

An aerial photograph of the Woollahra Municipal Council area, showing a mix of residential houses, green spaces, a golf course, and a marina with many sailboats. The image is used as a background for the financial statements cover.

Woollahra
Municipal
Council



Financial Statements

2021-2022

General Purpose Financial Statements
for the year ended 30 June 2022

Woollahra Municipal Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



Woollahra Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

536 New South Head Road
Double Bay NSW 2028

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.woollahra.nsw.gov.au.

Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides two audit reports:

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

Who uses the Financial Statements?

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

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

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

Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements (continued)

Key Events of 2021-22

Organisation Restructure

During the year Council completed a staffing review which resulted in one-off redundancy costs of \$3.1m. This staffing review is expected to deliver annual savings of \$2.75m.

COVID-19

The global health crisis from COVID-19 has had a material impact on Council's operations primarily in the first half of the financial year, which is reflected in the financial statements. A number of facilities, services, events and expenditure were significantly affected during the period of stay at home orders which resulted in reduced revenues. The net impact of COVID-19 on Council's 2021/22 operating surplus for the year was \$4,044k:

	Note No	\$'000
Reductions in Income:		
Reduction in Enforcement Income	B2-3	1,688
Mobile Bin Services Income	B2-2	660
Reduction in Car Park Income	B2-6	748
Parking Meters Income	B2-2	504
Footway Dining fees	B2-6	277
Rent relief	B2-6	273
Council Building Hire (closure of community buildings)	B2-6	116
Library Income	B2-2	81
Fire safety, Waste Containers, Health Inspections	B2-2	45
Other Income items	B2-2	139
Total Reduction in Income		4,530
Additional Expenditure:		
Additional Domestic Violence Housing	B3-2	270
Other costs eg additional playground cleaning	B3-2	216
Total Additional Expenditure		486
Reduced Expenditure:		
Enforcement Expenditure	B3-2	(270)
Civil Operations - Mobile Bin Services expenditure	B3-2	(155)
Carpark Expenditure	B3-2	(131)
Library Expenses	B3-2	(120)
Governance Overtime & Other Meeting Associated Costs	B3-2	(57)
Civil Operations - Plant Operations	B3-2	(55)
Other Expenditure items	B3-2	(184)
Total Reduced Expenditure		(972)
Net Impact of COVID-19		4,044

Council has expended \$1.1m of the Government Infrastructure Grant Programs approved in prior financial years (NSW Public Spaces Legacy Program and Local Roads and Community Infrastructure Program Phase 1 & Phase 2). These Government infrastructure programs are designed to promote economic and jobs stimulus in response to the COVID-19 pandemic. The expended capital grant funding has been recognised as grant income in the income statement.

Woollahra Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 September 2022.



Susan Wynne
Mayor
27 September 2022



Toni Zeltzer
Councillor
27 September 2022



Paul Ryan
Responsible Accounting Officer
27 September 2022

Craig Swift-McNair
General Manager
27 September 2022

Woollahra Municipal 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		14,962	627
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>74,153</u>	<u>7</u>
Total items which will not be reclassified subsequently to the operating result		74,153	7
Total other comprehensive income for the year		74,153	7
Total comprehensive income for the year attributable to Council		89,115	634

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

Woollahra Municipal Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	14,017	11,785
Investments	C1-2	77,632	68,624
Receivables	C1-4	6,042	5,243
Inventories	C1-5	350	338
Contract assets and contract cost assets	C1-6	3,165	809
Other	C1-9	753	706
Total current assets		101,959	87,505
Non-current assets			
Receivables	C1-4	106	86
Infrastructure, property, plant and equipment (IPPE)	C1-7	982,224	909,538
Investment property	C1-8	181,210	168,450
Right of use assets	C2-1	206	328
Other	C1-9	390	587
Total non-current assets		1,164,136	1,078,989
Total assets		1,266,095	1,166,494
LIABILITIES			
Current liabilities			
Payables	C3-1	47,928	39,993
Contract liabilities	C3-2	10,998	2,655
Lease liabilities	C2-1	94	133
Borrowings	C3-3	3,664	3,531
Employee benefit provisions	C3-4	13,190	14,335
Provisions	C3-5	96	89
Total current liabilities		75,970	60,736
Non-current liabilities			
Contract liabilities	C3-2	–	781
Lease liabilities	C2-1	99	192
Borrowings	C3-3	60,315	63,979
Employee benefit provisions	C3-4	422	632
Total non-current liabilities		60,836	65,584
Total liabilities		136,806	126,320
Net assets		1,129,289	1,040,174
EQUITY			
Accumulated surplus		561,082	546,120
IPPE revaluation reserve	C4-1	568,207	494,054
Council equity interest		1,129,289	1,040,174
Total equity		1,129,289	1,040,174

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

Woollahra Municipal 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		546,120	494,054	1,040,174	545,493	494,047	1,039,540
Net operating result for the year		14,962	–	14,962	627	–	627
Net operating result for the period		14,962	–	14,962	627	–	627
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	74,153	74,153	–	7	7
Other comprehensive income		–	74,153	74,153	–	7	7
Total comprehensive income		14,962	74,153	89,115	627	7	634
Closing balance at 30 June		561,082	568,207	1,129,289	546,120	494,054	1,040,174

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

Woollahra Municipal 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				
<i>Receipts:</i>				
57,730	Rates and annual charges		57,723	57,130
13,591	User charges and fees		11,780	10,986
700	Interest received		672	1,117
13,856	Grants and contributions		17,791	11,201
–	Bonds, deposits and retentions received		11,688	10,247
29,513	Other Revenue including Rental Income		24,070	22,686
<i>Payments:</i>				
(47,098)	Payments to employees		(48,624)	(45,328)
(41,174)	Payments for materials and services		(35,005)	(37,203)
(1,815)	Borrowing costs		(2,088)	(8,867)
–	Bonds, deposits and retentions refunded		(5,446)	(5,993)
(4,697)	Other		(3,989)	(4,304)
20,606	Net cash flows from operating activities	G1-1	28,572	11,672
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		77,000	54,000
472	Proceeds from sale of IPPE		995	920
<i>Payments:</i>				
–	Purchase of investments		(86,001)	(58,000)
–	Purchase of investment property		(60)	(176)
(20,146)	Payments for IPPE		(14,610)	(16,119)
(19,674)	Net cash flows from investing activities		(22,676)	(19,375)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	59,000
<i>Payments:</i>				
(3,531)	Repayment of borrowings		(3,531)	(53,265)
–	Principal component of lease payments		(133)	(128)
(3,531)	Net cash flows from financing activities		(3,664)	5,607
(2,599)	Net change in cash and cash equivalents		2,232	(2,096)
59,354	Cash and cash equivalents at beginning of year		11,785	13,881
56,755	Cash and cash equivalents at end of year	C1-1	14,017	11,785
–	plus: Investments on hand at end of year	C1-2	77,632	68,624
56,755	Total cash, cash equivalents and investments		91,649	80,409

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

Woollahra Municipal 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 27 September 2022.

Council has the power to amend and reissue these financial statements.

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

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

Council is a not for-profit entity.

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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 investment properties –refer Note C1-8,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7,
- (iii) employee benefit provisions – refer Note C3-4.

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) Valuation of Investment Properties: The valuation is performed by an independent valuer in accordance with AASB 140 *Investment Property* and AASB 13 *Fair Value Measurement*.

The income approach method is used in the valuation. This method takes into consideration the income that a property might be expected to generate if leased at a stabilised occupancy level and applying to that income a capitalisation rate reflecting the market standards and the investors' interest in a property of that kind.

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.

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 other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not have a material dependence on volunteer services. Volunteers are utilised in Library Services, Bushland Regeneration works, Cultural Events and Sustainability. These services are not recognised due to their non material nature and a significant proportion would not go ahead should there not be volunteers to undertake their roles.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
A connected and harmonious community	1	4	633	723	(632)	(719)	1	3	7,916	8,289
A supported community	1,692	1,432	2,288	3,248	(596)	(1,816)	1,439	1,287	3,779	3,438
A creative and vibrant community	893	584	7,443	7,115	(6,550)	(6,531)	555	448	12,464	11,565
Well planned neighbourhoods	3,584	3,326	8,262	8,274	(4,678)	(4,948)	–	–	2,816	1,135
Liveable places	7,199	7,329	30,419	30,421	(23,220)	(23,092)	2,081	1,857	706,261	662,528
Getting around	12,742	10,368	4,046	4,306	8,696	6,062	2,556	450	94,771	80,415
Protecting our environment	408	307	2,551	2,247	(2,143)	(1,940)	152	40	77,567	69,912
Sustainable use of resources	17,424	16,943	12,750	12,094	4,674	4,849	102	106	3,853	3,822
Community focused economic development	23,213	21,211	7,998	14,635	15,215	6,576	199	87	177,634	165,399
Working together	38	15	1,442	1,254	(1,404)	(1,239)	12	1	31	36
Well managed Council	53,738	51,044	28,138	27,619	25,600	23,425	6,705	5,425	84,945	77,413
General purpose	–	–	–	–	–	–	–	–	94,058	82,542
Total functions and activities	120,932	112,563	105,970	111,936	14,962	627	13,802	9,704	1,266,095	1,166,494

B1-2 Components of functions or activities

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

Theme: Community well-being

Goal 1: A connected and harmonious community

Woollahra will be a community where people care for each other, have a sense of belonging and can contribute meaningfully to their local community and neighbourhood through participation in community life.

Goal 2: A supported community

Woollahra will be a place where people have access to a range of effective and diverse social services and programs that meet the changing needs of our community.

Goal 3: A creative and vibrant community

Woollahra will be a place where people of all ages and backgrounds have access to lifelong learning opportunities, cultural and community activities.

Theme: Quality places and spaces

Goal 4: Well planned neighbourhoods

Woollahra will have well planned, high quality and sustainable building development that respects and enhances our environment and heritage. It will complement and retain the local character of our suburbs, villages and neighbourhoods and provide access to a range of housing options.

Goal 5: Liveable places

Woollahra will be a community with accessible, integrated and well maintained public spaces and open spaces. We will have clean and well maintained infrastructure and community facilities. It will be a safe and attractive place with high quality public and private facilities and amenities.

Goal 6: Getting around

Woollahra will be a place where it is easy to get around, easy to access our foreshore, our recreation facilities, our green open space and our public and private institutions. We will also have easy access to the city and its wide range of services and facilities, and be able to access public transport, walking cycling routes within our area.

