

## ITEM 1 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### PRESENTER: Audit Office of NSW – Financial Statements

Council officers have prepared the draft 2021-2022 Annual Financial Statements in accordance with the Local Government Act 1993 (as amended), the Regulations, the Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

The draft Financial Statements were presented to the Audit, Risk and Improvement Committee on 18 November 2022. At that meeting, the Audit, Risk and Improvement Committee resolved that the General Purpose Financial Statements and the Special Purpose Financial Statements be recommended to Council for endorsement and the signing of the Statements by the Lord Mayor, Deputy Lord Mayor and Management.

The Statements have been reviewed by Council's Auditors, Audit Office of NSW, and are presented to Council for an opinion to be formed in the prescribed format (as attached). The Audit Office of NSW will address the meeting to provide an overview of their Audit for the year ended 30 June 2022.

### RECOMMENDATIONS

- 1 The Annual Financial Statements be endorsed and an opinion be formed in the prescribed format (as per Attachments 2 and 3) on the General Purpose Financial Statement and the Special Purpose Financial Statement.
- 2 The audited Financial Statements and the Auditor's report be presented to the public at an extraordinary meeting following the finalisation of the audit and public notification period.

### REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer

Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

### ATTACHMENTS

- 1 Draft Annual Financial Statements for the Year Ended 30 June 2022
- 2 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the General Purpose Financial Statements
- 3 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the Special Purpose Financial Statements
- 4 Flowchart of the Annual Financial Statement Approval and Audit Process

### BACKGROUND

The Local Government Act 1993 (as amended) requires Council to prepare financial statements for each year and refer them for audit as soon as practicable after the end of that year.

A council's financial statements must include:

- 1 A General Purpose Financial Statement;
- 2 any other matter prescribed by the regulations, and
- 3 a statement in the approved form by the Council as to its opinion on the General Purpose Financial Statement.

The Annual Financial Statement Approval and Audit Process is outlined in Attachment 4 of this report. This process is largely governed by the requirements of the Local Government Act 1993 (as amended) having regard to the timing of Council meetings. In accordance with this process, the Audit, Risk and Improvement Committee makes recommendation to the Council regarding the signing of the Financial Statements based on the Committee's assessment of them. The Annual Financial Statements would normally be presented to Council prior to 31 October 2022. This year, Council sought and received an

extension to 30 November 2022 from the Office of Local Government, to allow for time to process indexation of additional asset classes at the request of the Audit Office.

An Executive Summary and Financial Commentary to the Statements are also prepared to provide an overview of the Financial Statements. The Executive Summary and Financial Commentary are not audited.

A preliminary pre-audit result was presented to Council on 29 August 2022. Through the finalisation of the Financial Statements and the external audit process, variations have been made to the results previously reported. These variations are discussed in further detail in the Financial Implications section and did not have an impact on the fund result previously reported.

## PROPOSAL

Section 413 of the Local Government Act 1993 (as amended) requires the Council to form an opinion as to whether Council's Annual Financial Statements have been drawn up in accordance with the Local Government Act and associated Codes and Australian Accounting Standards as prescribed by the Regulations. The Statements are presented to Council for an opinion to be formed in the prescribed format (see Attachments 2 and 3). Subsequent to these Statements being signed, Council's Auditor will present its Audit Report to Council.

Following the signing of the opinions and receiving the Auditor's Report, a copy of the Audited Financial Statements will be submitted to the Office of Local Government in accordance with Section 417(5) of the Local Government Act 1993 (as amended).

Section 418 of the Local Government Act 1993 (as amended) requires that Council, as soon as practical after receiving a copy of the Auditor's Reports, fix a date for a meeting at which it proposes to present its Audited Financial Statements, together with the Auditor's Reports, to the public. The Council must give public notice of the date of the meeting. Consequently, an advertisement is scheduled to appear on the Council website shortly after the Council meeting held on Monday, 28 November 2022.

Section 420 of the Local Government Act 1993 provides that any person may make submissions to the Council with respect to the Financial Statements and/or the Auditor's Reports and those submissions must be made in writing and lodged with the Council within seven days of the public meeting. The date of the Council meeting (public meeting) is the next Council meeting as resolved by Council.

## CONSULTATION AND COMMUNICATION

The Audit Office of NSW has been consulted throughout the preparation of the Annual Financial Statements. The audit staff have been helpful in ensuring compliance with all accounting requirements.

Draft Financial Statements were presented to the Audit, Risk and Improvement Committee on 6 September 2022 (pre audit) and on 18 November 2022. At the later meeting, the Audit, Risk and Improvement Committee resolved that:

- 1 The draft Annual Financial Statements for the year ended 30 June 2022 be noted and received.
- 2 Subject to ARIC member acceptance of any adjustments required following receipt of the Engagement Closing Report:
  - a The General Purpose Financial Reports be recommended to Council for endorsement and the signing of the Statement by the Lord Mayor, Deputy Lord Mayor and Management, made pursuant to Section 413[2][c] of the Local Government Act 1993 (as amended).
  - b The Special Purpose Financial Reports be recommended to Council for endorsement and the signing of the Statement by the Lord Mayor, Deputy Lord Mayor and Management, made pursuant to the Local Government Code of Accounting Practice and Financial Reporting.

The Engagement Closing Report was received on Wednesday, 16 November 2022 with no proposed adjustments noted within the Report.



The Report on Infrastructure Assets as at 30 June 2022 is not included in the external audit process, however, for completeness it was included in the pack provided to ARIC on 18 November 2022.

Executive, senior managers and significant senior officers were requested to ensure that all relevant information with regards to the 2021-2022 transactions relating to their area/s of responsibility had either been entered into the financial records or disclosed to the Chief Financial Officer.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 Goal 4 “We are a connected and engaged community”. It specifically delivers on the following:

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
4.8 Council’s resources are managed effectively to ensure long term financial sustainability.	Financial Services

## RISK MANAGEMENT

The Annual Financial Statements are required to be prepared in accordance with the Local Government Act 1993 (as amended), the Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards. Council has professionally qualified staff to ensure compliance with the reporting requirements.

Council staff has also undertaken additional training in specialised areas. A higher level of assurance is attained from the Audit Office of NSW review.

Further to this, Council’s Executive, senior management and relevant senior officers each signed a document giving the necessary assurances that:

- 1 No matters or occurrences have come to their attention in respect to their areas of responsibility that would materially affect the Financial Statements or disclosures therein, or which are likely to materially affect the future results or operations of the Council; and
- 2 Should any such matters or occurrences come to their attention after the date of signing the document, the Chief Financial Officer be immediately advised.

Consequently, there is considered to be a low risk of any material errors or omissions in reporting.

## FINANCIAL IMPLICATIONS

Council is now presented with a set of draft Financial Statements that have been prepared in accordance with the Australian Accounting Standards and other professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting.

Through the collation of the Financial Statements and the external audit process the pre-capital operating result has decreased from the pre-audit result of \$14.7M to \$14.1M. This adjustment resulted from a valuation adjustment against Council’s investment held with CivicRisk. This valuation was received after the pre-audit result was presented to Council.

## CONCLUSION

The Financial Statements will be presented to the public at a future Council meeting pending Council forming an opinion that they have been drawn up in accordance with the Local Government Act and associated Codes and Australian Accounting Standards as prescribed by the Regulations.

# Wollongong City Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022

---

DRAFT

# Wollongong City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

---

## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2022

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Primary Financial Statements:</b>	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	81
On the Financial Statements (Sect 417 [3])	82

---

#### Overview

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

41 Burelli Street  
Wollongong NSW 2500

Council's guiding principles are detailed in Chapter 3 of the Local Government Act and include:

- 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.wollongong.nsw.gov.au](http://www.wollongong.nsw.gov.au).

## Wollongong City 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 28 November 2022.

---

Gordon Bradbery  
Lord Mayor  
28 November 2022

---

Tania Brown  
Deputy Lord Mayor  
28 November 2022

---

Greg Doyle  
General Manager  
28 November 2022

---

Brian Jenkins  
Responsible Accounting Officer  
28 November 2022



Wollongong City Council | Income Statement | for the year ended 30 June 2022

## Wollongong City Council

### Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Income from continuing operations</b>				
215,859	Rates and annual charges	B2-1	<b>216,919</b>	211,126
31,493	User charges and fees	B2-2	<b>29,230</b>	30,864
5,547	Other revenues	B2-3	<b>5,167</b>	6,444
19,325	Grants and contributions provided for operating purposes	B2-4	<b>41,841</b>	30,782
32,091	Grants and contributions provided for capital purposes	B2-4	<b>45,402</b>	34,478
3,167	Interest and investment income	B2-5	<b>1,689</b>	1,986
6,516	Other income	B2-6	<b>6,448</b>	6,672
-	Net gain from the disposal of assets	B4-1	<b>563</b>	-
<u>313,998</u>	<b>Total income from continuing operations</b>		<u><b>347,259</b></u>	<u>322,352</u>
<b>Expenses from continuing operations</b>				
124,947	Employee benefits and on-costs	B3-1	<b>126,077</b>	123,589
64,090	Materials and services	B3-2	<b>72,910</b>	76,619
1,954	Borrowing costs	B3-3	<b>437</b>	2,179
64,652	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>65,329</b>	61,203
35,444	Other expenses	B3-5	<b>23,054</b>	21,755
-	Net loss from the disposal of assets	B4-1	<b>-</b>	1,995
<u>291,087</u>	<b>Total expenses from continuing operations</b>		<u><b>287,807</b></u>	<u>287,340</u>
<u>22,911</u>	<b>Operating result from continuing operations</b>		<u><b>59,452</b></u>	<u>35,012</u>
<u>22,911</u>	<b>Net operating result for the year attributable to Council</b>		<u><b>59,452</b></u>	<u>35,012</u>
<u>(9,180)</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u><b>14,050</b></u>	<u>534</u>

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

Wollongong City Council | Statement of Comprehensive Income | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>59,452</b>	<b>35,012</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>643,351</b>	11,478
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	<b>792</b>	(210)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>644,143</b>	11,268
<b>Total other comprehensive income for the year</b>		<b>644,143</b>	11,268
<b>Total comprehensive income for the year attributable to Council</b>		<b>703,595</b>	46,280

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

DRAFT

Wollongong City Council | Statement of Financial Position | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021 *	Restated 1 July 2020 *
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	34,118	52,320	56,051
Investments	C1-2	88,185	103,334	97,423
Receivables	C1-4	24,674	21,859	21,667
Inventories	C1-5	461	463	381
Contract assets	C1-6	9,711	4,707	5,669
Non-current assets classified as 'held for sale'	C1-7	65	111	-
Other		6,881	6,682	10,572
<b>Total current assets</b>		<b>164,095</b>	<b>189,476</b>	<b>191,763</b>
<b>Non-current assets</b>				
Investments	C1-2	39,730	15,199	4,000
Inventories	C1-5	5,972	5,972	5,972
Infrastructure, property, plant and equipment (IPPE)	C1-8	3,347,445	2,665,790	2,631,189
Investment property	C1-9	5,600	4,600	5,000
Intangible assets	C1-10	76	152	254
Right of use assets	C2-1	1,094	1,471	1,790
Investments accounted for using the equity method		-	-	3,484
<b>Total non-current assets</b>		<b>3,399,917</b>	<b>2,693,184</b>	<b>2,651,689</b>
<b>Total assets</b>		<b>3,564,012</b>	<b>2,882,660</b>	<b>2,843,452</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	27,376	26,621	30,592
Contract liabilities	C3-2	5,491	8,177	3,572
Lease liabilities	C2-1	403	377	341
Borrowings	C3-3	3,569	5,497	5,260
Employee benefit provisions	C3-4	51,705	56,768	58,204
Provisions	C3-5	3,891	2,621	2,880
<b>Total current liabilities</b>		<b>92,435</b>	<b>100,061</b>	<b>100,849</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	788	1,194	1,519
Borrowings	C3-3	3,374	6,942	12,439
Employee benefit provisions	C3-4	792	957	905
Provisions	C3-5	27,879	38,357	38,871
<b>Total non-current liabilities</b>		<b>32,833</b>	<b>47,450</b>	<b>53,734</b>
<b>Total liabilities</b>		<b>125,268</b>	<b>147,511</b>	<b>154,583</b>
<b>Net assets</b>		<b>3,438,744</b>	<b>2,735,149</b>	<b>2,688,869</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	1,576,459	1,518,472	1,481,079
IPPE revaluation reserve	C4-1	1,862,285	1,216,677	1,207,790
<b>Council equity interest</b>		<b>3,438,744</b>	<b>2,735,149</b>	<b>2,688,869</b>
<b>Total equity</b>		<b>3,438,744</b>	<b>2,735,149</b>	<b>2,688,869</b>

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

(\*) The comparative years have been restated for prior period errors as disclosed in G4-2.

