leave	9,354	179	9,495	171
Total employee benefit provisions	12,877	179	12,933	171

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	9,354	9,647
	9,354	9,647

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

C3-5 Provisions

\$ '000	2021		2020	
	Current	Non-Current	Current	Non-Current
Other provisions				
Rostered Day Off	111	–	93	–
Sub-total – other provisions	111	–	93	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,777	4	1,544
Sub-total – asset remediation/restoration	–	1,777	4	1,544
Total provisions	111	1,777	97	1,544

Description of and movements in provisions

\$ '000	Other provisions		
	Asset remediation	Other	Net carrying amount
2021			
At beginning of year	1,548	93	1,641
Amounts used (payments)	–	18	18
Other	229	–	229
Total other provisions at end of year	1,777	111	1,888
2020			
At beginning of year	1,533	121	1,654
Unwinding of discount	15	–	15
Amounts used (payments)	–	(28)	(28)
Total other provisions at end of year	1,548	93	1,641

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

C3-5 Provisions (continued)

Asset remediation – tips and quarries

Restoration

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

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

Rehabilitation

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

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

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

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

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

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 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	35,237	3,277	10,716
User charges and fees	10,571	10,605	2,310
Interest and investment revenue	592	75	145
Other revenues	2,096	54	29
Grants and contributions provided for operating purposes	12,636	159	110
Grants and contributions provided for capital purposes	9,770	2,937	2,012
Net gains from disposal of assets	13,202	-	-
Fair value increment on investment property	590	-	-
Other income	2,324	-	-
Total income from continuing operations	87,018	17,107	15,322
Expenses from continuing operations			
Employee benefits and on-costs	27,125	3,930	3,622
Materials and services	29,223	8,011	5,370
Borrowing costs	1,007	217	-
Depreciation, amortisation and impairment of non-financial assets	24,361	4,686	4,432
Other expenses	227	923	756
Total expenses from continuing operations	81,943	17,767	14,180
Operating result from continuing operations	5,075	(660)	1,142
Net operating result for the year	5,075	(660)	1,142
Net operating result attributable to each council fund	5,075	(660)	1,142
Net operating result for the year before grants and contributions provided for capital purposes	(4,695)	(3,597)	(870)

Attachment 6.1.1.1

Bathurst Regional Council | Notes to the Financial Statements 30 June 2021

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	(21,880)	7,483	20,551
Investments	62,100	–	–
Receivables	5,288	3,216	1,077
Inventories	4,580	–	–
Contract assets and contract cost assets	2,304	–	–
Other	650	25	–
Total current assets	53,042	10,724	21,628
Non-current assets			
Investments	(4,544)	9,508	20,016
Receivables	540	44	39
Inventories	11,487	–	–
Infrastructure, property, plant and equipment	1,010,038	258,734	152,525
Investment property	16,111	–	–
Right of use assets	218	–	1
Total non-current assets	1,033,850	268,286	172,581
TOTAL ASSETS	1,086,892	279,010	194,209
LIABILITIES			
Current liabilities			
Payables	6,695	282	132
Contract liabilities	7,069	–	–
Lease liabilities	83	–	–
Borrowings	4,792	264	–
Employee benefit provision	11,472	852	553
Provisions	111	–	–
Total current liabilities	30,222	1,398	685
Non-current liabilities			
Payables	1,218	–	–
Lease liabilities	142	–	1
Borrowings	25,540	5,583	–
Employee benefit provision	176	3	–
Provisions	1,777	–	–
Total non-current liabilities	28,853	5,586	1
TOTAL LIABILITIES	59,075	6,984	686
Net assets	1,027,817	272,026	193,523
EQUITY			
Accumulated surplus	460,663	140,666	94,886
Revaluation reserves	567,154	131,360	98,637
Council equity interest	1,027,817	272,026	193,523
Total equity	1,027,817	272,026	193,523

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

Name of Operation/Entity	Principal activity
The Somerville Collection Ltd	Australian Fossil and Mineral Museum 224 Howick Street, Bathurst

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	0%	0%	20%	20%
Non-controlling interest in Subsidiary	100%	100%	80%	80%

The nature and extent of significant restrictions relating to the Subsidiary

The specimen collection is owned by the Australian Museum Trust.

The fixtures and fittings are owned by The Somerville Collection Limited, a company limited by guarantee.

The nature of risks associated with Council's interests in the Subsidiary

Council controls the day to day operations of the museum including the receipt of its income, payment of its expenses and employment of staff, including the liability for the leave entitlements of those staff.

Council has resolved, to support the operations of the museum to a maximum subsidy of \$250,000 each year into the future.

Other disclosures

Although Council's voting rights are only 20% and it owns none of the assets, because of the support of the day to day operations, Council considers that it has control over the operations.

Reporting dates of Subsidiary

The Somerville Collection balance date is 30 June.

Summarised financial information for the Subsidiary

\$ '000	2021	2020
Summarised statement of comprehensive income		
Revenue	434	432
Expenses	(489)	(432)
Profit for the period	(55)	—
Total comprehensive income	(55)	—
Summarised statement of financial position		
Current assets	114	120
Non-current assets	132	186
Total assets	246	306
Current liabilities	6	6
Total liabilities	6	6
Net assets	240	300

D2-1 Subsidiaries (continued)

\$ '000	2021	2020
Summarised statement of cash flows		
Cash flows from operating activities	1	2
Net increase (decrease) in cash and cash equivalents	1	2

Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

D2-2 Interests in joint arrangements

County Councils

County Councils as joint ventures

Council is a member of the Upper Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to control weeds. Council is one of 4 constituent members and does not control the County Council. Accordingly, the County Council has not been consolidated in these Financial Statements.

Accounting policy

The council has determined that it has only joint operations.

Council is only one of several Councils involved in the Joint Operation. The assets and liabilities of the joint operations are immaterial to Council's operations and are therefore not included in these Financial Statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council. The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

(a) Market risk – interest rate and price risk

Council holds investments to maturity and therefore price and interest rate risk are minimal. The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates would be immaterial. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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.

