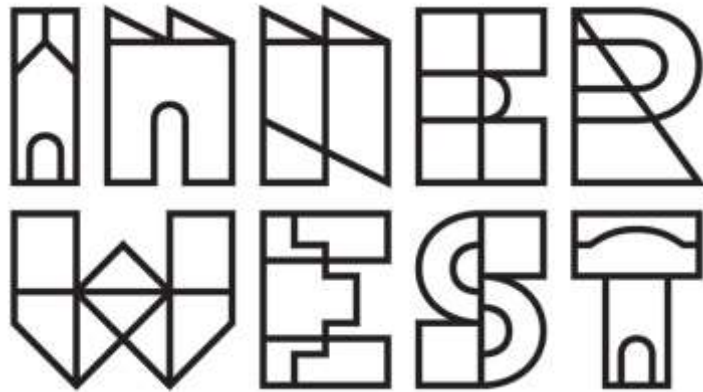


SUPPLEMENTARY AGENDA 1

Distributed on 23 October 2020



COUNCIL MEETING

TUESDAY 27 OCTOBER 2020

6.30pm

Location: Remote Meeting

MEETING AGENDA – PRECIS SUPPLEMENTARY ITEMS

The following reports appear as late items as information required for the preparation of the reports was not available at the time of distribution of the Business Paper.

1 Mayoral Minutes

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Item No: C1020(2) Item 15
Subject: MAYORAL MINUTE: ARTS FORUM
From: The Mayor, Councillor Darcy Byrne

MOTION:

THAT Council writes to the NSW Arts Minister, the NSW Minister for Jobs, Investment, and Tourism, and the NSW Minister for Planning and Public Spaces requesting the following actions identified through the Arts Forum that Council convened:

- 1. That arts infrastructure be included in a Government stimulus plan with a whole of Sydney focus;**
- 2. State Government funding to assist small to medium enterprises, which have been unfunded to date;**
- 3. State Government funding to expand the existing arts funding grants, which are administered by local Councils;**
- 4. Assist with planning and DCP challenges to help with the adaptive use of empty shopfronts for the arts sector;**
- 5. Provide more State Government funding to multicultural arts; and**
- 6. Work with Councils to develop a Public Art Strategy.**

Background

The Mayoral Regional Arts and Creative Forum took place via Zoom on 6 August 2020.

Attendees included Inner West Mayor Darcy Byrne; Jess Scully - Deputy Lord Mayor, City of Sydney; Simon Fox - Group Manager - Community, Library and Aquatic Services, Burwood Council; Alicia Talbot - Manager Arts and Cultural Development, City of Blacktown; Stephanie Kelly - Manager, Place Management, City of Canada Bay; Tanya Goldberg – Executive Manager – Communications, Culture and Events, Waverley Council.

Some of the issues raised for the arts industry included:

- Support for the arts and creative sector has been less than those in other industries with similar or lower economic and social contribution to society.
- Councils have been trying to support the local artists and creatives while working on their local recovery plans simultaneously.
- Uncertainty regarding the timeline and process for reopening arts venues is making planning and investment impossible.
- City of Sydney completed a Community COVID Plan (economy-wide) which showed that the theatre, live music, festival organisers, etc., suffered a 53% drop in arts operators within first two weeks of shutdown and they are likely to be last sector to reopen.
- There was interest in creating a Creative Economy Taskforce as an avenue for local government to approach State Government, so a united voice is more likely to be considered.

- Would like to see Councils could be provided with money for small grants they could administer to the local arts and cultural sector that would be welcomed.

ATTACHMENTS

Nil.

Item No: C1020(2) Item 16
Subject: MAYORAL MINUTE: KING GEORGE PARK AND WESTCONNEX
From: The Mayor, Councillor Darcy Byrne

MOTION:

THAT Council:

1. Notes the \$2.875 million Council received for the compulsory acquisition of 2,285sqm of land at King George Park (See media release below in background);
2. Dedicates this \$2.875 million to improving the recreational facilities at King George Park and the public amenities in the neighbouring streets – Byrne St, Manning St, Clubb St, Toelle St, Callan St, Springside St, McCleer St and Moodie St - which have been significantly affected by the construction of WestConnex Stage 3B;
3. Notes the list of priorities of sporting organisations that use King George Park for the sporting ground (See background below);
4. Sends a letter from the Mayor to residents of the streets listed above asking for their priorities for improvements of public amenities in the area, which will be reported to Council at an Ordinary meeting in October; and
5. Consults with Balmain Little Athletics, Leichhardt Saints and Leichhardt Juniors Rugby League Club on their priorities and, following this consultation, tables a list of priority works at King George Park and the streets listed above that could be funded by the \$2.875 million at an Ordinary meeting in November.

Background

On Friday, 18 September I held a meeting with representatives from three sports clubs that are long-term users of King George Park - Balmain Little Athletics, Leichhardt Saints and Leichhardt Juniors Rugby League Club.

The clubs had identified number of improvements to the ground that they believed would be beneficial for all users, including:

- Improvement to the quality of the ground's surface, which would include new turf and laser levelling
- New changerooms are urgently needed, especially for women and girls
- Additional storage on-site
- Addressing the possibility of increasing capacity in the car parking at the ground

Council media release of Monday 24 August 2020

Win for Council and the community in King George Park negotiations

Transport for NSW (TfNSW) will compensate Inner West Council and the local community \$2.875 million for the compulsory acquisition of 2,285sqm of land at King George Park.

As well, Council has successfully negotiated that 72% of the acquired land will be returned to Council by December 2025.

King George Park is one of the Inner West's most popular sporting grounds used throughout the sporting year by thousands of local football juniors.

The Park is part of a wider recreational Bay Run precinct, patronised by huge numbers of people each day.

In January 2020, TfNSW compulsorily acquired the land to be used for the WestConnex M4-M5 Link project.

TfNSW also acquired a construction lease of 800sqm in the same area. This will also be eventually returned to Council.

As well as successfully seeking adequate compensation, Council negotiated that TfNSW reinstate the land to the pre-acquisition condition.

TfNSW will also pay all of Council's legal and other costs associated with the litigation.

"We've fought hard to win compensation for the community and this funding will go straight back into the neighbourhood, said Inner West Mayor Darcy Byrne.

"The impacts from WestConnex on residents around King George Park have been horrendous, so improving their quality of life is the priority now."

Inner West Council has one of the lowest proportions of public open space per person in Sydney.

Council's legal experts had always argued that every metre of public open space is highly valuable and that the amount of compensation to be paid to Council should reflect that value rather than the nominal amount that TfNSW's experts recommended.

The State Government's WestConnex project has disproportionately disadvantaged Inner West residents through compulsory acquisitions, destruction of neighbourhoods, pollution, noise, dust, fumes and odour.

Council [encourages all residents to register justifiable](#) complaints.

All registered complaints are required to be investigated.

For more information about the WestConnex project and Council's actions to advocate for residents and mitigate the impacts of construction and delivery of the WestConnex project, go to www.innerwest.nsw.gov.au/WestConnex

ATTACHMENTS

Nil.

Item No: C1020(2) Item 17
Subject: MAYORAL MINUTE: WESTS TIGERS LEISURE
From: The Mayor, Councillor Darcy Byrne

MOTION:

THAT Council:

1. Notes the correspondence from Justin Pascoe, CEO of Wests Tigers Rugby League Club (See Attachment 1); and
 2. Convenes a meeting with representatives of Wests Tigers Leisure - a joint venture between Wests Tigers Rugby League and Belgravia Leisure - to discuss options for collaboration in Council's recreational centres, which is to be reported back at an Ordinary Council meeting in December.
-

ATTACHMENTS

1. [↓](#) Correspondence from Wests Tigers CEO to the Mayor



WESTS TIGERS
Concord Oval - Loftus Street, Concord NSW 2137
PO BOX 169, North Strathfield NSW 2137
PH: 02 8741 3300 FAX: 02 9715 6574
WWW.WESTSTIGERS.COM.AU

5 August 2020

Mayor, Cllr Darcy Byrne
Email: darcy.byrne@innerwest.nsw.gov.au

Dear Darcy,

West Tigers Leisure, a joint venture between Wests Tigers Rugby League and Belgravia Leisure would like to work with Inner Wests Council on initiatives aimed at bringing the skill sets, knowledge, and branding of Wests Tigers Leisure into your community through your recreational centers in the Inner -West.

We have entered into partnership with Belgravia Leisure to expand our community program initiatives in the area of health and wellbeing. As you are aware Belgravia Leisure operate the Annette Kellerman Aquatic Centre on behalf of Council and they deliver highly successful Exercise Physiology and Telehealth services to the Marrickville community.

We have followed with interest the progress of the facility development at Ashfield Aquatic Centre and we believe that Councils commitment to the health of the Inner West community aligns with our community program model that is delivering tangible outcomes in the areas where we are established.

We note that Inner West Council recently went to market to seek external providers of Exercise Physiology services and a range of other allied health services for the Leichhardt Aquatic Centre. We believe that with the onset of Covid 19 the expression of interest project was suspended temporarily.

We would like to enter into discussions with Council on how we could package a range of services that could be deployed by West Tigers within your aquatic and leisure facilities across the Inner West. I have included below, some community initiatives above and beyond the Exercise Physiology services that we would like to also propose for consideration.

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OF WESTS TIGERS



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ALLIED
EXPRESS





WESTS TIGERS
Concord Oval - Loftus Street, Concord NSW 2137
PO BOX 169, North Strathfield NSW 2137
PH: 02 8741 3300 FAX: 02 9715 6574
WWW.WESTSTIGERS.COM.AU

West's Tigers Proposed Community Initiatives

- Utilise Inner West council facilities as holiday clinic locations for the local community – these could be promoted as an additional benefit on membership packages. Typically these clinics are targeted towards kids ages 5-12 and run each school holiday period except for the Christmas break.
- NRL League stars after school program. League Stars is run before or after school for primary school aged children over 4 -6 weeks. The program is suitable for all abilities with the focus on practicing fundamental movement skills and having a blast with friends.
- Kari Indigenous pathways camp - pending availability and timing of 2021 camp, various activities can be moved from HQ to leisure centres e.g. gym, recovery (including pool, spa, sauna).
- Activation at Ashfield Aquatic opening day (WT engagement, membership, merch present – spring 2020)

Future initiatives:

- Use gym facilities for future men's and women's health & wellbeing program
- Wests Tigers promote Australian kids water safety. "Drowning continues to be one of the biggest killers of Australian children. Every year a number of children are killed and hundreds more are rescued from near drowning situations." <https://kidsafe.com.au/statistics-2/>

Kind Regards

Justin Pascoe
CEO Wests Tigers Rugby League Club

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Item No: C1020(2) Item 18
Subject: MAYORAL MINUTE: WESTCONNEX INDEPENDENT PROPERTY IMPACT ASSESSMENT PANEL
From: The Mayor, Councillor Darcy Byrne

MOTION:

THAT Council:

1. Notes the motion establishing a Council service to provide independent dilapidation reports for local property owners affected by tunnelling and construction for the WestConnex project, which was adopted at the 24 April 2018 Ordinary meeting;
2. Notes the advice provided by Council officers that the dilapidation service has been discontinued and that Council has written to Transport for NSW requesting that a Council representative be an observer on its Independent Property Impact Assessment Panel (See below and Attachment 1);
3. Provides a report on which Council representative is observing the panel's operation, how frequently it has met and what their assessment is about the fairness and effectiveness of the panel process, which is to be reported to the next Ordinary Council meeting; and
4. Notes Council's acceptance of Sat Scan Pty Ltd's offer for the provision of high-level radar-based satellite imagery for areas along the WestConnex toll road route that fall within the Local Government Area for Inner West Council at the 25 August Council meeting.

Background

On 28 July 2020, in response to an inquiry about proposed WestConnex blasting in Annandale, I received advice from Council officers (see below) that Council's independent dilapidation reports for property owners affected by tunneling and construction for WestConnex had been discontinued.

"Council no longer offers the service. Please see attached memo [Briefing Note to Councillors on 17 December 2019] that addresses this issue."

ATTACHMENTS

1. [Briefing Note to Councillors on 17 December 2019](#)



INNER WEST COUNCIL

COUNCILLOR BRIEFING NOTE

To: All Councillors
From: Michael Deegan, Chief Executive Officer
Date: 17 December 2019
Subject: WestConnex Property Condition Reporting Service

The main reason for Council previously providing the independent service was an expressed lack of trust by some community members in the WestConnex property condition disputes process. As disputes were at that time handled solely by the contractor, it was felt that the process was biased and a more independent appeals process was needed.

In response to the community concerns, Transport for NSW (TfNSW, formerly RMS) improved the process when Stage 3 was approved in April 2019 by establishing an Independent Property Impact Assessment Panel. The panel, comprising geotechnical and engineering experts independent of the contractor, has responsibility for reviewing the contractor's reports, resolving property damage disputes and establishing noise and vibration monitoring requirements.

I have written to Transport for NSW requesting that a Council representative observe the panel's operation.

Attachments: WestConnex: Property condition survey factsheet

WestConnex

M4-M5 Link Tunnels

Property condition survey factsheet | 2019



The M4-M5 Link will create a western city bypass

Lendlease Samsung Bouygues Joint Venture (LSBJV) has been selected to design and construct stage 1 of the M4 - M5 Link project, 7.5km twin tunnels connecting the M4 East at Haberfield with the New M5 at St Peters. Work for the new M4 - M5 Link Tunnels project is underway and will be able to accommodate up to four lanes of traffic in each direction when it opens to traffic in 2023.

