



# Annual Financial Statements

for the year ended  
30 June 2022

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity  
@ your doorstep



# General Purpose Financial Statements

for the year ended  
30 June 2022

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity  
@ your doorstep

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2022

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### Overview

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

Council of the City of Ryde  
Level 1, Building 0  
Binary Centre  
3 Richardson Place  
North Ryde NSW 2113

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.ryde.nsw.gov.au](http://www.ryde.nsw.gov.au) .

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Council of the City of Ryde

## General Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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

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

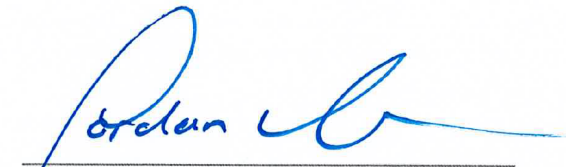
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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


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

Signed in accordance with a resolution of Council made on 25 October 2022.



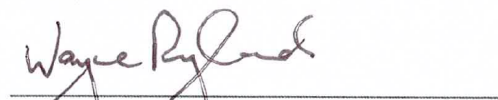
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Councillor Jordan Lane  
Mayor  
25 October 2022



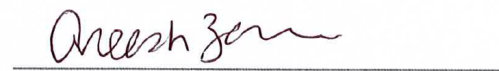
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Councillor Sarkis Yedelian  
Deputy Mayor  
25 October 2022



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Wayne Rylands  
Chief Executive Officer  
25 October 2022



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Aneesh Zahra  
Responsible Accounting Officer  
25 October 2022

## Council of the City of Ryde

### Income Statement

for the year ended 30 June 2022

| Original<br>unaudited<br>budget<br>2022    | \$ '000  | Notes | Actual<br>2022 | Actual<br>2021 |
|--|--|-------|----------------|----------------|
| <b>Income from continuing operations</b>   |  |       |                |                |
| 102,242                                    | Rates and annual charges   | B2-1  | 103,463        | 100,882        |
| 18,977                                     | User charges and fees  | B2-2  | 13,622         | 14,773         |
| 8,701                                      | Other revenues   | B2-3  | 4,493          | 6,428          |
| 6,040                                      | Grants and contributions provided for operating purposes   | B2-4  | 8,073          | 7,279          |
| 10,936                                     | Grants and contributions provided for capital purposes   | B2-4  | 18,407         | 23,637         |
| 2,486                                      | Interest and investment income   | B2-5  | 3,424          | 3,696          |
| 4,091                                      | Other income   | B2-6  | 17,140         | 40,478         |
| 100  | Net gain from the disposal of assets   | B4-1  | -              | 1,300          |
| 153,573                                    | <b>Total income from continuing operations</b>   |       | <b>168,622</b> | <b>198,473</b> |
| <b>Expenses from continuing operations</b> |  |       |                |                |
| 57,398                                     | Employee benefits and on-costs   | B3-1  | 53,441         | 52,894         |
| 50,675                                     | Materials and services   | B3-2  | 44,276         | 46,810         |
| 168  | Borrowing costs  | B3-3  | 163            | 173            |
| 21,762                                     | Depreciation, amortisation and impairment of non-financial assets                                      | B3-4  | 25,822         | 24,248         |
| 6,297                                      | Other expenses   | B3-5  | 7,382          | 6,802          |
| -  | Net loss from the disposal of assets   | B4-1  | 3,487          | -              |
| 136,300                                    | <b>Total expenses from continuing operations</b>   |       | <b>134,571</b> | <b>130,927</b> |
| 17,273                                     | <b>Operating result from continuing operations</b>   |       | <b>34,051</b>  | <b>67,546</b>  |
| 17,273                                     | <b>Net operating result for the year attributable to Council</b>                                       |       | <b>34,051</b>  | <b>67,546</b>  |
| 17,274                                     | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>15,644</b>  | <b>43,909</b>  |

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

## Council of the City of Ryde

### 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>34,051</b>  | <b>67,546</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            | C1-6  | <u>131,322</u> | <u>10,374</u> |
| <b>Total items which will not be reclassified subsequently to the operating result</b> |       | <b>131,322</b> | <b>10,374</b> |
| <b>Total other comprehensive income for the year</b>                                   |       | <b>131,322</b> | <b>10,374</b> |
| <b>Total comprehensive income for the year attributable to Council</b>                 |       | <b>165,373</b> | <b>77,920</b> |

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

## Council of the City of Ryde

### Statement of Financial Position

as at 30 June 2022

| \$ '000  | Notes | 2022             | 2021             |
|--|-------|------------------|------------------|
| <b>ASSETS</b>  |       |                  |                  |
| <b>Current assets</b>                                |       |                  |                  |
| Cash and cash equivalents                            | C1-1  | 22,874           | 27,945           |
| Investments  | C1-2  | 84,243           | 108,094          |
| Receivables  | C1-4  | 13,401           | 13,474           |
| Inventories  | C1-5  | 759              | 709              |
| Other  | C1-8  | 1,570            | 6,886            |
| <b>Total current assets</b>                          |       | <b>122,847</b>   | <b>157,108</b>   |
| <b>Non-current assets</b>                            |       |                  |                  |
| Investments  | C1-2  | 112,789          | 94,666           |
| Receivables  | C1-4  | 1,812            | 22               |
| Infrastructure, property, plant and equipment (IPPE) | C1-6  | 1,440,132        | 1,282,914        |
| Investment property                                  | C1-7  | 181,370          | 157,235          |
| Right of use assets                                  | C2-1  | 4,437            | 6,854            |
| <b>Total non-current assets</b>                      |       | <b>1,740,540</b> | <b>1,541,691</b> |
| <b>Total assets</b>                                  |       | <b>1,863,387</b> | <b>1,698,799</b> |
| <b>LIABILITIES</b>                                   |       |                  |                  |
| <b>Current liabilities</b>                           |       |                  |                  |
| Payables   | C3-1  | 29,985           | 29,083           |
| Contract liabilities                                 | C3-2  | 5,578            | 4,737            |
| Lease liabilities                                    | C2-1  | 2,254            | 2,117            |
| Borrowings   | C3-3  | 352              | 338              |
| Employee benefit provisions                          | C3-4  | 16,491           | 16,381           |
| <b>Total current liabilities</b>                     |       | <b>54,660</b>    | <b>52,656</b>    |
| <b>Non-current liabilities</b>                       |       |                  |                  |
| Contract liabilities                                 | C3-2  | 5,461            | 5,470            |
| Lease liabilities                                    | C2-1  | 1,981            | 4,235            |
| Borrowings   | C3-3  | 415              | 762              |
| Employee benefit provisions                          | C3-4  | 865              | 1,044            |
| <b>Total non-current liabilities</b>                 |       | <b>8,722</b>     | <b>11,511</b>    |
| <b>Total liabilities</b>                             |       | <b>63,382</b>    | <b>64,167</b>    |
| <b>Net assets</b>                                    |       | <b>1,800,005</b> | <b>1,634,632</b> |
| <b>EQUITY</b>  |       |                  |                  |
| Accumulated surplus                                  |       | 1,301,668        | 1,267,617        |
| IPPE revaluation reserve                             |       | 498,337          | 367,015          |
| <b>Council equity interest</b>                       |       | <b>1,800,005</b> | <b>1,634,632</b> |
| <b>Total equity</b>                                  |       | <b>1,800,005</b> | <b>1,634,632</b> |

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



## Council of the City of Ryde

### 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   |       | 1,267,617           | 367,015                  | 1,634,632    | 1,200,071           | 356,641                  | 1,556,712    |
| Net operating result for the year   |       | 34,051              | –                        | 34,051       | 67,546              | –                        | 67,546       |
| <b>Other comprehensive income</b>   |       |                     |                          |              |                     |                          |              |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-6  | –                   | 131,322                  | 131,322      | –                   | 10,374                   | 10,374       |
| <b>Other comprehensive income</b>   |       | –                   | 131,322                  | 131,322      | –                   | 10,374                   | 10,374       |
| <b>Total comprehensive income</b>   |       | 34,051              | 131,322                  | 165,373      | 67,546              | 10,374                   | 77,920       |
| <b>Closing balance at 30 June</b>   |       | 1,301,668           | 498,337                  | 1,800,005    | 1,267,617           | 367,015                  | 1,634,632    |