Council has a policy in the case of an aged pensioner who elects to do so, Council shall allow unpaid rates to accumulate and be paid from the estate of such aged pensioner or from the sale of the house.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	168	325	153	1,692	2,338
2020						
Gross carrying amount	–	133	247	118	1,760	2,258

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	7,817	32	–	1	40	7,890
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	60.00%	0.30%
ECL provision	–	–	–	–	24	24
2020						
Gross carrying amount	7,956	205	6	2	1,169	9,338
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	11.46%	1.43%
ECL provision	–	–	–	–	134	134

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	3,022	–	–	–	3,022	6,525
Loans and advances	3.12%	–	5,056	20,859	10,265	36,180	36,179
Total financial liabilities		3,022	5,056	20,859	10,265	39,202	42,704
2020							
Trade/other payables	0.00%	3,368	–	–	–	3,368	8,948
Loans and advances	3.09%	–	5,423	20,422	11,934	37,779	37,779
Total financial liabilities		3,368	5,423	20,422	11,934	41,147	46,727

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020
Recurring fair value measurements							
Investment property C1-8							
230 Howick Street, Bathurst		16,111	15,521	–	–	16,111	15,521
Total investment property		16,111	15,521	–	–	16,111	15,521
Infrastructure, property, plant and equipment C1-7							
Plant and equipment		–	–	10,663	12,248	10,663	12,248
Office equipment		–	–	1,034	1,222	1,034	1,222
Furniture and fittings		–	–	598	764	598	764
Operational land		–	–	103,917	103,347	103,917	103,347
Community land		–	–	19,897	17,542	19,897	17,542
Land under roads (post 30/6/08)		–	–	1,480	1,247	1,480	1,247
Land improvements – depreciable		–	–	23,477	20,148	23,477	20,148
Buildings		–	–	129,458	129,714	129,458	129,714
Leasehold Improvements		–	–	5,162	5,302	5,162	5,302
Other structures		–	–	24,173	20,624	24,173	20,624
Roads		–	–	309,077	319,010	309,077	319,010
Bridges		–	–	55,653	55,256	55,653	55,256
Footpaths		–	–	13,057	12,507	13,057	12,507
Bulk earthworks (non-depreciable)		–	–	142,831	140,499	142,831	140,499
Stormwater drainage		–	–	143,854	144,651	143,854	144,651
Water supply network		–	–	239,832	236,009	239,832	236,009
Sewerage network		–	–	146,544	148,061	146,544	148,061
Swimming pools		–	–	13,726	13,884	13,726	13,884
Other assets		–	–	35,087	27,440	35,087	27,440
Tip		–	–	1,777	1,332	1,777	1,332
Total infrastructure, property, plant and equipment		–	–	1,421,297	1,410,807	1,421,297	1,410,807

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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:

Investment property

The investment property at 230 Howick Street, Bathurst was valued by Liquid Pacific Pty Ltd, registered valuers, in June 2018. The 2021 fair value includes an indexation using the Consumer Price Index, as shown in Note C1-8.

Infrastructure, property, plant and equipment (IPPE)

Land and Buildings

The buildings asset class includes any 'enclosable' roofed structure (4 walls), otherwise assets are classified as Other Structures. Land is classified as either operational or community by Council when acquired. Operational land includes those parcels that are used or earmarked for future use in Council's operations. Community land typically includes road and drainage reserves and open space areas.

Community land is valued at the current valuation provided by the Valuer General of NSW in 2021 and does not have an active market. As such, these assets were classified as having been valued using level 3 valuation inputs.

Operational land and buildings were valued by Liquid Pacific Pty Ltd, Registered Valuers, in June 2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of a number of buildings. While the costs were current and the impact of depreciation was negligible, buildings have been classified as Level 3 as they were immaterial in relation to the overall value of this asset class. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class includes any non-enclosable roofed or non-roofed structure (fewer than 4 walls). Other Structures were revalued in 2021 using the cost approach. This was derived via a number of methods, depending on the information available (historical cost, actual quotes/tenders, published component rates). Due to the highly varied nature of this asset class, only very small subsets of assets can be valued using the same basis. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Roads

This asset class comprises the Road Carriageway, Guardrails, Kerb and Gutter, Signs and Traffic facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter or other roadside drainage. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure.

Roads were revalued by Council staff on 30 June 2020. Valuations for the road carriageway, comprising surface, pavement and formation earthworks were based on calculations carried out by the Assets Team, utilising internal cost rates and the detailed asset information residing in Council's Asset Management System - "Confirm". Other Road Infrastructure was valued the same way.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimated pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Bridges

E2-1 Fair value measurement (continued)

Bridges were valued in 2020 by Bridge Knowledge using the cost approach and also included a condition assessment. The approach estimated the replacement for each bridge in its entirety; deck, approaches, railings and abutments.

All bridges were physically inspected and an assessment made of the component condition. Unit rates based on deck areas could be supported from market evidence (level 2) however other inputs (pattern of consumption, site-specific technical design issues) require extensive professional judgement and impact on the final determination of fair value. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. No change has been made to the valuation process during the reporting period.

Footpaths

Footpaths were revalued by Council Staff on 30 June 2020 using the cost approach using internal unit cost inputs (Level 3). Footpaths are inspected on either an annual or semi-annual basis for defects and condition and the results are included in the asset register (Confirm) system. There has been no change to the valuation process during the reporting period.

Parking areas

Parking areas are valued and assessed on the same basis as roads.

Bus Shelters

Bus Shelters are valued and assessed on the same basis as Other Structures.

Aerodrome

This comprises the infrastructure assets that form the aerodrome. Equivalent asset classes have been valued using the same conditions and parameters as described above (runway surface, pavement and earthworks as for roads; parking areas, other structures and drainage like for like). Revalued by Council staff on 30 June 2020. Substantial professional judgement has been required to undertake this work and this class is therefore classified as Level 3. No change has been made to the valuation process during the reporting period.

Water Supply network

Assets within this class comprise the infrastructure to supply a reticulated potable drinking water service to Bathurst and adjoining suburbs/villages. There is also a small non-potable service at Hillview Estate Napoleon Reef and a raw-water supply from Winburndale Dam used for irrigation of parks and playing fields in town.