What is a property condition survey?

A property condition survey is an inspection of buildings and structures on a property to assess and document their general condition. The survey is carried out before the start of demolition, construction or tunnelling work in your area.

A property condition survey will also be done after the completion of construction and tunnelling in your area.

Properties within 50 metres of the tunnel alignment will be offered a property condition survey prior to the start of work in an area. Before work starts in your area we will contact eligible properties.

If you would like a property condition survey done please contact us to arrange an inspection.

For more information

Drop into our Community Information Centre

201-205 Parramatta Road,
Haberfield

- 9am to 5pm Monday to Friday
(excluding public holidays)

You can also contact the WestConnex info line on **1800 660 248**, email info@m4-m5linktunnels.com.au or visit westconnex.com.au / M4-M5Linktunnels for more information.

We speak your language



Visit westconnex.com.au.
Need an interpreter?
Call the Translating and Interpreting Service on 131 450.



Constructed by



M4-M5 Link Tunnels

Property condition survey factsheet | 2019

Who is eligible for a property condition survey?

While structural or cosmetic damage to a property from tunnel construction is extremely unlikely, a free property condition survey is offered to eligible properties within 50 meters of an M4-M5 tunnel alignment or construction site.

Construction of the M4-M5 Tunnels will be carried out progressively between Haberfield and St Peters. Before demolition, construction or tunnelling starts in your area the LSBJV community relations team will contact eligible properties to offer a property condition survey.

Why do I need a property condition survey?

The property condition survey documents the existing condition of buildings and structures on a property before the start of work in your area. It is a record for comparison if you have any concerns about damage to your property which you feel may have been because of our work.

What does the property condition survey involve?

The survey is done by a suitably qualified inspector and involves taking photographs of any visible damage or defect within buildings and structures on a property. It will also include outside structures such as sheds, driveways, swimming pools, fences and retaining walls.

A property inspection will be done during daylight hours and will provide an accurate record of the current interior and exterior condition of buildings and structures.

How do I arrange a property condition survey?

Before construction starts in your area the LSBJV community relations team will contact eligible properties to offer free surveys.

If you have not been contacted and you believe your property may be eligible please contact us on 1800 660 248 and ask to talk to the M4 - M5 Link Tunnels project.

How long will the property condition survey take?

An inspection can take two to three hours to complete depending on the size and condition of a property.

Do I need to pay for the survey?

There is no cost to property owners for the survey report and once completed an electronic and printed copy of the report will be provided free of charge.

Will the survey report be confidential?

The survey report is the property of LSBJV and will be kept confidential between us and Sydney Motorway Corporation. However, if you make a property damage claim we will need to give the report to assessors as part of the investigation process.

What if I do not agree with the survey?

If you believe the survey report does not accurately describe the condition of your property, please contact the LSBJV community relations team.

What do I do if my property is damaged?

Please contact the LSBJV community relations team if you think that your property has been damaged, and you will be guided through the property damage claim process.

When will the project team repair the damage?

Generally, repairs to damage caused by the project would take place after completion of construction work and within three months of completion of post construction surveys, unless an emergency situation arises or there is a safety concern.

If the damage is found to be as a result of construction, repairs will be carried out at no cost to the property owner.

Who can I speak to if I have a dispute about a property condition survey?

A Property Impact Assessment Panel which is comprised of geotechnical and engineering experts has been established by Roads and Maritime and is independent of the M4-M5 Tunnels project.

The panel is responsible for independently reviewing property condition surveys and resolution of any property damage disputes. Property owners and/or Roads and Maritime can refer disputes to the panel for resolution.

Item No: C1020(2) Item 19

Subject: FINANCIAL STATEMENTS 2019/20

Prepared By: Daryl Jackson - Chief Financial Officer

Authorised By: Elizabeth Richardson - Acting Chief Executive Officer

RECOMMENDATION

THAT Council:

1. **Receives and note the report; and**
 2. **Endorse the Financial Statements to be placed on public exhibition with a view of tabling the final report at the November 2020 Council meeting.**
-

DISCUSSION

Council is required to prepare Financial Statements in accordance with the Local Government Act and Regulations, Local Government Code of Accounting Practice and Australian Accounting Standards. At its August meeting, Council resolved to release its statements for audit. The financial reporting period for the 2019/20 Financial Statements is 1 July 2019 to 30 June 2020.

The 2019/20 Financial Statements are required (by legislation) to be endorsed by Council and then placed on public exhibition.

Income Statement and Balance Sheet.

Key points to note are:

- Council's Income Statement for the year discloses that the Net Operating Result from Continuing Operations was a surplus of \$82.0m in contrast to an original budget surplus of \$32.4m.
- Council's surplus of \$82.0m is largely attributed to the gain on the Sale of Investment Land (Tempe Land) of \$49.4m. The total proceeds from the sale of Tempe Land received from Transport for NSW have been placed in a restricted reserve to be used for the purchase of a similar investment.
- This result includes lost income from the impact of COVID-19 (\$16.2m) mainly driven by reduced User Fees from Hall Hire, Sportsfields, LPAC and Child Care Centres.
- Efficiency Savings of \$18.3m were realised.
- By removing the \$49.4m gain from the sale of Tempe lands, and the \$11 million surplus in Resource Recovery (because it is restricted for use on that service only), Council's 'normalised' result is a deficit of \$14.5 million.

Analysis of 2019/20 Financial Result

	Financial Statements ¹ (\$'000)	Sale of Temple Land ² (\$'000)	Normalised Result ³ (\$'000)	Resource Recovery ⁴ (\$'000)	Full Year Normalised Result (Excluding Resource Recovery) ⁵ (\$'000)	Business As Usual (\$'000)	Efficiency Savings (\$'000)	COVID-19 Impact ⁶ (\$'000)
Total Income	270,945	49,388	221,557	41,401	180,156	193,725	2,582	(16,151)
Total Expense	241,581	-	241,581	30,610	210,971	225,227	(15,694)	1,438
Total Surplus/(Deficit) before Funding	29,365	49,388	(20,024)	10,791	(30,815)	(31,502)	18,276	(17,589)
Operating Grants & Contributions								
Operating Grants	17,095	-	17,095	801	16,294	12,531	-	3,763
Total Surplus/(Deficit) after Operating Grants	46,460	49,388	(2,929)	11,592	(14,521)	(18,971)	18,276	(13,826)

Keys

1. Financial Statements - audited (formal) set of accounts produced and lodged with OLG.
2. Profit on Sale of Investment (Tempe) Land sold to Transport for NSW. These funds with the balance of the sale amount have been restricted for the purchase of an investment property to provide the same/similar rental income.
3. Normalised Result - this reflects our trading result after excluding the sale of Temple Land.
4. Resource Recovery - managed as a separate unit. Income collected can only be used on this service to offset the operating expenditure and capital program.
5. Full Year Normalised Excluding Resource Recovery - this is the trading result. It includes the Achieved Efficiency Savings and the Impact of COVID-19.
6. COVID-19 is better than forecasted. This is due to the State and NSW Grants received late in June for Child Care. This amount was an unknown positive fact.

Council's Balance Sheet discloses Net Assets of \$2.46 billion, primarily made up of Infrastructure related assets of \$2.22 billion. A breakdown of infrastructure assets can be found in the capital schedule known as Note 10(a).

Council's cash position sees it hold \$321.0m in cash and investments. The following is a breakdown by Reserve –

Reserve	Amount (\$M)
Externally Restricted - S94 Developer Contributions	\$77
Externally Restricted - Unexpected Grants	\$8
Domestic Waste	\$29
Externally Restricted - Other Externally Restricted	\$11
Internally Restricted - Employee Leave Entitlement	\$16
Internally Restricted - Deposit and Bonds	\$18
Internally Restricted - Investment Property Reserve	\$81
Internally Restricted - Other	\$40
Operating Funds Already Committed	\$41
Total	\$321

As part of this process, Council has funded its Employee Leave Entitlement at 48% of the estimated provision. (Previously funded at approximately 100% of the total Employee Leave Entitlement).

Local Government Industry Indicators

The Local Government indicators (summarised below) are determined by in the Code of Accounting Practice. The indicators allow for inter council comparisons to be consistently made across the local government sector. The indicators are as follows –

Operating Performance Ratio

The purpose of the Operating Performance Ratio is to measure Council's achievement of containing operating expenses with operating revenue.

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019	Prior periods 2018	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	931	0.38%	0.46%	3.24%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	242,513				

(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

Council's Operating Performance Ratio was 0.38% which is better than the benchmark of zero. This was a reduction based on last year's ratio of 0.46%.

Own Source Operating Revenue Ratio

The purpose of this ratio is to measure fiscal flexibility. The ratio highlights the degree of reliance on external funding sources such as operating grants & contributions.

2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	225,417	81.08%	87.01%	88.83%	>60.00%
Total continuing operating revenue ¹	278,002				

(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

Council's Own Source Operating Revenue Ratio is better than the benchmark of 60% which means that it has low reliance on grants to fund operating expenditure. This ratio has decreased in comparison to the 18/19 result as Council received lower State Government grants in the 19/20 financial year compared to the previous financial year.

Unrestricted Current Ratio

The purpose of this ratio is to assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

3. Unrestricted current ratio					
Current assets less all external restrictions	224,881	5.68x	3.04x	3.72x	>1.50x
Current liabilities less specific purpose liabilities	39,561				

Council's Unrestricted Current Ratio is better than the benchmark of >1.5x. This benchmark will be used in the development in Council's Long-term Financial Plan to ensure that Council is financially sustainable and able to meet its ongoing short-term financial obligations (payroll and creditors).

Debt Service Coverage Ratio

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

4. Debt service cover ratio

Operating result before capital excluding interest and depreciation/impairment/amortisation ¹

	30,627	6.07x	5.84x	6.61x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,042				

(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

Council's Debt Service Ratio is better than the benchmark of >2x and is capable of servicing its existing loan obligations as they are secured against rates income and factored into the budget.

Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage

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

5. Rates, annual charges, interest and extra charges outstanding percentage

Rates, annual and extra charges outstanding	8,651	5.08%	4.48%	3.92%	<5.00%
Rates, annual and extra charges collectible	170,388				

Council's Outstanding Rates and Annual Charges is worse than the benchmark of <5%. This is mainly driven by reduced debit collection under the COVID-19 directive not to lodge outstanding debt with the debt collection agency as well as no debt recovery action is taken against eligible pensioners.

Cash Expense Cover Ratio

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

6. Cash expense cover ratio

Current year's cash and cash equivalents plus all term deposits

	241,546	11.53	7.42	8.05	>3.00
Monthly payments from cash flow of operating and financing activities	20,951	mths	mths	mths	mths

Council's Cash Expense Cover Ratio is better than the benchmark of >3 months. However, this will reduce once investment land has been purchased to replace the Tempe Land sold to Transport of NSW. This indicator will also be impacted by the COVID-19 Rates Financial Hardship Deferral Program in place depending on the ratepayer's ability to repay their outstanding balances in line with their individual Repayment Agreement.

This will continue to be monitored throughout the 2020/21 financial year and in Council's Long Term Financial Plan.

Council Infrastructure Industry Indicators

Council's Infrastructure assets indicators (found in Special Schedules – Report on Infrastructure Assets) as a summary of Council's infrastructure conditions for the financial year. This Special Schedule is not audited by the Audit Office in 2019/20.

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) [*]					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	7,493	34.56%	166.21%	64.09%	>=100.00%
Depreciation, amortisation and impairment	21,684				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	140,434	9.62%	9.29%	10.27%	<2.00%
Net carrying amount of infrastructure assets	1,460,546				
Asset maintenance ratio					
Actual asset maintenance	38,159	98.77%	97.65%	78.33%	>100.00%
Required asset maintenance	38,633				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	140,434	7.11%	7.35%	3.78%	
Gross replacement cost	1,974,348				

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

(1) Excludes Work In Progress (WIP)

(2) 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.

A summary of the indicators show that Council needs to continue to spend money on renewals at a rate as assets continue to depreciate but still has a backlog of approximately \$140m that needs to be addressed. Working funds have been allocated over the Long Term Financial Plan to address part of this backlog. However, the infrastructure backlog of \$140m exceeds the total available working funds for Council to reduce the backlog below the benchmark of <2%. The renewal ratio of 34.56% is expected to be back to well above benchmark for the 20/21 Financial year as significant asset expenditure on the Ashfield Aquatic Centre, Dawn Fraser Baths and Haberfield Library is finalised.

This indicator will be reviewed on an ongoing basis as a part of the Long Term Financial Plan and Asset Management Plans process. If we continue to have an operating deficit, the asset renewal backlog will not be reduced.

Next Steps

To ensure compliance with legislation the following steps need to occur:

- Council endorses the financial reports and signs the accounts (31 October 2020);
- Council receives the Audit report from the Audit Office to be incorporated in the Financial Statements and then submitted to the Office of Local Government by 31 October 2020;

- Council places its Financial Statements on public exhibition for public comment;
- Council endorses the final report in November 2020, noting any comments from the public exhibition period.

FINANCIAL IMPLICATIONS

There are no net financial implications of this report. It is noted that general funds have been allocated to fund Council's infrastructure shortfall over the Council's Long-Term Financial Plans.

