



General purpose financial statements

for the year ended 30 June 2022



Canterbury-Bankstown Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

66-72 Rickard Road
Bankstown NSW 22000

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.cbcity.nsw.gov.au.

Canterbury-Bankstown Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 October 2022.



Khal Asfour

Mayor

18 October 2022



Clare Raffan

Deputy Mayor

18 October 2022



Matthew Stewart

Chief Executive Officer

18 October 2022



Ken Manoski

Responsible Accounting Officer

18 October 2022

Canterbury-Bankstown Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021
Income from continuing operations				
253,130	Rates and annual charges	B2-1	257,566	247,572
19,224	User charges and fees	B2-2	18,661	17,584
13,649	Other revenues	B2-3	15,718	15,067
25,159	Grants and contributions provided for operating purposes	B2-4	28,540	25,210
34,228	Grants and contributions provided for capital purposes	B2-4	37,624	39,907
6,623	Interest and investment income	B2-5	6,155	6,173
5,604	Other income	B2-6	6,606	6,242
357,617	Total income from continuing operations		370,870	357,755
Expenses from continuing operations				
152,295	Employee benefits and on-costs	B3-1	139,414	142,128
118,437	Materials and services	B3-2	102,251	103,287
85	Borrowing costs	B3-3	83	86
75,504	Depreciation, amortisation and impairment of non-financial assets	B3-4	83,030	75,342
12,091	Other expenses	B3-5	11,203	13,995
–	Net loss from the disposal of assets	B4-1	10,576	16,063
358,412	Total expenses from continuing operations		346,557	350,901
(795)	Operating result from continuing operations		24,313	6,854
(795)	Net operating result for the year attributable to Council		24,313	6,854
(35,023)	Net operating result for the year before grants and contributions provided for capital purposes		(13,311)	(33,053)

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

Canterbury-Bankstown Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
Net operating result for the year – from Income Statement		24,313	6,854
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-6	373,384	74,031
Total items which will not be reclassified subsequently to the operating result		373,384	74,031
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		(469)	266
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(469)	266
Total other comprehensive income for the year		372,915	74,297
Total comprehensive income for the year attributable to Council		397,228	81,151

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

Canterbury-Bankstown Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	65,756	64,567	45,278
Investments	C1-2	74,031	88,981	123,207
Receivables	C1-4	41,536	30,495	25,715
Inventories	C1-5	685	739	747
Non-current assets classified as held for sale		–	–	33
Other	C1-9	4,897	5,181	3,228
Total current assets		186,905	189,963	198,208
Non-current assets				
Investments	C1-2	282,160	221,231	197,111
Receivables	C1-4	2,244	2,319	2,311
Infrastructure, property, plant and equipment (IPPE)	C1-6	3,984,793	3,625,562	3,555,044
Investment property	C1-7	7,935	7,750	7,550
Intangible assets	C1-8	486	432	651
Right of use assets	C2-1	64	–	546
Total non-current assets		4,277,682	3,857,294	3,763,213
Total assets		4,464,587	4,047,257	3,961,421
LIABILITIES				
Current liabilities				
Payables	C3-1	32,888	28,838	29,873
Contract liabilities	C3-2	13,021	6,240	3,092
Lease liabilities	C2-1	24	–	601
Employee benefit provisions	C3-4	49,943	53,068	52,119
Provisions	C3-5	2,124	2,676	1,583
Total current liabilities		98,000	90,822	87,268
Non-current liabilities				
Payables	C3-1	461	450	439
Contract liabilities	C3-2	12,893	–	–
Lease liabilities	C2-1	36	–	–
Provisions	C3-5	22,727	22,743	21,623
Total non-current liabilities		36,117	23,193	22,062
Total liabilities		134,117	114,015	109,330
Net assets		4,330,470	3,933,242	3,852,091
EQUITY				
Accumulated surplus	C4-1	3,620,592	3,596,215	3,588,961
IPPE revaluation reserve	C4-1	709,878	336,494	262,463
Other reserves	C4-1	–	533	667
Council equity interest		4,330,470	3,933,242	3,852,091
Total equity		4,330,470	3,933,242	3,852,091

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

Canterbury-Bankstown Council

Statement of Changes in Equity

for the year ended 30 June 2022

		2022				2021			
		Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Financial assets at FVOCI Restated	Total equity Restated
\$ '000	Notes								
Opening balance at 1 July		3,596,215	336,494	533	3,933,242	3,551,131	262,463	667	3,814,261
Correction of prior period errors	F4-1	–	–	–	–	37,830	–	–	37,830
Restated opening balance		3,596,215	336,494	533	3,933,242	3,588,961	262,463	667	3,852,091
Net operating result for the year		24,313	–	–	24,313	7,222	–	–	7,222
Correction of prior period errors	F4-1	–	–	–	–	(368)	–	–	(368)
Restated net operating result for the period		24,313	–	–	24,313	6,854	–	–	6,854
Other comprehensive income									
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	373,384	–	373,384	–	74,031	–	74,031
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		64	–	(533)	(469)	400	–	(134)	266
Other comprehensive income		64	373,384	(533)	372,915	400	74,031	(134)	74,297
Total comprehensive income		24,377	373,384	(533)	397,228	7,254	74,031	(134)	81,151
Closing balance at 30 June		3,620,592	709,878	–	4,330,470	3,596,215	336,494	533	3,933,242

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

Canterbury-Bankstown Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
253,130	Rates and annual charges		257,502	245,530
19,224	User charges and fees		29,755	20,777
6,623	Interest received		5,811	6,285
59,387	Grants and contributions		70,315	67,357
–	Bonds, deposits and retentions received		263	–
19,253	Other		16,197	16,297
Payments:				
(149,386)	Payments to employees		(144,463)	(142,618)
(118,437)	Payments for materials and services		(108,101)	(114,951)
–	Borrowing costs		(83)	(86)
–	Bonds, deposits and retentions refunded		–	(20)
(12,091)	Other		(26)	(1,959)
77,703	Net cash flows from operating activities	G1-1	127,170	96,612
Cash flows from investing activities				
Receipts:				
–	Sale of investments		12,156	36,536
–	Redemption of term deposits		82,111	109,810
1,347	Proceeds from sale of IPPE		751	1,365
Payments:				
–	Purchase of investments		(33,563)	(30,377)
–	Acquisition of term deposits		(107,186)	(105,500)
(65,352)	Payments for IPPE		(80,013)	(88,459)
–	Purchase of intangible assets		(209)	(97)
(64,005)	Net cash flows from investing activities		(125,953)	(76,722)
Cash flows from financing activities				
Payments:				
–	Principal component of lease payments		(28)	(601)
–	Net cash flows from financing activities		(28)	(601)
13,698	Net change in cash and cash equivalents		1,189	19,289
26,580	Cash and cash equivalents at beginning of year		64,567	45,278
40,278	Cash and cash equivalents at end of year	C1-1	65,756	64,567
268,806	plus: Investments on hand at end of year	C1-2	356,191	310,212
309,084	Total cash, cash equivalents and investments		421,947	374,779

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

Canterbury-Bankstown Council

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Canterbury-Bankstown 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 18 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. fair values of investment properties – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- 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.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of the Council.

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

- general purpose operations

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

Councils most significant dependence on volunteer services occurs with its Meals on Wheels service. The aim of this service is to provide residents who are permanently, or in some cases temporarily, unable to cater for themselves and have no other reasonable or acceptable source of assistance.

Council's Meals on Wheels service has more than 80 dedicated and caring volunteers who support this service to deliver around 42,000 meals per year.

Council has not recognised these volunteer services in the financial statements as the service is not considered to be a core service for the Council. Council would be unlikely to provide this service without the assistance of the volunteers that carry out the service. The Meals on Wheels services in NSW are partially funded at a Federal Government level with councils often providing ancillary support services.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board (AASB) that are not mandatory for the 30 June 2022 reporting period.

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

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

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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021 Restated	2022	2021 Restated	2022	2021	2022	2021 Restated
\$ '000										
Functions or activities										
Safe and strong	9,169	9,348	18,529	17,868	(9,360)	(8,520)	6,422	6,486	45,869	48,794
Clean and green	84,114	80,432	80,955	81,459	3,159	(1,027)	2,889	2,203	21,950	25,093
Liveable and distinctive	32,195	33,136	30,640	30,838	1,555	2,298	4,810	4,120	–	–
Moving and integrated	19,096	16,206	69,056	65,411	(49,960)	(49,205)	21,799	24,390	2,582,337	2,312,797
Healthy and active	6,200	4,254	70,568	68,224	(64,368)	(63,970)	11,835	14,895	1,236,859	1,135,763
Prosperous and innovative	1,098	126	4,877	3,860	(3,779)	(3,734)	795	–	10,546	10,882
Leading and engaged	218,998	214,253	71,932	83,241	147,066	131,012	17,614	13,023	567,026	513,928
Total functions and activities	370,870	357,755	346,557	350,901	24,313	6,854	66,164	65,117	4,464,587	4,047,257

B1-2 Components of functions or activities

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

Safe and Strong

Includes costs relating children's services and community services such as community facilities, aged and disability, youth development and Aboriginal and Torres Strait islander services.

Clean and Green

Includes cost relating to environment and sustainability, flood emergency and stormwater management and waste recycling and street cleaning.

Liveable and Distinctive

Includes costs relating to provision of development services, future planning and regulation and compliance services and the planning and provision of town centres.

Moving and Integrated

Includes costs relating to carparks, footpaths, roads, streetscape and traffic management.

Healthy and Active

Includes costs related to leisure and aquatics, libraries, parks and open spaces and sport and recreation

Prosperous and Innovative

Includes costs relating to art and culture, events and economic development.