In Bathurst, there is the Filtration Plant, Pump Stations, Reservoirs and reticulation pipe network. A revaluation was made as at 30 June 2017; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CENTROC-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3.

Sewerage network

Assets within this class comprise the infrastructure to supply a reticulated waste water (sewerage) service to Bathurst and adjoining suburbs/villages. This is the Reticulation Pipe Network, Pump Stations and Treatment Plant. A revaluation was made as at 30 June 2017; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CENTROC-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3.

Stormwater Drainage

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

Drainage assets were revalued by Council staff on 30 June 2020. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

E2-1 Fair value measurement (continued)

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Land & Buildings	–	Independent Market Valuation by a Registered Valuer	Land value, land area, restricted use
Infrastructure	–	Internal Valuation	Based on actual costs and indexed where required. Estimation of remaining asset lives where infrastructure is below ground. Condition.
Other Assets	–	Internal Valuation and Independent Market Valuation where available	Based on actual costs and indexed where required.

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

\$ '000	Land and buildings (level 3)		Infrastructure assets (level 3)		Other assets (level 3)		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	297,924	292,113	1,069,877	964,050	43,006	42,707	1,410,807	1,298,870
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	9,525	(373)	3,493	98,586	6,021	–	19,039	98,213
Other movements								
Transfers from/(to) another asset class	(1,238)	(2,261)	–	2,020	1,703	–	465	(241)
Purchases (GBV)	4,754	11,970	17,572	24,186	2,213	4,012	24,539	40,168
Disposals (WDV)	–	(779)	–	–	(188)	(292)	(188)	(1,071)
Depreciation and impairment	(3,401)	(2,746)	(26,368)	(18,965)	(3,596)	(3,421)	(33,365)	(25,132)
Closing balance	307,564	297,924	1,064,574	1,069,877	49,159	43,006	1,421,297	1,410,807

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions; 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 additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$563,818.09. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30/06/2020, and covers the period ended 30 June 2021.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$597,579.60.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.84% as at 30 June 2021.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

Council had 2 bank guarantees at 30 June 2021 held by the Commonwealth Bank.

1. Rental bond for the premises used as the Bathurst Rail Museum for \$50,000
2. Bond for electrical work to be completed at a Council subdivision for \$10,000

2. Other liabilities

E3-1 Contingencies (continued)

(i) Third party claims

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

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

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

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

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

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

(iii) Somerville collection

The Council is a member of a company Limited by Guarantee called the Somerville Collection.

The company was established to manage & maintain the Somerville Collection (made up of fossils, minerals and other features) which are exhibited in Bathurst at the Australian Fossil and Mineral Museum. The Company is a non profit entity. In the event that the Company is wound up, Council's liability is limited to a maximum of \$100.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/2008.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,597	1,666
Post-employment benefits	121	116
Total	1,718	1,782

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	60	44
Councillors' fees	219	183
Other Councillors' expenses (including Mayor)	19	48
Total	298	275

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	77	77
Remuneration for audit and other assurance services	77	77
Total Auditor-General remuneration	77	77
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	-	1
Remuneration for audit and other assurance services	-	1
(ii) Non-assurance services		
Internal audit	102	87
Remuneration for non-assurance services	102	87
Total remuneration of non NSW Auditor-General audit firms	102	88
Total audit fees	179	165

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	5,557	4,058
Adjust for non-cash items:		
Depreciation and amortisation	33,479	25,411
Net losses/(gains) on disposal of assets	(13,202)	(6,720)
Non-cash capital grants and contributions	(3,241)	(4,361)
Adoption of AASB 15/1058	-	(4,147)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(590)	47
Unwinding of discount rates on reinstatement provisions	-	15
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	1,494	(1,728)
Increase/(decrease) in provision for impairment of receivables	(110)	76
Decrease/(increase) in inventories	(2)	(63)
Decrease/(increase) in other current assets	(87)	325
Decrease/(increase) in contract assets	(965)	(1,339)
Increase/(decrease) in payables	(1,534)	491
Increase/(decrease) in accrued interest payable	-	(5)
Increase/(decrease) in other accrued expenses payable	(543)	(141)
Increase/(decrease) in other liabilities	(200)	(182)
Increase/(decrease) in contract liabilities	3,255	3,814
Increase/(decrease) in provision for employee benefits	(48)	1,565
Increase/(decrease) in other provisions	247	(28)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	23,510	17,088

(b) Non-cash investing and financing activities

Other dedications	3,241	4,361
Total non-cash investing and financing activities	3,241	4,361

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	7,460	–
Plant and equipment	1,059	–
Roads	2,041	2,384
Stormwater Drainage	228	848
Structures	3,112	597
Water	130	4,141
Total commitments	14,030	7,970
These expenditures are payable as follows:		
Within the next year	14,030	7,970
Total payable	14,030	7,970
Sources for funding of capital commitments:		
Unrestricted general funds	–	650
Future grants and contributions	5,694	2,283
Section 7.11 and 64 funds/reserves	3,012	233
Unexpended grants	1,402	1,402
Externally restricted reserves	584	404
Internally restricted reserves	1,059	–
Unexpended loans	2,279	2,998
Total sources of funding	14,030	7,970

G3 Statement of developer contributions as at 30 June 2021

G3-1 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					
Drainage	5,019	241	–	5	(75)	–	5,190	–
Roads	595	38	–	–	(595)	–	38	–
Traffic facilities	3	5	–	–	–	–	8	–
Parking	188	19	–	–	–	–	207	–
Open space	1,021	244	–	1	(107)	–	1,159	–
Community facilities	3,864	1,040	–	3	(708)	–	4,199	–
S7.11 contributions – under a plan	10,690	1,587	–	9	(1,485)	–	10,801	–
Total S7.11 and S7.12 revenue under plans	10,690	1,587	–	9	(1,485)	–	10,801	–
S7.11 not under plans	5,037	723	–	3	(1,005)	–	4,758	–
S64 contributions	27,404	2,096	–	24	–	–	29,524	–
Total contributions	43,131	4,406	–	36	(2,490)	–	45,083	–

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.