The Audit, Risk and Improvement Committee have had a briefing with Audit Office and Council officers to discuss the conduct of the audit and Council's financial position.

ATTACHMENTS

1. [Download](#) Draft 2019/20 Inner West Council Financial Statements
2. [Download](#) Audit, Risk and Improvement Committee Minutes 21 October 2020

Inner West Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



Inner West Council

Financial Statements 2020

General Purpose Financial Statements for the year ended 30 June 2020

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Overview

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

2-14 Fisher Street
Petersham NSW 2049

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 2(b).

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.innerwest.nsw.gov.au

Inner West Council

Financial Statements 2020

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

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

About the Council/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Inner West Council

Financial Statements 2020

General Purpose Financial Statements for the year ended 30 June 2020

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and 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 27 October 2020.

Darcy Byrne
Mayor
27 October 2020

Victor Macri
Deputy Mayor
27 October 2020

Elizabeth Richardson
Acting General Manager
27 October 2020

Daryl Jackson
Chief Financial Officer
27 October 2020

Inner West Council

Financial Statements 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
162,638	Rates and annual charges	3a	162,634	159,297
45,948	User charges and fees	3b	32,693	42,852
26,291	Other revenues	3c	18,019	21,010
10,620	Grants and contributions provided for operating purposes	3d,3e	17,096	11,731
36,819	Grants and contributions provided for capital purposes	3d,3e	35,489	23,446
5,277	Interest and investment income	4	5,209	6,508
-	Net gains from the disposal of assets	6	45,215	-
-	Fair value increment on investment properties	11	-	449
-	Rental income	14e	7,077	5,999
-	Net share of interests in joint ventures and associates using the equity method	19	101	144
287,593	Total income from continuing operations		323,533	271,436
Expenses from continuing operations				
121,675	Employee benefits and on-costs	5a	115,727	119,497
1,969	Borrowing costs	5b	425	620
64,173	Materials and contracts	5c	63,859	65,135
33,080	Depreciation and amortisation	5d	29,271	26,594
34,200	Other expenses	5e	32,300	34,421
70	Net losses from the disposal of assets	6	-	8,282
255,167	Total expenses from continuing operations		241,582	254,549
32,426	Operating result from continuing operations		81,951	16,887
32,426	Net operating result for the year		81,951	16,887
32,426	Net operating result attributable to council		81,951	16,887
(4,393)	Net operating result for the year before grants and contributions provided for capital purposes		46,462	(6,559)

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Inner West Council

Financial Statements 2020

Statement of Comprehensive Income for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		81,951	16,887
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	–	14,896
Total items which will not be reclassified subsequently to the operating result		–	14,896
Total other comprehensive income for the year		–	14,896
Total comprehensive income for the year		81,951	31,783
 Total comprehensive income attributable to Council		 81,951	 31,783

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Inner West Council

Financial Statements 2020

Statement of Financial Position as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	106,546	23,798
Investments	7(b)	130,800	118,330
Receivables	8	24,795	47,578
Inventories	9a	193	180
Contract assets	13a	1,260	–
Other	9b	2,659	3,291
Total current assets		266,253	193,177
Non-current assets			
Investments	7(b)	83,691	79,683
Infrastructure, property, plant and equipment	10(a)	2,216,107	2,156,465
Investment property	11	–	28,489
Intangible Assets	12	9,104	1,397
Right of use assets	14a	354	–
Investments accounted for using the equity method	19	3,164	3,637
Total non-current assets		2,312,420	2,269,671
Total assets		2,578,673	2,462,848
LIABILITIES			
Current liabilities			
Payables	15	31,236	35,898
Contract liabilities	13b	3,998	4,267
Lease liabilities	14b	191	–
Borrowings	15	3,762	3,683
Provisions	16	31,883	32,433
Total current liabilities		71,070	76,281
Non-current liabilities			
Contract liabilities	13b	4,174	–
Lease liabilities	14b	176	–
Borrowings	15	40,897	5,416
Provisions	16	1,493	2,009
Total non-current liabilities		46,740	7,425
Total liabilities		117,810	83,706
Net assets		2,460,863	2,379,142
EQUITY			
Accumulated surplus	17	2,264,658	2,182,843
Revaluation reserves	17	196,205	196,299
Council equity interest		2,460,863	2,379,142
Total equity		2,460,863	2,379,142

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Inner West Council

Financial Statements 2020

Statement of Changes in Equity for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20			as at 30/06/19		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		2,182,843	196,299	2,379,142	2,165,956	181,403	2,347,359
Changes due to AASB 1058 and AASB 15 adoption	17	(230)	—	(230)	—	—	—
Restated opening balance		2,182,613	196,299	2,378,912	2,165,956	181,403	2,347,359
Net operating result for the year		81,951	—	81,951	16,887	—	16,887
Other comprehensive income							
— Gain (loss) on revaluation of IPP&E	10(a)	—	—	—	—	14,896	14,896
Other comprehensive income		—	—	—	—	14,896	14,896
Total comprehensive income		81,951	—	81,951	16,887	14,896	31,783
Transfers between equity items		94	(94)	—	—	—	—
Equity – balance at end of the reporting period		2,264,658	196,205	2,460,863	2,182,843	196,299	2,379,142

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Inner West Council

Financial Statements 2020

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
162,638	Rates and annual charges		160,582	158,625
45,948	User charges and fees		34,321	46,111
5,277	Investment and interest revenue received		6,493	4,826
47,439	Grants and contributions		42,579	32,454
–	Bonds, deposits and retention amounts received		1,240	2,356
26,291	Other		53,349	36,387
Payments:				
(121,675)	Employee benefits and on-costs		(116,104)	(114,322)
(64,173)	Materials and contracts		(79,955)	(67,362)
(1,969)	Borrowing costs		(127)	(626)
(34,200)	Other		(50,614)	(38,010)
65,576	Net cash provided (or used in) operating activities	18b	51,764	60,439
Cash flows from investing activities				
Receipts:				
271,859	Sale of investment securities		212,400	162,017
–	Sale of investment property		73,168	–
(70)	Sale of infrastructure, property, plant and equipment		1,466	2,390
Payments:				
(223,320)	Purchase of investment securities		(228,663)	(155,551)
(111,049)	Purchase of infrastructure, property, plant and equipment		(54,460)	(52,199)
–	Purchase of intangible assets		(8,357)	(1,896)
(62,580)	Net cash provided (or used in) investing activities		(4,446)	(45,239)
Cash flows from financing activities				
Receipts:				
–	Proceeds from borrowings and advances		40,047	–
Payments:				
(5,066)	Repayment of borrowings and advances		(4,487)	(4,237)
–	Lease liabilities (principal repayments)		(130)	–
(5,066)	Net cash flow provided (used in) financing activities		35,430	(4,237)
(2,070)	Net increase/(decrease) in cash and cash equivalents		82,748	10,963
41,023	Plus: cash and cash equivalents – beginning of year	18a	23,798	12,835
38,953	Cash and cash equivalents – end of the year	18a	106,546	23,798
165,703	plus: Investments on hand – end of year	7(b)	214,491	198,013
204,656	Total cash, cash equivalents and investments		321,037	221,811

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

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Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 27 October 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not-for-profit entity.

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

The Novel Coronavirus (COVID-19) is a respiratory illness that was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant effect on local and global economies, and Council has not been isolated from the direct and indirect effects of the virus.

Council has considered the impacts from the 2020 COVID-19 pandemic in the preparation of these financial statements. Although the pandemic had a widespread effect on slowing down economy around the world, Council notes that as at the date of the issue of the 19/20 financial statements, it is hard to predict any significant future implications on Council's business.

To determine the potential impacts of the pandemic on the financial statements, Council has performed an analysis of the following categories:

- Fair value of property, plant and equipment (PPE) - Level 3.
- Impairment of non-financial assets
- Financial instruments
- Expected credit losses (ECLs)
- Events after the reporting period
- Contingent assets & liabilities and commitment

Specific disclosures have been documented in the notes to the financial statements in recognition of the impacts (financial and otherwise) of the global pandemic.

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

- Income statement
- Statement of cash flows
- Note 23 – Material budget variations

and are clearly marked.

(a) Historical cost convention

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

(b) 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.

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10 and 24.
- (ii) employee benefit provisions – refer Note 16.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8 and 22.

Monies and other assets received by Council

(a) 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
- Other - CivicRisk Metro, and
- Other - CivicRisk Mutual Pools

(b) 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 other assets 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 other assets subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from 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 is supported by volunteer services in its community support programs - specifically individual social support services, and meals on wheels. All volunteers are reimbursed for travel expenses, and it is the view of council that all other volunteer services are not material and therefore has not been recognised in the income statement.

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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 2020 reporting period.

These standards include:

AASB 1059 Service Concession Arrangements: Grantors
AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059
AASB 2019-2 Amendments to Australian Accounting Standards - Implementation of AASB 1059

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 the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 17.

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 2(a). Council functions/activities – financial information

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).										
\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Children and Family Services	17,022	17,334	17,734	19,108	(712)	(1,774)	5,753	1,073	–	190
Community Events	116	140	3,609	3,718	(3,493)	(3,578)	–	–	–	–
Community Services and Culture	2,369	2,262	10,161	11,360	(7,792)	(9,098)	621	1,092	–	–
Corporate Support Services	196,745	144,167	54,772	65,481	141,973	78,686	5,836	5,536	369,559	1,272,157
Development Assessment	3,863	4,772	6,578	6,874	(2,715)	(2,102)	–	–	–	26
Environment and Sustainability	1,168	764	5,327	5,591	(4,159)	(4,827)	1,020	504	–	8
Footpaths, Roads, Traffic and Stormwater	17,125	17,234	32,198	34,097	(15,071)	(16,863)	2,560	3,056	1,414,447	1,032,701
Library and History Services	1,786	1,270	17,005	11,032	(15,219)	(9,762)	1,584	–	–	59
Recreation and Aquatics	6,950	9,464	9,903	11,266	(2,953)	(1,802)	1,060	1,146	42,722	54,578
Regulatory Services	15,624	17,392	13,628	13,943	1,996	3,449	–	–	–	8,018
Resource Recovery	41,401	41,364	29,265	28,934	12,136	12,430	–	–	2,357	1,444
Strategic Planning	2,606	2,716	5,972	7,934	(3,366)	(5,218)	1,265	750	–	–
Trees, Parks and Sportsfields	16,758	12,557	35,432	35,211	(18,674)	(22,654)	792	–	746,867	93,667
Other	–	–	–	–	–	–	–	–	2,721	–
Total functions and activities	323,533	271,436	241,582	254,549	81,951	16,887	20,491	13,157	2,578,673	2,462,848

Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(b). Council functions/activities - component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

Children and Family Services

- Plan for and providing Council's Education and Care Services for families with children aged 0 to 12 years, including:
 - Long day care
 - Family day care
 - Preschool and occasional care
 - Out of school hours care
- Support parents' participation in the workforce and/or society
- Support children with additional needs and from vulnerable and disadvantaged backgrounds

Community Events

- Organise, present and evaluate a program of high quality events that engage the local community in celebrations of place, culture and diversity.
- Provide employment for local performing artists and art workers.

Community Services and Culture

- Providing, and working with partners on, programs and services to support and promote community wellbeing
- Developing social and cultural strategies and plans
- Initiating and managing programs that position the Inner West as a destination for excellence and innovation in the arts and culture
- Activating Council's community facilities to foster community building, participation, and social support

Corporate Support Services

- Customer Service, Business Excellence and Civic Governance
- Communications and Engagement
- Finance
- Human Resources
- Information and Communications Technology
- Legal Services
- Procurement
- Properties, Major Building Projects and Facilities

Development Assessment

- Implementing Council's statutory responsibilities to effectively manage change within the built and physical environment
- Providing accurate, timely and consistent planning and building advice to customers and high quality decisions and development outcomes

Environment and Sustainability

- Strategic planning for Urban Sustainability & Urban Ecology
- Supporting community involvement with urban ecology volunteer projects
- Managing Council's environmental risk, compliance, ecological design and environmental performance, monitoring and reporting

Footpaths, Roads, Traffic and Stormwater

- Plan, design and construct infrastructure
- Maintain and manage infrastructure:
 - Road pavements
 - Roadside furniture
 - Kerb and gutter
 - Footpaths
 - Cycleways
 - Bridges
 - Streetscape
 - Road reserve signage and pavement markings

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 2(b). Council functions/activities - component descriptions (continued)

- Stormwater drainage
- Traffic facilities and devices
- Public car parks

Library and History Services

- Deliver library services to a network of eight libraries with about 100,000 library members
- Provide a program of regular activities
- Manage the annual one million visitors to the library, the one million borrowed items and free access to technology and digital resources
- Provide history services and research, manage collections and archives, present exhibitions and displays and run community workshops and programs
- Partner with community organisations and schools to expand library activities and increase library use

Recreation and Aquatics

- Develop, plan for, and promote recreation opportunities to meet the needs of the Inner West Community.
- Manage the service provider contracts for Annette Kellerman Aquatic Centre and Fanny Durack Aquatic Centre to ensure that services and programming meet the needs of the community
- Manage Ashfield Aquatic Centre (under redevelopment), Dawn Fraser Baths (under redevelopment) and Leichhardt Park Aquatic Centre to ensure services and programming meet the needs of the community.
- Develop and deliver master plans for the public domain to support growth and change.