Leading and Engaged

Includes costs relating to community and engagement, customer experience and operational support, leadership and governance and property management.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	131,616	127,796
Business	46,916	45,745
Less: pensioner rebates (mandatory)	(3,784)	(3,902)
Rates levied to ratepayers	174,748	169,639
Pensioner rate subsidies received	2,200	1,894
Total ordinary rates	176,948	171,533
Special rates		
Town improvement	700	686
Rates levied to ratepayers	700	686
Total special rates	700	686
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	76,057	71,408
Stormwater management services	3,318	3,293
Waste management services (non-domestic)	1,657	1,553
Section 611 charges	222	225
Less: pensioner rebates (mandatory)	(1,886)	(1,888)
Annual charges levied	79,368	74,591
Pensioner subsidies received:		
– Domestic waste management	550	762
Total annual charges	79,918	75,353
Total rates and annual charges	257,566	247,572

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2022	2021
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	895	1,016
Planning and building regulation	4,199	3,530
Registration fees	520	530
Regulatory fees	320	378
Section 10.7 certificates (EP&A Act)	736	727
Section 603 certificates	503	475
Total fees and charges – statutory/regulatory	7,173	6,656
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Child care	2,079	2,251
Restoration charges	4,439	2,970
Aquatic / fitness centre	3,525	4,200
Chargeable works	38	55
Ground/hall hire	879	988
Meals on wheels	278	248
Other	250	216
Total fees and charges – other	11,488	10,928
Total other user charges and fees	18,661	17,584
Total user charges and fees	18,661	17,584
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	7,162	5,187
User charges and fees recognised at a point in time (2)	11,499	12,397
Total user charges and fees	18,661	17,584

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. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

\$ '000	2022	2021
Ex gratia rates	941	1,507
Fines	9,732	9,765
Legal fees recovery – rates and charges (extra charges)	754	598
Legal fees recovery – other	377	18
Insurance claims recoveries	799	176
External income – other	592	523
External income – trade waste	1,285	1,286
Other	1,238	1,194
Total other revenue	15,718	15,067

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	1,285	1,286
Other revenue recognised at a point in time (2)	14,433	13,781
Total other revenue	15,718	15,067

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
- Relating to current year	5,723	5,252	–	–
- Prepayment received in advance for subsequent year	8,798	5,623	–	–
Amount recognised as income during current year	14,521	10,875	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Child care	4,486	4,579	–	10
Employment and training programs	78	5	–	–
Recreation and culture	946	68	286	12
Health and safety	250	564	–	–
Storm/flood damage	–	–	701	881
Community related projects	439	506	–	–
Environmental improvement projects	1,641	3,986	770	–
Library – annual subsidy	1,008	964	–	–
Meals on wheels	464	383	–	–
Sport and recreation	61	–	3,102	5,737
Transport (3x3, flood works, roads to recovery)	–	–	1,699	1,811
Street lighting	1,064	1,064	–	–
Transport (other roads and bridges funding)	326	–	12,124	12,490
Transport for NSW contributions (regional roads, block grant)	1,350	970	3,722	6,609
Other contributions	1,070	390	1,784	234
Cooks River Alliance	396	394	–	–
Regional Illegal Dumping (RID)	440	462	–	–
Non-cash contributions				
Subdivision dedications (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	144	–
Total special purpose grants and non-developer contributions (tied)	14,019	14,335	24,332	27,784
Total grants and non-developer contributions	28,540	25,210	24,332	27,784
Comprising:				
– Commonwealth funding	15,395	11,770	13,890	18,049
– State funding	13,139	13,387	8,617	9,533
– Other funding	6	53	1,825	202
	28,540	25,210	24,332	27,784

(1) \$8.798m of the 2022 – 2023 Financial Assistance Grant from Commonwealth Government was received by Council in June 2022 and hence is reported as 2021 – 2022 income although it relates to 2022 – 2023 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:	F5				
(s7.4 and s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	–	71
S 7.11 – contributions towards amenities/services		–	–	13,292	12,052
Total developer contributions – cash		–	–	13,292	12,123
Total contributions		–	–	13,292	12,123
Total grants and contributions		28,540	25,210	37,624	39,907
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		1,709	6,139	17,976	4,133
Grants and contributions recognised at a point in time (2)		26,831	19,071	19,648	35,774
Total grants and contributions		28,540	25,210	37,624	39,907

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 2022	Operating 2021	Capital 2022	Capital 2021
Unspent funds at 1 July	9,360	8,238	133,511	127,518
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	10,534	8,311	16,182	19,166
Add: Funds received and not recognised as revenue in the current year	830	254	8,851	2,018
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(8,242)	(7,228)	(18,959)	(15,130)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(244)	(215)	(1,425)	(61)
Unspent funds at 30 June	12,238	9,360	138,160	133,511

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 specified events and specified program delivery. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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.

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	828	474
– Cash and investments	5,327	5,699
Total interest and investment income	6,155	6,173

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investment properties			
Fair value increment on investment properties		185	200
Total fair value increment on investment properties	C1-7	185	200
Rental income			
Investment properties			
Lease income		314	266
Total Investment properties		314	266
Other lease income			
Leaseback fees - council vehicles		568	580
Property lease - Room/Facility Hire		2,943	2,831
Property lease - Car parking		108	143
Property lease - Civic Tower		1,996	1,606
Property lease - Telecommunications		492	616
Total other lease income		6,107	5,776
Total rental income	C2-2	6,421	6,042
Total other income		6,606	6,242

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	101,647	100,379
Employee termination costs	295	705
Employee leave entitlements (ELE)	12,605	15,821
Superannuation	11,685	11,449
Workers' compensation insurance	2,303	2,863
Fringe benefit tax (FBT)	259	249
Training costs (other than salaries and wages)	716	829
Contract / temporary staff	18,077	12,973
Other	2,523	1,379
Total employee costs	150,110	146,647
Less: capitalised costs	(10,696)	(4,519)
Total employee costs expensed	139,414	142,128

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 D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		6,815	7,689
Contractor and consultancy costs			
– Contractors		10,359	9,228
– Family day care		1,567	1,674
– Mechanical services		850	705
– Programmed/responsive maintenance		25,620	29,530
– Security services		1,531	975
– Tipping fees		23,861	22,670
Audit Fees	E2-1	349	274
Administrative costs: – agents commission		1,201	1,291
Administrative costs: – corporate memberships		194	214
Administrative costs: – other		776	438
Advertising and promotions		883	1,215
Bank charges		405	380
Catering		138	99
Collection costs		257	251
Computer software charges		1,671	1,361
Consultants		2,378	3,528
Councillor and Mayoral fees and associated expenses	E1-2	617	583
Election expenses		1,795	–
Equipment (minor)		411	512
Insurance		2,996	3,951
Plant and vehicle costs: – registration and CTP		675	743
Plant and vehicle costs: – fuel		2,762	1,552
Postage		569	1,139
Printing and stationery		405	635
Street lighting		4,237	4,254
Subscriptions and publications		749	591
Sydney South Planning Panel		17	14
Telephone and communications		914	1,512
Utilities: – electricity		1,868	2,119
Utilities: – gas		409	541
Utilities: – water charges		1,106	1,434
Valuation fees		581	641
Other expenses		155	141
Legal expenses:			
– Legal expenses: planning and development		324	99
– Legal expenses: rates and annual charges		1,380	23
– Legal expenses: employee		74	23
– Legal expenses: other		436	602
Expenses from leases of low value assets		376	458
Variable lease expense relating to usage	C2-1	540	198
Total materials and services		102,251	103,287

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		3	7
Total interest bearing liability costs		3	7
Total interest bearing liability costs expensed		3	7
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	80	79
Total other borrowing costs		80	79
Total borrowing costs expensed		83	86

Accounting policy

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

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

\$ '000	Notes	2022	2021 Restated
Depreciation and amortisation			
Plant and equipment	C1-6	6,621	5,731
Office equipment	C1-6	183	179
Furniture and fittings	C1-6	272	285
Infrastructure:			
– Buildings	C1-6	23,083	17,940
– Other structures		3,023	1,858
– Roads		26,012	25,462
– Bridges		792	684
– Footpaths		5,318	5,161
– Other road assets		823	680
– Stormwater drainage		7,063	6,905
– Other open space/recreational assets		6,286	6,144
Right of use assets	C2-1	24	546
Other assets:			
– Library books		1,041	1,013
– Information management – hardware		772	913
– Low value assets		2	51
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	1,474	1,474
Intangible assets	C1-8	155	316
Total gross depreciation and amortisation costs		82,944	75,342
Total depreciation and amortisation costs		82,944	75,342
Impairment / revaluation decrement of IPPE			
Artworks	C1-6	86	–
Total gross IPPE impairment / revaluation decrement costs		86	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		86	–
Total depreciation, amortisation and impairment for non-financial assets		83,030	75,342

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		124	5
Total impairment of receivables	C1-4	124	5
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		22	—
Total fair value decrement on investments	C1-2	22	—
Other			
Contributions/levies to other levels of government			
– Department of planning levy		579	571
– Emergency services levy (includes FRNSW, SES, and RFS levies)		4,461	5,075
– EPA		4,018	6,752
– Work cover		370	205
Donations, contributions and assistance to other organisations (Section 356)		1,629	1,387
Total other		11,057	13,990
Total other expenses		11,203	13,995

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-6		
Proceeds from disposal		751	1,243
Less: carrying amount of assets sold		(11,315)	(17,490)
Gain (or loss) on disposal		(10,564)	(16,247)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		12,092	36,136
Less: carrying amount of investments sold/redeemed/matured		(12,104)	(36,039)
Gain (or loss) on disposal		(12)	97
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		82,111	109,810
Less: carrying amount of term deposits sold/redeemed/matured		(82,111)	(109,810)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
Proceeds from disposal – non-current assets 'held for sale'		–	120
Less: carrying amount of 'held for sale' assets sold/written off		–	(33)
Gain (or loss) on disposal		–	87
Net gain (or loss) from disposal of assets		(10,576)	(16,063)

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 22 June 2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	253,130	257,566	4,436	2% F
User charges and fees	19,224	18,661	(563)	(3)% U
Other revenues	13,649	15,718	2,069	15% F

The variance in other revenues was a favourable 15% compared to the original budget. The unpredictability of the Covid-19 pandemic made it difficult to accurately forecast income when the original budget was determined.

Council was conservative in setting its original budget and made adjustments to income forecasts during the year as part of its quarterly budget reviews. As a result there has been outperformance with a number of other revenues items including unplanned legal income \$648k, insurance recoveries \$560k, national carbon bank account income \$378k, community education and waste audit contributions \$200k and construction permit income for the University of Western Sydney project \$137k unable to be predicted at the start of the financial year.

Operating grants and contributions	25,159	28,540	3,381	13% F
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Operating grants and contributions are only included in the original budget if they are known or have been approved at the time the original budget was resolved. Council successfully obtains additional operating grants and contributions during the financial year and report these to council and make adjustments to budget during the year through the quarterly budget reviews.

Examples of additional grants received include community event grants \$795k, operating contributions to cover projects under the Road Safety Program \$511k and faster development assessment pilot program and planning portal grants \$230k.

Due to the recognition and timing of the Financial Assistance Grant payments received, a favourable variance of \$3.5m occurred during the year.

Childcare fee relief was provided during the year as a result of the ongoing Covid-19 pandemic situation and contributed a \$1.38m variation from the original budget.

Capital grants and contributions	34,228	37,624	3,396	10% F
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Capital grants are only included in the original budget if they are known or have been approved at the time the original budget was resolved. Council successfully obtains additional capital grants during the financial year and report these to council and make adjustments to budget during the year through the quarterly budget reviews.

Examples of additional grants received include the Federal stimulus funding for the Road Safety Program for School Zones \$3.69m, roads to recovery \$1.7m and road block grants \$1.1m.

These increases were offset by initially budgeted and later deferred grant income from the Department of Planning, Industry and Environment of \$5.5m.

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Interest and investment revenue	6,623	6,155	(468)	(7)% U
Other income	5,604	6,606	1,002	18% F

The variance in other income was a favourable 18% compared to the original budget. The unpredictability of the Covid-19 pandemic made it difficult to accurately forecast income when the original budget was determined.

Council was conservative in setting its original budget and made adjustments to income forecasts during the year as part of its quarterly budget reviews. Lease income held up during the year better than expected despite covid and concessions provided, outperforming the original budget by \$1.14m.