Wollongong City Council | Statement of Changes in Equity | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Changes in Equity for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,518,472	1,216,677	2,735,149	1,498,309	1,214,858	2,713,167
Correction of prior period errors	G4-2	-	-	-	(17,230)	(7,068)	(24,298)
<b>Restated opening balance</b>		<b>1,518,472</b>	<b>1,216,677</b>	<b>2,735,149</b>	<b>1,481,079</b>	<b>1,207,790</b>	<b>2,688,869</b>
Net operating result for the year		59,452	-	59,452	35,012	-	35,012
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	-	643,351	643,351	-	11,478	11,478
Impairment (loss) reversal relating to IPPE	C1-8	-	792	792	-	(210)	(210)
<b>Other comprehensive income</b>		<b>-</b>	<b>644,143</b>	<b>644,143</b>	<b>-</b>	<b>11,268</b>	<b>11,268</b>
<b>Total comprehensive income</b>		<b>59,452</b>	<b>644,143</b>	<b>703,595</b>	<b>35,012</b>	<b>11,268</b>	<b>46,280</b>
Transfers between equity items		(1,465)	1,465	-	2,381	(2,381)	-
<b>Closing balance at 30 June</b>		<b>1,576,459</b>	<b>1,862,285</b>	<b>3,438,744</b>	<b>1,518,472</b>	<b>1,216,677</b>	<b>2,735,149</b>

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

Wollongong City Council | Statement of Cash Flows | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Cash Flows for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
215,840	Rates and annual charges		215,632	214,468
31,493	User charges and fees		31,914	30,183
3,167	Interest received		1,549	2,269
43,058	Grants and contributions		64,618	58,977
–	Bonds, deposits and retentions received		1,201	755
11,733	Other		21,387	24,076
<i>Payments:</i>				
(122,478)	Payments to employees		(131,464)	(125,163)
(64,460)	Payments for materials and services		(86,914)	(89,610)
(392)	Borrowing costs		(442)	(691)
–	Bonds, deposits and retentions refunded		(755)	(2,637)
(35,444)	Other		(28,808)	(19,918)
82,517	<b>Net cash flows from operating activities</b>	G1-1	<b>87,918</b>	<b>92,709</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
2,821	Sale of investments		54,491	56,040
1,854	Proceeds from sale of IPPE		2,161	1,531
<i>Payments:</i>				
–	Purchase of investments		(59,990)	(69,745)
(107,093)	Payments for IPPE		(96,906)	(78,658)
(102,418)	<b>Net cash flows from investing activities</b>		<b>(100,244)</b>	<b>(90,832)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(5,482)	Repayment of borrowings		(5,496)	(5,260)
–	Principal component of lease payments		(380)	(348)
(5,482)	<b>Net cash flows from financing activities</b>		<b>(5,876)</b>	<b>(5,608)</b>
(25,383)	<b>Net change in cash and cash equivalents</b>		<b>(18,202)</b>	<b>(3,731)</b>
120,293	Cash and cash equivalents at beginning of year		52,320	56,051
94,910	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>34,118</b>	<b>52,320</b>
10,545	plus: Investments on hand at end of year	C1-2	127,915	118,533
105,455	<b>Total cash, cash equivalents and investments</b>		<b>162,033</b>	<b>170,853</b>

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



## Wollongong City Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2022

<b>A About Council and these financial statements</b>	<b>11</b>
A1-1 Basis of preparation	11
<b>B Financial Performance</b>	<b>13</b>
<b>B1 Functions or activities</b>	<b>13</b>
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
<b>B2 Sources of income</b>	<b>15</b>
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
<b>B3 Costs of providing services</b>	<b>22</b>
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
<b>B4 Gains or losses</b>	<b>27</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	27
<b>B5 Performance against budget</b>	<b>28</b>
B5-1 Material budget variations	28
<b>C Financial position</b>	<b>30</b>
<b>C1 Assets we manage</b>	<b>30</b>
C1-1 Cash and cash equivalents	30
C1-2 Financial investments	30
C1-3 Restricted and allocated cash, cash equivalents and investments	32
C1-4 Receivables	34
C1-5 Inventories	35
C1-6 Contract assets	36
C1-7 Non-current assets classified as held for sale	36
C1-8 Infrastructure, property, plant and equipment	37
C1-9 Investment properties	40
C1-10 Intangible assets	41
<b>C2 Leasing activities</b>	<b>42</b>
C2-1 Council as a lessee	42
C2-2 Council as a lessor	44
<b>C3 Liabilities of Council</b>	<b>45</b>
C3-1 Payables	45
C3-2 Contract Liabilities	46
C3-3 Borrowings	47

## Wollongong City Council

### Contents for the notes to the Financial Statements for the year ended 30 June 2022

C3-4 Employee benefit provisions	49
C3-5 Provisions	50
<b>C4 Reserves</b>	<b>52</b>
C4-1 Nature and purpose of reserves	52
<b>D Council structure</b>	<b>52</b>
<b>D1 Results by fund</b>	<b>52</b>
<b>D2 Interests in other entities</b>	<b>53</b>
D2-1 Subsidiaries, joint arrangements and associates not recognised	53
<b>E Risks and accounting uncertainties</b>	<b>54</b>
E1-1 Risks relating to financial instruments held	54
E2-1 Fair value measurement	57
E3-1 Contingencies	65
<b>F People and relationships</b>	<b>68</b>
<b>F1 Related party disclosures</b>	<b>68</b>
F1-1 Key management personnel (KMP)	68
F1-2 Councillor and Mayoral fees and associated expenses	68
F1-3 Other related parties	68
<b>F2 Other relationships</b>	<b>70</b>
F2-1 Audit fees	70
<b>G Other matters</b>	<b>71</b>
G1-1 Statement of Cash Flows information	71
G2-1 Commitments	72
G3-1 Events occurring after the reporting date	72
<b>G4 Changes from prior year statements</b>	<b>72</b>
G4-1 Changes in accounting policy	72
G4-2 Correction of errors	72
<b>G5 Statement of developer contributions as at 30 June 2022</b>	<b>74</b>
G5-1 Summary of developer contributions	74
G5-2 Developer contributions by plan	75
G5-3 Contributions not under plans	76
G5-4 S7.4 planning agreements	76
<b>G6 Statement of performance measures</b>	<b>77</b>
G6-1 Statement of performance measures – consolidated results	77
<b>H Additional Council disclosures (unaudited)</b>	<b>78</b>
H1-1 Statement of performance measures – consolidated results (graphs)	78
H1-2 Council information and contact details	80

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and *Local Government (General) Regulation 2005* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

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

- i. fair values of investment property – refer Note C1-9
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

#### Significant judgements in applying the Council's accounting policies

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

#### Monies and other assets received by Council

##### The Consolidated Fund

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

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

Cash and other assets of the following 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*, a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes

## A1-1 Basis of preparation (continued)

of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council is supported by a range of volunteers for services including surf lifesaving, bush care, community transport and library programs. Volunteer services are required to be recognised in the financial statements if they can be measured reliably, are material, and would be purchased if not provided by the volunteers. In most instances Council would not purchase the service if it was not provided by volunteers.

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

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- AASB 2020-7 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*

These newly adopted standards had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.



Wollongong City Council | Notes to the Financial Statements 30 June 2022

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
Planning and engagement	18,676	17,310	21,839	24,717	(3,163)	(7,407)	15,683	14,670	166,108	296,354
Environment	51,136	48,437	62,415	65,175	(11,279)	(16,738)	1,920	1,313	869,469	587,058
Transport services/infrastructure	20,209	13,513	46,636	47,601	(26,427)	(34,088)	19,907	12,343	1,166,473	900,669
Community services/facilities	8,427	7,871	33,542	34,973	(25,115)	(27,102)	5,553	5,162	78,212	14,729
Recreation and open space	14,603	13,191	53,430	53,059	(38,827)	(39,868)	4,744	1,143	356,173	198,133
Regulatory services and safety	8,564	8,803	21,628	21,735	(13,064)	(12,932)	1,785	1,400	19,830	16,319
Governance and internal services	210,761	201,025	48,317	40,080	162,444	160,945	22,668	17,027	907,747	869,398
Contributed Assets	14,883	12,202	–	–	14,883	12,202	14,983	12,202	–	–
<b>Total functions and activities</b>	<b>347,259</b>	<b>322,352</b>	<b>287,807</b>	<b>287,340</b>	<b>59,452</b>	<b>35,012</b>	<b>87,243</b>	<b>65,260</b>	<b>3,564,012</b>	<b>2,882,660</b>



## B1-2 Components of functions or activities

---

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

### Planning and engagement

Infrastructure Planning and Support, City Centre Management, Land Use Planning, Public Relations, Economic Development, Strategy and Planning

### Environment

Waste Management, Stormwater Services, Natural Area Management, Environmental Planning and Programs

### Transport services/infrastructure

Transport Services and Infrastructure works

### Community services/facilities

Libraries, Cultural Services, Community Facilities, Age and Disability Services, Memorial Gardens and Cemeteries, Community Programs, Youth Services

### Recreation and open space

Parks and Sports fields, Aquatic Services, Tourist Parks, Leisure Centres, Botanic Gardens

### Regulatory services and safety

Emergency Management, Development Assessment, Regulatory Control, Public Health

### Governance and internal services

Governance and Administration, Human Resources, Financial Services, Customer Service, Property Services, Information Technology, Internal Services

### Contributed Assets

Contributed assets relate mainly to the handover of transport and stormwater assets from various subdivisions in the West Dapto area.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	126,497	123,319
Farmland	331	324
Mining	982	961
Business	50,787	49,428
Less: pensioner rebates (mandatory)	(2,761)	(2,836)
Less: pensioner rebates (Council policy)	(272)	(310)
Abandonments <sup>1</sup>	(76)	(49)
<b>Rates levied to ratepayers</b>	<b>175,488</b>	<b>170,837</b>
Pensioner rate subsidies received	1,528	1,556
<b>Total ordinary rates</b>	<b>177,016</b>	<b>172,393</b>
<b>Special rates</b>		
City centre	436	430
Mall	1,218	1,197
<b>Total special rates</b>	<b>1,654</b>	<b>1,627</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	36,773	35,658
Stormwater management services	1,877	1,862
Less: pensioner rebates (mandatory)	(726)	(747)
Less: pensioner rebates (Council policy)	(67)	(76)
Abandonments – annual charges <sup>1</sup>	(9)	(1)
Pensioner subsidies received:		
– Domestic waste management	401	410
<b>Total annual charges</b>	<b>38,249</b>	<b>37,106</b>
<b>Total rates and annual charges</b>	<b>216,919</b>	<b>211,126</b>

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 when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

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

Pensioner rebates (mandatory) relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government area that are subsidised by the NSW Government. Pensioner rebates (Council policy) relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government 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 (mandatory) and are in substance a rates payment.

(1) Abandonments refer to amounts owed to Council that have been written off due to the property being exempted of rates, objections & ascertainment, postponed rates and voluntary conservation agreements as per the OLG Rating and Revenue Raising Manual 2007.

## B2-2 User charges and fees

\$ '000	2022	2021
<b>User charges</b>		
Waste management services (non-domestic)	9,913	9,148
<b>Total user charges</b>	<b>9,913</b>	<b>9,148</b>
<b>Fees</b>		
Contestable building services	307	390
Inspection Services <sup>1</sup>	86	297
Planning and building regulation	2,924	3,050
Registration fees	210	214
Section 10.7 certificates (EP&A Act)	638	673
Section 603 certificate (rating certificate)	369	403
Section 611 charges (occupation of land)	325	182
Additional waste services	142	130
Art gallery	9	7
Car parking	1,228	823
Cemeteries	1,895	1,810
Credit card payment processing fee	135	137
Design review meeting application fees	149	108
Golf course	624	752
Health inspections	94	36
Library	17	28
Marketing	24	19
Outdoor dining <sup>1</sup>	-	53
Parking meters <sup>1</sup>	791	1,119
Pre-lodgement meeting fees	120	126
Recreation <sup>1</sup>	1,970	3,154
Road opening permits	300	267
Stallholder fees <sup>1</sup>	14	38
Tree management requests	98	95
Tourist parks <sup>1</sup>	6,764	7,724
Other	84	81
<b>Total fees</b>	<b>19,317</b>	<b>21,716</b>
<b>Total other user charges and fees</b>	<b>19,317</b>	<b>21,716</b>
<b>Total user charges and fees</b>	<b>29,230</b>	<b>30,864</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	6,764	7,724
User charges and fees recognised at a point in time	22,466	23,140
<b>Total user charges and fees</b>	<b>29,230</b>	<b>30,864</b>

### Accounting policy

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

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

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

(1) These revenue streams have been impacted by COVID restrictions as well as Council's COVID-19 Relief Measures during the financial year.

## B2-3 Other revenues

\$ '000	2022	2021
Diesel rebate	220	210
Fines	390	476
Fines – parking	1,936	2,423
Insurance claims recoveries	12	1,068
Legal fees recovery – rates and charges (extra charges)	195	113
Legal settlements	6	99
Outgoings reimbursements	64	100
Reimbursements	1,018	265
Sales – general	873	1,349
Sponsorship and promotional income	12	18
Other	441	323
<b>Total other revenue</b>	<b>5,167</b>	<b>6,444</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	5,167	6,444
<b>Total other revenue</b>	<b>5,167</b>	<b>6,444</b>

### Accounting policy for other revenue

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

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

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

DRAFT

## B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>Financial Assistance Grant</b>				
Relating to current year	9,985	8,989	-	-
Payment received in advance for subsequent year	15,341	9,619	-	-
<b>Amount recognised as income during current year</b>	<b>25,326</b>	<b>18,608</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Arts and culture	818	97	-	-
Community development and support	370	300	-	295
Community services and facilities	220	220	-	-
Emergency services	1,461	1,233	-	-
Environmental management and enhancement	203	75	-	-
Environmental programs	75	88	-	-
Floodplain and stormwater management	1,169	529	73	22
HACC community transport	2,846	2,691	-	-
Heritage and cultural	12	6	-	-
Information technology	80	10	-	-
Library	647	614	-	-
LIRS subsidy	372	552	-	-
People and learning	23	-	-	-
Local bus route subsidy	89	89	-	-
Natural area management	190	373	-	-
Parks, gardens and sports fields	996	(23)	4,133	1,974
People and learning	270	36	-	-
Pollution minimisation	93	159	-	-
Recreation and culture	-	65	300	40
Social support programs	1,338	1,247	-	-
Strategic city planning	310	374	-	-
Street lighting	714	714	-	-
Transport (other roads and bridges funding)	337	85	11,511	4,041
Transport (roads to recovery)	-	-	1,229	1,874
Transport for NSW contributions (regional roads, block grant)	3,051	1,664	-	-
Voluntary purchase scheme	-	-	(22)	118
Waste performance improvement	214	365	-	-
<b>Total cash contributions</b>	<b>15,898</b>	<b>11,563</b>	<b>17,224</b>	<b>8,364</b>
<b>Non-cash contributions</b>				
Bushfire services	-	-	270	-
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	-	-	13,680	5,598
Wollongong City Gallery collection	-	-	201	54
Volunteer Services	617	611	-	-
<b>Total non-cash contributions</b>	<b>617</b>	<b>611</b>	<b>14,151</b>	<b>5,652</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>16,515</b>	<b>12,174</b>	<b>31,375</b>	<b>14,016</b>
<b>Total grants and non-developer contributions</b>	<b>41,841</b>	<b>30,782</b>	<b>31,375</b>	<b>14,016</b>
<b>Comprising:</b>				
– Commonwealth funding	29,382	22,704	8,293	3,236
– State funding	11,328	7,026	9,105	4,801
– Other funding	1,131	1,052	13,977	5,979
	<b>41,841</b>	<b>30,782</b>	<b>31,375</b>	<b>14,016</b>



## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements	G5	–	–	629	1,860
S 7.11 – contributions towards amenities/services		–	–	7,960	8,941
S 7.12 – fixed development consent levies		–	–	4,706	3,111
<b>Total cash contributions</b>		<b>–</b>	<b>–</b>	<b>13,295</b>	<b>13,912</b>
<b>Non-cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	732	5,546
Planning agreements		–	–	–	1,004
<b>Total non-cash contributions</b>		<b>–</b>	<b>–</b>	<b>732</b>	<b>6,550</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>14,027</b>	<b>20,462</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>14,027</b>	<b>20,462</b>
<b>Total grants and contributions</b>		<b>41,841</b>	<b>30,782</b>	<b>45,402</b>	<b>34,478</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		3,984	835	17,224	8,364
Grants and contributions recognised at a point in time		37,857	29,947	28,178	26,114
<b>Total grants and contributions</b>		<b>41,841</b>	<b>30,782</b>	<b>45,402</b>	<b>34,478</b>

