



ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

LIVERPOOL
CITY
COUNCIL

Liverpool City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

33 Moore Street
Liverpool NSW 2170

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.liverpool.nsw.gov.au.

Liverpool City Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 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 within the Department of Planning, Industry and Environment.

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 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 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 Audit Office of NSW.

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.

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements (continued)

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 after the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government within the Department of Planning and Environment.

Liverpool City Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements of the AASB, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

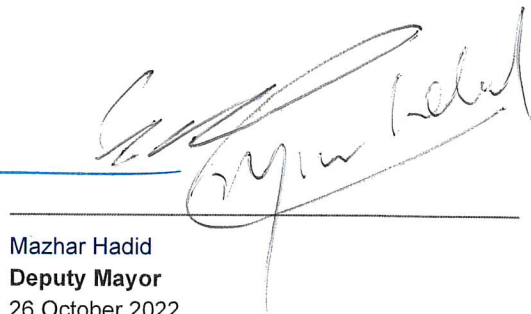
- present fairly the Liverpool City Council's operating result and financial position for the year
- accord with Liverpool City Council's accounting and other records.

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 26 October 2022.



Ned Mannoun
Mayor
26 October 2022



Mazhar Hadid
Deputy Mayor
26 October 2022



Tina Bono
A/Chief Executive Officer
26 October 2022



Vishwa Nadan
Responsible Accounting Officer
26 October 2022

Liverpool City Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	Income from continuing operations			
149,402	Rates and annual charges	B2-1	149,579	143,785
17,915	User charges and fees	B2-2	19,159	16,963
11,864	Other revenues	B2-3	7,958	8,906
18,830	Grants and contributions provided for operating purposes	B2-4	24,210	21,489
97,648	Grants and contributions provided for capital purposes	B2-4	119,537	146,088
3,638	Interest and investment income	B2-5	3,960	3,128
6,263	Other income	B2-6	4,684	5,971
305,560	Total income from continuing operations		329,087	346,330
	Expenses from continuing operations			
84,330	Employee benefits and on-costs	B3-1	77,503	77,501
83,093	Materials and services	B3-2	82,758	82,304
1,186	Borrowing costs	B3-3	1,489	1,466
45,678	Depreciation, amortisation and impairment of non-financial assets	B3-4	49,014	43,384
3,181	Other expenses	B3-5	8,380	3,692
2,000	Net loss from the disposal of assets	B4-1	2,344	3,518
219,468	Total expenses from continuing operations		221,488	211,865
86,092	Operating result from continuing operations		107,599	134,465
86,092	Net operating result for the year attributable to Council		107,599	134,465
(11,556)	Net operating result for the year before grants and contributions provided for capital purposes		(11,938)	(11,623)

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

Liverpool City Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		107,599	134,465
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>256,900</u>	<u>22,563</u>
Total other comprehensive income for the year		256,900	22,563
Total comprehensive income for the year attributable to Council		364,499	157,028

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

Liverpool City Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	126,730	168,807
Investments	C1-2	136,043	47,671
Receivables	C1-4	26,432	20,073
Inventories	C1-5	282	289
Other		947	3,127
Total current assets		290,434	239,967
Non-current assets			
Investments	C1-2	206,253	141,504
Receivables	C1-4	293	317
Infrastructure, property, plant and equipment (IPPE)	C1-6	3,304,635	2,937,404
Intangible assets	C1-7	1,951	2,004
Right of use assets	C2-1	11,613	5,613
Total non-current assets		3,524,745	3,086,842
Total assets		3,815,179	3,326,809
LIABILITIES			
Current liabilities			
Payables	C3-1	26,402	23,189
Income received in advance	C3-1	8	3
Contract liabilities	C3-2	48,967	22,998
Lease liabilities	C2-1	2,772	1,620
Borrowings	C3-3	12,517	8,858
Employee benefit provisions	C3-4	20,780	22,420
Provisions	C3-5	9,515	7,190
Total current liabilities		120,961	86,278
Non-current liabilities			
Payables	C3-1	12,842	8,861
Income received in advance	C3-1	585	–
Contract liabilities	C3-2	707	993
Lease liabilities	C2-1	9,214	4,124
Borrowings	C3-3	135,695	54,012
Employee benefit provisions	C3-4	847	930
Provisions	C3-5	1,928	3,710
Total non-current liabilities		161,818	72,630
Total liabilities		282,779	158,908
Net assets		3,532,400	3,167,901
EQUITY			
Accumulated surplus	C4-1	2,155,092	2,047,493
IPPE revaluation reserve	C4-1	1,377,308	1,120,408
Council equity interest		3,532,400	3,167,901
Total equity		3,532,400	3,167,901

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

Liverpool City Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		2,047,493	1,120,408	3,167,901	1,913,028	1,097,845	3,010,873
Opening balance		2,047,493	1,120,408	3,167,901	1,913,028	1,097,845	3,010,873
Net operating result for the year		107,599	–	107,599	134,465	–	134,465
Net operating result for the period		107,599	–	107,599	134,465	–	134,465
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	256,900	256,900	–	22,563	22,563
Other comprehensive income		–	256,900	256,900	–	22,563	22,563
Total comprehensive income		107,599	256,900	364,499	134,465	22,563	157,028
Closing balance at 30 June		2,155,092	1,377,308	3,532,400	2,047,493	1,120,408	3,167,901

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

Liverpool City Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
149,125	Rates and annual charges		148,323	142,957
17,845	User charges and fees		18,215	18,388
4,464	Investment revenue and Interest		3,212	3,324
99,900	Grants and contributions		118,709	110,868
–	Bonds, deposits and retentions received		3,582	2,302
16,680	Other		23,045	28,952
Payments:				
(84,330)	Payments to employees		(79,226)	(76,119)
(63,582)	Payments for materials and services		(83,591)	(86,089)
(825)	Borrowing costs		(1,054)	(1,523)
(19,940)	Other		(10,493)	(16,742)
119,337	Net cash provided from (or used in) operating activities	G1-1	140,722	126,318
Cash flows from investing activities				
Receipts:				
–	Sale of investments		98,600	90,600
–	Redemption of term deposits		50,000	41,000
–	Proceeds from sale of IPPE		923	932
–	Contributions paid to Joint Ventures and associates		–	7,112
Payments:				
(12,098)	Purchase of investments		(111,841)	(79,583)
–	Acquisition of term deposits		(195,000)	(53,000)
(235,882)	Payments for IPPE		(107,372)	(100,214)
(3,605)	Purchase of intangible assets		(441)	(993)
(251,585)	Net cash provided from (or used in) investing activities		(265,131)	(94,146)
Cash flows from financing activities				
Receipts:				
138,260	Proceeds from borrowings		96,200	31,200
Payments:				
(9,271)	Repayment of borrowings		(10,858)	(6,607)
(1,414)	Principal component of lease payments		(3,010)	(2,120)
127,575	Net cash flow provided from (used in) financing activities		82,332	22,473
(4,673)	Net change in cash and cash equivalents		(42,077)	54,645
117,689	Plus: cash and cash equivalents – beginning of reporting period		168,807	114,162
113,016	Cash and cash equivalents at end of year	C1-1	126,730	168,807

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

Liverpool City 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 26 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted by Liverpool City Council in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

Liverpool City Council is a not for-profit entity for the purpose of preparing these financial statements.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note E2-1
- (ii) estimated employee benefits, including self-insured workers compensation claims liability – refer Note B3-1
- (iii) estimated hazardous waste remediation costs – refer Note C3-5.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables

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

- iv. Assessing condition of its infrastructure assets, their remaining useful lives, and estimating cost to bring them to satisfactory standard.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (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.

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

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

- General purpose operations

The Trust Fund

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

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

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

Goods and Services Tax (GST)

Liverpool City Council is exempt from both Commonwealth Income Tax and Capital Gains Tax. Council does, however, must comply with both Fringe Benefits Tax and Goods & Services Tax legislations.

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 engages volunteers to help in delivery of some community events. The value of volunteer services Council receives cannot be reliably measured and is therefore not recorded.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (i.e. 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.

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 expected to impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2021:

- AASB 2020-7 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures* [AASB 16 and AASB 1060]

A1-1 Basis of preparation (continued)

- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*

The newly adopted standards does not have material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

Significant Events

The COVID-19 pandemic has had significant impact on Council's operations.

Several Council community facilities and services were shut down due to mandatory restrictions and had direct financial implications. Some of its income streams impacted included:

- parking fees
- parking fines
- cafeteria sales
- community facility (incl. sporting grounds) hiring fees

To ensure safety of staff, Council also took measures to maintain safe social distancing at workplaces. This including hiring additional vehicles for field staff. Staff affected by closure of Council services were granted special leave under the award provisions and in many cases redeployed to other suitable areas.

To support its ratepayers, local businesses and residents of Liverpool in general during the pandemic, Council resolved to:

- suspend debt collection activities
- provide free parking to CBD health care workers
- reduce rent and in some case provide rent waivers to its commercial tenants
- provide free parking permits for businesses in Liverpool CBD
- make available its community facilities for NSW Health to operate COVID testing hub

In aggregate terms, COVID costed Council \$3.9m nett during 2021-22. Whilst recoverable at a later date, there was a notable increase in unpaid rates and annual charges at 30 June 2022.

Further, due to the impact of COVID-19 on the global economy and interest markets, Council recorded a \$ 4 million decrease in market value of investments.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Governance	10	10	1,053	1,053	(1,043)	(1,043)	–	–	–	–
Creating Connection	13,751	14,928	32,983	32,795	(19,232)	(17,867)	10,564	11,492	1,030,395	973,511
Strengthening and protecting our environment	124,909	122,569	88,171	86,902	36,738	35,667	66,930	68,666	641,527	565,432
Generating opportunity	24,764	22,139	58,357	51,902	(33,593)	(29,763)	16,650	12,659	2,124,601	1,769,201
Leading through collaboration	44,402	73,068	40,924	39,213	3,478	33,855	36,634	65,897	18,656	18,665
General purpose income	121,251	113,616	–	–	121,251	113,616	12,969	8,863	–	–
Total functions and activities	329,087	346,330	221,488	211,865	107,599	134,465	143,747	167,577	3,815,179	3,326,809

B1-2 Components of functions or activities

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

Governance

Governance includes expenditure for Mayor & Councillor and Executive services.

The Service Delivery Unit that delivers this is:
Council & Executive Services

Creating Connection

This direction is based on the social aspect of the quadruple bottom line and covers actions that include cultural activities, recreation and active living, access and equity, and community facilities.

The Service Delivery Unit that delivers this direction are:

Casula Powerhouse Arts Centre	Community Standards
Children's Services	Infrastructure Delivery
Civic Events	Libraries and Museum
Community & Development Planning	Community Recreation
Community and Culture Office	City Planning
Corporate Strategy and Performance	Construction Strategic Projects
Facilities Management	

Strengthening and Protecting our Environment

This direction is based on the environmental (natural and built) aspect of the quadruple bottom line and covers actions that management, urban design, planning and protection of specific environmental features.

The Service Delivery Unit that delivers this direction are:

Casula Powerhouse Arts Centre	Infrastructure Planning
City Planning	Operational Facilities
City Environment	Safety and Insurance
City Works - Open Spaces	Construction Strategic Projects
Waste & Cleansing	Development Assessment
Community Standards	Western Sydney Planning Partnership
Infrastructure Delivery	

Generating Opportunity

This direction is based on the economic aspect of the quadruple bottom line and covers actions that include small business strategies, economic sustainability strategies, internal and external transport links and the financial sustainability of Council.

The Service Delivery Unit that delivers this direction are:

CEO Office	Community Development & Planning
City Deal	Economy & Commercial Development
City Economy	Financial Management
City Planning	Infrastructure Delivery
City Presentation Office	Infrastructure and Environment Office
City Works - Civil Operation	Planning & Compliance Office s
Corporate Services Office	Property Asset
Community and Culture Office	Property Services
Children Services	Property Strategic Projects
Construction Strategic Projects	Local Emergency Management

B1-2 Components of functions or activities (continued)

Leading through Collaboration

This direction is based on the civic leadership aspect of the quadruple bottom line and covers actions that include leadership and representation, consultation and community participation in decision making, policy frameworks and ethical practices.

The Service Delivery Unit that delivers this direction are:

Casula Powerhouse Arts Centre	Infrastructure Planning
City Environment	Audit and Risk
City Planning	Internal Ombudsman
Communications	Operational Facilities
Community Development& Planning	People and Organisational Development
Corporate Strategy & Performance	Property Assets
Council & Executive Services	Property Services
Customer Experience	Property Strategic Projects
Financial Management	Community Recreation
Governance and Legal Services	Safety and Insurance
Information Technology	

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	85,815	82,521
Farmland	525	526
Business	21,799	21,213
Less: pensioner rebates	(1,698)	(1,700)
Rates levied to ratepayers	106,441	102,560
Pensioner rate subsidies received	928	871
Total ordinary rates	107,369	103,431
Special rates		
Environmental	1,860	1,808
Town improvement	1,354	1,507
Rates levied to ratepayers	3,214	3,315
Total special rates	3,214	3,315
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	37,377	35,448
Stormwater management services	1,653	1,619
Waste management services (non-domestic)	256	259
Section 611 charges	113	128
Less: pensioner rebates	(712)	(705)
Annual charges levied	38,687	36,749
Pensioner subsidies received:		
– Domestic waste management	309	290
Total annual charges	38,996	37,039
Total rates and annual charges	149,579	143,785

Accounting policy

Revenue recognition & measurement

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

Revenue is measured at the fair value of the consideration received or receivable.