G3-2 Developer contributions by 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					
CONTRIBUTION PLAN – Jordan Creek Stormwater Drainage Management								
Drainage	557	19	–	1	(21)	–	556	–
Total	557	19	–	1	(21)	–	556	–

G3-2 Developer contributions by 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					
CONTRIBUTION PLAN – Raglan Creek Stormwater Drainage								
Drainage	2,884	192	–	2	(48)	–	3,030	–
Total	2,884	192	–	2	(48)	–	3,030	–
CONTRIBUTION PLAN – Sawpit Creek Drainage								
Drainage	708	–	–	–	(6)	–	702	–
Total	708	–	–	–	(6)	–	702	–
CONTRIBUTION PLAN – Reconstruct Hereford Street								
Roads	–	38	–	–	–	–	38	–
Total	–	38	–	–	–	–	38	–
CONTRIBUTION PLAN – Central Carparking Strategies								
Parking	188	19	–	–	–	–	207	–
Total	188	19	–	–	–	–	207	–
CONTRIBUTION PLAN – Community Facilities and Services Bathurst								
Community facilities	3,864	1,040	–	3	(708)	–	4,199	–
Total	3,864	1,040	–	3	(708)	–	4,199	–
CONTRIBUTION PLAN – Robin Hill Drainage								
Drainage	458	15	–	1	–	–	474	–
Total	458	15	–	1	–	–	474	–

G3-2 Developer contributions by 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					
CONTRIBUTION PLAN – Eglinton Open Space & Drainage								
Drainage	412	15	–	1	–	–	428	–
Open space	465	18	–	–	–	–	483	–
Total	877	33	–	1	–	–	911	–
CONTRIBUTION PLAN – Bathurst Regional Open Space								
Open space	556	226	–	1	(107)	–	676	–
Total	556	226	–	1	(107)	–	676	–
CONTRIBUTION PLAN – Roadworks – New Residential Subdivisions (Area 4 Kelso)								
Roads	595	–	–	–	(595)	–	–	–
Total	595	–	–	–	(595)	–	–	–
CONTRIBUTION PLAN - Bathurst Regional Traffic Generating Development								
Traffic facilities	3	5	–	–	–	–	8	–
Total	3	5	–	–	–	–	8	–

G3-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN								
Roads	4,512	692	–	3	(880)	–	4,327	–
Other	525	31	–	–	(125)	–	431	–
Total	5,037	723	–	3	(1,005)	–	4,758	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(23,052)	(25.35)%	(21.74)%	(15.36)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	90,936				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	78,031	73.85%	71.37%	68.29%	> 60.00%
Total continuing operating revenue ¹	105,655				
3. Unrestricted current ratio					
Current assets less all external restrictions	26,989	1.47x	0.95x	0.87x	> 1.50x
Current liabilities less specific purpose liabilities	18,363				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,651	1.71x	1.06x	2.17x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,809				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,305	6.29%	6.49%	6.22%	< 10.00%
Rates and annual charges collectable	52,576				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	80,884	10.24	7.81	8.90	> 3.00
Monthly payments from cash flow of operating and financing activities	7,896	mths	mths	mths	mths

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(29.29)%	(23.44)%	(25.38)%	(41.17)%	(6.54)%	6.63%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	69.40%	66.68%	81.90%	78.36%	86.15%	86.52%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.47x	0.95x	7.67x	10.25x	31.57x	31.93x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	1.07x	0.61x	4.80x	(4.39)x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.57%	8.87%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	6.69	4.11	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths					mths

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

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

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

158 Russell Street
BATHURST NSW 2795

Contact details

Mailing Address:

Private Mail Bag 17
BATHURST NSW 2795

Telephone: 02 6333 6111

Facsimile: 02 6331 7211

Opening hours:

General Office, Departments and Cashiers
8.30am to 4.45pm weekdays

Internet: www.bathurst.nsw.gov.au

Email: council@bathurst.nsw.gov.au

Officers

General Manager

David Sherley

Responsible Accounting Officer

Aaron Jones

Public Officer

Aaron Jones

Auditors

Auditor General of NSW
15/1 Margaret St, Sydney NSW 2000

Elected members

Mayor

Ian North

Councillors

Warren Aubin

Robert Bourke

Alex Christian

John Fry

Graeme Hanger

Jess Jennings

Monica Morse

Jacqueline Rudge

Other information

ABN: 42 173 522 302



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Bathurst Regional Council

To the Councillors of the Bathurst Regional Council

Opinion

I have audited the accompanying financial statements of Bathurst Regional 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. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

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.

Attachment 6.1.1.1

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/ar3.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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY



Mr Ian North
Mayor
Bathurst Regional Council
Private Mail Bag 17
BATHURST NSW 2795

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2122963/1688

27 October 2021

Dear Mayor

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Rural fire-fighting equipment not recognised in the financial statements





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

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

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

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	49.2	46.8	 5.1
Grants and contributions revenue	27.6	30.3	 8.9
Operating result for the year	5.6	4.1	 36.6
Net operating result before capital grants and contributions	(9.2)	(12.7)	 27.6

Rates and annual charges revenue (\$49.2 million) increased by \$2.4 million (5.1 per cent) in 2020–2021. This increase is higher than the approved rate pegging increase of 2.6 per cent as annual charge income increased by 7.3 per cent.

Grants and contributions revenue (\$27.6 million) decreased by \$2.7 million in 2020–2021. Council had funding approved and planned to commence work on a go kart track and second racing circuit on Mount Panorama / Wahluu, however the Federal Environment Minister made a declaration under s.10 of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* halting construction, pending further clarification.

Council's operating result (\$5.6 million surplus including the effect of depreciation and amortisation expense of \$33.5 million) was \$1.5 million higher than the 2019–20 result.