### 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
<b>Unspent grants</b>				
Unspent funds at 1 July	4,335	3,122	5,352	446
<b>Add:</b> funds received and not recognised as revenue in the current year	4,190	1,843	565	5,204
<b>Less:</b> funds received in prior year but revenue recognised and funds spent in current year	(1,559)	(630)	(4,505)	(298)
<b>Unspent funds at 30 June</b>	<b>6,966</b>	<b>4,335</b>	<b>1,412</b>	<b>5,352</b>
<b>Unspent contributions</b>				
Unspent funds at 1 July	73	1	38,761	35,448
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	72	14,001	14,266
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(12,563)	(10,953)
<b>Unspent contributions at 30 June</b>	<b>73</b>	<b>73</b>	<b>40,199</b>	<b>38,761</b>

## B2-4 Grants and contributions (continued)

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	557	331
– Cash and investments	1,132	1,655
<b>Total interest and investment income (losses)</b>	<b>1,689</b>	<b>1,986</b>

### 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
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		1,000	–
<b>Total fair value increment on investment properties</b>	C1-9	<b>1,000</b>	<b>–</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		–	206
<b>Total Fair value increment on investments</b>		<b>–</b>	<b>206</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		454	434
<b>Total Investment properties</b>		<b>454</b>	<b>434</b>
<b>Other lease income</b>			
Room/Facility Hire		431	365
Leaseback fees - council vehicles		694	678
Other Council Properties		3,869	4,989
<b>Total other lease income</b>		<b>4,994</b>	<b>6,032</b>
<b>Total rental income</b>	C2-2	<b>5,448</b>	<b>6,466</b>
<b>Total other income</b>		<b>6,448</b>	<b>6,672</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Employee leave entitlements (ELE) <sup>1</sup>	9,663	12,276
Salaries and wages	112,386	108,468
Superannuation	13,009	12,503
Change in workers compensation provision	2,567	1,877
Workers compensation – self insurance	2,565	2,744
Fringe benefit tax (FBT)	142	183
Payroll tax	15	1
Training costs (other than salaries and wages)	627	642
Protective clothing	426	468
Labour hire	389	342
Other	292	310
<b>Total employee costs</b>	<b>142,081</b>	<b>139,814</b>
Less: capitalised costs	(16,004)	(16,225)
<b>Total employee costs expensed</b>	<b>126,077</b>	<b>123,589</b>

#### 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.

(1) Employee leave entitlements reflect the current value of the future payments which are discounted based on published long term government bond rates. The average discount factor increased from 0.85% in June 2021 to 3.32% in June 2022 resulted in a decrease in the provision during 2021-2022.

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Advertising		355	414
Audit Fees	F2-1	221	165
Bank charges		598	570
Contractor and consultancy costs <sup>1</sup>		59,373	40,854
Councillor and Mayoral fees and associated expenses	F1-2	536	521
Elections		1,195	–
Insurance		3,905	3,655
Internal audit		125	147
Light, electricity and heating		1,859	2,044
Membership fees		174	164
Other expenses		1,064	951
Postage		576	413
Prior year works in progress 'write offs' <sup>2</sup>		672	2,332
Provision for asset remediation <sup>3</sup>		(11,623)	(3,756)
Provision for self insurance claims		(147)	(45)
Raw materials and consumables <sup>1</sup>		38,287	46,254
Rental agreements		7	–
Royalty payments		327	362
Sewerage charges		271	177
Software Maintenance and Support Contractor		3,049	2,303
Street lighting		2,975	3,063
Telephone and communications		718	555
Valuation fees		468	461
Volunteer reimbursements		109	74
Waste Contractor		26,617	22,875
Water rates		822	879
<b>Legal expenses:</b>			
– Planning and development		546	251
– Other		619	591
<b>Total materials and services</b>		<b>133,698</b>	<b>126,274</b>
Less: capitalised costs		(60,788)	(49,655)
<b>Total materials and services</b>		<b>72,910</b>	<b>76,619</b>

### Accounting policy

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

(1) The Contractor & Consultancy Costs and Raw Materials & Consumables includes expenditure related to the capital program. The delivery of capital projects is dependent on the types and size of works that may be delivered through contracts or internally. There are significant variations year on year in this allocation process.

(2) Capital expenditure previously included in Works in Progress was transferred to operating expenses during 2020-2021 and 2021-2022. This includes capital works to deliver assets not under the control of Council such as traffic facilities and street lighting.

(3) Each financial year a provision for the remediation of Council's waste facility is calculated based on the forecast costs to rehabilitate the site. A further reduction in the forecast rehabilitation costs and changes to discount factors have resulted in a reduction in the provision in 2021-2022.



### B3-3 Borrowing costs

\$ '000	Notes	2022	2021
<b>(i) Interest bearing liability costs</b>			
Interest on leases		47	58
Interest on loans		395	633
<b>Total interest bearing liability costs</b>		<b>442</b>	<b>691</b>
<b>Total interest bearing liability costs expensed</b>		<b>442</b>	<b>691</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	(5)	1,488
<b>Total other borrowing costs</b>		<b>(5)</b>	<b>1,488</b>
<b>Total borrowing costs expensed</b>		<b>437</b>	<b>2,179</b>

**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.

DRAFT



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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		4,620	4,422
Office equipment		1,919	1,242
Furniture and fittings		324	314
<b>Infrastructure:</b>	C1-8		
– Bridges		1,998	2,216
– Buildings – non-specialised		3,880	3,743
– Buildings – specialised		5,636	5,578
– Footpaths		4,307	4,275
– Other open space/recreational assets		4,941	3,831
– Other structures		708	660
– Roads		21,310	20,396
– Stormwater drainage		11,856	10,536
– Swimming pools		644	517
Right of use assets	C2-1	377	378
<b>Other assets:</b>			
– Library books		1,201	1,171
– Other		1,531	1,822
Intangible assets	C1-10	77	102
<b>Total depreciation and amortisation costs</b>		<b>65,329</b>	<b>61,203</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Community land		(582)	–
<b>Infrastructure:</b>	C1-8		
– Roads		(210)	210
Amounts taken through revaluation reserve	C1-8	792	(210)
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>65,329</b>	<b>61,203</b>

#### 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 C1-8 for IPPE assets, Note C1-10 for intangible assets and Note C2-1 for right-of-use assets.

##### Impairment of non-financial assets

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

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

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

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

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

### B3-5 Other expenses

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
User charges and fees		141	(278)
<b>Total impairment of receivables</b>	C1-4	<b>141</b>	<b>(278)</b>
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		–	400
<b>Total fair value decrement on investment properties</b>	C1-9	<b>–</b>	<b>400</b>
<b>Fair value decrement on investments</b>			
Movement in interest in CivicRisk Mutual <sup>1</sup>		669	285
Fair value decrement on investments through profit and loss		1,398	–
<b>Total Fair value decrement on investments</b>	C1-2	<b>2,067</b>	<b>285</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy		322	418
– NSW fire brigade levy		3,161	3,411
– NSW rural fire service levy		629	861
– Waste and environment levy		12,321	11,412
Donations, contributions and assistance to other organisations (Section 356)			
– Affordable Housing		–	1,446
– City Centre management		5	–
– Illawarra Institute of Sport		39	37
– Illawarra Shoalhaven Joint Organisation		74	57
– Illawarra Performing Arts Centre <sup>2</sup>		1,300	1,113
– Illawarra Surf Life Saving		57	56
– Sponsorship fund		33	52
– Tourism		1,496	1,481
– Wollongong Shuttle Service		353	350
– Wollongong 2022 - Union Cycliste Internationale		213	–
– Other		1,213	793
<b>Total other</b>		<b>21,216</b>	<b>21,487</b>
Less: capitalised costs		(370)	(139)
<b>Total other expenses</b>		<b>23,054</b>	<b>21,755</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

(1) From 1st July 2020, the CivicRisk entities previously disclosed as joint ventures were reconstituted to form CivicRisk Mutual Ltd, a company limited by guarantee. Council's interest in the entity is treated as a financial asset at fair value through profit and loss (refer to Note C1-2 Investments).

(2) The 2021/22 contribution to the Illawarra Performing Arts Centre includes the contribution for the management of the Town Hall.

## B4 Gains or losses

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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		925	–
Less: carrying amount of property assets sold/written off		(47)	–
<b>Gain (or loss) on disposal</b>		<b>878</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-8		
Proceeds from disposal – plant and equipment		1,236	1,531
Less: carrying amount of plant and equipment assets sold/written off		(602)	(926)
<b>Gain (or loss) on disposal</b>		<b>634</b>	<b>605</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(949)	(2,600)
<b>Gain (or loss) on disposal</b>		<b>(949)</b>	<b>(2,600)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		54,491	56,040
Less: carrying amount of investments sold/redeemed/matured		(54,491)	(56,040)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>563</b>	<b>(1,995)</b>

#### Accounting policy

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

DRAFT

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 28/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	215,859	216,919	1,060	0% <b>F</b>
<b>User charges and fees</b>	31,493	29,230	(2,263)	(7)% <b>U</b>
<b>Other revenues</b>	5,547	5,167	(380)	(7)% <b>U</b>
<b>Operating grants and contributions</b>	19,325	41,841	22,516	117% <b>F</b>
Operating grants has been affected by the early payment of \$15.3M of the 2022-2023 Financial Assistance Grant . In addition, payment of grants not anticipated through the original budget has had a favourable impact on this result such as disaster recovery funding associated with floods experienced in the Local Government Area.				
<b>Capital grants and contributions</b>	32,091	45,402	13,311	41% <b>F</b>
Capital grants and contributions include assets contributed to Council through development. A greater value of assets have been contributed to Council than anticipated in the 2021-2022 financial year. In addition, income related to developer contributions were higher than anticipated during 2021-2022.				
<b>Interest and investment revenue</b>	3,167	1,689	(1,478)	(47)% <b>U</b>
Interest & investment revenue has been negatively impacted by changes in interest rates over the financial year.				
<b>Net gains from disposal of assets</b>	-	563	563	- <b>F</b>
<b>Other income</b>	6,516	6,448	(68)	(1)% <b>U</b>

### B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	124,947	126,077	(1,130)	(1)% <b>U</b>
<b>Materials and services</b>	64,090	72,910	(8,820)	(14)% <b>U</b>
Materials and services has been significantly impacted by the changes in the asset remediation provision associated with the waste facility. A number of items have been realigned between materials and services and other expenses during the year causing a misalignment between the actuals and original budget.				
<b>Borrowing costs</b>	1,954	437	1,517	78% <b>F</b>
Borrowing costs includes the interest on the waste facility remediation. The original budget was set prior to receipt of the discount rates at 30 June 2021 which are applied for the interest calculations in 2021-2022. The changes in discount rates have resulted in a variance between the original budget and the actuals for 2021-2022.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	64,652	65,329	(677)	(1)% <b>U</b>
<b>Other expenses</b>	35,444	23,054	12,390	35% <b>F</b>
Other expenses has been impacted by the fair value decrement on investments through profit and loss and an increase in expenditure relating to the Waste levy. A number of items have been realigned between materials and services and other expenses during the year causing a misalignment between the actuals and original budget.				
<b>Net losses from disposal of assets</b>	-	-	-	- <b>F</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	82,517	87,918	5,401	7% <b>F</b>
The 2022-2023 Financial Assistance Grant of \$15.3M was paid early.				
<b>Cash flows from investing activities</b>	(102,418)	(100,244)	2,174	(2)% <b>F</b>
<b>Cash flows from financing activities</b>	(5,482)	(5,876)	(394)	7% <b>U</b>



## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	416	803
Cash equivalent assets		
– Deposits at call	33,702	33,309
– Managed funds	–	18,208
<b>Total cash and cash equivalents</b>	<b>34,118</b>	<b>52,320</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	34,118	52,320
<b>Balance as per the Statement of Cash Flows</b>	<b>34,118</b>	<b>52,320</b>

#### 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
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	8,030	–	3,221	–
NCD's, FRN's (with maturities > 3 months)	44,720	–	45,398	–
Mortgage backed securities	1,685	–	1,715	–
CivicRisk Mutual Limited	–	2,530	–	3,199
<b>Total</b>	<b>54,435</b>	<b>2,530</b>	<b>50,334</b>	<b>3,199</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	33,750	37,200	53,000	12,000
<b>Total</b>	<b>33,750</b>	<b>37,200</b>	<b>53,000</b>	<b>12,000</b>
<b>Total financial investments</b>	<b>88,185</b>	<b>39,730</b>	<b>103,334</b>	<b>15,199</b>



## C1-2 Financial investments (continued)

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income 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, managed funds, mortgage backed securities and interest in CivicRisk Mutual in the Statement of Financial Position.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>162,033</b>	170,853
Less: Externally restricted cash, cash equivalents and investments	<u>(75,344)</u>	<u>(78,088)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>86,689</b>	92,765

#### External restrictions

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

Developer contributions – general <sup>A</sup>	40,065	38,719
Transport for NSW contributions <sup>B</sup>	205	115
Specific purpose unexpended grants <sup>C</sup>	8,378	9,687
Stormwater management <sup>D</sup>	2,378	2,178
Unexpended loan <sup>E</sup>	907	965
Private contributions	5,708	5,420
Special rates levy – Wollongong mall	407	282
Special rates levy – city centre	88	59
Local infrastructure renewal scheme round 3 <sup>F</sup>	–	277
Domestic waste management <sup>D</sup>	7,604	10,746
Housing Affordability	9,604	9,640
<b>Total external restrictions</b>	<b>75,344</b>	78,088

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.

(A) Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans.

(B) Transport for NSW contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

(C) Grants which are not yet expended for the purposes for which the grants were obtained.

(D) Domestic Waste Management and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

(E) State Government interest free loan to be administered on infrastructure as part of the West Dapto development.

(F) State Government subsidised loans to be administered on infrastructure projects over the Local Government Area.