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

## Council of the City of Ryde

### Statement of Cash Flows

for the year ended 30 June 2022

| Original<br>unaudited<br>budget<br>2022     | \$ '000   | Notes | Actual<br>2022  | Actual<br>2021 |
|---|---|-------|-----------------|----------------|
| <b>Cash flows from operating activities</b> |   |       |                 |                |
| <b>Receipts:</b>                            |   |       |                 |                |
| 102,359                                     | Rates and annual charges                        |       | <b>103,382</b>  | 99,596         |
| 20,449                                      | User charges and fees                           |       | <b>13,723</b>   | 15,579         |
| 2,486                                       | Interest received                               |       | <b>3,093</b>    | 4,147          |
| 6,040                                       | Grants and contributions                        |       | <b>23,145</b>   | 25,101         |
| –   | Bonds, deposits and retentions received         |       | <b>1,321</b>    | 182            |
| 13,073                                      | Other   |       | <b>8,733</b>    | 9,847          |
| <b>Payments:</b>                            |   |       |                 |                |
| (57,298)                                    | Payments to employees                           |       | <b>(53,510)</b> | (51,035)       |
| (40,085)                                    | Payments for materials and services             |       | <b>(45,039)</b> | (49,205)       |
| (168)                                       | Borrowing costs                                 |       | <b>(163)</b>    | (173)          |
| (22,665)                                    | Other   |       | <b>(2,124)</b>  | (9,429)        |
| 24,191                                      | <b>Net cash flows from operating activities</b> | F1-1  | <b>52,561</b>   | 44,610         |
| <b>Cash flows from investing activities</b> |   |       |                 |                |
| <b>Receipts:</b>                            |   |       |                 |                |
| 10,799                                      | Sale of investments                             |       | –               | 19,703         |
| –   | Redemption of term deposits                     |       | <b>47,950</b>   | –              |
| 1,353                                       | Proceeds from sale of IPPE                      |       | <b>1,591</b>    | 3,163          |
| <b>Payments:</b>                            |   |       |                 |                |
| –   | Purchase of investments                         |       | <b>(42,144)</b> | –              |
| –   | Acquisition of term deposits                    |       | –               | (16,450)       |
| (5,688)                                     | Purchase of investment property                 |       | <b>(10,894)</b> | (36)           |
| (106,820)                                   | Payments for IPPE                               |       | <b>(51,685)</b> | (48,254)       |
| (100,356)                                   | <b>Net cash flows from investing activities</b> |       | <b>(55,182)</b> | (41,874)       |
| <b>Cash flows from financing activities</b> |   |       |                 |                |
| <b>Payments:</b>                            |   |       |                 |                |
| (332)                                       | Repayment of borrowings                         |       | <b>(333)</b>    | (308)          |
| (2,223)                                     | Principal component of lease payments           |       | <b>(2,117)</b>  | (1,932)        |
| (2,555)                                     | <b>Net cash flows from financing activities</b> |       | <b>(2,450)</b>  | (2,240)        |
| <b>(78,720)</b>                             | <b>Net change in cash and cash equivalents</b>  |       | <b>(5,071)</b>  | 496            |
| –   | Cash and cash equivalents at beginning of year  |       | <b>27,945</b>   | 27,449         |
| <b>(78,720)</b>                             | <b>Cash and cash equivalents at end of year</b> | C1-1  | <b>22,874</b>   | 27,945         |

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

# Council of the City of Ryde

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## Council of the City of Ryde

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 September 2022. Council has the power to amend and reissue these financial statements 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 consolidated financial statements are set out below.

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

Council has closely monitored the economic impacts (both locally and globally) arising from the outbreak of the COVID-19 pandemic and the implications in preparing these financial statements. Council will continue to monitor the actions and directives issued by both State and Federal Government's to ensure that the spread of COVID-19 is controlled and assist local economic recovery in a fiscally responsible manner.

Council continue to monitor the developments and implications of the COVID-19 pandemic in the coming financial year through the detailed scenarios and business continuity planning to minimise operational business interruptions.

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of investment property – refer Note C1-7
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iii. 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.

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

## A1-1 Basis of preparation (continued)

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### 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.

#### The Trust Fund

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

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

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

#### Goods and Services Tax (GST)

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 offers a variety of services, events and programs that are fulfilled with the generosity of volunteers who offer their time and skills. Such services include bushcare, festivals, library and multicultural programs. The nature of such activities would not be purchased if not donated, and is not reliably measured. As such, Council does not recognise these services in the income statement.

#### New accounting standards and interpretations issued but not yet effective

##### New accounting standards and interpretations issued but not yet effective

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

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

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

#### New accounting standards adopted during the year

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

## B Financial Performance

### B1 Functions or activities

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

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

| \$ '000                                  | Income         |                | Expenses       |                | Operating result |               | Grants and contributions |               | Carrying amount of assets |                  |
|--|----------------|----------------|----------------|----------------|------------------|---------------|--------------------------|---------------|---------------------------|------------------|
|  | 2022           | 2021           | 2022           | 2021           | 2022             | 2021          | 2022                     | 2021          | 2022                      | 2021             |
| <b>Functions or activities</b>           |                |                |                |                |                  |               |                          |               |                           |                  |
| Catchment program                        | 39             | 221            | 5,593          | 5,021          | (5,554)          | (4,800)       | 13                       | 260           | 206,276                   | 191,804          |
| Centres and Neighbourhood program        | 524            | 4,433          | 3,093          | 3,376          | (2,569)          | 1,057         | 446                      | 4,308         | –                         | –                |
| Community and Cultural program           | 4,717          | 8,228          | 5,947          | 5,861          | (1,230)          | 2,367         | 3,399                    | 6,943         | 110                       | 110              |
| Customer and Community Relations program | 13             | 13             | 2,458          | 3,427          | (2,445)          | (3,414)       | –                        | –             | –                         | –                |
| Economic Development program             | 7              | 6              | 229            | 304            | (222)            | (298)         | 2                        | 2             | –                         | –                |
| Environmental program                    | 66             | 80             | 890            | 994            | (824)            | (914)         | 48                       | 36            | –                         | –                |
| Foreshore program                        | 536            | 6              | 184            | 180            | 352              | (174)         | 537                      | 6             | –                         | –                |
| Governance and Civic program             | 637            | 277            | 5,014          | 4,466          | (4,377)          | (4,189)       | 623                      | 268           | –                         | –                |
| Internal Corporate Services program      | 13,992         | 39,162         | 18,068         | 22,914         | (4,076)          | 16,248        | –                        | 7             | 292,859                   | 314,748          |
| Land Use Planning program                | 6,141          | 8,995          | 1,597          | 1,952          | 4,544            | 7,043         | 5,913                    | 8,939         | –                         | –                |
| Library program                          | 463            | 427            | 6,378          | 5,887          | (5,915)          | (5,460)       | 422                      | 376           | –                         | –                |
| Open Space, Sport & Recreation program   | 8,445          | 7,408          | 20,333         | 19,991         | (11,888)         | (12,583)      | 3,219                    | 1,207         | 286,002                   | 266,150          |
| Organisational Development program       | –              | –              | 325            | 411            | (325)            | (411)         | –                        | –             | –                         | –                |
| Paths and Cycleways program              | 445            | 607            | 4,448          | 3,572          | (4,003)          | (2,965)       | 189                      | 631           | 77,189                    | 64,157           |
| Property Portfolio program               | 2,192          | 2,256          | 6,073          | 6,487          | (3,881)          | (4,231)       | 16                       | 28            | 693,906                   | 566,650          |
| Regulatory program                       | 7,304          | 9,490          | 9,291          | 9,107          | (1,987)          | 383           | –                        | –             | –                         | –                |
| Risk Management program                  | 146            | 317            | 4,272          | 4,416          | (4,126)          | (4,099)       | –                        | –             | –                         | –                |
| Roads program                            | 6,838          | 4,194          | 12,284         | 9,068          | (5,446)          | (4,874)       | 5,502                    | 2,889         | 287,349                   | 276,647          |
| Strategic City program                   | –              | –              | 520            | 700            | (520)            | (700)         | –                        | –             | –                         | –                |
| Traffic & Transport program              | 3,339          | 2,807          | 4,346          | 3,326          | (1,007)          | (519)         | 2,224                    | 1,999         | 19,696                    | 18,533           |
| Waste and Recycling program              | 26,108         | 25,157         | 23,228         | 19,467         | 2,880            | 5,690         | 303                      | 182           | –                         | –                |
| General purpose income                   | 86,670         | 84,389         | –              | –              | 86,670           | 84,389        | 3,624                    | 2,835         | –                         | –                |
| <b>Total functions and activities</b>    | <b>168,622</b> | <b>198,473</b> | <b>134,571</b> | <b>130,927</b> | <b>34,051</b>    | <b>67,546</b> | <b>26,480</b>            | <b>30,916</b> | <b>1,863,387</b>          | <b>1,698,799</b> |

## B1-2 Components of functions or activities

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

### Catchment program

Managing, monitoring and maintaining water quality and reuse of our stormwater and natural waterways.