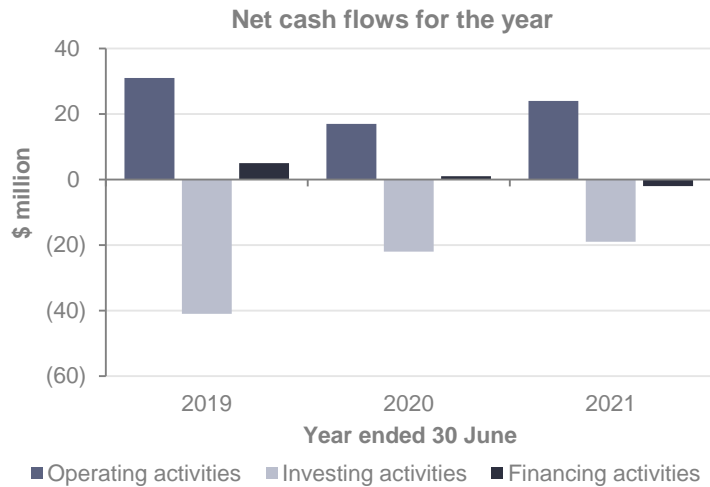
The net operating result before capital grants and contributions (\$9.2 million deficit) was \$3.5 million higher than the 2019–20 result. Council realised \$13.1 million in gains from the sale of real estate assets in 2020–21 compared to \$6.7 million in the previous financial year.

STATEMENT OF CASH FLOWS

Cash balances increased from \$3.2 million to \$6.2 million at 30 June 2021.

Net cash used in investing activities reduced in the current year.

Council drew down \$3.9 million in new borrowing during the 2020–21 financial year. Of that amount, \$2.3 million, related to construction of a go kart track, was unspent at 30 June 2021.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	93.2	77.0	Growth in external restrictions is mostly attributable to growth in unexpended developer contributions
Restricted cash and investments:			Growth in internal restrictions is notable in the land development account, which is used to fund buying, maintaining, developing and selling of real estate.
• External restrictions	79.0	75.8	
• Internal restrictions	14.1	1.1	

Debt

Council has \$36.2 million in borrowings (\$37.8 million in 2019–20). The loans are secured against Council's general rating income.

Council has an approved overdraft facility of \$0.65 million and an approved credit card facility of \$0.12 million. At 30 June 2021, Council had used neither of these facilities.

PERFORMANCE

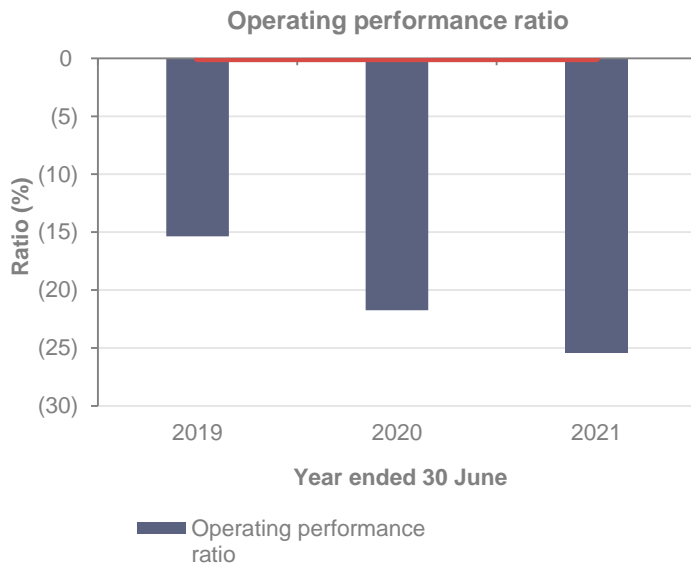
Performance measures

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

Council’s result is consistently below the benchmark due to its reliance on land sales as source of general fund revenue. Gains on asset sales are excluded from the numerator of this measure.

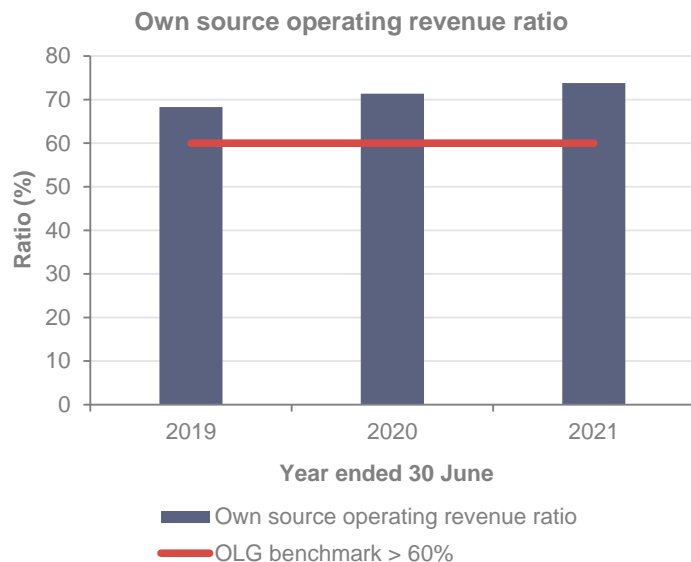
The ‘operating performance ratio’ measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council has continued to exceed the benchmark for this ratio.

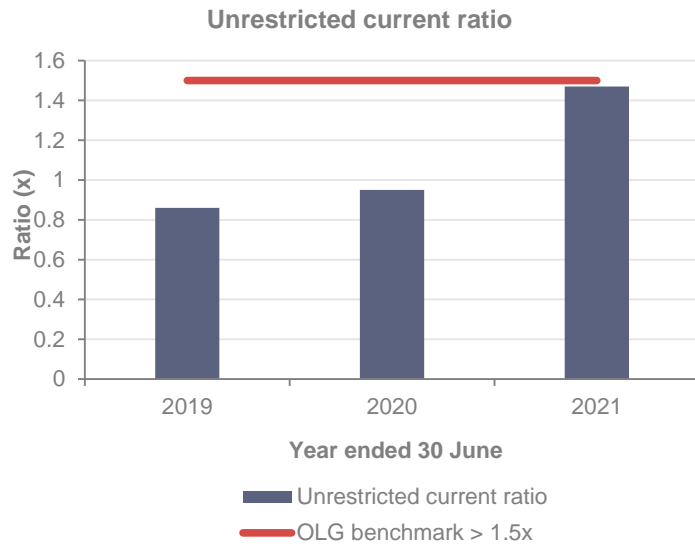
The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council is just below the benchmark for the current reporting period.

