

Richmond
Valley
Council



ATTACHMENTS

Tuesday, 16 November 2021

UNDER SEPARATE COVER

Ordinary Council Meeting

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MINUTES

Ordinary Council Meeting 19 October 2021

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19 OCTOBER 2021

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ORDINARY COUNCIL MEETING MINUTES

19 OCTOBER 2021

**MINUTES OF RICHMOND VALLEY COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBERS, 10 GRAHAM PLACE, CASINO
ON TUESDAY, 19 OCTOBER 2021 AT 5.00PM**

Please note: these minutes are subject to confirmation at the next Council Meeting. Decisions recorded in the draft minutes are subject to the Council's Code of Meeting Practice in relation to rescinding decisions.

PRESENT: Cr Robert Mustow (Mayor), Cr Stephen Morrissey (Deputy Mayor), Cr Robert Hayes, Cr Sandra Humphrys, Cr Jill Lyons, Cr Daniel Simpson

IN ATTENDANCE: Vaughan Macdonald (General Manager), Angela Jones (Director Community Service Delivery), Ryan Gaiter (Director Organisational Services), Ben Zeller (Director Projects & Business Development), Jenna Hazelwood (Leader Strategy), Dean Fordham (Manager Finance and Procurement) Julie Clark (Personal Assistant to the General Manager and Mayor), Daniel Goulding (IT Support Officer)

1 ACKNOWLEDGEMENT OF COUNTRY

The Mayor provided an Acknowledgement of Country by reading the following statement on behalf of Council:

"Richmond Valley Council recognises the people of the Bundjalung Nations as Custodians and Traditional Owners of this land and we value and appreciate the continuing cultural connection to lands, their living culture and their unique role in the life of this region in the past, present and future."

2 PRAYER

The meeting opened with a prayer by the General Manager.

3 PUBLIC ACCESS AND QUESTION TIME

Nil

4 APOLOGIES

RESOLUTION 191021/1

Moved: Cr Stephen Morrissey

Seconded: Cr Daniel Simpson

That the apology received from Cr Sam Cornish be accepted and leave of absence granted.

CARRIED

5 MAYORAL MINUTES

Nil

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6 CONFIRMATION OF MINUTES**6.1 MINUTES ORDINARY MEETING HELD ON 21 SEPTEMBER 2021****RESOLUTION 191021/2**

Moved: Cr Robert Hayes

Seconded: Cr Jill Lyons

That Council confirms the Minutes of the Ordinary Meeting held on 21 September 2021.

CARRIED

Note: Cr Lyons referred to Item 17.1 North Coast Alternate Waste Solutions Project Update and NSW Energy from Waste Infrastructure Plan. Cr Lyons noted that, although she was recorded as moving the motion, she had raised concerns about this particular item and these concerns were not reflected in the minutes. The General Manager advised that the motion moved had been for the receipt of the information only and the minutes reflected that resolution. Items included within this section of the agenda, do not require a determination of Council, they are provided for Councillors' information.

6.2 MINUTES OF THE LOCAL TRAFFIC COMMITTEE MEETING HELD 8 SEPTEMBER 2021**RESOLUTION 191021/3**

Moved: Cr Sandra Humphrys

Seconded: Cr Stephen Morrissey

That Council receives and endorses the recommendations contained within the report of the Local Traffic Committee meeting held via electronic format on 8 September 2021.

CARRIED

7 MATTERS ARISING OUT OF THE MINUTES**7.1 MATTERS ARISING OUT OF THE MINUTES**

1. Cr Robert Hayes referred to Item 19.1 Questions with Notice and advice that surplus funds could be made available to upgrade the southern access broadwalk and asked about the progression of this matter.

The General Manager advised a quote had been sought and a site meeting held, with the costings to be brought back to Council for consideration.

2. Cr Daniel Simpson referred to Item 10.1 Notice of Motion - Evans Head Ambulance Station and noted that as per the resolution, Council had written to Chris Gulaptis MP, however to date no letter of response had been received.

The Mayor advised both the incoming and outgoing letters to Chris Gulaptis MP would be included in a future report to Council when available.

8 DECLARATION OF INTERESTS

Cr Stephen Morrissey declared a non-pecuniary interest in relation to Item 20.7, Tender VP264776 – Design and Construct Culverts – Barragunda and Busbys Flat Roads, due to a work colleague being one of the tenderers.

Cr Sandra Humphrys declared a non-pecuniary interest in relation to Item 17.5 Community Recovery and Resilience Fund, due to being a member of Casino's Own Wireless Association Inc which is one of the applicants applying for funding.

9 PETITIONS

Nil

10 NOTICE OF MOTION

Nil

11 MAYOR'S REPORT**11.1 MAYORAL ATTENDANCES 14 SEPTEMBER - 11 OCTOBER 2021****RESOLUTION 191021/4**

Moved: Cr Robert Mustow
Seconded: Cr Stephen Morrissey

That Council receives and notes the Mayor's attendance report from 14 September – 11 October 2021.

CARRIED

12 DELEGATES' REPORTS

Nil

13 MATTERS DETERMINED WITHOUT DEBATE**13.1 MATTERS TO BE DETERMINED WITHOUT DEBATE****RESOLUTION 191021/5**

Moved: Cr Jill Lyons
Seconded: Cr Daniel Simpson

That items 15.3 and 16.4 identified be determined without debate.

CARRIED

14 GENERAL MANAGER'S REPORTS

Nil

15 FINANCIAL REPORTS**15.1 DRAFT FINANCIAL STATEMENTS 2020/2021****EXECUTIVE SUMMARY**

Council's draft financial statements for the year ended 30 June 2021 have been prepared and subjected to external audit by the Audit Office of New South Wales. A copy of the draft financial statements and draft auditor's report have been provided separately to Councillors for their information.

RESOLUTION 191021/6

Moved: Cr Robert Mustow

Seconded: Cr Sandra Humphrys

That Council:

1. Adopts the general purpose financial statements, special purpose financial statements and special schedules for the year ended 30 June 2021.
2. Certifies the following in respect of the general purpose financial statements and special purpose financial statements for the year ended 30 June 2021:
 - (a) Council's general purpose financial statements and special purpose financial statements have been prepared in accordance with:
 - (i) The *Local Government Act 1993 (NSW)* and the regulations made thereunder, and
 - (ii) The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board, and
 - (iii) The Local Government Code of Accounting Practice and Financial Reporting.
 - (b) The general purpose financial statements and special purpose financial statements present fairly Council's financial position and operating result for the year ended 30 June 2021 and:
 - (i) The reports are in accordance with Council's accounting and other records;
 - (ii) The signatories to this statement being the Mayor, a Councillor, General Manager and Responsible Accounting Officer are not aware of anything that would make the financial statements false or misleading in any way;
3. Fixes Tuesday 16 November 2021 as the date for the meeting to present the financial statements for the year ended 30 June 2021 to the public, invites submissions in writing and provides appropriate public notice of this meeting.
4. Receives and notes the draft auditor's report.
5. Adopts the restricted assets (reserves) schedule as detailed in this report.

CARRIED

15.2 QUARTERLY BUDGET REVIEW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2021**EXECUTIVE SUMMARY**

This report outlines the proposed adjustments for the 2021/2022 budget for the quarter ended 30 September 2021 along with proposed carry over works from the financial year ended 30 June 2021.

The proposed changes see Council's projected operating surplus from continuing operations for 2021/2022 increase to \$14,682,369, from the original budget surplus of \$12,047,736. The operating result before capital grants and contributions has decreased slightly to a projected loss of \$3,563,482.

Income from continuing operations has increased by \$4,024,821, to a projected total of \$83,768,086. This is largely due to natural disaster grant funding being approved for several roads and bridges projects from the flood events in 2020/2021. Expenses from continuing operations have increased by \$1,390,188, to a projected total of \$69,085,717.

Council has performed a thorough review of its capital works program, resulting in an increase of \$2,459,058, to a projected total of \$49,339,614. This is largely due to projects being carried over to 2021/2022 having been delayed by wet weather and COVID-19 restrictions. The major increases are in the areas of Building and Maintaining Roads, which is largely natural disaster flood projects. There is a medium-level risk that the delivery of Council's capital works program will be impacted by supply constraints and contractor availability, which has been heightened by recent lockdowns and border closures due to COVID-19. These impacts will be closely monitored, with any adjustments required to be included in future quarterly budget reviews or monthly budget adjustment reports to Council.

Council's unrestricted cash surplus has decreased by \$18,000, to \$288,588 as at 30 September 2021. This is a result of Council adopting an interest free period from 1 October 2021 to 31 December 2021 for outstanding rates and annual charges to assist the community and businesses impacted by COVID-19 restrictions and lockdowns.

A detailed Quarterly Budget Review Statement for the first quarter of the 2021/2022 year has been circulated separately to each Councillor. These changes are disclosed by Priority Areas on pages 2-8 of the Quarterly Budget Review Statement and detailed explanations are provided on pages 9-17.

RESOLUTION 191021/7

Moved: Cr Daniel Simpson
Seconded: Cr Sandra Humphrys

That Council adopts the Quarterly Budget Review Statement as at 30 September 2021 and approves the recommended variations.

CARRIED

15.3 FINANCIAL ANALYSIS REPORT - SEPTEMBER 2021**EXECUTIVE SUMMARY**

The purpose of this report is to inform Council of the status and performance of its cash and investment portfolio in accordance with the *Local Government Act 1993* s.625, Local Government (General) Regulation 2005 cl.212, Australian Accounting Standard (AASB 9) and Council's Investment Policy.

The value of Council's cash and investments at 30 September 2021 is shown below:

Bank Accounts	Term Deposits	Floating Rate Notes	Fixed Rate Bonds	TCorp IM Funds	Total
\$18,110,017	\$25,000,000	\$4,750,390	\$2,000,000	\$15,551,632	\$65,412,039

The weighted average rate of return on Council's cash and investments for September 2021 was negative 3.38% which was below the Bloomberg AusBond Bank Bill Index for September of 0.00%, which is Council's benchmark.

RESOLUTION 191021/8

Moved: Cr Jill Lyons

Seconded: Cr Daniel Simpson

That Council adopts the Financial Analysis Report detailing the performance of its cash and investments for the month of September 2021.

CARRIED

15.4 TATHAM AND BROADWATER BRIDGE DESIGN FUNDING OPTIONS**EXECUTIVE SUMMARY**

The Broadwater Bridge crossing the Richmond River at Broadwater and, the "twin" bridges at Tatham crossing Spring Creek and Deep Creek, need major works or replacement in the near future. Inspections and scope of works have been undertaken and now the detailed designs require commencement so that Council can develop an estimate of costs and seek funding from State or Federal agencies for the proposed works.

The result of a recent Request for Quotation (RFQ) process sees the preferred option of \$42,500 (exclusive of GST) for the design of the Broadwater Project and \$115,000 (exclusive of GST) for the design of the "twin" bridges at Tatham with the preferred quote received from Bridge Knowledge consultants. These design works are currently unfunded and officers request a budget adjustment from Council's internally restricted Road Rehabilitation Reserve to fund the designs.

RESOLUTION 191021/9

Moved: Cr Robert Hayes

Seconded: Cr Daniel Simpson

That Council:

1. Approves the transfer of \$42,500 from Council's Road Rehabilitation Reserve to fund the design works for the Broadwater Bridge at Broadwater, and notes Lismore City Council's shared funding obligations under the boundary agreement and the intention to seek future funding for these works.
2. Approves the transfer of \$115,000 from Council's Road Rehabilitation Reserve to fund the

design works for the “twin” bridges at Tatham on the Casino Coraki Rd (MR145).

CARRIED

16 GENERAL BUSINESS

16.1 FLOOD PLANNING REFORMS - LEP FLOOD PLANNING CLAUSES

EXECUTIVE SUMMARY

NSW Flood Planning Reforms commenced on 14 July 2021. Amongst other things, the package of reforms included two new flood planning clauses which were added to the Standard Instrument LEP.

Upon commencement of the reforms, **Clause 5.21 Flood Planning** was automatically inserted into the *Richmond Valley LEP 2012* and replaced clause 6.5 of the same title. This new clause included additional considerations of flood planning guidelines; the compatibility of development with regard to flood function and behaviour and not just flood hazard; and the safe occupation and efficient evacuation of people from developments in a flood event.

Clause 5.22 Special Flood Considerations is optional for councils to adopt. This clause applies to:

- *sensitive and hazardous developments* on land outside the scope of clause 5.21, and
- any other development on land where flooding could cause a particular risk to life and require the evacuation of people or other safety considerations.

Council already considers the likely impacts of floods on development, including rarer/larger floods in certain locations, therefore the inclusion of clause 5.22 is consistent with existing assessment processes, should Council wish to include it in the *Richmond Valley LEP 2012*.

This report provides information on the new flood planning clauses and seeks a resolution of Council to adopt optional clause 5.22 into the *Richmond Valley LEP 2012*, and to define *sensitive and hazardous developments* by adopting all the development types listed within the Direction to the clause.

The adoption of clause 5.22 will be facilitated by a bulk LEP amendment to be prepared and publicly exhibited by the Department of Planning, Industry and Environment in 2022.

RESOLUTION 191021/10

Moved: Cr Robert Hayes

Seconded: Cr Sandra Humphrys

That Council:

1. Receives and notes the Flood Planning Reforms report;
2. Endorses the inclusion of **Clause 5.22 Special Flood Considerations** from the Standard Instrument LEP in the Richmond Valley Local Environmental Plan 2012, and accepts the Department of Planning, Industry and Environment’s offer to prepare a bulk LEP amendment
3. Adopts a definition for *sensitive and hazardous development* that includes all the listed development types provided within the Direction to Clause 5.22.

.CARRIED

16.2 PROPOSED ROAD NAMING**EXECUTIVE SUMMARY**

Council is a Roads Authority, under Section 7 of the *Roads Act 1993*, and is responsible for formally naming public roads in accordance with the Act and Regulation.

Council has undertaken public exhibition of proposed names for two roads as part of the Reynolds Road Industrial Estate development, in accordance with Section 162 of the *Roads Act 1993* and Part 2 of the *Roads Regulation 2018*. The proposed road names subject to this report did not receive any submissions during the public exhibition period.

RESOLUTION 191021/11

Moved: Cr Robert Mustow

Seconded: Cr Stephen Morrissey

That Council formally adopts the following road names: Victory Camp Road and Liberty Road, as part of the Reynolds Road Industrial subdivision.

CARRIED

16.3 ROADS TO HOME PROGRAM - BOGAL LOCAL ABORIGINAL LAND COUNCIL**EXECUTIVE SUMMARY**

Council has received a request from the Bogal Local Aboriginal Land Council (LALC) to take over and manage the Box Ridge subdivision roads, road reserve and associated infrastructure as part of the NSW Government's Roads to Home Program. Under this program, the reserve would undergo significant infrastructure improvements. Currently, the entire Box Ridge Reservation is identified as one land parcel, and as part of this program, it is proposed the land be subdivided into separate housing blocks, which will be separately rated and serviced by Council. Bogal LALC is seeking Council acceptance of this proposal.

RESOLUTION 191021/12

Moved: Cr Daniel Simpson

Seconded: Cr Stephen Morrissey

That Council:

1. Receives and notes the information contained in this report.
2. Authorises the General Manager to continue to engage with the Bogal Local Aboriginal Land Council to establish the details of the proposed Roads to Home Project, the financial and management implications for Council and the benefits to the community.
3. Notes that a report on outcomes will be brought back to a future meeting of Council.

CARRIED

16.4 COMMUNITY PREPAREDNESS AND RESILIENCE ADVERSE EVENT PLAN**EXECUTIVE SUMMARY**

At its Ordinary Meeting of 21 September 2021, Council resolved to place the draft Community Preparedness and Resilience Adverse Event Plan on public exhibition.

This report provides information regarding public submissions received by Council during the exhibition period and recommends that Council adopts the plan.

RESOLUTION 191021/13

Moved: Cr Jill Lyons
Seconded: Cr Daniel Simpson

That Council adopts the Community Preparedness and Resilience Adverse Event Plan.

CARRIED**17 MATTERS FOR INFORMATION****RESOLUTION 191021/14**

Moved: Cr Stephen Morrissey
Seconded: Cr Jill Lyons

Recommended that the following reports submitted for information be received and noted.

CARRIED**17.1 CORRESPONDENCE - AUSTRALIAN DEFENCE FORCE****RESOLUTION 191021/15**

Moved: Cr Stephen Morrissey
Seconded: Cr Jill Lyons

That Council receives and notes the correspondence from the Chief of Joint Operations, Australian Defence Force and the United States Armed Forces, thanking Council for supporting the exercise "Talisman Sabre 2021".

CARRIED**17.2 GRANT APPLICATION INFORMATION REPORT - SEPTEMBER 2021****RESOLUTION 191021/16**

Moved: Cr Stephen Morrissey
Seconded: Cr Jill Lyons

That Council receives and notes the Grant Application Information Report for the month of September 2021.

CARRIED

17.3 CUSTOMER EXPERIENCE REPORT 1 JULY 2021 - 30 SEPTEMBER 2021**RESOLUTION 191021/17**

Moved: Cr Stephen Morrissey

Seconded: Cr Jill Lyons

That Council receives and notes the Customer Experience Report for the period 1 July – 30 September 2021.

CARRIED

17.4 DEVELOPMENT APPLICATIONS DETERMINED UNDER THE ENVIRONMENTAL PLANNING AND ASSESSMENT ACT FOR THE PERIOD 1 SEPTEMBER 2021 TO 30 SEPTEMBER 2021**RESOLUTION 191021/18**

Moved: Cr Stephen Morrissey

Seconded: Cr Jill Lyons

That Council receives and notes the Development Application report for the period 1 September 2021 to 30 September 2021.

CARRIED

17.5 COMMUNITY RECOVERY AND RESILIENCE FUND**RESOLUTION 191021/19**

Moved: Cr Stephen Morrissey

Seconded: Cr Jill Lyons

That Council receives and notes the allocations under the Federal Government's Bushfire Community Recovery and Resilience Fund.

CARRIED

18 QUESTIONS ON NOTICE

Nil

19 QUESTIONS FOR NEXT MEETING (IN WRITING)**19.1 QUESTIONS FOR NEXT MEETING – CR ROBERT HAYES – DUST EVENT EVANS HEAD**

Cr Robert Hayes referred to the so-called “Desert Storm Event” that took place in Evans Head on Monday 4th October 2021.

Can Council supply information to residents that were affected by the dust that eventuated from the construction site for the “Thyme Lifestyle resort” located behind Currajong Street in Evans Head.

Explaining to them their possible course of action to get their properties cleaned inclusive of names and direct phone/email contact of the developer and the construction company responsible for the works?

The General Manager advised that the event caused a lot of concern for Council and the community. Contractors for the site SEE Civil were responsible for managing the works and are required to have management plans in place for these matters.

Developers Serenitas had responded to the incident and SEE Civil had been doorknocking residents in the aftermath to address concerns, as well as meeting with Council staff. The contractors are ensuring added dust mitigation measures are put in place to protect the local community against a recurrence of this type of events.