### Centres and Neighbourhood program

Developing, delivering, maintaining and managing our public domain infrastructure, facilities and place management.

### Community and Cultural program

Managing all community services, community development, community buildings and events and driving cultural development.

### Customer and Community Relations program

Engaging with our community, all media and community relations, branding and marketing our city and developing and managing all our customer services.

### Economic Development program

Business sector and economic development.

### Environmental program

Monitoring and managing our environmental performance, developing environmental policy and making our community aware of environmental impact.

### Foreshore program

Managing all aspects of our foreshore

### Governance and Civic program

Supporting our mayor and councillors; through council process and civic events; and providing guidance on governance to support other areas of council.

### Internal Corporate Services program

Developing and managing our information, records and corporate knowledge; implementing information technology, communications, business, financial and HR infrastructure and services. Managing our fleet and plant; planning and developing assets; all project management and administrative support.

### Land Use Planning program

Planning, delivering and managing our land and urban design and enhancing and informing on our heritage.

### Library program

Delivering our library services

### Open Space, Sport & Recreation program

Developing, delivering, maintaining and managing all our sports, recreation, outdoor, open spaces and natural areas infrastructure, services and facilities.

### Organisational Development program

Addressing workforce planning, driving culture and performance, assessing process efficiency and overseeing all corporate communications.

### Paths and Cycleways program

Developing, managing and maintaining our footpaths and cycleways.

### Property Portfolio program

Developing, managing and maintaining our portfolio of corporate, commercial and civic properties.

### Regulatory program

Delivering all our regulatory assessments and activities, including building regulations, environmental regulations, road, parking and footpath enforcement and animal management.

### Risk Management program

Managing all legal services, procurement and internal auditing, assessing and managing business continuity, risk and disaster management

### Roads program

Managing and maintaining our roads, bridges and retaining walls



## B1-2 Components of functions or activities (continued)

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### **Strategic City program**

Providing strategic direction and planning; and managing the reporting on our corporate performance.

### **Traffic & Transport program**

Managing our transport, traffic and car parking; developing sustainable transport options.

### **Waste and Recycling program**

Managing our domestic and commercial waste services, educating on and facilitating recycling and disposal services

## B2 Sources of income

### B2-1 Rates and annual charges

| \$ '000   | 2022           | 2021           |
|---|----------------|----------------|
| <b>Ordinary rates</b>   |                |                |
| Residential   | 34,946         | 33,667         |
| Business  | 20,633         | 20,898         |
| Less: pensioner rebates (mandatory)                                   | (666)          | (675)          |
| Less: pensioner rebates (Council policy)                              | –              | (1)            |
| <b>Rates levied to ratepayers</b>                                     | <b>54,913</b>  | <b>53,889</b>  |
| Pensioner rate subsidies received                                     | 367            | 368            |
| <b>Total ordinary rates</b>   | <b>55,280</b>  | <b>54,257</b>  |
| <b>Special rates</b>  |                |                |
| Environmental   | 7,904          | 7,700          |
| Infrastructure special rate levy                                      | 13,397         | 13,037         |
| Macquarie park  | 1,807          | 1,836          |
| <b>Rates levied to ratepayers</b>                                     | <b>23,108</b>  | <b>22,573</b>  |
| <b>Total special rates</b>  | <b>23,108</b>  | <b>22,573</b>  |
| <b>Annual charges</b>   |                |                |
| <small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small> |                |                |
| Domestic waste management services                                    | 24,204         | 23,424         |
| Stormwater management services  | 1,144          | 1,135          |
| Section 611 charges   | 243            | 230            |
| Non-rateable waste management charges                                 | 110            | 114            |
| Less: pensioner rebates (mandatory)                                   | (421)          | (431)          |
| Less: pensioner rebates (Council policy)                              | (437)          | (654)          |
| <b>Annual charges levied</b>  | <b>24,843</b>  | <b>23,818</b>  |
| Pensioner subsidies received:   |                |                |
| – Domestic waste management   | 232            | 234            |
| <b>Total annual charges</b>   | <b>25,075</b>  | <b>24,052</b>  |
| <b>Total rates and annual charges</b>                                 | <b>103,463</b> | <b>100,882</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 at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

## B2-2 User charges and fees

| \$ '000   | Timing * | 2022          | 2021          |
|---|----------|---------------|---------------|
| <b>Specific user charges</b>  |          |               |               |
| (per s.502 - specific 'actual use' charges)                                   |          |               |               |
| Aquatic centre  | 2        | 3,739         | 4,943         |
| Commercial waste service  | 2        | 1,273         | 1,273         |
| Road restorations   | 2        | 1,041         | 109           |
| Hall hire   | 2        | 762           | 632           |
| Sports facility rental  | 2        | 165           | 320           |
| Gutter crossings  | 2        | 70            | 88            |
| <b>Total specific user charges</b>  |          | <b>7,050</b>  | <b>7,365</b>  |
| <b>Other user charges and fees</b>  |          |               |               |
| <b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>  |          |               |               |
| Regulatory/ statutory fees  | 2        | 2,856         | 3,310         |
| Section 10.7 certificates (EP&A Act)  | 2        | 459           | 493           |
| Section 603 certificates  | 2        | 250           | 258           |
| Tree Preservation   | 2        | 83            | 74            |
| Private works – section 67  | 2        | 9             | 20            |
| Other   | 2        | 35            | 43            |
| <b>Total fees and charges – statutory/regulatory</b>                          |          | <b>3,692</b>  | <b>4,198</b>  |
| <b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b> |          |               |               |
| Road activity and hoarding  | 2        | 1,278         | 655           |
| Parking fees  | 2        | 900           | 1,076         |
| Environmental planning  | 2        | 485           | 1,344         |
| Home maintenance and modification   | 2        | 74            | 86            |
| Other   | 2        | 143           | 49            |
| <b>Total fees and charges – other</b>   |          | <b>2,880</b>  | <b>3,210</b>  |
| <b>Total other user charges and fees</b>                                      |          | <b>6,572</b>  | <b>7,408</b>  |
| <b>Total user charges and fees</b>  |          | <b>13,622</b> | <b>14,773</b> |
| <b>Timing of revenue recognition for user charges and fees</b>                |          |               |               |
| User charges and fees recognised over time (1)                                |          | –             | –             |
| User charges and fees recognised at a point in time (2)                       |          | 13,622        | 14,773        |
| <b>Total user charges and fees</b>  |          | <b>13,622</b> | <b>14,773</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 14 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.

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-3 Other revenues

| \$ '000  | Timing <sup>*</sup> | 2022         | 2021         |
|--|---------------------|--------------|--------------|
| Fines – parking  | 2                   | 2,588        | 3,366        |
| Materials recycling                                    | 2                   | 517          | 729          |
| Other rebates  | 2                   | 465          | 759          |
| Recoveries – other                                     | 2                   | 113          | 117          |
| Legal fees recovery – other                            | 2                   | 107          | 186          |
| Sundry sales   | 2                   | 251          | 149          |
| Sale of abandoned vehicles                             | 2                   | 30           | 30           |
| Fines  | 2                   | 15           | 63           |
| Other  | 2                   | 407          | 1,029        |
| <b>Total other revenue</b>                             |                     | <b>4,493</b> | <b>6,428</b> |
| <b>Timing of revenue recognition for other revenue</b> |                     |              |              |
| Other revenue recognised over time (1)                 |                     | –            | –            |
| Other revenue recognised at a point in time (2)        |                     | 4,493        | 6,428        |
| <b>Total other revenue</b>                             |                     | <b>4,493</b> | <b>6,428</b> |

### Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier. The only exception is Fines Revenue which is recognised as revenue upon payment of the infringement rather than at the time of the infringement being issued.