Rates and annual charges

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

Rates and annual charges are recognised as revenues when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Domestic waste management services and other special purpose annual levies collected are expended for the purposes for which the contributions were required.

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

B2-1 Rates and annual charges (continued)

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

The cost of rebates is shared between the NSW State Government (55%) and Council (45%).

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	2,545	2,590
Planning and building regulation	2	9,305	6,420
Section 10.7 certificates (EP&A Act)	2	606	669
Regulatory/ statutory fees	2	469	286
Section 603 certificates	2	356	367
Animal impounding fees	2	22	47
Other	2	106	84
Total fees and charges – statutory/regulatory		13,409	10,463
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Childcare	1	2,254	2,626
Parking fees	1	2,344	2,844
Sports field hire	2	248	90
Community hall rental	2	774	775
Leaseback fees – Council vehicles	2	86	72
Other	2	44	93
Total fees and charges – other		5,750	6,500
Total other user charges and fees		19,159	16,963
Total user charges and fees		19,159	16,963
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		4,598	5,470
User charges and fees recognised at a point in time (2)		14,561	11,493
Total user charges and fees		19,159	16,963

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

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

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.

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	Timing	2022	2021
Ex gratia rates	2	2,124	2,081
Fines – parking	2	1,990	1,865
External works	2	783	1,628
Fines – other	2	431	365
Sales – general	2	515	539
Sales – recycling materials	2	159	366
Sales – art galleries	2	216	280
Diesel rebate	2	103	134
Animal control	2	127	120
Compensation – easements	2	18	66
Photocopy income	2	35	61
Legal fees recovery – other	2	42	97
Room hire	2	22	42
Long service levy commission	2	3	4
Insurance claims recoveries	2	3	32
Sales – printing services	2	–	37
Other	2	1,387	1,189
Total other revenue		7,958	8,906

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	7,958	8,906
Total other revenue	7,958	8,906

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

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

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	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	3,388	3,111	–	–
Financial assistance – local roads component	2	1,271	1,169	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component	2	5,201	3,328	–	–
Financial assistance – local roads component	2	1,960	1,255	–	–
Amount recognised as income during current year		11,820	8,863	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Better waste and recycling	2	–	220	–	–
Child care	2	4,776	4,731	261	93
Community care	1,2	422	145	–	–
Bushfire and emergency services	2	170	170	–	–
Community centres	1,2	–	–	615	18
Cultural services	1,2	156	340	50	–
Drainage	2	50	22	579	209
Employment and training programs	2	187	18	–	–
Library	2	621	589	–	50
LIRS subsidy	1	401	319	–	–
Recreation and culture	1,2	500	18	6,874	8,827
Street lighting	2	813	813	–	–
Town Planning	2	1,796	3,466	–	–
Transport					
- Roads to recovery	1,2	–	–	656	1,465
- Other roads and bridges	1,2	339	473	2,682	6,364
- Other	1,2	–	333	–	175
Roads and bridges	1,2	–	–	6,445	166
Other contributions	2	2,159	969	69	–
Total special purpose grants and non-developer contributions – cash		12,390	12,626	18,231	17,367
Non-cash contributions					
NSW Rural Fire Services - Plant and equipment	2	–	–	–	1,577
Total other contributions – non-cash		–	–	–	1,577
Total special purpose grants and non-developer contributions (tied)		12,390	12,626	18,231	18,944
Total grants and non-developer contributions		24,210	21,489	18,231	18,944
Comprising:					
– Commonwealth funding		16,176	13,595	6,183	10,432
– State funding		7,021	6,758	9,325	8,346
– Other funding		1,013	1,136	2,723	166
		24,210	21,489	18,231	18,944

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

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

B2-4 Grants and contributions (continued)

- (1) \$7.161m of the 2022-2023 Financial Assistance Grant from Commonwealth Government was received by Council in April 2022 and hence is reported as 2021-22 income although it relates to 2022-2023 financial year

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
G5						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	49,812	59,635
Total developer contributions – cash			–	–	49,812	59,635
Non-cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	14,378	1,800
Dedications - Subdivisions (Other than by S 7.11) ¹		2	–	–	22,418	61,003
Land Under Road		2	–	–	14,698	4,706
Total developer contributions non-cash			–	–	51,494	67,509
Total developer contributions			–	–	101,306	127,144
Total contributions			–	–	101,306	127,144
Total grants and contributions			24,210	21,489	119,537	146,088
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,985	699	5,678	11,663
Grants and contributions recognised at a point in time (2)			22,225	20,790	113,859	134,425
Total grants and contributions			24,210	21,489	119,537	146,088

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

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

(1) Refer Note C1-6 for valuation methodology

B2-4 Grants and contributions (continued)

Unspent grants and contributions ^{1., 2.}

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 grants				
Unspent funds at 1 July	4,303	6,467	26,884	14,206
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	508	134	3,337
Add: Funds received and not recognised as revenue in the current year	2,130	2,311	28,872	12,718
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(601)	(1,915)	(2,134)	(3,331)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,783)	(3,068)	(3,305)	(46)
Unspent funds at 30 June	4,049	4,303	50,451	26,884
Unspent Contributions				
Unspent funds at 1 July	963	879	4,087	6,190
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	57	–	–
Add: Funds received and not recognised as revenue in the current year	555	585	53	394
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(233)	(42)	(228)	(2,497)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(516)	(68)	–
Unspent contributions at 30 June	1,285	963	3,844	4,087

(1.) Contributors can place restrictions on the application of funds to assist in ensuring that the intended outcomes of the particular program are met. Examples of such conditions are the requirement to provide annual acquittals of expenditure or to return funds at the end of a specific period.

(2.) Contributions received have been for specific project objectives. Funds can only be expended on these programs over the nominated period. Any balance outstanding is refundable.

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 performance obligations within AASB 15 grants e.g. events, vaccinations. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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.

B2-4 Grants and contributions (continued)

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

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

Capital grants

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

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

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	541	311
– Cash and investments	3,419	2,817
Total interest and investment income (losses)	3,960	3,128
Interest and investment income are attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	541	311
General Council cash and investments	1,149	624
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 – interest on investments	2,080	1,944
Domestic waste management operations	101	147
Other externally restricted assets	89	102
Total interest and investment income	3,960	3,128

Accounting policy

Council is permitted to set interest rate payable on overdue rates and charges but not exceeding the maximum determined by the Office of Local Government within the Department of Planning, Industry and Environment in accordance with section 566(3) of the *Local Government Act 1993*. For this reporting period, Council applied the maximum permissible interest rate of 6% from 01/07/21 to 30/06/22. (comparative interest rate for last year was 0% from 01/07/20 to 31/12/20 and 7% from 01/01/21 to 30/06/21).

Interest on cash and investment is recognised using the effective interest rate at the date that interest is earned.

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investments			
– Fair valuation movements in investments (at Fair Value through Profit and Loss)		–	1,211
– Fair valuation movements in Civic Risk (at Fair Value through Profit and Loss)		–	513
Total Fair value increment on investments	C1-2	–	1,724
Rental income			
Other lease income			
Lease income (excluding variable lease payments not dependent on an index or rate)		3,931	3,367
Leaseback fees - council vehicles		753	880
Total other lease income		4,684	4,247
Total rental income	C2-2	4,684	4,247
Total other income		4,684	5,971

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	65,411	64,718
Travel expenses	13	17
Employee leave entitlements (ELE)	9,146	9,711
Superannuation – defined contribution plans	6,735	6,421
Superannuation – defined benefit plans	319	348
Workers' compensation insurance	622	1,407
Fringe benefit tax (FBT)	286	319
Training costs (other than salaries and wages)	205	315
Other	547	761
Less: capitalised costs	(5,781)	(6,516)
Total employee costs expensed	77,503	77,501
Number of 'full-time equivalent' employees (FTE) at year end	746	779

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee. Salaries and on-costs relating to Council staff directly involved in managing and delivery of capital projects are charged to respective projects.

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.

Defined Benefit Plan

(a) Funding agreements and method used to determine the entity's rate of contributions and any minimum funding requirements

Council participates in the pooled employer sponsored defined benefits of the Local Government Superannuation Scheme. Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund. The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B: 1.9 times employee contribution for non-180 Point Members; Nil for 180 Point Members*

Division C: 2.5% salaries

Division D: 1.64 times employee contribution

*For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30th June 2022 (increase to 8% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40 million from 1 July 2019 to 31 December 2021, and \$20 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2022

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

(b) Extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated 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.

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, or full payment

B3-1 Employee benefits and on-costs (continued)

of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

(c) *Description of any agreed allocation of a deficit or surplus on:*

(i) Wind-up of the plan - there are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) The entity's withdrawal from the plan - there is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) *Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan:*

(i) The fact that the plan is a defined benefit plan.

(ii) The reasons why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan are:

- 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 and have not varied for each employer according to the experience relating to the employees of that employer;
- benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- the same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out 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 the members).

As such there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would be for a single employer sponsored defined benefit plan.

(iii) The expected contributions to the plan for the next annual reporting period is \$ 352,786.20.

(iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity

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

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

*excluding 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

**plus promotional increases*

The contribution requirement 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.

The share of the surplus in the scheme is about 0.64%.

Additional contributions are estimated to remain in place until 31 December 2022 i.e. \$128,093.76 additional contributions remaining. However, the Trustee will be reviewing the financial position of the fund on an annual basis and will provide updates.

(v) Indication of the level of participation of the entity in the plan compared with other participating entities

B3-1 Employee benefits and on-costs (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2022 was \$ 435,619.50. The last valuation of the Fund was performed by Fund Actuary Mr. Richard Boyfield (Fellow of the Institute of Actuaries of Australia) on 30 June 2021.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		71,393	84,014
Contractor and consultancy costs		130,496	125,727
Audit Fees	F2-1	212	160
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	480	475
Advertising		140	158
Bank charges		531	513
Election expenses		1,064	–
Electricity and heating		1,641	1,773
Insurance		2,369	1,915
Postage		326	335
Printing and stationery		266	335
Repairs and maintenance		4,960	5,076
Street lighting		3,468	3,469
Subscriptions and publications		438	465
Telephone and communications		423	476
Other expenses		140	1,271
Legal expenses:			
– Planning and development		760	316
– Other		756	846
Expenses from short-term leases		–	22
Expenses from leases of low value assets		1,472	540
Total materials and services		221,335	227,886
Less: capitalised costs		(138,577)	(145,582)
Total materials and services		82,758	82,304

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	439	194
Interest on loans	3,146	1,272
Total interest bearing liability costs	3,585	1,466
Less: capitalised costs	(2,096)	–
Total interest bearing liability costs expensed	1,489	1,466
Total borrowing costs expensed	1,489	1,466

Accounting policy

Interest on loans is recognised on an accrual basis. When the debt arrangement is interest free or includes a discount, notional interest payable is calculated and amortised using the effective interest rate method.

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
Depreciation and amortisation			
Plant and equipment		2,495	2,334
Office equipment		624	587
Furniture and fittings		148	186
Land improvements (depreciable)		5	5
Infrastructure:	C1-6		
– Buildings – non-specialised		10,489	8,543
– Other structures		206	173
– Roads		20,874	19,055
– Stormwater drainage		6,191	5,811
– Other open space/recreational assets		3,625	3,291
Right of use assets	C2-1	3,252	2,270
Other assets:			
– Heritage collections		41	124
– Library books		576	600
Intangible assets	C1-7	488	405
Total gross depreciation and amortisation costs		49,014	43,384
Total depreciation and amortisation costs		49,014	43,384
Total depreciation, amortisation and impairment for non-financial assets		49,014	43,384

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 C1-6 for IPPE assets,

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		438	(174)
Total impairment of receivables	C1-4	438	(174)
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		4,079	–

B3-5 Other expenses (continued)

\$ '000	Notes	2022	2021
Fair value decrement on investments - CivicRisk Mutual Limited		1,041	—
Total Fair value decrement on investments	C1-2	5,120	—
Other			
Donations, contributions and assistance to other organisations (Section 356)		412	1,454
Contributions/levies to other levels of government			
– NSW fire brigade levy		1,654	1,448
– NSW rural fire service levy		194	355
– Emergency services levy (includes FRNSW, SES, and RFS levies)		307	352
– Department of planning levy		156	151
– Australian communication authority		99	106
Total other		2,822	3,866
Total other expenses		8,380	3,692