Contact details of the contractors will be provided to Councillors and customer service staff to pass on to affected residents.

20 MATTERS REFERRED TO CLOSED COUNCIL

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 10A(2) of the Local Government Act 1993:

20.1 Tender VP260033 - Provision of Legal Services

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.2 Tender VP231943 - Tree Maintenance and Roadside Vegetation Management Services

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.3 Tender VP262603 - Construct Culverts and Bridge approach repair on Gores Road

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.4 Tender VP263156 - Design and Construct Unnamed Bridge on Elliotts Road, Myrtle Creek

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.5 Tender VP262608 - Flood Works Package 2 - Codrington Coraki Culverts - Design and Construct

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.6 Tender VP262609 - Design and Construct Piling and Causeway - Upper Cherry Tree Road Embankment

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.7 Tender VP264776 - Design and Construct Culverts - Barragunda and Busbys Flat Roads

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

20.8 Tender VP262610 - Ainsworth Road Embankment and Culvert Works

This matter is considered to be confidential under Section 10A(2) - (d)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

The General Manager reported that no written representations had been received in respect of the items listed for consideration in Closed Council.

The Chair called for verbal representations from the gallery.

There were no representations from the gallery.

The Chair advised that under section 10A of the *Local Government Act 1993*, the media and public are to be excluded from the meeting on the basis that the business to be considered is classified confidential under the provisions of section 10(2) as outlined above.

RESOLUTION 191021/20

Moved: Cr Sandra Humphrys

Seconded: Cr Robert Hayes

That:

1. Council resolves to enter Closed Council to consider the business identified in Items 20.1, 20.2, 20.3, 20.4, 20.5, 20.6, 20.7 and 20.8 together with any late reports tabled at the meeting.
2. Pursuant to section 10A(2) – (c) of the *Local Government Act 1993*, the media and public be excluded from the meeting on the basis that the business to be considered is classified confidential under the provisions of section 10A(2) as outlined above.
3. The correspondence and reports relevant to the subject business be withheld from access to the media and public as required by section 11(2) of the *Local Government Act 1993*

. CARRIED

Council closed its meeting at 6.21pm.

The Open Council meeting resumed at 6.50pm

The resolutions of Closed Council were read by the Director Organisational Services, Director Projects & Business Development and the Director Community Service Delivery.

21 RESOLUTIONS OF CLOSED COUNCIL**20.1 Tender VP260033 - Provision of Legal Services**

That Council:

1. Appoints the following sixteen tenderers to a panel to provide legal services at their tendered rates, at best advantage to Council:
 - Coutts Lawyers & Conveyancers
 - Dentons Australia Limited
 - Holding Redlich
 - Lindsay Taylor Lawyers
 - Local Government Legal
 - Marsdens Law Group
 - Mitchell Playford & Radburn
 - Moray & Agnew Newcastle
 - Parker & Kissane Solicitors
 - Pikes & Verekers Lawyers
 - Redenbach Legal
 - RMB Lawyers
 - Shaw Reynolds Lawyers
 - Sparke Helmore Lawyers
 - Swaab
 - Wilshire Webb Staunton Beattie
2. Notes that the contract will run for the period 1 December 2021 to 30 November 2026.
3. Authorises the General Manager to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.2 Tender VP231943 - Tree Maintenance and Roadside Vegetation Management Services

That:

1. Council appoints the following six tenderers to a panel to provide various tree maintenance and roadside vegetation management services for the period 1 November 2021 to 31 October 2024:
 - Eviron Group
 - Lismore Tree Services Pty Ltd
 - Richmond Valley Tree Services Pty Ltd
 - Savco Vegetation Services
 - Summit Open Spaces
 - TreeServe Pty Ltd
2. Provision be allowed for two x one-year extensions to the contract based on satisfactory contractor performance.
3. The General Manager be authorised to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.3 Tender VP262603 - Construct Culverts and Bridge approach repair on Gores Road

That:

1. Council accepts the tender from Somerville Excavator Hire which represents the best value for Council at \$266,186.36 (exclusive of GST); and
2. The General Manager be authorised to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.4 Tender VP263156 - Design and Construct Unnamed Bridge on Elliotts Road, Myrtle Creek

That Council:

1. Accepts the tender from MCS Civil (NSW) PTY LTD which represents the best value for Council at \$298,722.55 (exclusive of GST); and
2. Authorises the General Manager to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.5 Tender VP262608 - Flood Works Package 2 - Codrington Coraki Culverts - Design and Construct

That:

1. Council accepts the tender from Kyogle Earthworx which represents the best value for Council at \$652,559.10 (exclusive of GST); and
2. The General Manager be authorised to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.6 Tender VP262609 - Design and Construct Piling and Causeway - Upper Cherry Tree Road Embankment

That Council:

1. Declines all submissions received for Tender VP262609 – Detailed Design and Construct Piling and Causeway – Upper Cherry Tree Road Embankment due to all submissions being either higher than the budget allocated for the works, not meeting project scope or were non-conforming.
2. Apply Clause 178 (3e) of the *Local Government (General) Regulation 2021* to authorise the General Manager to enter into direct negotiations with suitably qualified contractors with a view to obtaining delivery of the priorities within the project scope and the approved Transport for NSW budget, and to finalise the terms of the contract or agreement and affixing the seal of Council where necessary.
3. Note that the outcomes of the negotiations will be reported to Council for information at a future meeting.

20.7 Tender VP264776 - Design and Construct Culverts - Barragunda and Busbys Flat Roads

That:

1. Council accepts the tender from Somerville Excavator Hire which represents the best value for Council at \$63,222 (exclusive of GST); and
2. The General Manager be authorised to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

20.8 Tender VP262610 - Ainsworth Road Embankment and Culvert Works

That:

1. Council accepts the tender from MCS Civil which represents the best value and outcome for Council at \$640,816.45 (exclusive of GST); and
2. The General Manager be authorised to negotiate and finalise the terms and conditions of any contract or agreement, in line with the content of this report and the available budget and affixing the seal of Council where necessary.

The Meeting closed at 7pm.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 16 November 2021.

.....
CHAIRPERSON



MINUTES

Internal Audit and Risk Committee Meeting 19 October 2021

INTERNAL AUDIT AND RISK COMMITTEE MEETING MINUTES

19 OCTOBER 2021

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4	MATTERS FOR CONSIDERATION	4
4.1	2020/2021 Financial Statements and Auditor's Reports	4

INTERNAL AUDIT AND RISK COMMITTEE MEETING MINUTES

19 OCTOBER 2021

**MINUTES OF RICHMOND VALLEY COUNCIL
INTERNAL AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, 10 GRAHAM PLACE, CASINO
ON TUESDAY, 19 OCTOBER 2021 AT 4:00PM**

PRESENT: Cr Robert Mustow (Mayor), Cr Stephen Morrissey (Deputy Mayor), Cr Robert Hayes, Cr Daniel Simpson (Chair), Cr Sandra Humphrys

IN ATTENDANCE: Vaughan Macdonald (General Manager), Angela Jones (Director Community Service Delivery), Ryan Gaiter (Director Organisational Services), Ben Zeller (Director Projects & Business Development), Jenna Hazelwood (Leader Strategy), Dean Fordham (Manager Finance), Hayley Martin (Management Accountant), Latoya Cooper (Coordinator Mid-Richmond & Executive Assistant), Daniel Goulding (IT)

VIA SKYPE: Adam Bradfield (Audit Partner, Thomas, Noble & Russell), Adam Kim (Senior Manager, Grant Thornton)

1 WELCOME

Cr Simpson welcomed everyone to the meeting

2 APOLOGIES

COMMITTEE RESOLUTION IA191021/1

Moved: Cr Stephen Morrissey

Seconded: Cr Sandra Humphrys

That the apologies received from Cr Sam Cornish and Cr Jill Lyons be accepted and leave of absence granted.

CARRIED

3 DECLARATION OF INTERESTS

Nil.

4 MATTERS FOR CONSIDERATION**4.1 2020/2021 FINANCIAL STATEMENTS AND AUDITOR'S REPORTS****EXECUTIVE SUMMARY**

Council's financial statements for the year ended 30 June 2021 have been prepared and subjected to external audit by the Audit Office of New South Wales. A copy of the draft financial statements and the draft Auditor's Reports have been provided separately to Councillors for their information.

Council's external auditor, the Audit Office of New South Wales and their representative firm, Thomas, Noble and Russell advised they will be attending the Internal Audit and Risk Committee Meeting as well as the November Ordinary Meeting of Council to present the Auditor's Reports for the financial year ending 30 June 2021. The reports to be presented to the Internal Audit and Risk Committee include the Draft Report on the Conduct of the Audit and the Draft Engagement Closing Report.

COMMITTEE RESOLUTION IA191021/2

Moved: Cr Sandra Humphrys

Seconded: Cr Stephen Morrissey

That Council receives and notes:

1. The Report on the Conduct of the Audit for the year ended 30 June 2021; and
2. The Auditor's Engagement Closing Report for the year ended 30 June 2021.

CARRIED

Notes:

1. A discussion was held regarding the impacts Covid-19 has had on the delivery of the Capital Works Program.
2. The General Manager spoke to the Committee regarding the commentary of the timely involvement of the Internal Audit Committee early during the financial reporting process when the statements are not received in a timely manner. Forward planning discussions are required to occur prior to 2021/2022 audit.
3. The Management Accountant provided an explanation of misstatements.

The Meeting closed at 4.26pm

.....
CHAIRPERSON

Richmond
Valley
Council



MINUTES

Internal Audit and Risk Committee Meeting 3 November 2021

INTERNAL AUDIT AND RISK COMMITTEE MEETING MINUTES

3 NOVEMBER 2021

ORDER OF BUSINESS

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INTERNAL AUDIT AND RISK COMMITTEE MEETING MINUTES

3 NOVEMBER 2021

**MINUTES OF RICHMOND VALLEY COUNCIL
INTERNAL AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, 10 GRAHAM PLACE, CASINO
ON WEDNESDAY, 3 NOVEMBER 2021 AT 4.30 PM**

PRESENT: Cr Daniel Simpson (Chair) Cr Robert Mustow (Mayor), Cr Stephen Morrissey (Deputy Mayor), Cr Sam Cornish, Cr Robert Hayes, Cr Sandra Humphrys

IN ATTENDANCE: Vaughan Macdonald (General Manager), Angela Jones (Director Community Service Delivery), Ryan Gaiter (Director Organisational Services), Ben Zeller (Director Projects & Business Development), Jenna Hazelwood (Leader Strategy), Hayley Martin (Management Accountant), Dean Fordham (Manager Finance and Procurement), Latoya Cooper (Coordinator Mid Richmond and Executive Assistant), Caroline Redwood (Manager People and Culture), Scott Walters (Manager Information and Technology Services), Andy Edwards (Manager Development and Certification), Andrew Leach (Manager Assets), Gary Ellem (Manager Regional Library), Kelly Moroney (Recovery Manager), Sharon Banning (Acting Manager Customer Experience), David Timms (Manager Infrastructure Services)

BY SKYPE: Adam Kim (Grant Thornton), Adam Bradfield (Thomas, Noble & Russell)

1 WELCOME

Cr Simpson welcomed everyone to the meeting.

2 APOLOGIES

Cr Jill Lyons and Gearoid Fitzgerald (Audit NSW).

COMMITTEE RESOLUTION IA031121/1

Moved: Cr Robert Hayes

Seconded: Cr Robert Mustow

That the apologies received from Cr Jill Lyons and Gearoid Fitzgerald (Audit NSW) be accepted and leave of absences granted.

CARRIED

3 DECLARATION OF INTERESTS

Nil.

4 MATTERS FOR CONSIDERATION

4.1 STATUS OF THE 2021/2022 INTERNAL AUDIT PLAN

COMMITTEE RESOLUTION IA031121/2

Moved: Cr Sam Cornish

Seconded: Cr Stephen Morrissey

That the Committee receives and notes the Status of the 2021/2022 Internal Audit Plan report.

CARRIED

Page 3

INTERNAL AUDIT AND RISK COMMITTEE MEETING MINUTES

3 NOVEMBER 2021

4.2 MANAGEMENT LETTER ON THE FINAL PHASE OF THE EXTERNAL AUDIT FOR THE YEAR ENDING 30 JUNE 2021**COMMITTEE RESOLUTION IA031121/3**

Moved: Cr Sandra Humphrys
Seconded: Cr Sam Cornish

That the Committee receives and notes the Management Letter on the final phase of the External Audit for year ended 30 June 2021.

CARRIED**4.3 PROGRESS OF THE INTERNAL / EXTERNAL AUDIT ACTION ITEMS****COMMITTEE RESOLUTION IA031121/4**

Moved: Cr Stephen Morrissey
Seconded: Cr Robert Hayes

That the Committee receives and notes the Progress of Internal and External Audit Action Items.

Note: Cr Simpson raised a question regarding the review of the privileged user access item on both the internal and external audit action reports. Staff addressed the committee outlining the challenges Council faces. Further follow-up with Technology One will be completed to investigate a more simplified process moving forward. Progress reports will be presented to the Committee when updates are available.

CARRIED**4.4 ASSET MASTER UPDATE****COMMITTEE RESOLUTION IA031121/5**

Moved: Cr Stephen Morrissey
Seconded: Cr Robert Hayes

That the Committee notes the information provided regarding Council's Asset Master Asset Management System, in response to resolution IA030821/7 of the August Internal Audit and Risk Committee meeting.

CARRIED**4.5 PAYROLL REVIEW****COMMITTEE RESOLUTION IA031121/6**

Moved: Cr Sandra Humphrys
Seconded: Cr Sam Cornish

That the Committee receives and notes the contents of the Payroll Review.

CARRIED

The Meeting closed at 4:51pm.

.....
CHAIRPERSON

Page 4



ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

This report documents Richmond Valley Council's financial performance throughout the 2020-2021 financial year.



Richmond Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Richmond Valley Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

10 Graham Place
Casino NSW 2470

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

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

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

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

Richmond Valley Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Richmond Valley Council

General Purpose Financial Statements for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 19 October 2021.



Robert Mustow
Mayor
19 October 2021



Stephen Morrissey
Councillor
19 October 2021



Vaughan Macdonald
General Manager
19 October 2021



Dean Fordham
Responsible Accounting Officer
19 October 2021

Richmond Valley Council**Income Statement**

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Income from continuing operations				
28,083		B2-1	28,100	26,759
14,952		B2-2	15,243	15,175
121		B2-3	167	990
11,910		B2-4	12,771	14,141
10,012		B2-4	12,493	9,782
1,118		B2-5	1,317	817
1,024		B2-6	1,542	1,368
<u>67,220</u>			<u>71,633</u>	<u>69,032</u>
Expenses from continuing operations				
22,034		B3-1	21,280	21,650
17,010		B3-2	18,183	18,058
1,207		B3-3	1,031	1,185
18,104		B3-4	17,788	17,126
2,383		B3-5	2,294	1,998
-		B4-1	971	2,709
<u>60,738</u>			<u>61,547</u>	<u>62,726</u>
<u>6,482</u>			<u>10,086</u>	<u>6,306</u>
<u>6,482</u>			<u>10,086</u>	<u>6,306</u>
Net operating result for the year attributable to Council				
<u>(3,530)</u>			<u>(2,407)</u>	<u>(3,476)</u>
Net operating result for the year before grants and contributions provided for capital purposes				

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

Richmond Valley Council | Statement of Comprehensive Income | For the year ended 30 June 2021

Richmond Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		10,086	6,306
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	12,269	10,652
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	<u>(7,327)</u>	<u>(6,982)</u>
Total items which will not be reclassified subsequently to the operating result		4,942	3,670
Total other comprehensive income for the year		<u>4,942</u>	<u>3,670</u>
Total comprehensive income for the year attributable to Council		<u>15,028</u>	<u>9,976</u>

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

Richmond Valley Council | Statement of Financial Position | For the year ended 30 June 2021

Richmond Valley Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	26,669	6,686
Investments	C1-2	30,357	44,670
Receivables	C1-4	9,018	8,987
Inventories	C1-5	2,722	2,324
Contract assets and contract cost assets	C1-6	3,316	3,640
Other	C1-8	355	295
Total current assets		72,437	66,602
Non-current assets			
Investments	C1-2	4,750	2,000
Receivables	C1-4	1,375	1,439
Inventories	C1-5	1,074	1,153
Infrastructure, property, plant and equipment	C1-7	796,866	787,770
Right of use assets	C2-1	814	292
Total non-current assets		804,879	792,654
Total assets		877,316	859,256
LIABILITIES			
Current liabilities			
Payables	C3-1	5,939	4,916
Contract liabilities	C3-2	4,957	1,868
Lease liabilities	C2-1	274	151
Borrowings	C3-3	2,722	2,600
Employee benefit provisions	C3-4	4,812	5,010
Provisions	C3-5	1,890	1,319
Total current liabilities		20,594	15,864
Non-current liabilities			
Payables	C3-1	400	314
Contract liabilities	C3-2	286	67
Lease liabilities	C2-1	541	145
Borrowings	C3-3	18,092	20,814
Employee benefit provisions	C3-4	155	158
Provisions	C3-5	3,756	3,430
Total non-current liabilities		23,230	24,928
Total liabilities		43,824	40,792
Net assets		833,492	818,464
EQUITY			
Accumulated surplus	C4-1	369,653	359,567
IPPE revaluation reserve	C4-1	463,839	458,897
Council equity interest		833,492	818,464
Total equity		833,492	818,464

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

Richmond Valley Council | Statement of Changes in Equity | For the year ended 30 June 2021

Richmond Valley Council

Statement of Changes in Equity
for the year ended 30 June 2021

\$ '000		as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
	Opening balance at 1 July	359,567	458,897	818,464	353,793	455,227	809,020
	Changes due to AASB 1058 and AASB 15 adoption	-	-	-	(532)	-	(532)
	Restated opening balance	359,567	458,897	818,464	353,261	455,227	808,488
	Net operating result for the year	10,086	-	10,086	6,306	-	6,306
	Other comprehensive income						
	Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	12,269	12,269	-	10,652	10,652
	- impairment (loss) reversal relating to IPP&E	-	(7,327)	(7,327)	-	(6,982)	(6,982)
	Other comprehensive income	-	4,942	4,942	-	3,670	3,670
	Total comprehensive income	10,086	4,942	15,028	6,306	3,670	9,976
	Closing balance at 30 June	369,653	463,839	833,492	359,567	458,897	818,464

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

Richmond Valley Council | Statement of Cash Flows | For the year ended 30 June 2021

Richmond Valley Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
28,083	Rates and annual charges		28,403	27,038
14,952	User charges and fees		14,462	18,576
1,118	Investment and interest revenue received		474	859
21,922	Grants and contributions		27,740	21,054
1,284	Other		1,824	2,352
<i>Payments:</i>				
(22,034)	Employee benefits and on-costs		(21,223)	(21,463)
(17,149)	Materials and services		(17,402)	(17,826)
(1,207)	Borrowing costs		(1,127)	(1,262)
-	Bonds, deposits and retention amounts refunded		(199)	(128)
(2,383)	Other		(1,418)	(3,140)
24,586	Net cash flows from operating activities	G1-1a	31,534	26,060
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of investment securities		12,499	-
2,224	Sale of real estate assets		1,625	335
759	Sale of infrastructure, property, plant and equipment		610	2,774
2	Deferred debtors receipts		1	2
<i>Payments:</i>				
-	Purchase of investment securities		-	(7,999)
(31,436)	Purchase of infrastructure, property, plant and equipment		(22,075)	(19,445)
(3,161)	Purchase of real estate assets		(1,381)	(562)
(31,612)	Net cash flows from investing activities		(8,721)	(24,895)
Cash flows from financing activities				
<i>Payments:</i>				
(2,768)	Repayment of borrowings		(2,600)	(2,486)
-	Principal component of lease payments		(230)	(165)
(2,768)	Net cash flows from financing activities		(2,830)	(2,651)
(9,794)	Net change in cash and cash equivalents		19,983	(1,486)
6,686	Cash and cash equivalents at beginning of year		6,686	8,172
(3,108)	Cash and cash equivalents at end of year	C1-1	26,669	6,686
35,107	plus: Investments on hand at end of year	C1-2	35,107	46,670
31,999	Total cash, cash equivalents and investments		61,776	53,356

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

Richmond Valley Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 19 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

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

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
- B5-1 Material budget variations

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Natural Disaster Events and COVID-19 Impacts

During the 2020/2021 financial year, Council has been faced with the effects of the the ongoing recovery from the 2019 bushfires as well as further flood events and impacts of the COVID-19 pandemic. All of these events have significantly impacted our Local Government Area (LGA) along with much of the nation. These financial challenges have presented themselves at a time when the community is relying heavily on Council to maintain essential services and to provide economic stimulus by supporting local suppliers and job creation schemes.