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-4 Grants and contributions

| \$ '000  | Timing * | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|--|----------|-------------------|-------------------|-----------------|-----------------|
| <b>General purpose grants and non-developer contributions (untied)</b>     |          |                   |                   |                 |                 |
| <b>General purpose (untied)</b>  |          |                   |                   |                 |                 |
| <b>Current year allocation</b>   |          |                   |                   |                 |                 |
| Financial assistance   | 2        | 1,944             | 1,863             | -               | -               |
| <b>Payment in advance - future year allocation</b>                         |          |                   |                   |                 |                 |
| Financial assistance   | 2        | 2,988             | 1,995             | -               | -               |
| <b>Amount recognised as income during current year</b>                     |          | <b>4,932</b>      | <b>3,858</b>      | <b>-</b>        | <b>-</b>        |
| <b>Special purpose grants and non-developer contributions (tied)</b>       |          |                   |                   |                 |                 |
| <b>Cash contributions</b>  |          |                   |                   |                 |                 |
| Library  | 2        | 421               | 376               | -               | -               |
| Kerb and Gutter  | 2        | -                 | -                 | 2,737           | 628             |
| Street & traffic lighting  | 2        | 446               | 371               | -               | -               |
| Transport  | 2        | 592               | 560               | 2,893           | 2,466           |
| Home maintenance and modification  | 2        | 436               | 443               | -               | -               |
| Waste Management   | 2        | 292               | 141               | -               | -               |
| Community staff funding  | 2        | 185               | 253               | -               | -               |
| Sportsground Expansion   | 2        | -                 | -                 | 878             | -               |
| Emergency Services Levy Contribution                                       | 2        | 623               | 268               | -               | -               |
| Passive parks expansion  | 2        | -                 | -                 | 239             | 103             |
| Sportsground amenities renewal   | 2        | -                 | -                 | 1,660           | 601             |
| Playground renewals/upgrades   | 2        | -                 | -                 | 300             | 300             |
| LEP grant  | 2        | -                 | 521               | -               | -               |
| Other specific grants  | 2        | 133               | 228               | 875             | 327             |
| Transport (roads to recovery)  | 2        | -                 | -                 | 175             | 695             |
| <b>Previously contributions:</b>   |          |                   |                   |                 |                 |
| Other contributions  | 2        | 13                | 260               | 43              | 74              |
| <b>Total special purpose grants and non-developer contributions – cash</b> |          | <b>3,141</b>      | <b>3,421</b>      | <b>9,800</b>    | <b>5,194</b>    |
| <b>Total special purpose grants and non-developer contributions (tied)</b> |          | <b>3,141</b>      | <b>3,421</b>      | <b>9,800</b>    | <b>5,194</b>    |
| <b>Total grants and non-developer contributions</b>                        |          | <b>8,073</b>      | <b>7,279</b>      | <b>9,800</b>    | <b>5,194</b>    |
| <b>Comprising:</b>   |          |                   |                   |                 |                 |
| – Commonwealth funding   |          | 5,553             | 3,858             | -               | -               |
| – State funding  |          | 2,520             | 3,421             | 9,800           | 5,194           |
|  |          | <b>8,073</b>      | <b>7,279</b>      | <b>9,800</b>    | <b>5,194</b>    |

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-4 Grants and contributions (continued)

## Developer contributions

| \$ '000  | Notes | Timing * | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|--|-------|----------|-------------------|-------------------|-----------------|-----------------|
| <b>Developer contributions:<br/>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the<br/>LGA):</b> | F3    |          |                   |                   |                 |                 |
| <b>Cash contributions</b>  |       |          |                   |                   |                 |                 |
| S 7.11 – contributions towards<br>amenities/services                                       |       | 2        | –                 | –                 | 200             | 410             |
| S 7.4 – contributions using planning<br>agreements   |       | 2        | –                 | –                 | –               | 3,937           |
| S 7.12 – fixed development consent levies  |       | 2        | –                 | –                 | 376             | 2,588           |
| S 94 – community facilities  |       | 2        | –                 | –                 | 1,719           | 2,270           |
| S 94 – open space  |       | 2        | –                 | –                 | 2,919           | 2,750           |
| S 94 – traffic facilities  |       | 2        | –                 | –                 | 699             | 401             |
| <b>Total developer contributions – cash</b>  |       |          | <b>–</b>          | <b>–</b>          | <b>5,913</b>    | <b>12,356</b>   |
| <b>Non-cash contributions</b>  |       |          |                   |                   |                 |                 |
| S 7.11 – contributions towards<br>amenities/services                                       |       | 2        | –                 | –                 | 2,694           | 6,087           |
| <b>Total developer contributions<br/>non-cash</b>  |       |          | <b>–</b>          | <b>–</b>          | <b>2,694</b>    | <b>6,087</b>    |
| <b>Total developer contributions</b>   |       |          | <b>–</b>          | <b>–</b>          | <b>8,607</b>    | <b>18,443</b>   |
| <b>Total contributions</b>   |       |          | <b>–</b>          | <b>–</b>          | <b>8,607</b>    | <b>18,443</b>   |
| <b>Total grants and contributions</b>  |       |          | <b>8,073</b>      | <b>7,279</b>      | <b>18,407</b>   | <b>23,637</b>   |
| <b>Timing of revenue recognition for grants and<br/>contributions</b>                      |       |          |                   |                   |                 |                 |
| Grants and contributions recognised over time (1)  |       |          | –                 | –                 | –               | –               |
| Grants and contributions recognised at a point in time<br>(2)                              |       |          | 8,073             | 7,279             | 18,407          | 23,637          |
| <b>Total grants and contributions</b>  |       |          | <b>8,073</b>      | <b>7,279</b>      | <b>18,407</b>   | <b>23,637</b>   |

(\*) Timing refers to the revenue recognition pattern for the material streams of Council revenue identified in AASB15 and AASB1058

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

| \$ '000   | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>Unspent grants and contributions</b>   |                   |                   |                 |                 |
| Unspent funds at 1 July   | 3,268             | 2,979             | 7,625           | 6,908           |
| <b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions         | –                 | –                 | –               | –               |
| <b>Add:</b> Funds received and not recognised as revenue in the current year  | 560               | 2,901             | 3,337           | 1,409           |
| <b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year                 | –                 | –                 | –               | –               |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year                          | (3,086)           | (2,612)           | (2,121)         | (692)           |
| <b>Unspent funds at 30 June</b>   | <b>742</b>        | <b>3,268</b>      | <b>8,841</b>    | <b>7,625</b>    |
| <b>Unspent contributions</b>  |                   |                   |                 |                 |
| Unspent funds at 1 July   | –                 | –                 | 19,166          | 95,868          |
| <b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | –                 | –                 | 5,846           | 11,980          |
| <b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year         | –                 | –                 | (4,214)         | (691)           |
| Less: contribution plan repealed  | –                 | –                 | –               | (87,991)        |
| <b>Unspent contributions at 30 June</b>   | <b>–</b>          | <b>–</b>          | <b>20,798</b>   | <b>19,166</b>   |

### 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.

## B2-4 Grants and contributions (continued)

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### **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.