Accounting policy

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

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 property (excl. investment property)			
Proceeds from disposal – property		–	94
Less: carrying amount of property assets disposed		(101)	(1,087)
Gain (or loss) on disposal		(101)	(993)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		923	555
Less: carrying amount of plant and equipment assets disposed		(8)	(13)
Gain (or loss) on disposal		915	542
Gain (or loss) on disposal of infrastructure			
	C1-6		
Proceeds from disposal – infrastructure		–	283
Less: carrying amount of infrastructure assets disposed		(3,110)	(3,168)
Gain (or loss) on disposal		(3,110)	(2,885)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		98,600	90,600
Less: carrying amount of investments sold/redeemed/matured		(98,600)	(90,600)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		50,000	41,000
Less: carrying amount of term deposits sold/redeemed/matured		(50,000)	(41,000)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of intangible assets			
	C1-7		
Proceeds from disposal – intangible assets		–	–
Less: carrying amount of intangible assets sold/written off		(6)	(41)
Gain (or loss) on disposal		(6)	(41)
Other (Library Books)			
Proceeds from disposal – Other – Library Books		–	–
Less: carrying amount of Other – Library Books assets disposed		(42)	(141)
Gain (or loss) on disposal		(42)	(141)
Net gain (or loss) from disposal of assets		(2,344)	(3,518)

Accounting policy

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

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2021 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	149,402	149,579	177	0% F
User charges and fees	17,915	19,159	1,244	7% F
Other revenues	11,864	7,958	(3,906)	(33)% U
The variation mainly comprised of the following:				
-\$2.4m reduction in parking fines and restoration income due to COVID lock downs and restrictions				
-\$1.0m delay in waste remediation cost recovery				
-\$1.0m decrease in development assessment related fees due to delay in commencement of the Liverpool Civic Place developer works				
Operating grants and contributions	18,830	24,210	5,380	29% F
The variation mainly comprised of the following:				
+\$2.9m increase in value of 2022/23 financial assistance grant received in advance				
+\$1.0m unbudgeted Aerotropolis Planning grant received from Department of Planning, Infrastructure & Environment				
Capital grants and contributions	97,648	119,537	21,889	22% F
The variation mainly comprised of the following:				
+\$34.9m increase in value of dedicated assets recognised and works-in-kind contributions received during 2021/22				
-\$7.0m delay in land acquisition grant funding for Edmondson Avenue				
Interest and investment revenue	3,638	3,960	322	9% F
Other income	6,263	4,684	(1,579)	(25)% U
The variation mainly comprised of the following:				
-\$0.6m unrealised expected increase in council's share of joint venture (Civic Risk Mutual) investment				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	84,330	77,503	6,827	8% F
Materials and services	83,093	82,758	335	0% F
Borrowing costs	1,186	1,489	(303)	(26)% U
The variation is mainly due to inclusion of deemed interest on lease liability				
Depreciation, amortisation and impairment of non-financial assets	45,678	49,014	(3,336)	(7)% U
Other expenses	3,181	8,380	(5,199)	(163)% U
The variation mainly comprised of the following:				
-\$4.0m decrease in market value of Council's investment portfolio				
-\$1.0m recognition of loss in joint venture (Civic Risk Mutual) investment				
Net losses from disposal of assets	2,000	2,344	(344)	(17)% U
The variation mainly comprised of the following:				
-\$1.3m higher than expected value of road surface write-off cost				
+\$0.9m recognition of gains on disposal of plant and equipment				
Statement of cash flows				
Cash flows from operating activities	119,337	140,722	21,385	18% F
The variation is mainly due to increase in grants income for capital projects and emergency assistance.				
Cash flows from investing activities	(251,585)	(265,131)	(13,546)	5% U
Cash flows from financing activities	127,575	82,332	(45,243)	(35)% U
The variation is mainly due to re-scheduling of Liverpool Civic Place Project loan settlements to align with project timelines				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	3,087	2,530
Cash equivalent assets		
– Deposits at call	51,520	106,137
– Managed funds	37,123	37,140
– Short-term deposits	35,000	23,000
Total cash and cash equivalents	126,730	168,807

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	126,730	168,807
Balance as per the Statement of Cash Flows	126,730	168,807

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				
Non-convertible debentures or floating rate notes	29,043	122,885	20,671	121,912
Mortgage backed securities	–	1,866	–	1,967
Civic Risk Mutual	–	6,502	–	7,625
Total	29,043	131,253	20,671	131,504
Financial assets at amortised cost / held to maturity				
Long term deposits	107,000	75,000	27,000	10,000
Total	107,000	75,000	27,000	10,000
Total financial investments	136,043	206,253	47,671	141,504
Total cash assets, cash equivalents and investments	262,773	206,253	216,478	141,504

Accounting policy

Council has an approved Investment Policy to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and section 212 of the *Local Government (General) Regulations 2005*. Investments are placed and managed in accordance with the policy and having regard to authorised investments prescribed under the *Ministerial Local Government Investment Order*. Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council's investment principles as set out in its investment policy is "to maximise returns while paying due consideration to matters of risk, liquidity and security for its investment".

Council amended its policy following revisions to the *Ministerial Local Government Investment Order* (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

C1-2 Financial investments (continued)

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

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

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	469,026	357,982
Less: Externally restricted cash, cash equivalents and investments	(348,528)	(296,427)
Cash, cash equivalents and investments not subject to external restrictions	120,498	61,555
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	41,427	15,515
External restrictions – included in liabilities	41,427	15,515
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	271,306	236,411
Specific purpose unexpended grants – Capital	12,156	14,156
Domestic waste management	8,556	13,786
Environmental levy	5,890	6,056
Edmondson park reserve (unexpended loan)	2,771	2,763
Specific purpose unexpended grants – Operating	917	1,516
City development fund (previously TIF)	738	1,365
Better waste and recycling reserve	485	544
Stormwater management	759	327
Collingwood house restoration works	–	4
Other contributions reserve	3,523	3,984
External restrictions – other	307,101	280,912
Total external restrictions	348,528	296,427

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.

Details on externally restricted cash, cash equivalents and investments

Cash, cash equivalents and investments are restricted for prudent financial management purposes as follows:

External Restrictions:

- **Developer contributions** – 100% of cash Developer Contributions levied under Section 7.11 contribution plan, received but not yet expended in accordance with the contributions plan.
- **Unexpended grants** - 100% of cash grants received but not expensed during the year are treated as restricted funds
- **Domestic Waste** - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business
- **Stormwater management** – 100% of funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.
- **Better Waste and Recycling** – unspent funds received from the NSW Environment Protection Authority (EPA) under Waste Less Recycle More initiative.
- **City Development Fund** (formerly referred to as Town Improvement Fund) – 100% cash collected from this special rate levied on properties within Town Improvement District zone is set aside to fund special projects within the city precinct.

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

- **Collingwood House Restoration Works** – contributions collected under a Voluntary Planning Agreement arrangement towards restoration works at Collingwood House.
- **Edmondson Park** – unspent funds at reporting date from borrowings for Edmondson Park and other projects funded from borrowing under the Local Infrastructure Renewals Scheme are set aside to fund specific projects.
- **Environmental levy** – 100% cash collected from ratepayers are set aside to fund initiatives under Council's Environment Restoration Plan.
- **LIRS** – unspent funds received under NSW Local Infrastructure Renewals Scheme

\$ '000	2022	2021
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	120,498	61,555
Less: Internally restricted cash, cash equivalents and investments	(83,882)	(29,958)
Unrestricted and unallocated cash, cash equivalents and investments	36,616	31,597

Internal allocations

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

Loan Reserve	66,164	14,640
Carnes Hill stage 2 precinct development reserve	4,587	4,861
Employees leave entitlement	4,484	4,217
Insurance reserve	1,796	1,796
Parking strategy reserve	1,714	1,500
General property reserve	5,054	2,861
Moorebank voluntary acquisition reserve	83	83
Total internal allocations	83,882	29,958

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

Details on internally allocated cash, cash equivalents and investments

Internal Allocations:

- **Employee Leave Entitlements** – approximately 20% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.
- **General Property** - proceeds from sale of surplus land and buildings set aside for acquisition of other items of property
- **Insurance** – savings on insurance premiums and excess set aside to pay unexpected claims at a future date.
- **Moorebank Voluntary Acquisition** – cash set aside for acquisition of properties on a hazardous floodway alongside the Georges River.
- **Carnes Hill Stage 2** - Proceeds from disposal of 88 Kurrajong Road (DP 1236888) set aside for concept design and planning costs for Carnes Hill Stage 2 development.
- **Parking Strategy** – parking fees revenue collected in the city centre is set aside to fund initiatives that will improve car parking and transport in the CBD.
- **Loan** - unspent funds drawn down from a special purpose loan facility.

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

Unrestricted and unallocated cash, cash equivalents and investments	36,616	31,597
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C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	10,025	253	8,797	153
Interest and extra charges	572	–	505	–
User charges and fees	5,301	–	4,138	–
Accrued revenues				
– Interest on investments	1,229	–	548	–
– Other income accruals	7,938	–	5,162	–
Net GST receivable	2,254	–	1,417	–
Other debtors	119	40	112	164
Total	27,438	293	20,679	317
Less: provision for impairment				
User charges and fees	(1,006)	–	(606)	–
Total provision for impairment – receivables	(1,006)	–	(606)	–
Total net receivables	26,432	293	20,073	317
Externally restricted receivables				
Domestic waste management	2,735	–	2,417	–
Town improvement	81	–	105	–
Stormwater management	150	–	135	–
Other				
– Environmental levy	143	–	128	–
Total external restrictions	3,109	–	2,785	–
Unrestricted receivables	23,323	293	17,288	317
Total net receivables	26,432	293	20,073	317

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	606	805
+ new provisions recognised during the year	902	502
Unused amounts reversed	(469)	(671)
– amounts already provided for and written off this year	(34)	(30)
Balance at the end of the year	1,005	606

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

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

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

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

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 365 days past due, whichever occurs first.

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	282	–	289	–
Total inventories at cost	282	–	289	–
Total inventories	282	–	289	–

Accounting policy

Council stocks common use items and the value of these items is held at cost, adjusted where applicable for any loss of service potential.

Inventory items are held at the lower of cost and net realisable value

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	121,846	–	121,846	10,351	90,152	–	–	–	(55,139)	(58)	–	–	167,152	–	167,152
Plant and equipment	27,349	(18,378)	8,971	–	–	–	(8)	(2,495)	3,661	–	–	–	28,263	(18,134)	10,129
Office equipment	7,349	(5,235)	2,114	–	–	–	–	(624)	393	–	–	–	7,742	(5,859)	1,883
Furniture and fittings	3,434	(2,468)	966	–	–	–	–	(148)	39	1	–	–	3,473	(2,615)	858
Land:															
– Operational land	291,536	–	291,536	–	–	–	–	–	23,883	–	–	7,433	322,852	–	322,852
– Community land	325,561	–	325,561	–	–	547	–	–	13,036	–	(5,766)	–	333,378	–	333,378
– Crown land	44,074	–	44,074	–	–	–	–	–	–	–	–	–	44,074	–	44,074
– Land under roads (post 30/6/08)	25,639	–	25,639	–	2,163	–	–	–	6,721	(1)	–	6,427	40,949	–	40,949
Land improvements – non-depreciable	18,053	–	18,053	–	–	–	–	–	990	–	–	–	19,043	–	19,043
Land improvements – depreciable	342	(56)	286	–	–	–	–	(5)	–	–	–	–	342	(61)	281
Infrastructure:															
– Roads	1,544,331	(302,391)	1,241,940	9,954	22,086	–	(2,858)	(20,874)	3,625	1,456	–	159,080	1,743,598	(329,189)	1,414,409
– Other structures	7,520	(1,215)	6,305	–	34	–	–	(206)	41	678	–	850	9,158	(1,456)	7,702
– Stormwater drainage	672,579	(110,162)	562,417	995	11,374	–	(58)	(6,191)	–	15	–	70,308	758,384	(119,524)	638,860
– Buildings – non-specialised	397,150	(178,544)	218,606	5,924	1,459	–	(101)	(10,489)	138	(81)	–	9,594	318,052	(93,002)	225,050
– Other open space/recreational assets	85,948	(18,689)	67,259	3,882	–	–	(194)	(3,625)	2,064	(2,065)	–	8,974	99,039	(22,744)	76,295
Other assets:															
– Heritage collections	1,654	(1,501)	153	–	–	–	–	(41)	–	1	–	–	1,654	(1,541)	113
– Library books	4,281	(2,603)	1,678	–	–	–	(42)	(576)	548	(1)	–	–	4,588	(2,981)	1,607
Total infrastructure, property, plant and equipment	3,578,646	(641,242)	2,937,404	31,106	127,268	547	(3,261)	(45,274)	–	(55)	(5,766)	262,666	3,901,741	(597,106)	3,304,635

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	101,310	–	101,310	9,265	59,492	–	–	–	(48,180)	(41)	–	–	121,846	–	121,846
Plant and equipment	22,947	(16,881)	6,066	–	1,577	–	(13)	(2,334)	3,632	43	–	–	27,349	(18,378)	8,971
Office equipment	6,874	(4,648)	2,226	–	–	–	–	(587)	432	43	–	–	7,349	(5,235)	2,114
Furniture and fittings	3,287	(2,282)	1,005	–	–	–	–	(186)	147	–	–	–	3,434	(2,468)	966
Land:															
– Operational land	238,501	–	238,501	–	–	–	–	–	18,138	–	–	34,897	291,536	–	291,536
– Community land	317,735	–	317,735	–	–	6,022	(4)	–	7,644	(1)	(5,835)	–	325,561	–	325,561
– Crown land	44,164	–	44,164	–	–	–	–	–	–	–	(90)	–	44,074	–	44,074
– Land under roads (post 30/6/08)	22,128	–	22,128	–	3,505	–	–	–	20	–	(14)	–	25,639	–	25,639
Land improvements – non-depreciable	16,969	–	16,969	–	–	–	–	–	1,083	1	–	–	18,053	–	18,053
Land improvements – depreciable	342	(50)	292	–	–	–	–	(5)	–	(1)	–	–	342	(56)	286
Infrastructure:															
– Buildings – non-specialised	388,468	(164,569)	223,899	6,495	399	–	(1,083)	(8,543)	1,429	1,936	(5,926)	–	397,150	(178,544)	218,606
– Other structures	6,864	(1,051)	5,813	571	–	–	(39)	(173)	47	90	(4)	–	7,520	(1,215)	6,305
– Roads	1,488,371	(285,926)	1,202,445	16,129	37,756	–	(2,706)	(19,055)	3,829	3,964	(422)	–	1,544,331	(302,391)	1,241,940
– Stormwater drainage	646,328	(104,393)	541,935	1,624	24,048	–	(199)	(5,811)	274	565	(19)	–	672,579	(110,162)	562,417
– Other open space/recreational assets	79,549	(15,476)	64,073	2,373	1	–	(224)	(3,291)	10,909	(6,558)	(24)	–	85,948	(18,689)	67,259
Other assets:															
– Heritage collections	1,654	(1,377)	277	–	–	–	–	(124)	–	–	–	–	1,654	(1,501)	153
– Library books	4,687	(2,865)	1,822	–	–	–	(141)	(600)	596	1	–	–	4,281	(2,603)	1,678
Total infrastructure, property, plant and equipment	3,390,178	(599,518)	2,790,660	36,457	126,778	6,022	(4,409)	(40,709)	–	42	(12,334)	34,897	3,578,646	(641,242)	2,937,404

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

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

Accounting policy

(i) Acquisition of assets

Council's non-current assets are progressively revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment.