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

\$ '000	2022	2021
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>86,689</b>	92,765
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>23,803</b>	22,089
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Car parking strategy	1,189	1,051
Darcy Wentworth Park	171	171
Maccabe Park development	1,740	1,590
Sports Priority Program	671	943
Waste Disposal Facility	5,831	3,415
West Dapto Development	8,281	6,951
Strategic Projects	34,962	46,558
Property Investment Fund	9,388	9,388
Natural areas	173	173
Lake Illawarra Estuary Management Fund	480	436
<b>Total internal allocations</b>	<b>62,886</b>	70,676

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

DRAFT

## C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	12,802	–	10,430	–
Interest and extra charges	1,593	–	1,505	–
User charges and fees	4,862	–	5,592	–
Accrued revenues				
– Interest on investments	188	–	136	–
– Other income accruals	2,190	–	1,757	–
Government grants and subsidies	496	–	508	–
Net GST receivable	2,965	–	2,357	–
<b>Total</b>	<b>25,096</b>	<b>–</b>	<b>22,285</b>	<b>–</b>
<b>Less: provision for impairment</b>				
User charges and fees	(422)	–	(426)	–
<b>Total provision for impairment – receivables</b>	<b>(422)</b>	<b>–</b>	<b>(426)</b>	<b>–</b>
<b>Total net receivables</b>	<b>24,674</b>	<b>–</b>	<b>21,859</b>	<b>–</b>

### 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 one.

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.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Inventories at cost</b>				
Real estate for resale	–	5,972	–	5,972
Stores and materials	461	–	463	–
<b>Total inventories at cost</b>	<b>461</b>	<b>5,972</b>	<b>463</b>	<b>5,972</b>
<b>Total inventories</b>	<b>461</b>	<b>5,972</b>	<b>463</b>	<b>5,972</b>

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Details for real estate development</b>				
Residential	–	5,972	–	5,972
<b>Total real estate for resale</b>	<b>–</b>	<b>5,972</b>	<b>–</b>	<b>5,972</b>

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

### Represented by:

Acquisition costs	–	5,972	–	5,972
<b>Total costs</b>	<b>–</b>	<b>5,972</b>	<b>–</b>	<b>5,972</b>
<b>Total real estate for resale</b>	<b>–</b>	<b>5,972</b>	<b>–</b>	<b>5,972</b>

### Movements:

Real estate assets at beginning of the year	–	5,972	–	5,972
<b>Total real estate for resale</b>	<b>–</b>	<b>5,972</b>	<b>–</b>	<b>5,972</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

#### Land held for resale

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

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



## C1-6 Contract assets

### Contract assets

\$ '000	2022	2021
Work relating to capital grants & contributions	7,985	4,503
Other	415	–
Work relating to operational grants & contributions	1,311	204
<b>Total contract assets</b>	<b>9,711</b>	<b>4,707</b>

### Accounting policy

#### Contract assets

Contract assets represent Council's 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 Non-current assets classified as held for sale

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Non-current assets held for sale</b>				
Land	65	–	111	–
<b>Total non-current assets held for sale</b>	<b>65</b>	<b>–</b>	<b>111</b>	<b>–</b>

### Details of assets

One parcel of land has been classified as 'held for sale' as it is in negotiation and expected to be sold during the 2022-2023 financial year.

#### Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.



### C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements- Transfer to Expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000														
Capital work in progress	55,467	-	55,467	36,820	40,342	-	-	-	(45,360)	-	(679)	-	86,590	-	86,590
Plant and equipment	44,890	(22,520)	22,370	4,842	-	(484)	(4,620)	-	-	-	-	-	47,008	(24,900)	22,108
Office equipment	10,244	(5,457)	4,787	723	-	-	(1,919)	-	-	-	-	-	10,967	(7,376)	3,591
Furniture and fittings	3,172	(1,418)	1,754	95	-	(118)	(324)	-	-	-	-	-	3,114	(1,707)	1,407
<b>Land:</b>															
- Operational land	249,869	-	249,869	-	5,490	-	-	-	-	-	-	19,744	275,103	-	275,103
- Community land	298,140	(760)	297,380	-	516	-	-	582	-	-	-	28,903	328,141	(760)	327,381
- Crown land	103,057	-	103,057	-	-	-	-	-	-	-	-	6,390	109,447	-	109,447
- Land under roads (post 30/6/08)	7,502	-	7,502	-	396	-	-	-	-	-	-	-	7,898	-	7,898
<b>Infrastructure:</b>															
- Buildings - non-specialised	216,743	(79,405)	137,338	-	-	(46)	(3,880)	-	2,988	(513)	-	16,477	245,871	(93,507)	152,364
- Buildings - specialised	333,783	(170,971)	162,812	-	-	-	(5,636)	-	3,694	(96)	-	19,469	378,294	(198,051)	180,243
- Other structures	17,009	(7,601)	9,408	-	-	(71)	(708)	-	612	(31)	-	-	17,408	(8,198)	9,210
- Roads	1,471,275	(869,787)	601,488	-	7,742	(683)	(21,310)	210	21,349	162	-	228,392	1,869,502	(1,032,152)	837,350
- Bridges	171,495	(56,848)	114,647	-	187	(115)	(1,998)	-	624	-	-	(18,662)	138,910	(44,227)	94,683
- Footpaths	316,844	(150,954)	165,890	-	5,832	-	(4,307)	-	7,751	121	-	3,627	344,698	(165,784)	178,914
- Stormwater drainage	963,258	(435,837)	527,421	-	-	(34)	(11,856)	-	2,404	835	-	322,994	1,547,139	(705,375)	841,764
- Swimming pools	39,847	(27,067)	12,780	-	-	-	(644)	-	131	-	-	1,521	44,935	(31,147)	13,788
- Other open space/recreational assets	191,213	(65,220)	125,993	-	-	-	(4,941)	-	5,639	(478)	-	14,496	219,554	(78,845)	140,709
<b>Other assets:</b>															
- Heritage collections	15,569	-	15,569	-	343	-	-	-	-	-	-	-	15,912	-	15,912
- Library books	9,476	(4,768)	4,708	1,289	-	-	(1,201)	-	-	-	-	-	10,765	(5,969)	4,796
- Other	57,745	(12,195)	45,550	-	-	-	(1,531)	-	168	-	-	-	57,913	(13,726)	44,187
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
- Tip assets	9,410	(9,410)	-	-	-	-	-	-	-	-	-	-	9,410	(9,410)	-
<b>Total infrastructure, property, plant and equipment</b>	<b>4,586,008</b>	<b>(1,920,218)</b>	<b>2,665,790</b>	<b>43,769</b>	<b>60,848</b>	<b>(1,551)</b>	<b>(64,875)</b>	<b>792</b>	<b>-</b>	<b>-</b>	<b>(679)</b>	<b>643,351</b>	<b>5,768,579</b>	<b>(2,421,134)</b>	<b>3,347,445</b>

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

**C1-8 Infrastructure, property, plant and equipment (continued)**

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period										At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in equity)	WIP transfers	Adjustments and transfers	Waste Remediation reassessment	Tires from/to held for sale/ category	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>																
Capital work in progress	54,017	–	54,017	22,894	42,789	–	–	–	(61,901)	–	(2,332)	–	–	55,467	–	55,467
Plant and equipment	42,203	(20,800)	21,403	6,194	–	(926)	(4,422)	–	121	–	–	–	–	44,890	(22,520)	22,370
Office equipment	7,497	(4,215)	3,282	2,747	–	–	(1,242)	–	–	–	–	–	–	10,244	(5,457)	4,787
Furniture and fittings	3,035	(1,104)	1,931	137	–	–	(314)	–	–	–	–	–	–	3,172	(1,418)	1,754
<b>Land:</b>																
– Operational land	249,821	–	249,821	–	159	–	–	–	–	–	–	(111)	–	249,869	–	249,869
– Community land	295,027	(760)	294,267	–	3,113	–	–	–	–	–	–	–	–	298,140	(760)	297,380
– Crown land	103,057	–	103,057	–	–	–	–	–	–	–	–	–	–	103,057	–	103,057
– Land under roads (post 30/6/08)	5,970	–	5,970	–	1,532	–	–	–	–	–	–	–	–	7,502	–	7,502
<b>Infrastructure:</b>																
– Buildings – non-specialised	210,898	(75,661)	135,237	–	–	(2)	(3,743)	–	5,846	–	–	–	–	216,743	(79,405)	137,338
– Buildings – specialised	332,125	(166,327)	165,798	–	–	(258)	(5,578)	–	2,275	575	–	–	–	333,783	(170,971)	162,812
– Other structures	16,204	(6,958)	9,246	–	–	(4)	(660)	–	826	–	–	–	–	17,009	(7,601)	9,408
– Roads	1,452,335	(852,276)	600,059	–	–	(868)	(20,396)	(210)	22,603	300	–	–	–	1,471,275	(869,787)	601,488
– Bridges	169,791	(54,868)	114,923	–	–	(844)	(2,216)	–	2,784	–	–	–	–	171,495	(56,848)	114,647
– Footpaths	291,256	(138,378)	152,878	–	–	(221)	(4,275)	–	11,459	6,049	–	–	–	316,844	(150,954)	165,890
– Stormwater drainage	950,803	(425,498)	525,305	–	5,599	(225)	(10,536)	–	6,653	625	–	–	–	963,258	(435,837)	527,421
– Swimming pools	32,093	(22,730)	9,363	–	–	–	(517)	–	2,303	671	–	960	–	39,847	(27,067)	12,780
– Other open space/recreational assets	163,782	(49,962)	113,820	–	3,390	(178)	(3,831)	–	6,226	(3,565)	–	10,131	–	191,213	(65,220)	125,993
<b>Other assets:</b>																
– Heritage collections	15,415	–	15,415	–	154	–	–	–	–	–	–	–	–	15,569	–	15,569
– Library books	8,159	(3,597)	4,562	1,317	–	–	(1,171)	–	–	–	–	–	–	9,476	(4,768)	4,708
– Other	67,702	(16,867)	50,835	–	–	–	(1,822)	–	805	(4,655)	–	387	–	57,745	(12,195)	45,550
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																
– Tip assets	9,410	(9,410)	–	–	–	–	–	–	–	–	–	–	–	9,410	(9,410)	–
<b>Investment Property (refer to Note C1-9):</b>																
<b>Total infrastructure, property, plant and equipment</b>	<b>4,480,600</b>	<b>(1,849,411)</b>	<b>2,631,189</b>	<b>33,289</b>	<b>56,736</b>	<b>(3,526)</b>	<b>(60,723)</b>	<b>(210)</b>	<b>–</b>	<b>–</b>	<b>(2,332)</b>	<b>(111)</b>	<b>11,478</b>	<b>4,586,008</b>	<b>(1,920,218)</b>	<b>2,665,790</b>

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

## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	3 to 25	Playground equipment	10 to 15
Office furniture	5 to 34	Benches, seats etc.	10 to 20
Computer equipment	2 to 10		
Vehicles	3 to 20	<b>Buildings</b>	
Heavy plant/road making equipment	8 to 10	Buildings: masonry	50 to 196
Other plant and equipment	2 to 34	Buildings: other	2 to 50
<b>Stormwater assets</b>			
Drains	30 to 130		
Culverts	30 to 130		
Flood control structures	30 to 130		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Roads: seal	8 to 95	Bulk earthworks	Infinite
Roads: base	15 to 145	Swimming pools	40 to 100
Roads: sub-base	15 to 145	Other open space/recreational assets	3 to 115
Bridge: concrete	80	Other infrastructure	10 to 100
Bridge: other	20 to 80		
Kerb, gutter and footpaths	20 to 104		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

#### Revaluation Model

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.

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.

#### 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.

## C1-8 Infrastructure, property, plant and equipment (continued)

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

### Rural Fire Service assets

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## C1-9 Investment properties

### Owned investment property

\$ '000	2022	2021
<b>At fair value</b>		
Opening balance at 1 July	4,600	5,000
Net gain/(loss) from fair value adjustments	1,000	(400)
<b>Closing balance at 30 June</b>	<b>5,600</b>	<b>4,600</b>

### Accounting policy

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

## C1-10 Intangible assets

\$ '000	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,345	2,345
Accumulated amortisation	(2,193)	(2,091)
<b>Net book value – opening balance</b>	<b>152</b>	<b>254</b>
<b>Movements for the year</b>		
Amortisation charges	(77)	(102)
<b>Closing values at 30 June</b>		
Gross book value	2,345	2,345
Accumulated amortisation	(2,269)	(2,193)
<b>Total intangible assets – net book value</b>	<b>76</b>	<b>152</b>

### Accounting policy

#### IT development and software

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

DRAFT

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Land & Buildings

Council leases land and building for libraries and other operations; these leases are between 5 and 30 years and some include a renewal option to allow Council to renew the lease term. These leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

#### Extension options

Council includes extension options in some of their leases to provide flexibility and certainty to Council operations and reduce costs of moving premises. These extension options are at Council's discretion.

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

There are \$6.2M in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

#### (a) Right of use assets

\$ '000	Land & Buildings	Total
<b>2022</b>		
Opening balance at 1 July	1,471	1,471
Depreciation charge	(377)	(377)
<b>Balance at 30 June</b>	<b>1,094</b>	<b>1,094</b>
<b>2021</b>		
Opening balance at 1 July	1,790	1,790
Additions to right-of-use assets	59	59
Depreciation charge	(378)	(378)
<b>Balance at 30 June</b>	<b>1,471</b>	<b>1,471</b>

#### (b) 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
<b>2022</b>					
Cash flows	403	617	171	1,191	1,191
<b>2021</b>					
Cash flows	377	763	431	1,571	1,571



## C2-1 Council as a lessee (continued)

### (c) 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	47	58
Depreciation of right of use assets	377	378
	<b>424</b>	<b>436</b>

### (d) Statement of Cash Flows

Total cash outflow for leases	427	406
	<b>427</b>	<b>406</b>

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

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

- pedestrian crossings and bridges
- boat ramp

The leases are generally for an extended period of time and require payments of a maximum amount of \$1,000 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

#### Leases at significantly below market value / concessionary leases

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

## C2-2 Council as a lessor

### Operating leases

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

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

\$ '000	2022	2021
<b>(i) Assets held as investment property</b>		
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)	454	434
<b>Total income relating to operating leases for investment property assets</b>	<b>454</b>	<b>434</b>
<b>Operating lease expenses</b>		
Direct operating expenses that generated rental income	140	147
<b>Total expenses relating to operating leases</b>	<b>140</b>	<b>147</b>
<b>(ii) Assets held as property, plant and equipment</b>		
Lease income (excluding variable lease payments not dependent on an index or rate)	4,994	6,032
<b>Total income relating to operating leases for Council assets</b>	<b>4,994</b>	<b>6,032</b>
<b>(iii) Maturity analysis of contractual lease income: investment property</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	265	361
1–2 years	136	180
2–3 years	21	69
<b>Total undiscounted lease payments to be received</b>	<b>422</b>	<b>610</b>

### Accounting policy

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

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

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

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

### C3 Liabilities of Council

#### C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Prepaid rates	4,130	–	3,045	–
Goods and services – operating expenditure	1,479	–	2,732	–
Goods and services – capital expenditure	313	–	3,622	–
Accrued expenses:				
– Other expenditure accruals	17,843	–	14,395	–
Security bonds, deposits and retentions	2,618	–	2,172	–
Other	993	–	655	–
<b>Total payables</b>	<b>27,376</b>	<b>–</b>	<b>26,621</b>	<b>–</b>

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

\$ '000	2022	2021
Payables – security bonds, deposits and retentions	1,091	1,069
<b>Total payables</b>	<b>1,091</b>	<b>1,069</b>

#### Accounting policy

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

The financial liabilities of the Council comprise trade payables and loans.