### **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) | 110          | (2)          |
| – Cash and investments   | 3,236        | 3,650        |
| <b>Amortisation of premiums and discounts</b>                    |              |              |
| – Debt securities at amortised cost                              | 78           | 48           |
| <b>Total interest and investment income (losses)</b>             | <b>3,424</b> | <b>3,696</b> |
| <b>Interest and investment income is attributable to:</b>        |              |              |
| <b>Unrestricted investments/financial assets:</b>                |              |              |
| General Council cash and investments                             | 3,352        | 3,696        |
| <b>Restricted investments/funds – external:</b>                  |              |              |
| Development contributions  |              |              |
| – Section 7.11   | 72           | –            |
| <b>Total interest and investment income</b>                      | <b>3,424</b> | <b>3,696</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                                      |       | 13,241        | 36,484        |
| <b>Total fair value increment on investment properties</b>                         | C1-7  | <b>13,241</b> | <b>36,484</b> |
| <b>Rental income</b>   |       |               |               |
| <b>Investment properties</b>   |       |               |               |
| Lease income (excluding variable lease payments not dependent on an index or rate) |       | 588           | 543           |
| <b>Total Investment properties</b>   |       | <b>588</b>    | <b>543</b>    |
| <b>Other lease income</b>  |       |               |               |
| Commercial buildings   |       | 998           | 1,084         |
| Affordable housing   |       | 639           | 535           |
| Leaseback fees - council vehicles  |       | 715           | 717           |
| Other  |       | 959           | 1,115         |
| <b>Total other lease income</b>  |       | <b>3,311</b>  | <b>3,451</b>  |
| <b>Total rental income</b>   | C2-2  | <b>3,899</b>  | <b>3,994</b>  |
| <b>Total other income</b>  |       | <b>17,140</b> | <b>40,478</b> |

## B3 Costs of providing services

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

| \$ '000  | 2022          | 2021          |
|--|---------------|---------------|
| Salaries and wages                             | 46,444        | 49,271        |
| Employee leave entitlements (ELE)              | 4,686         | 4,225         |
| Superannuation                                 | 5,384         | 6,419         |
| Workers' compensation insurance                | 1,460         | 1,341         |
| Fringe benefit tax (FBT)                       | 176           | 177           |
| Training costs (other than salaries and wages) | 368           | 406           |
| Other  | 510           | 655           |
| <b>Total employee costs</b>                    | <b>59,028</b> | <b>62,494</b> |
| Less: capitalised costs <sup>1</sup>           | (5,587)       | (9,600)       |
| <b>Total employee costs expensed</b>           | <b>53,441</b> | <b>52,894</b> |

#### Accounting policy

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

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.

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

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

(1) Prior year figures include temporary & agency staff capitalised costs expensed in B3-2 Materials and services

### B3-2 Materials and services

| \$ '000   | Notes | 2022   | 2021   |
|---|-------|--------|--------|
| Raw materials and consumables                   |       | 3,633  | 2,758  |
| Contractor Costs                                |       |        |        |
| – Waste disposal, collection and recycling      |       | 15,005 | 14,174 |
| – Building cleaning and maintenance             |       | 1,426  | 1,574  |
| – Parks maintenance                             |       | 1,380  | 1,575  |
| – Temporary and agency staff                    |       | 1,257  | 2,621  |
| – Roads and footpaths maintenance               |       | 809    | 592    |
| – Electrical                                    |       | 594    | 608    |
| – Events  |       | 446    | 353    |
| – Construction recycling                        |       | 443    | 315    |
| – Security                                      |       | 386    | 370    |
| – Repairs and maintenance                       |       | 359    | 294    |
| – Labour hire                                   |       | 305    | 240    |
| – Parking meter                                 |       | 177    | 177    |
| – Other contractor costs                        |       | 4,161  | 2,722  |
| Consultancy Costs                               |       |        |        |
| – Consultants fees – town planning              |       | 183    | 1,200  |
| – Consultants fees – project development design |       | 42     | 35     |
| – Consultants fees – risk management            |       | 19     | 134    |
| – Consultants fees – other consultancy costs    |       | 771    | 1,060  |
| Audit Fees                                      | E2-1  | 99     | 92     |
| Infringement notice contract costs (SEINS)      |       | 284    | 563    |
| Computer software charges                       |       | 2,683  | 3,454  |
| Insurance                                       |       | 1,624  | 1,314  |

continued on next page ...

**B3-2 Materials and services (continued)**

| \$ '000   | Notes | 2022           | 2021          |
|---|-------|----------------|---------------|
| Street lighting                                     |       | 1,387          | 2,108         |
| Electricity and heating                             |       | 973            | 1,019         |
| Election expenses                                   |       | 594            | –             |
| Membership fees                                     |       | 581            | 432           |
| Property lease costs                                |       | 555            | 578           |
| Library books                                       |       | 503            | 500           |
| Councillor and Mayoral fees and associated expenses | E1-2  | 483            | 469           |
| Property rates and levies                           |       | 411            | 344           |
| Advertising   |       | 385            | 449           |
| Printing and stationery                             |       | 371            | 371           |
| Postage   |       | 366            | 421           |
| Water rates   |       | 361            | 407           |
| Communications costs                                |       | 206            | 330           |
| Valuation fees                                      |       | 198            | 169           |
| Office expenses (including computer expenses)       |       | 131            | 110           |
| Bank fees and charges                               |       | 111            | 230           |
| Hire and rentals expense                            |       | 57             | 123           |
| Other expenses                                      |       | 992            | 692           |
| <b>Legal expenses:</b>                              |       |                |               |
| – Legal expenses: planning and development          |       | 932            | 1,357         |
| – Legal expenses: other                             |       | 423            | 476           |
| <b>Total materials and services</b>                 |       | <b>46,106</b>  | <b>46,810</b> |
| Less: capitalised costs                             |       | <b>(1,830)</b> | –             |
| <b>Total materials and services</b>                 |       | <b>44,276</b>  | <b>46,810</b> |

**Accounting policy**

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

**B3-3 Borrowing costs**

|                                       |            |            |
|---------------------------------------|------------|------------|
| Interest on leases                    | 131        | 129        |
| Interest on loans                     | 32         | 44         |
| <b>Total borrowing costs expensed</b> | <b>163</b> | <b>173</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.

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

| \$ '000   | Notes | 2022          | 2021          |
|---|-------|---------------|---------------|
| <b>Depreciation and amortisation</b>  |       |               |               |
| Plant and equipment   |       | 2,045         | 2,052         |
| Office equipment  |       | 1,742         | 1,497         |
| <b>Infrastructure:</b>  | C1-6  |               |               |
| – Buildings – non-specialised   |       | 3,511         | 3,435         |
| – Buildings – specialised   |       | 1,407         | 1,401         |
| – Roads, bridges and other road assets  |       | 7,005         | 6,980         |
| – Stormwater drainage   |       | 2,927         | 2,886         |
| – Bridges   |       | 241           | 45            |
| – Footpaths   |       | 1,645         | 1,554         |
| – Other open space/recreational assets  |       | 2,423         | 2,260         |
| – Other structures  |       | 459           | 420           |
| Right of use assets   | C2-1  | 2,417         | 1,718         |
| <b>Total gross depreciation and amortisation costs</b>                          |       | <b>25,822</b> | <b>24,248</b> |
| <b>Total depreciation and amortisation costs</b>                                |       | <b>25,822</b> | <b>24,248</b> |
| <b>Total depreciation, amortisation and impairment for non-financial assets</b> |       | <b>25,822</b> | <b>24,248</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.

#### 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>                                |       |              |              |
| Other   |       | 83           | 209          |
| <b>Total impairment of receivables</b>                          | C1-4  | <b>83</b>    | <b>209</b>   |
| <b>Other</b>  |       |              |              |
| Contributions/levies to other levels of government              |       |              |              |
| – Contribution to Dept of Planning                              |       | 291          | 286          |
| – Emergency services levy (includes FRNSW, SES, and RFS levies) |       | 2,069        | 2,254        |
| – Waste levy  |       | 3,397        | 3,210        |
| – Other contributions/levies                                    |       | 13           | 5            |
| Contributions & donations - community grants                    |       | 1,529        | 838          |
| <b>Total other</b>  |       | <b>7,299</b> | <b>6,593</b> |
| <b>Total other expenses</b>                                     |       | <b>7,382</b> | <b>6,802</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.