Regulatory Services

- Manage the urban environment in a way that protects life, property, amenities and the environment (natural, built and cultural) through the use of regulatory tools and education.

Resource Recovery

- Undertake strategic planning for Resource Recovery and provide policy, education and information that leads to behaviour change in relation to the avoidance, reuse, recycling and disposal of materials.
- Deliver daily collection and transport services to more than 90,000 households and businesses across the Inner West for waste, recycling, garden waste, household clean up, illegal dumping and lane cleaning, litter bins, Community Recycling Centres and other recycling services (e-waste, mattresses, white goods).

Strategic Planning

- Protect and improve the local, natural and built environment through land use policy and strategy development.
- Guide the efficient and effective use and distribution of Council's resources.
- Guide the delivery of local infrastructure ensuring it supports forecast growth.
- Deliver a suite of plans to drive change and economic development, shape future growth outcomes and guide the delivery of infrastructure.
- Develop outcomes based organisational strategy that reflects community needs and aspirations through effective integrated planning and reporting and delivery of the Community Strategic Plan, Delivery Program and Operational Plan.
- Develop and deliver master plans for the public domain to support growth and change.

Trees, Parks and Sportsfields

- Responsible for all activities within parks, reserves, sporting grounds and public open space, including maintenance, renewal and upgrade projects.
- Coordinating recreation planning and programs for parks and open space.
- Managing the implementation of Urban Forest Policy aims and objectives, including both public and private trees.
- Managing fleet procurement, including maintenance, use and disposal of Council's plant, vehicles and major equipment as well as overseeing Council's depot facilities, in particular their fleet maintenance, parking and storage provisions.
- Streetscape maintenance – including street sweeping, verge mowing and weed control.
- Developing, delivering and promoting recreation opportunities to meet the needs of the Inner West community.
- Managing Council's service provider contracts for indoor recreational facilities, the Debbie and Abbey Borgia Recreation Centre and Robyn Webster Sports Centre, to ensure that services and programming meet the needs of the community.

Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	85,876	82,507
Business	1058 (1)	35,283	35,070
Less: pensioner rebates (mandatory)		(1,874)	(1,978)
Rates levied to ratepayers		119,285	115,599
Pensioner rate subsidies received		964	967
Total ordinary rates		120,249	116,566
Special rates			
Environmental levy		271	262
Urban street		185	181
Rates levied to ratepayers		456	443
Total special rates		456	443
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	43,215	42,238
Stormwater management services		1,776	1,771
Waste management services (non-domestic)		-	1,361
Section 611 charges		192	153
Less: pensioner rebates (Council policy)	1058 (1)	(3,254)	(3,235)
Annual charges levied		41,929	42,288
Total annual charges		41,929	42,288
TOTAL RATES AND ANNUAL CHARGES		162,634	159,297

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15 (1) indicates income recognised under AASB 15 "at a point in time",
- 15 (2) indicates income recognised under AASB 15 "over time",
- 1058 (1) indicates income recognised under AASB 1058 "at a point in time", while
- 1058 (2) indicates income recognised under AASB 1058 "over time".

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property.

2019 Accounting Policy

The accounting policy for 2019 was as per above.

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Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services		172	284
Waste management services (non-domestic)		699	471
Total specific user charges		871	755
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other		700	277
Private works – section 67		1,101	406
Regulatory/ statutory fees		813	346
Section 10.7 certificates (EP&A Act)		523	445
Town planning	15 (1)	4,504	5,544
Building services		78	83
Regulatory – compliance		1,149	1,581
Regulatory fees – other		73	1,510
Total fees and charges – statutory/regulatory		8,941	10,192
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Child care	15 (2)	12,331	16,413
Community centres		324	462
Leisure centre		1,735	4,762
Park rents		764	1,509
Parking fees	15 (1)	2,915	3,587
Hoarding fees		995	979
Meals on wheels		240	322
Pool (admissions)	15 (2)	3,530	2,893
Other		47	978
Total fees and charges – other		22,881	31,905
TOTAL USER CHARGES AND FEES		32,693	42,852

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for user charges and fees

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership 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 the term of the licence.

2019 accounting policy

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

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(c) Other revenues			
Ex gratia rates		483	486
Fines – parking	1058 (1)	13,181	15,168
Fines – other		928	1,050
Legal fees recovery – other		252	449
Diesel rebate		34	17
Credit card transaction fee		151	228
Other		1,638	1,953
Street furniture income		–	162
Bus shelter income		1,341	1,497
Donations Received		11	–
TOTAL OTHER REVENUE		18,019	21,010

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15 (1) indicates income recognised under AASB 15 "at a point in time",
- 15 (2) indicates income recognised under AASB 15 "over time",
- 1058 (1) indicates income recognised under AASB 1058 "at a point in time", while
- 1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

2019 Accounting Policy:

The Accounting policy in 2019 was consistent with the above.

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component		1,397	1,987	–	–
Financial assistance – local roads component		1,379	666	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,228	2,060	–	–
Financial assistance – local roads component		713	690	–	–
Total general purpose		5,717	5,403	–	–
Specific purpose					
Aged care		924	936	–	–
Child care	1058 (1)	4,829	1,073	–	–
Environmental programs		997	207	–	265
Floodplain management		23	32	–	–
LEP/DCP		1,265	750	–	–
Library – per capita		541	548	–	–
LIRS subsidy		119	133	–	–
Recreation and culture		46	150	1,060	996
Street lighting		665	660	–	–
Transport (roads to recovery)		–	–	857	754
Other		–	–	3,288	1,094
Community services		160	156	–	–
Total specific purpose		9,569	4,645	5,205	3,109
Total grants		15,286	10,048	5,205	3,109
Grant revenue is attributable to:					
– Commonwealth funding		7,846	6,548	1,149	–
– State funding		7,440	2,750	2,498	–
– Other funding		–	750	1,558	3,109
		15,286	10,048	5,205	3,109

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.4 – contributions using planning agreements			–	–	717	5,052
S 7.11 – contributions towards amenities/services	1058 (1)		–	–	17,536	11,678
Total developer contributions – cash			–	–	18,253	16,730
Non-cash contributions						
S 7.4 – contributions using planning agreements			–	–	–	2,840
Total developer contributions non-cash			–	–	–	2,840
Total developer contributions	27		–	–	18,253	19,570
Other contributions:						
Cash contributions						
Roads and bridges			–	–	713	767
RMS contributions (regional roads, block grant)			1,389	1,093	–	–
Other			421	590	2,229	–
Total other contributions – cash			1,810	1,683	2,942	767
Non-cash contributions						
Other			–	–	9,089	–
Total other contributions – non-cash			–	–	9,089	–
Total other contributions			1,810	1,683	12,031	767
Total contributions			1,810	1,683	30,284	20,337
TOTAL GRANTS AND CONTRIBUTIONS			17,096	11,731	35,489	23,446

Accounting policy for grants and contributions

Accounting policy from 1 July 2019

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include [provide details of performance obligations within AASB 15 grants e.g. events, vaccinations]. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the fair value of the asset 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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

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

While Council generally incorporates these amounts as part of a Development 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 the Council may apply contributions according to the priorities established in work schedules

Accounting policy prior to 1 July 2019

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

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

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

While Council generally incorporates these amounts as part of a Development 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 the Council may apply contributions according to the priorities established in work schedules

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

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
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(f) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

Operating grants

Unexpended at the close of the previous reporting period	10,645	72,209
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	4,815	17,270
Add: operating grants received for the provision of goods and services in a future period	–	–
Less: operating grants recognised in a previous reporting period now spent (2019 only)	(832)	(78,834)
Less: operating grants received in a previous reporting period now spent and recognised as income	(7,097)	–
Unexpended and held as externally restricted assets (operating grants)	7,531	10,645
Less: capital grants received in a previous reporting period now spent and recognised as income	–	–

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	315	594
– Cash and investments	3,118	3,986
– Other	1,561	1,928
Fair value adjustments		
– Movements in investments at fair value through profit and loss	215	–
Total Interest and investment income	5,209	6,508

Accounting policy for interest and investment revenue

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	87,987	91,923
Employee termination costs	5,640	2,086
Travel expenses	41	42
Employee leave entitlements (ELE)	9,796	12,752
Superannuation	9,770	9,863
Workers' compensation insurance	1,633	2,010
Fringe benefit tax (FBT)	570	569
Training costs (other than salaries and wages)	547	249
Other	93	140
Total employee costs	116,077	119,634
Less: capitalised costs	(350)	(137)
TOTAL EMPLOYEE COSTS EXPENSED	115,727	119,497
Number of 'full-time equivalent' employees (FTE) at year end	1,035	1,036

Accounting policy for employee benefits and on-costs

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, when 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 21 for more information.

\$ '000	2020	2019
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on leases	5	–
Interest on loans	420	620
Total interest bearing liability costs	425	620
Total interest bearing liability costs expensed	425	620
TOTAL BORROWING COSTS EXPENSED	425	620

Accounting policy for borrowing costs

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.

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	8,691	9,853
Contractor and consultancy costs	–	71
– Agency Staff	8,832	13,223
– Consultants	2,303	2,953
– Contractors	31,991	26,757
Auditors remuneration ²	433	554
Legal expenses:		
– Legal expenses: planning and development	525	567
– Legal expenses: debt recovery	–	437
– Legal expenses: other	444	88
Expenses from short-term leases (2020 only)	327	–
Expenses from leases of low value assets (2020 only)	609	–
Variable lease expense relating to usage (2020 only)	26	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	818
Tipping fees	9,678	9,814
Total materials and contracts	63,859	65,135
TOTAL MATERIALS AND CONTRACTS	63,859	65,135

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Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
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Accounting policy for materials and contracts

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

Operating leases (2019 only)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1. Operating lease payments are attributable to:

Computers	--	557
Motor vehicles	--	141
Other	--	120
	<u>--</u>	<u>818</u>

2. Auditor remuneration

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	275	276
Remuneration for audit and other assurance services	<u>275</u>	<u>276</u>

Remuneration for non-assurance services

	--	--
Total Auditor-General remuneration	<u>275</u>	<u>276</u>

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal Audit Services	158	278
Remuneration for audit and other assurance services	<u>158</u>	<u>278</u>

Total remuneration of non NSW Auditor-General audit firms

	158	278
Total Auditor remuneration	<u>433</u>	<u>554</u>

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,989	2,129
Office equipment		456	78
Furniture and fittings		154	128
Land improvements (depreciable)		3,623	3,362
Car parks (depreciable)		178	178
Infrastructure:	10(a)		
– Buildings		7,855	6,806
– Roads		6,638	6,635
– Bridges		179	179
– Footpaths		1,568	1,235
– Other road assets		690	689
– Stormwater drainage		1,424	1,233
– Aquatic Facilities		1,448	1,180
– Wharves		78	81
– Sea walls		388	388
– Kerb and gutter		1,441	1,410
Right of use assets	14	143	–
Other assets:			
– Domestic waste vehicles		383	384
Intangible assets	12	636	499
Total gross depreciation and amortisation costs		29,271	26,594
Total depreciation and amortisation costs		29,271	26,594
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS		29,271	26,594

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets

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 10 for IPPE assets, Note 12 for intangible assets and Note 14 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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

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

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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

\$ '000	2020	2019
(e) Other expenses		
Advertising	412	1,149
Bad and doubtful debts	1,761	1,878
Bank charges	504	510
Computer software charges	4,769	4,112
Contributions/levies to other levels of government		
– NSW fire brigade levy	3,507	3,269
– Self Enforcing Infringement Notice Scheme (SEINS) processing fees	1,875	2,120
– Waste levy	4,703	4,273
Councillor expenses – mayoral fee (incl deputy mayor)	69	76
Councillor expenses – councillors' fees	395	351
Administration and committee fees	–	39
Donations, contributions and assistance to other organisations (Section 356)	1,432	2,088
Electricity and heating	2,989	3,230
Insurance	2,414	2,292
Postage	446	621
Printing and stationery	292	255
Street lighting	1,344	1,663
Subscriptions and publications	644	473
Telephone and communications	1,057	1,266
Valuation fees	388	350
Water rates	422	1,068
Gas	642	593
Other	2,235	2,745
Total other expenses	32,300	34,421
TOTAL OTHER EXPENSES	32,300	34,421

Accounting policy for other expenses

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Infrastructure, property, plant and equipment	10(a)		
Proceeds from disposal – infrastructure		1,466	2,390
Less: carrying amount of infrastructure assets sold/written off		(5,626)	(10,672)
Net gain/(loss) on disposal		(4,160)	(8,282)
Investment properties	11		
Proceeds from disposal – investment property		73,168	–
Less: carrying amount of investment property sold/written off		(23,779)	–
Net gain/(loss) on disposal		49,389	–
Intangible assets	12		
Less: carrying amount of intangible assets sold/written off		(14)	–
Net gain/(loss) on disposal		(14)	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		45,215	(8,282)

Accounting policy for disposal of assets

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	106,546	23,798
Total cash and cash equivalents	106,546	23,798

Accounting policy for cash and cash equivalents

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.