Expenses

Employee benefits and on-costs	152,295	139,414	12,881	8% F
Materials and services	118,437	102,251	16,186	14% F

The variance in Materials and Services was a favourable 14% compared to the original budget. The unpredictability of the Covid-19 pandemic made it difficult to accurately forecast expenses when the original budget was determined.

Council was conservative in setting its original budget and made adjustments to expenditure forecasts during the year as part of its quarterly budget reviews. As a result, there has been variance from original budget across a number of materials and services items including waste tipping and clean up expenditure and materials \$5.88m, urban master-planning \$1.18m, utility usage \$1.1m, complete street projects \$791k, minor civil works \$573k and event cancellations \$393k.

A reclass of election expenses during the year also contributed \$2.3m towards the favourable variance in materials and services when compared to the original budget.

Borrowing costs	85	83	2	2% F
Depreciation, amortisation and impairment of non-financial assets	75,504	83,030	(7,526)	(10)% U

The original budget was completed prior to the finalisation of the infrastructure revaluation that resulted in changes to depreciation charges for infrastructure assets. The depreciation charges were revised up based on the completion of assessment of infrastructure valuations and useful lives.

Contributing to the unfavourable variance was the accelerated depreciation for Canterbury Aquatics \$4.2m.

Other expenses	12,091	11,203	888	7% F
Net losses from disposal of assets	–	10,576	(10,576)	∞ U

Council did not provide any original budget amounts for gains or loss on disposal of assets due to the uncertainty of forecast amounts. Losses on disposal of infrastructure are not known until completion of capitalisation process and fair value revaluations.

Statement of cash flows

Cash flows from operating activities	77,703	127,170	49,467	64% F
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The variance in cashflow from operating activities was a favourable 64% compared to the original budget. The unpredictability of the covid-19 pandemic made it difficult to accurately forecast cashflow from operating income and expenditure when the original budget was determined.

Cashflow from operating income was higher than the original budget by \$13.1M and cashflow from operating expenditure was \$12.1M lower than the original budget.

Cash flows from investing activities	(64,005)	(125,953)	(61,948)	97% U
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Council did not provide any original budget amounts for the movement in financial assets due to the uncertainty.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash on hand and at bank	1,183	2,134
Cash equivalent assets		
– Deposits at call	64,573	62,433
Total cash and cash equivalents	65,756	64,567

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	65,756	64,567
Balance as per the Statement of Cash Flows	65,756	64,567

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Term deposits	69,686	206,000	82,111	168,500
Government and semi-government bonds	–	36,000	–	14,000
Total	69,686	242,000	82,111	182,500
Equity securities at fair value through other comprehensive income				
FRN's (with maturities > 3 months)	4,345	40,160	6,870	38,731
Total	4,345	40,160	6,870	38,731
Total financial investments	74,031	282,160	88,981	221,231
Total cash assets, cash equivalents and investments	139,787	282,160	153,548	221,231

Equity securities designated as at fair value through other comprehensive income

The investments shown designated as financial assets as at fair value through other comprehensive income represent investments that the Council intends to hold for the long-term strategic purposes.

Total investments sold during 2022 was \$5,234,689.80. Total investments matured was \$6,869,632.50. The total loss on sale relating to these investments was \$12,414.

C1-2 Financial investments (continued)

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, and
- fair value through other comprehensive income – equity instrument (FVOCI-equity).

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

Council has investments in FRN's and Council has made an irrevocable election to classify these investments as fair value through other comprehensive income as they are not held for trading purposes. These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	421,947	374,779
Less: Externally restricted cash, cash equivalents and investments	(242,945)	(213,158)
Cash, cash equivalents and investments not subject to external restrictions	179,002	161,621
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Self insurance claims	4,686	3,611
Contributions - developer - sec 7.11	85,302	88,646
Contributions – developer – sec 7.12	38,413	35,299
Contributions – developer – sec 7.4 planning agreements	1,431	1,431
Domestic waste management	76,728	57,661
Specific purpose unexpended grants & contributions	25,253	17,497
Storm water levy	6,984	5,503
Town centre improvement rate – special rate	4,148	3,510
Total external restrictions	242,945	213,158

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

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

\$ '000	2022	2021
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure - 15 Close Street Canterbury	917	917
Infrastructure – buildings	5,612	7,204
Infrastructure – land improvement	2,237	1,204
Infrastructure – other structures	5,428	6,059
Infrastructure – plant, vehicles, equipment & IT	8,227	6,840
Infrastructure – roads, footpaths & bridges	8,413	9,212
Infrastructure – SRV capital projects	10,247	12,687
Infrastructure – stormwater drainage	2,302	3,251
Infrastructure – strategic priorities	13,464	14,389
Liabilities – contingent insurance renewal	1,060	1,060
Liabilities – employee leave entitlements	22,610	22,310
Liabilities – holding deposits	6,905	6,742
Liabilities – workers compensation	–	1,356
New Council implementation fund	–	2,032
Stronger community fund	1,632	4,926
Other – carryover works	4,248	2,519
Other – council elections	1,033	2,229
Other - Councillor fund	109	210
Other – energy efficiency reserve	482	353
Other – Georges River footbridge maint. reserve	5,300	5,300
Other – grants program	250	250
Other – land investment fund	34,753	21,812
Other – operational contingency reserve	15,194	13,852
Other - operational library resource	788	583
Other – RMS M5 reserve	5,387	5,387
Other – Velodrome fund	807	795
Total internal allocations	157,405	153,479

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

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	12,800	1,585	12,379	1,631
Interest and extra charges	1,997	712	1,759	755
User charges and fees	4,337	–	2,276	–
Accrued revenues				
– Interest on investments	2,399	–	2,250	–
– Grants and contributions	6,135	–	3,718	–
– Other income accruals	2,139	–	1,374	–
Government grants and subsidies	9,457	–	4,864	–
Net GST receivable	2,437	–	2,040	–
Total	41,701	2,297	30,660	2,386
Less: provision for impairment				
User charges and fees	(165)	–	(165)	–
Other (provision for postponed rates)	–	(53)	–	(67)
Total provision for impairment – receivables	(165)	(53)	(165)	(67)
Total net receivables	41,536	2,244	30,495	2,319

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.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Council has recorded no significant impact on expected credit losses due to COVID.

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.

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	685	–	739	–
Total inventories at cost	685	–	739	–
Total inventories	685	–	739	–

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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	41,347	–	41,347	28,738	11,647	–	–	–	(25,656)	(832)	–	55,244	–	55,244
Plant and equipment	71,307	(40,863)	30,444	4,310	–	(201)	(6,621)	–	176	–	–	74,398	(46,290)	28,108
Office equipment	8,148	(7,380)	768	–	238	–	(183)	–	76	–	–	8,409	(7,510)	899
Furniture and fittings	6,264	(5,308)	956	–	48	–	(272)	–	140	–	–	6,452	(5,580)	872
Land:														
– Crown land	42,559	–	42,559	–	–	–	–	–	–	–	2,319	44,878	–	44,878
– Operational land	513,280	–	513,280	–	–	(6)	–	–	–	–	52,714	565,988	–	565,988
– Community land	208,686	–	208,686	–	–	(10)	–	–	–	–	13,073	221,749	–	221,749
– Land under roads (post 30/6/08)	12,233	–	12,233	–	145	–	–	–	–	–	491	12,869	–	12,869
Infrastructure:														
– Buildings	662,404	(322,954)	339,450	2,698	–	(1,627)	(23,083)	–	1,172	–	32,832	728,157	(376,715)	351,442
– Other structures	96,911	(50,345)	46,566	246	340	(112)	(3,023)	–	1,708	–	4,213	107,860	(57,922)	49,938
– Roads	1,329,927	(404,622)	925,305	18,556	2,858	(6,453)	(26,012)	–	4,940	31	152,775	1,570,950	(498,950)	1,072,000
– Bridges	58,126	(25,439)	32,687	1,804	31	(197)	(792)	–	6,624	–	–	65,927	(25,770)	40,157
– Footpaths	311,965	(109,405)	202,560	1,677	543	(689)	(5,318)	–	2,472	–	–	315,567	(114,322)	201,245
– Other road assets	19,557	(8,003)	11,554	132	–	(30)	(823)	–	6	–	–	19,640	(8,801)	10,839
– Bulk earthworks	623,236	–	623,236	–	–	–	–	–	–	–	75,402	698,638	–	698,638
– Stormwater drainage	743,421	(277,062)	466,359	1,166	1,005	(347)	(7,063)	–	3,444	–	29,429	870,431	(376,438)	493,993
– Other open space/recreational assets	171,090	(57,703)	113,387	1,727	1,143	(1,500)	(6,286)	–	4,729	–	10,136	191,680	(68,344)	123,336
Other assets:														
– Library books	19,458	(16,544)	2,914	–	1,076	–	(1,041)	–	–	–	–	20,534	(17,585)	2,949
– Information management – hardware	18,118	(16,730)	1,388	–	659	–	(772)	–	–	–	–	18,777	(17,502)	1,275
– Low value assets	537	(537)	–	–	2	–	(2)	–	–	–	–	539	(539)	–
– Artworks	4,108	–	4,108	23	32	(142)	–	(86)	169	(31)	–	4,073	–	4,073
Reinstatement, rehabilitation and restoration assets (refer Note 13):														
– Tip assets	15,235	(9,460)	5,775	–	–	–	(1,474)	–	–	–	–	15,235	(10,934)	4,301
Total infrastructure, property, plant and equipment	4,977,917	(1,352,355)	3,625,562	61,077	19,767	(11,314)	(82,765)	(86)	–	(832)	373,384	5,617,995	(1,633,202)	3,984,793