Theme: A healthy environment

Goal 7: Protecting our environment

Woollahra will be a place where the natural environment will be protected and conserved from adverse impacts, to preserve our vegetation and wildlife habits.

Goal 8: Sustainable use of resources

Woollahra will reduce energy and water use, reduce emissions and develop adaption actions that will reduce the impacts of climate change. We will minimise waste generation and encourage resource recycling.

Theme: Local prosperity

Goal 9: Community focused economic development

Woollahra will maintain the diversity of our local economic base and encourage new businesses into the area that will enhance and positively impact on community life.

Theme: Community leadership and participation

Goal 10: Working together

Woollahra will be a place where residents are well informed and able to contribute to their community. Council will listen and respond to requests and concerns through open communication and engagement.

Goal 11: Well managed Council

Woollahra Council will be open and accountable to all stakeholders, encourage participation in decision making and make decisions that are in the public interest. Through effective long term planning, we will develop and implement strategies and ensure ongoing resources to fulfil long term community goals.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	32,269	31,524
Business	5,202	5,130
Less: Pensioner rebates	(128)	(135)
Rates levied to ratepayers	37,343	36,519
Pensioner rate subsidies received	71	73
Total ordinary rates	37,414	36,592
Special rates		
Environmental and infrastructure levy	4,501	4,400
Less: Pensioner rebates	(109)	(114)
Rates levied to ratepayers	4,392	4,286
Total special rates	4,392	4,286
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	15,605	14,942
Stormwater management services	493	491
Section 611 charges	47	50
Less: Pensioner rebates	(74)	(77)
Annual charges levied	16,071	15,406
Pensioner subsidies received:		
– Domestic waste management	42	41
Total annual charges	16,113	15,447
Total rates and annual charges	57,919	56,325

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Waste management services (non-domestic)	1,614	1,692
Total specific user charges	1,614	1,692
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Advertising fees	535	470
Certificate fees	631	683
Compliance levy	421	499
Development application fees	986	934
Hoarding fees	331	245
Inspection fees	138	103
Principal certifying authority fees	51	23
Registration fees and permits	856	727
Section 96 amendment application fees	455	312
Subdivision application fees	11	3
Total fees and charges – statutory/regulatory	4,415	3,999
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Restoration charges	447	982
Casual park hire	309	249
Credit card usage charge	104	104
Construction zone charges	1,155	1,206
Footpath crossing administration fees	77	94
Fire safety statement lodgement fee	144	94
Filming fees	116	119
File retrieval charges	93	82
Pre DA lodgement advice service fees	40	31
Other	357	294
Parking permits – residential	419	408
Parking meters	1,624	1,265
Preschool fees	223	125
Rezoning requests	191	65
Tree pruning income	55	186
Tree preservation order applications	48	46
Total fees and charges – other	5,402	5,350
Total other user charges and fees	9,817	9,349
Total user charges and fees	11,431	11,041
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	3,371	3,948
User charges and fees recognised at a point in time	8,060	7,093
Total user charges and fees	11,431	11,041

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

B2-3 Other revenues

\$ '000	2022	2021
Ex gratia rates	98	94
Fines – parking	6,147	6,162
Fines – other	353	312
Recycling income (non-domestic)	237	242
Other	581	247
Private use contributions	390	371
Recovered costs and reimbursements	1,969	2,019
Total other revenue	9,775	9,447
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	9,775	9,447
Total other revenue	9,775	9,447

Accounting policy for other revenue

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

Parking 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.

Rental Income is accounted for on a straight-line basis over the lease term.

B2-4 Grants and contributions

\$ '000	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	791	584	–	–
Financial assistance – local roads component	118	213	–	–
Payment in advance - future year allocation				
Financial assistance – general component	1,034	624	–	–
Financial assistance – local roads component	364	228	–	–
Amount recognised as income during current year	2,307	1,649	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Pensioners' rates subsidies:				
Community care	3	7	–	–
Library – per capita	157	151	–	–
Local Infrastructure Renewal Scheme subsidy	84	108	–	–
Local Roads Community Infrastructure Phase 2	127	–	508	–
Drainage	–	–	21	93
Environmental works	137	120	12	20
Library – special grant	56	18	–	–
Open space	180	–	286	201
Preschool	1,438	1,283	–	74
Street lighting	387	387	–	–
Transport for NSW contributions (regional roads, block grant)	145	145	188	72
Roads to Recovery	233	386	–	–
Transport (other)	20	20	2,776	897
Other specific grants	37	247	–	19
Previously contributions:				
Paddington library	341	278	–	–
Total special purpose grants and non-developer contributions – cash	3,345	3,150	3,791	1,376
Total special purpose grants and non-developer contributions (tied)	3,345	3,150	3,791	1,376
Total grants and non-developer contributions	5,652	4,799	3,791	1,376
Comprising:				
– Commonwealth funding	2,665	2,035	2,302	776
– State funding	2,632	2,483	1,489	600
– Other funding	355	281	–	–
	5,652	4,799	3,791	1,376

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:					
(s7.12 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies	G4	–	–	4,359	3,529
Total developer contributions – cash		–	–	4,359	3,529
Total developer contributions		–	–	4,359	3,529
Total contributions		–	–	4,359	3,529
Total grants and contributions		5,652	4,799	8,150	4,905
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		500	134	3,791	1,376
Grants and contributions recognised at a point in time		5,152	4,665	4,359	3,529
Total grants and contributions		5,652	4,799	8,150	4,905

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	17	26	–	2
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	(2)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(9)	–	–
Unspent funds at 30 June	17	17	–	–
Contributions				
Unspent funds at 1 July	–	–	6,565	5,775
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	4,370	3,531
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(2,654)	(2,741)
Unspent contributions at 30 June	–	–	8,281	6,565

B2-4 Grants and contributions (continued)

Accounting policy

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

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

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	150	83
– Cash and investments	484	819
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	634	902
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	150	83
General Council cash and investments	380	796
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 and Section 7.12	11	2
Other externally restricted assets	9	2
Restricted investments/funds – internal:		
Internally restricted assets	84	19
Total interest and investment income	634	902

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investments			
Fair value increment on investments through profit and loss		7	–
Total Fair value increment on investments		7	–
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		10,432	9,544
Total Investment properties		10,432	9,544
Other lease income			
Room/Facility Hire		2,931	2,402
Other		1,301	1,443
Total other lease income		4,232	3,845
Total rental income	C2-2	14,664	13,389
Total other income		14,671	13,389

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	34,575	35,298
Employee leave entitlements (ELE)	6,336	5,490
Superannuation	4,263	4,121
Workers' compensation insurance	960	950
Fringe benefit tax (FBT)	260	295
Other	3,111	354
Total employee costs	49,505	46,508
Less: capitalised costs	(588)	(681)
Total employee costs expensed	48,917	45,827
Number of 'full-time equivalent' employees (FTE) at year end	410	416
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	430	439

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Contractor and consultancy costs		5,690	7,057
Raw materials and consumables		6,228	6,038
Waste disposal costs		5,445	5,367
Maintenance and security contracts		4,630	4,670
Recycling		2,781	2,717
Insurance premiums		1,391	1,524
Street lighting		1,039	1,084
Infringement notice contract costs (SEINS)		965	1,065
Other expenses		527	588
Election expenses		448	–
Electricity and heating		461	523
Bank charges		383	393
Insurance deductibles and claims payments		609	456
Other		447	445
Advertising		447	401
Councillor and Mayoral fees and associated expenses	F1-2	397	380
Training		325	315
Water and council rates		238	249
Registration		195	203
File archival and retrieval costs		136	157
Telephone and communications		110	145
Postage		106	143
Other – Woollahra Local Planning Panel		165	142
Recoverable expenses		337	105
Valuation fees		83	82
Audit Fees	F2-1	83	78
Office rental		28	22
Legal expenses:			
– Legal expenses: planning and development		1,261	1,600
– Legal expenses: other		407	1,257
Operating leases expense:			
– Operating lease rentals: minimum lease payments		5	6
Total materials and services		35,367	37,212
Total materials and services		35,367	37,212

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on leases		12	19
Interest on loans		2,049	2,750
Loan Termination Costs ¹		–	6,450
Total interest bearing liability costs		2,061	9,219
Total interest bearing liability costs expensed		2,061	9,219
Total borrowing costs expensed		2,061	9,219

Accounting policy

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

(1) During 2020/21 Council refinanced a fixed interest rate loan to take advantage of the low interest rate environment. The refinancing resulted in an additional interest expense of \$6,450k (loan termination costs). Substantial financial benefits will be realised over future years with total savings of approximately \$7,870k over the life of the loan, net of the break costs incurred.

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,356	1,359
Office equipment		466	547
Furniture and fittings		137	141
Infrastructure:			
	C1-7		
– Buildings – non-specialised		1,787	1,761
– Buildings – specialised		1,054	974
– Roads		4,920	4,499
– Bridges		42	42
– Footpaths		1,504	1,469
– Stormwater drainage		771	756
– Other open space/recreational assets		1,160	1,220
– Harbourside Structures		138	138
– Seawalls		397	395
– Retaining Walls		295	293
Other assets:			
– Library books		508	534
Total depreciation and amortisation costs		14,535	14,128
Impairment / revaluation decrement of IPPE			
Right of use assets	C2-1	123	123
Total gross IPPE impairment / revaluation decrement costs		123	123
Total IPPE impairment / revaluation decrement costs charged to Income Statement		123	123
Total depreciation, amortisation and impairment for non-financial assets		14,658	14,251

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7.

Impairment of non-financial assets

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

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			
User charges and fees		621	10
Total impairment of receivables	C1-4	621	10
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	40
Total Fair value decrement on investments		–	40
Other			
Contributions/levies to other levels of government			
– Department of planning levy		331	326
– Emergency services levy (includes FRNSW, SES, and RFS levies)		87	114
– NSW fire brigade levy		2,092	2,268
Donations, contributions and assistance to other organisations (Section 356)		240	257
– Donations, contributions and assistance Holdsworth Community		1,026	1,010
Total other expenses		4,397	4,025

Accounting policy

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

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 plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	409	920
Less: carrying amount of plant and equipment assets sold/written off		(349)	(1,007)
Gain (or loss) on disposal		60	(87)
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-7	586	–
Less: carrying amount of infrastructure assets sold/written off		(1,216)	(1,232)
Gain (or loss) on disposal		(630)	(1,232)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	77,000	54,000
Less: carrying amount of investments sold/redeemed/matured		(77,000)	(54,000)
Gain (or loss) on disposal		–	–
Other - Office Equipment			
Proceeds from disposal – Other Office Equipment		–	–
Less: carrying amount of Other Office Equipment assets sold/written off		–	(83)
Gain (or loss) on disposal		–	(83)
Net gain (or loss) from disposal of assets		(570)	(1,402)

Accounting policy

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
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Revenues

Rates and annual charges	57,730	57,919	189	0%	F
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There are no individual material variances to report.