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
– 'Held for trading'	–	1,097	–	1,139
b. 'Financial assets at amortised cost'	130,800	82,594	118,330	78,544
Total Investments	130,800	83,691	118,330	79,683
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	237,346	83,691	142,128	79,683
Financial assets at fair value through the profit and loss				
Mortgage backed securities	–	1,097	–	1,139
Total	–	1,097	–	1,139
Financial assets at amortised cost				
Long term deposits	118,000	17,000	105,130	10,000
NCD's, FRN's (with maturities > 3 months)	12,800	33,150	11,200	29,500
Fixed bonds (ADIs)	–	32,444	2,000	39,044
Total	130,800	82,594	118,330	78,544

Accounting policy for investments

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)

Financial assets are not reclassified subsequent to their initial recognition.

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 7(b). Investments (continued)

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 Term Deposits, Floating Rate Notes, Fixed Rate Notes, trade and other receivables 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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income 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 Mortgage-Backed Securities in the Statement of Financial Position.

Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020 Current ¹	2020 Non-current	2019 Current ¹	2019 Non-current
Total cash, cash equivalents and investments	237,346	83,691	142,128	79,683
attributable to:				
External restrictions	41,372	83,691	25,914	79,683
Internal restrictions	154,464	–	53,566	–
Unrestricted	41,510	–	62,648	–
	237,346	83,691	142,128	79,683

(1) All funds, including unrestricted funds, have been allocated to upcoming Council projects in line with the Operational and Asset Management Plans. The Unrestricted funds have been set aside within internal council reserves covering the cost of projects as per these plans.

\$ '000	2020	2019
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Details of restrictions

External restrictions – other

Developer contributions – general	77,429	63,212
Specific purpose unexpended grants (recognised as revenue) – general fund	7,531	10,645
Stormwater management	1,439	730
Watershed	60	59
Special Rate Variation Income	7,554	4,963
Mainstreet levy	240	240
Domestic waste management	29,303	24,886
3.5% levy reserve	1,507	862

External restrictions – other

125,063	105,597
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Total external restrictions

125,063	105,597
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Internal restrictions

Employees leave entitlement	15,884	34,442
Deposits, retentions and bonds	17,696	16,374
Financial Assistance Grant reserve	2,941	2,750
Investment Property Reserve	80,933	–
Infrastructure Renewal Reserve	19,446	–
Depreciation Contra Reserve	17,564	–

Total internal restrictions

154,464	53,566
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TOTAL RESTRICTIONS

279,527	159,163
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Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	8,979	—	6,406	—
Interest and extra charges	379	—	1,428	—
User charges and fees	7,150	—	3,311	—
Accrued revenues				
– Interest on investments	750	—	1,177	—
– Other income accruals	4,764	—	3,381	—
Fines	7,258	—	8,010	—
Net GST receivable	1,232	—	2,637	—
Other debtors	—	—	24,921	—
Total	30,512	—	51,271	—
Less: provision of impairment				
Rates and annual charges	(630)	—	(341)	—
Interest and extra charges	(77)	—	(54)	—
User charges and fees	(1,046)	—	(519)	—
Fines	(3,964)	—	(2,779)	—
Total provision for impairment – receivables	(5,717)	—	(3,693)	—
TOTAL NET RECEIVABLES	24,795	—	47,578	—

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	3,693	4,054
+ new provisions recognised during the year	2,024	1,864
– amounts already provided for and written off this year	—	(452)
– amounts provided for but recovered during the year	—	(1,773)
Balance at the end of the year	5,717	3,693

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Inner West Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

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

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

Impairment

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating the 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.

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

In light of the global pandemic of 2020, Council has increased the probability of debts becoming unrecoverable in line with the decrease in economic activity as per the Reserve Bank of Australia's report on economic outlook.

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

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

Rates and annual charges outstanding are secured against the property.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	143	–	148	–
Trading stock	50	–	32	–
Total inventories at cost	193	–	180	–
TOTAL INVENTORIES	193	–	180	–

(b) Other assets

Prepayments	2,659	–	3,291	–
TOTAL OTHER ASSETS	2,659	–	3,291	–

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total unrestricted assets	2,852	–	3,471	–
TOTAL INVENTORIES AND OTHER ASSETS	2,852	–	3,471	–

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment

\$ '000	as at 30/06/19			Asset movements during the reporting period						as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions/transfers renewals ⁽¹⁾	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	36,021	—	36,021	(7,493)	(42,297)	—	—	94,940	(5,888)	75,283	—	75,283
Plant and equipment	30,033	(17,853)	12,180	—	2,627	(1,997)	(1,989)	—	—	28,929	(18,108)	10,821
Office equipment	4,400	(2,986)	1,414	—	49	(29)	(456)	—	—	3,562	(2,584)	978
Furniture and fittings	1,993	(1,394)	599	—	174	—	(154)	—	—	2,167	(1,548)	619
Land:												
– Crown land	97,858	—	97,858	—	—	—	—	—	—	97,858	—	97,858
– Operational land	396,074	—	396,074	—	—	—	—	—	—	396,074	—	396,074
– Community land	166,909	—	166,909	—	1,377	(1,408)	—	—	4,710	171,588	—	171,588
Land improvements – non-depreciable	4,259	—	4,259	—	—	—	—	—	27	4,286	—	4,286
Land improvements – depreciable	114,176	(30,935)	83,241	789	479	(488)	(3,623)	—	(27)	114,901	(34,530)	80,371
Car parks – non-depreciable	3,547	—	3,547	—	—	—	—	—	—	3,547	—	3,547
Car parks – depreciable	11,193	(3,055)	8,138	27	—	(1)	(178)	—	—	11,215	(3,229)	7,986
Infrastructure:												
– Buildings	337,613	(92,473)	245,140	1,349	37,590	(577)	(7,855)	—	—	375,567	(99,920)	275,647
– Roads	322,570	(160,783)	161,787	3,303	—	(349)	(6,638)	—	—	323,650	(165,547)	158,103
– Bridges	15,995	(4,844)	11,151	—	—	—	(179)	—	—	15,995	(5,023)	10,972
– Footpaths	119,584	(36,086)	83,478	462	—	(88)	(1,568)	—	—	119,860	(37,578)	82,284
– Kerb and gutter	194,584	(76,965)	117,619	546	—	(287)	(1,441)	—	—	194,578	(78,141)	116,437
– Other road assets	21,649	(6,891)	14,758	109	—	—	(690)	—	—	21,758	(7,581)	14,177
– Bulk earthworks (non-depreciable)	512,259	—	512,259	—	—	—	—	—	—	512,259	—	512,259
– Sea walls	37,424	(10,562)	26,862	—	—	—	(388)	—	—	37,424	(10,951)	26,473
– Wharves	6,308	(2,258)	4,050	—	—	(104)	(78)	—	—	6,077	(2,209)	3,868
– Stormwater drainage	177,833	(55,152)	122,481	908	—	(299)	(1,424)	—	—	178,105	(56,439)	121,666
– Aquatic Centres	55,122	(11,222)	43,900	—	1	—	(1,448)	—	—	55,124	(12,671)	42,453
Other assets:												
– Domestic waste vehicles	4,511	(1,771)	2,740	—	—	—	(383)	—	—	4,511	(2,154)	2,357
Total Infrastructure, property, plant and equipment	2,671,695	(515,230)	2,156,465	—	—	(5,627)	(28,492)	94,940	(1,178)	2,754,318	(538,211)	2,216,107

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period						as at 30/06/19		
\$ '000	Gross carrying amount	Accumulated depreciation	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	Net carrying amount
Capital work in progress	27,591	—	27,591	8,430	—	—	—	—	—	36,021	—	36,021
Plant and equipment	29,340	(17,213)	12,127	—	3,736	(1,554)	(2,129)	—	—	30,033	(17,853)	12,180
Office equipment	5,208	(2,910)	2,298	—	1,089	—	(78)	(1,896)	—	4,400	(2,986)	1,414
Furniture and fittings	1,980	(1,265)	695	—	34	—	(128)	—	—	1,993	(1,394)	599
Land:												
– Operational land	395,312	—	395,312	—	—	(65)	—	827	—	396,074	—	396,074
– Community land	177,258	—	177,258	—	—	—	—	(10,349)	—	166,909	—	166,909
– Crown land	88,336	—	88,336	—	—	—	—	9,522	—	97,858	—	97,858
Land improvements – non-depreciable	4,259	—	4,259	—	—	—	—	—	—	4,259	—	4,259
Land improvements – depreciable	108,760	(27,573)	81,187	5,416	—	—	(3,362)	—	—	114,176	(30,935)	83,241
Car parks – non-depreciable	3,547	—	3,547	—	—	—	—	—	—	3,547	—	3,547
Car parks – depreciable	10,869	(2,877)	7,992	324	—	—	(178)	—	—	11,193	(3,055)	8,138
Infrastructure:												
– Buildings	318,579	(84,346)	234,234	8,873	—	(3,331)	(6,806)	8,865	3,307	337,613	(92,473)	245,140
– Roads	317,055	(155,914)	161,141	7,687	—	(407)	(7,291)	—	—	322,570	(160,783)	161,787
– Bridges	15,422	(4,667)	10,755	573	—	—	(179)	—	—	15,995	(4,844)	11,151
– Footpaths	107,756	(34,851)	72,905	11,808	—	—	(1,235)	—	—	119,564	(36,086)	83,478
– Other road assets	21,451	(6,201)	15,250	198	—	—	(33)	—	—	21,649	(6,891)	14,758
– Bulk earthworks (non-depreciable)	512,259	—	512,259	—	—	—	—	—	—	512,259	—	512,259
– Stormwater drainage	174,452	(53,919)	120,533	3,181	—	—	(1,233)	—	—	177,633	(55,152)	122,481
– Swimming pools	66,174	(11,724)	54,450	—	—	(4,812)	(1,180)	(8,865)	4,303	55,122	(11,222)	43,900
– Kerb and gutter	186,959	(75,508)	111,451	793	—	(502)	(1,410)	—	7,286	194,584	(76,965)	117,619
– Sea walls	37,424	(10,174)	27,250	—	—	—	(388)	—	—	37,424	(10,562)	26,862
– Wharves	6,308	(2,178)	4,130	—	—	—	(81)	—	—	6,308	(2,258)	4,050
Other assets:												
– Domestic waste vehicles	4,511	(1,387)	3,124	—	—	—	(384)	—	—	4,511	(1,771)	2,740
Total Infrastructure, property, plant and equipment	2,620,790	(492,706)	2,128,084	47,283	4,859	(10,671)	(26,095)	(1,896)	14,896	2,671,695	(515,230)	2,156,465

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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	Property Assets	Years
Office equipment	5 to 20	Buildings	9 to 151
Office furniture	2 to 10	Aquatic Centres	10 to 100
Plant and Fleet	2 to 10		
Domestic Waste Vehicles	3 to 10	Play Spaces and Sporting Fields	Years
		Land Improvements Parks (Depreciable)	5 to 124
Transport Assets	Years	Seawalls	20 to 141
Roads	25 to 151	Wharves	20 to 80
Road Formation/Bulk Earthworks	Not depreciable		
Bridges	15 to 162		
Footpaths	25 to 129		
Kerb and Gutter	30 to 273		
Traffic Devices	20 to 129		
Other Road assets	5 to 129		
Car Parks (Non Depreciable)	Not Depreciable		
Car Parks (Depreciable)	11 to 150		
Stormwater Drainage	15 - 196		

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

Land under roads

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

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

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

Crown reserves

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

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

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

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".

At present, Council does not have any rural fire service assets.

Note 10(b). Externally restricted infrastructure, property, plant and equipment

	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
\$ '000						
Domestic waste management						
Domestic waste vehicles	4,511	2,154	2,357	4,511	1,771	2,740
Total DWM	4,511	2,154	2,357	4,511	1,771	2,740
TOTAL RESTRICTED IPP&E	4,511	2,154	2,357	4,511	1,771	2,740

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 11. Investment properties

\$ '000	2020	2019
Owned investment property		
Investment property on hand at fair value	–	28,489
Total owned investment property	–	28,489

(a) Reconciliation – owned investment property

Reconciliation of annual movement:

Opening balance	28,489	28,040
– Disposals during year	(23,779)	–
– Net gain/(loss) from fair value adjustments	–	449
– Reclassified as community land	(4,710)	–
CLOSING BALANCE – OWNED INVESTMENT PROPERTY	–	28,489

(b) Investment property income and expenditure – summary (2019 only)

Direct operating expenses on investment property:

– that generated rental income	–	(6)
Net revenue contribution from investment property	–	(6)

Fair value movement for year	–	449
Total income attributable to investment property	–	443

Accounting policy for investment property

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 a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

All of council's Investment Properties were either disposed of or reclassified as Community Land during FY20.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 12. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
Software		
Opening values at 1 July		
Gross book value	1,896	–
Accumulated amortisation	(499)	–
Net book value – opening balance	1,397	–
Movements for the year		
– Other movements	93	–
– Transfers from other asset classes	–	1,896
– Purchases	2,384	–
– Amortisation charges	(636)	(499)
– WIP movement - net	5,880	–
– Gross book value written off	(14)	–
Closing values at 30 June		
Gross book value	4,065	1,896
Accumulated amortisation	(841)	(499)
Software work in progress (WIP) balance	5,880	–
Total software – net book value	9,104	1,397
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE	9,104	1,397

Accounting policy for intangible assets

IT development and software

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

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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 13. Contract assets and liabilities

\$ '000	2020 Current	2020 Non-current
(a) Contract assets		
Capital Grants	1,260	—
Total Contract assets	1,260	—

\$ '000	2020 Current	2020 Non-current	2019 Current
(b) Contract liabilities			
Income in Advance	3,998	4,174	4,267
Total contract liabilities	3,998	4,174	4,267

Significant changes in contract assets and liabilities

The contract assets have arisen on adoption of AASB 15 and AASB 1058. Previously, revenue was recognised on receipt of the funds. Council now recognizes the revenue in relation to the performance obligations of the contract (as for the majority of its capital grants the receipt of funds is in arrears compared to the completion of the performance obligation).