The impacts of the COVID-19 pandemic were not as significant during the 2020/2021 financial year, compared to the previous year. Council continued with its work health and safety measures, ensuring social distancing and the general wellbeing of staff, contractors and other stakeholders where required. Council adopted a "Response to Coronavirus (COVID-19) Community and Resilience Package" in April 2020 which included initiatives such as a 0.0% interest rate on overdue rates and water accounts from 1 April 2020 to 30 September 2020. The NSW Minister for Local Government extended this to 31 December 2020 and also extended the due date for first quarter 2020/2021 instalments to 30 September 2020. Council updated its existing financial

continued on next page ...

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A1-1 Basis of preparation (continued)

hardship policy while a new policy specifically addressing financial hardship as a result of natural disasters was adopted in the previous financial year.

The financial impact of COVID-19 was mainly limited to the waived interest on overdue rates and annual charges, which was estimated to cost Council of \$85k to 30 June 2021. There were other ongoing costs such as additional personal protective equipment, additional cleaning services and some information technology expenses, however these were not material in nature compared to the 2019/2020 financial year. Council updated its methodology for assessing the impairment of its receivables under AASB 9 Financial Instruments to factor in an improvement of 7.2% in Gross Regional Product (GRP) for the 12 month period to 31 March 2021.

Despite the ongoing impacts of natural disaster events and other hardships, Council is confident that it will continue as a going concern in the long-term.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports. A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council utilise a number of volunteer services however these are deemed not material to recognise on the income statement.

New accounting standards and interpretations issued not yet effective

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

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

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A1-1 Basis of preparation (continued)

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

New accounting standards adopted during the year

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

None of these standards had a significant impact on reported position or performance.

B Financial Performance**B1 Functions or activities****B1-1 Functions or activities – income, expenses and assets**

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Connecting People and Places	19,730	20,322	27,655	28,376	(7,925)	(8,054)	17,018	14,923	543,179	485,768
Growing our Economy	8,306	6,603	7,780	6,891	526	(288)	1,274	2,522	36,452	35,717
Looking after our Environment	24,335	23,157	24,523	24,758	(188)	(1,601)	1,335	670	226,426	274,553
Making Council Great	20,191	19,140	2,518	2,891	17,673	16,349	5,637	5,806	71,289	63,218
Total functions and activities	72,562	69,222	62,476	62,916	10,086	6,306	25,264	23,923	877,316	859,258

B1-2 Components of functions or activities

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

Connecting People and Places

Festivals and Events, Swimming Pools, Libraries, Emergency Management, Cemeteries, Sports Grounds, Parks and Facilities, Community Centres and Halls, Building and Maintaining Roads, Community Engagement, Consultation and Communication, Community Programs and Grants.

Growing our Economy

Economic Development, Tourism, Town Planning and Development Services, Quarries, Northern Rivers Livestock Exchange, Private Works, Real Estate Development.

Looking after our Environment

Waste Management, Stormwater Management, Water Supplies, Sewerage Services, Environmental Health, Environmental Management.

Making Council Great

Governance and Advocacy, Customer Service, Information Technology Services, People and Culture, Work Health and Safety, Financial Services, Engineering Support and Asset Management, Fleet Management.

B2 Sources of income**B2-1 Rates and annual charges**

\$ '000	2021	2020
Ordinary rates		
Residential	9,022	8,534
Farmland	2,776	2,609
Business	1,894	1,733
Less: pensioner rebates (mandatory)	(380)	(386)
Rates levied to ratepayers	13,312	12,490
Pensioner rate subsidies received	209	212
Total ordinary rates	13,521	12,702
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	4,587	4,335
Stormwater management services	203	201
Water supply services	1,522	1,447
Sewerage services	7,408	7,198
Waste management services (non-domestic)	1,065	1,085
Less: pensioner rebates (mandatory)	(459)	(464)
Annual charges levied	14,326	13,802
Pensioner subsidies received:		
– Water	80	80
– Sewerage	78	79
– Domestic waste management	95	96
Total annual charges	14,579	14,057
Total rates and annual charges	28,100	26,759

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

Accounting policy

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

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

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	4,666	4,747
Sewerage services	1	918	903
Waste management services (non-domestic)	1	24	27
Total specific user charges		5,608	5,677
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	642	412
Private works – section 67	1	1,372	352
Regulatory/ statutory fees	2	161	119
Registration fees	2	193	177
Total fees and charges – statutory/regulatory		2,368	1,060
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	5	1
Caravan park	2	55	79
Cemeteries	2	263	269
Quarries	2	–	294
Transport for NSW works (state roads not controlled by Council)	1	3,101	4,261
Northern Rivers Livestock Exchange	2	1,791	1,570
Waste disposal tipping fees	2	1,681	1,659
Casino showground	2	17	18
Richmond Upper Clarence Regional Library	2	15	10
Sports grounds	2	30	15
Other	2	309	262
Total fees and charges – other		7,267	8,438
Total user charges and fees		15,243	15,175
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		10,081	10,290
User charges and fees recognised at a point in time (2)		5,162	4,885
Total user charges and fees		15,243	15,175

Accounting policy

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

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

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

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	143	126
Insurance claims recoveries	116	1	770
Other	2	23	94
Total other revenue		167	990
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		-	-
Other revenue recognised at a point in time (2)		167	990
Total other revenue		167	990

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,735	1,759	–	–
Financial assistance – local roads component	2	794	800	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	1,856	1,863	–	–
Financial assistance – local roads component	2	852	850	–	–
Amount recognised as income during current year		5,237	5,272	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Bushfire and emergency services	2	1,029	2,910	252	141
Economic Development	2	69	–	485	–
LIRS subsidy	2	2	2	–	–
Library – Richmond Upper Clarence Regional	2	211	208	400	6
Natural disaster funding	1	1,814	1,562	3,237	3,391
Northern Rivers Livestock Exchange	1	–	–	–	160
Public Halls	1	–	–	229	64
Sporting grounds, parks and facilities	1	–	–	1,684	1,133
Strategic planning	2	12	12	–	–
Street lighting	2	92	92	–	–
Waste and sustainability	1	66	130	42	75
Other specific grants	2	244	359	78	29
Transport (roads to recovery)	2	1,002	1,002	–	–
Transport (other roads and bridges funding)	1	–	–	2,825	1,516
Previously contributions:					
Bushfire and emergency services	2	674	538	–	–
Roads and bridges	2	–	28	–	–
Transport for NSW contributions (regional roads, block grant)	2	920	920	–	–
Sewerage (excl. section 64 contributions)	2	–	1	–	–
Water supplies (excl. section 64 contributions)	2	4	10	87	–
Other contributions	2	687	684	30	–
Library – Richmond Upper Clarence Regional	2	340	336	–	66
Northern Rivers Livestock Exchange	2	–	–	192	272
Sporting grounds, parks and facilities	2	76	75	9	–
Tourism	2	18	–	–	–
Waste and sustainability	1	234	–	–	–
Total special purpose grants and non-developer contributions – cash		7,494	8,869	9,550	6,853
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	363	972
Bushfire and Emergency Services	2	40	–	1,154	–
Sporting grounds	2	–	–	122	–
Public Halls	2	–	–	137	–
Total other contributions – non-cash		40	–	1,776	972
Total special purpose grants and non-developer contributions (tied)		7,534	8,869	11,326	7,825

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Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020	
Total grants and non-developer contributions		12,771	14,141	11,326	7,825	
Comprising:						
– Commonwealth funding		6,306	6,274	1,576	204	
– State funding		6,120	5,275	8,898	6,311	
– Other funding		345	2,592	852	1,310	
		12,771	14,141	11,326	7,825	
Developer contributions						
\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G3					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	278	1,472
S 7.12 – fixed development consent levies		2	–	–	391	201
S 64 – water supply contributions		2	–	–	157	78
S 64 – sewerage service contributions		2	–	–	341	206
Total developer contributions			–	–	1,167	1,957
Total contributions			–	–	1,167	1,957
Total grants and contributions			12,771	14,141	12,493	9,782
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,114	1,692	8,017	6,339
Grants and contributions recognised at a point in time (2)			10,657	12,449	4,476	3,443
Total grants and contributions			12,771	14,141	12,493	9,782

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

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Grants				
Unspent funds at 1 July	1,907	453	1,763	482
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	20	-
Add: Funds received for the provision of goods and services in a future period	760	1,844	4,259	1,563
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,245)	(390)	(1,345)	(282)
Unspent grants at 30 June	1,422	1,907	4,697	1,763

Unspent capital grants are largely comprised of (\$'000's):-

Casino Pool Upgrade \$536
 Casino Showground Upgrade \$1.408
 Casino Drill Hall Walk \$442
 Razorback Lookout Upgrade \$200
 Coronation Park Upgrade \$194
 Country Lane \$393
 Ellangowan Rd Bridge \$282
 Naughtons Gap Road \$280
 Casino Library Community Garden \$192

Contributions

Unspent funds at 1 July	396	8,700	9,897	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	73	284	45	-
Add: contributions received and not recognised as revenue in the current year	-	2,100	1,345	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(190)	(791)	(928)	-
Unspent contributions at 30 June	279	10,293	10,359	-

This balance is largely attributed to developer contributions (\$10.038m)

Accounting policy**Grants and contributions – enforceable agreement with sufficiently specific performance obligations**

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

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

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g.

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B2-4 Grants and contributions (continued)

completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	34	99
– Cash and investments	347	575
Fair value adjustments		
– Movements in investments at fair value through profit and loss	936	143
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	1,317	817
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	–	52
General Council cash and investments	1,317	322
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	–	49
– Section 64	–	94
Water fund operations	–	106
Sewerage fund operations	–	194
Total interest and investment income	1,317	817

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Reversal of impairment losses on receivables			
Other		12	47
Total reversal of impairment losses on receivables	C1-4	12	47
Rental income			
Other lease income			
Quarry leases		1,327	1,146
Room/Facility Hire		203	175
Total Other lease income		1,530	1,321
Total rental income	C2-2	1,530	1,321
Total other income		1,542	1,368

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

\$ '000	2021	2020
Salaries and wages	17,018	16,945
Employee leave entitlements (ELE)	3,105	3,512
Superannuation	2,045	2,039
Workers' compensation insurance	644	480
Fringe benefit tax (FBT)	46	77
Payroll tax	98	135
Training costs (other than salaries and wages)	268	204
Other	168	196
Total employee costs	23,392	23,588
Less: capitalised costs	(2,112)	(1,938)
Total employee costs expensed	21,280	21,650

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		13,728	13,366
Audit Fees	F2-1	95	87
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	198	204
Advertising		100	124
Bank charges		80	70
Electricity and heating		791	874
Insurance		565	650
Street lighting		301	320
Subscriptions and publications		132	117
Telephone and communications		439	533
Valuation fees		70	67
IT expenses		803	786
Postage, printing & stationary		129	125
Other expenses		51	70
Legal expenses:			
– Legal expenses: other		226	267
Expenses from leases of low value assets		281	231
Variable lease expense relating to usage		194	167
Total materials and services		18,183	18,058

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on leases		17	19
Interest on loans		1,002	1,120
Total interest bearing liability costs		1,019	1,139
Total interest bearing liability costs expensed		1,019	1,139
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	12	46
Total other borrowing costs		12	46
Total borrowing costs expensed		1,031	1,185

Accounting policy

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,763	1,735
Office equipment		71	71
Furniture and fittings		78	74
Land improvements (depreciable)		530	392
Infrastructure:			
– Buildings – specialised	C1-7	1,134	1,171
– Other structures		519	411
– Roads		6,236	6,194
– Bridges		1,172	1,166
– Footpaths		264	252
– Stormwater drainage		512	506
– Water supply network		1,411	1,396
– Sewerage network		2,244	2,220
– Other open space/recreational assets		630	474
Right of use assets	C2-1	227	169
Other assets:			
– Library books		87	85
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	897	797
– Quarry assets	C3-5,C1-7	13	13
Total gross depreciation and amortisation costs		17,788	17,126
Total depreciation and amortisation costs		17,788	17,126
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		–	(99)
Infrastructure:			
– Buildings – specialised	C1-7	–	(92)
– Roads		6,551	6,792
– Bridges		776	979
– Other open space/recreational assets		–	(598)
Total gross IPPE impairment / revaluation decrement costs		7,327	6,982
Amounts taken through revaluation reserve	C1-7	(7,327)	(6,982)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		17,788	17,126

Accounting policy**Depreciation and amortisation**

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

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.

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.

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

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

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

B3-5 Other expenses

\$ '000	2021	2020
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	45	36
– NSW fire brigade levy	124	111
– NSW rural fire service levy	1,435	1,005
– Waste levy	147	357
Donations, contributions and assistance to other organisations (Section 356)	543	489
Total other expenses	2,294	1,998

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Infrastructure, property, plant and equipment			
	C1-7		
Proceeds from disposal		610	2,774
Less: carrying amount of assets sold/written off		(2,522)	(5,721)
Gain (or loss) on disposal		(1,912)	(2,947)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal		1,625	335
Less: carrying amount of assets sold/written off		(684)	(97)
Gain (or loss) on disposal		941	238
Net gain (or loss) on disposal of assets		(971)	(2,709)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

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

Other revenues	121	167	46	38%	F
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Other revenues were over budget by \$46,000 (38%). This was mainly due to fines being over budget by \$27,000.

Capital grants and contributions	10,012	12,493	2,481	25%	F
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Capital grants and contributions were over budget by \$2,481,000 (25%). In many instances, the actual amount of grants received depends upon decisions made by State and Federal Governments after the original budget is adopted and on the outcomes of various grant applications submitted throughout the year. The main increases included natural disaster funding for ongoing recovery from the 2019 bushfires and recent flood events totalling \$3,237,200.

Interest and investment revenue	1,118	1,317	199	18%	F
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Council's interest and investment revenue was over budget by \$199,000 (18%). This was mainly due to favourable fair value gains on Council's investments held with NSW Treasury Corporation of \$935,800 (over budget by \$500,800). This was offset by lower than expected interest on bank accounts and term deposits as a result of record low interest rates as well as interest on overdue rates being under budget by \$81,000, mainly as a result of the State Government extending the interest free period until 31 December 2020.

Other income	1,024	1,542	518	51%	F
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Other income was over budget by \$518,000 (51%). This was a result of higher than anticipated rental income from Council's quarries.

EXPENSES

Net losses from disposal of assets	-	971	(971)	∞	U
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The net profit or loss from the disposal of assets is unknown at the time of setting the original budget. As a result, asset purchases and sales are budgeted for on a gross basis only. The net loss from the disposal of assets is \$971,000, details of which are disclosed in note B4.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	24,586	31,534	6,948	28%	F
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Net cash flows from operating activities were over budget by \$6,948,000 (28%). This was mainly attributable to grants and contributions received being over budget by \$5,818,000.

Cash flows from investing activities	(31,612)	(8,721)	22,891	(72)%	F
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Council's cash flows from investing activities were under budget by \$22,891,000 (72%). This was mainly due to Council holding a significantly higher level of cash and cash equivalents than the previous year with sale of investments of \$12,499,000 mostly in relation to a cash facility trust previously held with NSW Treasury Corporation. In addition, Council's capital expenditure on assets and real estate was under budget by \$11,141,000.