User charges and fees	12,629	11,431	(1,198)	(9)%	U
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The following sources of income did not reach their original budgets predominantly due to COVID-19: Preschool fees \$625k (was replaced by grant income for the Free Preschool Program), Mobile Bin Service \$560k and Parking Meter Charges \$321k. Compliance Levy income was \$229k under budget due to legislative changes.

The following sources of income exceeded their original budgets: s4.55 Amendment Application to Development Consent \$155k, Crane Permits/Stand Plant fees \$134k, Development Application Fees \$111k and Hoarding Application Fees \$111k.

The net total of these variances is -\$1,224k

Other revenues	10,918	9,775	(1,143)	(10)%	U
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The following sources of income did not reach their original budget predominantly due to COVID-19: Parking Fines \$1,603k and Fines \$71k.

The following sources of income exceeded their original budget: Recovered Costs \$481k and Sale of Recycling Material \$105k.

The net total of these variances is -\$1,088k

Operating grants and contributions	4,392	5,652	1,260	29%	F
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Operating grants of note that exceeded their original budget are: DOCS Preschool Subsidy \$756k for the free Preschool program, and the Financial Assistance Grant \$585k due to an increase in the prepaid grant allocation from 50% to 75%.

Capital grants and contributions	11,254	8,150	(3,104)	(28)%	U
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Capital grants and contributions of note that exceeded their original budget are: Section 7.12 development levies \$1,659k

This was offset by capital grants received for various roads and infrastructure projects that are currently in progress and therefore have been recognised on the Statement of Financial Position as a Contract Liability. This grant income will be

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
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recognised in the Income Statement when the projects are completed. These projects included Knox St Pedestrianisation \$4,364k and Double Bay Lanterns \$335k.

Interest and investment revenue	700	634	(66)	(9)% U
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There are no individual material variances to report.

Fair value increment on investment property	1,100	12,700	11,600	1,055% F
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An estimate of the Fair value change in Investment properties was an increment of \$1,100k (1%). The final result was an increment of \$12,700k (7.5%). The majority of the increment, namely \$12,068k related to Kiaora Place. This was due to an increase in the gross passing/ market rental per annum and a change in the capitalisation rate which is reflective of recent sales, the location and tenancy mix.

This is a non-cash item.

Other income	15,789	14,671	(1,118)	(7)% U
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The following sources of income did not reach their original budgets predominantly due to COVID-19: Carpark Income \$389k, Commercial Property Leases \$394k, Council Building Leases \$120k and Council Building Hire Income \$109k.

Expenses

Employee benefits and on-costs	47,836	48,917	(1,081)	(2)% U
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While not a material variance overall, the reason for the unfavourable variance to budget is due to an organisation restructure that resulted in redundancy costs that were not budgeted for.

Materials and services	37,852	35,367	2,485	7% F
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Throughout the year Council has worked on proactive corrective measures to improve our financial sustainability, this includes Productivity Improvements and Service Reviews to identify cost savings. These measures have contributed to the favourable variance in Materials & Services.

Expenditure was less than originally budgeted in the following areas:

General Contracts \$819k, General Consultants \$698k, Material: Goods & Services \$329k, Infringement Collection Processing Charges \$222k (due to lower Infringement income as a result of COVID-19), Street Lighting Charges \$226k, and Insurance Premium \$240k.

The total of these variances is \$2,534k.

Borrowing costs	2,061	2,061	-	0% F
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Depreciation, amortisation and impairment of non-financial assets	14,247	14,658	(411)	(3)% U
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There are no individual material variances to report.

Other expenses	4,270	4,397	(127)	(3)% U
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While not a material variance overall, the reason for the unfavourable variance is due to the provision for doubtful debts expense being higher than budgeted.

Net losses from disposal of assets	1,036	570	466	45% F
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The favourable variance is due to higher than anticipated Road Sales income of \$226k and Plant & Equipment cost of sales being less than budgeted due to the timing of selling and replacing vehicles.

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
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Statement of cash flows

Cash flows from operating activities	20,606	28,572	7,966	39% F
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The variances in revenues and expenses outlined above, together with movements in payables and receivables, give rise to variances in Council's cash flow forecasts.

It should also be noted that it is difficult to forecast the movement in Bonds, Deposits & Retentions so Council does not include any movement in its Budget.

Cash flows from investing activities	(19,674)	(22,676)	(3,002)	15% U
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Council's original budget forecasts the total movement in Cash & Investments and does not break it into Cash & Cash equivalents and Investments which is determined by the terms of securities held at reporting date.

For 2021/22 the net purchase of investments (cash outflow) was \$9,000k.

The timing of capital expenditure also had an effect with less cash outflow than budgeted of \$5,536k.

Finally there was an additional \$523k in proceeds from the sale of roads, plant and vehicles.

Cash flows from financing activities	(3,531)	(3,664)	(133)	4% U
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B6 Material Income Statement items

B6-1 Material Income Statement items

Fair value increment/(decrement) on investment property

\$ '000	2022	2021
Material fair value increment on investment property		
Fair value increment on investment property ¹	12,700	11,755
Total material fair value increment on investment property	12,700	11,755

(1) Council holds three Investment Properties, Kiaora Place, Double Bay and two carparks, namely Grafton Street Car Park, Bondi Junction and Cosmopolitan Centre Car Park, Knox Street, Double Bay. Council obtains independent valuations of its Investment Properties on an annual basis. The carparks increment was \$632k and is due to a change in the capitalisation rate which is reflective of the market standards and the investors' interest in property of this kind. Kiaora Place increased by \$12,068k due to an increase in the gross passing/ market rental per annum and a change in the capitalisation rate which is reflective of recent sales, the location and tenancy mix.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,257	1,146
Cash equivalent assets		
– Deposits at call	10,700	8,591
– Short-term deposits	2,060	2,048
Total cash and cash equivalents	14,017	11,785

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,017	11,785
Balance as per the Statement of Cash Flows	14,017	11,785

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				
Long term deposits	77,000	–	66,000	–
NCD's, FRN's (with maturities > 3 months)	–	–	2,014	–
Mortgage backed securities	632	–	610	–
Total	77,632	–	68,624	–
Total financial investments	77,632	–	68,624	–
Total cash assets, cash equivalents and investments	91,649	–	80,409	–

Accounting policy

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

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

Financial assets

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

C1-2 Financial investments (continued)

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in 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	91,649	80,409
Less: Externally restricted cash, cash equivalents and investments	<u>(23,872)</u>	<u>(13,984)</u>
Cash, cash equivalents and investments not subject to external restrictions	67,777	66,425
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>8,314</u>	<u>1,771</u>
External restrictions – included in liabilities	8,314	1,771
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	8,281	6,565
Specific purpose unexpended grants (recognised as revenue) – general fund	17	17
Stormwater management	294	179
Environmental and infrastructure renewal levy	2,441	1,557
Domestic waste management	<u>4,525</u>	<u>3,895</u>
Total external restrictions	23,872	13,984

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

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

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	67,777	66,425
Less: Internally restricted cash, cash equivalents and investments	<u>(65,690)</u>	<u>(62,701)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,087	3,724

Internal allocations

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

Employees leave entitlement	4,681	2,740
Carry over works	3,086	3,052
Deposits, retentions and bonds	36,287	30,045
Open space and community facilities reserve	1,133	1,808
Election reserve	–	360
Information technology reserve	1,090	576
Insurance reserve	929	312
Kiaora place reserve	3,901	3,582
Open space projects reserve	303	311
Preschool reserve	715	544
Property development projects reserve	23	119
Property reserve	11,450	15,906
Oxford street placemaking reserve	249	297
Loan	–	1,694
Public art gallery reserve	297	357
Financial Assistance Grant Prepayment	1,397	853
Old Section 94	92	92
Other	57	53
Total internal allocations	65,690	62,701

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

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,087	3,724

C1-4 Receivables

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	2,425	97	2,202	79
Interest and extra charges	215	9	187	7
User charges and fees	1,608	–	1,035	–
Accrued revenues				
– Interest on investments	211	–	279	–
– Other income accruals	374	–	270	–
Amounts due from other councils	55	–	48	–
Government grants and subsidies	395	–	197	–
Leases and licences	1,107	–	340	–
Net GST receivable	129	–	550	–
Restorations and other roadworks	106	–	172	–
Other debtors	77	–	99	–
Total	6,702	106	5,379	86
Less: provision for impairment				
User charges and fees	(660)	–	(136)	–
Total provision for impairment – receivables	(660)	–	(136)	–
Total net receivables	6,042	106	5,243	86
Externally restricted receivables				
Domestic waste management	691	–	621	–
Stormwater management	26	–	24	–
Other				
– Environmental levy and infrastructure renewal levy	189	–	173	–
Total external restrictions	906	–	818	–
Unrestricted receivables	5,136	106	4,425	86
Total net receivables	6,042	106	5,243	86

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	136	132
+ new provisions recognised during the year	621	11
– amounts already provided for and written off this year	(97)	(7)
Balance at the end of the year	660	136

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

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

C1-4 Receivables (continued)

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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.