At reporting date, the following classes of infrastructure, property, plant and equipment were stated at their fair value:

- Plant and equipment (as approximated by depreciated historical cost)
- Office equipment (as approximated by depreciated historical cost)
- Furniture & Fittings (as approximated by depreciated historical cost)
- Operational land: unrestricted (external valuation)
- Operational land: zoned with restrictions (external valuation)
- Community land (external valuation)
- Land under roads: post 30 June 2008 - (Internal valuation)
- Land improvements (as approximated by depreciated historical cost)
- Buildings – specialised/non-specialised (internal valuation)
- Other structures (Internal and external valuation)
- Road assets - roads, bridges and footpaths (Internal and external valuation)
- Bulk earthworks (Internal and external valuation)
- Drainage assets (Internal and external valuation)
- Other open space/recreational assets (Internal and external valuation)
- Other assets (as approximated by depreciated historical cost)

(ii) Initial recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

(iii) Subsequent costs

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.

(iv) Asset revaluations (including indexation)

IPP&E are held at fair value. In accounting for asset revaluations relating to infrastructure, property, plant and equipment

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
 - to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
 - net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.
- At each reporting period, Council assesses whether there is any indication that carrying amount of assets may differ materially from current fair value. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount.

Comprehensive revaluations are undertaken for each asset class based upon their revaluation cycle. In between the revaluation cycle years, Council use producer price index to adjust the carrying amounts all assets. Below table explains each asset class revaluation cycle details.

Asset Class	Revaluation Cycle	Last Revaluation	Forthcoming Revaluation
Roads, bridges, footpaths, drainage, bulk earth works, other road assets	4 years (in line with council's Asset Management Plan)	30 th June 2019	30 th June 2023
Other structures, Other Open Space/recreational assets	4 years (in line with council's Asset Management Plan)	30 th June 2019	30 th June 2023
Land under roads	5 years	30 th June 2022	30 th June 2027
Community land	3 years (in line with VG's Valuation report)	30 th June 2020	30 th June 2023
Crown Land	5 years	30 th June 2018	30 th June 2023
Operational Land & Buildings	4 years (in line with council's Asset Management Plan)	30 th June 2022	30 th June 2026

(v) Capitalisation thresholds

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

Items of infrastructure, property, plant and equipment costing in excess of \$1000 are capitalised.

(vi) Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is initially calculated using their design lives tabulated below and allocated on a straight-line method. Land is not depreciated.

Plant and equipment	5 to 10 years
Office equipment	5 to 10 years
Furniture & Fittings	5 to 10 years
Land improvements	100 years
Buildings	20 to 100 years
Other structures	3 to 20 years
Road assets	15 to 100 years
Bulk earthworks	Infinite
Drainage	100 years
Open Space recreational assets	5 to 20 years
Other assets	5 to 20 years

All asset useful lives are reviewed and adjusted (if appropriate) at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount - refer note C1-6 on asset impairment.

(vii) Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(viii) Dedicated Assets

Section 7.4 of the *Environmental Planning and Assessment Act 1979 (NSW)* provides NSW Councils a legal framework to enter into planning agreements. These are voluntary agreements where the developer may dedicate land, pay monetary contributions, or provide a material public benefit (or a combination of these) which the council must then apply toward a public purpose. These assets are valued at asset replacement unit rates. The value of such assets received during the reporting year is included in the Income Statement as "Grants & Contributions provided for capital purposes" and forms part of Council's asset base at reporting date.

(ix) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

Land under roads

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

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

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

Council uses average unit value of the land within council area to value land under roads. Land value is determined by the Valuer General and discounted by 90% using Englobo method to reflect the restricted use of land under roads.

The value of land under roads dedicated to Council in the current year is included in Income Statement as "Grants & Contributions provided for Capital Purposes" and forms part of Council's asset base at reporting date.

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.

C1-6 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.

Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash- generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Rural Fire Service assets

Under section 119 of the *Rural Fires Act 1997*, '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'.

LCC has assessed the RFS firefighting equipment that are vested under its control and recognised the carrying value of those assets in its financial statement at note C1-8 (ii).

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	2,798	1,924
Accumulated amortisation	(794)	(467)
Net book value – opening balance	2,004	1,457
Movements for the year		
Other movements	160	444
Purchases	344	585
Amortisation charges	(488)	(405)
Gross book value written off	(75)	(125)
Accumulated amortisation charges written off	6	48
Closing values at 30 June		
Gross book value	3,164	2,798
Accumulated amortisation	(1,213)	(794)
Total software – net book value	1,951	2,004
Total intangible assets – net book value	1,951	2,004

Accounting policy

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 five 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, office & IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for their corporate offices and other buildings; 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.

Vehicles

Council leases vehicles and equipment with lease terms varying from 2 to 3 years; the lease payments are fixed during the lease term and renewal options are at council's discretion.

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 3 and 4 years, renewal options are at council's discretion. Payments are fixed, however some of the leases include variable payments based on usage.

Plant and Equipment

Council leases plant and equipment with lease terms varying from 2 to 7 years; the lease payments are fixed during the lease term and renewal options are at council's discretion.

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.

There are no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

C2-1 Council as a lessee (continued)

(a) Right of use assets

\$ '000	Plant and Equipment	Vehicles	Land and Buildings	Office and IT Equipment	Total
2022					
Opening balance at 1 July	–	816	4,714	83	5,613
Additions	8,192	980	81	–	9,253
Depreciation charge	(1,169)	(907)	(1,135)	(41)	(3,252)
Impairment	–	–	–	–	–
Balance at 30 June	7,022	889	3,660	42	11,613
2021					
Opening balance at 1 July	–	1,287	5,829	124	7,240
Additions	–	637	6	–	643
Depreciation charge	–	(1,108)	(1,121)	(41)	(2,270)
Impairment	–	–	–	–	–
Balance at 30 June	–	816	4,714	83	5,613

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	2,772	9,214	1,620	4,124
Total lease liabilities	2,772	9,214	1,620	4,124

(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	3,133	8,579	1,327	13,039	11,986
2021					
Cash flows	1,762	4,336	–	6,098	5,744

(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	439	194
Depreciation of right of use assets	3,252	2,270
Expenses relating to short-term leases	–	22
Expenses relating to low-value leases	1,472	540
	5,163	3,026

C2-1 Council as a lessee (continued)

\$ '000	2022	2021
(e) Statement of Cash Flows		
Total cash outflow for leases	4,917	2,875
	4,917	2,875

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties 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 in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

\$ '000	2022	2021
(i) Assets held as property, plant and equipment		
Details of the PPE leases		
Council provides operating leases on Council buildings for the purpose of rent, the table below relates to operating leases on assets disclosed in C1-6.		
Lease income relating to variable lease payments not dependent on an index or a rate	3,898	3,367

C2-2 Council as a lessor (continued)

\$ '000	2022	2021
Other Lease Income		
Leaseback Fees - Council Vehicles	786	880
Total income relating to operating leases for Council assets	4,684	4,247

(ii) 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	2,742	2,675
1–2 years	–	2,742
Total undiscounted lease payments to be received	2,742	5,417

Accounting policy

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

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

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

he lease income is recognised on a straight-line basis over the lease term for an operating lease

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Goods and services – operating expenditure	9,202	–	10,042	–
Accrued expenses:				
– Borrowings	605	–	170	–
– Other expenditure accruals	11,524	–	7,581	–
Advances	33	–	31	–
Security bonds, deposits and retentions	3,429	12,842	3,828	8,861
Prepaid rates	1,609	–	1,537	–
Total payables	26,402	12,842	23,189	8,861
Income received in advance				
Payments received in advance	8	585	3	–
Total income received in advance	8	585	3	–
Total payables	26,410	13,427	23,192	8,861

Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total payables relating to unrestricted assets	26,410	13,427	23,192	8,861
Total payables	26,410	13,427	23,192	8,861

C3-1 Payables (continued)

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	857	959
Total payables	857	959

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.

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	38,294	–	12,718	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,551	582	2,181	612
Unexpended capital contributions (to construct Council controlled assets)	(i)	380	–	68	179
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	1,227	–	792	28
Total grants received in advance		42,452	582	15,759	819
User fees and charges received in advance:					
Other		6,515	125	7,239	174
Total user fees and charges received in advance		6,515	125	7,239	174
Total contract liabilities		48,967	707	22,998	993

Notes

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

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

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

\$ '000	2022	2021
User fees and charges received in advance:		
Other	–	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	–	–

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

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	12,517	135,695	8,858	54,012
Total borrowings	12,517	135,695	8,858	54,012

(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 E1-1.

Borrowings relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
LIRS Borrowings	2,309	3,715	2,506	6,025
Borrowings relating to externally restricted assets	2,309	3,715	2,506	6,025
Total borrowings relating to restricted assets	2,309	3,715	2,506	6,025
Total borrowings relating to unrestricted assets	10,208	131,980	6,352	47,987
Total borrowings	12,517	135,695	8,858	54,012

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(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	Other non-cash movement	Closing balance
Loans – secured	62,870	85,342	–	–	–	–	148,212
Lease liability (Note C2-1 (b))	5,744	6,242	–	–	–	–	11,986
Total liabilities from financing activities	68,614	91,584	–	–	–	–	160,198

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,277	24,593	–	–	–	–	62,870
Lease liability (Note C2-1b))	7,221	(1,477)	–	–	–	–	5,744
Total liabilities from financing activities	45,498	23,116	–	–	–	–	68,614

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities	500	500

C3-3 Borrowings (continued)

\$ '000	2022	2021
Credit cards/purchase cards	551	6,550
Standby credit facilities	3,500	3,500
Bank Guarantees	5,000	5,000
Total financing arrangements	9,551	15,550
Drawn facilities		
– Credit cards/purchase cards	5	5
– Bank Guarantees	4,053	4,705
Total drawn financing arrangements	4,058	4,710
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	546	6,545
– Standby credit facilities	3,500	3,500
– Bank Guarantees	947	295
Total undrawn financing arrangements	5,493	10,840

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loan terms and conditions, including repayments

Security over loans

In accordance with Section 229 of the *Local Government (General) Regulation 2005*, (NSW), all loans are secured as a charge of Council's general income.

Bank overdrafts

During the current and prior year, Council did not use its bank overdraft facility.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	8,390	–	8,557	–
Sick leave	128	–	201	–
Long service leave	11,247	847	12,355	930
Other leave	1,015	–	1,307	–
Total employee benefit provisions	20,780	847	22,420	930

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee's benefits	15,596	16,815
	15,596	16,815

Description of and movements in non-employee benefit provisions

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.