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	831	536
Cash-equivalent assets		
– Deposits at call	25,838	6,150
Total cash and cash equivalents	26,669	6,686

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	26,669	6,686
Balance as per the Statement of Cash Flows	26,669	6,686

Accounting policy

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

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	15,357	–	21,670	–
Total	15,357	–	21,670	–
Debt securities at amortised cost				
Long term deposits	15,000	–	23,000	2,000
NCD's, FRN's (with maturities > 3 months)	–	4,750	–	–
Total	15,000	4,750	23,000	2,000
Total financial investments	30,357	4,750	44,670	2,000
Total cash assets, cash equivalents and investments	57,026	4,750	51,356	2,000

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

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C1-2 Financial 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 trade and other receivables, cash and cash equivalents and term deposits 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 as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in managed funds in the Statement of Financial Position.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	57,026	4,750	51,356	2,000
attributable to:				
External restrictions	32,192	4,750	30,732	2,000
Internal restrictions	24,502	–	20,624	–
Unrestricted	332	–	–	–
	57,026	4,750	51,356	2,000

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	5,075	1,831
Bonds and deposits	481	581

External restrictions – included in liabilities

	5,556	2,412
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External restrictions – other

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

Developer contributions – general	3,572	3,694
Developer contributions – water fund	2,153	1,950
Developer contributions – sewer fund	4,237	3,874
Specific purpose unexpended grants (recognised as revenue) – general fund	1,044	1,839
Water fund	5,399	5,220
Sewer fund	7,974	7,727
Domestic waste management	5,465	4,431
Stormwater management	665	617
Other	877	968

External restrictions – other

	31,386	30,320
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Total external restrictions

	36,942	32,732
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C1-3 Restricted cash, cash equivalents and investments (continued)

\$ '000	2021	2020
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	3,899	2,694
Real estate and infrastructure	4,178	2,772
Employees leave entitlement	1,385	1,245
Carry over works	379	116
Northern Rivers Livestock Exchange	2	119
Insurance	602	761
Other waste management	4,132	3,681
Petersons quarry	2,390	2,242
Public cemeteries perpetual maintenance	166	247
Quarry rehabilitation	252	208
Richmond Upper Clarence Regional Library	147	141
TfNSW state road maintenance contract	6	6
Road rehabilitation	1,608	1,273
Rural road safety program	92	89
Unexpended rates variations	645	805
Financial Assistance Grant Advance Payment	2,708	2,712
Woodview quarry	1,911	1,513
Total internal restrictions	24,502	20,624
Total restrictions	61,444	53,356

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	2,755	555	2,957	591
Interest and extra charges	131	8	158	12
User charges and fees	3,772	424	2,900	482
Accrued revenues				
– Interest on investments	104	–	154	12
Bank guarantees	51	355	20	280
Deferred debtors	2	11	2	12
Government grants and subsidies	1,840	53	2,208	89
Net GST receivable	233	–	233	–
Other debtors	215	–	445	–
Total	9,103	1,406	9,077	1,478
Less: provision of impairment				
Rates and annual charges	(28)	(17)	(33)	(18)
User charges and fees	(51)	(13)	(42)	(20)
Other debtors	(6)	(1)	(15)	(1)
Total provision for impairment – receivables	(85)	(31)	(90)	(39)
Total net receivables	9,018	1,375	8,987	1,439

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C1-4 Receivables (continued)

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted receivables				
Water supply				
– Specific purpose grants	80	–	80	–
– Rates and availability charges	330	94	341	80
– Other	1,148	316	1,267	289
Sewerage services				
– Specific purpose grants	78	–	78	–
– Rates and availability charges	1,568	416	1,572	441
– Other	316	66	311	74
Domestic waste management	217	11	246	16
Total external restrictions	3,737	903	3,895	900
Unrestricted receivables	5,281	472	5,092	539
Total net receivables	9,018	1,375	8,987	1,439

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	130	177
Impairment loss recognised	(13)	(47)
Balance at the end of the year	117	130

Accounting policy

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

Impairment

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

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

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

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

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

None of the receivables that have been written off are subject to enforcement activity. Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	2,065	1,074	1,289	1,153
Stores and materials	657	–	1,035	–
Total inventories	2,722	1,074	2,324	1,153

Externally restricted assets

There are no restrictions applicable to the above assets.

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential - developed		280	–	306	204
Residential - undeveloped		285	–	635	–
Industrial/commercial		1,500	1,074	348	949
Total real estate for resale		2,065	1,074	1,289	1,153

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

Represented by:

Acquisition costs	712	1,053	654	1,132
Development costs	1,353	21	635	21
Total costs	2,065	1,074	1,289	1,153
Total real estate for resale	2,065	1,074	1,289	1,153

Movements:

Real estate assets at beginning of the year		1,289	1,153	298	1,679
– Purchases and other costs		1,131	250	562	–
– WDV of sales (expense)		(684)	–	(97)	–
– Transfer between current/non-current	B4-1	329	(329)	526	(526)
Total real estate for resale		2,065	1,074	1,289	1,153

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	3,316	3,640
Total contract assets and contract cost assets		3,316	3,640

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Government Grants & Subsidies - Natural Disaster Funding (Capital Only)	2,509	-	3,500	-
Government Grants & Subsidies - Other capital grants	807	-	140	-
Total contract assets	3,316	-	3,640	-

Accounting policy**Contract assets**

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

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

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

Contract cost asset – costs to fulfil a contract

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

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

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

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

C1-7 Infrastructure, property, plant and equipment

By asset type	30 June 2020			Reconciliation during the reporting period										30 June 2021		
	Carrying amount	Accumulated depreciation	Net carrying amount	Additions	Disposals	Revaluations	Transfers	Depreciation	Impairment	Reversal of impairment	Other	Adjustments	Revaluations	Carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,397	-	2,397	1,997	2,997	-	(80)	-	-	-	(1,057)	-	-	5,814	-	5,814
Plant and equipment	28,852	(14,371)	12,581	1,481	1,301	-	(375)	(1,763)	-	-	-	-	-	25,068	(15,781)	13,225
Office equipment	1,307	(1,138)	169	-	18	-	-	(71)	-	-	-	-	-	1,319	(1,178)	143
Furniture and fittings	1,384	(948)	436	-	40	-	-	(78)	-	-	-	-	-	1,430	(1,048)	384
Land:																
- Crown land	18,020	-	18,020	-	-	-	-	-	-	-	-	(214)	4,249	22,055	-	22,055
- Operational land	18,378	-	18,378	-	48	-	(493)	-	-	-	-	208	2,821	22,065	-	22,065
- Community land	7,740	-	7,740	-	-	-	-	-	-	-	-	(43)	1,388	8,094	-	8,094
- Land under roads (post 2018/18)	371	-	371	-	3	-	-	-	-	-	-	-	-	374	-	374
Land improvements - non-depreciable	5,798	-	5,798	-	-	-	-	-	-	-	-	-	-	5,798	-	5,798
Land improvements - depreciable	20,587	(5,422)	17,145	107	138	-	(5)	(803)	-	-	-	971	-	21,601	(5,978)	17,823
Infrastructure:																
- Buildings - specialised	75,880	(18,933)	57,247	1,277	179	-	(254)	(1,134)	-	-	401	-	-	78,638	(18,922)	57,716
- Other structures	24,193	(2,133)	22,060	18	287	-	(13)	(518)	-	-	5	(7)	-	24,440	(2,643)	21,800
- Roads	117,484	(97,878)	219,919	8,208	687	3,305	(504)	8,238	(8,551)	-	221	-	1,127	322,739	(108,546)	217,193
- Bridges	88,870	(31,794)	88,176	-	-	298	-	(1,172)	(778)	-	-	-	342	100,474	(33,606)	66,868
- Footpaths	17,090	(2,041)	14,458	108	50	-	(143)	(284)	-	-	8	-	72	17,189	(2,843)	14,346
- Bulk earthworks (non-depreciable)	84,378	-	84,378	-	87	-	(92)	-	-	-	-	-	328	84,691	-	84,691
- Stormwater drainage	80,812	(8,853)	80,858	154	238	-	(4)	(812)	-	-	4	-	256	81,393	(10,500)	80,793
- Water supply network	82,891	(25,751)	72,140	1,259	427	-	(208)	(1,411)	-	-	230	-	950	85,045	(21,988)	73,058
- Sewerage network	144,827	(52,351)	112,928	742	430	-	(273)	(2,344)	-	-	180	-	1,018	148,069	(34,812)	112,357
- Other open space/recreational assets	23,843	(4,006)	19,837	474	280	-	(117)	(803)	-	-	27	(864)	-	23,910	(4,489)	19,021
Other assets:																
- Library books	1,140	(783)	357	-	88	-	(14)	(87)	-	-	-	-	-	1,119	(771)	348
Restatement, rehabilitation and restoration assets (refer Note C3-4):																
- Tip assets	5,239	(3,491)	1,748	-	942	-	-	(897)	-	-	-	-	-	8,180	(4,387)	1,793
- Quarry assets	301	(375)	128	-	-	-	(53)	(13)	-	-	-	-	-	447	(389)	58
Total infrastructure, property, plant and equipment	1,032,074	(344,304)	787,770	12,489	8,198	3,833	(2,577)	(17,341)	(7,327)	-	-	-	12,249	1,895,468	(242,822)	796,864

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

C1-7 Infrastructure, property, plant and equipment

By asset class	30 June 2020			Assets measured at fair value										30 June 2021			
	Non-current assets	Accumulated depreciation and amortisation	Net carrying amount	Historical cost	Additions	Revaluations (1) in included assets	Carrying value of disposals	Depreciation expense	Impairment losses (reversals) recognised in profit or loss	Impairment losses (reversals) recognised in profit or loss	IFRS transfer	Administrative transfers	Revaluation increments (decrements)	Revaluation increments in profit or loss	Non-current assets	Accumulated depreciation and amortisation	Net carrying amount
Capital work in progress	2,894	-	2,894	1,487	295	-	-	-	-	-	(2,090)	-	-	-	2,597	-	2,597
Plant and equipment	26,596	(13,043)	13,053	1,314	348	-	(397)	(1,738)	-	-	-	-	-	-	26,952	(14,371)	12,581
Office equipment	1,281	(1,047)	234	-	38	-	-	(71)	-	-	-	-	-	-	1,307	(1,308)	199
Furniture and fittings	1,307	(812)	495	21	84	-	-	(74)	-	-	-	-	-	-	1,384	(988)	416
Land:																	
- Operational land	19,897	-	19,897	-	-	-	(1,492)	-	-	-	-	-	(1,479)	2,449	19,378	-	19,378
- Community land	8,527	-	8,527	-	-	-	-	-	-	-	-	-	(797)	-	7,740	-	7,740
- Crown land	19,299	-	19,299	-	-	-	-	-	-	-	-	-	(1,289)	-	18,020	-	18,020
- Land under roads (post 2018/19)	304	-	304	-	13	-	-	-	-	-	-	-	-	54	371	-	371
Land improvements - non-depreciable	5,154	-	5,154	-	-	-	(28)	-	-	-	-	-	-	688	5,796	-	5,796
Land improvements - depreciable	17,897	(2,846)	14,991	-	11	-	(99)	(392)	-	99	-	-	(91)	2,896	20,587	(3,422)	17,145
Infrastructure:																	
- Buildings - specialised	73,284	(17,133)	56,151	906	48	-	(1,030)	(1,171)	-	92	388	-	(553)	2,414	79,890	(18,833)	67,247
- Other structures	23,341	(1,798)	21,543	134	235	-	(417)	(411)	-	-	114	-	(92)	842	24,198	(2,133)	22,065
- Roads	314,882	(96,138)	224,717	3,487	844	3,072	(708)	(8,194)	(8,792)	-	616	-	(328)	1,322	317,494	(87,578)	219,919
- Bridges	99,374	(29,820)	69,548	-	-	996	-	(1,198)	(879)	-	-	-	-	410	99,970	(31,794)	66,178
- Footpaths	15,707	(2,467)	15,240	314	1,133	-	(84)	(252)	-	-	27	-	-	78	17,090	(2,940)	14,458
- Bulk earthworks (non-depreciable)	83,935	-	83,935	-	59	-	-	-	-	-	-	-	-	384	84,378	-	84,378
- Stormwater drainage	59,832	(9,422)	50,410	105	248	-	(29)	(508)	-	-	37	-	-	298	60,812	(9,883)	50,889
- Water supply network	91,922	(18,478)	72,447	594	198	-	(378)	(1,388)	-	-	31	11	-	875	82,891	(20,781)	72,148
- Sewerage network	143,330	(31,102)	112,228	1,822	192	-	(812)	(2,220)	-	-	279	-	-	1,093	144,827	(32,301)	112,526
- Other open space/recreational assets	20,881	(4,717)	16,144	963	288	379	(432)	(474)	-	984	542	(11)	-	1,908	23,943	(4,008)	19,937
Other assets:																	
- Library books	1,146	(871)	275	-	118	-	(19)	(89)	-	-	-	-	-	-	1,146	(793)	357
Restatement, rehabilitation and restoration assets (refer Note 14):																	
- Tip assets	4,424	(2,894)	1,730	-	744	-	-	(797)	-	-	71	-	-	-	5,230	(3,491)	1,748
- Quarry assets	940	(383)	577	-	-	-	(36)	(13)	-	-	-	-	-	-	501	(379)	128
Total infrastructure, property, plant and equipment	1,018,504	(228,254)	787,250	10,907	4,848	3,813	(8,796)	(18,887)	(1,771)	784	-	-	(4,492)	15,148	1,032,074	(244,364)	787,770

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

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

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	10 to 60
Office furniture	5 to 20	Benches, seats etc.	10 to 100
Computer equipment	3		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings	10 to 100
Other plant and equipment	3 to 50		
		Stormwater assets	
Water and sewer assets		Drains	80 to 120
Dams and reservoirs	25 to 200	Culverts	80 to 120
Treatment Plant structure	15 to 200		
Treatment Plant mech & elec	20 to 25		
Pump Station structure	15 to 200		
Pumps Station mech & elect	20 to 25		
Reticulation pipes: PVC	70 to 160	Transportation Assets	
Reticulation pipes: Other	70 to 160	Kerb & Gutter	100
		Footpaths	25 to 75
Transportation assets		Minor & Major Culverts	50 to 100
Sealed roads: surface	20 to 35		
Sealed roads: structure	60 to 110	Other infrastructure assets	
Unsealed roads	25 to 35	Bulk earthworks	Infinite
Bridge: concrete	105	Open space/recreational assets	10 to 100
Bridge: timber	85		

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

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

Rural Fire Service assets

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

C1-8 Other

Other assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Prepayments	355	–	295	–
Total other assets	355	–	295	–

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Details of existing leases in place are shown below on a class basis:

Plant & Equipment

Council currently leases four Komatsu graders with lease terms of between 3 and 7 years. Two of these leases expire in 2021/2022, with the remaining leases expiring in 2023/2024 and 2025/2026. The lease payments are fixed during the lease term and there is generally no renewal option.

IT equipment

Leases for IT equipment are generally for low value assets, except for significant items such as network, server and radio equipment. The leases are for between 2 and 5 years with no renewal option and the payments are fixed.

(a) Right of use assets

\$ '000	Plant & Equipment	IT Equipment	Total
	2021		
Opening balance at 1 July	124	168	292
Additions to right-of-use assets	583	166	749
Depreciation charge	(131)	(96)	(227)
Balance at 30 June	576	238	814
2020			
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	212	249	461
Depreciation charge	(88)	(81)	(169)
Balance at 30 June	124	168	292

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C2-1 Council as a lessee (continued)**(b) Lease liabilities**

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	274	541	151	145
Total lease liabilities	274	541	151	145

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	274	541	–	815	815
2020					
Cash flows	151	145	–	296	296

(ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Internally restricted assets				
Plant & Equipment	180	393	89	37
Lease liabilities relating to internally restricted assets	180	393	89	37
Total lease liabilities relating to restricted assets	180	393	89	37
Total lease liabilities relating to unrestricted assets	94	148	62	108
Total lease liabilities	274	541	151	145

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	17	19
Variable lease payments based on usage not included in the measurement of lease liabilities	194	167
Depreciation of right of use assets	227	169
Expenses relating to low-value leases	281	231
	719	586

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C2-1 Council as a lessee (continued)**(e) Statement of Cash Flows**

\$ '000	2021	2020
Total cash outflow for leases	248	165
	248	165

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

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

- Halls and Community Centres
- Surf Club

The leases are generally between 1 and 20 years and require payments of a maximum amount of \$3,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as PP&E (refer in this note part (i) below) 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	2021	2020
(i) Assets held as property, plant and equipment		
Council leases out two of its quarries. In addition, Council receives rental income for hire and rent of some of its buildings and facilities.		
Lease income (excluding variable lease payments not dependent on an index or rate)	1,530	1,321
Total income relating to operating leases for Council assets	1,530	1,321

(ii) Maturity analysis of contractual lease income

Council leases two of its quarries, which are considered as the only material lessor income. Maturity analysis of future lease income receivable showing the minimum undiscounted lease payments to be received after reporting date is shown below:

< 1 year	758	449
1–2 years	775	459
2–3 years	792	469
3–4 years	809	479
4–5 years	827	490
> 5 years	5,477	2,614
Total undiscounted lease payments to be received	9,438	4,960

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	1,670	–	1,267	–
Goods and services – capital expenditure	1,900	–	1,267	–
Accrued expenses:				
– Salaries and wages	561	–	303	–
– Other expenditure accruals	635	–	777	–
Security bonds, deposits and retentions	466	–	665	–
Bank guarantees	51	355	20	280
Other	–	–	21	–
Prepaid rates and annual charges and user charges and fees	656	45	596	34
Total payables	5,939	400	4,916	314

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Water	55	15	65	15
Sewer	128	–	145	–
Other	425	–	623	–
Payables relating to externally restricted assets	608	15	833	15
Total payables relating to restricted assets	608	15	833	15
Total payables relating to unrestricted assets	5,331	385	4,083	299
Total payables	5,939	400	4,916	314

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	466	665
Total payables	466	665

Accounting policy

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

Payables

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

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C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,497	200	1,763	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	377	–	–	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	3	86	2	67
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	36	–	90	–
Total grants received in advance		4,913	286	1,855	67
User fees and charges received in advance:					
Funds received in advance of services provided		44	–	13	–
Total user fees and charges received in advance		44	–	13	–
Total contract liabilities		4,957	286	1,868	67

Notes

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

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

(iii) Booking fees for Council facilities received in advance of service provided are recorded as a contract liability on receipt and recognised as revenue after booking date.

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,874	200	1,763	–
Unspent contributions held as contract liabilities	39	86	92	67
Contract liabilities relating to externally restricted assets	4,913	286	1,855	67
Total contract liabilities relating to unrestricted assets	44	–	13	–
Total contract liabilities	4,957	286	1,868	67

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C3-2 Contract Liabilities (continued)**Revenue recognised that was included in the contract liability balance at the beginning of the period**

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,376	282
Operating contributions (received prior to performance obligation being satisfied)	54	-
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,430	282

Significant changes in contract liabilities

Council has received upfront grant funding for the following projects: (\$'000)

Casino Showground \$1.4m

Country Lane \$393

Naughtons Gap \$280

Local Roads and Community Infrastructure Program \$1.1m

Casino Pool \$535

Casino Library Community Garden \$193

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	2,722	18,092	2,600	20,814
Total borrowings	2,722	18,092	2,600	20,814

⁽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 20.

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Sewer	1,422	10,994	1,347	12,415
Borrowings relating to externally restricted assets	1,422	10,994	1,347	12,415
Total borrowings relating to restricted assets	1,422	10,994	1,347	12,415
Total borrowings relating to unrestricted assets	1,300	7,098	1,253	8,399
Total borrowings	2,722	18,092	2,600	20,814

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C3-3 Borrowings (continued)**(a) Changes in liabilities arising from financing activities**

\$ '000	2020		2021
	Opening Balance	Cash flows	Closing balance
Loans – secured	23,414	(2,600)	20,814
Lease liability (Note C2-1b)	296	519	815
Total liabilities from financing activities	23,710	(2,081)	21,629

\$ '000	2019		Non-cash movements	2020
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	25,900	(2,486)	–	23,414
Lease liability (Note C2-1b)	–	296	–	296
Total liabilities from financing activities	25,900	(2,190)	–	23,710

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	71	71
Total financing arrangements	571	571
Drawn facilities		
– Credit cards/purchase cards	2	7
Total drawn financing arrangements	2	7
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	69	64
Total undrawn financing arrangements	569	564

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Annual leave	1,857	–	1,996	–
Long service leave	2,942	155	3,002	158
Other leave	13	–	12	–
Total employee benefit provisions	4,812	155	5,010	158

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,499	2,821
	2,499	2,821

Accounting policy**Short-term obligations**

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

Other long-term employee benefit obligations

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

On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions

\$ '000	2021		2020	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	1,890	3,756	1,319	3,430
Sub-total – asset remediation/restoration	1,890	3,756	1,319	3,430
Total provisions	1,890	3,756	1,319	3,430

Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions.