None of the receivables that have been written off are subject to enforcement activity.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	350	-	338	-
Total inventories at cost	350	-	338	-
Total inventories	350	-	338	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	3,165	-	809	-
Total contract assets and contract cost assets	3,165	-	809	-

Contract assets

Other	3,165	-	809	-
Total contract assets	3,165	-	809	-

Total unrestricted assets	3,165	-	809	-
Total contract assets and contract cost asset	3,165	-	809	-

C1-6 Contract assets and Contract cost assets (continued)

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	4,936	–	4,936	1,533	1,492	–	–	(1,854)	–	6,107	–	6,107
Plant and equipment	14,111	(5,233)	8,878	1,342	–	(295)	(1,356)	–	–	14,752	(6,183)	8,569
Office equipment	8,993	(5,646)	3,347	–	137	–	(466)	61	–	9,191	(6,112)	3,079
Furniture and fittings	2,329	(1,602)	727	–	6	–	(137)	–	–	2,335	(1,740)	595
Land:												
– Operational land	112,920	–	112,920	–	–	–	–	–	23,689	136,609	–	136,609
– Community land	156,918	–	156,918	–	–	–	–	–	–	156,918	–	156,918
Infrastructure:												
– Buildings – non-specialised	75,889	(33,156)	42,733	295	110	–	(1,787)	–	1,691	85,771	(42,729)	43,042
– Buildings – specialised	41,938	(15,820)	26,118	1,086	407	–	(1,054)	–	3,062	47,624	(18,005)	29,619
– Roads	487,748	(126,061)	361,687	1,924	1,176	(636)	(4,920)	805	27,493	517,325	(129,797)	387,528
– Bridges	4,197	(796)	3,401	–	–	–	(42)	–	255	4,452	(838)	3,614
– Footpaths	101,313	(52,930)	48,383	637	389	(317)	(1,504)	–	3,617	105,117	(53,912)	51,205
– Stormwater drainage	99,977	(30,423)	69,554	666	407	(35)	(771)	123	7,204	108,332	(31,183)	77,149
– Other open space/recreational assets	35,510	(15,322)	20,188	665	1,730	(219)	(1,160)	844	2,271	40,343	(16,023)	24,320
– Harbourside Structures	7,565	(1,680)	5,885	–	–	–	(138)	–	592	8,157	(1,818)	6,339
– Seawalls	41,999	(13,528)	28,471	–	–	–	(397)	–	2,892	44,890	(13,924)	30,966
– Retaining Walls	26,019	(12,452)	13,567	113	69	(8)	(295)	21	1,387	27,592	(12,739)	14,853
Other assets:												
– Library books	5,959	(5,006)	953	–	426	(54)	(508)	–	–	6,117	(5,300)	817
– Council Art Gallery & Art Collection	872	–	872	–	24	–	–	–	–	895	–	895
Total infrastructure, property, plant and equipment	1,229,193	(319,655)	909,538	8,261	6,373	(1,564)	(14,535)	–	74,153	1,322,527	(340,303)	982,224

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

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

Accounting policy

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

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

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

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

Land and the Art Collection are not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	25 to 100
Office furniture	10 to 20		
Vehicles	5 to 10	Stormwater assets	
Heavy plant/road making equipment	5 to 10	Drains	80 to 150
Transportation assets		Other infrastructure assets	
Road pavements	33 to 100	Other open space/recreational assets	5 to 100
Kerb, gutter and paths	33 to 100		
Footpaths	33 to 100	Other Assets	
Bridges	100	Library Resources	3 to 8
Harbourside Structures	33 to 100		
Seawalls	100 to 120		
Retaining Walls	33 to 100		

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

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

Land under roads

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

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

Crown reserves

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

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

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

C1-8 Investment properties

\$ '000	2022	2021
Owned investment property		
Investment property on hand at fair value	181,210	168,450
Total owned investment property	181,210	168,450
Owned investment property		
At fair value		
Opening balance at 1 July	168,450	156,695
Capitalised subsequent expenditure	60	176
Net gain/(loss) from fair value adjustments	12,700	11,579
Closing balance at 30 June	181,210	168,450

Accounting policy

Investment property, principally comprising Kiaora Place shopping centre is held for long-term rental yields. Changes in fair values are recorded in the Income Statement as part of other income and other expenses.

C1-9 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	753	-	706	-
Kiaora Place tenancy incentives	-	390	-	587
Total other assets	753	390	706	587

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Vehicles

Council leases vehicles with a lease term of 7 years; the lease payments are fixed during the lease term and there is a renewal option of 3 years.

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 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Vehicles	Office and IT equipment	Total
2022			
Opening balance at 1 July	274	54	328
Depreciation charge	(79)	(44)	(123)
Balance at 30 June	196	10	206
2021			
Opening balance at 1 July	352	99	451
Depreciation charge	(78)	(45)	(123)
Balance at 30 June	274	54	328

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	94	99	133	192
Total lease liabilities	94	99	133	192

(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	100	101	–	201	193
2021					
Cash flows	145	201	–	346	325

C2-1 Council as a lessee (continued)

(ii) Lease liabilities relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total lease liabilities relating to unrestricted assets	94	99	133	192
Total lease liabilities	94	99	133	192

(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	12	19
Impairment of right of use assets	123	123
Expenses relating to short-term leases	5	6
	140	148

(e) Statement of Cash Flows

Total cash outflow for leases	145	148
	145	148

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to tenants under long-term operating leases with rentals payable monthly; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8).

Council also leases out a number of premises to Community Groups or members of the public on an ad hoc basis.

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

\$ '000	2022	2021
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	10,432	9,544
Total income relating to operating leases for investment property assets	10,432	9,544
Operating lease expenses		
Direct operating expenses that generated rental income	9,772	7,689
Direct operating expenses that did not generate rental income	943	1,119
Total expenses relating to operating leases	10,715	8,808

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	4,232	3,845
Total income relating to operating leases for Council assets	4,232	3,845

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

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

< 1 year	8,645	8,710
1–2 years	7,891	8,099
2–3 years	7,018	7,437
3–4 years	5,733	6,601
4–5 years	5,112	5,257
> 5 years	74,207	78,225
Total undiscounted lease payments to be received	108,606	114,329

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*.

C2-2 Council as a lessor (continued)

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Prepaid rates	602	–	557	–
Goods and services – operating expenditure	3,158	–	2,784	–
Goods and services – capital expenditure	381	–	358	–
Accrued expenses:				
– Borrowings	382	–	409	–
– Salaries and wages	2,464	–	816	–
Security bonds, deposits and retentions	40,462	–	34,220	–
Other	479	–	849	–
Total payables	47,928	–	39,993	–
Total payables	47,928	–	39,993	–

Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Internally restricted assets				
Property reserve – Kiaora Place	238	–	236	–
Payables relating to internally restricted assets	238	–	236	–
Total payables relating to restricted assets	238	–	236	–
Total payables relating to unrestricted assets	47,690	–	39,757	–
Total payables	47,928	–	39,993	–

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	36,179	30,193
Total payables	36,179	30,193

Accounting policy

Payables

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

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)	7,180	-	705	781
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,134	-	285	-
Total grants received in advance		8,314	-	990	781
Income received in advance:					
Payments received in advance		2,684	-	1,665	-
Total income received in advance		2,684	-	1,665	-
Total contract liabilities		10,998	-	2,655	781

Notes

(i) Council has received funding to construct assets including a pedestrian plaza, refurbish a sporting facility, 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.

Contract liabilities relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,314	-	990	781
Contract liabilities relating to externally restricted assets	8,314	-	990	781
Total contract liabilities relating to restricted assets	8,314	-	990	781
Total contract liabilities relating to unrestricted assets	2,684	-	1,665	-
Total contract liabilities	10,998	-	2,655	781

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	842	22
Operating grants (received prior to performance obligation being satisfied)	205	-
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,047	22

C3-2 Contract Liabilities (continued)

Accounting policy

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

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	3,664	60,315	3,531	63,979
Total borrowings	3,664	60,315	3,531	63,979

(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.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements	2022
	Opening Balance	Cash flows	Other non-cash movement	Closing balance
Loans – secured	67,510	(3,531)	–	63,979
Lease liability (Note C2-1b)	325	(132)	–	193
Total liabilities from financing activities	67,835	(3,663)	–	64,172

(b) Financing arrangements ¹

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ²	400	400
Credit cards/purchase cards	16	16
Total financing arrangements	416	416
Drawn facilities		
– Credit cards/purchase cards	9	7
Total drawn financing arrangements	9	7
Undrawn facilities		
– Bank overdraft facilities	400	400
– Credit cards/purchase cards	7	9
Total undrawn financing arrangements	407	409

(1) During the current year, there were no defaults or breaches on any on loans.

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

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.

C3-3 Borrowings (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or 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	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	5,241	–	5,196	–
Sick leave	361	–	541	–
Long service leave	7,588	422	8,598	632
Total employee benefit provisions	13,190	422	14,335	632

Employee benefit provisions relating to restricted assets

Externally restricted assets

Domestic Waste Management	1,208	–	1,266	–
Employee benefit provisions relating to externally restricted assets	1,208	–	1,266	–
Total employee benefit provisions relating to restricted assets	1,208	–	1,266	–
Total employee benefit provisions relating to unrestricted assets	11,982	422	13,069	632
Total employee benefit provisions	13,190	422	14,335	632

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,176	10,381
	8,176	10,381

C3-4 Employee benefit provisions (continued)

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.

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

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Other provisions				
Self insurance – workers compensation	96	–	89	–
Sub-total – other provisions	96	–	89	–
Total provisions	96	–	89	–
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	96	–	89	–
Total provisions	96	–	89	–

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Self insurance	Net carrying amount
2022		
At beginning of year	89	89
Other	7	7
Total other provisions at end of year	96	96
2021		
Other	89	89
Total other provisions at end of year	89	89

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

D Council structure

D1 Interests in other entities

D1-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

D1-2 Interests in joint arrangements

(ii) Joint operations

Principal activity	Place of business	Interest in ownership		Interest in voting		
		2022	2021	2022	2021	
(a) Council is involved in the following joint operations (JO's)						
Name of joint operation:						
Alexandra Integrated Facility (AIF) Collaboration with Waverley Council	- Running of the shared AIF Depot	AIF	41%	41%	50%	50%

Council assets employed in the joint operations

\$ '000	2022	2021
Council's share of assets jointly owned with other partners		
Property, plant and equipment	16,781	13,281
Total net assets employed – Council and jointly owned	16,781	13,281

Share of joint operations expenditure commitments

Operating expenditure commitments

Payable not later than 1 year	250	280
Total operating expenditure commitments	250	280

Accounting policy

Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

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

Council's objective is to optimise 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 Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.
- **Liquidity risk** - the risk that Council will not be able to pay its debts as and when they fall due.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **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.

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
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The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

Impact of a 1% movement in interest rates

– Equity / Income Statement	853	782
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Impact of a 10% movement in price of investments

– Equity / Income Statement	63	262
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(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.

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

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.

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

The level of outstanding receivables is reported to Council quarterly. Council makes suitable provision for doubtful receivables as required.