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000														
Capital work in progress	22,057	–	22,057	20,022	9,648	–	–	(8,759)	(1,621)	–	–	41,347	–	41,347
Plant and equipment	61,009	(37,431)	23,578	12,779	–	(477)	(5,731)	295	–	–	–	71,307	(40,863)	30,444
Office equipment	7,942	(7,201)	741	–	7	–	(179)	199	–	–	–	8,148	(7,380)	768
Furniture and fittings	6,168	(5,023)	1,145	–	22	–	(285)	74	–	–	–	6,264	(5,308)	956
Land:														
– Operational land	520,702	–	520,702	–	–	–	–	–	(7,615)	–	193	513,280	–	513,280
– Community land	204,462	–	204,462	–	3,358	–	–	–	136	–	730	208,686	–	208,686
– Crown land	39,548	–	39,548	–	–	(887)	–	–	7,479	(5,983)	2,402	42,559	–	42,559
– Land under roads (post 30/6/08)	12,233	–	12,233	–	–	–	–	–	–	–	–	12,233	–	12,233
Infrastructure:														
– Buildings	609,809	(322,266)	287,543	6,714	1,366	(3,903)	(17,940)	2,185	(12)	–	63,497	662,404	(322,954)	339,450
– Other structures	115,523	(52,036)	63,487	414	337	(1,926)	(1,858)	627	(19,501)	–	4,986	96,911	(50,345)	46,566
– Roads	1,317,024	(382,246)	934,778	15,528	3,631	(5,941)	(25,462)	2,771	–	–	–	1,329,927	(404,622)	925,305
– Bridges	58,126	(24,755)	33,371	–	–	–	(684)	–	–	–	–	58,126	(25,439)	32,687
– Footpaths	310,232	(104,600)	205,632	2,019	526	(782)	(5,161)	326	–	–	–	311,965	(109,405)	202,560
– Other road assets	17,314	(7,399)	9,915	1,496	400	(92)	(680)	515	–	–	–	19,557	(8,003)	11,554
– Bulk earthworks	623,236	–	623,236	–	–	–	–	–	–	–	–	623,236	–	623,236
– Stormwater drainage	739,949	(270,391)	469,558	1,144	2,396	(293)	(6,905)	459	–	–	–	743,421	(277,062)	466,359
– Other open space/recreational assets	133,971	(46,582)	87,389	2,935	3,378	(3,191)	(6,144)	1,301	19,513	–	8,206	171,090	(57,703)	113,387
Other assets:														
– Library books	18,499	(15,531)	2,968	–	959	–	(1,013)	–	–	–	–	19,458	(16,544)	2,914
– Information management – hardware	17,322	(15,818)	1,504	–	791	–	(913)	6	–	–	–	18,118	(16,730)	1,388
– Low value assets	486	(486)	–	–	51	–	(51)	–	–	–	–	537	(537)	–
– Artworks	3,948	–	3,948	–	159	–	–	1	–	–	–	4,108	–	4,108
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	15,235	(7,986)	7,249	–	–	–	(1,474)	–	–	–	–	15,235	(9,460)	5,775
Total infrastructure, property, plant and equipment	4,854,795	(1,299,751)	3,555,044	63,051	27,029	(17,492)	(74,480)	–	(1,621)	(5,983)	80,014	4,977,917	(1,352,355)	3,625,562

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	20 to 60
Office furniture	5 to 10		
Vehicles	5	Stormwater assets	
Heavy plant/road making equipment	5 to 10	Drainage: pipes	120
Other plant and equipment	5 to 10	Drainage: culverts and channels	80
		Drainage: structures	100
		Water quality devices	10 to 100
Land improvement assets		Other Infrastructure assets	
Park and street furniture	10 to 80	Bulk earthworks	Infinite
Active sportsfields	20 to 80	Other structures	25 to 99
Golf course	50	Swimming pools	60
Lighting	20 to 40		
Irrigation	20	Other assets	
Playgrounds	20	Library books	5
		Information management hardware	3
Transportation assets			
Road pavement: surface	25 to 30		
Road pavement: base	75 to 90		
Kerb and gutter	75 to 90		
Traffic facilities	40		
Bridges: sub structure, super structure and			
Culvert	100		
Bridges: surface and rail	30		
Boardwalks	40		
Footpaths	10 to 80		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. 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. For the years preceding a comprehensive valuation, Council applies a relevant producer price index to adjust carrying values.

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

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

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.

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

C1-7 Investment properties

\$ '000	2022	2021
Owned investment property		
Investment property on hand at fair value	7,935	7,750
Total owned investment property	7,935	7,750
Owned investment property		
At fair value		
Opening balance at 1 July	7,750	7,550
Net gain/(loss) from fair value adjustments	185	200
Closing balance at 30 June	7,935	7,750

Accounting policy

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

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	13,821	13,724
Accumulated amortisation	(13,389)	(13,073)
Net book value – opening balance	432	651
Movements for the year		
Purchases	209	97
Amortisation charges	(155)	(316)
Closing values at 30 June		
Gross book value	14,030	13,821
Accumulated amortisation	(13,544)	(13,389)
Total software – net book value	486	432
Total intangible assets – net book value	486	432

Accounting policy

IT development and software

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

C1-9 Other

Other assets

	2022 Current	2022 Non-current	2021 Current Restated	2021 Non-current
\$ '000				
Prepayments	3,747	–	3,332	–
Other	1,150	–	1,849	–
Total other assets	4,897	–	5,181	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases for land, plant & equipment and waste trucks. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

- Waste trucks - 10 years and 4 months lease agreements (ending 30 June 2031) for 14 waste trucks.
- Plant & equipment - 4 year lease agreement for 8 golf carts (ending 14 May 2025)

Vehicles

Council leases waste trucks with lease term of 10 years and 4 months. The lease payments are variable depending on the number of collections performed during the lease term and there is generally no renewal option. The payments relating to the lease components are therefore recognised as expenses in the income statement when the collections are made, i.e. no lease liability or right of use asset is recognised on inception of the lease.

(a) Right of use assets

\$ '000	Plant & Equipment	Total
2022		
Opening balance at 1 July	–	–
Additions to right-of-use assets	88	88
Depreciation charge	(24)	(24)
Balance at 30 June	64	64
2021		
Opening balance at 1 July	546	546
Depreciation charge	(546)	(546)
Balance at 30 June	–	–

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	24	36	–	–
Total lease liabilities	24	36	–	–

(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
2022					
Cash flows	24	36	–	60	60

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	3	7
Variable lease payments based on usage not included in the measurement of lease liabilities	1,080	396
Depreciation of right of use assets	24	546
Expenses relating to low-value leases	376	458
	1,483	1,407

(e) Statement of Cash Flows

Total cash outflow for leases	1,000	1,283
	1,000	1,283

(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:

- Car parking
- Pedestrian facilities
- Community facilities
- Stormwater / Drainage
- Open space embellishment
- Roadway
- Bus terminal

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

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

Accounting policy

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

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

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

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

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

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

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

C2-1 Council as a lessee (continued)

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

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

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

\$ '000	2022	2021
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(i) Assets held as investment property

Council has two investment properties that it leases to tenants on five year arrangements.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	314	266
Total income relating to operating leases for investment property assets	314	266

(ii) Assets held as property, plant and equipment

Council provides operating leases on buildings and vehicles for the purpose of rental return or Councils service delivery objectives. The table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	6,107	5,776
Total income relating to operating leases for Council assets	6,107	5,776

(ii) Maturity analysis of contractual lease income

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

< 1 year	343	294
1–2 years	459	263
2–3 years	44	250
Total undiscounted lease payments to be received	846	807

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	19,329	–	15,409	–
Accrued expenses:				
– Salaries and wages	3,408	–	3,149	–
– Other expenditure accruals	1,332	–	1,940	–
Security bonds, deposits and retentions	6,444	461	6,192	450
Prepaid rates	2,319	–	2,008	–
Payroll liabilities	23	–	97	–
Other	33	–	43	–
Total payables	32,888	461	28,838	450

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	5,000	5,000
Total payables	5,000	5,000

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,479	–	2,053	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	506	–	310	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	124	–	144	–
Total grants and contributions received in advance		10,109	–	2,507	–
User fees and charges received in advance:					
Upfront fees – user fees and charges	(iii)	1,483	12,893	1,920	–
Upfront fees – DA fees (where no determination has been made)	(iii)	1,084	–	1,473	–
Upfront fees - trade waste	(iii)	345	–	340	–
Total user fees and charges received in advance		2,912	12,893	3,733	–
Total contract liabilities		13,021	12,893	6,240	–

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) Upfront user fees and charges received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	951	104
Operating grants (received prior to performance obligation being satisfied)	454	225
User fees and charges received in advance:		
Upfront fees – user fees and charges	1,320	697
Upfront fees – DA fees (where no determination has been made)	1,212	1,539
Upfront fees – trade waste	340	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,277	2,565

Significant changes in contract liabilities

The increase is due to significant grant funding and user fees and charges received in advance.

C3-2 Contract Liabilities (continued)

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

Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	100	100
Total financing arrangements	600	600
Drawn facilities		
– Credit cards/purchase cards	6	5
Total drawn financing arrangements	6	5
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	94	95
Total undrawn financing arrangements	594	595

Additional financing arrangements information

Breaches and defaults

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

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

C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	13,195	–	12,748	–
Sick leave	8,554	–	9,608	–
Long service leave	27,094	–	29,919	–
Gratuities	169	–	207	–
ELE on-costs	931	–	586	–
Total employee benefit provisions	49,943	–	53,068	–

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	35,632	39,620
	35,632	39,620

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Other provisions				
Self insurance – workers compensation	1,249	3,703	1,168	3,799
Insurance claims below excess	875	–	1,508	–
Sub-total – other provisions	2,124	3,703	2,676	3,799
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	19,024	–	18,944
Sub-total – asset remediation/restoration	–	19,024	–	18,944
Total provisions	2,124	22,727	2,676	22,743

Description of and movements in provisions

\$ '000	Other provisions			Total
	Self insurance	Asset remediation	Insurance claims below excess	
2022				
At beginning of year	4,967	18,944	1,508	25,419
Additional provisions	2,041	–	(633)	1,408
Amounts used (payments)	(2,318)	–	(565)	(2,883)
Remeasurement effects	262	80	565	907
Total other provisions at end of year	4,952	19,024	875	24,851
2021				
At beginning of year	3,435	18,865	906	23,206
Additional provisions	1,197	–	602	1,799
Amounts used (payments)	(1,331)	–	(352)	(1,683)
Remeasurement effects	1,666	79	352	2,097
Total other provisions at end of year	4,967	18,944	1,508	25,419

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

Insurance claims below excess

Insurance provision for under excess claims for public liability, property and motor vehicles.

Accounting policy

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

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

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

C3-5 Provisions (continued)

Asset remediation – tips and quarries

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 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.

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 infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Self-insurance

Council has decided to self-insure for certain risks, including workers compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE 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.

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired. Council's financial assets are investments in FRN's.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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 Council.

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

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

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

The fair value of cash and cash equivalents, receivables and investments approximates the carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- 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 a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current 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 other comprehensive income**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	3,774	3,292
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,451	4,560

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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.

D1-1 Risks relating to financial instruments held (continued)

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	12,800	1,585	14,385
2021				
Gross carrying amount	–	12,379	1,631	14,010

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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	23,783	688	156	573	4,413	29,613
Expected loss rate (%)	0.00%	0.00%	0.00%	3.31%	3.31%	0.56%
ECL provision	–	–	–	19	146	165
2021						
Gross carrying amount	14,079	521	101	252	4,083	19,036
Expected loss rate (%)	0.00%	0.00%	0.00%	3.81%	3.81%	0.87%
ECL provision	–	–	–	10	156	166

(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.

