

Inner West Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Inner West Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Inner West Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

2-14 Fisher Street
Petersham NSW 2049

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

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

A description of the nature of Council's operations and its principal activities are provided in Note 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.innerwest.nsw.gov.au

Inner West Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report. The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

Inner West 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 06 December 2022.



Darcy Byrne
Mayor

06 December 2022



Philippa Scott
Deputy Mayor

06 December 2022



Peter Gainsford
General Manager

06 December 2022



Daryl Jackson
Responsible Accounting Officer

06 December 2022

Inner West Council

Income Statement

for the year ended 30 June 2022

<i>Original unaudited budget 2022</i>	<i>\$ '000</i>			<i>Actual 2022</i>	<i>Restated Actual 2021</i>
			Notes		
		Income from continuing operations			
161,162	Rates and annual charges		B2-1	162,153	164,733
45,071	User charges and fees		B2-2	41,357	43,144
22,342	Other revenues		B2-3	10,737	17,606
10,006	Grants and contributions provided for operating purposes		B2-4	15,368	14,349
25,054	Grants and contributions provided for capital purposes		B2-4	30,772	26,655
4,205	Interest and investment income		B2-5	2,961	3,243
—	Other income		B2-6	4,654	5,095
267,840	Total income from continuing operations			268,002	274,825
		Expenses from continuing operations			
120,930	Employee benefits and on-costs		B3-1	112,062	113,107
55,699	Materials and services		B3-2	86,184	76,530
979	Borrowing costs		B3-3	970	839
31,983	Depreciation, amortisation and impairment of non-financial assets		B3-4	34,142	36,807
35,984	Other expenses		B3-5	12,154	16,342
1,606	Net loss from the disposal of assets		B4-1	2,462	5,073
247,181	Total expenses from continuing operations			247,974	248,698
20,659	Operating result from continuing operations			20,028	26,127
20,659	Net operating result for the year attributable to Council			20,028	26,127
(4,395)	Net operating result for the year before grants and contributions provided for capital purposes			(10,744)	(528)

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

Inner West Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	<i>Restated 2021</i>
Net operating result for the year – from Income Statement		20,028	26,127
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	122,605	(12,465)
Total items which will not be reclassified subsequently to the operating result		122,605	(12,465)
Total other comprehensive income for the year		122,605	(12,465)
Total comprehensive income for the year attributable to Council		142,633	13,662

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

Inner West 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	75,586	109,106	106,546
Investments	C1-2	154,200	146,144	130,800
Receivables	C1-4	38,401	29,700	24,795
Inventories	C1-5	198	224	193
Contract assets and contract cost assets	C1-6	219	–	1,260
Prepayments		2,838	2,912	2,659
Total current assets		271,442	288,086	266,253
Non-current assets				
Investments	C1-2	124,457	70,296	86,855
Infrastructure, property, plant and equipment (IPPE)	C1-7	2,431,213	2,300,971	2,287,908
Intangible assets	C1-8	6,945	7,496	9,104
Right of use assets	C2-1	836	493	354
Total non-current assets		2,563,451	2,379,256	2,384,221
Total assets		2,834,893	2,667,342	2,650,474
LIABILITIES				
Current liabilities				
Payables	C3-1	44,128	34,266	31,236
Contract liabilities	C3-2	29,009	9,017	3,998
Lease liabilities	C2-1	187	160	191
Borrowings	C3-3	2,600	3,062	3,762
Employee benefit provisions	C3-4	29,850	31,491	31,883
Total current liabilities		105,774	77,996	71,070
Non-current liabilities				
Contract liabilities	C3-2	1,972	3,167	4,174
Lease liabilities	C2-1	661	339	176
Borrowings	C3-3	35,234	37,834	40,897
Employee benefit provisions	C3-4	2,293	1,680	1,493
Total non-current liabilities		40,160	43,020	46,740
Total liabilities		145,934	121,016	117,810
Net assets		2,688,959	2,546,326	2,532,664
EQUITY				
Accumulated surplus		2,382,614	2,362,586	2,336,459
IPPE revaluation reserve		306,345	183,740	196,205
Council equity interest		2,688,959	2,546,326	2,532,664
Total equity		2,688,959	2,546,326	2,532,664

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

Inner West Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated		Restated
Opening balance at 1 July		2,362,586	183,740	2,546,326	2,264,658	196,205	2,460,863
Correction of prior period errors	F4-1	–	–	–	71,801	–	71,801
Restated opening balance		2,362,586	183,740	2,546,326	2,336,459	196,205	2,532,664
Net operating result for the year		20,028	–	20,028	27,983	–	27,983
Correction of prior period errors	F4-1	–	–	–	(1,856)	–	(1,856)
Restated net operating result for the period		20,028	–	20,028	26,127	–	26,127
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	122,605	122,605	–	(12,465)	(12,465)
Other comprehensive income		–	122,605	122,605	–	(12,465)	(12,465)
Total comprehensive income		20,028	122,605	142,633	26,127	(12,465)	13,662
Closing balance at 30 June		2,382,614	306,345	2,688,959	2,362,586	183,740	2,546,326

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

Inner West Council

Statement of Cash Flows

for the year ended 30 June 2022

<i>Original unaudited budget</i>			<i>Actual</i>	<i>Actual</i>
2022	\$ '000	Notes	2022	2021
Cash flows from operating activities				
Receipts:				
161,162	Rates and annual charges		163,537	160,250
45,071	User charges and fees		35,425	43,097
4,205	Interest received		3,329	3,273
35,060	Grants and contributions		62,229	45,483
–	Bonds, deposits and retentions received		3,020	2,038
22,342	Other		26,038	34,817
Payments:				
(120,930)	Payments to employees		(112,691)	(114,240)
(55,699)	Payments for materials and services		(95,430)	(78,887)
(979)	Borrowing costs		(983)	(856)
(35,984)	Other		(9,764)	(25,596)
54,248	Net cash flows from operating activities	G1-1	74,710	69,379
Cash flows from investing activities				
Receipts:				
277,323	Sale of investments		252,284	250,959
2,980	Proceeds from sale of IPPE		1,006	5,593
Payments:				
(254,900)	Purchase of investments		(314,849)	(249,649)
(91,664)	Payments for IPPE		(43,057)	(69,135)
–	Purchase of intangible assets		(353)	(615)
(66,261)	Net cash flows from investing activities		(104,969)	(62,847)
Cash flows from financing activities				
Payments:				
(3,058)	Repayment of borrowings		(3,062)	(3,763)
–	Principal component of lease payments		(199)	(209)
(3,058)	Net cash flows from financing activities		(3,261)	(3,972)
(15,071)	Net change in cash and cash equivalents		(33,520)	2,560
126,660	Cash and cash equivalents at beginning of year		109,106	106,546
111,589	Cash and cash equivalents at end of year	C1-1	75,586	109,106

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

Inner West 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 06 December 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 (NSW)* 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.

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

- Income statement
- Statement of cash flows
- Note B5-1 – Material Budget Variations

A poll has been undertaken on a potential deamalgamation of the Council, a business case has been prepared, and Council has passed a resolution on 6 December 2022 to submit the business case to the Minister for Local Government and the Boundaries Commission for consideration and determination.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) fair values of infrastructure, property, plant and equipment – refer Notes C1-7 and D2.
- (ii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

A1-1 Basis of preparation (continued)

- General purpose operations

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in Trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council is supported by volunteer services in its community support programs. All volunteer services are not material and therefore have not been recognised in the income statement.

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 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.

These standards include:

- **AASB 2020-1 & 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current & Deferral of Effective Date**
- **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments**
- **AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128**
- **AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections**
- **AASB 17 Insurance Contracts and associated amendments**
- **AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities**
- **AASB 2020-7 Amendments to Australian Accounting Standards – Covid -19 Related Rent Concessions: Tier 2 disclosures**
- **AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2**
- **AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (Amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2)**

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.

	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>\$ '000</i>				<i>Restated</i>		<i>Restated</i>				<i>Restated</i>
Functions or activities										
Children and Family Services	16,453	16,444	18,560	17,652	(2,107)	(1,208)	1,754	2,130	318	–
Community Events	14	(4)	3,320	2,953	(3,306)	(2,957)	–	–	–	–
Community Services and Culture	796	896	8,212	8,132	(7,416)	(7,236)	379	507	–	–
Corporate Support Services	142,461	142,439	63,543	73,933	78,918	68,506	9,421	10,320	1,151,967	1,108,957
Development Assessment	4,912	4,928	6,170	6,675	(1,258)	(1,747)	250	–	–	–
Environment and Sustainability	55	881	3,691	3,528	(3,636)	(2,647)	43	594	–	–
Footpaths, Roads, Traffic and Stormwater	35,448	32,208	44,506	42,781	(9,058)	(10,573)	25,060	20,684	1,095,928	1,023,753
Library and History Services	683	768	10,668	10,480	(9,985)	(9,712)	592	568	–	–
Recreation and Aquatics	10,463	10,953	15,514	15,383	(5,051)	(4,430)	–	–	84,920	80,851
Regulatory Services	10,541	15,503	11,839	14,683	(1,298)	820	–	–	3,867	3,503
Resource Recovery	36,724	41,015	34,576	33,295	2,148	7,720	1,000	–	3,545	3,538
Strategic Planning	1,136	1,759	5,847	5,063	(4,711)	(3,304)	207	757	–	–
Trees, Parks and Sportsfields	8,316	7,035	21,528	14,140	(13,212)	(7,105)	7,434	5,444	381,075	376,795
Other	–	–	–	–	–	–	–	–	113,273	69,945
Total functions and activities	268,002	274,825	247,974	248,698	20,028	26,127	46,140	41,004	2,834,893	2,667,342

B1-2 Components of functions or activities

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

Children and Family Services

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

Community Events

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

Community Services and Culture

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

Corporate Support Services

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

Development Assessment

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

Environment and Sustainability

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

Footpaths, Roads, Traffic and Stormwater

- Plan, design and construct infrastructure
- Maintain and manage infrastructure:
 - Road pavements
 - Roadside furniture
 - Kerb and gutter
 - Footpaths
 - Cycleways
 - Bridges
 - Streetscape
 - Road reserve signage and pavement markings
 - Stormwater drainage
 - Traffic facilities and devices
 - Public carparks

B1-2 Components of functions or activities (continued)

Library and History Services

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

Recreation and Aquatics

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

Regulatory Services

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

Resource Recovery

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

Strategic Planning

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

Trees, Parks and Sportsfields

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

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2022	2021
Ordinary rates			
Residential	2	89,558	87,282
Business	2	36,593	35,958
Less: pensioner rebates (mandatory)	2	(1,683)	(1,728)
Rates levied to ratepayers		124,468	121,512
Pensioner rate subsidies received	2	942	938
Total ordinary rates		125,410	122,450
Special rates			
Environmental levy	2	–	270
Urban street	2	–	157
Total special rates		–	427
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	2	37,701	43,328
Stormwater management services	2	1,782	1,778
Section 611 charges	2	128	133
Less: pensioner rebates (Council policy)	2	(2,868)	(3,383)
Total annual charges		36,743	41,856
Total rates and annual charges		162,153	164,733

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 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.