## 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>     |       |                |              |
| Less: carrying amount of property assets sold/written off                     |       | (63)           | (117)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>(63)</b>    | <b>(117)</b> |
| <b>Gain (or loss) on disposal of plant and equipment</b>                      |       |                |              |
|   | C1-6  |                |              |
| Proceeds from disposal – plant and equipment                                  |       | 1,591          | 2,224        |
| Less: carrying amount of plant and equipment assets sold/written off          |       | (764)          | (1,053)      |
| <b>Gain (or loss) on disposal</b>   |       | <b>827</b>     | <b>1,171</b> |
| <b>Gain (or loss) on disposal of Roads, bridges and footpaths</b>             |       |                |              |
|   | C1-6  |                |              |
| Proceeds from disposal – Roads, bridges and footpaths                         |       | –              | 939          |
| Less: carrying amount of Roads, bridges and footpaths assets sold/written off |       | (2,656)        | (1,166)      |
| <b>Gain (or loss) on disposal</b>   |       | <b>(2,656)</b> | <b>(227)</b> |
| <b>Gain (or loss) on disposal of Traffic Facilities &amp; Structures</b>      |       |                |              |
| Less: carrying amount of Road ancillary assets sold/written off               |       | (691)          | (28)         |
| <b>Gain (or loss) on disposal</b>   |       | <b>(691)</b>   | <b>(28)</b>  |
| <b>Gain (or loss) on disposal of Recreation &amp; Land Improvements</b>       |       |                |              |
| Less: carrying amount of Park assets sold/written off                         |       | (241)          | (149)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>(241)</b>   | <b>(149)</b> |
| <b>Gain (or loss) on disposal of Drainage assets</b>                          |       |                |              |
| Less: carrying amount of drainage assets sold/written off                     |       | (115)          | (60)         |
| <b>Gain (or loss) on disposal</b>   |       | <b>(115)</b>   | <b>(60)</b>  |
| <b>Gain (or loss) on disposal of Kerb and gutter</b>                          |       |                |              |
| Proceeds from disposal – kerb and gutter                                      |       | –              | 811          |
| Less: carrying amount of kerb and gutter assets sold/written off              |       | (548)          | (101)        |
| <b>Gain (or loss) on disposal</b>   |       | <b>(548)</b>   | <b>710</b>   |
| <b>Net gain (or loss) from disposal of assets</b>                             |       | <b>(3,487)</b> | <b>1,300</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.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 29/06/2021 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<br>Budget | 2022<br>Actual | 2022<br>----- Variance ----- |                |
|---|----------------|----------------|------------------------------|----------------|
| <b>Revenues</b>   |                |                |                              |                |
| <b>Other revenues</b>   | 8,701          | 4,493          | (4,208)                      | (48)% <b>U</b> |
| During the current year, Council's income streams continued to be impacted as a result of the global pandemic. The major variations are mainly due to parking fines income being unfavourable by \$2.4m to budget and bus shelter advertising income by \$1.2m. Other income streams that were impacted included recoverable charges, merchandise sales, event income and recycling income. The unfavourable variance is offset by the favourable variance in employment costs and material & services expenditure. |                |                |                              |                |
| <b>Operating grants and contributions</b>   | 6,040          | 8,073          | 2,033                        | 34% <b>F</b>   |
| A number of grant funded projects were completed during the financial year. These projects were not included in Councils original budget. In addition, Council also received additional financial assistance grant (FAG) payments in advance.   |                |                |                              |                |
| <b>Capital grants and contributions</b>   | 10,936         | 18,407         | 7,471                        | 68% <b>F</b>   |
| Council received additional in-kind developer contributions which were not included in the original budget. A number of additional capital grants were also received for projects such as the Local Roads and Community Infrastructure Program, Pittwater Rd Shared User Path, Federal Stimulus Safety Program, Kissing Point Park Project and Meadowbank Park Amenities and Playground.  |                |                |                              |                |
| <b>Expenses</b>   |                |                |                              |                |
| <b>Materials and services</b>   | 50,675         | 44,276         | 6,399                        | 13% <b>F</b>   |
| The variation is mainly due to savings in utilities, street lighting, and savings in materials and contracts for various operating and maintenance programs.  |                |                |                              |                |
| <b>Depreciation, amortisation and impairment of non-financial assets</b>  | 21,762         | 25,822         | (4,060)                      | (19)% <b>U</b> |
| Non-cash adjustment to depreciation expense due to the recent enhancements to Council's financial management of its assets through the implementation of a new asset management system. This depreciation amounts to 2.98% of the existing infrastructure asset base of \$784.2m.   |                |                |                              |                |
| <b>Other expenses</b>   | 6,297          | 7,382          | (1,085)                      | (17)% <b>U</b> |
| This is due to the rates rebate that was given to provide relief to ratepayers as a result of the global pandemic as per Council resolution. This amounted to \$1m.   |                |                |                              |                |
| <b>Statement of cash flows</b>  |                |                |                              |                |
| <b>Cash flows from investing activities</b>   | (100,356)      | (55,182)       | 45,174                       | (45)% <b>F</b> |
| A number of Council projects were deferred or delayed during the year which resulted in the variance from budget for the statement of cash flow. The current global environment sees extended lead times for replacement of plant which resulted in delays to replacement IPPE.   |                |                |                              |                |

## 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 <sup>1</sup>  | (1,312)       | 3,462         |
| Cash equivalent assets                 |               |               |
| – Deposits at call <sup>2</sup>        | 24,186        | 24,483        |
| <b>Total cash and cash equivalents</b> | <b>22,874</b> | <b>27,945</b> |

(1) Bank account is not in overdraft. The balance includes the creditors payment run for the current financial year which was processed on 30 June 2022.

(2) Includes term deposits with a term of less than 3 months

#### Reconciliation of cash and cash equivalents

|   |               |               |
|---|---------------|---------------|
| Total cash and cash equivalents per Statement of Financial Position | 22,874        | 27,945        |
| <b>Balance as per the Statement of Cash Flows</b>                   | <b>22,874</b> | <b>27,945</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<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| <b>Debt securities at amortised cost</b>                   |                 |                     |                 |                     |
| Long term deposits <sup>2</sup>                            | 53,000          | 23,000              | 97,950          | 26,000              |
| NCD's, FRN's (with maturities > 3 months)                  | 16,000          | 24,484              | 8,147           | 24,999              |
| Fixed bonds  | 15,243          | 65,305              | 1,997           | 43,667              |
| <b>Total</b>   | <b>84,243</b>   | <b>112,789</b>      | <b>108,094</b>  | <b>94,666</b>       |
| <b>Total financial investments</b>                         | <b>84,243</b>   | <b>112,789</b>      | <b>108,094</b>  | <b>94,666</b>       |
| <b>Total cash assets, cash equivalents and investments</b> | <b>107,117</b>  | <b>112,789</b>      | <b>136,039</b>  | <b>94,666</b>       |

(2) Does not include term deposits with a term of less than 3 months

#### Accounting policy

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

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

#### Financial assets

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



## C1-2 Financial investments (continued)

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### 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

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.

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

### Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations.

### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

## 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>219,906</b>  | 230,705         |
| Less: Externally restricted cash, cash equivalents and investments                       | <u>(62,550)</u> | <u>(58,608)</u> |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b>       | <b>157,356</b>  | <b>172,097</b>  |
| <b>External restrictions</b>   |                 |                 |
| <b>External restrictions – included in liabilities</b>                                   |                 |                 |
| External restrictions included in cash, cash equivalents and investments above comprise: |                 |                 |
| Specific purpose unexpended grants – general fund  | <u>9,583</u>    | <u>8,898</u>    |
| <b>External restrictions – included in liabilities</b>                                   | <b>9,583</b>    | <b>8,898</b>    |
| <b>External restrictions – other</b>   |                 |                 |
| External restrictions included in cash, cash equivalents and investments above comprise: |                 |                 |
| Developer contributions – general  | 20,798          | 19,166          |
| Stormwater management  | 1,143           | 1,624           |
| Macquarie park special rate  | 2,293           | 1,955           |
| Infrastructure special rate reserve  | 9,037           | 6,874           |
| Other  | –               | 580             |
| Domestic waste management  | <u>19,696</u>   | <u>19,511</u>   |
| <b>External restrictions – other</b>   | <b>52,967</b>   | <b>49,710</b>   |
| <b>Total external restrictions</b>   | <b>62,550</b>   | <b>58,608</b>   |