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of 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.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 14. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related interpretations.

(i) Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, 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 service delivery (a childcare centre and a nursery) and also leases a car park; the leases are generally between 2 and 7 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

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

Plant & Equipment

Council leases vehicles with lease terms of 2 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 5 years with no renewal option and the payments are fixed.

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.

Council has determined that for all leases with an extension option, it is reasonably certain that this extension option will be exercised.

\$ '000	Plant & Equipment	Buildings	Office & IT Equipment	Total
Opening balance at 30 June 2019	–	–	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	182	230	90	502
Adjustments to right-of-use assets due to re-measurement of lease liability	–	(5)	–	(5)
Depreciation charge	(50)	(71)	(22)	(143)
RIGHT OF USE ASSETS	132	154	68	354

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Notes to the Financial Statements for the year ended 30 June 2020

Note 14. Leases (continued)

\$ '000	2020 Current	2020 Non-current
(b) Lease liabilities		
Lease liabilities	191	176
TOTAL LEASE LIABILITIES	191	176

(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
Cash flows	190	177	—	367	367

\$ '000	2020
---------	------

(c) Income Statement

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

Interest on lease liabilities	5
Variable lease payments based on usage not included in the measurement of lease liabilities	26
Depreciation of right of use assets	143
Expenses relating to short-term leases	327
Expenses relating to low-value leases	609
	1,110

(d) Statement of Cash Flows

Total cash outflow for leases	(130)
	(130)

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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?

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

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

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 14. Leases (continued)

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.

(ii) Council as a lessor

(e) 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 11) and/or IPP&E (refer note 10a) in the Statement of Financial Position.

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

\$ '000	2020	2019
(i) Operating lease income		
Other Council Properties		
Lease income (excluding variable lease payments not dependent on an index or rate)	3,695	2,940
Lease income relating to variable lease payments not dependent on an index or a rate	22	–
Other lease income		
Leaseback fees - council vehicles	581	–
(ii) Investment Properties		
Lease income (excluding variable lease payments not dependent on an index or rate)	2,779	3,059
Total income relating to operating leases	7,077	5,999

(iv) Maturity analysis of contractual lease income

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

< 1 year	1,372	–
1–2 years	1,413	–
Total undiscounted contractual lease income receivable	2,785	–

Accounting policy

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

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

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. The lease income is recognised on a straight-line basis over the lease term.

Inner West Council

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Notes to the Financial Statements for the year ended 30 June 2020

Note 15. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Prepaid rates	232	–	–	–
Goods and services – operating expenditure	3,245	–	12,943	–
Accrued expenses:				
– Borrowings	317	–	19	–
– Salaries and wages	1,817	–	1,073	–
– Other expenditure accruals	6,863	–	4,210	–
Security bonds, deposits and retentions	17,885	–	16,645	–
Other	877	–	1,008	–
Total payables	31,236	–	35,898	–
Borrowings				
Loans – secured ⁽¹⁾	3,762	40,897	3,683	5,416
Total borrowings	3,762	40,897	3,683	5,416
TOTAL PAYABLES AND BORROWINGS	34,998	40,897	39,581	5,416

(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 22.

\$ '000	2020	2019
(a) Current payables and borrowings not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	11,239	10,460
Total payables and borrowings	11,239	10,460

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

(b) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	9,099	35,560	–	–	–	–	44,659
Lease liabilities	–	–	–	–	367	–	367
TOTAL	9,099	35,560	–	–	367	–	45,026

	as at 30/06/18		Non-cash changes				as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement		Closing balance
\$ '000							
Loans – secured	13,336	(4,237)	–	–	–	–	9,099
TOTAL	13,336	(4,237)	–	–	–	–	9,099

\$ '000	2020	2019
---------	------	------

(c) Financing arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities ¹	1,000	2,000
Credit cards/purchase cards	274	549
Total financing arrangements	1,274	2,549

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	2,000
– Credit cards/purchase cards	274	549
Total undrawn financing arrangements	1,274	2,549

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 for payables and borrowings

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

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

Payables

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

Borrowings

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

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.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 16. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	9,280	–	9,647	–
Sick leave	575	–	600	–
Long service leave	19,398	1,418	19,232	1,902
Other leave	718	–	806	–
ELE on-costs	1,912	75	2,148	107
Sub-total – aggregate employee benefits	31,883	1,493	32,433	2,009
TOTAL PROVISIONS	31,883	1,493	32,433	2,009

\$ '000	2020	2019
Current provisions not anticipated to be settled within the next twelve months		
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees' benefits	20,270	19,485
	<u>20,270</u>	<u>19,485</u>

Accounting policy for provisions

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

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

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

Employee benefits

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.

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. 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 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.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

(b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

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

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

(i) AASB 15 and AASB 1058

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Principal v agent

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the "commission" to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a recognizable non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
Opening contract balances at 1 July 2019	
Contract assets	
– Under AASB 15	–
– Under AASB 1058	230
Total Contract assets	230
Contract liabilities	
– Under AASB 15	4,267
Total Contract liabilities	4,267

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	230	230
Total assets	–	230	230
Contract liabilities	–	4,267	4,267
Income in Advance	–	(4,267)	(4,267)
Total liabilities	–	–	–
Accumulated surplus	2,182,842	(230)	2,182,612
Total equity	–	(230)	230

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 18. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	106,546	23,798
Balance as per the Statement of Cash Flows		106,546	23,798
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		81,951	16,887
Adjust for non-cash items:			
Depreciation and amortisation		29,271	26,594
Net losses/(gains) on disposal of assets		(45,215)	8,282
Non-cash capital grants and contributions		(9,089)	(2,840)
Adoption of AASB 15/1058		(230)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(215)	–
– Investment property		–	(449)
Share of net (profits)/losses of associates/joint ventures using the equity method		(101)	(144)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(4,168)	(5,447)
Increase/(decrease) in provision for impairment of receivables		2,024	(361)
Decrease/(increase) in inventories		(13)	(2)
Decrease/(increase) in other current assets		632	536
Decrease/(increase) in contract assets		(1,260)	–
Increase/(decrease) in payables		(9,698)	4,288
Increase/(decrease) in accrued interest payable		298	(6)
Increase/(decrease) in other accrued expenses payable		3,397	3,634
Increase/(decrease) in other liabilities		1,341	5,064
Increase/(decrease) in contract liabilities		3,905	–
Increase/(decrease) in provision for employee benefits		(1,066)	4,660
Increase/(decrease) in other provisions		–	(257)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		51,764	60,439
(c) Non-cash investing and financing activities			
Developer contributions 'in kind'		9,089	2,840
Total non-cash investing and financing activities		9,089	2,840

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 19. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2020	2019	2020	2019
Joint ventures	101	144	3,164	3,637
Total	101	144	3,164	3,637

Joint Ventures

(a) Net carrying amounts – Council's share

\$ '000	Nature of relationship	Measurement method	2020	2019
CivicRisk Mutual	Joint Venture	Equity method	214	258
CivicRisk Metro	Joint Venture	Equity method	2,950	3,379
Total carrying amounts – material associates			3,164	3,637

(b) Details

	Principal activity	Place of business
CivicRisk Mutual	Local govt. insurance coverage	Penrith NSW
CivicRisk Metro	Local govt. insurance coverage	Penrith NSW

(c) Relevant interests and fair values

\$ '000	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2020	2019	2020	2019	2020	2019	2020	2019
CivicRisk Mutual	214	258	3%	4%	3%	4%	0%	6%
CivicRisk Metro	2,950	3,379	23%	23%	23%	23%	0%	17%

(d) Summarised financial information for associates

\$ '000	CivicRisk Mutual		CivicRisk Metro	
	2020	2019	2020	2019
Statement of financial position				
Current assets				
Other current assets	12,101	9,028	15,062	10,154
Non-current assets	5,102	5,368	6,711	12,769
Current liabilities				
Other current liabilities	6,412	4,578	3,451	1,625
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	3,635	2,279	5,558	6,651
Net assets	7,156	7,539	12,764	14,647
Reconciliation of the carrying amount				
Opening net assets (1 July)	13,435	14,959	14,648	13,549

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Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 19. Interests in other entities (continued)

\$ '000	CivicRisk Mutual		CivicRisk Metro	
	2020	2019	2020	2019
Profit/(loss) for the period	211	(1,524)	(289)	1,099
Closing net assets	13,646	13,435	14,359	14,648
Council's share of net assets (%)	3%	3%	23%	23%
Council's share of net assets (\$)	214	258	2,950	3,379

Accounting policy for associates

Interests in associates are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses.

The Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

Note 20. Commitments

\$ '000	2020	2019
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(a) Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	11,642	43,958
Plant and equipment	3	384
Infrastructure	496	3,050
ICT	305	752
Other	102	2,578
Total commitments	12,548	50,722

These expenditures are payable as follows:

Within the next year	12,548	50,722
Total payable	12,548	50,722

Sources for funding of capital commitments:

Unrestricted general funds	12,548	50,722
Total sources of funding	12,548	50,722

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Commitments (continued)

\$ '000	2020	2019
(b) Non-cancellable operating lease commitments (2019 only)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	–	761
Later than one year and not later than 5 years	–	2,588
Total non-cancellable operating lease commitments	–	3,349

Refer to Note 14 for information relating to leases for 2020.

Note 21. 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 member contributions for non-180 Point Members; Nil for 180 Point Members
Division C	2.5% salaries
Division D	1.64 times member contributions

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

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 21. Contingencies (continued)

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.

Council's expected contribution to the plan for the next annual reporting period is \$1,484,986.92.

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

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

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 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.

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Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 21. Contingencies (continued)

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(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.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 22. Financial risk management

Risk management

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

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	106,546	23,798	106,546	23,798
Receivables	24,795	47,578	24,795	47,578
Investments				
– 'Financial assets at amortised cost'	213,394	196,874	216,270	200,149
Fair value through profit and loss				
Investments				
– 'Held for trading'	1,097	1,139	1,097	1,139
Total financial assets	345,832	269,389	348,708	272,664
Financial liabilities				
Payables	31,236	35,898	31,236	35,898
Loans/advances	44,659	9,099	44,659	9,099
Lease liabilities	367	–	367	–
Total financial liabilities	76,262	44,997	76,262	44,997

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

The risks associated with the instruments held are:

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

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

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 10% movement in market values	16,983	16,983	(16,983)	(1,698)
Possible impact of a 1% movement in interest rates	1,698	1,698	(1,698)	(1,698)
2019				
Possible impact of a 10% movement in market values	27,645	27,645	(27,645)	(27,645)
Possible impact of a 1% movement in interest rates	2,765	2,765	(2,765)	(2,765)

(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. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

Council has determined that the impact of the worldwide pandemic in 2020 is still yet to be fully realised. However, the credit risk of its outstanding receivables has increased and as a consequence, Council has reflected this in its calculation of its provision of doubtful debts through the Estimated Credit Loss method.

Credit risk profile

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

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.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross carrying amount	1	4,925	1,529	446	2,078	8,979
2019						
Gross carrying amount	–	3,514	1,091	318	1,483	6,406

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2020 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
2020						
Gross carrying amount	7,257	2,525	1,069	635	3,059	14,545
Expected loss rate (%)	0.00%	2.00%	5.00%	10.00%	16.00%	4.52%
2019						
Gross carrying amount	42,522	967	166	744	466	44,865

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk 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 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
2020							
Trade/other payables	0.00%	17,885	13,350	–	–	31,235	31,004
Loans and advances	4.45%	–	818	4,603	39,238	44,659	44,659
Lease liabilities	1.41%	–	184	176	–	360	–
Total financial liabilities		17,885	14,352	4,779	39,238	76,254	75,663
2019							
Trade/other payables	0.00%	16,645	19,253	–	–	35,898	35,898
Loans and advances	5.16%	–	3,991	5,868	–	9,859	9,099
Total financial liabilities		16,645	23,244	5,868	–	45,757	44,997

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 23. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 25th of June, 2019 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to 10% or more.