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.

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

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	198	212
Waste management services (non-domestic)	2	441	462
Total specific user charges		639	674
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other	2	927	948
Private works – section 67	2	2,653	2,802
Regulatory/ statutory fees	2	816	818
Section 10.7 certificates (EP&A Act)	2	558	561
Town planning	2	5,363	5,535
Building services	2	8	5
Regulatory – compliance	2	1,292	1,598
Regulatory fees – other	2	190	142
Total fees and charges – statutory/regulatory		11,807	12,409
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Child care	1	14,712	14,326
Community centres	1	359	225
Leisure centre	1	3,779	3,758
Park rents	1	1,041	1,603
Parking fees	2	2,183	3,347
Hoarding fees	2	1,295	1,119
Meals on wheels	2	–	62
Pool (admissions)	1	5,524	5,610
Other	2	18	11
Total fees and charges – other		28,911	30,061
Total other user charges and fees		40,718	42,470
Total user charges and fees		41,357	43,144
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		25,415	20,606
User charges and fees recognised at a point in time (2)		15,942	22,538
Total user charges and fees		41,357	43,144

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 over the term of the licence.

B2-3 Other revenues

\$ '000	<i>Timing</i>	2022	2021
Ex gratia rates	2	329	378
Fines – parking	2	8,594	12,093
Fines – other	2	386	1,641
Legal fees recovery – other	2	(210)	963
Diesel rebate	2	37	38
Recycling income (non-domestic)	2	71	217
Credit card transaction fee	2	84	88
Other	2	476	1,164
Bus shelter income	2	970	1,024
Donations Received	2	–	–
Total other revenue		10,737	17,606

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	10,737	17,606
Total other revenue	10,737	17,606

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				
Relating to current year	3,024	2,656	–	–
Prepayment received in advance for subsequent year	4,649	2,844	–	–
Amount recognised as income during current year	7,673	5,500	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aged care	–	129	–	–
Bushfire and emergency services	2,037	811	–	–
Child care	1,882	2,263	–	–
Community services	162	162	–	–
Environmental programs	227	909	–	–
Floodplain management	32	–	–	–
LEP/DCP	–	500	–	–
Library – per capita	–	568	–	–
Library	591	–	–	–
LIRS subsidy	73	93	–	–
Local Roads and Community Infrastructure Program	–	–	2,925	771
Recreation and culture	1	1,565	3,146	4,246
Street lighting	665	665	–	–
Transport (other roads and bridges funding)	1,727	1,108	3,098	2,232
Transport (roads to recovery)	–	–	857	857
Urban Amenity Improvement Program	–	–	8,198	7,763
Other specific grants	288	76	2,548	890
Total special purpose grants and non-developer contributions – cash	7,685	8,849	20,772	16,759
Non-cash contributions				
Recreation and culture	–	–	1,081	–
Other	–	–	–	1,441
Total other contributions – non-cash	–	–	1,081	1,441
Total special purpose grants and non-developer contributions (tied)	7,685	8,849	21,853	18,200
Total grants and non-developer contributions	15,358	14,349	21,853	18,200
Comprising:				
– Commonwealth funding	8,498	6,592	3,782	1,935
– State funding	5,631	7,189	16,902	12,805
– Other funding	1,229	568	1,169	3,460
	15,358	14,349	21,853	18,200

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		10	–	2,130	1,580
S 7.11 – contributions towards amenities/services		–	–	6,789	6,875
Total developer contributions – cash		10	–	8,919	8,455
Total developer contributions		10	–	8,919	8,455
Total contributions		10	–	8,919	8,455
Total grants and contributions		15,368	14,349	30,772	26,655
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		49	1,580	8,712	7,763
Grants and contributions recognised at a point in time		15,319	12,769	22,060	18,892
Total grants and contributions		15,368	14,349	30,772	26,655

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	4,058	6,005	4,214	1,526
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,057	1,024	2,534	3,831
Less: Funds received in prior year but revenue recognised and funds spent in current year	(991)	(2,971)	(262)	(1,143)
Transfer: Amounts re-classified as capital grants	–	–	–	–
Unspent funds at 30 June	4,124	4,058	6,486	4,214

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 the provisioning of public artworks on non-Council owned property. 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 childcare 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.

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

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)	778	438
– Cash and investments	694	1,758
– Other	1,837	952
Amortisation of premiums and discounts		
– Movements in investments at fair value through profit and loss	(348)	95
Total interest and investment income (losses)	2,961	3,243

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
Rental income			
Other lease income			
Leaseback fees - council vehicles		533	540
Other Council Properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		4,117	4,519
Lease income relating to variable lease payments not dependent on an index or a rate		4	36
Total other lease income		4,654	5,095
Total rental income	C2-2	4,654	5,095
Total other income		4,654	5,095

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	90,977	88,498
Employee termination costs	182	2,234
Employee leave entitlements (ELE)	7,030	9,559
Superannuation	10,164	9,874
Workers' compensation insurance	2,743	2,141
Fringe benefit tax (FBT)	663	546
Other	771	741
Total employee costs	112,530	113,593
Less: capitalised costs	(468)	(486)
Total employee costs expensed	112,062	113,107
Number of 'full-time equivalent' employees (FTE) at year end	1,113	1,013

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, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Cost of sales		213	234
Raw materials and consumables		6,318	6,911
Agency Staff		7,345	5,175
Consultants		3,186	2,391
Contractors		33,121	28,793
Legal Fees		1,248	735
IT Expenses		6,051	6,399
Insurance		2,819	2,503
Street lighting		1,228	1,131
Electricity		3,156	2,788
Election expenses		1,137	–
Subscriptions and publications		821	789
Telephone and communications		500	648
Postage, Printing and stationery		846	715
Vehicle Costs		1,748	1,823
Bank charges		662	732
Audit Fees	E2-1	505	462
Councillor and Mayoral fees and associated expenses	E1-2	526	562
Water rates		1,101	754
Tipping fees		10,433	9,510
Gas		377	525
Other expenses		1,537	1,786
Expenses from short-term leases		122	159
Expenses from leases of low value assets		1,184	1,006
Variable lease expense relating to usage		–	(1)
Total materials and services		86,184	76,530
Total materials and services		86,184	76,530

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2022	2021
(i) Interest bearing liability costs		
Interest on leases	10	6
Interest on loans	960	833
Total interest bearing liability costs	970	839
Total interest bearing liability costs expensed	970	839
Total borrowing costs expensed	970	839

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 <i>Restated</i>
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	33,033	35,355
Right of use assets	C2-1	205	202
Intangible assets	C1-8	904	1,250
Total depreciation and amortisation costs		34,142	36,807
Total depreciation, amortisation and impairment for non-financial assets		34,142	36,807

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets, Note C1-9 for intangible assets and Note C2-1 for right of use assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are 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	C1-4	215	3,569
Donations, contributions and assistance to other organisations (Section 356)		1,539	1,250
Contributions/levies to other levels of government			
– NSW fire brigade levy		3,985	4,397
– Self Enforcing Infringement Notice Scheme (SEINS) processing fees		1,184	1,720
– Waste levy		5,231	5,406
Total other expenses		12,154	16,342

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	C1-7		
Proceeds from disposal		1,006	5,593
Less: carrying amount of infrastructure, property, plant and equipment		(3,468)	(10,666)
Gain (or loss) on disposal		(2,462)	(5,073)
Gain (or loss) on disposal of intangible assets	C1-8		
Proceeds from disposal		-	-
Gain (or loss) on disposal		-	-
Net gain (or loss) from disposal of assets		(2,462)	(5,073)

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 22/06/2021 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	161,162	162,153	991	1% F
User charges and fees	45,071	41,357	(3,714)	(8)% U
Due to COVID-19 outbreak in July 2021 to October 2021, revenues were significantly reduced for parking meters, aquatic services and child care fees due to lower utilisation in this period.				
Other revenues	22,342	10,737	(11,605)	(52)% U
Due to COVID-19 outbreak in July 2021 to October 2021, fines received from parking infringements were significantly reduced in this period.				
Operating grants and contributions	10,006	15,368	5,362	54% F
Financial Assistance Grant for 2022/23 financial year received in advance and one off \$1m flood recovery grant in relation to the floods in NSW in February 2022				
Capital grants and contributions	25,054	30,772	5,718	23% F
LRCI and other grants received in the financial year that was not included in the budget.				
Interest and investment revenue	4,205	2,961	(1,244)	(30)% U
Lower than expected returns on investments due to reserve balances being lower than budgeted as debt recovery was paused for relief of COVID-19.				
Other income	—	4,654	4,654	∞ F
Expenses				
Employee benefits and on-costs	120,930	112,062	8,868	7% F
Materials and services	55,699	86,184	(30,485)	(55)% U
\$20M adjustment as a result of reclassification of natural accounts from Other Expenses to Materials and Services . Other overspend relates to higher cleaning costs due to increase service from COVID-19 and over expenditure in relation to agency costs which is offset by savings in employee costs.				
Borrowing costs	979	970	9	1% F
Depreciation, amortisation and impairment of non-financial assets	31,983	34,142	(2,159)	(7)% U
Other expenses	35,984	12,154	23,830	66% F
Refer to the explanation provided for 'Materials and Services' section				
Net losses from disposal of assets	1,606	2,462	(856)	(53)% U

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----
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Higher than expected losses from assets due to the asset revaluation completed for the 2021/22 financial year.