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	4,749	4,749
Changes to provision:		
– Revised discount rate	(107)	(107)
– Revised costs	981	981
– Revised life	11	11
Unwinding of discount	11	11
Other	1	1
Total other provisions at end of year	5,646	5,646
2020		
At beginning of year	5,160	5,160
– Revised discount rate	(123)	(123)
– Revised costs	774	774
– Revised life	126	126
Unwinding of discount	46	46
Amounts used (payments)	(1,234)	(1,234)
Total other provisions at end of year	4,749	4,749

Nature and purpose of provisions

Asset remediation

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

Asset/Operation	Estimated year of restoration	NPV of Provisions	
		2021	2020
Landfills - Nammoona	2024	4,834	3,891
Quarries - Petersons	2028	465	487
Quarries - Woodview	2035	347	371
Balance at end of reporting period		5,646	4,749

Accounting policy

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

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

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C3-5 Provisions (continued)

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

Asset remediation – tips and quarries

Restoration

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

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

Rehabilitation

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

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

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

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure**D1 Results by fund**

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	19,139	1,565	7,396
User charges and fees	8,912	5,183	1,148
Interest and investment revenue	864	165	288
Other revenues	161	2	4
Grants and contributions provided for operating purposes	12,767	4	–
Grants and contributions provided for capital purposes	11,690	327	476
Other income	1,542	–	–
Total income from continuing operations	55,075	7,246	9,312
Expenses from continuing operations			
Employee benefits and on-costs	18,669	1,013	1,598
Materials and services	11,882	2,808	3,493
Borrowing costs	359	–	672
Depreciation, amortisation and impairment of non-financial assets	14,070	1,423	2,295
Other expenses	1,102	1,192	–
Net losses from the disposal of assets	518	180	273
Total expenses from continuing operations	46,600	6,616	8,331
Operating result from continuing operations	8,475	630	981
Net operating result for the year	8,475	630	981
Net operating result attributable to each council fund	8,475	630	981
Net operating result for the year before grants and contributions provided for capital purposes	(3,215)	303	505

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D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	18,091	3,278	5,300
Investments	19,172	4,274	6,911
Receivables	5,498	1,558	1,962
Inventories	2,722	-	-
Contract assets and contract cost assets	3,316	-	-
Other	355	-	-
Total current assets	49,154	9,110	14,173
Non-current assets			
Investments	4,750	-	-
Receivables	483	410	482
Inventories	1,074	-	-
Infrastructure, property, plant and equipment	605,066	76,183	115,617
Right of use assets	814	-	-
Total non-current assets	612,187	76,593	116,099
TOTAL ASSETS	661,341	85,703	130,272
LIABILITIES			
Current liabilities			
Payables	5,756	55	128
Contract liabilities	4,957	-	-
Lease liabilities	274	-	-
Borrowings	1,300	-	1,422
Employee benefit provision	4,812	-	-
Provisions	1,890	-	-
Total current liabilities	18,989	55	1,550
Non-current liabilities			
Payables	385	15	-
Contract liabilities	286	-	-
Lease liabilities	541	-	-
Borrowings	7,098	-	10,994
Employee benefit provision	155	-	-
Provisions	3,756	-	-
Total non-current liabilities	12,221	15	10,994
TOTAL LIABILITIES	31,210	70	12,544
Net assets	630,131	85,633	117,728
EQUITY			
Accumulated surplus	299,156	28,260	42,237
Revaluation reserves	330,975	57,373	75,491
Council equity interest	630,131	85,633	117,728
Total equity	630,131	85,633	117,728

D2 Interests in other entities**D2-1 Subsidiaries, joint arrangements and associates not recognised**

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2021 Net profit/(loss)	2021 Net assets
North East Weight of Loads Group (NEWLOG)	Enforcement of load weights carried by heavy vehicles. Joint venture	(208)	214

Reasons for non-recognition

Council's share of NEWLOG net assets is 20.4%. Council does not control the operations of NEWLOG and considers its interest in the operations to be immaterial to the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	26,669	6,686	26,669	6,686
Receivables	10,393	10,426	13,708	14,006
Investments				
– Debt securities at amortised cost	19,750	25,000	19,750	25,000
Fair value through profit and loss				
Investments				
– Held for trading	15,357	21,670	15,357	21,670
Total financial assets	72,169	63,782	75,484	67,362
Financial liabilities				
Payables	6,339	5,230	6,339	5,163
Loans/advances	20,814	23,414	21,706	25,085
Total financial liabilities	27,153	28,644	28,045	30,248

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 measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – 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 financial performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

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

- **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 – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	618	534
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,536	2,167

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

Council manages 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.

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

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

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

The level of outstanding receivables is reconciled 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.

E1-1 Risks relating to financial instruments held (continued)**Credit risk profile****Receivables – rates and annual charges**

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	2,755	555	–	–	–	3,310
2020						
Gross carrying amount	2,990	558	–	–	–	3,548

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	6,349	–	–	–	850	7,199
Expected loss rate (%)	0.83%	0.00%	0.00%	0.00%	1.65%	0.93%
ECL provision	53	–	–	–	14	67
2020						
Gross carrying amount	6,111	–	–	–	896	7,007
Expected loss rate (%)	0.93%	0.00%	0.00%	0.00%	4.38%	1.37%
ECL provision	57	–	–	–	39	96

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	466	5,172	–	–	5,638	5,638
Loans and advances	4.57%	–	3,631	13,502	7,510	24,643	20,814
Total financial liabilities		466	8,803	13,502	7,510	30,281	26,452
2020							
Trade/other payables	0.00%	665	3,935	–	–	4,600	4,600
Loans and advances	4.58%	–	3,631	14,526	10,119	28,276	23,414
Total financial liabilities		665	7,566	14,526	10,119	32,876	28,014

Loan agreement breaches

No breaches to loan agreements have occurred during the reporting year.

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Financial assets C1-2									
At fair value through profit or loss									
		30/06/21	30/06/20	15,357	21,670	–	–	15,357	21,670
		30/06/21	30/06/20	19,750	25,000	–	–	19,750	25,000
				35,107	46,670	–	–	35,107	46,670
Total financial assets									
Infrastructure, property, plant and equipment C1-7									
		30/06/21	30/06/20	–	–	13,224	12,581	13,224	12,581
		30/06/21	30/06/20	–	–	143	199	143	199
		30/06/21	30/06/20	–	–	384	416	384	416
		30/06/21	30/06/20	–	–	22,055	18,020	22,055	18,020
		30/06/21	30/06/20	–	–	22,095	19,376	22,095	19,376
		30/06/21	30/06/20	–	–	9,094	7,740	9,094	7,740
		30/06/20	30/06/20	–	–	374	371	374	371
		30/06/20	30/06/20	–	–	5,796	5,796	5,796	5,796
		30/06/20	30/06/20	–	–	17,823	17,145	17,823	17,145
		30/06/20	30/06/20	–	–	57,716	57,247	57,716	57,247
		30/06/20	30/06/20	–	–	21,800	22,060	21,800	22,060
		30/06/18	30/06/18	–	–	217,193	219,919	217,193	219,919
		30/06/18	30/06/18	–	–	66,868	68,176	66,868	68,176
		30/06/18	30/06/18	–	–	14,346	14,456	14,346	14,456
		30/06/18	30/06/18	–	–	64,681	64,378	64,681	64,378
		30/06/18	30/06/19	–	–	50,793	50,659	50,793	50,659
		30/06/17	30/06/17	–	–	73,089	72,140	73,089	72,140
		30/06/17	30/06/17	–	–	112,357	112,526	112,357	112,526
		30/06/20	30/06/20	–	–	–	7,014	–	7,014
		30/06/20	30/06/20	–	–	19,021	12,923	19,021	12,923
		30/06/21	30/06/20	–	–	348	357	348	357
				–	–	789,200	783,499	789,200	783,499
Total infrastructure, property, plant and equipment									

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E2-1 Fair value measurement (continued)

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

Valuation techniques

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

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

Financial assets

Investments at fair value through the profit and loss include the following:

Term Deposits (maturity > 3 months)	\$15,000,000
Floating Rate Notes	\$ 4,750,000
NSW Treasury Corporation - Medium Term Growth Fund	\$12,337,000
NSW Treasury Corporation - Long Term Growth Fund	\$ 3,020,000

Term deposits are carried at face value and interest is received on maturity.

For the NSW Treasury Corporation investments, Council receives a monthly statement quoting the unit price of the investments and any movement in fair value is recorded in the profit and loss. Investments with NSW Treasury Corporation are not within an active market and are therefore classified as level 2 inputs. There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant and equipment, office equipment and furniture and fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets (depreciated historical cost) is deemed to be fair value due to the nature of these items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers, cars and light commercial vehicles.
- Office Equipment - Computer equipment, photocopiers, projectors and other electronic office equipment.
- Furniture & Fittings - Chairs, desks, shelving, display systems.

The gross replacement cost of these assets are based on current market prices, which are based on observable inputs, however the pattern of consumption, remaining useful life and residual value is implicated by internal factors which are unobservable inputs placing these assets in level 3. There has been no change to the valuation process during the reporting period.

Land - Operational

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council obtains its fair values for operational land from an external valuer every 3 years.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset and cash flows from the future use and disposal.

Council's Operational Land was revalued as at 30 June 2020. This asset class is categorised as level 3 due to a number of the above-mentioned inputs used in the valuation requiring significant professional judgement, which are therefore unobservable. There has been no change to the valuation process during the reporting period.

Land - Community

Council's Community Land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Many of these parcels of land have no feasible alternative use, such as parks and reserves. Community Land is valued using the 'Market Approach'.

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E2-1 Fair value measurement (continued)

Fair value is derived by adjusting observable market inputs using unobservable inputs. The resulting measurement is categorised within level 3. Community Land was revalued as at 30 June 2020. There has been no change to the valuation process during the reporting period.

Land - Crown

Council's Crown Land (including land managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Many of these parcels of land have no feasible alternative use, such as parks and reserves. Community Land is valued using the 'Market Approach'.

Fair value is derived by adjusting observable market inputs using unobservable inputs. The resulting measurement is categorised within level 3. Crown Land was revalued as at 30 June 2020. There has been no change to the valuation process during the reporting period.

Land Improvements (Non-Depreciable and Depreciable)

Land improvement assets include all works carried out to the land to improve its utility, service potential or make it ready for an identified use. Assets include landscaping, land forming, earthworks not integral to other assets, external playing surfaces and facilities internal infrastructure.

Land Improvements are valued by an external valuer every 5 years using the cost approach and the last valuation was performed by an external valuer as at 30 June 2020 using the cost approach. Unobservable inputs include patterns of consumption, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Land Under Roads (post 30/06/08)

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 acquired after 1 July 2008 is recognised in accordance with AASB 116 - Property, Plant and Equipment and Council recognised this for the first time in the 2010/2011 financial year. Land Under Roads has been revalued as at 30 June 2020 and the valuation was based on the average unit value of all rateable land within Council's area of control using values provided by the Valuer General, discounted by 90% to reflect restrictions on use of land under roads in-line with the englobo method. This asset class is classified as level 3 as significant inputs used in the valuation methodology are unobservable. There were no changes to the valuation process during the reporting period.

Buildings (Specialised)

Specialised buildings are valued using the cost approach and are valued by an external valuer every 5 years and the last valuation was performed by an external valuer as at 30 June 2020.

Unobservable inputs include patterns of consumption, asset conditions and remaining useful lives.

These factors require extensive professional judgement, resulting in this asset class being classified as level 3.

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

Other Structures

These assets include all other structures not included in the category of Buildings. Examples include statues, fences, monuments and clocktowers. Other structures are valued using the cost approach and are valued by an external valuer every 5 years and the last valuation was performed by an external valuer as at 30 June 2020.

Unobservable inputs include patterns of consumption, asset conditions and remaining useful lives.

These factors require extensive professional judgement, resulting in this asset class being classified as level 3.

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

Roads, Bridges & Footpaths (including Bulk Earthworks)

This asset class includes the road formation (bulk earthworks), road pavement and road seal, along with other road assets including kerb and guttering, guardrail and roadside furniture including signs and other traffic management devices. A full revaluation of road assets is undertaken every 5 years. A revaluation was last performed as at 30 June 2018.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of useful life, pattern of consumption and asset condition) require extensive professional judgement and

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E2-1 Fair value measurement (continued)

impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs.

Stormwater Drainage

Drainage refers to the system for the collection, storage and removal of stormwater developed and maintained by Council. These assets include pipelines, pits, headwalls and other drainage structures. The full revaluation of Stormwater Drainage assets is undertaken every 5 years. A revaluation was performed as at 30 June 2019.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Water Supply Network

Water Supply Network assets include water pipelines, treatment plants, reservoirs, pump stations, water meters and connections etc. Water Supply Network assets are valued by an external valuer every 5 years using the cost approach. In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manual as published by the NSW Office of Water. Water Supply Network Assets were revalued as at 30 June 2017.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (level 2), other inputs (such as estimates of useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Sewerage Network

Sewerage Network assets include sewerage pipelines, treatment works, pump stations, manholes and sewerage connections. Sewerage Network assets are valued by an external valuer every 5 years using the cost approach. In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manual as published by the NSW Office of Water. Sewerage Network Assets were revalued as at 30 June 2017.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (level 2), other inputs (such as estimates of useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

These assets include all structures within Council's sports grounds, parks and reserves and swimming pools. This asset class is valued by an external valuer every 5 years using the cost approach and the last valuation was performed by an external valuer as at 30 June 2020. Unobservable inputs include patterns of consumption, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Other Assets (Library Books)

These assets include library books, journals, magazines, CD's, DVD's etc. Library books are valued at cost but are disclosed at fair value in the notes due to the nature of these items.

The gross replacement cost of these assets are based on current market prices, which are based on observable inputs, however the pattern of consumption and remaining useful life are implicated by internal factors which are unobservable inputs placing these assets in level 3. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Fair Value Hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurement by level of input, using the following 'hierarchy':

- Level 1 - Quoted prices (unadjusted) 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 - Unobservable inputs for asset or liability.

Fair Valuation Techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

'Income Approach': A valuation technique that converts future amounts (cash inflows/outflows) to signal the current (ie discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation Techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market process 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:

Level 2 valuation process for some asset classes where the basis was Cost Approach under Level 2 input, whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach. The inputs used for this technique were:

- Pattern of consumption
- Asset condition
- Unit rates
- Useful life

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E2-1 Fair value measurement (continued)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	12,581	13,053	199	234	416	395	19,376	19,897
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	-	-	259	-
Purchases (GBV)	2,781	1,660	15	36	46	95	69	-
Disposals (WDV)	(375)	(397)	-	-	-	-	(430)	(2,970)
Depreciation and impairment	(1,763)	(1,735)	(71)	(71)	(78)	(74)	-	-
Revaluation increments to equity (ARR)	-	-	-	-	-	-	2,821	2,449
Closing balance	13,224	12,581	143	199	384	416	22,095	19,376

\$ '000	Community Land		Land under Roads post 30/6/08		Land improvements non-depreciable		Land improvements depreciable	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	7,740	8,527	371	304	5,796	5,154	17,145	14,961
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(45)	-	-	-	-	-	971	-
Purchases (GBV)	-	-	3	13	-	-	242	11
Disposals (WDV)	-	-	-	-	-	(26)	(5)	(130)
Depreciation and impairment	-	-	-	-	-	-	(530)	(392)
Revaluation increments to equity (ARR)	1,399	-	-	54	-	668	-	2,596
Impairment reversal recognised in equity	-	-	-	-	-	-	-	99
Revaluation decrements to equity (ARR)	-	(787)	-	-	-	-	-	-
Closing balance	9,094	7,740	374	371	5,796	5,796	17,823	17,145

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E2-1 Fair value measurement (continued)

\$ '000	Buildings specialised		Other structures		Roads		Bridges	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	57,247	56,151	22,060	21,613	219,919	224,717	68,176	69,544
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	(7)	-	-	-	-	-
Purchases (GBV)	1,456	956	274	369	5,887	4,311	-	-
Disposals (WDV)	(254)	(1,583)	(13)	(467)	(509)	(1,033)	-	-
Depreciation and impairment	(1,134)	(1,171)	(519)	(411)	(6,236)	(6,194)	(1,172)	(1,165)
Revaluation increments to equity (ARR)	-	2,414	-	842	1,127	1,322	342	410
Transfers from/(to) Capital Work in Progress	401	388	5	114	221	516	-	-
Reinstatement costs for impaired assets	-	-	-	-	3,335	3,072	298	366
Impairment reversal recognised in equity	-	92	-	-	-	-	-	-
Impairment loss recognised in equity	-	-	-	-	(6,551)	(6,792)	(776)	(979)
Closing balance	57,716	57,247	21,800	22,060	217,193	219,919	66,868	68,176

\$ '000	Footpaths		Bulk earthworks (non-depreciable)		Stormwater drainage		Water supply network	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	14,456	13,240	64,378	63,935	50,659	50,510	72,140	72,447
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	-	-	-	11
Purchases (GBV)	216	1,447	67	59	390	351	1,680	750
Disposals (WDV)	(143)	(84)	(92)	-	(4)	(29)	(209)	(376)
Depreciation and impairment	(264)	(252)	-	-	(512)	(506)	(1,411)	(1,396)
Revaluation increments to equity (ARR)	72	78	328	384	256	296	659	673
Transfers from/(to) Capital Work in Progress	9	27	-	-	4	37	230	31
Closing balance	14,346	14,456	64,681	64,378	50,793	50,659	73,089	72,140

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Richmond Valley Council | Notes to the Financial Statements 30 June 2021

E2-1 Fair value measurement (continued)

\$ '000	Library books		Sewerage network		Swimming pools		Other open space/ recreation	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	357	345	112,526	112,228	7,014	5,975	12,923	10,168
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	(7,014)	(11)	6,051	-
Purchases (GBV)	96	116	1,172	1,804	-	-	767	1,250
Disposals (WDV)	(18)	(19)	(273)	(612)	-	(30)	(117)	(402)
Depreciation and impairment	(87)	(85)	(2,244)	(2,220)	-	(123)	(630)	(351)
Revaluation increments to equity (ARR)	-	-	1,016	1,053	-	168	-	1,738
Transfers from/(to) Capital Work in Progress	-	-	160	273	-	62	27	520
Reinstatement costs for impaired assets	-	-	-	-	-	375	-	-
Impairment reversal recognised in equity	-	-	-	-	-	598	-	-
Closing balance	348	357	112,357	112,526	-	7,014	19,021	12,923

\$ '000	Crown Land		Total	
	2021	2020	2021	2020
Opening balance	18,020	19,289	783,499	782,687
Transfers from/(to) another asset class	(214)	-	1	-
Purchases (GBV)	-	-	15,161	13,228
Disposals (WDV)	-	-	(2,442)	(8,158)
Depreciation and impairment	-	-	(16,651)	(16,146)
Revaluation increments to equity (ARR)	4,249	-	12,269	15,145
Transfers from/(to) Capital Work in Progress	-	-	1,057	1,968
Reinstatement costs for impaired assets	-	-	3,633	3,813
Impairment reversal recognised in equity	-	-	-	789
Impairment loss recognised in equity	-	-	(7,327)	(7,771)
Revaluation decrements to equity (ARR)	-	(1,269)	-	(2,056)
Closing balance	22,055	18,020	789,200	783,499

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements, including the method used to determine Council's rate of contributions and any minimum funding requirements.