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

| \$ '000  | 2022             | 2021             |
|--|------------------|------------------|
| (b) Internal allocations   |                  |                  |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>157,356</b>   | <b>172,097</b>   |
| Less: Internally restricted cash, cash equivalents and investments                 | <u>(149,493)</u> | <u>(167,597)</u> |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b>         | <b>7,863</b>     | <b>4,500</b>     |
| <b>Internal allocations</b>  |                  |                  |
| At 30 June, Council has internally allocated funds to the following:               |                  |                  |
| Plant and vehicle replacement  | 6,670            | 4,642            |
| Employees leave entitlement  | 5,541            | 5,538            |
| Incomplete/carry over works and projects   | 881              | 410              |
| Refundable deposits  | 19,000           | 17,447           |
| Asset replacement reserve  | 3,155            | 2,431            |
| Investment property reserve  | 24,023           | 21,674           |
| Ryde Central reserve   | 50,093           | 54,283           |
| Accommodation reserve  | 20,850           | 20,063           |
| Workers compensation   | 3,000            | 3,000            |
| Council election reserve   | 631              | 777              |
| Asset expansion reserve  | 6,950            | 32,373           |
| Affordable housing reserve   | 1,061            | 605              |

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

| <b>\$ '000</b>                    | <b>2022</b>    | <b>2021</b>    |
|-----------------------------------|----------------|----------------|
| Information Technology Reserve    | <b>2,270</b>   | –              |
| Other                             | <b>5,368</b>   | 4,354          |
| <b>Total internal allocations</b> | <b>149,493</b> | <b>167,597</b> |

| <b>\$ '000</b> | <b>2022</b> | <b>2021</b> |
|----------------|-------------|-------------|
|----------------|-------------|-------------|

**(c) Unrestricted and unallocated**

|   |              |              |
|---|--------------|--------------|
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b> <sup>1</sup> | <b>7,863</b> | <b>4,500</b> |
|---|--------------|--------------|

(1) Internal allocations include those assets, the use of which are only restricted by a resolution or policy of Council. These assets are disclosed with details of the nature of the internal allocation.

## C1-4 Receivables

| \$ '000   | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| Rates and annual charges <sup>1</sup>                     | 3,299           | 1,790               | 4,573           | –                   |
| Interest and extra charges                                | 286             | –                   | 235             | –                   |
| User charges & fees <sup>2</sup>                          |                 |                     |                 |                     |
| User charges and fees – recreational facilities           | 872             | –                   | 811             | –                   |
| User charges and fees – environmental and health          | 801             | –                   | 934             | –                   |
| User charges and fees – property and infrastructure works | 533             | –                   | 772             | –                   |
| User charges and fees – restorations                      | 267             | –                   | 53              | –                   |
| User charges and fees – Ryde Aquatic leisure centre       | 124             | –                   | 162             | –                   |
| User charges and fees – home modification service         | 27              | –                   | 22              | –                   |
| Government grants and subsidies                           | 3,619           | –                   | 2,293           | –                   |
| Net GST receivable  | 2,151           | –                   | 2,197           | –                   |
| Contributions to works                                    | –               | –                   | 7               | –                   |
| Accrued revenues  |                 |                     |                 |                     |
| – Interest on investments                                 | 1,159           | –                   | 957             | –                   |
| Commercial waste  | 435             | –                   | 417             | –                   |
| Workers compensation                                      | –               | –                   | 2               | –                   |
| Fines   | 297             | –                   | 364             | –                   |
| Asset sales   | –               | –                   | 182             | –                   |
| Other debtors   | 41              | –                   | 49              | –                   |
| Community Recycle Centre                                  | –               | 22                  | –               | 22                  |
| <b>Total</b>  | <b>13,911</b>   | <b>1,812</b>        | <b>14,030</b>   | <b>22</b>           |
| <b>Less: provision for impairment</b>                     |                 |                     |                 |                     |
| User charges and fees                                     | (510)           | –                   | (556)           | –                   |
| <b>Total provision for impairment – receivables</b>       | <b>(510)</b>    | <b>–</b>            | <b>(556)</b>    | <b>–</b>            |
| <b>Total net receivables</b>                              | <b>13,401</b>   | <b>1,812</b>        | <b>13,474</b>   | <b>22</b>           |

(1) Rates and annual charges are secured by underlying properties

(2) User fees and charges are unsecured. A provision for impairment (doubtful debts) has already been provided

| \$ '000  | 2022       | 2021       |
|--|------------|------------|
| <b>Movement in provision for impairment of receivables</b> |            |            |
| Balance at the beginning of the year                       | 556        | 381        |
| + new provisions recognised during the year                | 70         | 175        |
| – amounts provided for but recovered during the year       | (116)      | –          |
| <b>Balance at the end of the year</b>                      | <b>510</b> | <b>556</b> |

## C1-4 Receivables (continued)

### Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

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 14 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

| \$ '000                          | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|----------------------------------|-----------------|---------------------|-----------------|---------------------|
| <b>(i) Inventories at cost</b>   |                 |                     |                 |                     |
| Stores and materials             | 759             | -                   | 709             | -                   |
| <b>Total inventories at cost</b> | <b>759</b>      | <b>-</b>            | <b>709</b>      | <b>-</b>            |
| <b>Total inventories</b>         | <b>759</b>      | <b>-</b>            | <b>709</b>      | <b>-</b>            |

### Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

| \$ '000                           | 2022       | 2021       |
|-----------------------------------|------------|------------|
| Stores and materials <sup>1</sup> | 447        | 447        |
|                                   | <b>447</b> | <b>447</b> |

(1) This represents a stockpile of material that is held at Porters Creek, made from recycled building materials and it will take more than 12 months for this to be used.