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

\$ '000	2020 Budget	2020 Actual	2020 Variance	
REVENUES				
User charges and fees	45,948	32,693	(13,255)	(29)% U
Free childcare for H2 FY20 (as per Commonwealth government policy in regards to pandemic response); closure of aquatic centres during Q3 & Q4.				
Other revenues	26,291	18,019	(8,272)	(31)% U
Rental income budgeted here; not as below				
Operating grants and contributions	10,620	17,096	6,476	61% F
Childcare state & commonwealth grants to offset free childcare delivered in H2, FY20; Grants received for the accelerated LEP/DCP Review from the Department of planning were not budgeted for.				
Net gains from disposal of assets	–	45,215	45,215	∞ F
Sale of Tempe Lands (investment properties).				
Rental income	–	7,077	7,077	∞ F
Rental income not separately budgeted.				
Joint ventures and associates – net profits	–	101	101	∞ F
Share on interests not separately budgeted for.				
EXPENSES				
Borrowing costs	1,969	425	1,544	78% F
Interest on loan for the Ashfield Aquatic Centre Redevelopment was budgeted as opex; as the loan is purely for the construction of this asset - and the asset is still in the process of being built; it was capitalized.				
Depreciation and amortisation	33,080	29,271	3,809	12% F
Budget was built on not accurate assumptions - not matched to the forecast as per the asset system. This has been addressed for FY21.				
Net losses from disposal of assets	70	–	70	100% F
Sale of tempe lands (investment properties)				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	65,576	51,764	(13,812)	(21)% U

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
As per reduction in accruals and accounts payable balances at year end.				
Cash flows from investing activities	(62,580)	(4,446)	58,134	(93)% F
Sale of Tempe Lands (investment properties)				
Cash flows from financing activities	(5,066)	35,430	40,496	(799)% F
Loan for Ashfield Aquatics Centre Redevelopment was budgeted in FY19.				

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 24. Fair Value Measurement

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

- Investment property
- Infrastructure, property, plant and equipment
- Investments

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).

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Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

(1) Assets and liabilities that have been measured and recognised at fair values

		Fair value measurement hierarchy			
2020	Date of latest valuation	Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/20	–	1,097	–	1,097
Total financial assets		–	1,097	–	1,097
Investment property					
Investment Property	30/06/20	–	–	–	–
Total investment property		–	–	–	–
Infrastructure, property, plant and equipment					
Crown Land	30/06/19	–	–	97,858	97,858
Operational land	30/06/18	–	396,074	–	396,074
Community land	30/06/19	–	–	171,588	171,588
Land improvements – non-depreciable	30/06/18	–	–	4,286	4,286
Land improvements – depreciable	30/06/18	–	–	80,371	80,371
Car parks – non-depreciable	30/06/18	–	–	3,547	3,547
Car parks – depreciable	30/06/18	–	–	7,986	7,986
Buildings	30/06/19	–	–	275,647	275,647
Roads	30/06/18	–	–	158,103	158,103
Bridges	30/06/18	–	–	10,972	10,972
Footpaths	30/06/18	–	–	82,284	82,284
Kerb and Gutter	30/06/19	–	–	116,437	116,437
Other road assets	30/06/18	–	–	14,177	14,177
Bulk earthworks (non-depreciable)	30/06/18	–	–	512,259	512,259
Sea walls	30/06/18	–	–	26,473	26,473
Wharves	30/06/18	–	–	3,868	3,868
Stormwater drainage	30/06/18	–	–	121,666	121,666
Aquatic Centres	30/06/19	–	–	42,453	42,453
Domestic Waste Vehicles	30/06/18	–	–	2,357	2,357
Total infrastructure, property, plant and equipment		–	396,074	1,732,332	2,128,406

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Notes to the Financial Statements for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

		Fair value measurement hierarchy			
	Date of latest valuation	Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
2019					
Recurring fair value measurements					
Financial assets					
Investments					
– 'Held for trading'	30/06/19	–	1,139	–	1,139
Total financial assets		–	1,139	–	1,139
Investment property					
Investment Property	30/06/19	–	28,489	–	28,489
Total investment property		–	28,489	–	28,489
Infrastructure, property, plant and equipment					
Crown Land	30/06/19	–	–	97,858	97,858
Operational land	30/06/18	–	396,074	–	396,074
Community land	30/06/19	–	–	166,909	166,909
Land improvements – non-depreciable	30/06/18	–	–	4,259	4,259
Land improvements – depreciable	30/06/18	–	–	83,241	83,241
Car parks – non-depreciable	30/06/18	–	–	3,547	3,547
Car parks – depreciable	30/06/18	–	–	8,138	8,138
Buildings	30/06/19	–	–	245,140	245,140
Roads	30/06/18	–	–	161,787	161,787
Bridges	30/06/18	–	–	11,151	11,151
Footpaths	30/06/18	–	–	83,478	83,478
Kerb and Gutter	30/06/19	–	–	117,619	117,619
Other road assets	30/06/18	–	–	14,758	14,758
Bulk earthworks (non-depreciable)	30/06/18	–	–	512,259	512,259
Sea walls	30/06/18	–	–	26,862	26,862
Wharves	30/06/18	–	–	4,050	4,050
Stormwater drainage	30/06/18	–	–	122,481	122,481
Aquatic Centres	30/06/19	–	–	43,900	43,900
Domestic Waste Vehicles	30/06/18	–	–	2,740	2,740
Total infrastructure, property, plant and equipment		–	396,074	1,710,177	2,106,251

Note that capital WIP is not included above since it is carried at cost.

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

(2) Valuation techniques used to derive level 2 and level 3 fair values

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

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

Infrastructure, property, plant and equipment (IPPE)

Buildings -Non-Specialised and Specialised

Buildings were valued by Scott Fullerton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 as at 30 June 2018 using the fair value approach.

This approach estimated the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

The buildings were physically inspected and measured as such maximised the use of observable inputs and minimised the use of unobservable inputs. As such these assets were classified as having been valued using Level 3 valuation inputs.

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

Community Land

Valuation of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General as at 30th June 2016. As these rates were not considered to be observable market evidence they have been classified as Level 3.

Operational Land

The valuation of Council's operational land was undertaken as at 30 June 2018 by Scott Fullerton Valuations Pty Ltd. FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

Operational has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

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

All Other Infrastructure, property, plant and equipment (IPP&E)

The cost approach has been utilised where the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted on the final determination of fair value. As such these assets are classified as having been valued using Level 3 valuation inputs.

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

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

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Level 2 Operational land	Level 3 Remaining assets	Total
2019			
Opening balance	395,312	1,690,015	2,085,327
Transfers from/(to) another asset class	827	-	827
Purchases (GBV)	-	38,853	38,853
Disposals (WDV)	(65)	(9,052)	(9,117)
Depreciation and impairment	-	(23,474)	(23,474)
FV gains - other comprehensive income	-	13,835	13,835
Closing balance	396,074	1,710,177	2,106,251
2020			
Opening balance	396,074	1,710,177	2,106,251
Transfers from/(to) another asset class	-	4,710	4,710
Purchases (GBV)	-	46,940	46,940
Disposals (WDV)	-	(3,601)	(3,601)
Depreciation and impairment	-	(25,894)	(25,894)
Closing balance	396,074	1,732,332	2,128,406

(4) Highest and best use

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

Inner West Council

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Notes to the Financial Statements for the year ended 30 June 2020

Note 25. Related party disclosures

Key management personnel

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.

- Mayor (1)
- Councillors (14)
- Chief Executive Officer (1)
- Chief Operating Officer (1)
- Deputy General Manager (1)

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	1,374	1,812
Post-employment benefits	53	86
Termination benefits	338	107
Total	1,765	2,005

Note 26. Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 27. Statement of developer contributions

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.

Summary of contributions and levies

\$ '000	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
Roads	741	61	—	20	—	—	822	—
Traffic facilities	1,061	746	—	36	(308)	—	1,535	—
Parking	80	—	—	2	—	—	82	—
Open space	24,521	10,355	—	704	(2,396)	—	33,184	—
Community facilities	2,722	1,212	—	77	(46)	—	3,965	—
Open space and recreation	9,502	1,080	—	258	(1,169)	—	9,671	—
Community services and facilities	2,241	214	—	62	(7)	—	2,510	—
Transport and access	7,453	191	—	201	(220)	—	7,625	—
Administration	102	218	—	4	—	—	324	—
Plan preparation	900	98	—	25	(153)	—	870	—
S7.11 contributions – under a plan	49,323	14,175	—	1,389	(4,299)	—	60,588	—
S7.12 levies – under a plan	4,112	717	—	109	(1,116)	—	3,822	—
Total S7.11 and S7.12 revenue under plans	53,435	14,892	—	1,498	(5,415)	—	64,410	—
S7.4 planning agreements	9,777	3,361	9,089	61	(180)	—	13,019	—
Total contributions	63,212	18,253	9,089	1,559	(5,595)	—	77,429	—

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Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19				as at 30/06/20			
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN NUMBER 1 - Open Space and Recreation (former Leichhardt)								
Effective 18 January 2005	9,502	1,080	–	258	(1,169)	–	9,671	–
Total	9,502	1,080	–	258	(1,169)	–	9,671	–
CONTRIBUTION PLAN NUMBER 2 - Community Services and Facilities (former Leichhardt)								
Effective 23 August 2005	2,241	214	–	62	(7)	–	2,510	–
Total	2,241	214	–	62	(7)	–	2,510	–
CONTRIBUTION PLAN NUMBER 3 - Transport and Access (former Leichhardt)								
Effective 3 November 1999	7,453	191	–	201	(220)	–	7,625	–
Total	7,453	191	–	201	(220)	–	7,625	–
2004 S94 Developer Contributions Plan (former Marrickville)								
Roads	408	–	–	11	–	–	419	–
Traffic facilities	(178)	–	–	–	–	–	(178)	–
Open space	1,900	–	–	50	–	–	1,950	–
Total	2,130	–	–	61	–	–	2,191	–
2014 S94 Developer Contributions Plan (former Marrickville)								
Traffic facilities	236	613	–	9	–	–	858	–
Open space	12,019	9,123	–	366	(1,165)	–	20,343	–
Community facilities	1,149	1,133	–	35	(46)	–	2,271	–
Administration	102	218	–	4	–	–	324	–
Total	13,506	11,087	–	414	(1,211)	–	23,796	–
CONTRIBUTION PLAN NUMBER (former Ashfield)								
Roads	333	61	–	9	–	–	403	–
Traffic facilities	1,003	133	–	27	(308)	–	855	–
Parking	80	–	–	2	–	–	82	–
Open space	10,602	1,232	–	288	(1,231)	–	10,891	–

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Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 27. Statement of developer contributions (continued)

	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	Cumulative internal borrowings due/(payable)
\$ '000	Opening Balance	Cash	Non-cash				Held as restricted asset	
Community facilities	1,573	79	–	42	–	–	1,694	–
Plan preparation	900	98	–	25	(153)	–	870	–
Total	14,491	1,603	–	393	(1,692)	–	14,795	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER (former Marrickville)

s94A Levies	2,390	255	–	60	(1,012)	–	1,693	–
Total	2,390	255	–	60	(1,012)	–	1,693	–

CONTRIBUTION PLAN NUMBER (former Ashfield)

Other	1,722	462	–	49	(104)	–	2,129	–
Total	1,722	462	–	49	(104)	–	2,129	–

Inner West Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 28(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019 2018		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	931	0.38%	0.46%	3.24%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	242,513				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	225,417	81.08%	87.01%	88.83%	>60.00%
Total continuing operating revenue ¹	278,002				
3. Unrestricted current ratio					
Current assets less all external restrictions	224,881	5.68x	3.04x	3.72x	>1.50x
Current liabilities less specific purpose liabilities	39,561				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	30,627	6.07x	5.84x	6.61x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,042				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	8,651	5.08%	4.48%	3.92%	<5.00%
Rates, annual and extra charges collectible	170,388				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	241,546	11.53	7.42	8.05	>3.00
Monthly payments from cash flow of operating and financing activities	20,951	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

Inner West Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2019

End of Audited Financial Statements

End of Audited Financial Statements

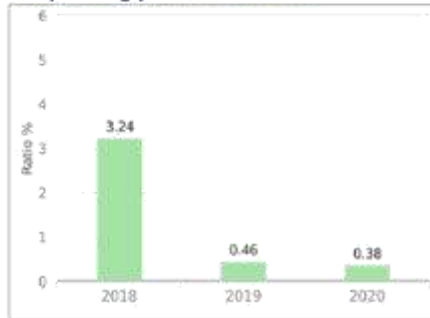
Inner West Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 28(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2019/20 result

2019/20 ratio 0.38%

The Operating Performance Ratio remains above the 0.00% set out by the NSW Office of Local Government.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2019/20 result

2019/20 ratio 81.08%

Council continues to retain its Own Source Operating Revenue ratio well above the benchmark of 60%.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2019/20 result

2019/20 ratio 5.68x

Council has the capacity to meet its obligations after all internal and external restrictions are excluded. Council's Unrestricted Current ratio continues to track above the benchmark of 1.5.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

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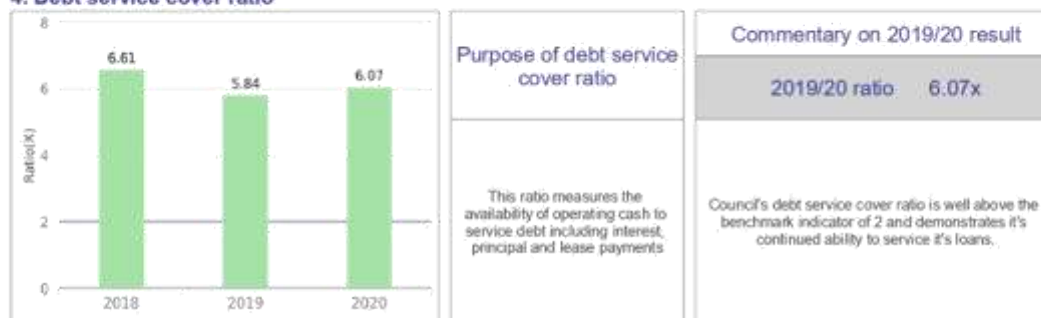
Inner West Council