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Other provisions				
Self-insurance – workers compensation	868	1,928	920	2,720
Other	2,064	–	324	990
Sub-total – other provisions	2,932	1,928	1,244	3,710
Asset remediation/restoration:				
Asset remediation/restoration (future works)	4,251	–	4,024	–
Site Contamination	2,332	–	1,922	–
Sub-total – asset remediation/restoration	6,583	–	5,946	–
Total provisions	9,515	1,928	7,190	3,710
Total provisions relating to unrestricted assets	9,515	1,928	7,190	3,710
Total provisions	9,515	1,928	7,190	3,710

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

\$ '000	Other provisions			
	Self insurance	Asset remediation	Other	Total
2022				
At beginning of year	3,640	5,946	1,314	10,900
Additional provisions	–	2,222	1,686	3,908
Amounts used (payments)	–	(1,585)	(811)	(2,396)
Unused amounts reversed	(844)	–	(125)	(969)
Total other provisions at end of year	2,796	6,583	2,064	11,443
2021				
At beginning of year	2,990	3,008	1,048	7,046
Additional provisions	650	6,787	898	8,335
Amounts used (payments)	–	(3,849)	(157)	(4,006)
Unused amounts reversed	–	–	(475)	(475)
Total other provisions at end of year	3,640	5,946	1,314	10,900

Nature and purpose of provisions

Hazardous Waste Remediation/Site Contamination

Various sites within the Liverpool LGA were identified as contaminated with hazardous waste and requires appropriate Environment Protection Authority (EPA) approved remediation procedures. Provision is made for estimated costs to carry out identified works.

Self-insurance: Workers Compensation

Council is a licenced self-insurer for the purposes of workers compensation and as such is required to demonstrate to the State Insurance Regulatory Authority (SIRA) its financial viability to meet its outstanding claims liability. Provision for self-insurance is based on annual actuarial valuation. Council engaged Bruce Watson Consulting Pty Ltd to conduct valuation of its outstanding claims liability as at 30 June 2022, (David G Hart Consulting Pty Ltd, the actuarial from 30 June 2021 has retired). The estimated liability is projected based on Council's current and past claims in accordance with SIRA estimation guidelines. Following SIRA's assessment of the actuarial report, Council is also required to provide a bank guarantee as security against its outstanding claims liability – refer Note E3-1.

Other

C3-5 Provisions (continued)

Council has recognised estimated costs of other known obligations at the end of reporting period.

Accounting policy

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	126,730	168,807	126,730	168,807
Receivables	26,725	20,390	26,725	20,390
Investments				
– Debt securities at amortised cost	182,000	37,000	182,000	37,000
Fair value through profit and loss				
Investments				
– Held for trading	160,296	152,175	160,296	144,550
Total financial assets	495,751	378,372	495,751	370,747
Financial liabilities				
Payables	39,244	32,050	39,244	32,050
Loans/advances	148,212	62,870	148,212	62,870
Total financial liabilities	187,456	94,920	187,456	94,920

Fair value is determined as follows:

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

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

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

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

The risks associated with the financial instruments held are:

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

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

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	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	2,456	2,900
Impact of a 10% movement in price of investments		
– Equity / Income Statement	15,379	14,455

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

(b) Credit risk

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2022				
Gross carrying amount	–	9,586	692	10,278
2021				
Gross carrying amount	–	8,380	570	8,950

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2022						
Gross carrying amount	13,957	1,826	15	452	1,203	17,453
Expected loss rate (%)	60.00%	70.00%	80.00%	90.00%	100.00%	64.60%
ECL provision	8,374	1,278	12	407	1,203	11,274
2021						
Gross carrying amount	6,028	3,705	529	246	1,538	12,046
Expected loss rate (%)	60.00%	60.00%	60.00%	60.00%	100.00%	65.11%
ECL provision	3,617	2,223	317	148	1,538	7,843

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

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	3.64%	16,271	22,973	–	–	39,244	39,244
Borrowings	3.64%	–	12,518	43,040	92,654	148,212	148,212
Total financial liabilities		16,271	35,491	43,040	92,654	187,456	187,456
2021							
Payables	3.76%	12,689	17,824	–	–	30,513	32,050
Borrowings	3.76%	–	10,567	40,834	18,639	70,040	62,870
Total financial liabilities		12,689	28,391	40,834	18,639	100,553	94,920

E2-1 Fair value measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

- Financial assets - Investments
- Infrastructure, property, plant and equipment

Fair value hierarchy

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 - Unobservable inputs for the asset or liability.

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

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		160,296	144,550	–	–	160,296	144,550
Total financial assets		160,296	144,550	–	–	160,296	144,550
Infrastructure, property, plant and equipment							
Plant, equipment, furniture and fittings	C1-6	–	–	–	–	–	–
– Operational land		247,358	–	75,494	291,536	322,852	291,536
– Community land		–	–	333,378	369,635	333,378	369,635
– Land under roads		–	–	40,949	25,639	40,949	25,639
– Buildings (specialised and non-specialised)		53,097	–	171,953	218,606	225,050	218,606
– Roads, Bridges & Footpaths		–	–	1,414,409	1,241,940	1,414,409	1,241,940
– Storm water drainage		–	–	638,860	562,417	638,860	562,417
– Other assets		–	–	161,985	227,631	161,985	227,631
Total infrastructure, property, plant and equipment		300,455	–	2,837,028	2,937,404	3,137,483	2,937,404
Non-recurring fair value measurements							

E2-1 Fair value measurement (continued)

Valuation techniques

The Council's financial assets relate investments in Floating Rate Notes and Mortgage Backed Securities. Investments in Floating Rate Notes and Mortgage Backed Securities are reported at market values. The information included under Note C1-2 for Term Deposits is considered sufficient to meet the Fair Value disclosures requirements.

The Council does not have any liabilities which are fair valued.

Financial Assets - Investments

Investments are measured at Level 2 Inputs.

Investments in Floating Rate Notes and Reverse Back Mortgages are carried at fair value. Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The valuation method used for the reporting year for financial assets listed above is consistent with prior years' measurement techniques.

Infrastructure, property, plant and equipment (IPPE)

Council reported Infrastructure, Property, Plant and Equipment using Level 3 (Unobservable inputs for which market data are not readily available) except building and Operational Land as both classes are revalued by external valuer as at 30th June 2022.

Valuation processes

Council's infrastructure assets (Roads, Drainage, Bridges, Footpath and Parks assets) are annually indexed to reflect their current replacement cost (CRC). The written down value of Plant & Equipment, Office Equipment, Heritage and Library books are considered a close proxy for their fair values therefore are not revalued. Assets. A comprehensive revaluation of Infrastructure assets and Building, Community, Operational Land and Land under Roads assets is carried out every 3-5 years cycle in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment. Further details of the revaluations policy are provided under note A1-1(I).

Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings are comprehensively revalued as at 30 June 2022 financial year and the fair values are determined by APV. Gross Value of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre has been benchmarked to construction costs of similar properties across the industry.

Land (Operational, Community and Land Under Road)

The Council engages external, independent and qualified valuers to determine the fair value of Operational Land. Operational land is comprehensively revalued as at 30th June 2022 financial year by APV. Community Land is valued using the Valuer General Valuations and Land Under Road (LUR) is valued at the average unit rate derived from Valuer General (VG) land values discounted by 90%.

The fair value of Operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

The fair value for community land has been determined using the Valuer General (VG) land values and appropriate adjustments are also made for decline in value due to contamination.

Land under roads has been comprehensively revalued as at 30th June 2022 using Valuer General (VG) land values discounted by 90% (Englobo method)

Each class of assets for Property Plant and Equipment are revalued on a 3 to 5 year cycle using various methods; Independent external valuation for Buildings, Operational Land and Land under Road, Valuer General land values for Community Land,

E2-1 Fair value measurement (continued)

depreciated cost for Plant & Equipment, library books etc. Council uses external consultants for current replacement unit rates to fair value Infrastructure assets (Roads, Bridges Drainage etc.).

Current use of some of the assets noted above reflects the highest and best use.

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

- **Civic Risk West and Civic Risk Mutual**

Council is member of Civic Risk West and Civic Risk Mutual schemes (now managed by Civic Risk Mutual Limited) providing 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 and Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

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

- **Bank Guarantees**

Workers Compensation Self Insurance

Council is a self-insurer for Workers Compensation and as a condition of its self-insurance license requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment.

Council Actuarial Assessment as at 30 June this year recommended that the current Bank Guarantee of \$3.05 million be increased to \$3.31 million. At the time of preparing the Annual Financial Statements the actuarial assessment and the recommended increase had not been reviewed and confirmed by State Insurance Regulatory Authority (SIRA).

Sydney Water Corporation

Council undertakes various roadworks in the Liverpool LGA which may, in some instances, require relocating Water mains belonging to Sydney Water Corporation. Prior to commencement of the work Council is required to lodge a bank guarantee or provide a cash bond to Sydney Water Corporation. As at 30 June this year, Sydney Water Corporation held bank guarantees for a total amount of \$ 0.447 million issued in its favour by Council bank.

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.

1. Council has identified future claims resulting from its planning and compliance determinations. Council and its legal representatives are working with affected developers and landowners to resolve disagreements and compensation claims. At the time of reporting a reliable estimate of potential liability is not available.
2. Council is continuing to identify sites within the local government area containing hazardous materials which require remediation works. Cost to Council to carry out these works is not known.
3. Council has been notified of Common Law Works Compensation Claim proceedings. Cost of compensation for economic loss due to on-going incapacity to work as a result of the injury at work is not known.
4. Council in collaboration with NSW State Government is participating in Moorebank Voluntary Acquisition Scheme which involves progressive acquisition of 175 properties within the floodway of the Georges River. To date Council has purchased 116 properties and 59 properties remain to be purchased to complete the scheme and is currently projected to take another 50-70 years. The cost of acquisition is shared by the Council (33%) and NSW State Government (67%). All the time of reporting a reliable cost exposure to Council is not available.

(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 (& subsequent land asset) from such potential acquisitions has not been possible.

E3-1 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 & including 30 June 2008.

(ii) Infringement notices/fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue Recognition policy for such income at year end is to accrue a percentage of outstanding notices based on history or actual fines.

(iii) American Express Corporate Card Reward Points

Council earns reward points on its American Express Corporate Card Program and is only available for redemption for business travel and accommodation purposes. The value of points redeemed during the year is recognised as notional income and expenditure. At the end of reporting period, Council had accrued balance of 47.38 million points with an estimated value of \$ 0.24 million which was not recognised as an asset.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

- (a) Mayor;
- (b) Councillors;
- (c) Chief Executive Officer;
- (d) Directors; and
- (e) The Responsible Accounting Officer

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	2,774	3,068
Post-employment benefits	228	242
Termination benefits	490	373
Total	3,492	3,683

(b) Other transactions with KMP and their related parties/entities

Council has determined that there were no material transactions at arm's length with KMP and their related parties as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP).

F1-2 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:		
Councillors' fees	324	335
Mayoral fee	90	89
Other Councillors' expenses (including Mayor)	66	51
Total	480	475

F2 Other relationships

F2-1 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:

Audit and other assurance services

Audit and review of financial statements

	212	160
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Remuneration for audit and other assurance services

	212	160
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Total Auditor-General remuneration

	212	160
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Total audit fees

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	107,599	134,465
Add / (less) non-cash items:		
Depreciation and amortisation	49,014	43,384
(Gain) / loss on disposal of assets	2,344	3,518
Non-cash capital grants and contributions	(51,494)	(69,085)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	5,120	(1,724)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(6,735)	(2,256)
Increase / (decrease) in provision for impairment of receivables	400	(199)
(Increase) / decrease of inventories	7	(57)
(Increase) / decrease of other current assets	2,180	(1,839)
Increase / (decrease) in payables	(840)	(3,728)
Increase / (decrease) in accrued interest payable	435	(57)
Increase / (decrease) in other accrued expenses payable	3,943	1,782
Increase / (decrease) in other liabilities	4,246	2,595
Increase / (decrease) in contract liabilities	25,683	14,283
Increase / (decrease) in employee benefit provision	(1,723)	1,382
Increase / (decrease) in other provisions	543	3,854
Net cash flows from operating activities	140,722	126,318

(b) Non-cash investing and financing activities

Section 7.11 Developer contributions 'in kind'	14,378	1,800
Other dedications RFS Plant and Equipment	–	1,577
Dedications	37,116	65,708
Total non-cash investing and financing activities	51,494	69,085

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Liverpool Civic Place	133,696	178,372
Buildings	2,172	2,231
Drainage	7,104	1,363
Parks	2,576	5,843
Roads	8,032	3,943
Other – IT Equipment	620	2,412
Other - Office Furniture and Fixture	–	48
Other - Plant and Fleet	869	3,085
Total commitments	155,069	197,297

These expenditures are payable as follows:

Within the next year	155,069	98,865
Later than one year and not later than 5 years	–	98,432
Total payable	155,069	197,297

Sources for funding of capital commitments:

Unrestricted general funds	13,600	18,899
Sect 64 and 7.11 funds/reserves	7,916	3,403
Unexpended grants	7,236	4,640
Externally restricted reserves	1,252	14
Internally restricted reserves	4,800	4,901
Loan Borrowings	115,765	160,940
Developer Rights/DA Fees	4,500	4,500
Total sources of funding	155,069	197,297

Details of capital commitments

The council has committed to the below capital projects:

- The construction of Liverpool Civic Place by Built Development Group P/L is scheduled to be completed in FY 2022-23.
- Project timeline for Flood detention basin 29 in Austral extended for final easement acquisition and negotiations with land owner.
- Project timeline for Flood detention basins 14 in Edmondson Park extended due to land acquisition and determination of compensations.
- Design and construction of Commuter Carpark CPAC runs over two financial years. Construction is underway.
- Various roads, bridges and footpaths projects were delayed due to unfavourable weather conditions.

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Changes in accounting policies due to adoption of new accounting standards

Council has not adopted any new accounting standards.