There are no material receivables that have been subjected to a re-negotiation of repayment terms. A profile of Council's receivables credit risk at balance date follows:

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	2,331	191	2,522
2021				
Gross carrying amount	–	2,075	206	2,281

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	4,924	1,155	241	147	984	7,451
ECL Provision	–	–	–	–	(660)	(660)
2021						
Gross carrying amount	2,708	645	144	39	457	3,993
ECL Provision	–	–	–	–	(136)	(136)

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	40,462	7,323	–	–	47,785	47,928
Borrowings	3.20%	–	5,589	24,644	52,226	82,459	63,979
Total financial liabilities		40,462	12,912	24,644	52,226	130,244	111,907
2021							
Payables	0.00%	34,220	5,773	–	–	39,993	39,993
Borrowings	3.20%	–	5,580	25,602	56,858	88,040	67,510
Total financial liabilities		34,220	11,353	25,602	56,858	128,033	107,503

Fair value measurement

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

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

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

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

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

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

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

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		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		77,632	68,624	–	–	77,632	68,624
Total financial assets		77,632	68,624	–	–	77,632	68,624
Investment property							
Kiaora place	C1-8	175,425	163,300	–	–	175,425	163,300
Car parks		5,785	5,150	–	–	5,785	5,150
Total investment property		181,210	168,450	–	–	181,210	168,450
Infrastructure, property, plant and equipment							
Plant and equipment	C1-7	–	–	8,569	8,878	8,569	8,878
Office equipment		–	–	3,079	3,347	3,079	3,347
Furniture and fittings		–	–	595	727	595	727
Operational land		–	–	136,609	112,920	136,609	112,920
Community land		–	–	156,918	156,918	156,918	156,918
Buildings – non-specialised		–	–	43,043	42,733	43,043	42,733
Buildings – specialised		–	–	29,619	26,118	29,619	26,118
Roads		–	–	387,528	361,687	387,528	361,687
Bridges		–	–	3,614	3,401	3,614	3,401
Footpaths		–	–	51,205	48,383	51,205	48,383
Stormwater drainage		–	–	77,149	69,554	77,149	69,554
Other open space/recreational assets		–	–	24,320	20,188	24,320	20,188
Harbourside structures		–	–	6,339	5,885	6,339	5,885
Seawalls		–	–	30,966	28,471	30,966	28,471
Retaining walls		–	–	14,853	13,567	14,853	13,567
Total infrastructure, property, plant and equipment		–	–	974,406	902,777	974,406	902,777

E2-1 Fair value measurement (continued)

Valuation techniques

Financial assets

The Investments at Fair Value through Profit or Loss disclosed as Level 3 comprise Council's Emerald Reverse Mortgage Series 2007-1 Class B Security maturing 21 July 2057 and floating rate notes.

For its floating rate notes, Council receives monthly valuations from the issuer of the security. Council received independent valuation from Imperium Markets for its Emerald RMBS. The 30 June 2022 valuations have been used to ensure the financial statements reflect the latest valuation.

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

Investment properties

Council holds three Investment Properties:

Grafton Street Car Park, Bondi Junction
Cosmopolitan Centre Car Park, Knox Street, Double Bay
Kiaora Place, Double Bay

Council obtains independent valuations of its Investment Properties on an annual basis to ensure the financial statements reflect the latest valuations.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

- current prices in an active market for similar properties;
- expected future rental income generated from the properties;
- rent abatements
- capitalisation rate;
- price per square meter;
- location.

The 2022 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. The income approach has been used to value the properties.

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Council's Plant & Equipment, Office Equipment and Furniture & Fittings assets include:

- | | |
|------------------------|---|
| • major plant | truck, street sweepers, garbage compactors |
| • vehicles | cars, vans, utilities |
| • miscellaneous | plant mowers, breakers, pressure cleaners, line markers |
| • furniture & fittings | desks, chairs, cabinets, shelving |
| • office equipment | PCs, laptops, servers, projectors |

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the Notes to the Financial Statements. Council assumes that the depreciated historic cost reflects the fair value of the asset.

Level 3 unobservable inputs include:

- pattern of consumption
- useful life
- asset condition
- replacement cost

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

Operational Land

Council classifies Operational Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993).

E2-1 Fair value measurement (continued)

Council obtains independent “fair value” valuations of its Operational Land every 5 years using Level 3 inputs. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date taking into account the characteristics of the asset (condition and location of the asset and restrictions, if any, on the sale or use of the asset).

The unobservable Level 3 inputs used include:

- Rate per square metre

The 2022 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. There has been no change to the valuation process during the reporting period.

Community Land

Council’s Community Land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. The Local Government Act imposes restrictions on Community Land in order to preserve the qualities of the land.

The Division of Local Government has determined that Community Land may be valued using the NSW Valuer General’s valuation to represent fair value. The Valuer General issues valuations every 3 to 4 years.

The Valuer General uses comparable property sales to the land being valued and considers factors such as:

- property market conditions as at 1 July in the year of valuation;
- most valuable use for the land;
- constraints on use such as zoning and heritage restrictions;
- land size, shape and land features, such as slope and soil type;
- nearby development and infrastructure;
- views.

Council fair values Community Land using either NSW Valuer General unimproved capital value or an average unit rate based on unimproved capital values and allocated by Council against those properties where the Valuer General did not provide an unimproved capital value.

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

Buildings – (Specialised and Non-Specialised)

Council buildings incorporate Libraries, Community Buildings, Car Park Buildings, Kiosks and Amenities, Sportsfield and Park Buildings, Council Chambers and Depot Buildings.

Council obtains independent “fair value” valuations of its Buildings every 5 years using Level 3 inputs. The valuer utilises the Gross Restatement Method; the Gross Value of each building is obtained by applying a unit rate based on its current replacement cost. Rates are derived from substantial analysis of construction costs from over 60 NSW Councils and are continually updated to reflect movements in construction costs. Complex building structures are componentised into significant parts with different useful lives taking into account a range of factors. While all buildings are physically inspected for valuation, inputs such as estimates of residual value, useful life and pattern of consumption have required professional judgement and impacted significantly on the final determination of fair value. Buildings are therefore classified as being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

Buildings (Specialised and Non Specialised) were valued in 2022 based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd and a desktop valuation is completed annually. There has been no change to the valuation process during the reporting period.

Roads

This asset class comprises, Wearing Pavement Base, Pavement Sub Base, Kerb and Gutter and Traffic Facilities.

Council’s Asset Management System (AMS) contains detailed segment dimensions and specifications for all Council roads. Council values this asset class every 5 years taking into consideration Council’s minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset

E2-1 Fair value measurement (continued)

condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, roads are valued using Level 3 inputs.

Council also performs proactive asset inspections to determine if busy areas require additional maintenance thus prolonging the life of the asset. Council has in place an Asset Management Plan which details asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Bridges

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, bridges are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Footpaths

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, footpaths are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for footpaths.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

E2-1 Fair value measurement (continued)

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Stormwater Drainage

This asset class comprises pits, pipes and stormwater quality improvements devices.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, drainage assets are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for drainage.

Council also performs proactive asset inspections to determine if additional maintenance is required thus prolonging the life of the asset. Council has in place an Asset Management Plan which details drainage asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Other Open Space/Recreational Assets

Assets in this class include items such as playgrounds, gazebo's, park fencing and lighting, tennis courts, sportsfield surfaces and aggregated lower value assets such as park seats and picnic tables.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by XYST Australia Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at

E2-1 Fair value measurement (continued)

'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Harbourside Structures

Council has harbourside structures at Double Bay, Parsley Bay, Rose Bay, Rushcutters Bay and Watsons Bay which include swimming pools, platforms, boat ramps, piers and a footbridge.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Seawalls

Assets in this class include seawalls at Darling Point, Double Bay, Point Piper, Rose Bay, Vaucluse and Watsons Bay.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

E2-1 Fair value measurement (continued)

Retaining Walls

Assets in this class include retaining walls and retaining wall fences at various locations throughout the Woollahra local government area.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Library Books

Assets in this class include books, magazines, CD's, DVD and audio books.

Library books are valued using depreciated historic cost. Annual review determines if there has been any impairment of assets within the class.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

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

Art Collections

Assets in this class include artwork, ornaments and outdoor public art installations.

Council obtains independent valuations of its Art collections once every 5 years.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

- current prices in an active market for similar properties.

The 2021 valuations were based on Independent Assessments by McWilliam & Associates. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Financial liabilities		
Fair Value through Profit or Loss	Issuer and independent valuations	Unit Price
Investment properties		
Investment properties	Independent valuation	Net rental value Rental Yield
Infrastructure, property, plant and equipment		
Plant and Equipment, Office Equipment, Furniture and Fittings	Cost used to approximate fair value	Asset Cost Useful Life
Operational Land	Independent valuation	Rate per m2
Community Land	Land values supplied by the Valuer General	Unimproved Capital Value (rate per m2)
Buildings	Independent valuation	Current Replacement Cost Useful life Asset Condition
Roads, Bridges & Footpaths	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Stormwater Drainage	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Other Open Space / Recreational Assets	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Harbourside structures, Seawalls & Retaining Walls	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Library Books	Cost used to approximate fair value.	Asset Cost Useful Life Asset Condition
Art Collections	Independent valuation	Market Value

E2-1 Fair value measurement (continued)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	8,878	9,328	3,347	3,430	727	868	112,920	112,920
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	23,689	–
Other movements								
Transfers from/(to) another asset class	–	–	61	–	–	–	–	–
Purchases (GBV)	1,342	1,846	137	547	6	–	–	–
Disposals (WDV)	(295)	(937)	–	(83)	–	–	–	–
Depreciation and impairment	(1,356)	(1,359)	(466)	(547)	(137)	(141)	–	–
Rounding	–	–	–	–	(1)	–	–	–
Closing balance	8,569	8,878	3,079	3,347	595	727	136,609	112,920

\$ '000	Community Land		Buildings non-specialised		Building specialised		Roads	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	156,918	156,918	42,733	43,645	26,118	23,991	361,687	363,437
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	1,691	–	3,062	–	27,493	–
Other movements								
Transfers from/(to) another asset class	–	–	–	38	–	–	805	313
Purchases (GBV)	–	–	406	811	1,493	3,101	3,099	2,908
Disposals (WDV)	–	–	–	–	–	–	(636)	(472)
Depreciation and impairment	–	–	(1,787)	(1,761)	(1,054)	(974)	(4,920)	(4,499)
Closing balance	156,918	156,918	43,043	42,733	29,619	26,118	387,528	361,687