Financial Statements 2020

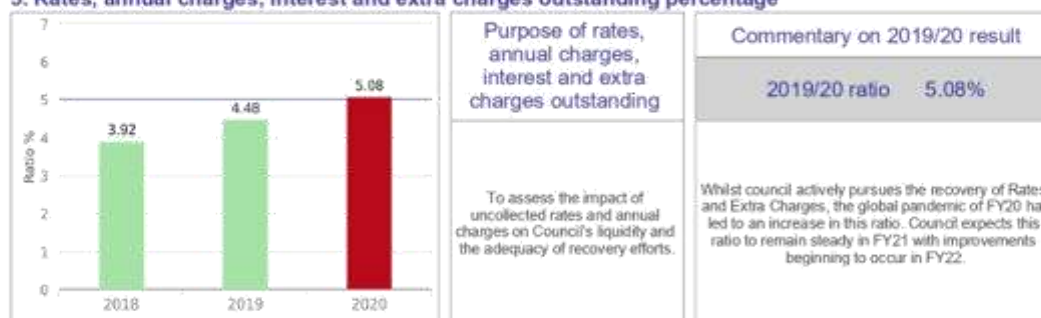
Notes to the Financial Statements for the year ended 30 June 2020

Note 28(b). Statement of performance measures – consolidated results (graphs)

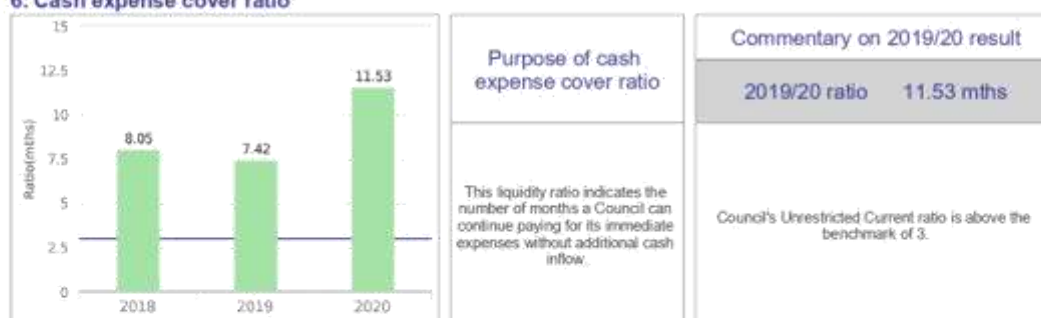
4. Debt service cover ratio



5. Rates, annual charges, interest and extra charges outstanding percentage



6. Cash expense cover ratio



Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Inner West Council

SPECIAL SCHEDULES
for the year ended 30 June 2020



Inner West Council

Special Schedules 2020

Special Schedules

for the year ended 30 June 2020

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Report on Infrastructure Assets - Values	5

Inner West Council

Special Schedules 2020

Permissible income for general rates

\$ '000	Notes	2020/21 Former Ashfield Council	2020/21 Former Leichhardt Council	2020/21 Former Marrickville Council	2020/21 Inner West Council	2019/20 Former Ashfield Council	2019/20 Former Leichhardt Council	2019/20 Former Marrickville Council	2019/20 Inner West Council
Notional general income calculation ¹									
Last year notional general income yield	a	28,223	44,376	49,510	122,109	27,261	43,489	48,100	118,850
Plus or minus adjustments ²	b	(1)	(13)	43	29	349	69	113	531
Notional general income	c = a + b	28,222	44,363	49,553	122,138	27,610	43,558	48,213	119,381
Permissible income calculation									
Or rate peg percentage	e	2.60%	2.60%	2.60%		2.70%	2.70%	2.70%	
Less expiring special variation amount	g	—	—	(1,541)	(1,541)	—	—	—	—
Or plus rate peg amount	i = e x (c + g)	734	1,153	1,248	3,135	745	1,176	1,302	3,223
Sub-total	k = (c + g + h + i + j)	28,956	45,516	49,260	123,732	28,355	44,734	49,515	122,604
Plus (or minus) last year's carry forward total	l	178	166	6	350	53	(144)	41	(50)
Less valuation objections claimed in the previous year	m	—	—	—	—	(7)	(48)	—	(55)
Sub-total	n = (l + m)	178	166	6	350	46	(192)	41	(105)
Total permissible income	o = k + n	29,134	45,682	49,266	124,082	28,401	44,542	49,556	122,499
Less notional general income yield	p	29,099	45,620	49,308	124,027	28,223	44,376	49,510	122,109
Catch-up or (excess) result	q = o - p	35	63	(42)	56	178	166	46	390
Plus income lost due to valuation objections claimed	r	—	—	57	57	—	—	—	—
Less unused catch-up ³	s	3	—	—	3	—	—	(40)	(40)
Carry forward to next year ⁴	t = q + r + s	38	63	15	116	178	166	6	350

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.

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Inner West Council

Special Schedules 2020

Permissible income for general rates (continued)

-
- (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.

Inner West Council

Special Schedules 2020

Report on Infrastructure Assets as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ³	2019/20 Actual maintenance ⁴	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard ¹	to bring to the agreed level of service set by Council ²					1	2	3	4	5
		\$ '000	\$ '000									
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	24,468	24,468	11,238	8,887	275,539	375,567	44.9%	30.1%	18.5%	6.0%	0.5%
	Sub-total	24,468	24,468	11,238	8,887	275,647	375,567	44.9%	30.1%	18.5%	6.0%	0.5%
Roads	Roads	64,892	64,892	16,787	15,687	158,068	283,885	16.7%	38.5%	22.0%	12.7%	10.1%
	Traffic Devices	62	62	—	—	—	39,765	42.3%	43.5%	14.1%	0.1%	0.1%
	Bridges	765	765	—	—	10,972	15,995	18.7%	55.9%	20.6%	4.1%	0.7%
	Footpaths	4,144	4,144	1,464	1,520	82,260	119,861	26.3%	41.5%	28.7%	3.2%	0.3%
	Other road assets	656	656	966	1,005	14,177	21,758	23.0%	55.7%	18.3%	3.0%	0.0%
	Bulk earthworks	—	—	—	—	512,259	512,259	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and gutter	29,303	29,303	—	—	116,464	194,578	3.6%	44.7%	36.6%	13.3%	1.8%
	Car parks - Depreciable	2,036	2,036	—	—	7,986	11,215	49.1%	28.5%	4.3%	13.6%	4.5%
	Car Parks -Non Depreciable	—	—	—	—	3,547	3,547	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	101,858	101,858	19,217	18,212	905,792	1,202,863	52.5%	23.9%	15.1%	5.7%	2.8%
Stormwater drainage	Stormwater drainage	8,065	8,065	1,820	1,546	121,665	178,106	8.3%	69.8%	17.4%	4.0%	0.5%
	Sub-total	8,065	8,065	1,820	1,546	121,666	178,106	8.3%	69.8%	17.4%	4.0%	0.5%
Open space / recreational assets	Swimming pools	656	656	1,252	2,000	42,453	55,124	83.1%	13.9%	1.8%	1.2%	0.0%
	Sub-total	656	656	1,252	2,000	42,453	55,124	83.1%	13.9%	1.8%	1.2%	0.0%
Other infrastructure assets	Seawalls	817	817	21	2	26,473	37,424	22.6%	53.7%	21.6%	1.0%	1.1%
	Wharves	838	838	—	—	3,866	6,077	18.4%	46.7%	21.1%	13.8%	0.0%
	Land Improvements - Depreciable	3,732	3,732	5,085	7,512	80,363	114,901	42.2%	37.5%	17.1%	3.0%	0.2%
	Land Improvements - Non Depreciable	—	—	—	—	4,286	4,286	93.2%	0.0%	6.8%	0.0%	0.0%
	Sub-total	5,387	5,387	5,106	7,514	114,988	162,688	38.1%	40.6%	18.0%	2.9%	0.4%
TOTAL - ALL ASSETS		140,434	140,434	38,633	38,159	1,460,546	1,974,348	46.8%	30.3%	15.8%	5.3%	1.9%

(1) "Satisfactory Standard" refers to the estimated cost for the renewal of condition 4&5 assets i.e. the replacement value of condition 4&5 assets.

(2) The agreed service level is the estimated cost for renewal of condition 4&5 assets i.e. the replacement value of condition 4&5 assets.

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Inner West Council

Special Schedules 2020

Report on Infrastructure Assets - Values (continued) as at 30 June 2020

(3) "Required Maintenance" for Roads and Stormwater Drainage is the amount identified for maintenance including related operational costs in Council's budget. For other Infrastructure Assets it is the amount identified for maintenance including related operational costs plus a minor adjustment to the Required Maintenance. For Buildings and Open Space/Recreational Assets it is based on the recalculated 2019/20 requirements.

(4) "Actual Maintenance" is the amount of maintenance and related operational expenditure spent in the current year to maintain Council's assets.

Infrastructure asset condition assessment 'key'

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

Inner West Council

Special Schedules 2020

Report on Infrastructure Assets (continued) as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) ¹					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	7,493	34.56%	166.21%	64.09%	>=100.00%
Depreciation, amortisation and impairment	21,684				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	140,434	9.62%	9.29%	10.27%	<2.00%
Net carrying amount of infrastructure assets	1,460,546				
Asset maintenance ratio					
Actual asset maintenance	38,159	98.77%	97.65%	78.33%	>100.00%
Required asset maintenance	38,633				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	140,434	7.11%	7.35%	3.78%	
Gross replacement cost	1,974,348				

(¹) All asset performance indicators are calculated using classes identified in the previous table.

(¹) Excludes Work In Progress (WIP)

(²) 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.

continued on next page ...

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Inner West Council

Special Schedules 2020

Report on Infrastructure Assets (continued) as at 30 June 2020

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

19/20 ratio 34.56%

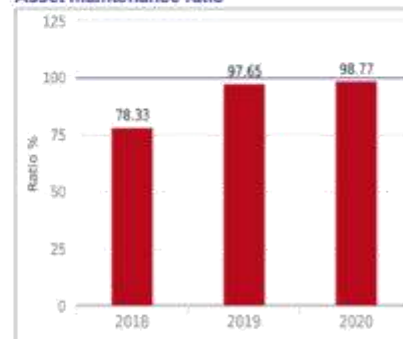
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

19/20 ratio 98.77%

The year-on-year trend shows that this ratio is heading in the right direction of being above the benchmark.

Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

19/20 ratio 9.62%

The percentage has increased by approximately 0.2% compared to 2019. Although the ratio was expected to be lower due to the increase of renewal works undertaken, there are still some anomalies in the asset condition ratings which will have an impact on this ratio. Future asset condition audits will improve the confidence in the asset condition ratings.

Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

19/20 ratio 7.11%

Percentage value is consistent with FY19, noting a slight reduction compared to FY18.

21 October 2020

Minutes of Extraordinary Audit, Risk and Improvement Committee Meeting held on 21 October 2020 via Microsoft Teams

Meeting commenced at 6.04pm

An In-camera session was held prior to the meeting at 5.30pm for the Committee Members to meet with members from the Audit Office and positive feedback was received.

PRESENT

Audit Risk & Improvement Committee Members	
Independent Member - Chair	John Gordon
Independent Member	Heather Smith
Councillor	Clr Louise Steer
Councillor	Clr Lucille McKenna
Other attendees	
Acting Chief Executive Officer	Elizabeth Richardson
Director Infrastructure	Cathy Edwards-Davis
Chief Financial Officer	Daryl Jackson
Senior Manager Business Excellence, Risk, WHS and Customer Service	Peter Livanes
Acting Governance Manager - Minute Taker	Katherine Paixao
Engagement Partner, EY	Melissa Broadhead
Engagement Director, EY	Paulette Pang
Audit Office	Caroline Karakatsanis
Audit Office	Rochele Antolin

ACKNOWLEDGMENT OF COUNTRY

The chairperson acknowledged the traditional owners of the Land on which the meeting took place and paid his respects to elders past and present.

APOLOGIES:

Apologies were received from Emily Hodgson, Independent Member.

DISCLOSURES OF INTERESTS:

John Gordon disclosed that he is on the ARIC of Central Coast Council.

CHIEF EXECUTIVE OFFICER'S REPORTS

ITEM	PERSON RESPONSIBLE	DEADLINE
<p>RIS1020 Item 1 Draft 2019/20 Annual Financial Statements.</p> <p>Action:</p> <p>That an independent review of the Audit, Risk and Improvement Committee take place in July 2021.</p> <p>RECOMMENDATION (Clr McKenna OAM/Clr Steer)</p> <p>THAT the Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"> 1. Endorse the General-Purpose Financial Statements for the year ended 30 June 2020 for submission to Council for adoption subject to processing the amendments agreed with the Chief Financial Officer; 2. Recognise the efforts of the Chief Financial Officer, the Finance and Infrastructure teams to address the challenges that have occurred in the last few years and previous management letter findings and produce the accounts on time and to plan; 3. Thank the Audit Office of NSW for their ongoing support and advice through the process; and 4. Note to Council that the underlying financial performance when one off events are taken out is not as positive as is apparent in single year results, and recommends Council consider that in future planning and in communicating the current year's results. <p>Carried unanimously</p>	Audit Office	July 2021

Meeting closed at 7.32pm.

CHAIRPERSON – John Gordon