G4-2 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

G5 Statement of developer contributions as at 30 June 2022

G5-1 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					
Drainage	40,454	9,852	120	328	(8,369)	–	42,265	–
Roads	606	597	–	6	(8)	–	1,201	–
Parking	6,460	1,262	–	52	(57)	–	7,717	–
Roads & Traffic Facilities	21,989	6,186	13,982	220	(380)	–	28,015	–
Local Open Space	80,271	23,704	225	729	(3,656)	–	101,048	–
Embellishment of Local Open Space	25,329	5,676	21	246	(3,201)	–	28,050	–
Community Facilities (Local)	32,349	690	5	256	(304)	–	32,991	–
Community Facilities (District)	6,220	1,084	9	52	(180)	–	7,176	–
Tree Planting Other	7,084	111	–	56	(64)	–	7,187	–
Professional & Legal Fees (Other)	2,528	115	5	21	(29)	–	2,635	–
Administration Fees	(945)	382	3	4	(215)	–	(774)	–
Implementation	4,217	149	8	34	(39)	–	4,361	–
Other- Moorebank Intermodal	9,849	–	–	76	(491)	–	9,434	–
S7.11 contributions – under a plan	236,411	49,808	14,378	2,080	(16,993)	–	271,306	–
Total S7.11 and S7.12 revenue under plans	236,411	49,808	14,378	2,080	(16,993)	–	271,306	–
Total contributions	236,411	49,808	14,378	2,080	(16,993)	–	271,306	–

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.

G5-2 Developer contributions by plan ¹

\$ '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 – Liverpool City Centre Contribution Plan								
Parking	6,460	1,262	–	52	(57)	–	7,717	–
Community Facilities (District)	749	378	–	6	(6)	–	1,127	–
Roads & Traffic Facilities	1,258	1,704	–	12	(9)	–	2,965	–
Embellishment of Local Open Space	12,533	1,389	–	99	(285)	–	13,736	–
Total	21,000	4,733	–	169	(357)	–	25,545	–
CONTRIBUTION PLAN – 2009 Plan								
Drainage	21,347	3,982	91	183	(215)	–	25,297	–
Roads & Traffic Facilities	834	1,949	210	41	(162)	–	2,662	–
Local Open Space	13,812	2,911	98	127	(198)	–	16,652	–
Community Facilities (Local)	25,429	178	5	200	(232)	–	25,575	–
Community Facilities (District)	5,097	352	9	42	(49)	–	5,442	–
Embellishment of Local Open Space	(1,668)	1,001	21	27	(1,131)	–	(1,771)	–
Tree Planting Other	7,084	111	–	56	(64)	–	7,187	–
Professional & Legal Fees (Other)	2,060	73	1	17	(23)	–	2,127	–
Administration Fees	(754)	75	2	1	(42)	–	(720)	–
Implementation	4,217	149	8	34	(39)	–	4,361	–
Total	77,458	10,781	445	728	(2,155)	–	86,812	–
CONTRIBUTION PLAN – Edmondson Park								
Drainage	6,163	285	29	49	(182)	–	6,315	–
Roads & Traffic Facilities	14,588	1,658	13,772	122	(145)	–	16,223	–
Local Open Space	2,063	1,790	127	19	(1,960)	–	1,912	–
Community Facilities (Local)	5,764	150	–	46	(53)	–	5,907	–
Embellishment of Local Open Space	7,060	210	–	52	(1,134)	–	6,188	–
Professional & Legal Fees (Other)	504	42	4	4	(6)	–	544	–
Administration Fees	(397)	52	1	–	(16)	–	(361)	–
Total	35,745	4,187	13,933	292	(3,496)	–	36,728	–
CONTRIBUTION PLAN – Austral Leppington North								
Drainage	1,649	4,778	–	4	(7,828)	–	(1,397)	–
Community Facilities (Local)	1,021	362	–	9	(18)	–	1,374	–
Roads & Traffic Facilities	2,938	800	–	26	(42)	–	3,722	–
Local Open Space	57,052	18,634	–	524	(1,428)	–	74,782	–
Embellishment of Local Open Space	900	212	–	8	(9)	–	1,111	–
Administration Fees	181	196	–	2	(114)	–	265	–
Total	63,741	24,982	–	573	(9,439)	–	79,857	–

G5-2 Developer contributions by plan ¹ (continued)

	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER – Moorebank Intermodal								
Other– Moorebank Intermodal	9,849	–	–	76	(491)	–	9,434	–
Total	9,849	–	–	76	(491)	–	9,434	–
CONTRIBUTION PLAN NUMBER - East Leppington								
Drainage	11,007	565	–	89	(141)	–	11,520	–
Roads & Traffic Facilities	2,371	75	–	19	(22)	–	2,443	–
Local Open Space	7,344	369	–	59	(70)	–	7,702	–
Embellishment of Local Open Space	147	–	–	1	(1)	–	147	–
Administration Fees	124	11	–	1	(3)	–	133	–
Total	20,993	1,020	–	169	(237)	–	21,945	–
CONTRIBUTION PLAN - Established areas								
Drainage	288	242	–	3	(3)	–	530	–
Roads	606	597	–	6	(8)	–	1,201	–
Embellishment of Local Open Space	6,357	2,864	–	59	(641)	–	8,639	–
Community Facilities (Local)	135	–	–	1	(1)	–	135	–
Community Facilities (District)	374	354	–	4	(125)	–	607	–
Professional & Legal Fees (Other)	(36)	–	–	–	–	–	(36)	–
Administration Fees	(99)	48	–	–	(40)	–	(91)	–
Total	7,625	4,105	–	73	(818)	–	10,985	–

(1) Council levies Section 7.11 & 7.12/ 7.11 & 7.12A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists using Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the matter and timing set out in those Plans.

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(4,036)	(1.93)%	(5.04)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	209,550			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	185,340	56.32%	51.37%	> 60.00%
Total continuing operating revenue ¹	329,087			
3. Unrestricted current ratio				
Current assets less all external restrictions	138,549	2.30x	1.48x	> 1.50x
Current liabilities less specific purpose liabilities	60,190			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	46,467	3.03x	3.42x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	15,357			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	10,850	6.80%	6.20%	< 5.00%
Rates and annual charges collectable	159,575			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	308,730	19.68 months	13.05 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	15,686			

(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

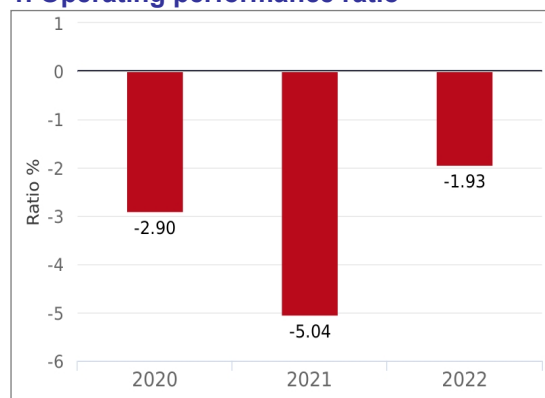
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (1.93)%

The operating performance ratio improved compared to last year mainly due to financial assistance grants received in advance and reduction in employee related expenditure and other operating costs offset by fair value decrement of investments.

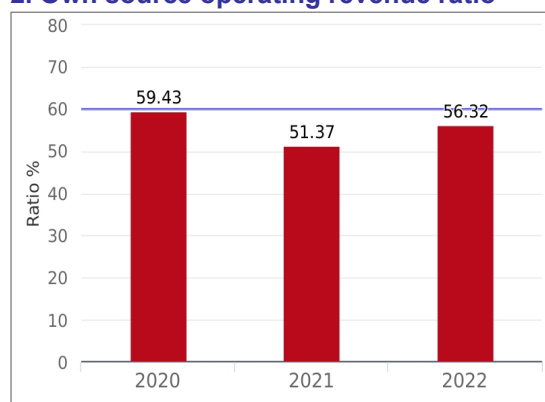
Benchmark: — > 0.00%

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 56.32%

Yearly fluctuations to own source operating revenue as a percentage of total operating revenue is due to levels of developer contributions (both cash and non-cash) received which is reflective of the growth activities in the LGA.

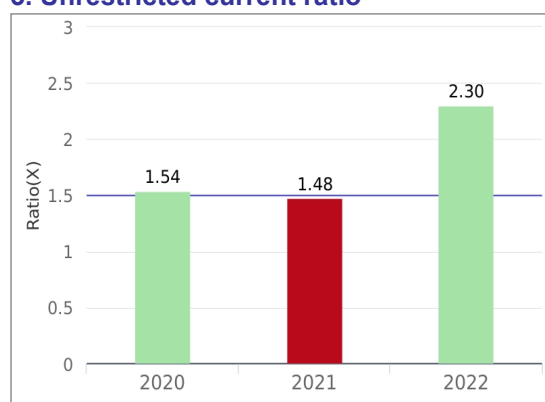
Benchmark: — > 60.00%

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 2.30x

The unrestricted current ratio was above industry benchmark mainly due to increase in long term deposits maturing in the next 12 months.

Benchmark: — > 1.50x

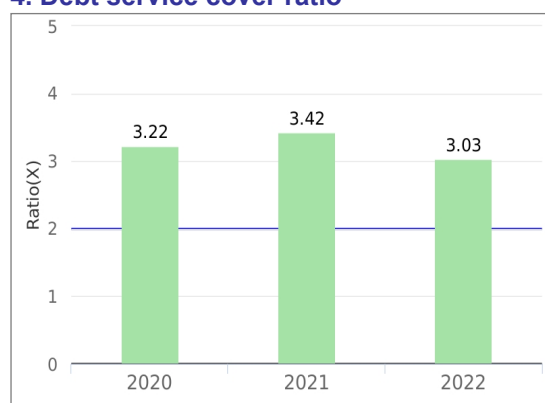
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 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 3.03x

Despite the impact of COVID-19 on income and additional borrowings for the Liverpool Civic Place project, Council maintained its ability to service its debt obligation at above industry benchmark level.

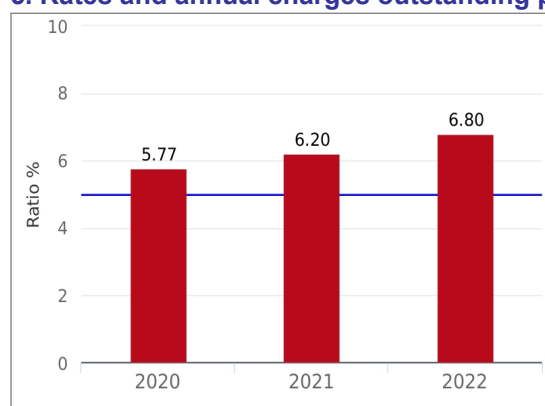
Benchmark: — > 2.00x

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 6.80%

There is an industry trend of ratepayers deferring their rate payments to a later date mainly due to COVID-19 and recent inflationary pressures on cost of living.

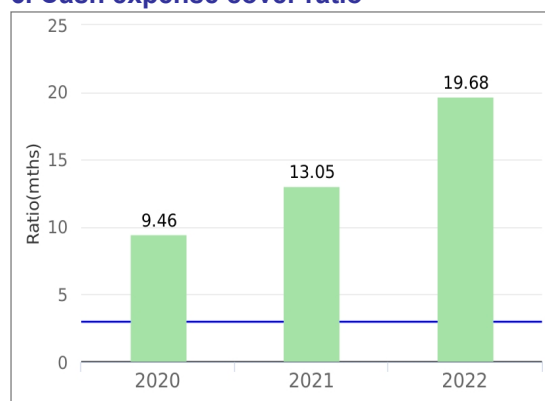
Benchmark: — < 5.00%

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 19.68 months

The code only accounts for cash on hand and term deposits when calculating this ratio. Floating Rate Notes (FRNs) which is more liquid to term deposits are excluded. Notwithstanding this, Council's cash expense cover ratio is significantly higher than industry benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

33 Moore Street
Liverpool NSW 2170

Contact details**Mailing Address:**

Locked Bag 7064
Liverpool BC NSW 1871

Telephone: 1300 362 170

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: <http://www.liverpool.nsw.gov.au>

Email: lcc@liverpool.nsw.gov.au

Officers**A/Chief Executive Officer**

Peter Diplas

Responsible Accounting Officer

Vishwa Nadan

Public Officer

Jessica Saliba

Auditors

Audit Office of New South Wales
Level 19, Tower 2 Darling Park, 201 Sussex Street, Sydney
New South Wales 2000

Elected members**Mayor**

Ned Mannoun

Councillors

Ali Karnib
Charisma Kaliyanda
Karess Rhodes
Mazhar Hadid
Nathan Hagarty
Peter Harle
Mel Goodman
Betty Green
Fiona Macnaught
Richard Ammoun

Other information

ABN: 84 181 182 471



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Lawrissa Chan
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY



Ned Mannoun
Mayor
Liverpool City Council
33 Moore Street
LIVERPOOL NSW 2170

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D2221149 / FA1670

28 October 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Liverpool City Council**

I have audited the general purpose financial statements (GPFS) of the Liverpool City 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.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	149.6	143.8	4.0
Grants and contributions revenue	143.7	167.6	14.2
Operating result from continuing operations	107.6	134.5	20.0
Net operating result before capital grants and contributions	(11.9)	(11.6)	2.7

The Council's operating result from continuing operations was \$107.6 million, which was \$26.9 million lower than the 2020-21 result. This was mainly due to the decrease in capital grants and contributions (\$26.6 million).