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

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

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

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

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

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

Description of the extent to which Council can be liable to the plan for other councils' 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$270,581.18. The last formal valuation of the Scheme was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

continued on next page ...

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E3-1 Contingencies (continued)

The amount of past service contributions included in the total employer contribution advised above is \$206,900. Council's expected contribution to the plan for the next annual reporting period is \$254,530.20.

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

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

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be 0.52% as at 30 June 2021.

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

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

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

* Plus promotional increases

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

(ii) Native Title Claims

NSD122 of 2019. In April 2021 the Federal Court made its determination of Bandjalang Native Title Claims 3 and 4. The court ruled there were demonstrable continuous links to the land by the claimants. The land affected by the determination is primarily Crown Land, with the ruling having no effect on Council. A number of the parcels were already subject to Aboriginal Land Claims, which have now been overridden.

(ii) Self-Insurance: NORPOOL

Council has previously entered into an agreement with a number of Local Government Authorities to jointly manage certain civil liabilities of these Councils which may arise as a result of the exercise of their powers, authorities, duties or functions.

The insurance pool known as NORPOOL was wound up during the 2005/2006 financial year with surplus funds distributed to former members. There are no outstanding claims associated with NORPOOL, however if future claims arise then these will be the responsibility of the Council to whom the claims relate.

(iv) StateCover Limited

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

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

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

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

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E3-1 Contingencies (continued)

(v) CivicRisk Mutual Ltd

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government. CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30 June 2021 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	999	931
Post-employment benefits	69	62
Other long-term benefits	25	38
Total	1,093	1,031

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments
\$ '000			
2021			
Employee expenses relating to close family members of KMP	1	95	-
2020			
Employee expenses relating to close family members of KMP	1	110	-

1 One (1) close family member of Council's KMP are employed by the council under the relevant pay award on an arm's length basis

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	142	142
Other Councillors' expenses (including Mayor)	12	18
Total	198	204

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments
2021			
NEWLOG	1	31	-
2020			
NEWLOG	1	29	-

1 The principal activity of NEWLOG is the checking and enforcement of load weights carried by heavy vehicles on roads within the member council's boundaries. NEWLOG operates with the objective to generally advance the aims of reducing damage to Council and classified roads and promotion of road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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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	92	82
Other assurance services	3	5
Remuneration for audit and other assurance services	95	87
Total Auditor-General remuneration	95	87
Total audit fees	95	87

G Other matters**G1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

\$ '000	2021	2020
Net operating result from Income Statement	10,086	6,306
Adjust for non-cash items:		
Depreciation and amortisation	17,788	17,126
Net losses/(gains) on disposal of assets	971	2,709
Non-cash capital grants and contributions	(1,529)	(1,086)
Adoption of AASB 15/1058	-	(532)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(936)	(143)
Unwinding of discount rates on reinstatement provisions	(96)	(77)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	45	3,761
Increase/(decrease) in provision for impairment of receivables	(13)	(48)
Decrease/(increase) in inventories	378	(1)
Decrease/(increase) in other current assets	(60)	(47)
Decrease/(increase) in contract assets	324	(3,640)
Increase/(decrease) in payables	403	2
Increase/(decrease) in other accrued expenses payable	116	(299)
Increase/(decrease) in other liabilities	(43)	169
Increase/(decrease) in contract liabilities	3,308	1,935
Increase/(decrease) in provision for employee benefits	(201)	259
Increase/(decrease) in other provisions	993	(334)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	31,534	26,060

(b) Non-cash investing and financing activities

Bushfire grants	1,154	68
Other dedications	363	972
Estimated future reinstatement costs	12	46
Total non-cash investing and financing activities	1,529	1,086

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	227	–
Infrastructure – other	7,171	799
Plant and equipment	673	256
Total commitments	8,071	1,055

These expenditures are payable as follows:

Within the next year	8,071	1,055
Total payable	8,071	1,055

Details of capital commitments

The capital commitments are comprised of (\$000's):-

- Various Cars & Trucks \$673
- Casino Swimming Pool \$5,400
- Camira Creek Bridge \$400
- Sandy Creek Bridge \$380
- Industrial Land Activation \$880

G3 Statement of developer contributions as at 30 June 2021

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	210	-	-	5	(38)	-	177	-
Community facilities	5	-	-	-	-	-	5	-
Infrastructure	2	-	-	-	(2)	-	-	-
Community Services	63	-	-	2	(33)	-	32	-
Recreation & Civil Facilities	1	-	-	-	-	-	1	-
Rural Heavy Haulage	2,867	277	-	82	(669)	-	2,587	-
Quarry Roads	72	-	-	2	-	-	74	-
Bushfire	9	-	-	1	-	-	10	-
S7.11 contributions – under a plan	3,229	277	-	92	(742)	-	2,856	-
S7.12 levies – under a plan	465	391	-	18	(158)	-	716	-
Total S7.11 and S7.12 revenue under plans	3,694	668	-	110	(900)	-	3,572	-
S64 contributions	5,824	498	-	68	-	-	6,390	-
Total contributions	9,518	1,166	-	178	(900)	-	9,962	-

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

G3-2 Developer contributions by plan

§ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 2 – EX RRSC								
Roads	122	-	-	3	(38)	-	87	-
Infrastructure	2	-	-	-	(2)	-	-	-
Community Services	63	-	-	2	(33)	-	32	-
Recreation & Civil Facilities	1	-	-	-	-	-	1	-
Quarry Roads	72	-	-	2	-	-	74	-
Rural Heavy Haulage	2,867	277	-	82	(669)	-	2,557	-
Total	3,127	277	-	89	(742)	-	2,751	-
CONTRIBUTION PLAN NUMBER – Ex Copmanhurst								
Roads	88	-	-	2	-	-	90	-
Community facilities	5	-	-	-	-	-	5	-
Bushfire	9	-	-	1	-	-	10	-
Total	102	-	-	3	-	-	105	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER 1 – Richmond Valley Council								
Section 7.12 Levies	465	391	-	18	(158)	-	716	-
Total	465	391	-	18	(158)	-	716	-

Richmond Valley Council | Notes to the Financial Statements 30 June 2021

G4 Statement of performance measures**G4-1 Statement of performance measures – consolidated results**

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,384)	(4.10)%	(1.62)%	(4.51)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	58,192				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	45,421	64.26%	65.25%	60.52%	> 60.00%
Total continuing operating revenue ¹	70,685				
3. Unrestricted current ratio					
Current assets less all external restrictions	36,508	3.42x	3.83x	3.05x	> 1.50x
Current liabilities less specific purpose liabilities	10,686				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	16,435	4.26x	4.52x	4.19x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,861				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,404	10.70%	12.15%	11.58%	< 10.00%
Rates and annual charges collectable	31,801				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	41,669	11.31	8.18	9.08	> 3.00
Monthly payments from cash flow of operating and financing activities	3,683	mths	mths	mths	mths

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ¹		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(8.00)%	(4.89)%	6.95%	3.68%	6.38%	9.87%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	55.00%	55.58%	95.43%	98.57%	94.76%	97.42%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.42x	3.83x	165.64x	106.08x	9.14x	6.48x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6.00x	6.55x	=	=	1.73x	1.90x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	5.01%	6.63%	21.04%	21.63%	20.88%	21.54%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.38	4.48	7.85	16.66	8.95	20.78	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

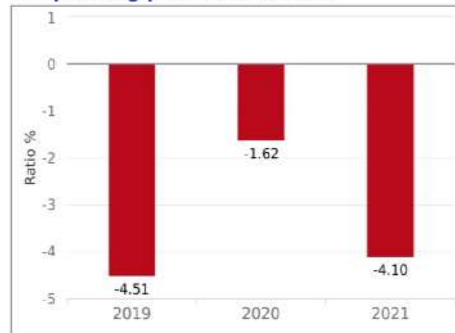
(1) - (2) Refer to Notes at Note 23a above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio (4.10)%

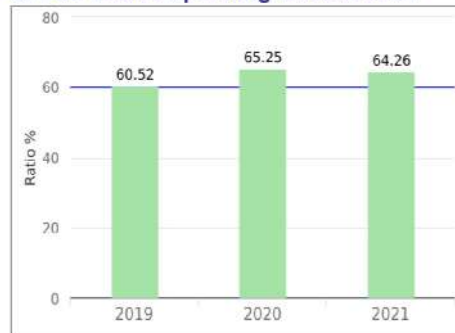
Council's operating performance ratio has declined to -4.10% for 2020/2021. This ratio excludes fair value gains on investments and capital grants and contributions, both of which increased from 2019/2020. This has led to Council's operating income decreasing comparatively to last year for the purpose of this ratio. In addition, Council's operating expenditure increased comparative to 2019/2020 after the net losses from the disposal of assets are excluded.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 64.26%

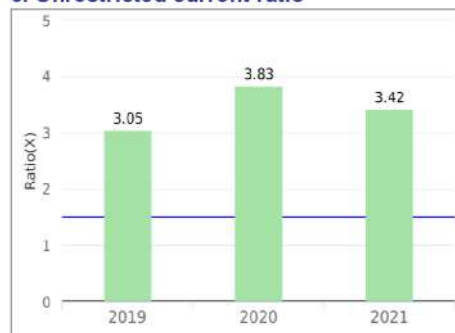
Council's own source operating revenue ratio has fallen slightly to 64.26%, however it remains relatively consistent and above the benchmark of 60%.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 3.42x

Council's unrestricted current ratio has fallen slightly to 3.42, however it remains well above the benchmark of 1.50.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

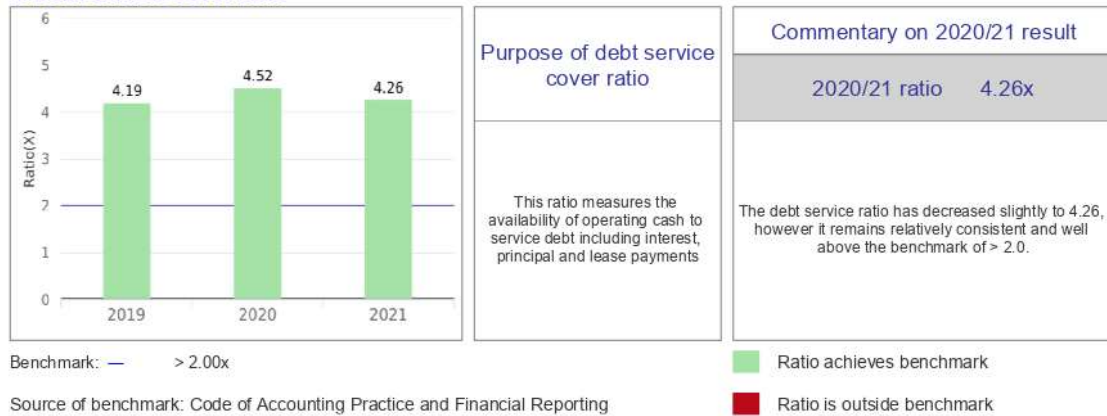
Ratio achieves benchmark
Ratio is outside benchmark

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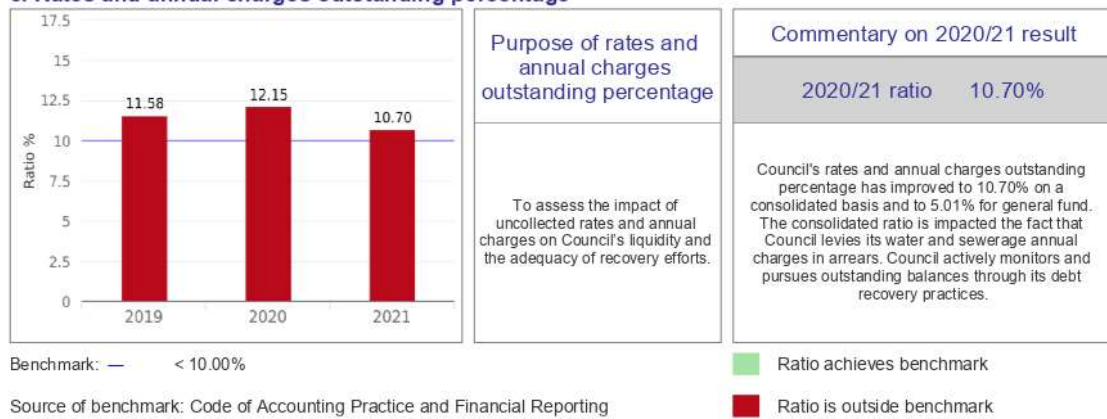
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H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



5. Rates and annual charges outstanding percentage



6. Cash expense cover ratio



H1-2 Council information and contact details

Principal place of business:

10 Graham Place
Casino NSW 2470

Contact details**Mailing Address:**

Locked Bag 10
CASINO NSW 2470

Telephone: 02 6660 0300

Facsimile: 02 6660 1300

Opening hours:

Office Hours: 8:30am - 5:00pm
Cashier Hours: 8:30am - 4.30pm
Monday to Friday

Internet: www.richmondvalley.nsw.gov.au

Email: council@richmondvalley.nsw.gov.au

Officers**GENERAL MANAGER**

Vaughan Macdonald

RESPONSIBLE ACCOUNTING OFFICER

Dean Fordham

Auditors

Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Elected members**MAYOR**

Robert Mustow

Councillors

Steve Morrissey
Sam Cornish
Robert Hayes
Sandra Humphrys
Jill Lyons
Daniel Simpson

Other information

ABN: 54 145 907 009



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Richmond Valley Council

To the Councillors of the Richmond Valley Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY



Cr Robert Mustow
 Mayor
 Richmond Valley Council
 Locked Bag 10
 CASINO NSW 2470

Contact: Gearoid Fitzgerald
 Phone no: 9275 7392
 Our ref: D2123224/1686

26 October 2021

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2021
 Richmond Valley Council**

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

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

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

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	28.1	26.8	↑ 4.9
Grants and contributions revenue	25.3	23.9	↑ 5.9
Materials and services	18.2	18.1	↑ 0.6
Depreciation and amortisation	17.8	17.1	↑ 4.1

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	2021	2020	Variance
	\$m	\$m	%
Operating result from continuing operations	10.1	6.3	60.3
Net operating result before capital grants and contributions	-2.4	-3.5	31.4

The Council's operating result from continuing operations (\$10.1 million including depreciation and amortisation expense of \$17.8 million) was \$3.8 million higher than the 2019–20 result. The increase is largely attributable to the following:

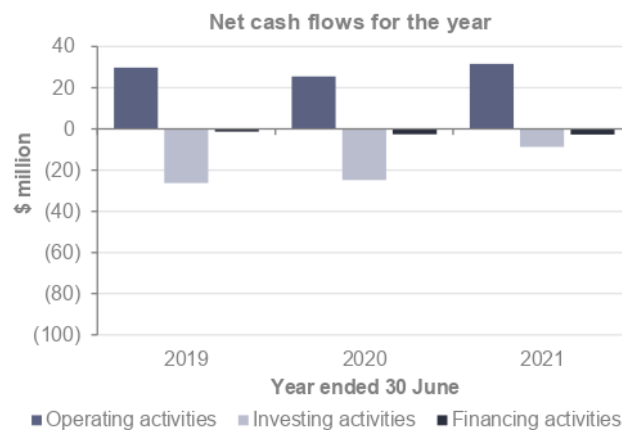
- Rates and annual charges revenue (\$28.1 million) increased by \$1.3m (4.9 per cent) in 2020–21.
- Grants and contributions revenue (\$25.3 million) increased by \$1.4m (5.9 per cent) in 2020–21 largely due to additional funds received in the current year for natural disaster events and the completion of specific grant funded projects in the prior year.
- Materials and services expense (\$18.2 million) consistent with prior year, increasing by \$0.1 million (0.6% per cent).
- Depreciation and amortisation expense (\$17.8 million) consistent with prior year, increasing by \$0.7 million (4.1 per cent).
- Net losses from disposals of assets reduced from \$2.7 million in 2019-20 to \$1 million in 2020-21 (63 per cent).

STATEMENT OF CASH FLOWS

Net cash provided by operating activities increased by \$5.5 million. This is largely due to increased grants and contributions received but offset by a reduction to user charges and fees.

Net cash used in investing activities decreased by \$16.2 million. The majority of the decrease relates to proceeds from the sale of investment securities of \$12.5 million.

Net cash used in financing activities remained consistent with 2019-20 (\$0.2 million increase).



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	61.8	53.4	Higher amount of cash held at the end of the year due to a positive cash flow of \$20 million. This increase in cash held is allocated across bot externally and internally restricted funds.
Restricted cash and investments:			
• External restrictions	37.0	32.7	• Increase in external restrictions attributed to waste management, developer contributions and allocations to water and sewer funds
• Internal restrictions	24.5	20.7	• Increase in internal restrictions attributed to plant and equipment replacement, real estate and infrastructure and other waste management
• Unrestricted	0.3	-	

Debt

The Council has a bank overdraft facility which is undrawn as at 30 June 2021 for the amount of \$0.5 million.