D1-1 Risks relating to financial instruments held (continued)

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	1,905	23,886	5,000	–	30,791	33,349
Lease liabilities	0.00%	–	24	36	–	60	–
Total financial liabilities		1,905	23,910	5,036	–	30,851	33,349
2021							
Payables	0.00%	1,642	20,638	5,000	–	27,280	29,288
Lease liabilities	0.00%	–	–	–	–	–	–
Total financial liabilities		1,642	20,638	5,000	–	27,280	29,288

D2-1 Fair value measurement

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

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

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021 Restated	2022	2021 Restated
Financial assets							
Financial investments	C1-2						
At fair value through other comprehensive income		80,506	59,601	–	–	80,506	59,601
Total financial assets		80,506	59,601	–	–	80,506	59,601
Investment property							
Investment properties	C1-7	7,935	7,750	–	–	7,935	7,750
Total investment property		7,935	7,750	–	–	7,935	7,750
Infrastructure, property, plant and equipment							
Plant and equipment	C1-6	–	–	28,108	30,444	28,108	30,444
Office equipment		–	–	899	768	899	768
Furniture and fittings		–	–	872	956	872	956
Operational land		565,988	513,280	–	–	565,988	513,280
Community land		–	–	221,750	208,686	221,750	208,686
Crown land		–	–	44,878	42,559	44,878	42,559
Land under road (post 1 July 2008)		–	–	12,869	12,233	12,869	12,233
Other open space/recreational assets		–	–	123,336	113,387	123,336	113,387
Buildings		12,473	11,505	338,969	327,945	351,442	339,450
Other structures		–	–	49,938	46,566	49,938	46,566
Roads		–	–	1,072,000	925,305	1,072,000	925,305
Bridges		–	–	40,157	32,687	40,157	32,687
Footpaths		–	–	201,245	202,560	201,245	202,560
Bulk earthworks (non-depreciable)		–	–	698,638	623,236	698,638	623,236
Stormwater drainage		–	–	493,993	466,359	493,993	466,359
Other road assets		–	–	10,839	11,554	10,839	11,554
Library books		–	–	2,949	2,914	2,949	2,914
Information management – hardware		–	–	1,275	1,388	1,275	1,388
Artworks		–	–	4,073	4,108	4,073	4,108
Tip asset		–	–	4,301	5,775	4,301	5,775
Low value assets		–	–	–	–	–	–
Total infrastructure, property, plant and equipment		578,461	524,785	3,351,089	3,059,430	3,929,550	3,584,215

D2-1 Fair value measurement (continued)

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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

Council receives indicative market valuation advice from an independent external investment advisor. The indicative valuations are based upon recent comparable market based evidence.

Investment property

The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The last comprehensive valuation was performed by Scott Fullarton Valuations Pty Ltd for 30 June 2021. A desktop valuation was performed for 30 June 2022 by Scott Fullarton Valuations Pty Ltd.

The investment valuations are included as level 2 of the fair value hierarchy.

Infrastructure, property, plant and equipment (IPPE)

Operational land

This asset class comprises all of Council's land classified as operational land under the NSW Local Government Act 1993. Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale price of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

The last comprehensive valuation was undertaken at 30 June 2020 and was performed by Scott Fullarton Valuation Pty Ltd.

The 30 June 2022 valuation is based on a sample review conducted by Scott Fullarton Valuation Pty Ltd and an index applied to the asset class.

Community and Crown land

Valuations of all Council's community land and managed land were based on the land values provided by Scott Fullarton Valuation Pty Ltd. As these rates were not considered to be observable market evidence they have been classified as Level 3. When valuing the land, Scott Fullarton Valuation Pty Ltd considers the following:

- Property market conditions at the time of valuation
- Most valuable use of the land
- Location of the land
- Constraints on use such as zoning, heritage restrictions
- Land size, shape and land features such as slope and soil type
- Nearby development and infrastructure
- Views

The last comprehensive valuation was undertaken at 30 June 2020 and was performed by Scott Fullarton Valuation Pty Ltd.

The 30 June 2022 valuation is based on a sample review conducted by Scott Fullarton Valuation Pty Ltd and an index applied to the asset class.

Roads, bridges, footpaths, other road assets and bulk earthworks

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input is determined using rates stipulated in contracts with third party suppliers. These assets were comprehensively valued at 30 June 2018, using the cost approach, by experienced Council engineers and asset management staff.

The 30 June 2022 valuation is based on relevant producer price indexes and applied to the asset classes.

D2-1 Fair value measurement (continued)

Stormwater drainage

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input is determined using rates stipulated in contracts with third party suppliers. These assets were comprehensively valued at 30 June 2022, using the cost approach, by experienced Council engineers and asset management staff.

Other open space/recreational assets

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input, is determined using rates stipulated in contracts with third party suppliers. These assets were comprehensively valued as at 30 June 2021, using the cost approach, by experienced Council engineers and asset management staff.

The 30 June 2022 valuation is based on relevant producer price indexes and applied to the asset class.

Buildings and other structures

Buildings and major structures were comprehensively valued by Scott Fullarton Valuations Pty Ltd as at 30 June 2021.

Minor other structures were comprehensively valued as at 30 June 2021 by experienced Council engineers and asset management staff.

Specialised assets were valued using the cost approach. The approach estimated the replacement cost of each building. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of residual value, useful life and asset condition) require extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising level 3 inputs.

The 30 June 2022 valuation is based on relevant producer price indexes and applied to the asset classes.

Plant and equipment, office equipment and furniture and fittings, library books and information management hardware

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable input to the valuation is the remaining useful life. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption and estimated remaining useful life.

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

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council engages external, independent, qualified valuers to determine the fair value of buildings, other structures and land. Experienced Council staff value all infrastructure assets and other assets every five years. For the years preceding a comprehensive valuation, Council applies a relevant producer price index for Sydney provided by the Australian Bureau of Statistics.

Comprehensive valuations using the cost approach are based on information derived from condition assessments and information supplied by Council. The process estimates the net carrying amount for each asset taking into consideration the following factors:

Pattern of consumption, asset condition, unit rates and useful life.

The last comprehensive valuation of roads, bridges, footpaths and bulk earthworks was completed as at 30 June 2018. Buildings, other structures and other open space/recreational assets were valued as at 30 June 2022. Community and Crown Land assets were valued at 30 June 2020. Stormwater Drainage, Artworks and Land Under Roads were valued this year.

D2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/22) 2022	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community and crown land	266,628	Market Approach, external sample assessment by Scott Fullarton Valuations Pty Ltd	Price per square metre, restricted use
Land under roads(post 30/6/08)	12,869	Cost approach, adjoining blocks average m2 rate	Price per square metre, restricted use
Other open space/recreational assets	123,336	Cost approach, movement in a relevant Producer Price Index	Asset condition, remaining useful life, Producer Price Index
Buildings	338,969	Cost approach, movement in a relevant Producer Price Index	Asset condition, remaining useful life, Producer Price Index
Other Structures	49,938	Cost approach, movement in a relevant Producer Price Index	Asset condition, remaining useful life, Producer Price Index
Roads, bridges, footpaths and other road assets	1,324,241	Cost approach, movement in a relevant Producer Price Index	Asset condition, remaining useful life, Producer Price Index
Bulk earthworks	698,638	Cost approach, movement in a relevant Producer Price Index	Asset condition, remaining useful life, Producer Price Index
Stormwater drainage	493,993	Cost approach	Asset condition, remaining useful life
Library books	2,949	Cost approach	Asset condition, remaining useful life
Plant, office equipment, furniture & fittings	31,154	Cost used to approximate fair value	Gross replacement cost, useful life and residual value
Artworks	4,073	Cost used to approximate fair value	The level of appreciation of the asset
Tip asset	4,301	Cost approach	Asset condition, remaining useful life

D2-1 Fair value measurement (continued)

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

	Tip asset		Community & Crown Land		Land under Roads (30/6/08)		Other open space/recreational assets	
	2022	2021	2022	2021	2022	2021 Restated	2022	2021
\$ '000								
Opening balance	5,775	7,249	251,244	244,009	12,233	12,233	113,387	87,389
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	15,392	(2,851)	491	–	10,136	8,206
Other movements								
Transfers from/(to) another asset class	–	–	–	7,615	–	–	–	19,513
Purchases (GBV)	–	–	–	3,358	145	–	7,599	7,614
Disposals (WDV)	–	–	(9)	(887)	–	–	(1,500)	(3,191)
Depreciation and impairment	(1,474)	(1,474)	–	–	–	–	(6,286)	(6,144)
Closing balance	4,301	5,775	266,627	251,244	12,869	12,233	123,336	113,387

	Buildings		Other structures		Roads and grnd. Level carparks		Bridges	
	2022	2021	2022	2021	2022	2021	2022	2021
\$ '000								
Opening balance	327,945	223,486	46,566	63,487	936,859	944,694	32,687	33,371
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	32,832	63,497	4,213	4,986	152,775	–	–	–
Other movements								
Transfers from/(to) level 2 FV hierarchy	–	52,551	–	–	–	–	–	–
Transfers from/(to) another asset class	–	(12)	–	(19,501)	31	–	–	–
Purchases (GBV)	3,872	10,266	2,294	1,378	26,493	24,340	8,459	–
Disposals (WDV)	(1,627)	(3,903)	(112)	(1,926)	(6,483)	(6,033)	(197)	–
Depreciation and impairment	(24,052)	(17,940)	(3,023)	(1,858)	(26,836)	(26,142)	(792)	(684)
Closing balance	338,970	327,945	49,938	46,566	1,082,839	936,859	40,157	32,687

	Footpaths		Bulk earthworks		Stormwater drainage		Library books	
	2022	2021	2022	2021	2022	2021 Restated	2022	2021
\$ '000								
Opening balance	202,559	205,631	623,236	623,236	466,359	469,558	2,914	2,968
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	75,402	–	29,429	–	–	–
Other movements								
Purchases (GBV)	4,692	2,871	–	–	5,615	3,999	1,076	959
Disposals (WDV)	(689)	(782)	–	–	(347)	(293)	–	–
Depreciation and impairment	(5,318)	(5,161)	–	–	(7,063)	(6,905)	(1,041)	(1,013)
Closing balance	201,244	202,559	698,638	623,236	493,993	466,359	2,949	2,914

D2-1 Fair value measurement (continued)

	Plant/office equipment/ furniture/low value assets		Artwork		Total	
	2022	2021	2022	2021 Restated	2022	2021
\$ '000						
Opening balance	33,556	26,968	4,108	3,948	3,059,428	2,948,227
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	(86)	–	(86)	–
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	320,670	73,838
Transfers from/(to) level 2 FV hierarchy	–	–	–	–	–	52,551
Transfers from/(to) another asset class	–	–	(31)	–	–	7,615
Purchases (GBV)	5,647	14,222	224	160	66,116	69,167
Disposals (WDV)	(201)	(477)	(142)	–	(11,307)	(17,492)
Depreciation and impairment	(7,848)	(7,157)	–	–	(83,733)	(74,478)
Closing balance	31,154	33,556	4,073	4,108	3,351,088	3,059,428

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled employers are required to pay 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 7.5% of salaries for the year ending 30 June 2022 (increasing to 8% 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 million for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

D3-1 Contingencies (continued)

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 2022 was \$1,561,327. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$1,165,660.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

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

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

The share of any funding surplus or deficit that can be attributed to Council is 3.00%.

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	5.5% 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 will be completed by December 2022.

(ii) Statewide Limited

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

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

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

(iii) Other guarantees

Council has a bank guarantee of \$50,000 with Viva Energy Australia Pty Ltd for the Canterbury Town Centre Redevelopment recoverable works agreement. The Bank Guarantee will expire on 15 March 2024.