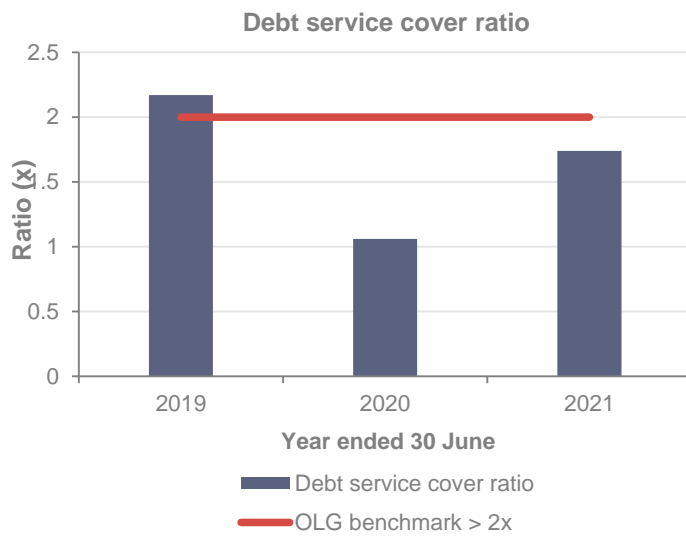
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council has reversed its declining trend in this measure and is once again nearing benchmark performance.

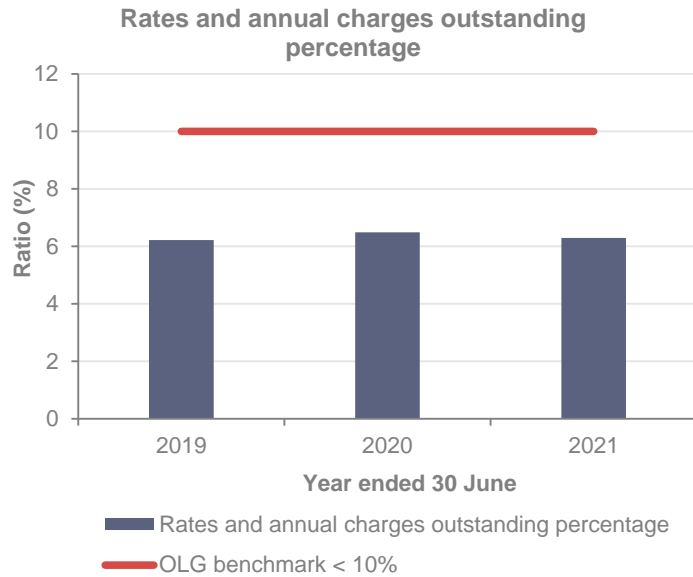
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council has continued to effectively manage its debtor recovery, maintaining a ratio which is well within the benchmark for regional councils.

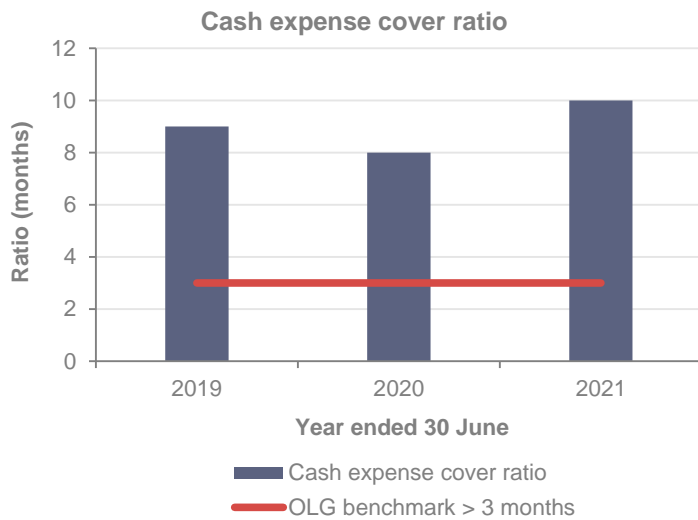
The ‘rates and annual charges outstanding percentage’ assesses the impact of uncollected rates and annual charges on council’s liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council’s strong liquidity is reflected by this measure. Council continues to maintain sufficient cash restrictions to fund ongoing expenses.

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.



Infrastructure, property, plant and equipment renewals

Council has renewed \$13.7 million of assets in the 2020–21 financial year compared to \$20.1 million in the 2019–20 financial year. A large portion of this was spent on water infrastructure, including \$4.2 million for the Winburndale Dam flood security upgrading.

OTHER MATTERS

Impact of new accounting standards

Council assessed the impact of adopting AASB 1059 Service Concession Arrangements and determined that it did not have any arrangements in place that fell within the scope of the new Standard.

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. 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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council**Special Purpose Financial Statements**

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Waste	6
Statement of Financial Position of water supply business activity	7
Statement of Financial Position of sewerage business activity	8
Statement of Financial Position of Waste	9
Note – Significant Accounting Policies	10
Auditor's Report on Special Purpose Financial Statements	13

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).

Bathurst Regional Council

Special Purpose Financial Statements
for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2021.