PERFORMANCE

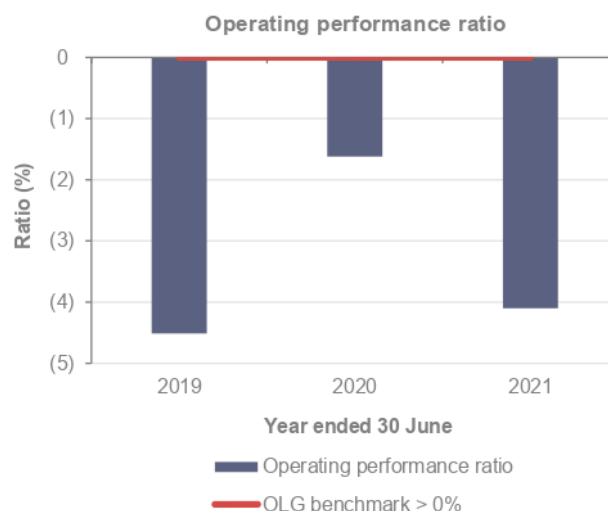
Performance measures

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

Operating performance ratio

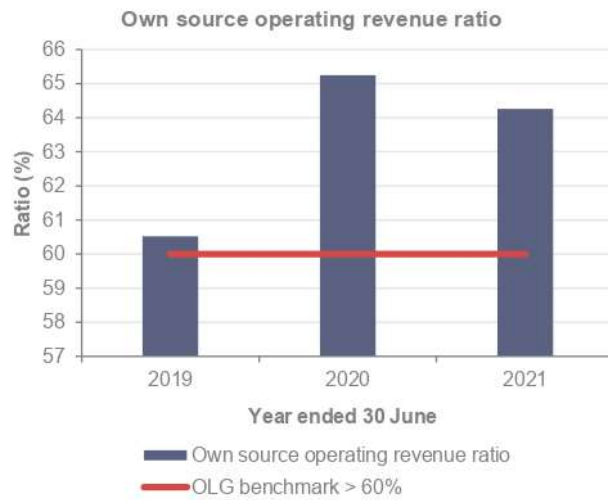
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

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



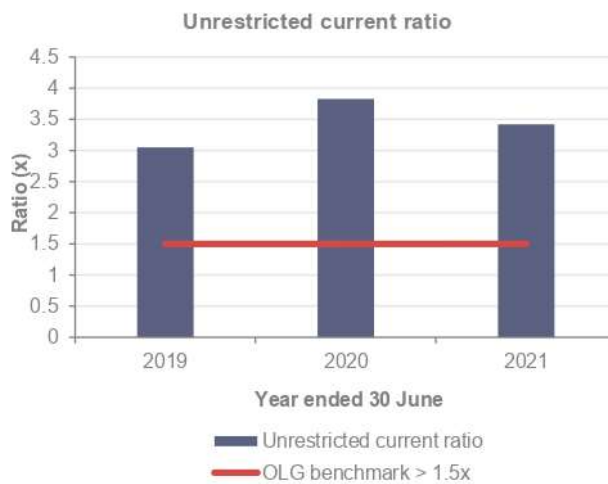
Own source operating revenue ratio

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



Unrestricted current ratio

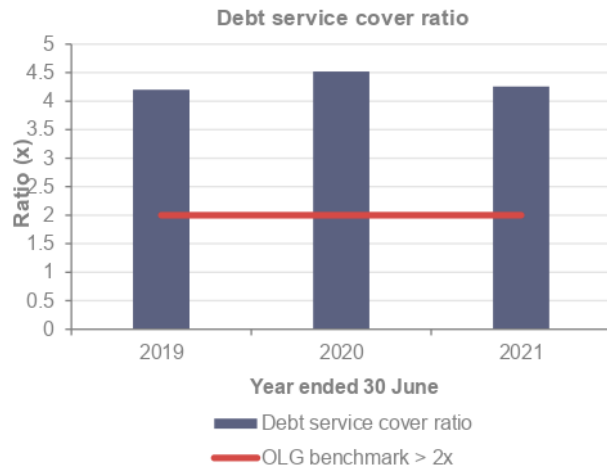
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times. The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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

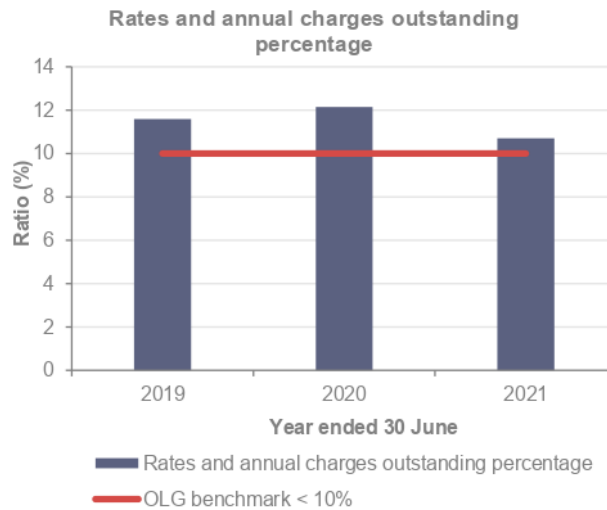
The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

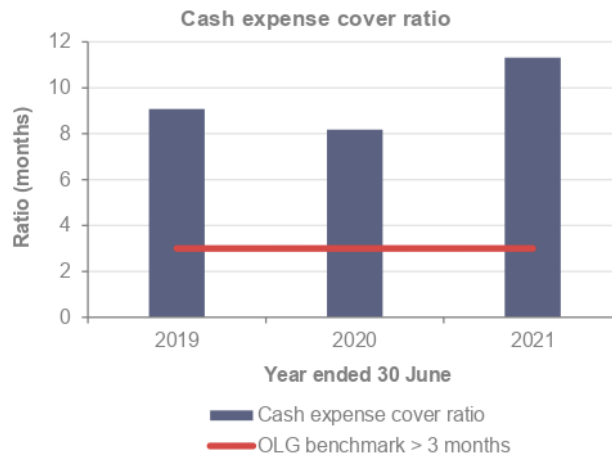
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Council's asset renewal expenditure in the 2020–21 year was \$12.5 million (2019–20 - \$10.9 million). Roads, Buildings and Water infrastructure assets were the main asset classes with significant renewal programs. Major renewal projects included the renewal of several regional roads including Woodburn-Coraki Road and Fogwells Road, works on buildings at Coraki Park and Casino Sports Stadium and the continued Water infrastructure renewal program.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council adopted the new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' for the first time in its 2020–21 financial statements.

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

When AASB 1059 applies, the grantor recognises the service concession asset at current replacement cost when the grantor obtains control of the asset and recognises a corresponding financial liability or unearned revenue or a combination of both.

There were no arrangements considered meeting the AASB 1059 criteria and as such, no disclosures were made to the financial statements.

Legislative compliance

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

cc: Vaughan Macdonald, General Manager
Cr Daniel Simpson, Chair of the Audit, Risk and Improvement Committee

Richmond Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Richmond Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

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

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

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

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

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

Richmond Valley Council

Richmond Valley Council | Special Purpose Financial Statements 2021

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 19 October 2021.



Robert Mustow
Mayor
19 October 2021



Stephen Morrissey
Councillor
19 October 2021



Vaughan Macdonald
General Manager
19 October 2021



Dean Fordham
Responsible Accounting Officer
19 October 2021

Richmond Valley Council | Income Statement of Water Supply business activity | For the year ended 30 June 2021

Richmond Valley Council**Income Statement of Water Supply business activity**

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	1,565	1,481
User charges	5,016	5,085
Fees	167	113
Interest	165	137
Grants and contributions provided for non-capital purposes	4	10
Other income	2	-
Total income from continuing operations	6,919	6,826
Expenses from continuing operations		
Employee benefits and on-costs	1,013	1,073
Materials and services	2,808	2,881
Depreciation, amortisation and impairment	1,423	1,412
Water purchase charges	1,192	1,209
Loss on sale of assets	180	376
Calculated taxation equivalents	21	24
Total expenses from continuing operations	6,637	6,975
Surplus (deficit) from continuing operations before capital amounts	282	(149)
Grants and contributions provided for capital purposes	327	89
Surplus (deficit) from continuing operations after capital amounts	609	(60)
Surplus (deficit) from all operations before tax	609	(60)
Less: corporate taxation equivalent [based on result before capital]	(73)	-
Surplus (deficit) after tax	536	(60)
Plus opening accumulated surplus	27,630	27,666
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	21	24
- Corporate taxation equivalent	73	-
Closing accumulated surplus	28,260	27,630
Return on capital %	0.4%	(0.2)%
Calculation of dividend payable:		
Surplus (deficit) after tax	536	(60)
Less: capital grants and contributions (excluding developer contributions)	(170)	(11)
Surplus for dividend calculation purposes	366	-
Potential dividend calculated from surplus	183	-

Richmond Valley Council | Income Statement of Sewerage business activity | For the year ended 30 June 2021

Richmond Valley Council

Income Statement of Sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	7,396	7,185
User charges	1,074	1,059
Fees	74	72
Interest	288	256
Other income	4	–
Total income from continuing operations	8,836	8,572
Expenses from continuing operations		
Employee benefits and on-costs	1,598	1,567
Borrowing costs	672	744
Materials and services	3,493	3,111
Depreciation, amortisation and impairment	2,295	2,268
Loss on sale of assets	273	612
Calculated taxation equivalents	25	23
Total expenses from continuing operations	8,356	8,325
Surplus (deficit) from continuing operations before capital amounts	480	247
Grants and contributions provided for capital purposes	476	227
Surplus (deficit) from continuing operations after capital amounts	956	474
Surplus (deficit) from all operations before tax	956	474
Less: corporate taxation equivalent [based on result before capital]	(125)	(68)
Surplus (deficit) after tax	831	406
Plus opening accumulated surplus	41,256	40,759
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	25	23
– Corporate taxation equivalent	125	68
Closing accumulated surplus	42,237	41,256
Return on capital %	1.0%	0.9%
Calculation of dividend payable:		
Surplus (deficit) after tax	831	406
Less: capital grants and contributions (excluding developer contributions)	(135)	(21)
Surplus for dividend calculation purposes	696	385
Potential dividend calculated from surplus	348	193

Richmond Valley Council | Income Statement of Petersons Quarry | For the year ended 30 June 2021

Richmond Valley Council

Income Statement of Petersons Quarry

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
Fees	952	1,165
Interest	70	35
Total income from continuing operations	1,022	1,200
Expenses from continuing operations		
Borrowing costs	5	12
Materials and services	110	106
Depreciation, amortisation and impairment	23	22
Calculated taxation equivalents	8	5
Total expenses from continuing operations	146	145
Surplus (deficit) from continuing operations before capital amounts	876	1,055
Surplus (deficit) from continuing operations after capital amounts	876	1,055
Surplus (deficit) from all operations before tax	876	1,055
Less: corporate taxation equivalent [based on result before capital]	(228)	(290)
Surplus (deficit) after tax	648	765
Plus opening accumulated surplus	2,479	2,454
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	8	5
– Corporate taxation equivalent	228	290
Less:		
– Dividend paid	(763)	(1,035)
Closing accumulated surplus	2,600	2,479
Return on capital %	45.1%	59.4%

Richmond Valley Council | Income Statement of Woodview Quarry | For the year ended 30 June 2021

Richmond Valley Council**Income Statement of Woodview Quarry**

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
Fees	1,064	1,006
Interest	52	24
Total income from continuing operations	1,116	1,030
Expenses from continuing operations		
Employee benefits and on-costs	32	51
Borrowing costs	4	9
Materials and services	680	499
Depreciation, amortisation and impairment	8	8
Loss on sale of assets	2	-
Calculated taxation equivalents	12	8
Total expenses from continuing operations	738	575
Surplus (deficit) from continuing operations before capital amounts	378	455
Surplus (deficit) from continuing operations after capital amounts	378	455
Surplus (deficit) from all operations before tax	378	455
Less: corporate taxation equivalent [based on result before capital]	(98)	(125)
Surplus (deficit) after tax	280	330
Plus opening accumulated surplus	1,837	1,881
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	12	8
- Corporate taxation equivalent	98	125
Less:		
- Dividend paid	(5)	(507)
Closing accumulated surplus	2,222	1,837
Return on capital %	23.1%	32.2%

Richmond Valley Council | Statement of Financial Position of Water Supply business activity | For the year ended 30 June 2021

Richmond Valley Council**Statement of Financial Position of Water Supply business activity**

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	3,278	899
Investments	4,274	6,271
Receivables	1,558	1,675
Total current assets	9,110	8,845
Non-current assets		
Receivables	410	382
Infrastructure, property, plant and equipment	76,183	74,920
Total non-current assets	76,593	75,302
Total assets	85,703	84,147
LIABILITIES		
Current liabilities		
Payables	55	65
Total current liabilities	55	65
Non-current liabilities		
Payables	15	15
Total non-current liabilities	15	15
Total liabilities	70	80
Net assets	85,633	84,067
EQUITY		
Accumulated surplus	28,260	27,630
Revaluation reserves	57,373	56,437
Total equity	85,633	84,067

Richmond Valley Council | Statement of Financial Position of Sewerage business activity | For the year ended 30 June 2021

Richmond Valley Council

Statement of Financial Position of Sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	5,300	1,454
Investments	6,911	10,147
Receivables	1,962	1,947
Total current assets	14,173	13,548
Non-current assets		
Receivables	482	529
Infrastructure, property, plant and equipment	115,617	115,435
Total non-current assets	116,099	115,964
Total assets	130,272	129,512
LIABILITIES		
Current liabilities		
Payables	128	145
Borrowings	1,422	1,347
Total current liabilities	1,550	1,492
Non-current liabilities		
Borrowings	10,994	12,415
Total non-current liabilities	10,994	12,415
Total liabilities	12,544	13,907
Net assets	117,728	115,605
EQUITY		
Accumulated surplus	42,237	41,256
Revaluation reserves	75,491	74,349
Total equity	117,728	115,605

Richmond Valley Council | Statement of Financial Position of Petersons Quarry | For the year ended 30 June 2021

Richmond Valley Council**Statement of Financial Position of Petersons Quarry**

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Investments	2,390	2,242
Total current assets	2,390	2,242
Non-current assets		
Infrastructure, property, plant and equipment	1,953	1,797
Total non-current assets	1,953	1,797
Total assets	4,343	4,039
LIABILITIES		
Non-current liabilities		
Employee benefit provisions	465	487
Total non-current liabilities	465	487
Total liabilities	465	487
Net assets	3,878	3,552
EQUITY		
Accumulated surplus	2,600	2,479
Revaluation reserves	1,278	1,073
Total equity	3,878	3,552

Richmond Valley Council | Statement of Financial Position of Woodview Quarry | For the year ended 30 June 2021

Richmond Valley Council**Statement of Financial Position of Woodview Quarry**

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Investments	1,911	1,513
Total current assets	1,911	1,513
Non-current assets		
Infrastructure, property, plant and equipment	1,654	1,443
Total non-current assets	1,654	1,443
Total assets	3,565	2,956
LIABILITIES		
Non-current liabilities		
Employee benefit provisions	347	372
Total non-current liabilities	347	372
Total liabilities	347	372
Net assets	3,218	2,584
EQUITY		
Accumulated surplus	2,222	1,837
Revaluation reserves	996	747
Total equity	3,218	2,584

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Comprising the whole of the operations and assets of the water supply systems, which service the towns of Broadwater, Casino, Coraki, Evans Head and Woodburn.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems, which service the towns of Casino, Broadwater, Coraki, Evans Head, Rileys Hill and Woodburn.

Category 2

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

a. Petersons Quarry

Council has leased out this quarry and receives rental payments from the sales tied to extraction rates of the lessee.

continued on next page ...

Page 12 of 17

Note – Significant Accounting Policies (continued)

b. Woodview Quarry

Council has leased out this quarry and receives rental payments from the sales tied to extraction rates of the lessee.

Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – **26.0%**

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

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26.0%.

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

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

The rate applied of 26.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

continued on next page ...

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Note – Significant Accounting Policies (continued)

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to DPIE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Richmond Valley Council

To the Councillors of the Richmond Valley Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Peterson's Quarry
- Woodview Quarry.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY

Richmond Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Richmond Valley Council

Special Schedules

for the year ended 30 June 2021

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Richmond Valley Council | Permissible income for general rates | For the year ended 30 June 2021

Richmond Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	13,175	13,968
Plus or minus adjustments ²	b	41	59
Notional general income	c = a + b	13,216	14,027
Permissible income calculation			
Special variation percentage ³	d	5.50%	5.50%
Plus special variation amount	h = d x (c + g)	727	771
Sub-total	k = (c + g + h + i + j)	13,943	14,798
Plus (or minus) last year's carry forward total	l	32	2
Sub-total	n = (l + m)	32	2
Total permissible income	o = k + n	13,975	14,800
Less notional general income yield	p	13,968	14,716
Catch-up or (excess) result	q = o - p	7	84
Plus income lost due to valuation objections claimed ⁴	r	–	1
Less unused catch-up ⁵	s	(5)	(2)
Carry forward to next year ⁶	t = q + r + s	2	83

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.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT
Special Schedule – Permissible income for general rates
Richmond Valley Council

To the Councillors of Richmond Valley Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY

Richmond Valley Council | Report on infrastructure assets as at 30 June 2021 | For the year ended 30 June 2021

Richmond Valley Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance *	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					\$ '000	\$ '000	1	2	3
Buildings	Buildings – specialised	169	169	383	446	57,716	76,638	42.0%	41.0%	16.0%	1.0%	0.0%
	Sub-total	169	169	383	446	57,716	76,638	42.0%	41.0%	16.0%	1.0%	0.0%
Other structures	Other structures	-	-	148	118	21,800	24,440	89.0%	9.0%	2.0%	0.0%	0.0%
	Sub-total	-	-	148	118	21,800	24,440	89.0%	9.0%	2.0%	0.0%	0.0%
Roads	Sealed roads	3,288	3,288	1,855	3,080	203,653	292,164	28.0%	42.0%	25.0%	5.0%	0.0%
	Unsealed roads	6,284	6,284	1,082	1,121	13,540	30,575	27.0%	53.0%	15.0%	5.0%	0.0%
	Bridges	1,482	1,482	68	116	66,868	100,474	3.0%	51.0%	40.0%	5.0%	1.0%
	Footpaths	-	-	42	31	14,346	17,189	82.0%	18.0%	0.0%	0.0%	0.0%
	Bulk earthworks	-	-	-	-	64,681	64,681	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	11,054	11,054	3,047	4,354	363,088	505,083	34.0%	38.3%	23.3%	4.2%	0.2%
Water supply network	Water supply network	1,250	1,250	471	453	73,089	95,045	48.0%	47.0%	3.0%	2.0%	0.0%
	Sub-total	1,250	1,250	471	453	73,089	95,045	48.0%	47.0%	3.0%	2.0%	0.0%
Sewerage network	Sewerage network	2,815	2,815	1,024	1,199	112,357	146,969	46.0%	34.0%	13.0%	7.0%	0.0%
	Sub-total	2,815	2,815	1,024	1,199	112,357	146,969	46.0%	34.0%	13.0%	7.0%	0.0%
Stormwater drainage	Stormwater drainage	1,088	1,088	183	243	50,793	61,293	37.0%	40.0%	17.0%	6.0%	0.0%
	Sub-total	1,088	1,088	183	243	50,793	61,293	37.0%	40.0%	17.0%	6.0%	0.0%

Richmond Valley Council | Report on infrastructure assets as at 30 June 2021 | For the year ended 30 June 2021

Richmond Valley Council

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

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^(a)	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Other Open Space/Recreation	-	-	130	169	19,021	23,510	68.0%	27.0%	4.0%	1.0%	0.0%
	Sub-total	-	-	130	169	19,021	23,510	68.0%	27.0%	4.0%	1.0%	0.0%
	Total – all assets	16,376	16,376	5,386	6,982	697,864	932,978	40.5%	37.8%	17.6%	4.1%	0.1%

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

Infrastructure asset condition assessment 'key'

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

Richmond Valley Council | Report on infrastructure assets as at 30 June 2021 | For the year ended 30 June 2021

Richmond Valley Council**Report on infrastructure assets as at 30 June 2021****Infrastructure asset performance indicators (consolidated) ***

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	<u>12,236</u>	86.64%	69.22%	117.78%	>= 100.00%
Depreciation, amortisation and impairment	<u>14,122</u>				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>16,376</u>	2.33%	1.61%	1.73%	< 2.00%
Net carrying amount of infrastructure assets	<u>703,678</u>				
Asset maintenance ratio					
Actual asset maintenance	<u>6,982</u>	129.63%	111.79%	107.09%	> 100.00%
Required asset maintenance	<u>5,386</u>				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>16,376</u>	1.76%	1.23%	1.33%	
Gross replacement cost	<u>932,978</u>				

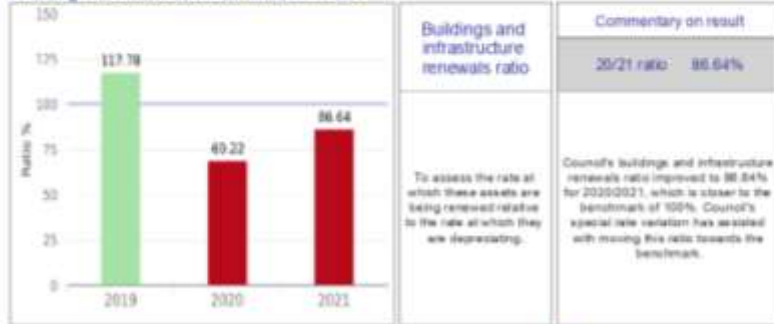
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Richmond Valley Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

Commentary on result
20/21 ratio: 86.64%

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

Council's buildings and infrastructure renewals ratio improved to 86.64% for 2020/2021, which is closer to the benchmark of 100%. Council's special rate variation has assisted with moving this ratio towards the benchmark.

Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)
Ratio is outside benchmark (Red)

Asset maintenance ratio



Asset maintenance ratio

Commentary on result
20/21 ratio: 129.63%

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

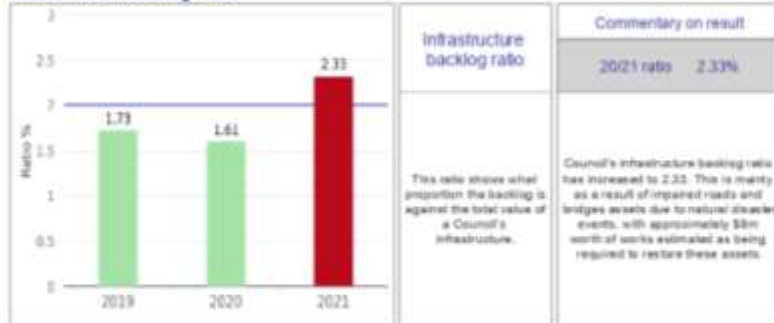
Council's asset maintenance ratio has improved to 129.63%, which is above the benchmark of 100%.

Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)
Ratio is outside benchmark (Red)

Infrastructure backlog ratio



Infrastructure backlog ratio

Commentary on result
20/21 ratio: 2.33%

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

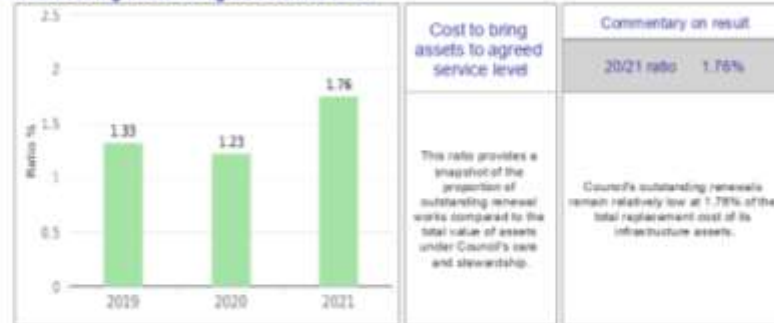
Council's infrastructure backlog ratio has increased to 2.33. This is mainly as a result of repaired roads and bridges assets due to natural disaster events, with approximately \$8m worth of works estimated as being required to restore these assets.

Benchmark: — $\leq 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)
Ratio is outside benchmark (Red)

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

Commentary on result
20/21 ratio: 1.76%

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.

Council's outstanding renewals remain relatively low at 1.76% of the total replacement cost of its infrastructure assets.

Richmond Valley Council | Report on infrastructure assets as at 30 June 2021 | For the year ended 30 June 2021

Richmond Valley Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	89.46%	64.97%	130.19%	77.94%	46.12%	83.24%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	2.38%	1.71%	1.69%	0.56%	2.49%	1.85%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	136.98%	108.34%	96.18%	141.65%	117.09%	111.91%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.78%	1.30%	1.32%	0.44%	1.92%	1.44%	
Gross replacement cost							

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



Concise Investment Report Pack

Richmond Valley Council

1 October 2021 to 31 October 2021



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2. Portfolio Valuation By Categories As At 31 October 2021
3. Investment Revenue Received For 1 October 2021 to 31 October 2021
4. Comparison of Investment Revenue Earned to Original Budget and Investment Portfolio by Month 2021 - 2022 YTD
5. Environmentally Sustainable Investment Performance Report for the Period Ending 31 October 2021 Relative To 30 September 2021



1. Portfolio Valuation As At 31 October 2021

	Fixed Interest Security	Security Rating	ISIN	Face Value Original	Face Value Current	Capital Price	Accrued Interest Price	Market Value	% Total Value	Running Yield	Weighted Running Yield
At Call Deposit											
	CBA Business Online Saver Acct RVC At	S&P ST A1+		3,970,000.00	3,970,000.00	100.000	0.000	3,970,000.00	6.34%	0.20%	
	CBA General Fund Bk Acct RVC At Call	S&P ST A1+		1,368,651.77	1,368,651.77	100.000	0.000	1,368,651.77	2.19%	0.00%	
	CBA Trust Acct RVC At Call	S&P ST A1+		87,050.17	87,050.17	100.000	0.000	87,050.17	0.14%	0.00%	
	MACQ 940323454 At Call	Moodys A2		10,003,397.29	10,003,397.29	100.000	0.000	10,003,397.29	15.97%	0.35%	
	NAB Business Cheque Acct RVC At Call	S&P ST A1+		20.00	20.00	100.000	0.000	20.00	0.00%	0.00%	
				15,429,119.23	15,429,119.23			15,429,119.23	24.63%		0.07%
Floating Rate Note											
	Auswide 0.9 06 Nov 2023 FRN	Moodys Baa2	AU3FN0057352	750,000.00	750,000.00	100.864	0.214	750,000.00	1.20%	0.90%	
	Auswide 0.6 22 Mar 2024 FRN	Moodys Baa2	AU3FN0059317	1,500,000.00	1,500,000.00	100.197	0.066	1,500,000.00	2.39%	0.60%	
	MACQ 0.48 09 Dec 2025 FRN	S&P A+	AU3FN0057709	1,000,390.00	1,000,390.00	99.490	0.070	1,000,390.00	1.60%	0.48%	
	MYS 0.65 16 Jun 2025 FRN	Moodys Baa2	AU3FN0061024	1,500,000.00	1,500,000.00	99.998	0.082	1,500,000.00	2.39%	0.65%	
				4,750,390.00	4,750,390.00			4,750,390.00	7.58%		0.21%
Fixed Rate Bond											
	NTTC 1.1 15 Dec 2025 - Issued 10 September 2021 - Richmond Council Fixed	Moodys Aa3		2,000,000.00	2,000,000.00	100.000	0.154	2,000,000.00	3.19%	1.10%	
				2,000,000.00	2,000,000.00			2,000,000.00	3.19%		0.04%
Unit Trust											
	NSWTC Long Term Growth Fund UT			3,000,000.00	3,000,000.00			3,059,628.82	4.88%		-0.23%
	NSWTC Medium Term Growth Fund UT			11,005,029.35	11,005,029.35			12,399,015.09	19.79%		-1.54%
				14,005,029.35	14,005,029.35			15,458,643.91	24.68%		-1.77%



1. Portfolio Valuation As At 31 October 2021

	Fixed Interest Security	Security Rating	ISIN	Face Value Original	Face Value Current	Capital Price	Accrued Interest Price	Market Value	% Total Value	Running Yield	Weighted Running Yield
Term Deposit											
	AMP 0.5 29 Nov 2021 91DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
	AMP 0.95 30 Nov 2021 365DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.95%	
	AMP 0.95 07 Dec 2021 365DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.95%	
	AMP 0.95 22 Feb 2022 365DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.95%	
	AMP 0.95 03 Mar 2022 365DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.95%	
	AMP 0.65 28 Mar 2022 180DAY TD	S&P ST A2		2,000,000.00	2,000,000.00	100.000	0.000	2,000,000.00	3.19%	0.65%	
	Auswide 1.75 03 Mar 2022 730DAY TD	Moodys ST P-2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	1.75%	
	SYD 0.5 30 Nov 2021 90DAY TD	Unrated ST UR		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
	SYD 0.5 01 Dec 2021 90DAY TD	Unrated ST UR		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
	SYD 0.5 02 Dec 2021 90DAY TD	Unrated ST UR		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
	SYD 0.55 02 Mar 2022 180DAY TD	Unrated ST UR		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.55%	
	BNK 0.75 16 Mar 2022 181DAY TD	Unrated ST UR		2,000,000.00	2,000,000.00	100.000	0.000	2,000,000.00	3.19%	0.75%	
	GB 0.7 12 Nov 2021 365DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.70%	
	GB 0.6 13 Dec 2021 367DAY TD	S&P ST A2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.60%	
	JUDO 0.7 28 Feb 2022 273DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.70%	
	JUDO 0.7 04 Mar 2022 270DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.70%	
	JUDO 0.7 11 Mar 2022 273DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.70%	
	JUDO 0.99 14 Apr 2022 365DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.99%	
	JUDO 0.86 27 Apr 2022 180DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.86%	
	JUDO 0.8 01 Sep 2022 365DAY TD	S&P ST A3		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.80%	
	ME Bank 0.45 23 Nov 2021 180DAY TD	Moodys ST P-2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.45%	
	ME Bank 0.5 12 Jan 2022 210DAY TD	Moodys ST P-2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
	ME Bank 0.5 12 Jan 2022 210DAY TD	Moodys ST P-2		1,000,000.00	1,000,000.00	100.000	0.000	1,000,000.00	1.60%	0.50%	
				25,000,000.00	25,000,000.00			25,000,000.00	39.91%		0.30%
Portfolio Total				61,184,538.58	61,184,538.58			62,638,153.14	100.00%		-1.17%



2. Portfolio Valuation By Categories As At 31 October 2021

Security Type	Market Value	% Total Value
Fixed Rate Bond	2,000,000.00	3.19%
At Call Deposit	15,429,119.23	24.63%
Term Deposit	25,000,000.00	39.91%
Floating Rate Note	4,750,390.00	7.58%
Unit Trust	15,458,643.92	24.68%
Portfolio Total	62,638,153.15	100.00%

Market Value by Security Type

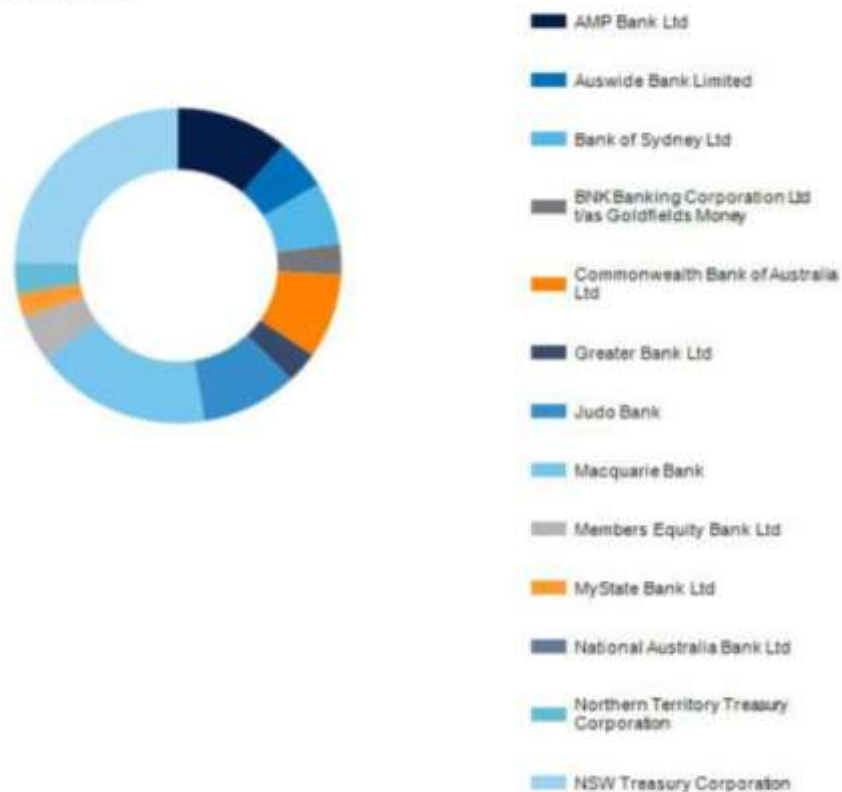




2. Portfolio Valuation By Categories As At 31 October 2021

Issuer	Market Value	% Total Value
AMP Bank Ltd	7,000,000.00	11.18%
Auswide Bank Limited	3,250,000.00	5.19%
Bank of Sydney Ltd	4,000,000.00	6.39%
BNK Banking Corporation Ltd t/as Goldfields Money	2,000,000.00	3.19%
Commonwealth Bank of Australia Ltd	5,425,701.94	8.66%
Greater Bank Ltd	2,000,000.00	3.19%
Judo Bank	6,000,000.00	9.58%
Macquarie Bank	11,003,787.00	17.57%
Members Equity Bank Ltd	3,000,000.00	4.79%
MyState Bank Ltd	1,500,000.00	2.39%
National Australia Bank Ltd	20.00	0.00%
Northern Territory Treasury Corporation	2,000,000.00	3.19%
NSW Treasury Corporation	15,458,643.92	24.68%
Portfolio Total	62,638,152.86	100.00%

Market Value by Issuer

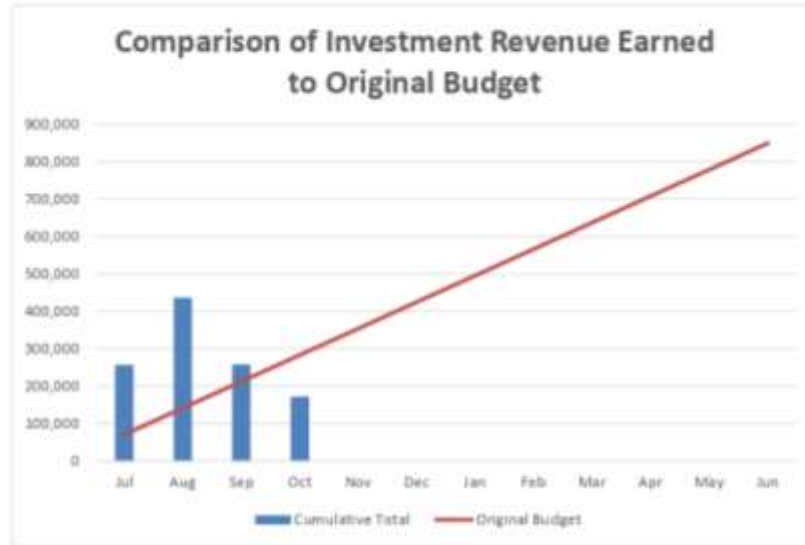




3. Investment Revenue Received For 1 October 2021 to 31 October 2021

Security ISIN	Security	Issuer	Settlement Date	Face Value (Basis of Interest Calculation)	Consideration Notional	Income Type
	Other		31 Oct 2021		989.30	Bank Interest
	Other		31 Oct 2021		3,397.29	Bank Interest
	ME Bank 0.45 29 Oct 2021 150DAY TD	Members Equity Bank Ltd	29 Oct 2021	1,000,000.00	1,849.32	Security Coupon Interest
					6,235.91	
					(80,971.96)	Fair Value Gain/(Loss)
	Medium Term Growth Fund	NSW Treasury Corporation				
	Long Term Growth Fund	NSW Treasury Corporation			(12,016.18)	Fair Value Gain/(Loss)
					(92,988.14)	
TOTAL					-86,752.23	

4. Comparison of Investment Revenue Earned to Original Budget and Investment Portfolio by Month 2021 - 2022 YTD



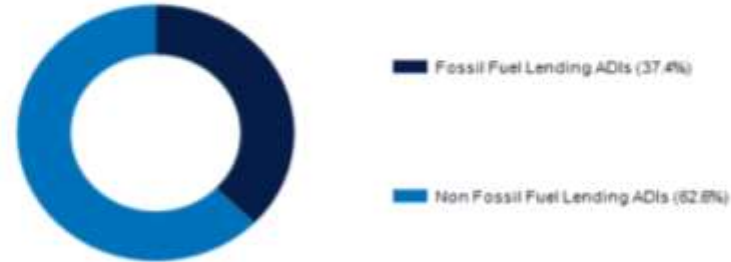


5. Environmentally Sustainable Investment Performance Report for the Period Ending 31 October 2021 Relative To 30 September 2021

Portfolio Summary by Fossil Fuel Lending ADIs

ADI Lending Status	% Total	Current Period	% Total	Prior Period
Fossil Fuel Lending ADIs				
AMP Bank Ltd	11.2%	7,000,000.00	10.7%	7,000,000.00
Commonwealth Bank of	8.7%	5,425,701.94	12.4%	8,106,709.30
Macquarie Bank	17.6%	11,003,787.29	23.2%	11,003,677.70
National Australia Bank Ltd	0.0%	20.00	23.2%	20.00
	37.4%	23,429,509.23	69.5%	26,110,407.00
Non Fossil Fuel Lending ADIs				
Auswide Bank Limited	5.2%	3,250,000.00	5.0%	3,250,000.00
Bank of Sydney Ltd	6.4%	4,000,000.00	6.1%	4,000,000.00
BNK Banking Corporation Ltd	3.2%	2,000,000.00	3.1%	2,000,000.00
via Goldfields Money				
Greater Bank Ltd	3.2%	2,000,000.00	3.1%	2,000,000.00
Judo Bank	9.6%	6,000,000.00	7.6%	5,000,000.00
Members Equity Bank Ltd	4.8%	3,000,000.00	6.1%	4,000,000.00
MyState Bank Ltd	2.4%	1,500,000.00	2.3%	1,500,000.00
Northern Territory Treasury Corporation	3.2%	2,000,000.00	3.1%	2,000,000.00
NSW Treasury Corporation	24.7%	15,458,643.92	23.8%	15,551,632.06
	62.6%	39,208,643.92	60.1%	39,301,632.06
Total Portfolio		62,638,153.15		65,412,039.06

Fossil Fuel vs Non Fossil Fuel Lending ADI



All amounts shown in the table and charts are Current Face Values.
 The above percentages are relative to the portfolio total and may be affected by rounding.
 A fossil fuel lending ADI appearing in the non-fossil fuel related table will indicate that the portfolio contains a "green bond" issued by that ADI.



Concise Investment Report Pack
 Richmond Valley Council
 1 October 2021 to 31 October 2021

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