2. Other liabilities

(i) Third party claims

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

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

D3-1 Contingencies (continued)

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	3,193	3,123
Other long-term benefits	5	–
Total	3,198	3,123

Other transactions with KMP and their related parties

Council has determined that transactions at arms length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2022						
Real estate commission managing council properties	1	12	–		–	–
2021						
Real estate commission managing council properties	1	7	–		–	–

1 Council utilises LJ Hooker to manage Council properties and receives a commission based on monthly rental. A relative of a Council KMP is an employee of LJ Hooker. All transactions are at arm's length.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	89	89
Councillors' fees	422	426
Other Councillors' expenses (including Mayor)	106	68
Total	617	583

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	269	231
Remuneration for audit and other assurance services	269	231
Total Auditor-General remuneration	269	231
Non NSW Auditor-General audit firms		
(i) Non-assurance services		
Other services (workers compensation audits)	80	43
Remuneration for non-assurance services	80	43
Total remuneration of non NSW Auditor-General audit firms	80	43
Total audit fees	349	274

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022	2021 Restated
\$ '000		
Net operating result from Income Statement	24,313	6,854
Add / (less) non-cash items:		
Depreciation and amortisation	82,944	75,342
(Gain) / loss on disposal of assets	10,576	16,063
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	22	–
– Investment property	(185)	(200)
– Revaluation decrements / impairments of IPP&E direct to P&L	86	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(10,952)	(4,781)
Increase / (decrease) in provision for impairment of receivables	(14)	(7)
(Increase) / decrease of inventories	54	8
(Increase) / decrease of other current assets	284	(1,953)
Increase / (decrease) in payables	3,920	(1,883)
Increase / (decrease) in other accrued expenses payable	(349)	821
Increase / (decrease) in other liabilities	490	38
Increase / (decrease) in contract liabilities	19,674	3,148
Increase / (decrease) in employee benefit provision	(3,125)	949
Increase / (decrease) in other provisions	(568)	2,213
Net cash flows from operating activities	127,170	96,612

F2-1 Commitments

Capital commitments (exclusive of GST)

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

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

Property, plant and equipment

Buildings	7,796	4,137
Infrastructure works	29,751	20,326
Information management	129	159
Plant and equipment	1,108	4,014
Total commitments	38,784	28,636

Details of capital commitments

Council has committed to various capital projects which are detailed in the Delivery Program, Operational Plan and Capital Works Program.

Total commitments include contractual obligations to the following projects:

- Town centre upgrade works
- Wolumba Street road works
- North Terrace drainage works
- Padstow Park field upgrade
- Kelso North masterplan implementation
- Canterbury Aquatic Centre design and construction

F3-1 Events occurring after the reporting date

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

F4 Changes from prior year statements

F4-1 Correction of errors

Stormwater drainage

Stormwater drainage assets previously not recognised were identified during the revaluation. These errors have been restated as at 1 July 2020 against the balances of IPP&E and depreciation.

	2021 '000s	2020 '000s
Net carrying amount	26,270	26,638
Depreciation expense	368	368

Land under roads

Land under roads previously not recognised were identified during the revaluation. These errors have been restated as at 1 July 2020 against the balances of IPP&E.

	2021 '000s	2020 '000s
Net carrying amount	11,274	11,274

Artworks

Artworks previously not recognised were identified during the revaluation. These errors have been restated as at 1 July 2020 against the balances of IPP&E.

	2021 '000s	2020 '000s
Net carrying amount	1,291	1,291

Riverwood Library

At 30 June 2019, Council recognised Riverwood Library and Knowledge Centre, of which part of the fair value included \$2.6 million contributed by a developer with a corresponding in-kind contribution. Council paid the additional costs as part of a dispute and recognised this payment in other assets. If these costs were paid to developer at time of construction, they would have been capitalised and hence the in-kind contribution would have reduced. This error has been corrected by restating accumulated surplus at 1 July 2020.

	2021 '000s	2020 '000s
Other assets	1,373	1,373

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Other assets	4,601	(1,373)	3,228
Total current assets	199,581	(1,373)	198,208
Infrastructure, property, plant and equipment	3,515,841	39,203	3,555,044
Total non-current assets	3,724,010	39,203	3,763,213
Total assets	3,923,591	37,830	3,961,421
Net assets	3,814,261	37,830	3,852,091

F4-1 Correction of errors (continued)

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Accumulated surplus	3,551,131	37,830	3,588,961
Total equity	3,814,261	37,830	3,852,091

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Other assets	6,554	(1,373)	5,181
Total current assets	191,336	(1,373)	189,963
Infrastructure, property, plant and equipment	3,586,727	38,835	3,625,562
Total non-current assets	3,818,459	38,835	3,857,294
Total assets	4,009,795	37,462	4,047,257
Net assets	3,895,780	37,462	3,933,242
Accumulated surplus	3,558,753	37,462	3,596,215
Total equity	3,895,780	37,462	3,933,242

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Depreciation	74,974	368	75,342
Total expenses from continuing operations	350,533	368	350,901
Net operating result for the year	7,222	(368)	6,854

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	7,222	(368)	6,854
Total comprehensive income for the year	81,519	(368)	81,151

F5 Statement of developer contributions as at 30 June 2022

F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
225-249 Canterbury Road	4	–	–	–	–	–	4	–
Canterbury town centre	3,086	–	–	49	(1,605)	–	1,530	–
Community facilities	18,495	758	–	286	(89)	–	19,450	–
Environmental amenities	2,999	–	–	46	–	–	3,045	–
Open space	57,679	6,653	–	894	(12,611)	–	52,615	–
Other	170	–	–	3	(57)	–	116	–
Parking	1,650	–	–	26	–	–	1,676	–
Roads	609	923	–	9	(8)	–	1,533	–
Traffic facilities	422	–	–	7	–	–	429	–
Public domain	840	1,271	–	12	–	–	2,123	–
Administration	2,692	122	–	42	(75)	–	2,781	–
S7.11 contributions – under a plan	88,646	9,727	–	1,374	(14,445)	–	85,302	–
S7.12 levies – under a plan	35,299	3,565	–	548	(999)	–	38,413	–
Total S7.11 and S7.12 revenue under plans	123,945	13,292	–	1,922	(15,444)	–	123,715	–
S7.4 planning agreements	1,431	–	–	–	–	–	1,431	–
Total contributions	125,376	13,292	–	1,922	(15,444)	–	125,146	–

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.

F5-2 Developer contributions by plan

	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash					
CANTERBURY DEVELOPMENT CONTRIBUTIONS PLAN 2013								
225-249 Canterbury Road	4	–	–	–	–	–	4	–
Community facilities	18,120	191	–	280	(89)	–	18,502	–
Environmental amenities	2,999	–	–	46	–	–	3,045	–
Open space	55,112	1,885	–	854	(7,737)	–	50,114	–
Other	170	–	–	3	(57)	–	116	–
Parking	1,650	–	–	26	–	–	1,676	–
Traffic facilities	422	–	–	7	–	–	429	–
Administration	2,648	53	–	41	(75)	–	2,667	–
Total	81,125	2,129	–	1,257	(7,958)	–	76,553	–
CANTERBURY TOWN CENTRE AND RIVERFRONT PRECINCT DEVELOPMENT CONTRIBUTIONS PLAN								
Canterbury town centre	3,086	–	–	49	(1,605)	–	1,530	–
Total	3,086	–	–	49	(1,605)	–	1,530	–
BANKSTOWN DEVELOPMENT CONTRIBUTIONS PLAN 2019								
Community facilities	375	567	–	6	–	–	948	–
Open space	2,567	4,768	–	40	(4,874)	–	2,501	–
Public domain	840	1,271	–	12	–	–	2,123	–
Roads and active transport	609	923	–	9	(8)	–	1,533	–
Administration	44	69	–	1	–	–	114	–
Total	4,435	7,598	–	68	(4,882)	–	7,219	–

F5-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Bankstown development contributions plan 2019	1,420	1,924	–	22	–	–	3,366	–
Canterbury development contributions plan 2013	4,530	968	–	71	(3)	–	5,566	–
Section 94A development contributions plan - Bankstown	29,349	673	–	455	(996)	–	29,481	–
Total	35,299	3,565	–	548	(999)	–	38,413	–

F5-3 S7.4 planning agreements

Planning agreements	1,120	–	–	–	–	–	1,120	–
Planning agreements – parking	311	–	–	–	–	–	311	–
Total	1,431	–	–	–	–	–	1,431	–

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
\$ '000	2022	2022	Restated 2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,688)	(0.81)%	(5.41)%	(2.77)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	333,061				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	304,521	82.15%	81.79%	86.38%	> 60.00%
Total continuing operating revenue ¹	370,685				
3. Unrestricted current ratio					
Current assets less all external restrictions	135,782	3.03x	3.50x	4.12x	> 1.50x
Current liabilities less specific purpose liabilities	44,827				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	80,339	723.77x	84.78x	61.71x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	111				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	17,094	6.20%	6.29%	5.54%	< 5.00%
Rates and annual charges collectable	275,672				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	341,442	16.21	14.53	14.24	> 3.00
Monthly payments from cash flow of operating and financing activities	21,058	months	months	months	months

(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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Canterbury-Bankstown Council

To the Councillors of Canterbury-Bankstown Council

Opinion

I have audited the accompanying financial statements of Canterbury-Bankstown Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for 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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special 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 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.



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

21 October 2022
SYDNEY



Mayor
Canterbury-Bankstown Council
PO Box 8
BANKSTOWN NSW 1885

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2221254/1708

21 October 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Canterbury-Bankstown Council**

I have audited the general purpose financial statements (GPFS) of the Canterbury-Bankstown Council (Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on Council's GPFS.

This Report on the Conduct of the Audit (the Report) for Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	257.6	247.6	↑ 4.0
Grants and contributions revenue	66.2	65.1	↑ 1.6
Operating result from continuing operations	24.3	6.9	↑ 254.7
Net operating result before capital grants and contributions	(13.3)	(33.1)	↑ 59.7

* The 2021 comparatives have been restated to correct a prior period error (refer to Note F4-1 of the financial statements for details).

Rates and annual charges revenue (\$257.6 million) increased by \$10.0 million 4.0 per cent) in 2021–22 due to increase in domestic waste management charges, and rate peg increase of 2.0 per cent.

Grants and contributions revenue (\$66.2 million) increased by \$1.0 million (1.6 per cent) in 2021–22.

Council's operating result from continuing operations (\$24.3 million including depreciation and amortisation expense of \$83.0 million) was \$17.5 million higher than the 2020–21 result. This was mainly due to revenue increases outlined above plus expenses decreasing by \$4.3 million.