Ian North
Mayor
22 September 2021



Monica Morse
Deputy Mayor
22 September 2021



David Sherley
General Manager
22 September 2021



Aaron Jones
Responsible Accounting Officer
22 September 2021

Attachment 6.1.1.1

Bathurst Regional Council | Income Statement of water supply business activity | For the year ended 30 June 2021

Bathurst Regional Council

Income Statement of water supply business activity for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	3,277	3,256
User charges	10,439	9,769
Fees	166	173
Interest	75	100
Grants and contributions provided for non-capital purposes	159	188
Profit from the sale of assets	-	54
Other income	54	33
Total income from continuing operations	14,170	13,573
Expenses from continuing operations		
Employee benefits and on-costs	3,930	3,756
Borrowing costs	217	227
Materials and services	8,011	9,831
Depreciation, amortisation and impairment	4,686	4,475
Calculated taxation equivalents	94	94
Debt guarantee fee (if applicable)	170	17
Other expenses	923	872
Total expenses from continuing operations	18,031	19,272
Surplus (deficit) from continuing operations before capital amounts	(3,861)	(5,699)
Grants and contributions provided for capital purposes	2,937	3,508
Surplus (deficit) from continuing operations after capital amounts	(924)	(2,191)
Surplus (deficit) from all operations before tax	(924)	(2,191)
Surplus (deficit) after tax	(924)	(2,191)
Plus accumulated surplus	141,326	143,406
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	94	94
- Debt guarantee fees	170	17
Closing accumulated surplus	140,666	141,326
Return on capital %	(1.4)%	(2.2)%
Subsidy from Council	7,499	7,708
Calculation of dividend payable:		
Surplus (deficit) after tax	(924)	(2,191)
Less: capital grants and contributions (excluding developer contributions)	(2,937)	(3,508)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Bathurst Regional Council

Income Statement of sewerage business activity
for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	10,716	10,110
User charges	1,647	1,630
Liquid trade waste charges	547	811
Fees	116	158
Interest	145	177
Grants and contributions provided for non-capital purposes	110	108
Profit from the sale of assets	-	5
Other income	29	25
Total income from continuing operations	13,310	13,024
Expenses from continuing operations		
Employee benefits and on-costs	3,622	3,415
Materials and services	5,370	4,572
Depreciation, amortisation and impairment	4,432	3,419
Calculated taxation equivalents	15	16
Other expenses	756	754
Total expenses from continuing operations	14,195	12,176
Surplus (deficit) from continuing operations before capital amounts	(885)	848
Grants and contributions provided for capital purposes	2,012	1,905
Surplus (deficit) from continuing operations after capital amounts	1,127	2,753
Surplus (deficit) from all operations before tax	1,127	2,753
Less: corporate taxation equivalent [based on result before capital]	-	(233)
Surplus (deficit) after tax	1,127	2,520
Plus accumulated surplus	93,744	90,975
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	15	16
- Corporate taxation equivalent	-	233
Closing accumulated surplus	94,886	93,744
Return on capital %	(0.6)%	0.6%
Subsidy from Council	3,158	508
Calculation of dividend payable:		
Surplus (deficit) after tax	1,127	2,520
Less: capital grants and contributions (excluding developer contributions)	(2,012)	(1,905)
Surplus for dividend calculation purposes	-	615
Potential dividend calculated from surplus	-	308

Attachment 6.1.1.1

Bathurst Regional Council | Income Statement of Waste | For the year ended 30 June 2021

Bathurst Regional Council

Income Statement of Waste

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
Access charges	7,427	6,988
Fees	7,271	6,600
Interest	129	138
Grants and contributions provided for non-capital purposes	40	10
Other income	(1)	(2)
Total income from continuing operations	14,866	13,734
Expenses from continuing operations		
Employee benefits and on-costs	3,010	3,001
Borrowing costs	(237)	16
Materials and services	7,243	6,624
Depreciation, amortisation and impairment	581	575
Loss on sale of assets	94	86
Calculated taxation equivalents	111	122
Other expenses	36	21
Total expenses from continuing operations	10,838	10,445
Surplus (deficit) from continuing operations before capital amounts	4,028	3,289
Surplus (deficit) from continuing operations after capital amounts	4,028	3,289
Surplus (deficit) from all operations before tax	4,028	3,289
Less: corporate taxation equivalent [based on result before capital]	(1,047)	(904)
Surplus (deficit) after tax	2,981	2,385
Plus accumulated surplus	37,187	33,776
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	111	122
– Corporate taxation equivalent	1,047	904
Closing accumulated surplus	41,326	37,187
Return on capital %	30.1%	24.6%

Attachment 6.1.1.1

Bathurst Regional Council | Statement of Financial Position of water supply business activity | For the year ended 30 June 2021

Bathurst Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Contract assets and contract cost assets	–	216
Cash and cash equivalents	7,483	11,662
Receivables	3,216	2,629
Other	25	22
Total current assets	10,724	14,529
Non-current assets		
Investments	9,508	8,470
Receivables	44	41
Infrastructure, property, plant and equipment	258,734	254,071
Total non-current assets	268,286	262,582
Total assets	279,010	277,111
LIABILITIES		
Current liabilities		
Payables	282	371
Borrowings	264	255
Employee benefit provisions	852	792
Total current liabilities	1,398	1,418
Non-current liabilities		
Borrowings	5,583	5,847
Employee benefit provisions	3	10
Total non-current liabilities	5,586	5,857
Total liabilities	6,984	7,275
Net assets	272,026	269,836
EQUITY		
Accumulated surplus	140,666	141,326
Revaluation reserves	131,360	128,510
Total equity	272,026	269,836

Attachment 6.1.1.1

Bathurst Regional Council | Statement of Financial Position of sewerage business activity | For the year ended 30 June 2021

Bathurst Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Contract assets and contract cost assets	–	67
Cash and cash equivalents	20,551	17,448
Receivables	1,077	1,005
Total current assets	21,628	18,520
Non-current assets		
Right of use assets	1	1
Investments	20,016	18,934
Receivables	39	37
Infrastructure, property, plant and equipment	152,525	154,096
Total non-current assets	172,581	173,068
Total assets	194,209	191,588
LIABILITIES		
Current liabilities		
Payables	132	38
Employee benefit provisions	553	542
Total current liabilities	685	580
Non-current liabilities		
Lease liabilities	1	1
Employee benefit provisions	–	4
Total non-current liabilities	1	5
Total liabilities	686	585
Net assets	193,523	191,003
EQUITY		
Accumulated surplus	94,886	93,744
Revaluation reserves	98,637	97,259
Total equity	193,523	191,003

Attachment 6.1.1.1

Bathurst Regional Council | Statement of Financial Position of Waste | For the year ended 30 June 2021