#### Payables

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

### C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,355	-	5,305	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	282	-	58	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	114	-	214	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	149	-	-	-
<b>Total grants received in advance</b>		<b>1,900</b>	<b>-</b>	<b>5,577</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Upfront fees	(iii)	3,591	-	2,600	-
<b>Total user fees and charges received in advance</b>		<b>3,591</b>	<b>-</b>	<b>2,600</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>5,491</b>	<b>-</b>	<b>8,177</b>	<b>-</b>

**Notes**

(i) Council has received funding to construct assets. 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 operating grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Fees paid upfront for the delivery of specific Council services are recorded as a contract liability on receipt and recognised as revenue when the performance obligations are met.

**(i) Revenue recognised that was included in the contract liability balance at the beginning of the period**

\$ '000	2022	2021
Capital grants (to construct Council controlled assets)	4,462	938
Operating grants (received prior to performance obligation being satisfied)	23	40
Capital contributions (to construct Council controlled assets)	100	229
Upfront fees	2,121	2,198
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>6,706</b>	<b>3,405</b>

**Significant changes in contract liabilities**

The contract liabilities have decreased due to delivery of capital expenditure resulting from capital grant funds received in 2020-2021.

**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		2021	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	3,569	3,374	5,497	6,942
<b>Total borrowings</b>	<b>3,569</b>	<b>3,374</b>	<b>5,497</b>	<b>6,942</b>

(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.

#### Borrowings relating to restricted assets

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Loans	–	–	277	–
<b>Total borrowings relating to restricted assets</b>	<b>–</b>	<b>–</b>	<b>277</b>	<b>–</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>3,569</b>	<b>3,374</b>	<b>5,220</b>	<b>6,942</b>
<b>Total borrowings</b>	<b>3,569</b>	<b>3,374</b>	<b>5,497</b>	<b>6,942</b>

#### (a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy		Closing balance
					Other non-cash movement		
Loans – secured	12,439	(5,496)	–	–	–	–	6,943
Lease liability (Note C2-1b)	1,571	(427)	–	–	–	47	1,191
<b>Total liabilities from financing activities</b>	<b>14,010</b>	<b>(5,923)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>47</b>	<b>8,134</b>

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy		Closing balance
					Other non-cash movement		
Loans – secured	17,699	(5,260)	–	–	–	–	12,439
Lease liability (Note C2-1b)	1,860	(406)	59	–	–	58	1,571
<b>Total liabilities from financing activities</b>	<b>19,559</b>	<b>(5,666)</b>	<b>59</b>	<b>–</b>	<b>–</b>	<b>58</b>	<b>14,010</b>

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	300	300
Credit cards/purchase cards	835	835
<b>Total financing arrangements</b>	<b>1,135</b>	<b>1,135</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	3	16
<b>Total drawn financing arrangements</b>	<b>3</b>	<b>16</b>



### C3-3 Borrowings (continued)

\$ '000	2022	2021
<b>Undrawn facilities</b>		
– Bank overdraft facilities	300	300
– Credit cards/purchase cards	832	819
<b>Total undrawn financing arrangements</b>	<b>1,132</b>	<b>1,119</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

DRAFT



### C3-4 Employee benefit provisions

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Annual leave	13,119	–	12,252	–
Sick leave	94	–	168	–
Long service leave	36,862	792	42,965	957
Other leave	1,630	–	1,383	–
<b>Total employee benefit provisions</b>	<b>51,705</b>	<b>792</b>	<b>56,768</b>	<b>957</b>

#### 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	39,591	45,373
	<b>39,591</b>	<b>45,373</b>

#### 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 which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

### C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Other provisions</b>				
Self insurance – workers compensation	3,626	8,471	2,116	7,415
Self insurance – claims incurred	215	324	255	430
<b>Sub-total – other provisions</b>	<b>3,841</b>	<b>8,795</b>	<b>2,371</b>	<b>7,845</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	50	19,084	250	30,512
<b>Sub-total – asset remediation/restoration</b>	<b>50</b>	<b>19,084</b>	<b>250</b>	<b>30,512</b>
<b>Total provisions</b>	<b>3,891</b>	<b>27,879</b>	<b>2,621</b>	<b>38,357</b>

### Description of and movements in provisions

\$ '000	Other provisions			Total
	Self Insurance: Workers compen- sation	Self Insurance: Claims incurred	Asset remediation	
<b>2022</b>				
At beginning of year	9,531	685	30,762	40,978
Unwinding of discount	–	–	(5)	(5)
Additional provisions	2,934	–	–	2,934
Amounts used (payments)	(3,527)	–	–	(3,527)
Remeasurement effects	3,159	–	(11,623)	(8,464)
Unused amounts reversed	–	(146)	–	(146)
<b>Expenditure incurred attributable to provisions</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total other provisions at end of year</b>	<b>12,097</b>	<b>539</b>	<b>19,134</b>	<b>31,770</b>
<b>2021</b>				
At beginning of year	7,654	730	33,367	41,751
Unwinding of discount	–	–	1,488	1,488
Additional provisions	2,617	–	–	2,617
Amounts used (payments)	(3,202)	–	–	(3,202)
Remeasurement effects	2,462	–	(3,755)	(1,293)
Unused amounts reversed	–	(45)	–	(45)
<b>Expenditure incurred attributable to provisions</b>	<b>–</b>	<b>–</b>	<b>(338)</b>	<b>(338)</b>
<b>Total other provisions at end of year</b>	<b>9,531</b>	<b>685</b>	<b>30,762</b>	<b>40,978</b>

### Nature and purpose of provisions

#### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the open Whytes Gully Waste Disposal Depot and closed Helensburgh Waste Depot.

#### Self-insurance - workers compensation

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for excesses up to \$750,000 on any individual claim. Claims beyond this are supported by an external insurance policy.

#### Self-insurance - claims incurred

To recognise liabilities for both (i) claims expected to be incurred but not reported and (ii) claims reported and estimated as a result of Council being self insured up to an excess of \$100,000 on any individual claim.

#### 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.

## C3-5 Provisions (continued)

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

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

### Asset Remediation/Restoration

#### Restoration

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

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

#### Rehabilitation

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

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

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

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

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

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

#### Self-insurance - workers compensation

Council holds a level of self-insurance in the form of an excess layer of \$750,000 on any individual claim for workers compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains a bank guarantee to meet expected future claims; refer to Note E3-1.

#### Self-insurance - claims incurred

Council holds a level of self-insurance in the form of an excess layer of \$100,000 on any individual claim for public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims.

## 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 Results by fund

---

Council utilises only a general fund for its operations.

DRAFT

## D2 Interests in other entities

### D2-1 Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2022	2022
		Net profit (\$'000s)	Net assets (\$'000s)
Illawarra Shoalhaven Joint Organisation	Inter-Governmental Collaboration Joint Venture	11	956

#### Reasons for non-recognition

Council has assessed this operation as not material for recognition in these statements.

Name of entity/operation	Principal activity/type of entity	2022	2022
		Net profit (\$'000s)	Net assets (\$'000s)
Destination Wollongong	Tourism Development & Promotion Associate	86	188

#### Reasons for non-recognition

Council has assessed this operation as not material for recognition in these statements.

Name of entity/operation	Principal activity/type of entity	2022	2022
		Net profit (\$'000s)	Net assets (\$'000s)
Illawarra Performing Arts Centre	Theatre & Town Hall Management Associate	623	1,229

#### Reasons for non-recognition

Council has assessed this operation as not material for recognition in these statements.



## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with s625 of the Act and the Ministerial Investment Order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

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.

The risks associated with the financial instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

#### (a) Market risk – interest rate and price risk

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

The 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	1,051	1,189
Impact of a 10% movement in price of investments		
Possible impact of a 10% movement in price of investments	5,441	5,033



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

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

Council makes suitable provision for the impairment of receivables as required

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2022</b>				
Gross carrying amount	–	13,399	994	14,393
<b>2021</b>				
Gross carrying amount	–	8,813	3,122	11,935

##### Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	18,411	266	169	182	1,384	20,412
Expected loss rate (%)	0.03%	5.60%	4.50%	3.60%	28.00%	2.07%
<b>ECL provision</b>	<b>6</b>	<b>15</b>	<b>8</b>	<b>7</b>	<b>388</b>	<b>424</b>
<b>2021</b>						
Gross carrying amount	13,614	171	157	162	953	15,057
Expected loss rate (%)	0.10%	3.16%	7.33%	3.83%	40.82%	2.83%
<b>ECL provision</b>	<b>14</b>	<b>5</b>	<b>12</b>	<b>6</b>	<b>389</b>	<b>426</b>

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Without defined maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2022</b>							
Payables	0.00%	2,618	24,760	–	–	27,378	27,376
Borrowings	1.50%	–	3,907	3,313	–	7,220	6,943
<b>Total financial liabilities</b>		<b>2,618</b>	<b>28,667</b>	<b>3,313</b>	<b>–</b>	<b>34,598</b>	<b>34,319</b>
<b>2021</b>							
Payables	0.00%	2,172	21,404	–	–	23,576	26,621
Borrowings	1.50%	–	5,914	7,220	–	13,134	12,439
<b>Total financial liabilities</b>		<b>2,172</b>	<b>27,318</b>	<b>7,220</b>	<b>–</b>	<b>36,710</b>	<b>39,060</b>

## E2-1 Fair value measurement

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).

		Fair value measurement hierarchy					
\$ '000	Notes	Date of latest valuation		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021 Restated	2022	2021 Restated
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		30/06/22	30/06/21	56,965	53,533	56,965	53,533
<b>Total financial assets</b>				<b>56,965</b>	<b>53,533</b>	<b>56,965</b>	<b>53,533</b>
<b>Investment property</b>							
Commercial building	C1-9	30/06/22	30/06/21	5,600	4,600	5,600	4,600
<b>Total investment property</b>				<b>5,600</b>	<b>4,600</b>	<b>5,600</b>	<b>4,600</b>
<b>Infrastructure, property, plant and equipment</b>							
Roads	C1-8	30/06/22	30/06/17	837,350	601,488	837,350	601,488
Bridges		30/06/22	30/06/17	94,683	114,647	94,683	114,647
Footpaths		30/06/22	30/06/17	178,914	165,890	178,914	165,890
Stormwater		30/06/22	30/06/17	841,764	527,421	841,764	527,421
Plant and equipment		N/A	N/A	22,108	22,370	22,108	22,370
Office equipment		N/A	N/A	3,591	4,787	3,591	4,787
Furniture and fittings		N/A	N/A	1,407	1,754	1,407	1,754
Operational land		30/06/22	30/06/19	275,103	249,869	275,103	249,869
Community land		30/06/22	30/06/20	327,381	297,380	327,381	297,380
Crown Land		30/06/22	30/06/20	109,447	103,057	109,447	103,057
Land under roads		30/06/19	30/06/19	7,898	7,502	7,898	7,502
Buildings		30/06/22	30/06/19	332,607	300,150	332,607	300,150
Other structures		30/06/19	30/06/19	9,210	9,408	9,210	9,408
Swimming pools		30/06/22	30/06/21	13,788	12,780	13,788	12,780
Library books		N/A	N/A	4,796	4,708	4,796	4,708
Other open space/recreational assets		30/06/22	30/06/21	140,709	125,993	140,709	125,993
Tip asset		30/06/21	30/06/21	-	-	-	-
Works in progress		N/A	N/A	86,590	55,467	86,590	55,467
Artworks		30/06/19	30/06/19	15,912	15,569	15,912	15,569
Other		30/06/21	30/06/21	44,187	45,550	44,187	45,550
<b>Total infrastructure, property, plant and equipment</b>				<b>3,347,445</b>	<b>2,665,790</b>	<b>3,347,445</b>	<b>2,665,790</b>

## E2-1 Fair value measurement (continued)

### Valuation techniques

Where Council is unable to derive fair value using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

Level 2 inputs include;

- quoted prices for similar assets in active markets,
- quoted prices for identical or similar assets in markets that are not active,
- inputs other than quoted prices that are observable (e.g. interest rates, credit spreads etc.) and
- market corroborated inputs.

Level 3 inputs are unobservable inputs. If an observable input (Level 2) requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement is categorised within Level 3 of the fair value hierarchy. Council uses unobservable inputs to the extent relevant observable inputs are not available. But the objective remains the same; i.e. an exit price from the perspective of market participants. Therefore, unobservable inputs reflect the assumptions market participants would use when pricing, including assumptions about risk. Assumptions about risk include risk inherent in a particular valuation technique and risk inherent in inputs to the technique. Such an adjustment may be necessary if there is a significant measurement uncertainty.

Unobservable inputs have been developed using the best information available, which includes Council's own data. In some cases, Council adjusts its own data if reasonable available information indicates other market participants would use different data or if there is an entity specific synergy (i.e. not available to other market participants).

Level 3 inputs include;

- Unit Rates,
- Unit Price,
- Asset Condition,
- Remaining Useful Life,
- Future Demands,
- Borrowing Rates.

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

#### Financial assets

Valuation Technique – A portion of Council's investment portfolio is measured at fair value (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the current price in an active market for similar assets. Emerald Reverse Mortgage investment securities form part of this portion of Council's portfolio. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. As such the level of valuation input for Council's fair valued investments was considered a level 3.

#### Investment property

Valuation Technique – Council's Investment Property is measured using sales direct comparison based on a market selling approach (i.e. market approach).

Fair Value Hierarchy - the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre. The level of evidence to support the critical assumptions of Council's investment property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for these properties was considered level 3.



## E2-1 Fair value measurement (continued)

### Infrastructure, property, plant and equipment (IPPE)

**Infrastructure** – Council's Infrastructure incorporates;

- Roads – Surface and bases, Car Parks, Kerb and Guttering and Traffic Facilities (speed humps, bollards and signs),
- Bridges – Road, Pedestrian and Jetties,
- Footpaths including shared pathways, and
- Stormwater Drainage.

Valuation Technique – Infrastructure assets are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's infrastructure inventory is to determine a unit rate based on square metres or an appropriate unit corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific projects that have been undertaken. Further to this other input such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these assets was considered level 3.

**Plant & Equipment, Office Equipment & Furniture & Fittings** incorporate:

- Plant & Equipment – Trucks, Tractors, Graders, Rollers, Buses, Vans, Passenger Vehicles, Mobile Equipment (i.e. generators, hand mowers, tools), Fluid storage units (i.e. septic tanks, water tanks),
- Office Equipment – Electronic Whiteboards, Printing Equipment, Safes and I.T. equipment such as computers, printers and scanners,
- Furniture & Fittings – Chairs, Tables, Filing Cabinets, Bookshelves, Compactuses,

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

### Operational Land

Valuation Technique – Council's Operational Land is measured using a comparative market selling approach (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's operational land valuation was considered to be significant due to high levels of variability in the market for similar properties and future demands. As such the level of valuation input for these properties was considered level 3.