Statement of cash flows

Cash flows from operating activities	54,248	74,710	20,462	38%	F
Increase in operating and capital grants received offset by increase in expenditure of materials and services compared to budget.					
Cash flows from investing activities	(66,261)	(104,969)	(38,708)	58%	U
This is due to the higher level of purchase of investments in 2022/23 financial year					
Cash flows from financing activities	(3,058)	(3,261)	(203)	7%	U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	75,586	109,106
Total cash and cash equivalents	75,586	109,106

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
Financial assets at fair value through the profit and loss				
Mortgage backed securities	–	1,058	–	1,089
Other long term financial assets	–	2,899	–	3,257
Total	–	3,957	–	4,346
Debt securities at amortised cost				
Term deposits	142,000	7,000	112,000	11,000
NCD's, FRN's (with maturities > 3 months)	12,200	102,200	8,500	46,650
Fixed bonds (ADIs)	–	11,300	25,644	8,300
Total	154,200	120,500	146,144	65,950
Total financial investments	154,200	124,457	146,144	70,296

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

C1-2 Financial investments (continued)

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits, floating rate notes, fixed rate notes and cash and cash equivalents in the statement of financial position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

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

Council's financial assets measured at fair value through profit or loss comprise investments in Mortgage-Backed Securities & an investment in CivicRisk Mutual in the Statement of Financial Position.

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	354,243	325,546
Less: Externally restricted cash, cash equivalents and investments	(119,407)	(114,965)
Cash, cash equivalents and investments not subject to external restrictions	234,836	210,581

External restrictions

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

Developer contributions – general	66,466	63,574
Specific purpose unexpended grants (recognised as revenue) – general fund	10,610	8,272
Stormwater management	2,848	1,738
Watershed	–	60
Special Rate Variation Income	11,870	9,336
Mainstreet levy	240	240
3.5% levy reserve	1,121	1,121
Domestic waste management	26,252	30,624
Total external restrictions	119,407	114,965

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.

\$ '000	2022	2021
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	234,836	210,581
Less: Internally restricted cash, cash equivalents and investments	(214,107)	(182,963)
Unrestricted and unallocated cash, cash equivalents and investments	20,729	27,618

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	15,830	14,927
Deposits, retentions and bonds	23,303	20,238
Financial Assistance Grant reserve	4,649	2,844
Investment Property Reserve	80,907	80,907
Infrastructure Renewal Reserve	19,446	19,446
Depreciation Contra Reserve	69,972	44,601
Total internal allocations	214,107	182,963

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

\$ '000	2022	2021
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	20,729	27,618
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C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	13,935	–	15,168	–
Interest and extra charges	641	–	325	–
User charges and fees	21,528	–	9,801	–
Accrued revenues				
– Interest on investments	297	–	618	–
– Other income accruals	(1,306)	–	269	–
Fines	4,999	–	4,602	–
Net GST receivable	1,718	–	2,312	–
Other receivables	76	–	76	–
Total	41,888	–	33,171	–
Less: provision for impairment				
Rates and annual charges	(503)	–	(782)	–
Interest and extra charges	(31)	–	(16)	–
User charges and fees	(1,822)	–	(1,575)	–
Fines	(1,131)	–	(1,098)	–
Total provision for impairment – receivables	(3,487)	–	(3,471)	–
Total net receivables	38,401	–	29,700	–

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	3,471	5,717
+ new provisions recognised during the year	2,328	3,397
– amounts already provided for and written off this year	(2,312)	(5,643)
Balance at the end of the year	3,487	3,471

C1-4 Receivables (continued)

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 the ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

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 (i.e. these charges are secured against the property). 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.

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

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

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores, materials and trading stock	198	–	224	–
Total inventories at cost	198	–	224	–
Total inventories	198	–	224	–

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 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	219	–	–	–
Total contract assets and contract cost assets	219	–	–	–

Contract assets

Work relating to infrastructure grants	219	–	–	–
Total contract assets	219	–	–	–

Accounting policy

Contract assets

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

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

C1-7 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/transfers renewals ¹	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	69,308	–	69,308	(13,081)	(14,999)	–	–	44,036	(19)	–	–	85,245	–	85,245
Plant and equipment	26,984	(17,823)	9,161	3,508	–	(520)	(2,706)	–	–	–	–	29,342	(19,899)	9,443
Office equipment	4,156	(3,002)	1,154	–	58	–	(339)	–	–	–	–	4,246	(3,373)	873
Furniture and fittings	2,167	(1,684)	483	–	–	–	(129)	–	–	–	–	2,167	(1,813)	354
Land:														
- Crown Land	95,338	–	95,338	–	–	–	–	–	9,792	–	–	105,130	–	105,130
– Operational land	394,950	–	394,950	–	–	–	–	–	–	–	–	394,950	–	394,950
– Community land	162,352	–	162,352	–	–	–	–	–	(9,792)	–	–	152,560	–	152,560
Land improvements – non-depreciable	4,286	–	4,286	–	–	–	–	–	–	–	–	4,286	–	4,286
Land improvements – depreciable	124,396	(38,029)	86,367	1,207	6,852	(751)	(3,966)	–	–	–	–	130,586	(40,877)	89,709
Car parks – non-depreciable	3,547	–	3,547	–	–	–	–	–	–	–	14,167	17,714	–	17,714
Car parks – depreciable	13,128	(3,451)	9,677	124	–	(25)	(213)	–	–	(2,411)	–	10,786	(3,634)	7,152
Infrastructure:														
– Buildings	378,002	(106,971)	271,031	–	–	–	(7,910)	45	–	–	–	378,047	(114,881)	263,166
– Roads	361,126	(178,613)	182,513	4,333	25	(658)	(7,290)	–	(1,322)	–	46,909	426,804	(202,293)	224,511
– Bridges	15,995	(5,881)	10,114	–	–	–	(180)	–	–	–	–	15,995	(6,061)	9,934
– Footpaths	133,763	(40,811)	92,952	988	–	(293)	(1,708)	–	–	–	48,957	229,390	(88,494)	140,896
– Kerb and gutter	195,618	(79,536)	116,082	547	–	(321)	(1,519)	–	–	–	17,710	224,359	(91,860)	132,499
– Other road assets (including bulk earthworks)	54,484	(12,086)	42,398	–	–	–	(2,294)	–	1,340	(12,422)	–	35,520	(6,498)	29,022
– Bulk earthworks (non-depreciable)	516,148	–	516,148	–	–	–	–	–	–	–	9,695	525,843	–	525,843
– Sea walls	37,424	(12,757)	24,667	758	29	–	(369)	–	–	–	–	38,211	(13,126)	25,085
– Wharves	6,077	(2,291)	3,786	1,247	–	(666)	(61)	–	–	–	–	6,374	(2,069)	4,305
– Stormwater drainage	178,177	(57,910)	120,267	369	946	(88)	(1,423)	–	–	–	–	179,340	(59,269)	120,071
– Aquatic Centres	95,529	(14,677)	80,852	–	6,583	–	(2,515)	–	–	–	–	102,112	(17,192)	84,920
Other assets:														
– Domestic waste vehicles	4,996	(1,458)	3,538	–	564	(146)	(411)	–	–	–	–	5,244	(1,699)	3,545
Total infrastructure, property, plant and equipment	2,877,951	(576,980)	2,300,971	–	58	(3,468)	(33,033)	44,081	(1)	(14,833)	137,438	3,104,251	(673,038)	2,431,213

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions/transfers renewals ¹	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000	Restated	Restated	Restated								Restated	Restated	Restated
Capital work in progress	75,283	–	75,283	(65,830)	(11,492)	–	–	71,347	–	–	69,308	–	69,308
Plant and equipment	28,929	(18,108)	10,821	–	3,483	(2,165)	(2,976)	–	–	–	26,984	(17,823)	9,161
Office equipment	3,562	(2,584)	978	–	389	–	(418)	–	205	–	4,156	(3,002)	1,154
Furniture and fittings	2,167	(1,548)	619	–	–	–	(136)	–	–	–	2,167	(1,684)	483
Land:													
– Operational land	–	–	–	–	–	–	–	–	–	–	394,950	–	394,950
– Community land	–	–	–	–	–	–	–	–	–	–	162,352	–	162,352
– Crown land	665,519	–	665,519	–	–	(1,294)	–	–	–	(11,585)	95,338	–	95,338
Land improvements – non-depreciable	4,286	–	4,286	–	–	–	–	–	–	–	4,286	–	4,286
Land improvements – depreciable	114,901	(34,530)	80,371	8,088	2,029	(370)	(3,751)	–	–	–	124,396	(38,029)	86,367
Car parks – non-depreciable	3,547	–	3,547	–	–	–	–	–	–	–	3,547	–	3,547
Car parks – depreciable	11,215	(3,229)	7,986	1,913	–	–	(222)	–	–	–	13,128	(3,451)	9,677
Infrastructure:													
– Buildings	375,567	(99,920)	275,647	5,023	2,561	(3,318)	(8,882)	–	–	–	378,002	(106,971)	271,031
– Roads	360,051	(173,588)	186,463	3,774	317	(436)	(7,605)	–	–	–	361,126	(178,613)	182,513
– Bridges	15,995	(5,023)	10,972	–	–	–	(818)	–	–	(40)	15,995	(5,881)	10,114
– Footpaths	131,346	(40,206)	91,140	5,172	392	(1,441)	(2,311)	–	–	–	133,763	(40,811)	92,952
– Other road assets (including bulk earthworks)	54,354	(10,336)	44,018	130	–	–	(1,751)	–	–	–	54,484	(12,086)	42,398
– Bulk earthworks (non-depreciable)	516,148	–	516,148	–	–	–	–	–	–	–	516,148	–	516,148
– Stormwater drainage	178,105	(56,439)	121,666	72	–	–	(1,471)	–	–	–	178,177	(57,910)	120,267
– Aquatic Centres	55,124	(12,671)	42,453	40,823	–	(336)	(2,088)	–	–	–	95,529	(14,677)	80,852
– Kerb and gutter	195,803	(78,511)	117,292	835	63	(683)	(1,425)	–	–	–	195,618	(79,536)	116,082
– Sea walls	37,424	(10,951)	26,473	–	–	–	(966)	–	–	(840)	37,424	(12,757)	24,667
– Wharves	6,077	(2,209)	3,868	–	–	–	(82)	–	–	–	6,077	(2,291)	3,786
Other assets:													
– Domestic waste vehicles	4,511	(2,154)	2,357	–	2,258	(623)	(454)	–	–	–	4,996	(1,458)	3,538
Total infrastructure, property, plant and equipment	2,839,914	(552,007)	2,287,907	–	–	(10,666)	(35,356)	71,347	205	(12,465)	2,877,951	(576,980)	2,300,971