E2-1 Fair value measurement (continued)

\$ '000	Bridges		Footpaths		Stormwater drainage		Harbourside structures	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	3,401	3,433	48,383	48,274	69,554	68,622	5,885	6,024
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	255	–	3,617	–	7,204	–	592	–
Other movements								
Transfers from/(to) another asset class	–	–	–	306	123	730	–	–
Purchases (GBV)	–	10	1,026	1,517	1,074	1,045	–	–
Disposals (WDV)	–	–	(317)	(245)	(35)	(87)	–	–
Depreciation and impairment	(42)	(42)	(1,504)	(1,469)	(771)	(756)	(136)	(139)
Rounding	–	–	–	–	–	–	(1)	–
Closing balance	3,614	3,401	51,205	48,383	77,149	69,554	6,340	5,885

\$ '000	Other open space assets		Seawalls		Retaining Walls		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	20,188	19,772	28,471	28,649	13,567	13,666	902,777	902,977
Recognised in other comprehensive income – revaluation surplus	2,271	–	2,892	–	1,387	–	74,153	–
Transfers from/(to) another asset class	844	690	–	102	21	39	1,854	2,218
Purchases (GBV)	2,395	1,082	–	115	182	170	11,160	13,152
Disposals (WDV)	(219)	(135)	–	–	(9)	(15)	(1,511)	(1,974)
Depreciation and impairment	(1,160)	(1,221)	(397)	(395)	(295)	(293)	(14,025)	(13,596)
Rounding	–	–	–	–	–	–	(2)	–
Closing balance	24,319	20,188	30,966	28,471	14,853	13,567	974,406	902,777

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There are no transfers identified in the above table.

Highest and best use

All of Council's non-financial assets are considered to be utilised for their highest and best use which was established in consideration of the criteria of physical possibility, legal permissibility and financial feasibility. Implied with these criteria is the recognition of the contribution of that specific use to community goals.

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$539,793.83. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$397,101.48.

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 share of this deficit that is broadly attributed to Council is estimated to be in the order of \$201,009 as at 30 June 2022.

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

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

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

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,866	1,951
Post-employment benefits	131	135
Other long-term benefits	128	65
Termination benefits	–	286
Total	2,125	2,437

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2022						
Donations, contributions and assistance	1	1,027	–	7 days	–	–
Legal Expenses - Other	2	3	–	7 days	–	–
Contractor & Consultancy Costs	3	141	–	30 days	–	–
2021						
Donations, contributions and assistance	1	1,010	–	7 days	–	–
Contractor & Consultancy Costs	3	131	–	30 days	–	–

- 1 Council provides financial support to Holdsworth Community which provides a range of services to the Woollahra community. A KMP is a Director of Holdsworth Community.
- 2 Council utilises Hones Lawyers Ptd Ltd to provide legal assistance and advice. A relative of a Council KMP is an employee of Hones Lawyers.
- 3 Council utilises Downer Pipetech on capital works projects. A relative of a Council KMP is an employee of Downer EDI Limited.

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:		
Mayoral fee	45	44
Councillors' fees	295	304
Other Councillors' expenses (including Mayor)	57	32
Total	397	380

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	83	78
Remuneration for audit and other assurance services	83	78
Total Auditor-General remuneration	83	78
Non NSW Auditor-General audit firms		
Total audit fees	83	78

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	14,962	627
Add / (less) non-cash items:		
Depreciation and amortisation	14,535	14,128
(Gain) / loss on disposal of assets	570	1,402
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(7)	40
– Investment property	(12,700)	(11,755)
– Revaluation decrements / impairments of IPP&E direct to P&L	123	123
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,343)	517
Increase / (decrease) in provision for impairment of receivables	524	4
(Increase) / decrease of inventories	(12)	32
(Increase) / decrease of other current assets	150	230
(Increase) / decrease of contract asset	(2,356)	(90)
Increase / (decrease) in payables	374	(23)
Increase / (decrease) in accrued interest payable	(27)	352
Increase / (decrease) in other accrued expenses payable	1,648	499
Increase / (decrease) in other liabilities	5,917	3,759
Increase / (decrease) in contract liabilities	7,562	1,738
Increase / (decrease) in employee benefit provision	(1,355)	–
Increase / (decrease) in other provisions	7	89
Net cash flows from operating activities	28,572	11,672

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	2,131	2,484
Plant and equipment	1,065	234
Infrastructure	993	898
Streetscapes	61	68
Traffic	1,165	1,189
Open space works	886	1,346
Environmental works	165	79
IT	52	29
Total commitments	6,518	6,327
These expenditures are payable as follows:		
Within the next year	6,518	6,327
Total payable	6,518	6,327
Sources for funding of capital commitments:		
Unrestricted general funds	952	181
Future grants and contributions	1,966	1,589
Externally restricted reserves	1,152	1,768
Internally restricted reserves	2,214	2,708
Sale of plant and equipment	234	81
Total sources of funding	6,518	6,327

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2022

G4-1 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					
Parking	1,278	-	-	2	-	-	1,280	-
Civic improvements	121	-	-	-	-	-	121	-
Recreation	21	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	-	-	47	-
S7.11 contributions – under a plan	1,467	-	-	2	-	-	1,469	-
S7.12 levies – under a plan	5,098	4,359	-	9	(2,654)	-	6,812	-
Total S7.11 and S7.12 revenue under plans	6,565	4,359	-	11	(2,654)	-	8,281	-
Total contributions	6,565	4,359	-	11	(2,654)	-	8,281	-

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.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – 2002 Contributions Plan								
Parking – Rose Bay	1,278	-	-	2	-	-	1,280	-
Civic improvements	121	-	-	-	-	-	121	-
Recreation	21	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	-	-	47	-
Total	1,467	-	-	2	-	-	1,469	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN – 2005 Contributions Plan								
Other	5,098	4,359	-	9	(2,654)	-	6,812	-
Total	5,098	4,359	-	9	(2,654)	-	6,812	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4,581)	(4.58)%	(15.08)%	(8.12)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	100,075				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	94,423	87.25%	90.37%	86.06%	> 60.00%
Total continuing operating revenue ¹	108,225				
3. Unrestricted current ratio					
Current assets less all external restrictions	77,181	3.49x	4.06x	4.04x	> 1.50x
Current liabilities less specific purpose liabilities	22,093				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12,015	2.10x	0.14x	1.65x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,725				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,746	4.54%	4.16%	5.43%	< 5.00%
Rates and annual charges collectable	60,544				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	91,017	11.05	6.02	8.68	> 3.00
Monthly payments from cash flow of operating and financing activities	8,235	mths	mths	mths	mths

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

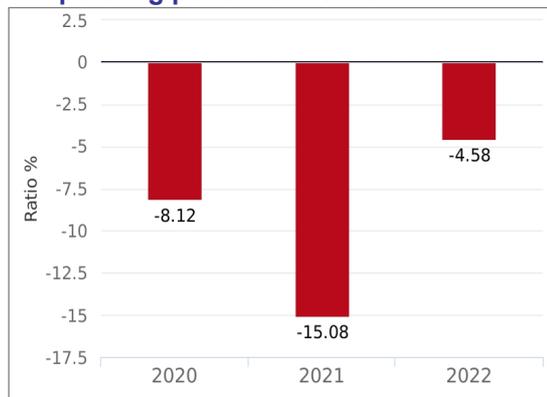
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

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 (4.58)%

The 2021/22 ratio has been impacted by significant decreases in income due to COVID-19 and one-off redundancy costs from the organisation restructure. Excluding the impact of COVID-19 and the one-off redundancy costs, the ratio for 2021/22 is 2.44% which is above the benchmark. The ratios for the prior two years were also impacted by COVID-19 and 2020/21 was also impacted by \$6.45m of one-off borrowing costs incurred when refinancing a loan that year.

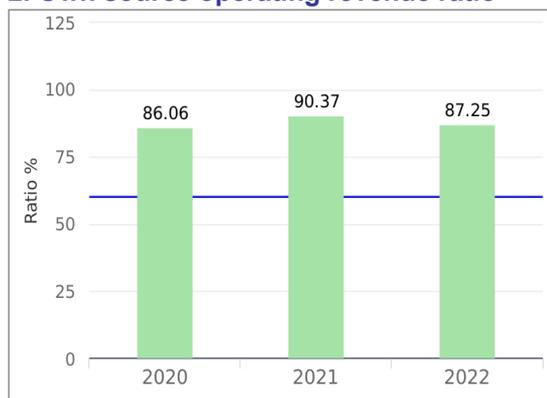
Benchmark: — > 0.00%

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 87.25%

The ratio remains well in excess of the 60% benchmark.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 3.49x

Council's liquidity remains strong and well above the 1.50x benchmark.

Benchmark: — > 1.50x

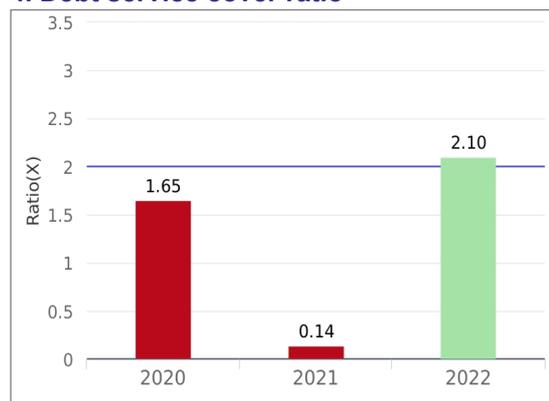
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2.10x

The 2021/22 ratio is above the 2.00x benchmark.

The 2020/21 ratio was impacted by significant decreases in income due to COVID-19 and \$6.45m of one-off borrowing costs incurred when refinancing a loan that year.

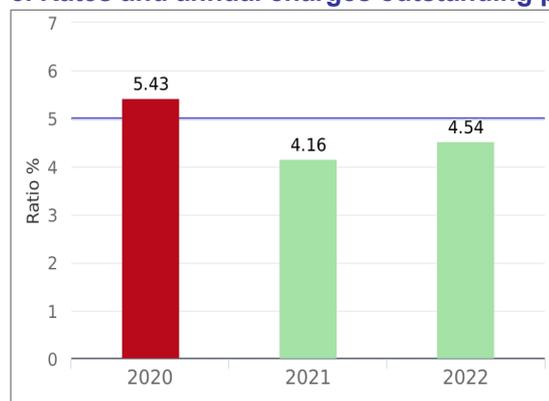
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 4.54%

The ratio is within the benchmark of less than 5%.