### Community & Crown Land

Valuation Technique – Council's Community & Crown Land is measured using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the LV's provided by the Valuer General or an average unit rate based on the LV for similar properties where the Valuer General did not provide a LV. The most significant input into this valuation approach is price per square metre. Valuations provided by the Valuer General are not in the public domain and the application of an average rate requires a level of professional judgement. As such the level of valuation input for these properties was considered level 3.

## E2-1 Fair value measurement (continued)

### Land Under Roads

Valuation Technique – Land is generally valued using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).

Fair Value Hierarchy – The existing use fair value of land under roads is best expressed as undeveloped or englobo land (pre-subdivision). However, as sufficient sales evidence of englobo land with similar features to the land being valued is generally not available, it is appropriate to use a proxy to estimate the englobo value. Community land value is used as a reasonable proxy to value land under roads, as such land generally has no feasible alternative use, and it is undeveloped and is publicly accessible. As such the level of valuation input for these properties was considered level 3.

### Buildings – Non-Specialised and Specialised

Valuation Technique – Buildings are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is equal to the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy – Specialised and Non-Specialised buildings are generally assessed at level 3 of the fair value hierarchy due to lack of market evidence. Key inputs are unit rates and remaining useful life. The exception is non-specialised residential properties which have been valued using sale prices of comparable properties (level 2). The most significant input into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's residential property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for all buildings was considered level 3.

### Intangible Assets

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

### Other Structures

Other Structures incorporates Bus Shelters, Shade Structures, Picnic Shelters and BBQ Shelters.

Valuation Technique – Other Structures are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

### Other Open Space / Recreational Assets

Other Open Space/Recreational Assets incorporate Park Assets including Playgrounds, Skateboard Facilities, Tennis Courts, Furniture and Landscaping and Power Poles.

Valuation Technique – Other Open Space/Recreational Assets are recognised using the cost method.

Fair Value Hierarchy – while some elements of the cost method can be supported by market evidence (Level 2) other factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Open Space / Recreational Assets were considered level 3.



## E2-1 Fair value measurement (continued)

### Swimming Pools – Structures

Valuation Technique – Swimming Pools and Rock Pools are valued using the cost approach, which equates to the current replacement cost of a modern equivalent asset.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's swimming pool inventory is to determine a unit rate based on square metres corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific work that has been undertaken. Further to this other input such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these properties was considered level 3.

### Artworks

Valuation Technique – Art Works are valued using the cost approach, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's Artworks is to use the market price or purchase price of the original transaction or if the work is in the form of a donation an external valuation is undertaken corroborated by market evidence (Level 2 input). It is noted that the valuation process requires a significant level of professional judgement and this can impact significantly on the fair value. As such the level of valuation input for artworks was considered level 3.

### Library Books

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

### Other Assets

Other Assets is a catch all for the remaining assets held by Council and includes Waste Assets such as Cell Development and Liners, Public Art and Crematorium and Cemetery Beams and Walls.

Valuation Technique - Other Assets are recognised using the cost method.

Fair Value Hierarchy – While some elements of the cost method can be supported by market evidence (Level 2) others factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Assets were considered level 3.

### Tip Remediation Asset

Valuation Technique – Council's Tip Remediation Asset is measured using the cost method.

Fair Value Hierarchy – Whytes Gully Waste Disposal Depot will require remediation and restoration works to be carried out during and at the end of its useful life. The cash outflows relating to these remediation and restoration works have been modelled and recognised as an asset in Note C1-8 of Council's statements. Key unobservable inputs were the discount rate, cost escalation rate, timing of costs and future environmental management requirements. As such the level of valuation input for Council's tip asset was considered Level 3.

The tip remediation asset was adjusted in line with changes to the remediation provision. During 2019-2020, the remediation provision was reduced to by an amount greater than the carrying value of the tip remediation and as a result this asset now has a carrying value of zero.

**E2-1 Fair value measurement (continued)**

A summary of the Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Asset Category	Valuation Frequency	Description of Process	Valuer*	Responsibility
Financial Assets	Monthly	Monthly valuation using the current price in an active market for similar assets	External	Finance Division
Investment Properties	Annually	Assessed each year for material change and adjusted accordingly	External	Property Division
Infrastructure	5 years	Full valuation using current unit rates and comparable work. Assessed each year for material change and adjusted accordingly	Internal	Infrastructure & Strategic Planning Division
Plant & Equipment	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Office Equipment & Furniture & Fittings	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Operational Land	5 Years	Full valuation every 5 years or index applied annually if material	External	Property Division
Community & Crown Land	5 Years	Valuer General Land Values or Average Unit Rate for similar properties if not available	Valuer General / Internal	Property / Finance Division
Land Under Roads	5 Years	Valuer General Land Values or Average Unit Rate used as proxy to derive en globo rate	Valuer General / Internal	Finance Division
Buildings – Non Specialised & Specialised	5 Years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division / Property Division
Intangibles	5 Years	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Structures	5 Years	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Infrastructure & Strategic Planning Division

**E2-1 Fair value measurement (continued)**

<b>Asset Category</b>	<b>Valuation Frequency</b>	<b>Description of Process</b>	<b>Valuer*</b>	<b>Responsibility</b>
Other Open Space / Recreational Assets	5 Years	Full valuation every 5 years or index applied annually if material	Internal	Infrastructure & Strategic Planning Division
Swimming Pools - Structures	5 Years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division
Library Books	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Assets	5 years	Full valuation every 5 years or index applied annually if material	Internal	Various
Tip Remediation Asset	Annually	Reassessment of discount rate and application to discounted cash flows if material	Internal	Finance Division

\*Internal Valuation refers to the utilisation of in-house expertise to value Council's assets.

DRAFT

## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Financial assets		Investment property		IPP&E		Total	
	2022	2021	2022	2021	2022	2021 Restated	2022	2021 Restated
<b>Opening balance</b>	<b>53,533</b>	46,393	<b>4,600</b>	5,000	<b>2,665,790</b>	2,655,487	<b>2,723,923</b>	2,706,880
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised <sup>1</sup>	(2,282)	(125)	1,000	(400)	–	–	(1,282)	(525)
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	644,143	11,268	644,143	11,268
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	–	(111)	–	(111)
Purchases (GBV)	15,750	19,275	–	–	104,617	90,025	120,367	109,300
Disposals (WDV)	(10,036)	(12,010)	–	–	(1,551)	(3,526)	(11,587)	(15,536)
Depreciation and impairment	–	–	–	–	(64,875)	(60,723)	(64,875)	(60,723)
Prior Period Error	–	–	–	–	–	(24,298)	–	(24,298)
Transfer to expense	–	–	–	–	(679)	(2,332)	(679)	(2,332)
<b>Closing balance</b>	<b>56,965</b>	53,533	<b>5,600</b>	4,600	<b>3,347,445</b>	2,665,790	<b>3,410,010</b>	2,723,923

(1) Fair value gains recognised in the Income Statement relating to assets still on hand at year end total

## 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.

### ASSETS NOT RECOGNISED

#### 1. Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/06/08.

### LIABILITIES NOT RECOGNISED

#### 1. Bank Guarantees

Council has provided Bank Guarantees totalling \$1,868,061 as security over damages for work that may impact a third party.

Council has provided security to Work Cover for outstanding workers compensation claims liability in the form of a bank guarantee to the sum of \$7,711,000.

Council is also Guarantor on a mortgage for a third party of \$180,000.

#### 2. Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (**Active Super**), 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 were required to contribute 7.5% of salaries 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*



### E3-1 Contingencies (continued)

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.

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 \$2.401M. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$1.914M. Council's expected contribution to the plan for the next annual reporting period is \$1.873M.

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.

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

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.

#### 3. Third party claims

The Council is involved from time to time in various third party claims incidental to the ordinary course of business including claims for damages relating to its functions and services. Council believes that it ordinarily holds adequate insurance coverage in relation to these third party claims and would not expect any material liabilities to eventuate. Council is aware of three particular third party claims where confirmation of insurance coverage is currently being sought from the relevant insurer/s. Investigations and enquires regarding this matter, our liability and its insurance coverage are ongoing and therefore the amount of the possible obligation cannot be measured reliably.



## E3-1 Contingencies (continued)

---

### 4. Development Contributions

Council levies Development Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receiving funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those plans.

### 5. Greenhouse Park

Council owns and manages a former landfill site at Greenhouse Park. The landfill was constructed prior to contemporary environmental regulations and used as both a putrescible and builders waste landfill. Following the closure of the site as a landfill, remediation of the site has been progressively occurring to transform the site into a natural area.

Council is also working with the EPA and specialised consultants to manage the landfill waste which was placed on the site. Total remediation costs at this stage are unknown and will be dependent on the remediation strategies implemented. Council is currently working with the EPA and specialised consultants to determine the remediation actions required.

### 6. Helensburgh Landfill Site

Council manages a former landfill site at Helensburgh located off Halls Road/Nixon Place. The landfill was commenced prior to contemporary environmental regulations and was used at various times for both putrescible and builders construction waste. Following the closure of the site as a landfill, Council is required to remediate the site in accordance with EPA requirements and licence conditions. Council has a future budget allocation of \$6.4M and is currently working with EPA and specialised consultants to prepare the final design documentation and achieve regulatory approval for this project.

### 7. Native Title

In January 2018, the National Native Title Tribunal accepted registration of a native title claim that included the Wollongong LGA. The claim is now before the Federal Court, and Council is one of a number of defendants to those proceedings. Private freehold land, and certain other land owned by Council is not affected. The claim will take some time to determine before the Federal Court.

## 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
<b>Compensation:</b>		
Short-term benefits	2,342	2,303
Termination benefits	144	154
<b>Total</b>	<b>2,486</b>	<b>2,457</b>

#### Other transactions with KMP and their related parties

Council has assessed other transactions with KMP and their related parties as not material for recognition in these statements.

#### F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
Mayoral fee	102	100
Councillors' fees	391	384
Other Councillors' expenses (including Mayor)	43	37
<b>Total</b>	<b>536</b>	<b>521</b>

#### F1-3 Other related parties

\$ '000	Transactions during the year	Terms and conditions
<b>2022</b>		
<b>Associates</b>		
<b>Marketing, events, business and investment in LGA</b>	<b>1,508</b>	Amounts provided under a funding agreement.
<b>Event sponsorship &amp; support</b>	<b>4</b>	Based on specific events.
<b>Advertisement</b>	<b>3</b>	
<b>Performing Arts Centre management</b>	<b>842</b>	Amounts provided under a funding agreement.
<b>Town Hall management</b>	<b>448</b>	Amounts provided under a funding agreement.
<b>Asset Maintenance</b>	<b>82</b>	
<b>Community Subsidy</b>	<b>30</b>	Amounts provided under a funding agreement.
<b>Venue Hire</b>	<b>7</b>	

**F1-3 Other related parties (continued)**

2021

**Associates**

Marketing, events, business and investment in LGA	1,506	Amounts provided under a funding agreement.
Event sponsorship & support	30	Based on specific events.
Advertisement	1	
Partner program	1	
Performing Arts Centre management	718	Amounts provided under a funding agreement.
Town Hall management	395	Amounts provided under a funding agreement.
Asset Maintenance	59	
Community Subsidy	20	Amounts provided under a funding agreement.
Venue Hire	6	

DRAFT

## 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

211	152
-----	-----

#### Remuneration for audit and other assurance services

211	152
-----	-----

#### Total Auditor-General remuneration

211	152
-----	-----

#### Non NSW Auditor-General audit firms

##### (i) Audit and other assurance services

Other audit and assurance services

10	13
----	----

#### Remuneration for audit and other assurance services

10	13
----	----

#### Total remuneration of non NSW Auditor-General audit firms

10	13
----	----

#### Total audit fees

221	165
-----	-----

DRAFT

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>59,452</b>	35,012
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	65,329	61,203
(Gain) / loss on disposal of assets	(563)	1,995
Non-cash capital grants and contributions	(15,500)	(12,202)
Prior period WIP written off during year	679	2,332
IPP&E restoration write offs	-	-
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	2,067	(206)
– Investment property	(1,000)	400
– Fair value movement on CivicRisk Mutual	669	285
Unwinding of discount rates on reinstatement provisions	(5)	1,488
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,811)	213
Increase / (decrease) in provision for impairment of receivables	(4)	(405)
(Increase) / decrease of inventories	2	(82)
(Increase) / decrease of other current assets	(199)	3,890
(Increase) / decrease of contract asset	(5,004)	962
Increase / (decrease) in payables	(1,253)	(901)
Increase / (decrease) in other accrued expenses payable	1,307	(616)
Increase / (decrease) in other liabilities	1,869	(1,619)
Increase / (decrease) in contract liabilities	(2,686)	4,605
Increase / (decrease) in employee benefit provision	(5,228)	(1,384)
Increase / (decrease) in other provisions	(9,203)	(2,261)
<b>Net cash flows from operating activities</b>	<b>87,918</b>	<b>92,709</b>

#### (b) Non-cash investing and financing activities

Bushfire grants	270	-
Developer contributions 'in kind'	732	5,546
Other dedications	13,680	5,598
Contributed Art Works	201	54
Planning Agreement - Non-cash contribution	-	1,004
<b>Total non-cash investing and financing activities</b>	<b>14,883</b>	<b>12,202</b>



## 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:		
<b>Property, plant and equipment</b>		
Buildings	–	6,066
Infrastructure	19,237	14,278
Land	–	262
<b>Total commitments</b>	<b>19,237</b>	<b>20,606</b>

#### Details of capital commitments

Infrastructure includes Keira Mine Road Embankment Stabilisation, Grand Pacific Walk - Boardwalk Rehabilitation, Fred Finch Park Berkely - Netball courts redevelopment, Thomas Dalton Park Sportsfield Lighting Upgrade, The Ridge Retaining Wall, Stormwater Pipe Reline Works - Package C, Stormwater Pipe Reline Works - Package E, Drainage Works - Station Road Otford, Huntley Rd, Avondale - Pavement Stabilisation Works, Stormwater Pipe Reline Works - Package B, Stormwater Pipe Reline Works - Package F, Cringila Hills Pump Track, Bike Skills Playground & Assoc, West Dapto Road Upgrade Stage 1 (Water Services Relocation), Lindsay Mayne Park Criterium Track and Associated Works, Harry Graham Drive - Rockfall Barrier / Brandy and Water Creek, WWARRP Detailed Design, Lean Mix Concrete construction, Caroola St, Stabilisation - Squires Way, Stabilisation - Walker Street, Stabilisation - Railway Crescent, Lake Heights Road Retaining Wall, Continental Pool Intake Pipeline Replacement, Fraternity Club Embankment Stabilisation.

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Changes in accounting policy

#### Adoption of new accounting standards

During the year, NSW Council adopted all standards which were mandatorily effective for the first time at 30 June 2022. None of these standards had a significant impact on reported position or performance.