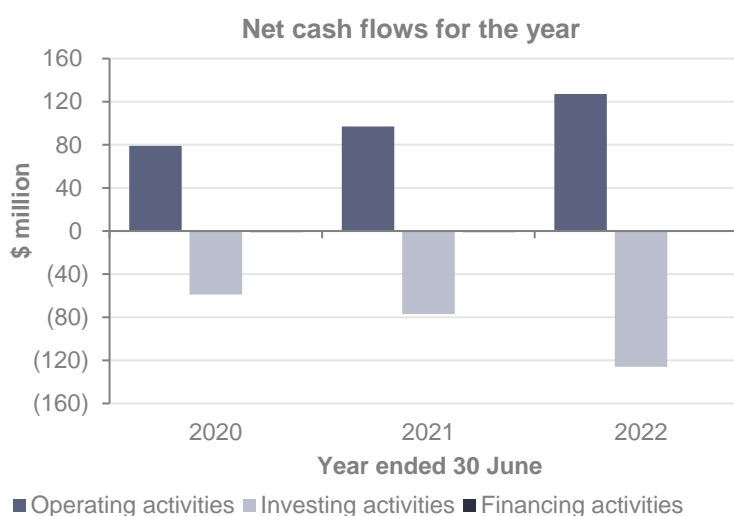
The net operating result before capital grants and contributions (loss of \$13.3 million) was after deducting \$37.6 million in capital grants and contributions from the operating result from continuing operations.

STATEMENT OF CASH FLOWS

Net operating cash flows increased due to:

- early receipt of 2023 grants
- lower payments for materials and services.

This was offset by higher cash outflows from investing activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	421.9	374.8	Externally restricted balances mainly comprise developer contributions, domestic waste management and infrastructure levy.
Restricted and allocated cash, cash equivalents and investments:			Balances are deemed internal allocations due to Council policy or decisions for forward plans including works program.
• External restrictions	242.9	213.2	
• Internal allocations	157.4	153.5	

Debt

At 30 June 2022, Council had \$500,000 in unused bank overdraft facilities and \$100,000 in credit cash facilities.

PERFORMANCE

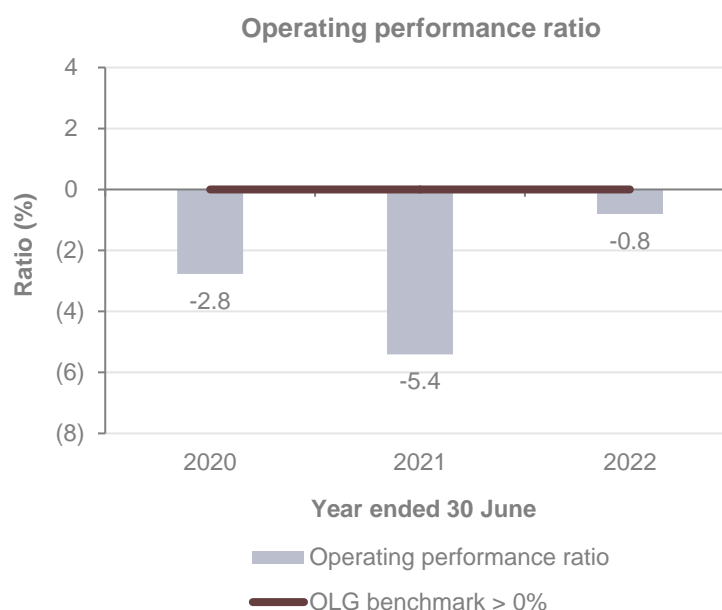
Performance measures

The following section provides an overview of Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment. The 2020 and 2021 ratios were restated to correct a prior period error.

Operating performance ratio

Whilst the ratio has improved it remains below the benchmark.

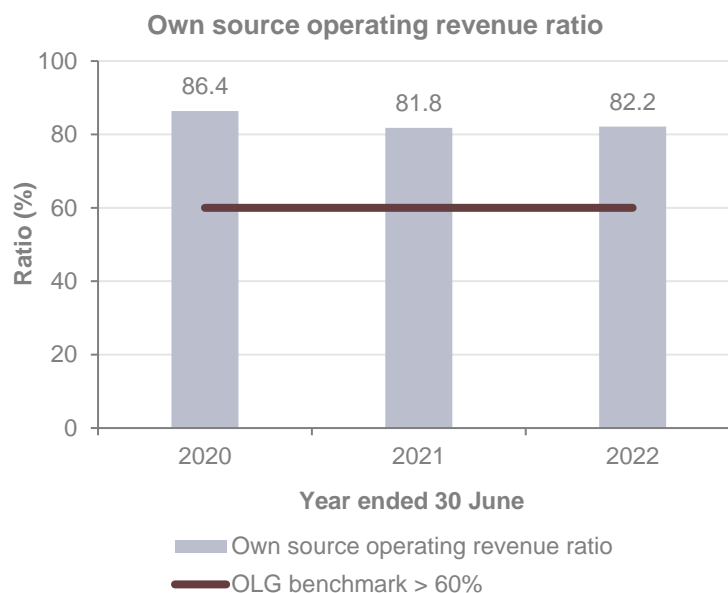
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council continues to exceed the OLG benchmark for the current financial year.

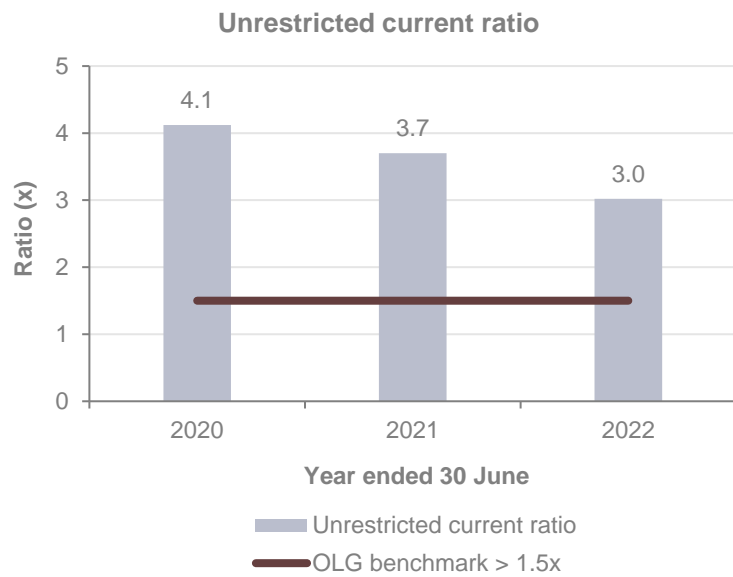
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the OLG benchmark for the current financial year.

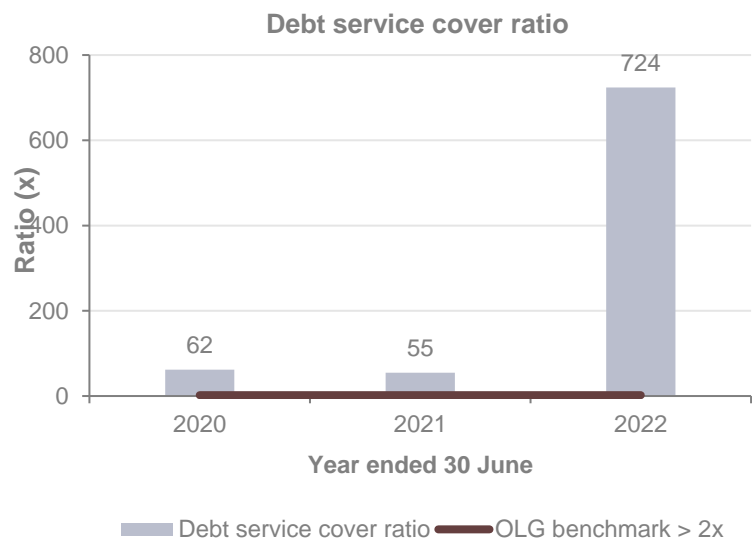
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council has no borrowings and only minor lease commitments, so this is not a relevant performance measure.

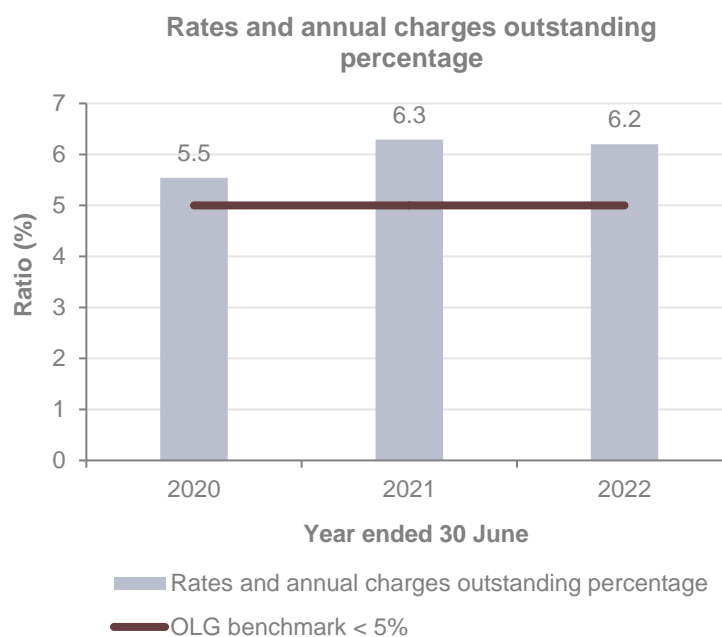
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council is not meeting this benchmark.

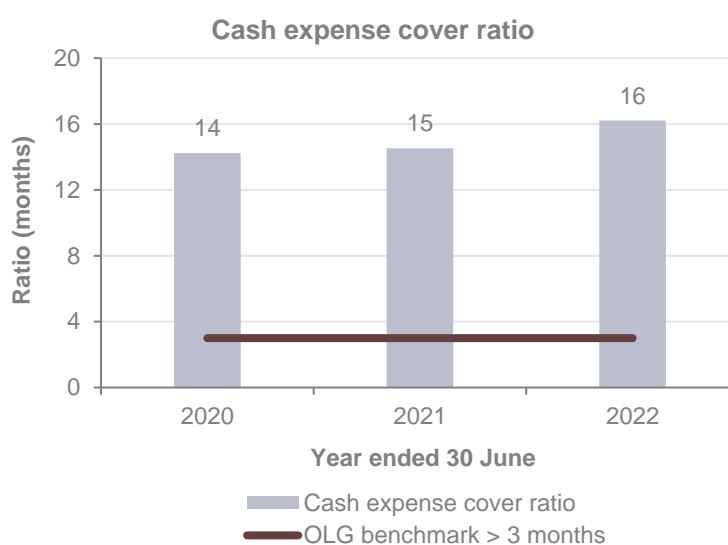
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

Council continues to exceed the OLG benchmark for the current financial year.

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



Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were \$61.1 million in 2021–22 (\$63.1 million in 2020–21), including \$18.6 million on road renewals
- during 2021–22 new asset additions were \$19.8 million (\$27.0 million in 2020–21), which are mainly reported as work in progress as projects were not complete at 30 June 2022.

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.