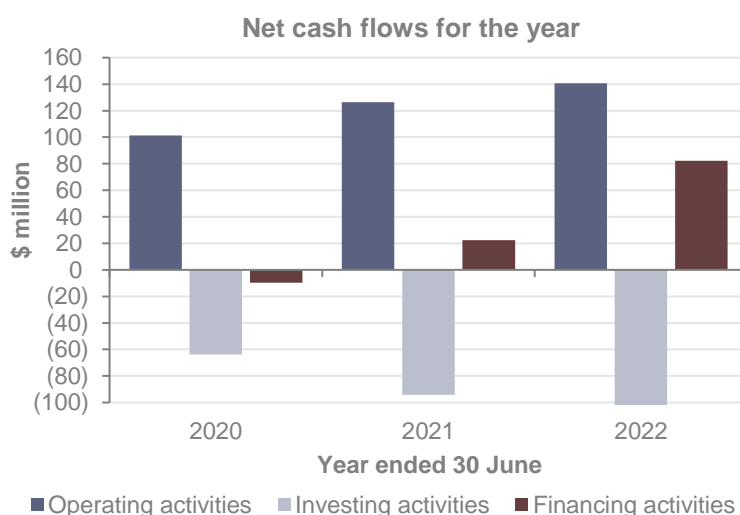
The net operating result before capital grants and contributions was a deficit of \$11.9 million, which was \$0.3 million lower than the 2020-21 result. This was mainly due to an increase in materials and services (\$0.5 million).

Rates and annual charges revenue increased by \$5.8 million (4.0 per cent), mainly due to the 2.0 per cent rate peg and the increase in rateable properties from 75,696 to 77,931.

Grants and contributions revenue decreased by \$23.9 million in 2021-22, mainly due to the decrease in dedications - subdivisions other than by section 7.11 (\$38.6 million), which is offset off by an increase in section 7.11 - contributions towards amenities/services (\$12.6 million).

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$126.7 million (\$168.8 million for the year ended 30 June 2021). There was a net decrease in cash and cash equivalents of \$42.1 million at 30 June 2022.
- Net cash inflows from operating activities increased by \$14.4 million mainly due to an increase in grants and contributions received during the year.
- Net cash outflows from investing activities increased by \$171.0 million due to acquisition of term deposits during the year.
- Net cash inflows from financing activities increased by \$59.9 million. This is primarily due to the increase in proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	469.0	358.0	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$52.1 million primarily due to increase in developer contributions. • Internally restricted cash and investments are restricted in their use by a resolution or policy of Council to reflect identified program of works and any forward plans identified by Council.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	348.5	296.4	
• Internal allocations	83.9	30.0	

Council's internally restricted cash and investments have increased by \$53.9 million. This is primarily due to a \$51.5 million increase in the loan reserve.

Debt

The Council has \$148.2 million of borrowings as at 30 June 2022 (2021: \$62.9 million). The Council has an aggregate overdraft facility limit of \$4.0 million (2021: \$4.0 million) which remained unutilised at 30 June 2022.

PERFORMANCE

Performance measures

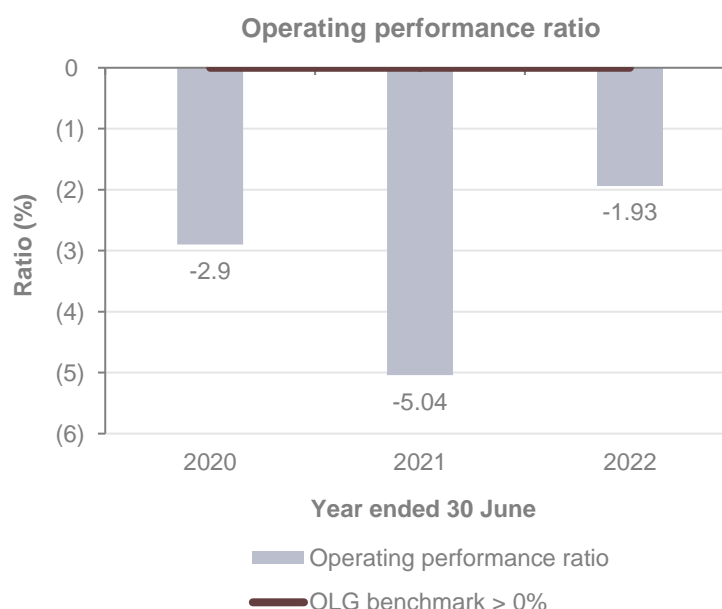
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

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's operating performance ratio of -1.93 per cent did not meet the OLG benchmark for the current reporting period.

The operating performance ratio has improved compared to the prior year mainly due to financial assistance grants received in advance and a reduction in employee related expenditure and other operating costs.

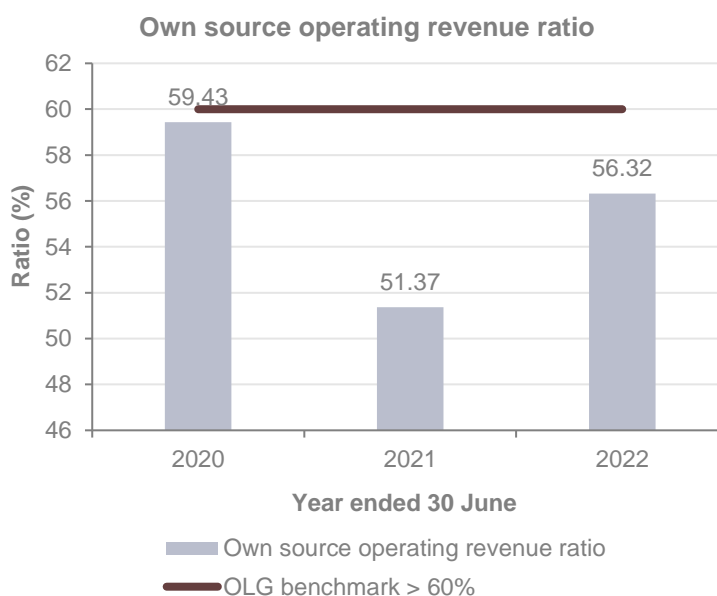


Own source operating revenue ratio

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

The Council's own source operating revenue ratio of 56.32 per cent did not meet the OLG benchmark for the current reporting period.

The own source operating revenue ratio has increased compared to the prior year mainly due to decreases in developer contributions and grants and contributions.

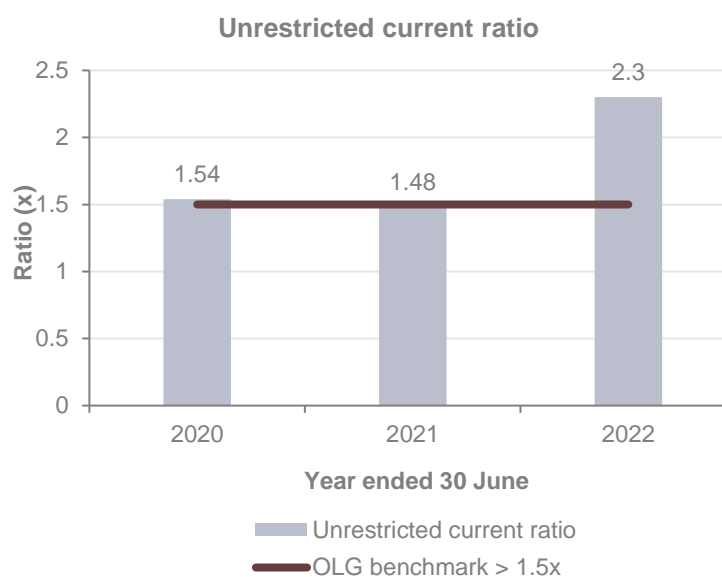


Unrestricted current ratio

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's unrestricted current ratio of 2.3 times exceeded the OLG benchmark for the current reporting period.

The unrestricted current ratio has increased compared to the prior year mainly due to increase in long term deposits maturing in the next 12 months.

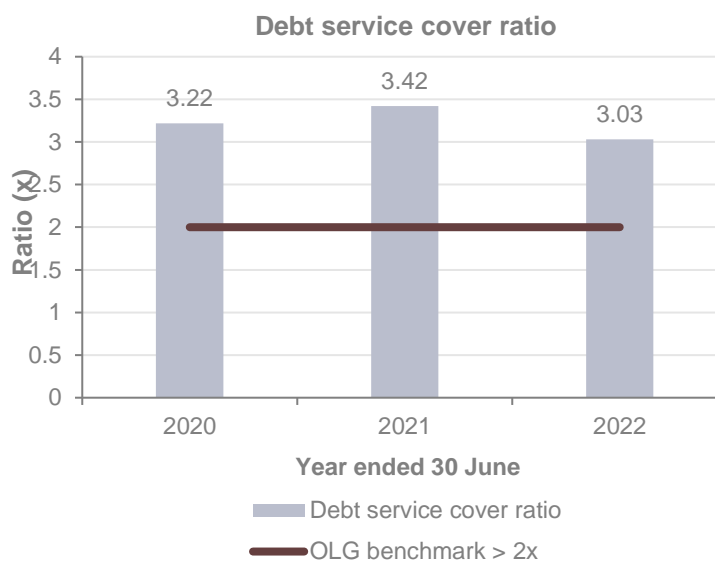


Debt service cover ratio

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's debt service cover ratio of 3.03 times met the OLG benchmark for the current reporting period.

The debt service cover ratio has remained steady over the past three years.

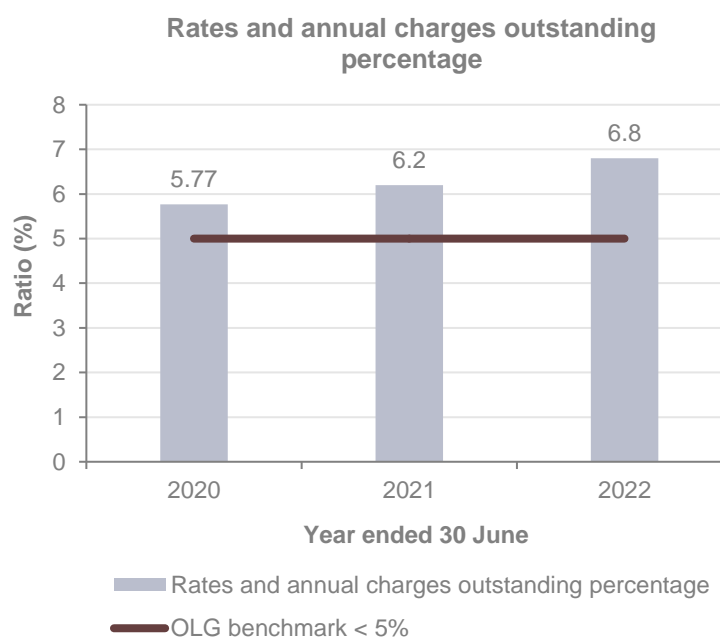


Rates and annual charges outstanding percentage

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's rates and annual charges outstanding percentage of 6.8 per cent did not meet the OLG benchmark for the current reporting period.

The rates and annual charges outstanding percentage has increased compared to the prior year. Ratepayers are deferring rate payments due to cost of living pressures.

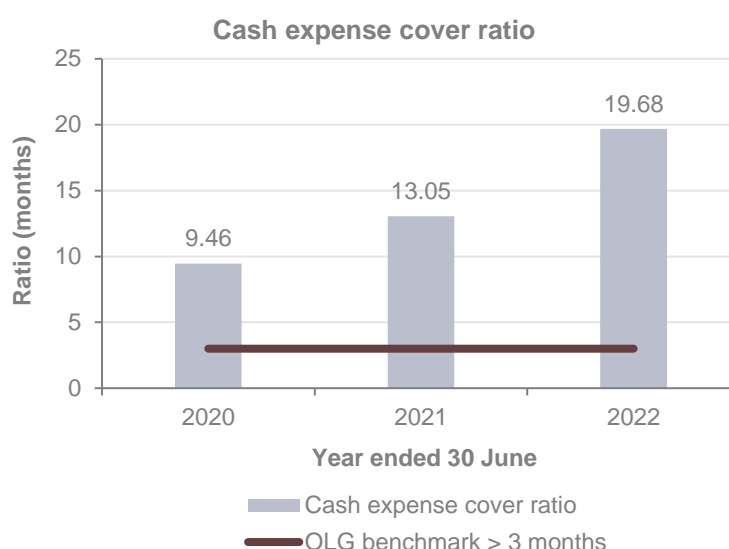


Cash expense cover ratio

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's cash expense ratio of 19.68 months exceeded the OLG benchmark for the current reporting period.

The cash expense cover ratio has increased compared to the prior year mainly due to increase in term deposits.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$31.1 million of assets in the 2021-22 financial year compared to \$36.5 million assets in the prior 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.

Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Tina Bono, Acting Chief Executive Officer
Mr Andrew McLeod, Chair of the Audit, Risk and Improvement Committee
Mr Michael Cassel, Secretary of the Department of Planning and Environment

Liverpool City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of Carpark	4
Statement of Financial Position of Carpark	5
Note – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	9

(1) Council levies Section 7.11 & 7.12/ 7.11 & 7.12A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists using Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the matter and timing set out in those Plans.

Background

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

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

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

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

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

Liverpool City Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

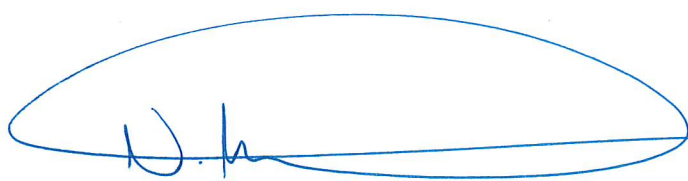
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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


- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

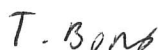
Signed in accordance with a resolution of Council made on 26 October 2022



Ned Mannoun
Mayor
26 October 2022



Mazhar Hadid
Deputy Mayor
26 October 2022



Tina Bono
A/Chief Executive Officer
26 October 2022



Vishwa Nadan
Responsible Accounting Officer
26 October 2022

Liverpool City Council

Income Statement of Carpark

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges and fees	1,115	1,283
Total income from continuing operations	1,115	1,283
Expenses from continuing operations		
Employee benefits and on-costs	60	52
Materials and services	84	131
Notional Rates and Financial costs	649	667
Depreciation, amortisation and impairment	468	462
Overheads	65	80
Other expenses	72	84
Net loss from the disposal of assets	–	–
Total expenses from continuing operations	1,398	1,476
Surplus (deficit) from continuing operations before capital amounts	(283)	(193)
Surplus (deficit) from continuing operations after capital amounts	(283)	(193)
Surplus (deficit) from all operations before tax	(283)	(193)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
Surplus (deficit) after tax	(283)	(193)
Add: Opening accumulated surplus	98	291
Add: adjustments for amounts unpaid:		
Closing accumulated surplus	(185)	98
Return on capital %	1.1%	1.5%
Subsidy from Council	856	7

Liverpool City Council

Statement of Financial Position of Carpark

as at 30 June 2022

\$ '000	2022 Category 2	2021 ¹ Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	33,384	32,288
Total non-current assets	33,384	32,288
Total assets	33,384	32,288
LIABILITIES		
Current liabilities		
Notional Borrowings	21,369	21,989
Employee benefit provisions	45	41
Total current liabilities	21,414	22,030
Non-current liabilities		
Payables	4,793	4,361
Total non-current liabilities	4,793	4,361
Total liabilities	26,207	26,391
Net assets	7,177	5,897
EQUITY		
Accumulated surplus	(185)	98
Revaluation reserves	7,362	5,799
Total equity	7,177	5,897

(1) Restatement has occurred on comparatives

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government within the Department of Planning, Industry and Environment in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

NIL

Category 2

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

Carpark - Warren Service Way

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

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

Income tax

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

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

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

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

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

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

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

The reinstated income and expense include notional financing cost for rates and taxes, Notional financing cost was calculated @ 2.82% based on TCorp rates on the Written Down Value of Land and Building.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/22.

(iii) Dividends

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

Comparative Information

The comparative in the financials has been restated to correctly show the value of Car Park Building and Land.

Previously the Special Purpose Financial Statements were prepared on the assumption that the assets were leased by the Council and a notional lease payment were included in the expenses.

Opening Equity within the comparatives were restated going back to 2016 and income and expenses of the car park was recalculated, based on the council owning the car parking building and land.

The notional 30% overheads are based on State Government Overhead ratio.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Liverpool City Council's (the Council) Declared Business Activity (Carpark), which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of the Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activity as at 30 June 2022, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized flourish at the end.

Lawrissa Chan
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY

Liverpool City Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Contents

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Special Schedules:

Permissible income for general rates	2
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Background

These Special Schedules have been designed to meet the requirements of special purpose users such are;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the Office of Local Government within the Department of Planning, Industry and Environment.

The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Liverpool City 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	107,662	111,177
Plus/minus adjustments ²	b	1,258	2,638
Notional general income	c = a + b	108,920	113,815
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	2,178	2,276
Sub-total	k = (c + g + h + i + j)	111,098	116,091
Plus (or minus) last year's carry forward total	l	10	16
Less valuation objections claimed in the previous year	m	—	(85)
Sub-total	n = (l + m)	10	(69)
Total permissible income	o = k + n	111,108	116,022
Less notional general income yield	p	111,177	116,020
Catch-up or (excess) result	q = o - p	(69)	3
Plus income lost due to valuation objections claimed ⁴	r	85	13
Carry forward to next year ⁶	t = q + r + s	16	16

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

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Liverpool City 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, special 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 and the special purpose financial statements.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

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

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

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized flourish at the end.

Lawrissa Chan
Delegate of the Auditor-General for New South Wales

28 October 2022
SYDNEY

Liverpool City Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Admin Building	—	—	588	554	55,079	56,029	3.0%	26.0%	71.0%	0.0%	0.0%
	Aquatic Centres	—	—	344	984	16,253	28,690	0.0%	1.0%	99.0%	0.0%	0.0%
	Bush Fire / SES	176	176	42	—	3,255	3,983	42.0%	9.0%	40.0%	9.0%	0.0%
	Childcare Centres	432	432	106	381	5,830	8,855	1.0%	70.0%	19.0%	10.0%	0.0%
	Commercial Properties	—	—	14	6	1,036	1,382	0.0%	0.0%	100.0%	0.0%	0.0%
	Community Centres	609	609	680	380	46,134	62,151	28.0%	51.0%	20.0%	1.0%	0.0%
	Heritage Buildings	1,165	1,165	462	279	26,147	43,997	9.0%	74.0%	10.0%	7.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Libraries, Museums	—	—	507	413	25,908	42,291	23.0%	12.0%	65.0%	0.0%	0.0%
	Multi Level Car Parks	—	—	300	170	19,754	30,010	5.0%	0.0%	95.0%	0.0%	0.0%
	Parks Buildings / Structures	1,220	1,220	337	431	21,870	33,685	15.0%	10.0%	67.0%	8.0%	0.0%
	Works Depot	61	61	70	1,150	3,784	6,979	3.0%	27.0%	67.0%	3.0%	0.0%
	Sub-total	3,663	3,663	3,450	4,748	225,050	318,052	13.0%	30.2%	54.4%	2.5%	0.0%
Other structures	Other structures	—	—	—	—	7,702	9,158	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	—	—	—	—	7,702	9,158	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Roads	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	—	—	9,337	8,978	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads Formation	—	—	—	—	62,180	77,234	100.0%	0.0%	0.0%	0.0%	0.0%
	Sealed Roads Surface	18,622	18,622	—	—	130,314	166,475	55.0%	24.0%	11.0%	5.0%	5.0%
	Sealed Roads Structure	24,419	24,419	—	—	655,609	761,768	55.0%	23.0%	12.0%	6.0%	4.0%
	Kerb and Gutter	—	—	1,303	408	203,195	255,213	27.0%	40.0%	33.0%	0.0%	0.0%
	Footpaths	265	265	1,754	1,224	154,987	188,849	50.0%	23.0%	27.0%	0.0%	0.0%
	Bridges	1,617	1,617	804	1	67,789	119,537	41.0%	38.0%	17.0%	4.0%	0.0%
	Bulk earthworks	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Road Structures	444	444	1,146	463	73,490	94,372	20.0%	55.0%	24.0%	1.0%	0.0%
	Road Furniture	281	281	—	—	51,128	59,874	54.0%	38.0%	7.0%	1.0%	0.0%
	Off Street Carparks	285	285	94	9	15,717	20,276	24.0%	40.0%	33.0%	3.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	45,933	45,933	14,438	11,083	1,414,409	1,743,598	49.1%	28.0%	17.1%	3.5%	2.2%

Liverpool City Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Stormwater drainage	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Reticulation Pipe	3,713	3,713	1,017	1,143	511,510	608,609	43.0%	28.0%	28.0%	1.0%	0.0%
	Pits	157	157	129	–	68,338	77,646	50.0%	43.0%	6.0%	1.0%	0.0%
	Headwalls and Culverts	88	88	32	–	13,971	18,876	48.0%	12.0%	39.0%	1.0%	0.0%
	Basins	–	–	90	76	31,855	38,751	16.0%	79.0%	5.0%	0.0%	0.0%
	Gross Pollutant Traps	–	–	337	305	13,186	14,502	60.0%	38.0%	2.0%	0.0%	0.0%
	Sub-total	3,958	3,958	1,605	1,524	638,860	758,384	42.8%	31.9%	24.3%	0.9%	0.0%
Open space / recreational assets	Swimming pools	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sporting Fields and Ovals	458	458	3,484	3,675	17,335	23,277	15.0%	72.0%	11.0%	1.0%	1.0%
	Parks Infrastructure Assets	757	757	4,327	4,594	39,150	47,886	40.0%	43.0%	15.0%	1.0%	1.0%
	Playground Equipment	50	50	782	919	19,810	27,876	59.0%	24.0%	17.0%	0.0%	0.0%
	Sub-total	1,265	1,265	8,593	9,188	76,295	99,039	39.5%	44.5%	14.6%	0.7%	0.7%
Total – all assets		54,819	54,819	28,086	26,543	2,362,316	2,928,231	43.1%	29.7%	22.9%	2.6%	1.7%

(a) The level of service standards below and required maintenance is identified in Council's Asset Management Plan
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

Liverpool City Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	18,395	44.45%	72.16%	>= 100.00%
Depreciation, amortisation and impairment	41,385			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	54,819	2.17%	2.43%	< 2.00%
Net carrying amount of infrastructure assets	2,529,468			
Asset maintenance ratio				
Actual asset maintenance	26,543	94.51%	95.63%	> 100.00%
Required asset maintenance	28,086			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	54,819	1.87%	1.99%	
Gross replacement cost	2,928,231			

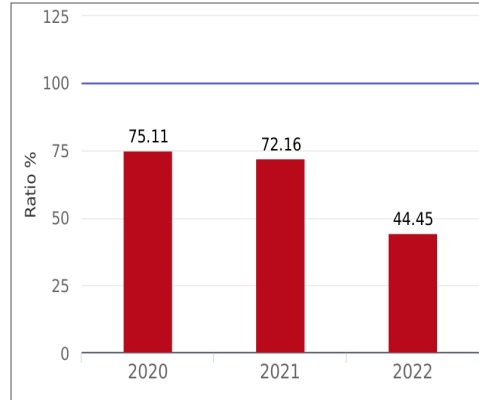
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Liverpool City 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	44.45%
The reduction in renewal ratio is a result of the capex programs not been fully achieved due to COVID 19 and severe weather affect. However, ratio below 100% in the current year is not considered to be an issue as assets are being maintained in accordance with established asset management plans. LCC as a rapidly growing Council is receiving brand new assets with long service life and does not require renewal in the medium term.	

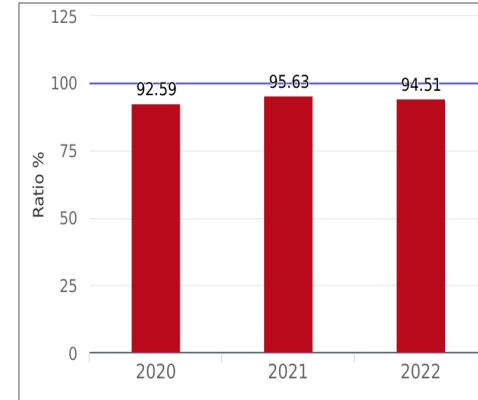
Benchmark: — $\geq 100.00\%$

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	94.51%
There is a slight decrease in the maintenance ratio due to increase in overall asset stock. Council has a history of sustainable investment in the asset maintenance with overall maintenance expense generally in line with desired level of service. Council has estimated required maintenance cost based on ongoing maintenance activities over the life of an asset to minimise whole of life costs.	

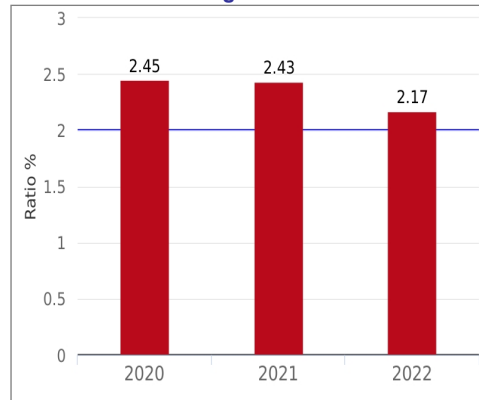
Benchmark: — $> 100.00\%$

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	2.17%
There is a slight decrease in the backlog ratio in the current financial year. Council aims to gradually reduce this backlog ratio to less than 2% of fair value over the next few years with increased renewal funding, targeted renewal program based on modern asset management principles and effective asset maintenance strategy.	

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	1.87%
There is a slight decrease in the backlog ratio in the current financial year. Council aims to gradually reduce this backlog ratio to less than 2% of fair value over the next few years with increased renewal funding, targeted renewal program based on modern asset management principles and effective asset maintenance strategy.	