Bathurst Regional Council

Statement of Financial Position of Waste

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	36,388	32,019
Receivables	873	1,096
Other	8	11
Total current assets	37,269	33,126
Non-current assets		
Receivables	141	173
Infrastructure, property, plant and equipment	12,592	13,422
Total non-current assets	12,733	13,595
Total assets	50,002	46,721
LIABILITIES		
Current liabilities		
Payables	38	27
Employee benefit provisions	513	563
Total current liabilities	551	590
Non-current liabilities		
Remediation Provision	1,780	1,549
Total non-current liabilities	1,780	1,549
Total liabilities	2,331	2,139
Net assets	47,671	44,582
EQUITY		
Accumulated surplus	41,326	37,187
Revaluation reserves	6,345	7,395
Total equity	47,671	44,582

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Bathurst Regional Council Water Supplies

Council's water supply activities (established as separate Special Rate Funds) servicing the region of Bathurst

b. Bathurst Regional Council Sewerage Service

Council's sewerage reticulation & treatment activities (established as a Special Rate Fund) servicing the region of Bathurst

c. Bathurst Regional Council Waste Services

Council's domestic waste service & solid waste depot activities servicing the region of Bathurst

Note – Significant Accounting Policies (continued)

Category 2

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

Council has no Category 2 businesses.

Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (2019/2020 27.5%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Bathurst Regional Council

To the Councillors of the Bathurst Regional Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage
- waste.

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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

Bathurst Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

Special Schedules

for the year ended 30 June 2021

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

Attachment 6.1.1.1

Bathurst Regional Council | Permissible income for general rates | For the year ended 30 June 2021

Bathurst Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	27,518	28,452
Plus or minus adjustments ²	b	194	318
Notional general income	c = a + b	27,712	28,770
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	721	575
Sub-total	k = (c + g + h + i + j)	28,433	29,345
Plus (or minus) last year's carry forward total	l	9	3
Less valuation objections claimed in the previous year	m	-	(13)
Sub-total	n = (l + m)	9	(10)
Total permissible income	o = k + n	28,442	29,335
Less notional general income yield	p	28,452	29,316
Catch-up or (excess) result	q = o - p	(11)	19
Plus income lost due to valuation objections claimed ⁴	r	13	-
Less unused catch-up ⁵	s	-	(2)
Carry forward to next year ⁶	t = q + r + s	2	17

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates Bathurst Regional Council

To the Councillors of Bathurst Regional Council

Opinion

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

Attachment 6.1.1.1

Bathurst Regional Council | Special Schedules 2021

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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost					Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000		1	2	3	4	5
Buildings	Buildings	4,384	4,278	1,096	1,146	134,620	193,224	13.0%	31.0%	22.0%	6.0%	28.0%
	Other	–	–	–	–	–	–	9.0%	67.0%	19.0%	2.0%	0.0%
	Sub-total	4,384	4,278	1,096	1,146	134,620	193,224	13.0%	31.0%	22.0%	6.0%	28.0%
Other structures	Other structures	2,812	1,718	331	212	24,173	37,799	30.0%	31.0%	16.0%	13.0%	10.0%
	Sub-total	2,812	1,718	331	212	24,173	37,799	30.0%	31.0%	16.0%	13.0%	10.0%
Roads	Sealed roads	59,448	25,807	8,750	4,734	301,678	467,481	13.0%	24.0%	22.0%	32.0%	9.0%
	Unsealed roads	2,421	752	393	1,531	7,399	16,306	12.0%	10.0%	40.0%	33.0%	5.0%
	Bridges	6,714	–	1,469	45	55,653	99,939	7.0%	34.0%	41.0%	13.0%	5.0%
	Footpaths	951	–	250	505	13,057	19,718	39.0%	18.0%	34.0%	9.0%	0.0%
	Other road assets	3,205	1,173	637	–	142,831	142,831	25.0%	27.0%	34.0%	11.0%	3.0%
	Sub-total	72,739	27,732	11,499	6,815	520,618	746,275	15.2%	25.4%	27.6%	24.9%	7.0%
Water supply network	Water supply network	17,686	5,162	4,499	2,835	239,832	377,000	46.0%	26.0%	18.0%	8.0%	2.0%
	Sub-total	17,686	5,162	4,499	2,835	239,832	377,000	46.0%	26.0%	18.0%	8.0%	2.0%
Sewerage network	Sewerage network	26,984	17,463	4,327	2,557	146,544	237,077	12.0%	17.0%	43.0%	19.0%	9.0%
	Sub-total	26,984	17,463	4,327	2,557	146,544	237,077	12.0%	17.0%	43.0%	19.0%	9.0%

Bathurst Regional Council

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

Asset Class	Asset Category	Estimated cost		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				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
Stormwater drainage	Stormwater drainage	2,742	432	1,709	503	143,854	194,753	31.0%	33.0%	31.0%	4.0%	1.0%
	Sub-total	2,742	432	1,709	503	143,854	194,753	31.0%	33.0%	31.0%	4.0%	1.0%
Open space / recreational assets	Swimming pools	1,540	131	3,680	819	13,726	15,945	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	25.0%	45.0%	16.0%	13.0%	0.0%
	Sub-total	1,540	131	3,680	819	13,726	15,945	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	92	–	31	–	–	–	80.0%	14.0%	4.0%	1.0%	0.0%
	Total – all assets	128,979	56,916	27,172	14,887	1,223,367	1,802,073	22.9%	25.8%	26.9%	15.8%	8.7%

(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

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	13,716	46.85%	75.58%	56.70%	>= 100.00%
Depreciation, amortisation and impairment	29,278				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	128,979	10.54%	9.03%	9.16%	< 2.00%
Net carrying amount of infrastructure assets	1,223,367				
Asset maintenance ratio					
Actual asset maintenance	14,887	54.79%	159.36%	146.35%	> 100.00%
Required asset maintenance	27,172				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	56,916	3.16%	1.60%	2.45%	
Gross replacement cost	1,802,073				

(*) 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.

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	35.97%	56.68%	131.64%	183.36%	10.72%	14.76%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	10.07%	9.91%	7.37%	6.97%	18.41%	7.30%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	51.76%	153.69%	63.01%	171.49%	59.09%	167.01%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.89%	2.24%	1.37%	0.46%	7.37%	0.20%	

(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.