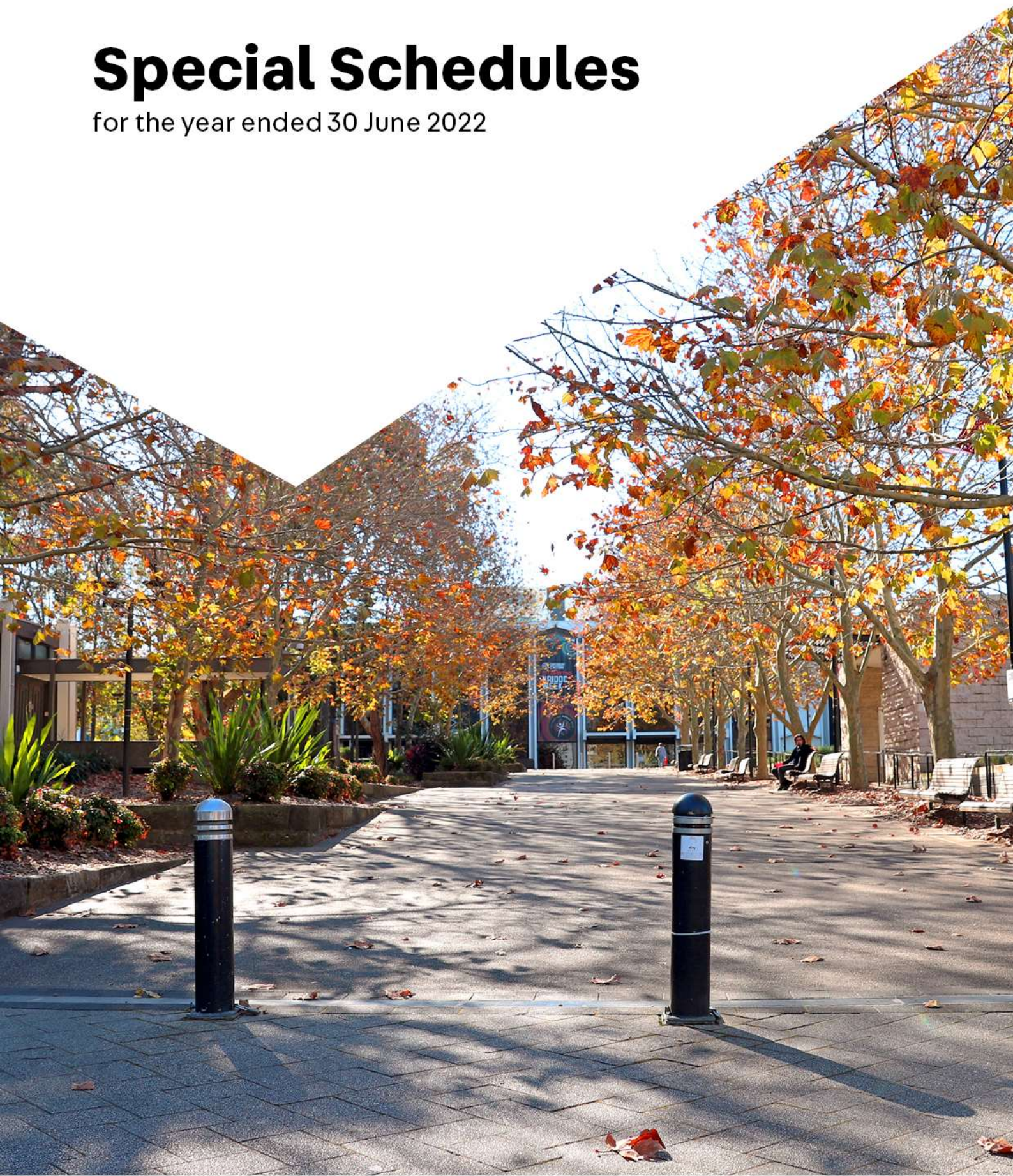
Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



Special Schedules

for the year ended 30 June 2022



Canterbury-Bankstown Council

Special Schedules

for the year ended 30 June 2022

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Canterbury-Bankstown Council

Permissible income for general rates (Merger Councils)

\$ '000	Notes	2021/22 Canterbury	2021/22 Bankstown	2021/22 Canterbury-Banks town Council	2022/23 Canterbury	2022/23 Bankstown	2022/23 Canterbury-Bank stown Council
Notional general income calculation ¹							
Last year notional general income yield	a	72,862	101,449	174,311	75,277	103,720	178,997
Plus or minus adjustments ²	b	90	(28)	62	62	436	498
Notional general income	c = a + b	72,952	101,421	174,373	75,339	104,156	179,495
Permissible income calculation							
Special variation percentage ³	d	2.00%	2.00%		7.80%	7.80%	
Plus special variation amount	h = d x (c + g)	1,459	2,028	3,487	5,876	8,124	14,000
Sub-total	k = (c + g + h + i + j)	74,411	103,449	177,860	81,215	112,280	193,495
Plus (or minus) last year's carry forward total	l	(3)	10	7	(864)	(237)	(1,101)
Less valuation objections claimed in the previous year	m	(7)	(1)	(8)	(12)	(25)	(37)
Sub-total	n = (l + m)	(10)	9	(1)	(876)	(262)	(1,138)
Total permissible income	o = k + n	74,401	103,458	177,859	80,339	112,018	192,357
Less notional general income yield	p	75,277	103,720	178,997	80,418	111,736	192,154
Catch-up or (excess) result	q = o – p	(876)	(262)	(1,138)	(79)	283	204
Plus income lost due to valuation objections claimed	r	12	25	37	(2)	6	4
Carry forward to next year ⁶	t = q + r + s	(864)	(237)	(1,101)	(81)	289	208

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, the Crown land adjustment.
- (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

Canterbury - Bankstown Council

To the Councillors of Canterbury - Bankstown Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Canterbury - Bankstown Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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

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.



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

21 October 2022
SYDNEY

Canterbury-Bankstown Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	6,245	6,245	10,612	9,182	351,442	728,157	2.5%	13.7%	80.4%	3.4%	0.0%
	Sub-total	6,245	6,245	10,612	9,182	351,442	728,157	2.5%	13.7%	80.4%	3.4%	0.0%
Other structures	Other structures	316	316	991	193	49,938	107,860	9.2%	8.3%	81.3%	1.2%	0.0%
	Sub-total	316	316	991	193	49,938	107,860	9.2%	8.3%	81.3%	1.2%	0.0%
Roads	Roads	30,856	30,856	15,195	7,610	1,072,000	1,570,950	6.9%	45.7%	39.8%	7.2%	0.4%
	Bridges	4,104	4,104	659	94	40,157	65,927	1.2%	52.7%	21.2%	24.9%	0.0%
	Footpaths	4,418	4,418	4,734	11,238	201,245	315,567	15.4%	30.2%	48.8%	5.6%	0.0%
	Other road assets (incl. bulk earth works)	489	489	295	182	709,478	718,278	24.3%	31.2%	34.6%	9.7%	0.2%
	Sub-total	39,867	39,867	20,883	19,124	2,022,879	2,670,722	12.4%	40.1%	39.0%	8.1%	0.3%
Stormwater drainage	Stormwater drainage	15,960	15,960	2,089	2,114	493,993	870,431	3.8%	26.0%	63.6%	5.8%	0.8%
	Sub-total	15,960	15,960	2,089	2,114	493,993	870,431	3.8%	26.0%	63.6%	5.8%	0.8%
Open space / recreational assets	Other recreational assets	6,250	6,250	10,891	8,277	123,336	191,680	19.5%	39.1%	29.6%	10.6%	1.2%
	Sub-total	6,250	6,250	10,891	8,277	123,336	191,680	19.5%	39.1%	29.6%	10.6%	1.2%
Total – all assets		68,638	68,638	45,466	38,890	3,041,588	4,568,850	9.4%	32.4%	50.9%	6.9%	0.4%

(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

Canterbury-Bankstown Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicators		Benchmark
\$ '000	2022	2022	Restated 2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	56,611	78.19%	77.54%	62.02%	>= 100.00%
Depreciation, amortisation and impairment	72,400				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	68,638	2.22%	1.86%	1.47%	< 2.00%
Net carrying amount of infrastructure assets	3,096,832				
Asset maintenance ratio					
Actual asset maintenance	38,890	85.54%	89.19%	89.15%	> 100.00%
Required asset maintenance	45,466				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	68,638	1.50%	1.31%	1.03%	
Gross replacement cost	4,568,850				

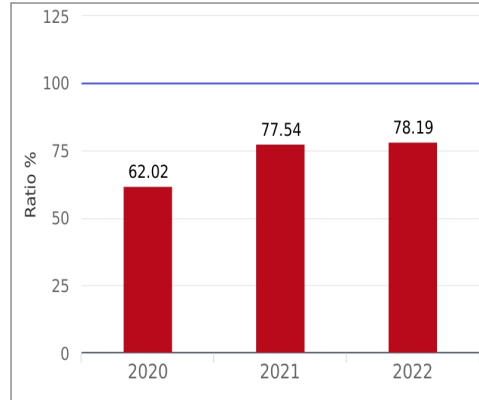
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Canterbury-Bankstown Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

21/22 ratio 78.19%

Council continues to increase its asset renewal funding. Council assets are being managed in accordance with Asset Management Plans.

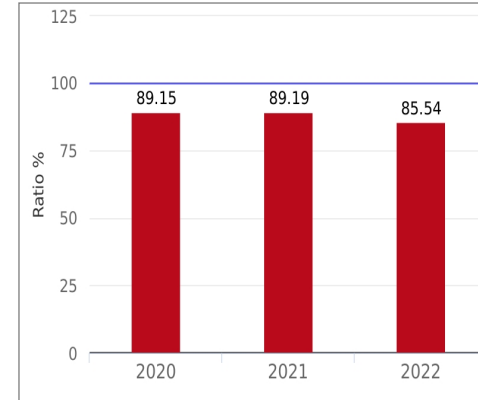
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

21/22 ratio 85.54%

Council's asset maintenance is slightly below the industry benchmark of 100%.

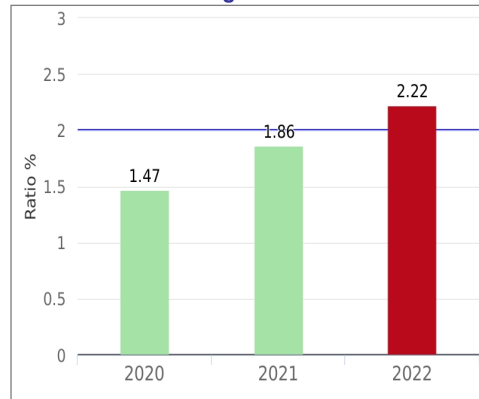
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

21/22 ratio 2.22%

Council has continued to increase funding for renewal and maintenance. In 2022 Council has slightly gone over the industry benchmark of 2%.

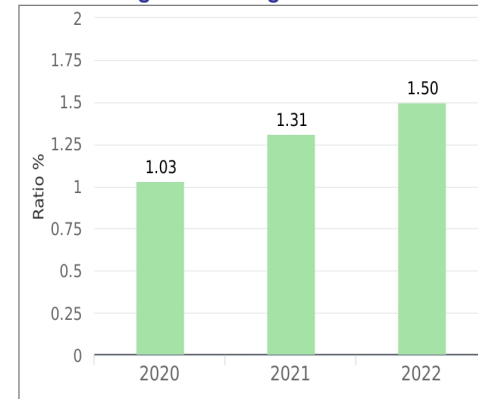
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

21/22 ratio 1.50%

With increased funding for renewal and maintenance, the cost to bring assets to an agreed service level has been increasing over the past three years in line with Asset Management Plans.