### G4-2 Correction of errors

As part of an ongoing inspection program and data cleansing process, and in preparation for the comprehensive revaluation, it was found that IPPE that Council no longer owned, had not been disposed.

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

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

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Roads	610,258	(10,199)	600,059
Bridges	118,822	(3,899)	114,923
Footpaths	158,235	(5,357)	152,878
Stormwater Drainage	530,148	(4,843)	525,305

continued on next page ...

Page 72

G4-2 Correction of errors (continued)

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
<b>Total assets</b>	<b>2,867,750</b>	<b>(24,298)</b>	<b>2,843,452</b>
<b>Total liabilities</b>	<b>154,583</b>	<b>–</b>	<b>154,583</b>
<b>Net assets</b>	<b>2,713,167</b>	<b>(24,298)</b>	<b>2,688,869</b>
Reserves	1,214,858	(7,068)	1,207,790
Accumulated Surplus	1,498,309	(17,230)	1,481,079
<b>Total equity</b>	<b>2,713,167</b>	<b>(24,298)</b>	<b>2,688,869</b>

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Roads	611,687	(10,199)	601,488
Bridges	118,546	(3,899)	114,647
Footpaths	171,247	(5,357)	165,890
Stormwater drainage	532,264	(4,843)	527,421
<b>Total assets</b>	<b>2,906,958</b>	<b>(24,298)</b>	<b>2,882,660</b>
<b>Total liabilities</b>	<b>147,511</b>	<b>–</b>	<b>147,511</b>
<b>Net assets</b>	<b>2,759,447</b>	<b>(24,298)</b>	<b>2,735,149</b>
Reserves	1,223,745	(7,068)	1,216,677
Accumulated Surplus	1,535,702	(17,230)	1,518,472
<b>Total equity</b>	<b>2,759,447</b>	<b>(24,298)</b>	<b>2,735,149</b>

DRAFT

## G5 Statement of developer contributions as at 30 June 2022

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	9,781	785	497	–	–	–	11,063	–
Roads	(3,840)	6,720	170	–	(6,966)	–	(3,916)	–
Open space	4,599	393	–	–	(631)	–	4,361	–
Community facilities	1,361	9	–	–	–	–	1,370	–
Administration	(1,416)	53	64	–	(296)	–	(1,595)	–
Public transport	–	–	–	–	–	–	–	–
<b>S7.11 contributions – under a plan</b>	<b>10,485</b>	<b>7,960</b>	<b>731</b>	<b>–</b>	<b>(7,893)</b>	<b>–</b>	<b>11,283</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>25,851</b>	<b>4,706</b>	<b>–</b>	<b>1</b>	<b>(4,788)</b>	<b>–</b>	<b>25,770</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>36,336</b>	<b>12,666</b>	<b>731</b>	<b>1</b>	<b>(12,681)</b>	<b>–</b>	<b>37,053</b>	<b>–</b>
S7.11 not under plans	356	–	–	–	–	–	356	–
S7.4 planning agreements	2,027	629	–	–	–	–	2,656	–
<b>Total contributions</b>	<b>38,719</b>	<b>13,295</b>	<b>731</b>	<b>1</b>	<b>(12,681)</b>	<b>–</b>	<b>40,065</b>	<b>–</b>

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

## G5-2 Developer contributions by plan <sup>1</sup>

\$ '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					
<b>CONTRIBUTION PLAN – WEST DAPTO</b>								
Drainage	9,781	785	497	–	–	–	11,063	–
Roads	(3,840)	6,720	170	–	(6,966)	–	(3,916)	–
Open space	4,599	393	–	–	(631)	–	4,361	–
Community facilities	1,361	9	–	–	–	–	1,370	–
Administration	(1,416)	53	64	–	(296)	–	(1,595)	–
<b>Total</b>	<b>10,485</b>	<b>7,960</b>	<b>731</b>	<b>–</b>	<b>(7,893)</b>	<b>–</b>	<b>11,283</b>	<b>–</b>

(1) The opening balances have been adjusted between categories to reflect the allocation of non-cash contributions

## S7.12 Levies – under a plan

### CONTRIBUTION PLAN – WOLLONGONG <sup>A, B</sup>

City Wide	23,035	3,530	–	1	(4,757)	–	21,809	–
City Centre	2,816	1,176	–	–	(31)	–	3,961	–
<b>Total</b>	<b>25,851</b>	<b>4,706</b>	<b>–</b>	<b>1</b>	<b>(4,788)</b>	<b>–</b>	<b>25,770</b>	<b>–</b>

(A) The Wollongong City-Wide Development Contributions Plan is a levy based plan that reflects development activity in the Local Government Area excluding areas covered by the West Dapto Development Contributions Plan.

(B) Figures provided include amounts collected under the Wollongong City-Wide Development Plan as well as contributions received from relevant development consents approved prior to 2006 that contained conditions for contributions to be made under now repealed Development Contribution plans. These are transferred and applied towards items within the Section 7.12 Plan works schedule as the Section 7.12 Plan is the replacement for the plans repealed in June 2006.

### G5-3 Contributions not under plans

\$ '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					
<b>CONTRIBUTION PLAN – CALDERWOOD <sup>A, B, C</sup></b>								
Roads	356	-	-	-	-	-	356	-
<b>Total</b>	<b>356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356</b>	<b>-</b>

(A) The Calderwood Urban Release Area was historically in the Shellharbour City Local Government Area. However, the Urban Release Area was later expanded during the State Government's major project approval process to include land that straddles the local government boundary, which comprises 107 hectares of land in the Wollongong Local Government Area at Marshall Mount.

(B) In 2013, the Land and Environment Court imposed a development contribution condition on Stage 1 of the Calderwood development within Shellharbour City Council Local Government Area, requiring the payment of a contribution of \$1,320 per lot to Wollongong City Council to be used towards upgrades of Marshall Mount Road and Yallah Road. The payments reflected in the above relate to these court proceedings.

(C) Wollongong City Council and Lendlease Communities (Australia) Limited have entered into a Planning Agreement for the remainder of the contributions relating to the Calderwood development.

### G5-4 S7.4 planning agreements

#### S7.4 planning agreements

Roads	2,027	629	-	-	-	-	2,656	-
<b>Total</b>	<b>2,027</b>	<b>629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,656</b>	<b>-</b>



## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>14,695</b>	<b>4.89%</b>	0.95%	(1.62)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>300,294</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>258,453</b>	<b>74.76%</b>	79.74%	76.10%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>345,696</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>3</sup>	<b>128,481</b>	<b>2.48x</b>	2.15x	2.36x	> 1.50x
Current liabilities less specific purpose liabilities	<b>51,753</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>80,461</b>	<b>12.75x</b>	8.49x	5.25x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>6,313</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>14,395</b>	<b>6.27%</b>	5.28%	6.74%	< 5.00%
Rates and annual charges collectable	<b>229,606</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>105,068</b>	<b>4.96 months</b>	5.78 months	5.63 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>21,188</b>				

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain/(loss) on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

(3) Refer to Notes C1-1 to C1-5 inclusive. Excludes any real estate and land for resale not expected to be sold in next 12 months.

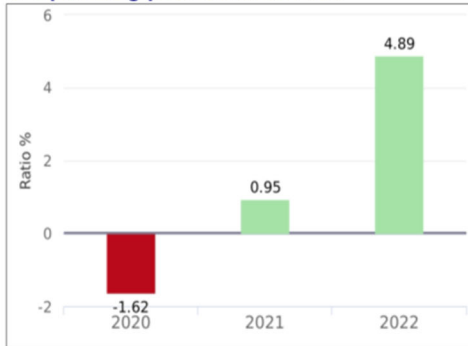
(4) Refer to Notes C3-1 to C3-5 inclusive. Excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

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 the extent to which Council's operating revenues have exceeded the operating expenditure within the year. Council's ongoing financial sustainability requires positive operating performance over time.

##### Commentary on 2021/22 result

2021/22 ratio 4.89%

The positive result is consistent with Council's performance measure of operating revenues exceeding operating expenditures. The current year performance has been impacted positively by non-cash year end adjustments including a decrease in the waste provision (\$11.6M) and decrease in employee leave entitlement provision (\$7.2M).

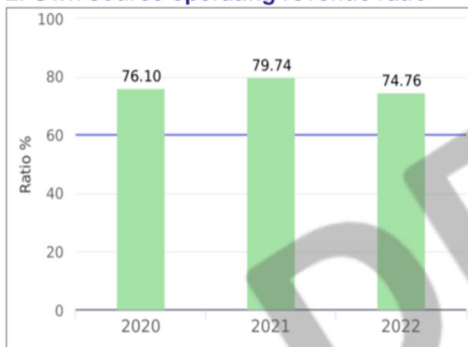
Benchmark: — > 0.00%

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 74.76%

This result is consistent with previous reporting periods with a significant portion of revenue being generated from Council's own sources. It is noted that the total revenue includes non-cash contributed assets which fluctuate from year to year and impact the result.

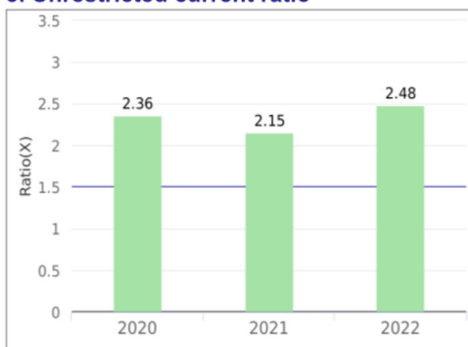
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 2.48x

This result remains above the benchmark however Council's strategy to maximise the use of available funds and target a lean unrestricted current ratio aims to bring the result closer to the benchmark.

Benchmark: — > 1.50x

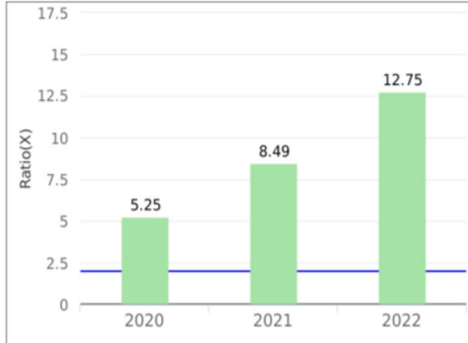
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 12.75x

This result indicates that Council can adequately service its outstanding debt. The result has improved in the current year as Council paid \$5.5M in debt repayments and has not taken on additional debt facilities.

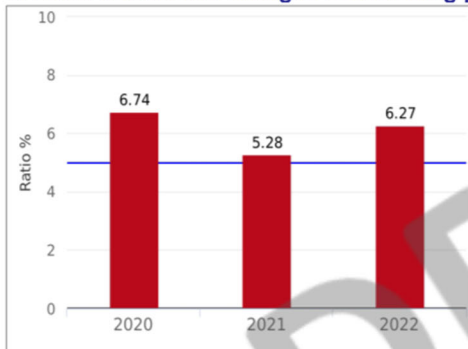
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 5. Rates and annual charges outstanding percentage



##### Purpose of rates and annual charges outstanding percentage

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

##### Commentary on 2021/22 result

2021/22 ratio 6.27%

The performance of this measure has decreased from the prior year by 0.99%. Council will continue to work and support its ratepayers who are still experiencing the impact of COVID-19 on both their personal and business finances to achieve below the industry benchmark of <5%.

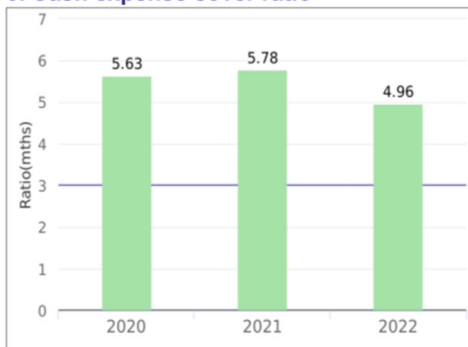
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 6. Cash expense cover ratio



##### Purpose of cash expense cover ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 4.96 months

The result of this measure continues to reflect a high level of liquidity in Council's investment portfolio at the end of 2021/22.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

---

**Principal place of business:**

41 Burelli Street  
Wollongong NSW 2500

**Contact details**

**Mailing Address:**

Locked Bag 8821  
Wollongong NSW 2500

**Telephone:** (02) 4227 7111

**Facsimile:** (02) 4227 7277

**Opening hours:**

Administration Building: 8:30am - 5:00pm

**Internet:** [www.wollongong.nsw.gov.au](http://www.wollongong.nsw.gov.au)

**Email:** [council@wollongong.nsw.gov.au](mailto:council@wollongong.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

Greg Doyle

**RESPONSIBLE ACCOUNTING OFFICER**

Brian Jenkins

**PUBLIC OFFICER**

Todd Hopwood

**AUDITORS**

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

**Elected members**

**LORD MAYOR**

Gordon Bradbery

**COUNCILLORS**

**Ward 1**

Mithra Cox  
Janice Kershaw  
Richard Martin  
Cameron Walters

**Ward 2**

Cath Blakey  
David Brown  
Tania Brown  
John Dorahy

**Ward 3**

Elisha Aitken  
Linda Campbell  
Dom Figliomeni  
Ann Martin

**Other information**

**ABN:** 63 139 525 939

## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2022

#### Independent Auditor's Reports:

---

On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

DRAFT



## Wollongong City Council

### General Purpose Financial Statements for the year ended 30 June 2022

#### Independent Auditor's Reports: (continued)

---

#### On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

DRAFT

DRAFT

# Wollongong City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

---

## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2022

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of Waste Disposal	4
Income Statement of Tourist parks	5
Income Statement of Health & Fitness	6
Statement of Financial Position of Waste Disposal	7
Statement of Financial Position of Tourist parks	8
Statement of Financial Position of Health & Fitness	9
<b>Note – Significant Accounting Policies</b>	<b>10</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>13</b>

#### Background

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

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

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

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

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

## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2022

---

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 November 2022.