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

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

Accounting policy

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	Property Assets	Years
Office equipment	5 to 20	Buildings	9 to 190
Office furniture	2 to 10	Aquatic Centres	10 to 120
Plant and Fleet	2 to 10		
Domestic Waste Vehicles	3 to 10	Play Spaces and Sporting Fields	Years
		Land Improvements Parks (Depreciable)	5 to 124
Transport Assets	Years	Seawalls	20 to 141
Roads	25 to indefinite	Wharves	20 to 80
Road Formation/Bulk Earthworks	Not depreciable		
Bridges	15 to 162		
Footpaths	10 to 80		
Kerb and Gutter	30 to 200		
Traffic Devices	20 to 80		
Other Road assets	5 to 100		
Car Parks (Non Depreciable)	Not Depreciable		
Car Parks (Depreciable)	25 to Indefinite		
Stormwater Drainage	15 - 196		

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 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the 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.

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

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

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	7,991	4,065
Accumulated amortisation	(2,041)	(841)
Software work in progress (WIP) balance	1,951	5,880
Net book value – opening balance	7,901	9,104
Movements for the year		
Other movements	(52)	–
- Transfers to other asset classes	–	(169)
Purchases	–	615
Amortisation charges	(904)	(1,250)
Net book value written off	–	(804)
Closing values at 30 June		
Gross book value	7,902	7,991
Accumulated amortisation	(2,909)	(2,041)
Software work in progress (WIP) balance	1,952	1,546
Total software – net book value	6,945	7,496
Total intangible assets – net book value	6,945	7,496

Accounting policy

IT development and software

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

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

C2 Leasing activities

C2-1 Council as a lessee

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

Buildings

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

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

Plant & Equipment

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

Office and IT equipment

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

Extension options

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

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

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

(a) Right of use assets

\$ '000	<i>Plant & Equipment</i>	<i>Buildings</i>	<i>Office & IT Equipment</i>	<i>Total</i>
2022				
Opening balance at 1 July	458	8	27	493
Additions to right-of-use assets	–	329	219	548
Depreciation charge	(142)	(19)	(44)	(205)
Balance at 30 June	316	318	202	836
2021				
Opening balance at 1 July	132	154	68	354
Additions to right-of-use assets	498	–	–	498
Adjustments to right-of-use assets due to re-measurement of lease liability	–	(131)	(26)	(157)
Depreciation charge	(172)	(15)	(15)	(202)
Balance at 30 June	458	8	27	493

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	187	661	160	339
Total lease liabilities	187	661	160	339

(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	187	661	–	848	848
2021					
Cash flows	160	339	–	499	499

(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	10	6
Variable lease payments based on usage not included in the measurement of lease liabilities	–	(1)
Depreciation of right of use assets	205	202
Expenses relating to short-term leases	122	159
Expenses relating to low-value leases	1,184	1,006
	1,521	1,372

(e) Statement of Cash Flows

Total cash outflow for leases	(208)	(209)
	(208)	(209)

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?

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

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

C2-1 Council as a lessee (continued)

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

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note c1-7) in the Statement of Financial Position.

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

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

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

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	4,117	4,519
Lease income relating to variable lease payments not dependent on an index or a rate	4	36
Leaseback fees - council vehicles	533	540
Total income relating to operating leases for Council assets	4,654	5,095

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

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

< 1 year	1,147	1,147
1–2 years	1,147	1,147
2–3 years	730	1,147
3–4 years	–	730
Total undiscounted lease payments to be received	3,024	4,171

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.

C2-2 Council as a lessor (continued)

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
Prepaid rates	2,216	–	1,786	–
Goods and services – operating expenditure	10,989	–	7,692	–
Accrued expenses:				
– Borrowings	287	–	300	–
– Salaries and wages	1,387	–	923	–
– Other expenditure accruals	5,774	–	3,060	–
Security bonds, deposits and retentions	22,943	–	19,923	–
Other	532	–	582	–
Total payables	44,128	–	34,266	–

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	14,224	12,329
Total payables	14,224	12,329

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	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	21,130	–	4,358	–
Total grants received in advance	21,130	–	4,358	–
Income in Advance	7,879	1,972	4,659	3,167
Total user fees and charges received in advance	7,879	1,972	4,659	3,167
Total contract liabilities	29,009	1,972	9,017	3,167

(i) Council has received funding to construct transport assets. The funds received are under an enforceable contract which requires Council to construct assets which will be under Council's control on completion. The revenue is recognized as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognized as revenue. The revenue is expected to be recognized in the next 12 months.

Accounting policy

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

C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	2,600	35,234	3,062	37,834
Total borrowings	2,600	35,234	3,062	37,834

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	Closing balance
Loans – secured	40,896	(3,062)	–	–	–	–	37,834
Lease liability (Note C2-1b)	499	349	–	–	–	–	848
Total liabilities from financing activities	41,395	(2,713)	–	–	–	–	38,682

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	Closing balance
Loans – secured	44,659	(3,763)	–	–	–	–	40,896
Lease liability (Note C2-1b)	367	(209)	498	–	–	(157)	499
Total liabilities from financing activities	45,026	(3,972)	498	–	–	(157)	41,395

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	274	274
Total financing arrangements	1,274	1,274
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	274	274
Total undrawn financing arrangements	1,274	1,274

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

C3-3 Borrowings (continued)

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

C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	9,778	–	9,487	–
Sick leave	208	–	391	–
Long service leave	17,133	2,157	19,006	1,588
Other leave	542	–	483	–
ELE on-costs	2,189	136	2,124	92
Total employee benefit provisions	29,850	2,293	31,491	1,680

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 – employees benefits	21,089	22,248
	21,089	22,248

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	75,586	109,106	75,586	109,106
Receivables	38,401	27,389	38,401	27,389
Investments				
– Debt securities at amortised cost	274,700	212,094	274,700	219,239
Fair value through profit and loss				
Investments				
– Held for trading	1,058	1,090	1,058	1,089
Other financial assets	2,899	3,257	2,899	3,257
Total financial assets	392,644	352,936	392,644	360,080
Financial liabilities				
Payables	44,128	32,480	44,128	32,480
Loans/advances	37,834	40,896	37,834	40,896
Total financial liabilities	81,962	73,376	81,962	73,376

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

(a) Market risk – 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	399	315
Impact of a 10% movement in price of investments		
– Equity / Income Statement	27,866	21,644

(b) Credit risk

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2022				
Gross carrying amount	–	10,451	3,484	13,935
2021				
Gross carrying amount	–	11,658	3,510	15,168

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	<i>Not yet overdue</i>	<i>0 - 30 days</i>	<i>Overdue debts</i>			<i>Total</i>
			<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>> 91 days</i>	
2022						
Gross carrying amount	5,931	5,844	4,250	4,284	7,863	28,172
Expected loss rate (%)	1.00%	1.00%	3.00%	23.00%	43.00%	16.37%
2021						
Gross carrying amount	3,304	3,255	2,367	2,386	4,380	15,692
Expected loss rate (%)	1.00%	1.00%	3.00%	23.00%	43.00%	16.37%

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	22,943	–	–	–	22,943	44,128
Borrowings	4.86%	–	2,600	10,069	25,165	37,834	37,834
Total financial liabilities		22,943	2,600	10,069	25,165	60,777	81,962
2021							
Payables	0.00%	19,923	13,882	–	–	33,805	32,480
Borrowings	4.45%	–	3,062	8,911	28,923	40,896	40,896
Total financial liabilities		19,923	16,944	8,911	28,923	74,701	73,376

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investments

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

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

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

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

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

D2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021 Restated	2022	2021 Restated
\$ '000	Notes						
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		3,957	3,988	–	–	3,957	3,988
Total financial assets		3,957	3,988	–	–	3,957	3,988
Infrastructure, property, plant and equipment							
	C1-7						
Crown Land		–	–	105,130	95,338	105,130	95,338
Operational land		394,950	394,950	–	–	394,950	394,950
Community land		–	–	152,560	162,352	152,560	162,352
Land improvements – non-depreciable		–	–	4,286	4,286	4,286	4,286
Land improvements – depreciable		–	–	89,709	86,367	89,709	86,367
Car parks – non-depreciable		–	–	17,714	3,547	17,714	3,547
Car parks – depreciable		–	–	7,152	9,677	7,152	9,677
Buildings		–	–	263,166	271,031	263,166	271,031
Roads		–	–	224,511	182,513	224,511	182,513
Bridges		–	–	9,934	10,114	9,934	10,114
Footpaths		–	–	140,896	92,952	140,896	92,952
Kerb and Gutter		–	–	132,499	116,082	132,499	116,082
Other road assets		–	–	29,021	42,398	29,021	42,398
Bulk earthworks (non-depreciable)		–	–	525,843	516,148	525,843	516,148
Sea walls		–	–	25,085	24,667	25,085	24,667
Wharves		–	–	4,305	3,786	4,305	3,786
Stormwater drainage		–	–	120,071	120,267	120,071	120,267
Aquatic Centres		–	–	84,920	80,852	84,920	80,852
Total infrastructure, property, plant and equipment		394,950	394,950	1,936,802	1,822,377	2,331,752	2,217,327

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Buildings -Non-Specialised and Specialised

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

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

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

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

Community & Crown Land

D2-1 Fair value measurement (continued)

Valuation of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General as at 30th June 2019. As these rates were not considered to be observable market evidence they have been classified as Level 3.