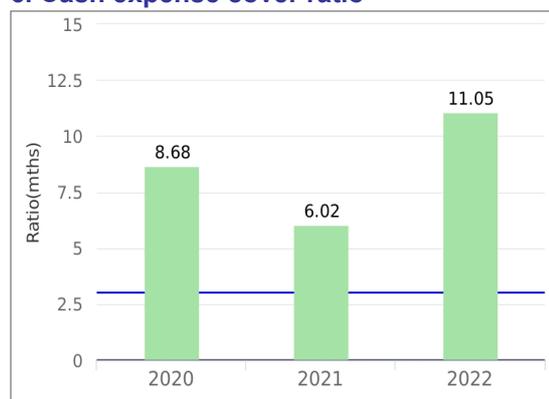
Benchmark: — < 5.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 11.05 mths

The ratio remains well in excess of the 3 month benchmark.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

536 New South Head Road
Double Bay NSW 2028

Mailing Address:

PO Box 61
Double Bay NSW 2028

Opening hours:

8:00am - 4:30pm
Monday to Friday

Telephone: 02 9391 7000

Facsimile: 02 9391 7044

Internet: www.woollahra.nsw.gov.au

Email: records@woollahra.nsw.gov.au

Officers

GENERAL MANAGER

Craig Swift-McNair

RESPONSIBLE ACCOUNTING OFFICER

Paul Ryan

PUBLIC OFFICER

Sue Meekin

AUDITORS

Audit Office of NSW
Level 19, 201 Sussex Street
Sydney NSW 2000

Elected members

MAYOR

Susan Wynne

COUNCILLORS

Richard Shields
Peter Cavanagh
Sean Carmichael
Luise Elsing
Nicola Grieve
Mary-Lou Jarvis
Harriet Price
Lucinda Regan
Matthew Robertson
Isabelle Shapiro (Deputy Mayor)
Mark Silcocks
Sarah Swan
Merrill Witt
Toni Zeltzer

Other information

ABN: 32 218 483 245



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Woollahra Municipal Council

To the Councillors of Woollahra Municipal Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

28 September 2022
SYDNEY



Cr Susan Wynne
Mayor
Woollahra Municipal Council
PO Box 61
DOUBLE BAY NSW 1360

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: D2218865/1812

28 September 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Woollahra Municipal Council**

I have audited the general purpose financial statements (GPFS) of the Woollahra Municipal 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	57.9	56.3	3.0
Grants and contributions revenue	13.8	9.7	42.3
Operating result from continuing operations	15.0	0.6	24 times
Net operating result before capital grants and contributions	6.8	(4.3)	258

The Council's operating result from continuing operations (\$15.0 million including depreciation and amortisation expense of \$14.7 million) was \$14.4 million higher than the 2020–21 result. The increase mainly pertains to higher grants received in 2022 by \$4.1 million and lower borrowing cost incurred amounting to \$7.2 million

The 2021-22 results reported an increase of \$1.6 million in rates and annual charges revenue and a \$1.1 million or 8% increment for investment properties.

The overall increase in revenue is attributed to the grants received (both operating and capital) during the year which increased by \$4.1 million compared to the financial year 2020-21. At year-end, there are a number of roads and infrastructure projects that are currently in progress, the balances of which are reported as part of contract liabilities and the related grant income will be recognised progressively as the projects are completed, including among others, the Knox St Pedestrianisation amounting to \$4.4 million and Double Bay Lanterns for \$0.4 million.

In terms of expenditure, the current year resulted in an overall decrease of \$5.9 million which relates primarily to the decrease in borrowing costs arising from early repayment of a fixed rate loan facility in April 2021. In addition, the Council completed a staffing review during the year which resulted in one-off redundancy costs of \$3.1 million contributing to an increase in employee benefits and on-costs. Material and services expense also decreased during the year by \$1.8 million while the rest of other expense categories remain comparable to the prior year.

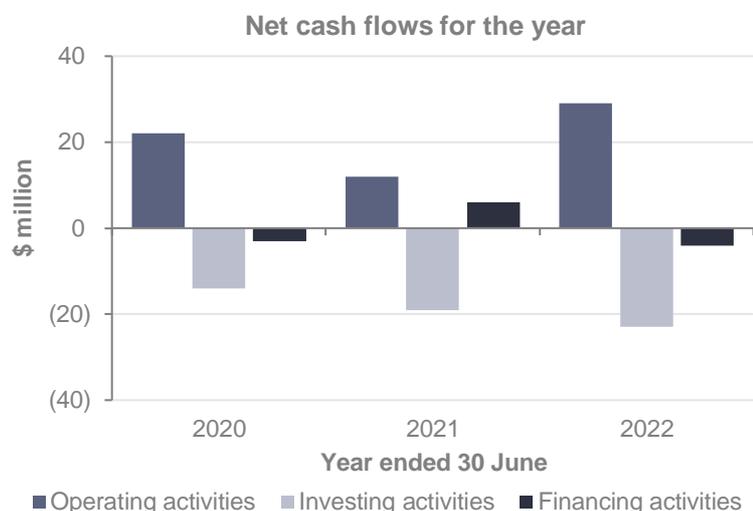
STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year from \$11.8 million to \$14.0 million.

Cash inflows from operating activities increased from 2021-22 relative to the increase in capital grants received during the year. Decrease in borrowing costs during the year also contributed significantly to the overall cash inflow despite the one-off cost incurred in relation to the redundancy payments.

Cash outflows from investing activities increased from a combination of the noted decrease in purchase of property, plant and equipment and increase of purchase of investments compared to prior year.

Cash flows from financing activities decreased mainly from the final repayment of borrowings and the corresponding interest.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	91.6	80.4	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, developer contributions, and domestic waste and stormwater management charges and unspent levies. The increase is primarily attributable to an increase in developer contributions – general and additional environmental and infrastructure renewal levy held Balances are internally restricted due to Council policy or decisions for forward plans including the works program. The decrease is primarily attributable to a reduction on Property reserves held. Unrestricted balances provide liquidity for day to day operations and decreased by \$1.6 million compared to 2020-21.
Restricted cash and investments:			
• External restrictions	23.8	14.0	
• Internal restrictions	65.7	62.7	
• Unrestricted	2.1	3.7	

PERFORMANCE

Performance measures

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

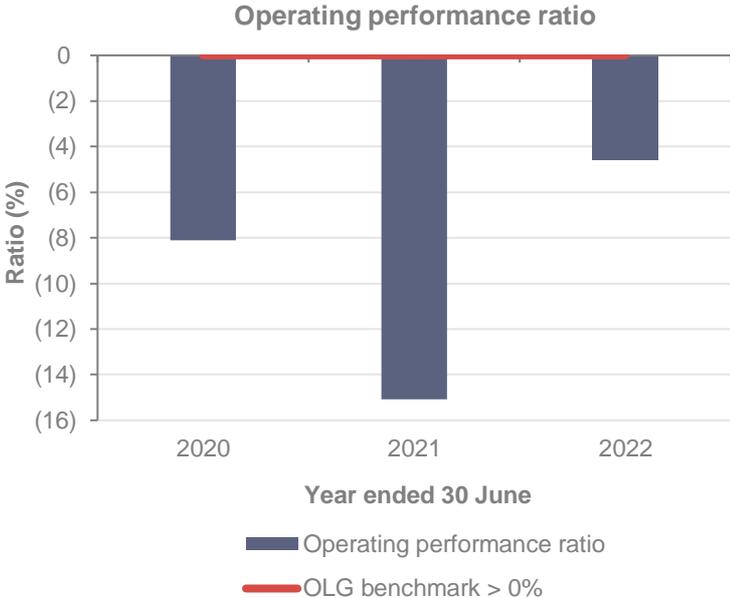
Operating performance ratio

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

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

Council's operating performance ratio of negative 4.58 per cent is below the industry benchmark of greater than zero per cent for 2021-22. Council's operating results improved during the year predominantly from:

- an increase in employee benefits expense of \$3.1 million compared to 2020-21 attributable to one off restructuring cost during the year
- decrease in material and services expenses of \$1.8 million
- decrease in borrowing costs expense of \$7.2 million due to the early repayment of the fixed rate facility in the prior year.



Own source operating revenue ratio

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

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

Council's own source operating revenue ratio of 87.25 per cent exceeded the industry benchmark of 60.0 per cent for the past three years.



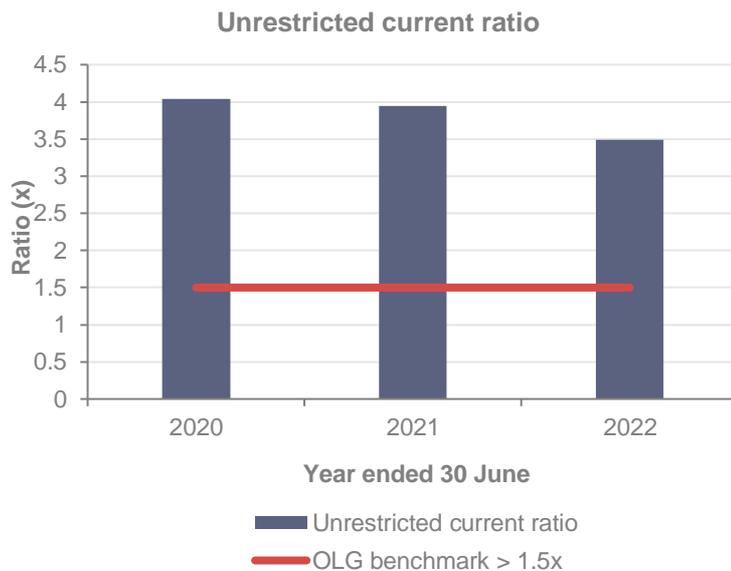
Unrestricted current ratio

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

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

Council's unrestricted current ratio of 3.5 times exceeded the industry benchmark of 1.5 times for the past three years.