---

Gordon Bradbery  
Lord Mayor  
28 November 2022

---

Tania Brown  
Deputy Lord Mayor  
28 November 2022

---

Greg Doyle  
General Manager  
28 November 2022

---

Brian Jenkins  
Responsible Accounting Officer  
28 November 2022

Wollongong City Council | Income Statement of Waste Disposal | for the year ended 30 June 2022

## Wollongong City Council

### Income Statement of Waste Disposal for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	25,563	26,789
Rental Income	235	224
Grants and contributions provided for operating purposes	46	–
Other income	620	420
<b>Total income from continuing operations</b>	<b>26,464</b>	<b>27,433</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,310	2,503
Borrowing costs	(5)	1,488
Materials and services <sup>1</sup>	(7,516)	942
Depreciation, amortisation and impairment	1,373	1,377
Calculated taxation equivalents	496	462
EPA levy	12,321	11,409
<b>Total expenses from continuing operations</b>	<b>8,979</b>	<b>18,181</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>17,485</b>	<b>9,252</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>17,485</b>	<b>9,252</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>17,485</b>	<b>9,252</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(4,371)	(2,406)
<b>Surplus (deficit) after tax</b>	<b>13,114</b>	<b>6,846</b>
<b>Plus accumulated surplus <sup>2</sup></b>	<b>13,308</b>	<b>8,781</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	496	462
– Corporate taxation equivalent	4,371	2,406
– Dividend paid	(5,424)	(5,187)
<b>Closing accumulated surplus</b>	<b>25,865</b>	<b>13,308</b>
<b>Return on capital %</b>	<b>32.5%</b>	<b>19.8%</b>

(1) Each financial year the provision for the remediation of Council's waste facility is calculated based on the forecast costs to rehabilitate the site. The movements in the provision are generally recognised against the value of the corresponding asset. During 2019-2020, a reduction in the forecast rehabilitation costs caused a reduction in the provision beyond the carrying value of the asset. The balance of this adjustment and all future adjustments to the provisions will be recognised through materials and services. A further reduction in the forecast rehabilitation costs and changes to discount factors have resulted in a reduction in the provision in 2021-2022.

(2) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.



Wollongong City Council | Income Statement of Tourist parks | for the year ended 30 June 2022

## Wollongong City Council

### Income Statement of Tourist parks for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	6,782	7,742
Rental Income	136	102
Other income	16	38
<b>Total income from continuing operations</b>	<b>6,934</b>	<b>7,882</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,054	3,179
Materials and services	2,124	2,332
Depreciation, amortisation and impairment	1,141	1,249
Calculated taxation equivalents	502	477
<b>Total expenses from continuing operations</b>	<b>6,821</b>	<b>7,237</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>113</b>	<b>645</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>113</b>	<b>645</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>113</b>	<b>645</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(28)	(168)
<b>Surplus (deficit) after tax</b>	<b>85</b>	<b>477</b>
<b>Plus accumulated surplus <sup>1</sup></b>	<b>9,928</b>	<b>10,044</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	502	477
– Corporate taxation equivalent	28	168
– Dividend paid	(1,870)	(1,238)
<b>Closing accumulated surplus</b>	<b>8,673</b>	<b>9,928</b>
<b>Return on capital %</b>	<b>0.4%</b>	<b>2.4%</b>
<b>Subsidy from Council</b>	<b>933</b>	<b>–</b>

(1) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.

Wollongong City Council | Income Statement of Health & Fitness | for the year ended 30 June 2022

## Wollongong City Council

### Income Statement of Health & Fitness

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	1,299	1,950
Rental Income	1	3
Other income	58	71
<b>Total income from continuing operations</b>	<b>1,358</b>	<b>2,024</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,338	2,469
Materials and services	1,081	1,261
Depreciation, amortisation and impairment	90	44
Calculated taxation equivalents	161	156
<b>Total expenses from continuing operations</b>	<b>3,670</b>	<b>3,930</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,312)</b>	<b>(1,906)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,312)</b>	<b>(1,906)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,312)</b>	<b>(1,906)</b>
<b>Surplus (deficit) after tax</b>	<b>(2,312)</b>	<b>(1,906)</b>
<b>Plus accumulated surplus <sup>1</sup></b>	<b>1,315</b>	<b>1,387</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	161	156
– Subsidy paid/contribution to operations	2,169	1,678
<b>Closing accumulated surplus</b>	<b>1,333</b>	<b>1,315</b>
<b>Return on capital %</b>	<b>(37.6)%</b>	<b>(33.9)%</b>
<b>Subsidy from Council</b>	<b>2,537</b>	<b>1,990</b>

(1) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.

Wollongong City Council | Statement of Financial Position of Waste Disposal | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Financial Position of Waste Disposal

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	5,831	3,415
<b>Total current assets</b>	<b>5,831</b>	<b>3,415</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	53,843	54,281
<b>Total non-current assets</b>	<b>53,843</b>	<b>54,281</b>
<b>Total assets</b>	<b>59,674</b>	<b>57,696</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provisions	19,134	30,762
<b>Total non-current liabilities</b>	<b>19,134</b>	<b>30,762</b>
<b>Total liabilities</b>	<b>19,134</b>	<b>30,762</b>
<b>Net assets</b>	<b>40,540</b>	<b>26,934</b>
<b>EQUITY</b>		
Accumulated surplus <sup>1</sup>	25,865	13,308
Revaluation reserves	14,675	13,626
<b>Total equity</b>	<b>40,540</b>	<b>26,934</b>

(1) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.

Wollongong City Council | Statement of Financial Position of Tourist parks | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Financial Position of Tourist parks as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	28,586	27,282
<b>Total non-current assets</b>	<b>28,586</b>	<b>27,282</b>
<b>Total assets</b>	<b>28,586</b>	<b>27,282</b>
<b>Net assets</b>	<b>28,586</b>	<b>27,282</b>
<b>EQUITY</b>		
Accumulated surplus <sup>1</sup>	8,672	9,928
Revaluation reserves	19,914	17,354
<b>Total equity</b>	<b>28,586</b>	<b>27,282</b>

(1) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.

DRAFT

Wollongong City Council | Statement of Financial Position of Health & Fitness | for the year ended 30 June 2022

## Wollongong City Council

### Statement of Financial Position of Health & Fitness

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	6,157	5,619
<b>Total non-current assets</b>	<b>6,157</b>	<b>5,619</b>
<b>Total assets</b>	<b>6,157</b>	<b>5,619</b>
<b>Net assets</b>	<b>6,157</b>	<b>5,619</b>
<b>EQUITY</b>		
Accumulated surplus <sup>1</sup>	1,332	1,315
Revaluation reserves	4,825	4,304
<b>Total equity</b>	<b>6,157</b>	<b>5,619</b>

(1) The financial statements of this business activity are prepared notionally for external reporting purposes. In previous years, either a receivable from, or a payable to Council has been disclosed in the Statement of Financial Position to reflect the net financial position of the business activity. These balances have been growing over time and with no separate bank account, there has been no way for the business unit to either recover from or pay back the balance to Council. For the 2022 reporting period, either a subsidy received by the business activity from Council or a dividend paid by the business activity to Council has been disclosed to reflect the net financial position of the business activity. For comparative purposes a one off adjustment to the prior year's opening and closing accumulated surplus balances were made to reflect the offset of either the aggregated payable or receivable balance. It is considered that the removal of these balancing items will more accurately reflect the financial position of this business unit.

DRAFT



## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

- a. **Waste Disposal:** Manages the disposal of solid waste generated within the city.
- b. **Tourist Parks:** Operation, management & development of tourist parks at Bulli, Corrimal & Windang.
- c. **Health & Fitness\*:** Responsible for the management and upkeep of Council's Leisure Centres.

\* As Council declared in its *2021-2022 Revenue Policy Fees and Charges*, that the Health & Fitness business activity was Category 1, it must be reported as such in the Special Purpose Financial Statements for 2021-2022 even though gross operating turnover has fallen below \$2 million. This was due to the unplanned temporary closure of Health & Fitness facilities and some services, in response to NSW Government restrictions due to the spread of COVID-19.

#### Category 2

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

Nil

### Taxation equivalent charges

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

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

## Note – Significant Accounting Policies (continued)

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

### Notional rate applied (%)

Corporate income tax rate – 25% (2020/21 26%)

Land tax – the first \$822,000 of combined land values attracts 0%. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of 2.0% + \$67,364 applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (2020/21 26%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

The activities reported in these financial statements are prepared notionally for external purposes only. Separate bank accounts are not held. The overall effect of subsidies received from Council is disclosed within individual income statements to reflect the net financial position of each business activity.

#### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

---

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

## Note – Significant Accounting Policies (continued)

---

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/06/22.

### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities. The activities reported in these financial statements are prepared notionally for external purposes only. Separate bank accounts are not held. The overall effect of dividends paid to Council is disclosed within individual income statements to reflect the net financial position of each business activity.

### Infrastructure, Property, Plant & Equipment

Buildings and other assets used in the operation of these business activities are owned and controlled by Council. A charge for their utilisation is included in the Income Statement and these assets have been excluded from the Infrastructure, Property, Plant & Equipment in the Statement of Financial Position. The Infrastructure, Property, Plant & Equipment figure consists operational equipment and land as these have not been captured through the Income Statement

DRAFT

## Wollongong City Council

### Special Purpose Financial Statements for the year ended 30 June 2022

---

DRAFT

DRAFT

# Wollongong City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

---



## Wollongong City Council

### Special Schedules

for the year ended 30 June 2022

---

Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	5

DRAFT

Wollongong City Council | Permissible income for general rates | for the year ended 30 June 2022

## Wollongong City Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	175,452	180,317
Plus or minus adjustments <sup>2</sup>	b	1,153	316
<b>Notional general income</b>	c = a + b	<b>176,605</b>	<b>180,633</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	1.80%
Or plus rate peg amount	i = e x (c + g)	3,532	3,251
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>180,137</b>	<b>183,884</b>
Plus (or minus) last year's carry forward total	l	167	4
Less valuation objections claimed in the previous year	m	(37)	(54)
<b>Sub-total</b>	n = (l + m)	<b>130</b>	<b>(50)</b>
<b>Total permissible income</b>	o = k + n	<b>180,267</b>	<b>183,834</b>
Less notional general income yield	p	180,317	183,872
<b>Catch-up or (excess) result</b>	q = o - p	<b>(50)</b>	<b>(38)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	54	44
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>4</b>	<b>6</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Permissible income for general rates

---

Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen

DRAFT

Wollongong City Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Wollongong City Council

### Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	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 <sup>(a)</sup> \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	3,857	9,210	12,846	9,719	332,607	624,165	9.2%	21.5%	62.4%	3.9%	3.0%
	<b>Sub-total</b>	<b>3,857</b>	<b>9,210</b>	<b>12,846</b>	<b>9,719</b>	<b>332,607</b>	<b>624,165</b>	<b>9.2%</b>	<b>21.5%</b>	<b>62.4%</b>	<b>3.9%</b>	<b>3.0%</b>
<b>Other structures</b>	Other structures	758	1,642	552	304	9,210	17,408	5.7%	23.3%	51.9%	4.0%	15.1%
	<b>Sub-total</b>	<b>758</b>	<b>1,642</b>	<b>552</b>	<b>304</b>	<b>9,210</b>	<b>17,408</b>	<b>5.7%</b>	<b>23.3%</b>	<b>51.9%</b>	<b>4.0%</b>	<b>15.1%</b>
<b>Roads</b>	Roads	49,541	147,456	16,826	9,813	837,350	1,869,502	35.1%	16.7%	40.2%	7.9%	0.1%
	Sealed roads	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
	Bridges	705	2,042	556	729	94,683	138,910	12.6%	36.6%	46.3%	4.2%	0.3%
	Footpaths	3,767	11,119	2,447	3,613	178,914	344,698	17.3%	18.6%	58.9%	5.1%	0.1%
	Other road assets (incl. bulk earth works)	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>54,013</b>	<b>160,617</b>	<b>19,829</b>	<b>14,155</b>	<b>1,110,947</b>	<b>2,353,110</b>	<b>31.2%</b>	<b>18.2%</b>	<b>43.3%</b>	<b>7.3%</b>	<b>0.1%</b>
<b>Stormwater drainage</b>	Stormwater drainage	204	609	7,272	3,582	841,764	1,547,139	9.5%	26.8%	63.5%	0.2%	0.0%
	<b>Sub-total</b>	<b>204</b>	<b>609</b>	<b>7,272</b>	<b>3,582</b>	<b>841,764</b>	<b>1,547,139</b>	<b>9.5%</b>	<b>26.8%</b>	<b>63.5%</b>	<b>0.2%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools & Open Space/Recreation	7,547	21,123	16,746	16,648	154,497	264,489	26.1%	7.1%	48.4%	16.0%	2.4%
	<b>Sub-total</b>	<b>7,547</b>	<b>21,123</b>	<b>16,746</b>	<b>16,648</b>	<b>154,497</b>	<b>264,489</b>	<b>26.1%</b>	<b>7.1%</b>	<b>48.4%</b>	<b>16.0%</b>	<b>2.4%</b>
<b>Total – all assets</b>		<b>66,379</b>	<b>193,201</b>	<b>57,245</b>	<b>44,408</b>	<b>2,449,025</b>	<b>4,806,311</b>	<b>21.0%</b>	<b>20.8%</b>	<b>52.6%</b>	<b>5.0%</b>	<b>0.6%</b>

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

#### Infrastructure asset condition assessment 'key'

(1) Estimated Cost to Bring To Satisfactory Standard per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3'.

(2) Maintenance costs, per Office of Local Government Requirements, include both Maintenance and (appropriate) operational costs captured as Asset Operations in Council's financial system. Required maintenance reflects amounts calculated using benchmark data from other Group 5 Councils as % GRC.

(3) Cost to bring to agreed service level is defined as "The proportion of the GRC that have reached the intervention level based on condition." The outstanding renewal works compared to the total replacement cost of Councils assets. That is calculated as the cost of bringing condition 4 and 5 assets to condition 1.

continued on next page ...

Page 5

## Wollongong City Council

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

---

#### Asset Condition Definitions #

Rating	Status
1	Excellent
2	Very Good
3	Good (Satisfactory)
4	Average
5	Poor

DRAFT



Wollongong City Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Wollongong City Council

### Report on infrastructure assets as at 30 June 2022

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>36,579</b>	<b>66.42%</b>	97.11%	102.11%	>= 100.00%
Depreciation, amortisation and impairment	<b>55,070</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>66,379</b>	<b>2.62%</b>	3.40%	3.32%	< 2.00%
Net carrying amount of infrastructure assets	<b>2,535,615</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>44,408</b>	<b>77.58%</b>	93.43%	101.22%	> 100.00%
Required asset maintenance	<b>57,245</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>193,201</b>	<b>4.02%</b>	2.92%	3.03%	
Gross replacement cost	<b>4,806,311</b>				

(\*) 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.

## Wollongong City 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 28 November 2022.

---

Gordon Bradbery  
Lord Mayor  
28 November 2022

---

Tania Brown  
Deputy Lord Mayor  
28 November 2022

---

Greg Doyle  
General Manager  
28 November 2022

---

Brian Jenkins  
Responsible Accounting Officer  
28 November 2022

## Wollongong City Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

---

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 November 2022.

---

Gordon Bradbery  
Lord Mayor  
28 November 2022

---

Tania Brown  
Deputy Lord Mayor  
28 November 2022

---

Greg Doyle  
General Manager  
28 November 2022

---

Brian Jenkins  
Responsible Accounting Officer  
28 November 2022

**Wollongong City Council  
Flowchart of the Annual Financial Statements Approval Process**