Operational Land

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

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

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

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

Transport Assets

Council undertook the valuation of the transport assets (roads, footpaths, kerb&gutter and other road assets) as at 30 June 2022. The valuation was conducted by the Infrastructure Management Group Pty Ltd.

All infrastructure assets were valued using Level 3 valuation inputs using the cost approach. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and considering a range of factors.

While the unit rates are based on quantitative dimensional units such as square metres or lineal metres and can be supported from market evidence (level 2) other inputs (such as estimates of useful lives, remaining life profiles and asset conditions) required extensive professional judgement which impacts significantly on the final determination of the assets fair value.

All assets valued at fair value are being used for their highest and best use.

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

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

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

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 standard employer contributions and additional lump sum contributions to the fund.

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 December 2021 and \$20.0 million per annum for 1 January 2021 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.

Council's expected contribution to the plan for the next annual reporting period is \$764,057.56.

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%

D3-1 Contingencies (continued)

Vested Benefits	2,391.7	99.4%
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* excluding member accounts and reserves in both assets and liabilities.

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

Investment return	5.5% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note 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 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

D3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

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

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.

- Mayor (1)
- Councillors (14)
- General Manager (1)
- Directors (4)

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,956	1,331
Post-employment benefits	123	36
Termination benefits	338	215
Total	2,417	1,582

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:		
Councillor expenses – mayoral fee (incl deputy mayor)	77	87
Councillors' fees	443	462
Other Councillors' expenses (including Mayor)	6	13
Total	526	562

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	243	228
Remuneration for audit and other assurance services	243	228

Remuneration for non-assurance services

	—	—
Total Auditor-General remuneration	243	228

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal Audit Services

	262	234
Remuneration for audit and other assurance services	262	234

Total remuneration of non NSW Auditor-General audit firms	262	234
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Total audit fees	505	462
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F Other matters

F1-1 Statement of Cash Flows information

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

	2022	2021 <i>Restated</i>
\$ '000		
Net operating result from Income Statement	20,028	26,127
Add / (less) non-cash items:		
Depreciation and amortisation	34,142	36,807
(Gain) / loss on disposal of assets	2,462	5,073
Non-cash capital grants and contributions	(1,081)	(1,441)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	348	(95)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(8,717)	(2,659)
Increase / (decrease) in provision for impairment of receivables	16	(2,246)
(Increase) / decrease of inventories	26	(31)
(Increase) / decrease of other current assets	74	(253)
(Increase) / decrease of contract asset	(219)	1,260
Increase / (decrease) in payables	3,297	4,447
Increase / (decrease) in accrued interest payable	(13)	(17)
Increase / (decrease) in other accrued expenses payable	3,178	(4,697)
Increase / (decrease) in other liabilities	3,400	3,297
Increase / (decrease) in contract liabilities	18,797	4,012
Increase / (decrease) in employee benefit provision	(1,028)	(205)
Net cash flows from operating activities	74,710	69,379

(b) Non-cash investing and financing activities

Other Contributions	1,081	1,441
Total non-cash investing and financing activities	1,081	1,441

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	109	707
Plant and equipment	3,531	5,503
Infrastructure	19,834	14,487
ICT	158	286
Parks	5,606	6,133
Total commitments	29,238	27,116
These expenditures are payable as follows:		
Within the next year	29,238	27,116
Total payable	29,238	27,116
Sources for funding of capital commitments:		
Unrestricted general funds	29,238	27,116
Total sources of funding	29,238	27,116

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

Nature of Prior Period Errors

Infrastructure, Property, Plant and Equipment Assets

A major asset condition survey was carried out in 2021/22 for Council's road corridor assets in accordance with statutory requirements and Council's Asset Audit and Revaluation Schedule document.

As a result of this survey the following assets were not found to be in Council's current asset register. These errors have been adjusted against accumulated surplus to correct the error.

The balances are presented as of 30 June 2022:

Roads	\$27,140
Footpaths	\$ 8,463
Kerb & Gutter	\$ 833
Other Road Assets	\$27,764
Road Formation	\$ 3,889

The errors identified above have been corrected by restating the balances at the beginning of the earliest period (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.

F4-1 Correction of errors (continued)

Changes to the 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
Infrastructure, property, plant and equipment	2,216,107	71,801	2,287,908
Total non-current assets	2,312,420	71,801	2,384,221
Total assets	2,578,673	71,801	2,650,474
Net assets	2,460,863	71,801	2,532,664
Accumulated Surplus	2,264,658	71,801	2,336,459
Revaluation Reserve	196,205	–	196,205
Total equity	2,460,863	71,801	2,532,664

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
Infrastructure, property, plant and equipment	2,231,026	69,945	2,300,971
Total non-current assets	2,309,311	69,945	2,379,256
Total assets	2,597,397	69,945	2,667,342
Net assets	2,476,381	69,945	2,546,326
Accumulated Surplus	2,292,641	69,945	2,362,586
Revaluation reserve	183,740	–	183,740
Total equity	2,476,381	69,945	2,546,326

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Total income from continuing operations	274,825	–	274,825
Depreciation, amortisation and impairment of non-financial assets	34,951	1,856	36,807
Total expenses from continuing operations	246,842	1,856	248,698
Net operating result for the year	27,983	(1,856)	26,127

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	27,983	(1,856)	26,127

F4-1 Correction of errors (continued)

<i>\$ '000</i>	<i>Original Balance 30 June, 2021</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 30 June, 2021</i>
Other comprehensive income	(12,465)	–	(12,465)
Total comprehensive income for the year	15,518	(1,856)	13,662

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					
Roads	621	150	–	21	–	–	792	–
Traffic facilities	1,438	119	–	49	(189)	–	1,417	–
Parking	83	–	–	2	–	–	85	–
Open space	28,917	4,506	–	1,024	(5,344)	–	29,103	–
Community facilities	3,931	471	–	137	(154)	–	4,385	–
Open space and recreation	5,824	819	–	196	(986)	–	5,853	–
Community services and facilities	1,038	241	–	36	–	–	1,315	–
Transport and access	4,930	134	–	158	(367)	–	4,855	–
Administration	235	42	–	9	(212)	–	74	–
Plan preparation	946	128	–	32	(225)	–	881	–
S7.11 contributions – under a plan	47,963	6,610	–	1,664	(7,477)	–	48,760	–
S7.12 levies – under a plan	4,338	2,418	–	146	(337)	–	6,565	–
Total S7.11 and S7.12 revenue under plans	52,301	9,028	–	1,810	(7,814)	–	55,325	–
S7.4 planning agreements	11,273	10	–	25	(167)	–	11,141	–
Total contributions	63,574	9,038	–	1,835	(7,981)	–	66,466	–

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

\$ '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					
CONTRIBUTION PLAN NUMBER 1 - Open Space and Recreation (former Leichhardt)								
Effective 18 January 2005	5,824	819	–	196	(986)	–	5,853	–
Total	5,824	819	–	196	(986)	–	5,853	–
CONTRIBUTION PLAN NUMBER 2 - Community Services and Facilities (former Leichhardt)								
Effective 23 August 2005	1,038	241	–	36	–	–	1,315	–
Total	1,038	241	–	36	–	–	1,315	–
CONTRIBUTION PLAN NUMBER 3 - Transport and Access (former Leichhardt)								
Effective 3 November 1999	4,930	134	–	158	(367)	–	4,855	–
Total	4,930	134	–	158	(367)	–	4,855	–
2004 S94 Developer Contributions Plan (former Marrickville)								
Roads	150	–	–	4	–	–	154	–
Open space	1,827	–	–	54	(1,057)	–	824	–
Total	1,977	–	–	58	(1,057)	–	978	–
2014 S94 Developer Contributions Plan (former Marrickville)								
Traffic facilities	679	47	–	23	(189)	–	560	–
Open space	19,462	2,902	–	703	(3,311)	–	19,756	–
Community facilities	2,579	397	–	93	(154)	–	2,915	–
Administration	235	42	–	9	(212)	–	74	–
Total	22,955	3,388	–	828	(3,866)	–	23,305	–
CONTRIBUTION PLAN NUMBER (former Ashfield)								
Roads	471	150	–	17	–	–	638	–
Traffic facilities	759	72	–	26	–	–	857	–
Parking	83	–	–	2	–	–	85	–
Open space	7,628	1,604	–	267	(976)	–	8,523	–
Community facilities	1,352	74	–	44	–	–	1,470	–
Plan preparation	946	128	–	32	(225)	–	881	–
Total	11,239	2,028	–	388	(1,201)	–	12,454	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER (former Marrickville)

s94A Levies	2,172	1,137	–	81	(132)	–	3,258	–
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F5-2 Developer contributions by plan (continued)