This ratio indicates that Council currently has \$3.50 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

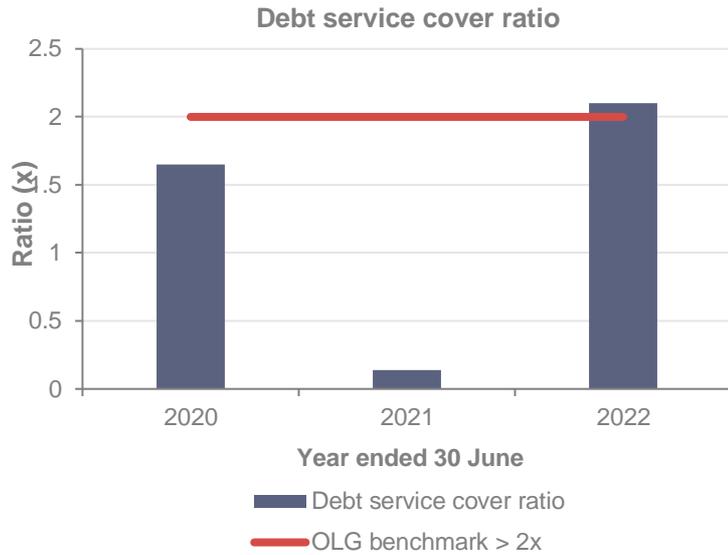


Debt service cover ratio

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.

Council's debt service cover ratio of 2.1 times exceeded the industry benchmark of 2.0 times for 2021-22.

The current year result reflects an improvement in prior year ratios which were heavily impacted by Covid-19 and the repayment of the total fixed rate facility in 2021.

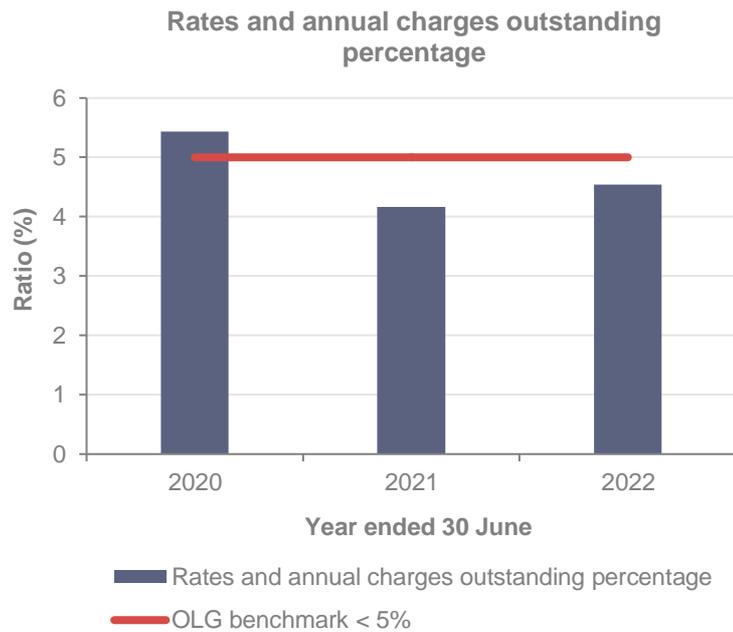


Rates and annual charges outstanding percentage

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 met the OLG benchmark for the current reporting period.

Council's rates and annual charges outstanding percentage of 4.54 per cent met the industry benchmark of < 5% for 2021-22.



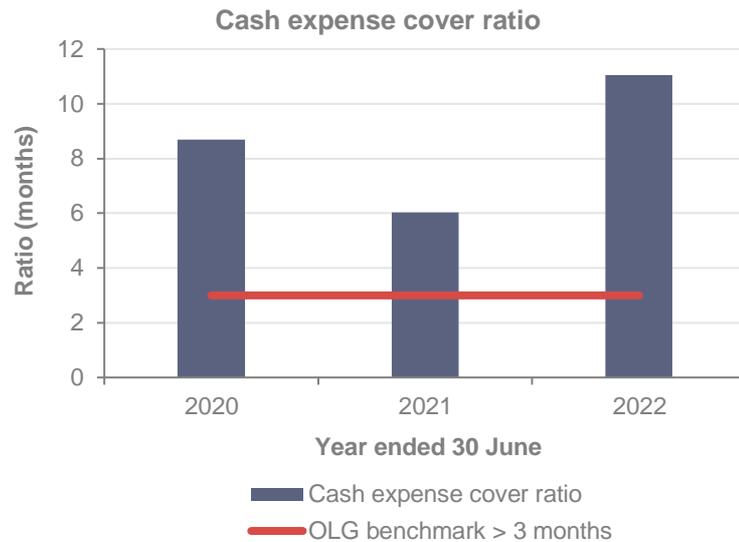
Cash expense cover ratio

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

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

Council's cash expense cover ratio of 11 months exceeded the industry benchmark of 3.0 months for the past three years.

This indicates that Council had the capacity to cover 11.0 months of cash expenditure without additional cash inflows at 30 June 2022.



Infrastructure, property, plant and equipment renewals

Council spent \$6.3 million on asset renewals in 2021-22 compared to \$11.5 million in 2020-21. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2021-22, asset renewals of \$6.3 million represented 43 per cent of Council's \$14.5 million depreciation expense. This result was 38.5 per cent lower than the 2020-21 result of 81 per cent.

Asset renewals in 2021-22 were carried out in accordance with Council's capital works program and were primarily related to road and footpath assets.

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.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

cc: Mr Craig Swift-McNair, General Manager
Mr Jason Masters, Chair of Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Woollahra Municipal Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Woollahra Municipal Council

Special Schedules

for the year ended 30 June 2022

Contents	Page
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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

Woollahra Municipal 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	41,423	42,361
Plus or minus adjustments ²	b	91	28
Notional general income	c = a + b	41,514	42,389
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	830	848
Sub-total	k = (c + g + h + i + j)	42,344	43,237
Plus (or minus) last year's carry forward total	l	32	18
Less valuation objections claimed in the previous year	m	-	(2)
Sub-total	n = (l + m)	32	16
Total permissible income	o = k + n	42,376	43,253
Less notional general income yield	p	42,361	43,228
Catch-up or (excess) result	q = o - p	16	25
Plus income lost due to valuation objections claimed ⁴	r	2	-
Carry forward to next year ⁶	t = q + r + s	18	25

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 *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Woollahra Municipal Council

To the Councillors of Woollahra Municipal Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

28 September 2022
SYDNEY

Woollahra Municipal Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	300	300	1,815	1,700	72,661	133,395	39.7%	21.1%	37.0%	2.2%	0.0%
	Sub-total	300	300	1,815	1,700	72,661	133,395	39.7%	21.1%	37.0%	2.2%	0.0%
Roads	Sealed roads	3,093	3,093	4,546	4,695	387,528	517,325	47.8%	7.5%	43.6%	1.1%	0.0%
	Bridges	–	–	–	–	3,614	4,452	20.0%	0.0%	80.0%	0.0%	0.0%
	Footpaths	1,255	1,255	4,004	4,135	51,205	105,117	11.6%	21.4%	64.0%	2.9%	0.1%
	Sub-total	4,348	4,348	8,550	8,830	442,347	626,894	41.5%	9.8%	47.3%	1.4%	0.0%
Stormwater drainage	Stormwater drainage	545	545	467	530	77,149	108,332	62.9%	10.6%	26.0%	0.5%	0.0%
	Sub-total	545	545	467	530	77,149	108,332	62.9%	10.6%	26.0%	0.5%	0.0%
Open space / recreational assets	Other parks & open space	917	917	1,647	1,438	24,320	40,343	30.5%	40.9%	26.2%	2.1%	0.3%
	Harbourside structures	475	475	251	197	6,339	8,157	90.0%	0.0%	0.0%	10.0%	0.0%
	Sub-total	1,392	1,392	1,898	1,635	30,659	48,500	40.5%	34.0%	21.8%	3.4%	0.2%
Other infrastructure assets	Retaining walls & seawalls	1,153	1,153	64	50	45,819	72,482	12.9%	39.5%	46.6%	1.0%	0.0%
	Sub-total	1,153	1,153	64	50	45,819	72,482	12.9%	39.5%	46.6%	1.0%	0.0%
Total – all assets		7,738	7,738	12,794	12,745	668,635	989,603	41.5%	14.8%	42.3%	1.5%	0.0%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Woollahra Municipal Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	6,918	57.32%	94.02%	110.36%	>= 100.00%
Depreciation, amortisation and impairment	12,069				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	7,738	1.15%	1.35%	1.42%	< 2.00%
Net carrying amount of infrastructure assets	674,570				
Asset maintenance ratio					
Actual asset maintenance	12,745	99.62%	115.25%	111.17%	> 100.00%
Required asset maintenance	12,794				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	7,738	0.78%	0.92%	0.97%	
Gross replacement cost	989,603				

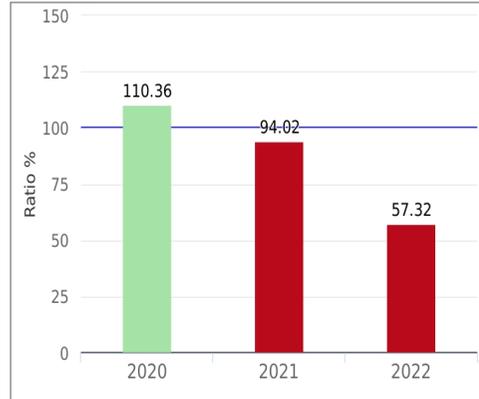
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Woollahra Municipal 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 57.32%

The ratio is influenced by the timing of the completion of capital works and the particular projects being undertaken in different years. In the year ended 30 June 2022 there were a lot of new infrastructure projects undertaken which were grant funded, whereas in prior years there were more renewal projects undertaken. The three year average ratio is 87.23%.

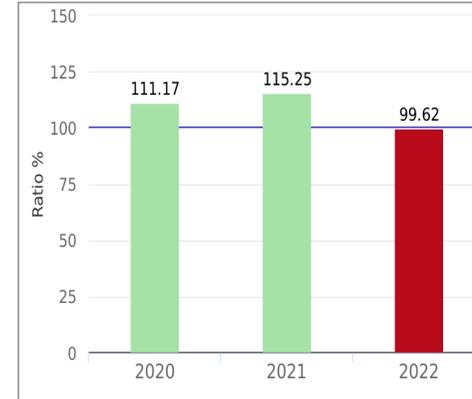
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

21/22 ratio 99.62%

The ratio was slightly lower than the benchmark of 100% at 99.62%. The three year average ratio is 108.68%.

Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

21/22 ratio 1.15%

The ratio remains below the 2% benchmark.

Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

21/22 ratio 0.78%

The estimated cost to bring assets to our agreed service levels represents less than 1% of the total value of Council's assets.

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