\$ '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					
Total	2,172	1,137	–	81	(132)	–	3,258	–
CONTRIBUTION PLAN NUMBER (former Ashfield)								
Other	1,889	322	–	65	(84)	–	2,192	–
Total	1,889	322	–	65	(84)	–	2,192	–
CONTRIBUTIONS PLAN NUMBER (former Leichhardt)								
Other	277	959	–	–	(121)	–	1,115	–
Total	277	959	–	–	(121)	–	1,115	–

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}	(8,067)	(3.40)%	3.27%	1.11%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	237,230				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	221,862	82.78%	85.08%	81.08%	> 60.00%
Total continuing operating revenue ¹	268,002				
3. Unrestricted current ratio					
Current assets less all external restrictions	271,442	3.85x	5.61x	5.76x	> 1.50x
Current liabilities less specific purpose liabilities	70,461				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	27,045	6.39x	9.51x	6.42x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,231				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	14,042	7.91%	8.45%	5.08%	< 5.00%
Rates and annual charges collectable	177,626				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	224,586	12.13	12.46	11.53	> 3.00
Monthly payments from cash flow of operating and financing activities	18,511	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

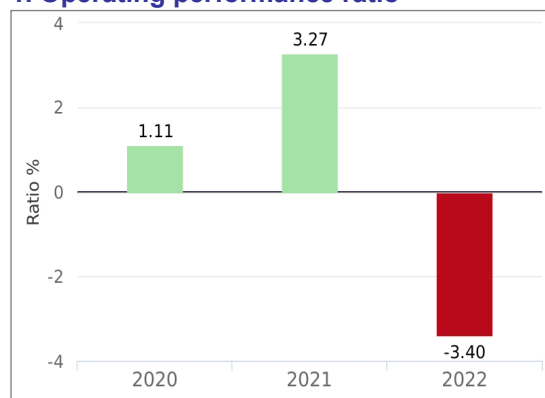
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (3.40)%

The ratio deteriorated this financial year primarily due to decrease in income received by Council for services provided as a result of the second COVID-19 shutdown that impacted Council from July 2021 through October 2021

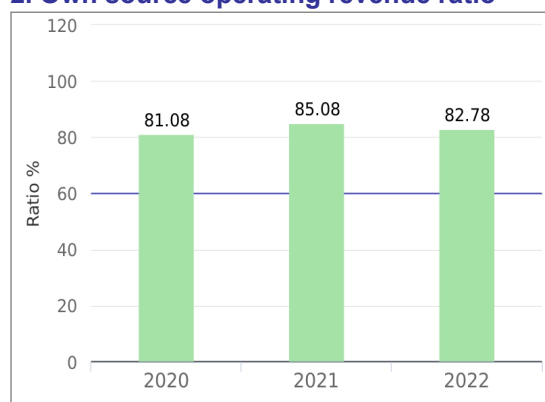
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 82.78%

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

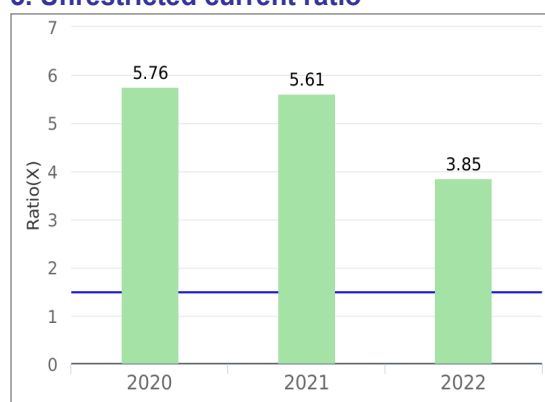
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 3.85x

Council had the capacity to meet its obligations after all internal and external restrictions are excluded. Unrestricted Current ratio continues to track above the benchmark.

Benchmark: — > 1.50x

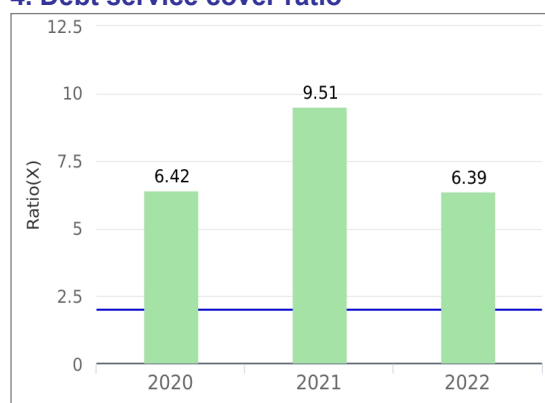
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.39x

The ratio remains well above the benchmark indicator of 2 and demonstrates its continuing ability to service its debts.

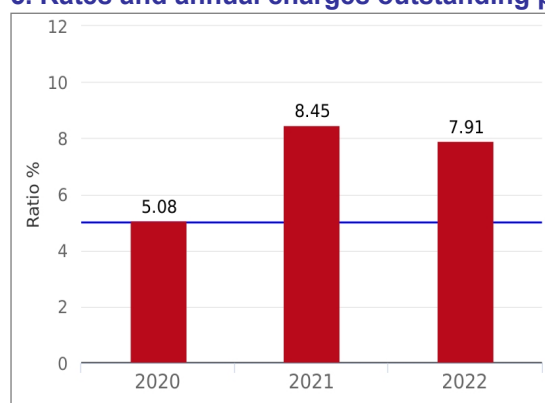
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 7.91%

The ratio has improved since the previous financial year but remains outside the benchmark. The main reason is impact of Covid-19 pandemic where Council did not pursue the debtors in the financial hardship.

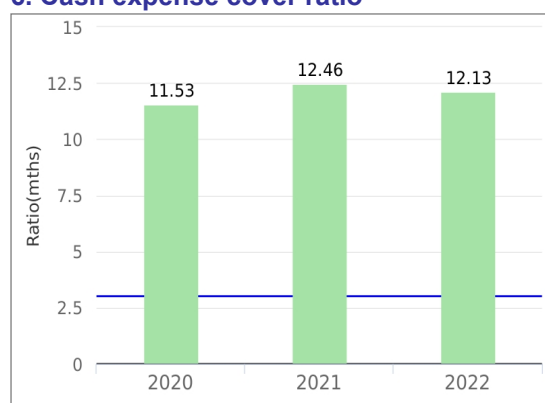
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 12.13 months

The cash expense ratio remains above benchmark with not significant changes since prior financial year.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Inner West Council

To the Councillors of Inner West Council

Opinion

I have audited the accompanying financial statements of Inner West 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 comprises 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.

A handwritten signature in dark ink, appearing to read 'D Daniels', with a stylized, cursive script.

David Daniels
Delegate of the Auditor-General for New South Wales

7 December 2022
SYDNEY



Clr Darcy Byrne
Mayor
Inner West Council
2-14 Fisher Street
PETERSHAM NSW 2049

Contact: David Daniels
Phone no: 02 9275 7103
Our ref: D2225060/1743

7 December 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Inner West Council**

I have audited the general purpose financial statements (GPFS) of the Inner West Council (the 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 the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issue and observation during my audit of the Council's financial statements. This was addressed as part of my audit.

High risk matter - quality review of the asset valuation process

The financial statements submitted for audit required amendments to correct for material monetary misstatements and disclosure deficiencies relating to comprehensively revalued Infrastructure, Property Plant and Equipment assets (roads, footpaths, kerb and gutter, bulk earthworks, other road assets and car parks). We could not sight evidence that the valuation results were quality reviewed prior to their recognition in Council's financial statements.

We note the year end process, especially relating to the asset revaluation, was impacted by the loss of key financial accounting resources and IT system issues. These factors contributed to delays in the completion of the financial statements and submission of workpapers required for the audit.

INCOME STATEMENT

Operating result

	2022 \$m	2021* \$m	Variance %
Rates and annual charges revenue	162.2	164.7	↓ 1.5
Grants and contributions revenue	46.1	41.0	↑ 12.4
Operating result from continuing operations	20.0	26.1	↓ 23.4
Net operating result before capital grants and contributions	(10.7)	(0.5)	↓ --

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

Rates and annual charges revenue (\$162.2 million) decreased by \$2.6 million (1.5 per cent) in 2021–22 mainly due to a reduction in annual domestic waste charges.

Grants and contributions revenue (\$46.1 million) increased by \$5.1 million (12.4 per cent) in 2021–22 mainly due to the receipt of Financial Assistance Grants for 2022–23 in advance.

The Council's operating result from continuing operations (\$20.0 million including depreciation and amortisation expense of \$34.1 million) was \$6.1 million lower than the 2020–21 result. This decrease was mainly driven by a reduction in other revenues impacted by COVID-19, such as parking fines, other fines, parking meters, the closure of the aquatic centres and lower utilisation of child care centres.

The net operating result before capital grants and contributions (\$10.7 million deficit) was \$10.2 million lower than the 2020–21 result.

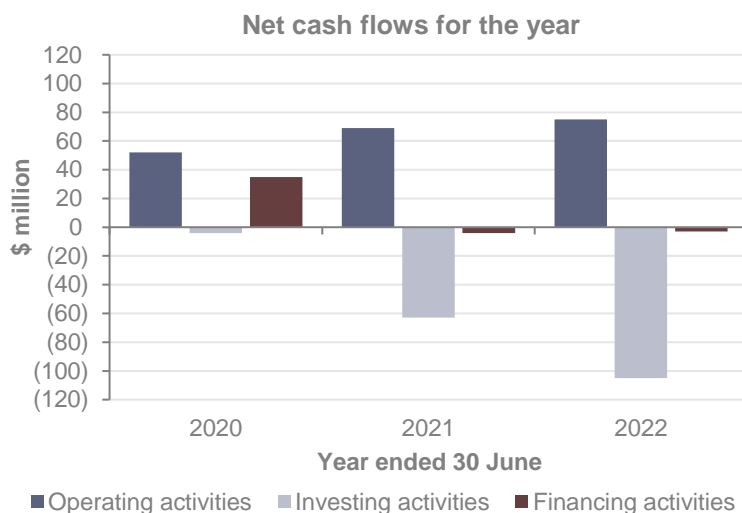
STATEMENT OF CASH FLOWS

Cash and cash equivalents decreased from \$109.1 million at 30 June 2021, to \$75.6 million at 30 June 2022.

Cash flows from operating activities increased by \$5.3 million due to higher receipts from grants and contributions, and user charges and fees. This was partially offset by increases in payments for materials and services.

Cash flows from investing activities decreased by \$42.1 million due to increased purchases of IPPE assets and investments.

Cash flows from financing activities increased by \$0.7 million due to a reduction in the repayment of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	354.2	325.5	Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in external restrictions is primarily attributable to an increase in developer contributions, specific purpose grants and special rate variation income, offset by a reduction in domestic waste management.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	119.4	115.0	Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The increase in internal allocations was mainly due to an increase in funds set aside for the depreciation reserve.
• Internal allocations	214.1	183.0	

Debt

Total borrowings (\$37.8 million) decreased by \$3.1 million (7.6 per cent) in 2021–22 due to repayments made during the year.

PERFORMANCE

Performance measures

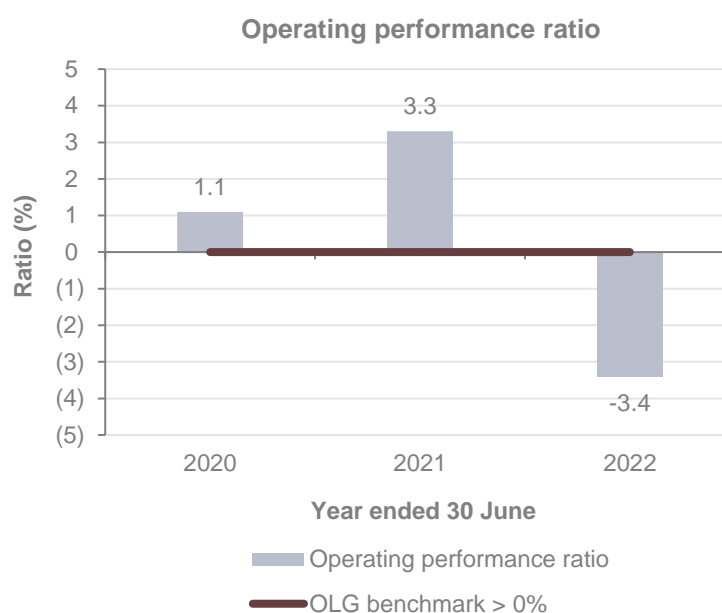
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The Council did not meet the OLG benchmark for the current reporting period due to the impact of COVID-19.

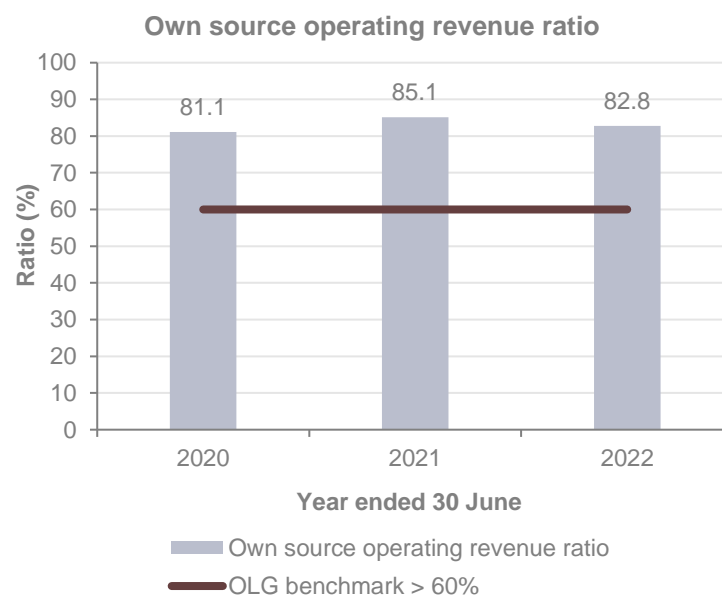
The 2021 ratio was restated to correct a prior period error.



Own source operating revenue ratio

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

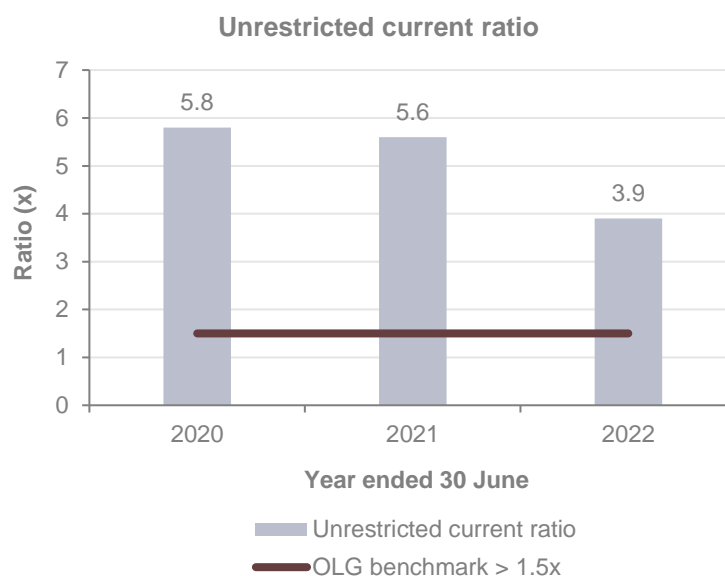
Council's own source operating revenue ratio has remained steady over the past three years and continues to meet the OLG benchmark.



Unrestricted current ratio

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

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

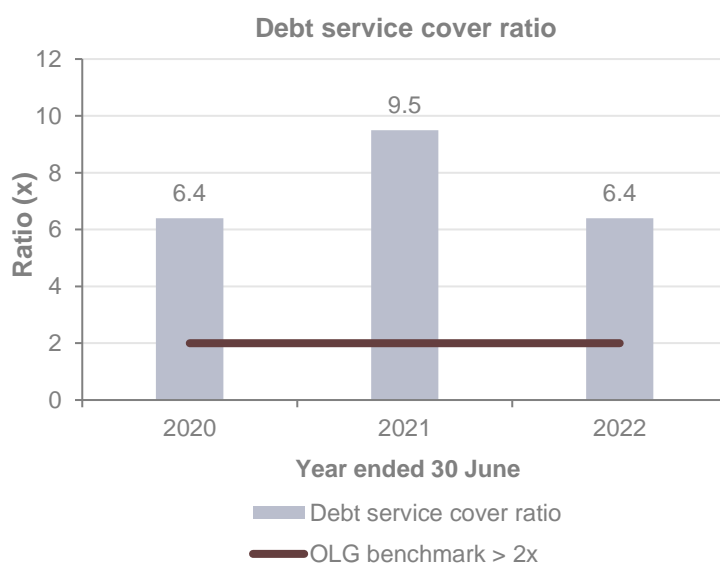


Debt service cover ratio

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

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

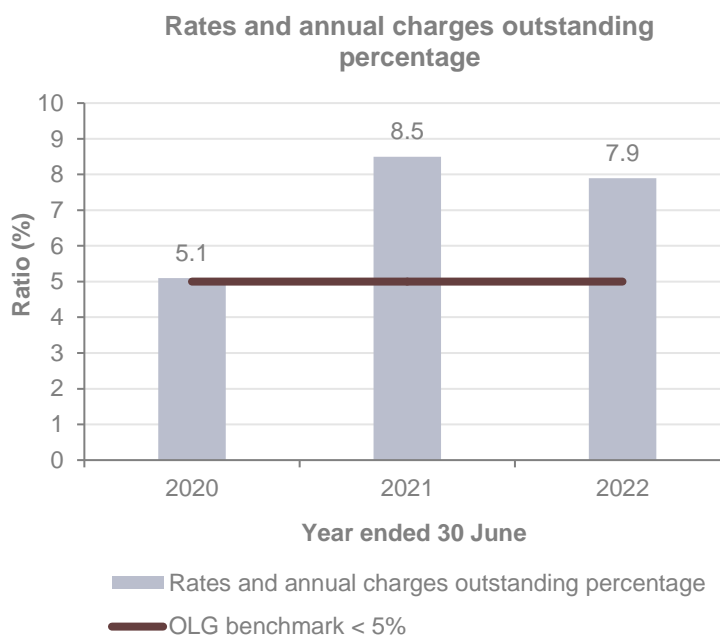
The 2021 ratio was restated to correct a prior period error.



Rates and annual charges outstanding percentage

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

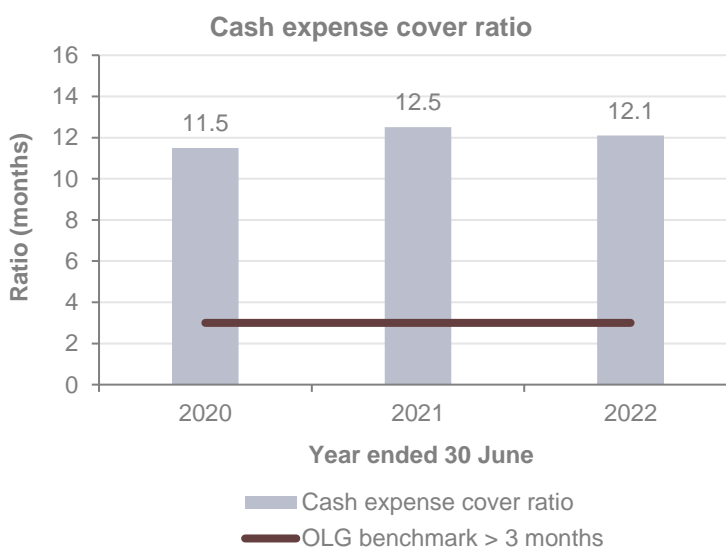
The Council did not meet the OLG benchmark for the current reporting period, mainly due to reduced debt collection activities.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Council's completed asset renewal projects for the year totalled \$13.1 million, compared to \$65.8 million in the previous year. This was due to the completion of the Ashfield Aquatic Centre redevelopment in 2020–21.

During 2021–22, Council capitalised new assets totalling \$15.0 million, compared to \$11.5 million in the previous year.

OTHER MATTERS

Legislative compliance

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

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



David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Peter Gainsford, General Manager
John Gordon, Chair of the Audit, Risk and Improvement Committee
Michael Cassel, Secretary of the Department of Planning and Environment

Inner West Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Inner West Council

Special Schedules

for the year ended 30 June 2022

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Inner West Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	124,027	126,512
Plus or minus adjustments ²	b	(16)	(25)
Notional general income	$c = a + b$	124,011	126,487
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	$i = e \times (c + g)$	2,480	2,530
Sub-total	$k = (c + g + h + i + j)$	126,491	129,017
Plus (or minus) last year's carry forward total	l	116	66
Less valuation objections claimed in the previous year	m	(57)	(28)
Sub-total	$n = (l + m)$	59	38
Total permissible income	$o = k + n$	126,550	129,055
Less notional general income yield	p	126,512	128,943
Catch-up or (excess) result	$q = o - p$	38	112
Plus income lost due to valuation objections claimed ⁴	r	28	—
Carry forward to next year ⁶	$t = q + r + s$	66	112

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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 Act. 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

Inner West Council

To the Councillors of Inner West Council

Opinion

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

A handwritten signature in dark ink, appearing to read 'D Daniels', with a stylized, cursive script.

David Daniels
Delegate of the Auditor-General for New South Wales

7 December 2022
SYDNEY

Inner West Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard ¹	Estimated cost to bring to the agreed level of service set by Council ²	2021/22 Required maintenance ³	2021/22 Actual maintenance ⁴	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	4,143	4,143	9,199	10,784	263,166	378,047	47.2%	29.8%	17.8%	4.7%	0.5%
	Sub-total	4,143	4,143	9,199	10,784	263,166	378,047	47.2%	29.8%	17.8%	4.7%	0.5%
Roads	Roads	8,114	8,114	16,201	15,375	187,673	380,220	13.1%	39.1%	34.5%	12.3%	1.0%
	Traffic Devices	169	169	—	—	36,838	46,584	24.7%	57.1%	16.7%	1.5%	0.0%
	Bridges	175	175	—	—	9,934	15,995	18.7%	55.9%	20.6%	4.1%	0.7%
	Kerb and gutter	195	195	—	—	132,499	224,359	1.1%	13.9%	84.4%	0.5%	0.1%
	Car parks - Depreciable	551	551	—	—	7,152	10,786	54.9%	26.4%	3.7%	11.2%	3.8%
	Car Parks - Non Depreciable	—	—	—	—	17,714	17,714	100.0%	0.0%	0.0%	0.0%	0.0%
	Footpaths	4,238	4,238	2,148	2,815	140,896	229,390	12.4%	20.1%	58.2%	8.8%	0.5%
	Other road assets	52	52	—	—	29,021	35,519	61.5%	30.9%	6.6%	0.9%	0.1%
	Bulk earthworks	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	525,843	525,843	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	13,494	13,494	18,349	18,190	930,206	1,486,410	44.8%	18.5%	31.5%	4.8%	0.4%
Stormwater drainage	Stormwater drainage	1,780	1,780	1,448	1,251	120,071	179,340	8.9%	69.3%	17.2%	4.0%	0.6%
	Sub-total	1,780	1,780	1,448	1,251	120,071	179,340	8.9%	69.3%	17.2%	4.0%	0.6%
Open space / recreational assets	Aquatic Centres	116	116	3,466	2,548	84,920	102,112	91.9%	6.9%	0.5%	0.7%	0.0%
	Sub-total	116	116	3,466	2,548	84,920	102,112	91.9%	6.9%	0.5%	0.7%	0.0%
Other infrastructure assets	Seawalls	323	323	10	1	25,085	38,211	22.6%	53.7%	21.6%	1.0%	1.1%
	Wharves	147	147	—	—	4,305	6,374	34.9%	30.0%	22.0%	13.1%	0.0%
	Land Improvements - Depreciable	681	681	9,810	9,809	89,709	130,586	50.9%	32.9%	13.7%	2.3%	0.2%
	Land Improvements - Non Depreciable	—	—	—	—	4,286	4,286	93.2%	0.0%	6.8%	0.0%	0.0%
	Sub-total	1,151	1,151	9,820	9,810	—	179,457	45.3%	36.4%	15.5%	2.4%	0.4%
Total – all assets		20,684	20,684	42,282	42,583	1,398,363	2,325,366	44.6%	25.1%	25.6%	4.3%	0.4%

(1) Council previously reported on the cost to bring assets to a 'new' standard. To ensure consistency with other Councils, this figure reports on the cost to bring assets to a 'satisfactory' standard. "Satisfactory Standard" refers to the estimated cost for the renewal of Condition 4 and 5 assets i.e. the replacement value of Condition 4 and 5 assets to Condition 3.

(2) As there are no agreed levels of service set by Inner West Council, the "Agreed Level" refers to the estimated cost for the renewal of individual asset categories as either condition 4 & 5 determined by the criticality of the asset category to condition 3. This figure will be refined as future agreed service levels are formulated by Council in consultation with the community.

Inner West Council

Report on infrastructure assets as at 30 June 2022 (continued)

(3) "Required Maintenance" for Roads and Stormwater Drainage is the amount identified for maintenance including related operational costs in Council's budget. For Other Infrastructure Assets it is the amount identified for maintenance including related operational costs plus a minor adjustment to the Required Maintenance.

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Inner West Council

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	9,573	32.51%	223.04%	34.56%	>= 100.00%
Depreciation, amortisation and impairment	29,448				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	20,684	1.39%	2.35%	9.62%	< 2.00%
Net carrying amount of infrastructure assets	1,483,608				
Asset maintenance ratio					
Actual asset maintenance	42,583	100.71%	92.58%	98.77%	> 100.00%
Required asset maintenance	42,282				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,684	0.89%	1.81%	7.11%	
Gross replacement cost	2,325,366				

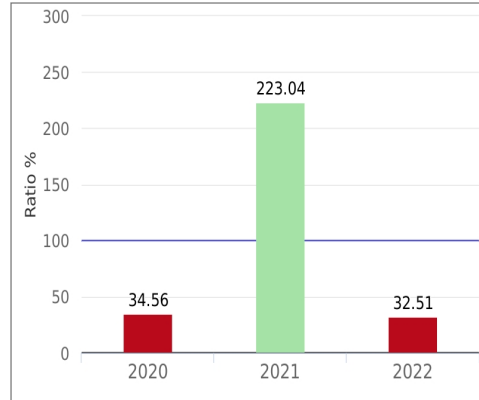
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Inner West 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	32.51%
Significant funding continues to be allocated for road and footpath renewals with the anticipated outcome to achieve a considerable increase in the renewal percentage ratio. Delays in processing in finalised capital works projects has resulted in a significant decrease in the reported 2021/22 renewals ratio. It is expected this issue will be resolved in FY23 and renewal percentage will increase.	

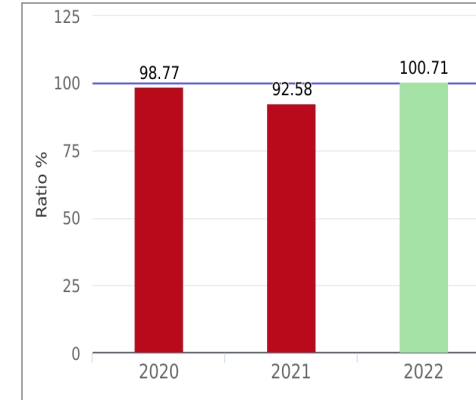
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	100.71%
The trend has been consistent in the delivery of services resulting in an increase in actual maintenance delivery. Maintenance cycles can vary from time to time which will cause variations in the percentages.	

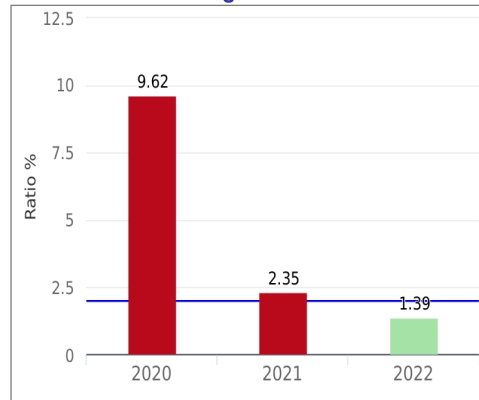
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	1.39%
The backlog ratio for Transport assets has decreased significantly due to the asset condition audit carried out in 2021/22 and the use of asset condition calculations to bring the condition 4 & 5 assets to a satisfactory condition rating of 3. A program has been established to continue with asset condition audits for all asset classes which is also expected to improve the backlog.	

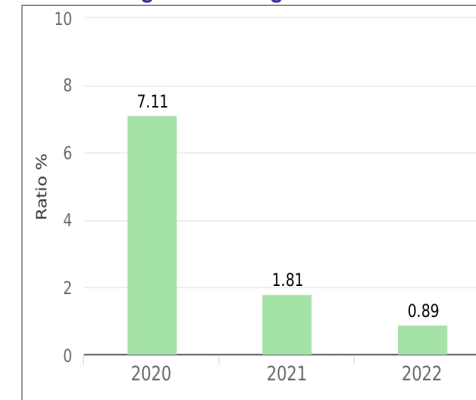
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	0.89%
This percentage has also dropped significantly due to the change in methodology and inclusion of the latest asset condition audit data when calculating the backlog of condition 4 & 5 assets to condition 3. This will improve based on the forward inspection schedule as asset audits are carried out.	