### 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.

#### Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

## C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class                                  | At 1 July 2021        |   |                     | Asset movements during the reporting period |                      |                             |                      |               |                           |   | At 30 June 2022       |   |                     |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---------------|---------------------------|---|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Adjustments and transfers | Asset revaluation – accumulated depreciation and impairment | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| \$ '000  |                       |   |                     |   |                      |                             |                      |               |                           |   |                       |   |                     |
| Capital work in progress                                   | 38,664                | –                                       | 38,664              | 13,980                                      | 3,372                | –                           | –                    | (17,743)      | (3,781)                   | –   | 34,492                | –                                       | 34,492              |
| Plant and equipment  | 30,185                | (18,257)                                | 11,928              | –   | 1,766                | (764)                       | (2,045)              | –             | –                         | –   | 29,455                | (18,570)                                | 10,885              |
| Office equipment   | 16,030                | (10,524)                                | 5,506               | 374   | 440                  | –                           | (1,742)              | 1,019         | –                         | –   | 17,863                | (12,266)                                | 5,597               |
| Leased plant and equipment                                 | 163                   | (163)                                   | –                   | –   | –                    | –                           | –                    | –             | –                         | –   | 163                   | (163)                                   | –                   |
| <b>Land:</b>   |                       |   |                     |   |                      |                             |                      |               |                           |   |                       |   |                     |
| – Operational land   | 337,353               | –                                       | 337,353             | –   | 857                  | –                           | –                    | –             | –                         | 82,186  | 420,396               | –                                       | 420,396             |
| – Community land   | 99,016                | –                                       | 99,016              | –   | 5,655                | –                           | –                    | –             | –                         | –   | 104,671               | –                                       | 104,671             |
| – Crown land   | 46,203                | –                                       | 46,203              | –   | –                    | –                           | –                    | –             | –                         | –   | 46,203                | –                                       | 46,203              |
| – Land under roads (post 30/6/08)                          | 1,234                 | –                                       | 1,234               | –   | –                    | –                           | –                    | –             | –                         | –   | 1,234                 | –                                       | 1,234               |
| <b>Infrastructure:</b>                                     |                       |   |                     |   |                      |                             |                      |               |                           |   |                       |   |                     |
| Roadside structures  | 19,078                | (4,633)                                 | 14,445              | 2,013                                       | 432                  | (9)                         | (651)                | 1,792         | 58                        | –   | 23,301                | (5,221)                                 | 18,080              |
| - Foreshore Assets   | 15,010                | (4,520)                                 | 10,490              | –   | 736                  | –                           | (167)                | 254           | –                         | 889   | 17,291                | (5,089)                                 | 12,202              |
| - Carparks   | 17,299                | (5,945)                                 | 11,354              | 104   | 110                  | (27)                        | (292)                | 91            | –                         | 363   | 17,801                | (6,098)                                 | 11,703              |
| – Traffic facilities and devices                           | 23,578                | (5,045)                                 | 18,533              | 723   | 816                  | (682)                       | (542)                | 848           | –                         | –   | 25,028                | (5,332)                                 | 19,696              |
| – Kerb and guttering                                       | 116,085               | (51,254)                                | 64,831              | 1,634                                       | 539                  | (548)                       | (1,161)              | 1,073         | –                         | 1,080   | 120,229               | (52,781)                                | 67,448              |
| – Buildings – non-specialised                              | 162,618               | (90,556)                                | 72,062              | 1,409                                       | 3,429                | (63)                        | (3,511)              | 1,209         | 5                         | 17,600  | 158,034               | (65,894)                                | 92,140              |
| – Buildings – specialised                                  | 60,204                | (19,370)                                | 40,834              | 565   | –                    | –                           | (1,407)              | –             | –                         | 5,084   | 68,494                | (23,418)                                | 45,076              |
| – Other structures   | –                     | –                                       | –                   | –   | –                    | –                           | –                    | –             | –                         | –   | –                     | –                                       | –                   |
| – Roads  | 273,532               | (101,328)                               | 172,204             | 3,634                                       | 422                  | (2,014)                     | (4,651)              | 2,171         | –                         | 2,513   | 279,367               | (105,088)                               | 174,279             |
| – Bridges  | 17,578                | (4,999)                                 | 12,579              | –   | 198                  | –                           | (241)                | 943           | –                         | 1,126   | 20,282                | (5,677)                                 | 14,605              |
| – Footpaths and cycleways                                  | 127,322               | (63,165)                                | 64,157              | 3,965                                       | 4,711                | (615)                       | (1,645)              | 5,829         | –                         | 787   | 142,059               | (64,870)                                | 77,189              |
| – Stormwater drainage                                      | 292,326               | (100,522)                               | 191,804             | 1,694                                       | 783                  | (115)                       | (2,927)              | 1,124         | –                         | 13,913  | 317,424               | (111,148)                               | 206,276             |
| – Recreation and land improvements                         | 85,368                | (15,761)                                | 69,607              | 2,182                                       | 1,617                | (241)                       | (2,423)              | 1,390         | (63)                      | 5,781   | 97,561                | (19,711)                                | 77,850              |
| <b>Other assets:</b>                                       |                       |   |                     |   |                      |                             |                      |               |                           |   |                       |   |                     |
| – Heritage collections                                     | 111                   | (1)                                     | 110                 | –   | –                    | –                           | –                    | –             | –                         | –   | 110                   | –                                       | 110                 |
| <b>Total infrastructure, property, plant and equipment</b> | <b>1,778,957</b>      | <b>(496,043)</b>                        | <b>1,282,914</b>    | <b>32,277</b>                               | <b>25,883</b>        | <b>(5,078)</b>              | <b>(23,405)</b>      | <b>–</b>      | <b>(3,781)</b>            | <b>131,322</b>  | <b>1,941,458</b>      | <b>(501,326)</b>                        | <b>1,440,132</b>    |

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

## C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class                                  | At 1 July 2020        |   |                     | Asset movements during the reporting period |                      |                             |                      |               |                                      |   | At 30 June 2021       |   |                     |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---------------|--------------------------------------|---|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Asset revaluation - gross book value | Asset revaluation - accumulated depreciation and impairment | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| \$ '000  |                       |   |                     |   |                      |                             |                      |               |                                      |   |                       |   |                     |
| Capital work in progress                                   | 17,508                | –                                       | 17,508              | 14,870                                      | 17,108               | –                           | –                    | (10,822)      | –                                    | –   | 38,664                | –                                       | 38,664              |
| Plant and equipment  | 30,149                | (18,756)                                | 11,393              | 3,640                                       | –                    | (1,053)                     | (2,052)              | –             | –                                    | –   | 30,185                | (18,257)                                | 11,928              |
| Office equipment   | 13,625                | (9,027)                                 | 4,598               | 1,428                                       | 225                  | –                           | (1,497)              | 752           | –                                    | –   | 16,030                | (10,524)                                | 5,506               |
| Leased plant and equipment                                 | 163                   | (163)                                   | –                   | –   | –                    | –                           | –                    | –             | –                                    | –   | 163                   | (163)                                   | –                   |
| <b>Land:</b>   |                       |   |                     |   |                      |                             |                      |               |                                      |   |                       |   |                     |
| – Operational land   | 337,353               | –                                       | 337,353             | –   | –                    | –                           | –                    | –             | –                                    | –   | 337,353               | –                                       | 337,353             |
| – Community land   | 99,016                | –                                       | 99,016              | –   | –                    | –                           | –                    | –             | –                                    | –   | 99,016                | –                                       | 99,016              |
| – Crown land   | 46,203                | –                                       | 46,203              | –   | –                    | –                           | –                    | –             | –                                    | –   | 46,203                | –                                       | 46,203              |
| – Land under roads (post 30/6/08)                          | 1,234                 | –                                       | 1,234               | –   | –                    | –                           | –                    | –             | –                                    | –   | 1,234                 | –                                       | 1,234               |
| <b>Infrastructure:</b>                                     |                       |   |                     |   |                      |                             |                      |               |                                      |   |                       |   |                     |
| – Buildings – non-specialised                              | 159,861               | (87,138)                                | 72,723              | 738   | 435                  | (117)                       | (3,435)              | 1,718         | –                                    | –   | 162,618               | (90,556)                                | 72,062              |
| – Buildings – specialised                                  | 60,037                | (17,969)                                | 42,068              | 167   | –                    | –                           | (1,401)              | –             | –                                    | –   | 60,204                | (19,370)                                | 40,834              |
| – Roads  | 270,939               | (97,598)                                | 173,341             | 2,074                                       | 1,153                | (676)                       | (4,594)              | 906           | –                                    | –   | 273,532               | (101,328)                               | 172,204             |
| – Traffic facilities and devices                           | 23,092                | (4,528)                                 | 18,564              | 522   | –                    | (22)                        | (532)                | –             | –                                    | –   | 23,578                | (5,045)                                 | 18,533              |
| – Bridges  | 4,273                 | (1,795)                                 | 2,478               | 421   | –                    | –                           | (45)                 | –             | 12,883                               | (3,158)   | 17,578                | (4,999)                                 | 12,579              |
| – Footpaths and cycleways                                  | 119,983               | (62,056)                                | 57,927              | 739   | 4,424                | (315)                       | (1,554)              | 2,936         | –                                    | –   | 127,322               | (63,165)                                | 64,157              |
| – Kerb and guttering                                       | 115,157               | (50,192)                                | 64,965              | 372   | 127                  | (101)                       | (1,152)              | 618           | –                                    | –   | 116,085               | (51,254)                                | 64,831              |
| – Carparks   | 13,309                | (2,277)                                 | 11,032              | 116   | –                    | (174)                       | (267)                | –             | 4,056                                | (3,407)   | 17,299                | (5,945)                                 | 11,354              |
| – Foreshore Assets   | 13,633                | (4,367)                                 | 9,266               | 804   | –                    | –                           | (153)                | 574           | –                                    | –   | 15,010                | (4,520)                                 | 10,490              |
| Roadside structures  | 18,791                | (3,933)                                 | 14,858              | 6   | 135                  | (6)                         | (702)                | 154           | –                                    | –   | 19,078                | (4,633)                                 | 14,445              |
| – Stormwater drainage                                      | 288,242               | (97,756)                                | 190,486             | 1,571                                       | 282                  | (59)                        | (2,886)              | 2,410         | –                                    | –   | 292,326               | (100,522)                               | 191,804             |
| – Recreation and land improvements                         | 81,312                | (13,843)                                | 67,469              | 1,169                                       | 2,624                | (149)                       | (2,260)              | 754           | –                                    | –   | 85,368                | (15,761)                                | 69,607              |
| <b>Other assets:</b>                                       |                       |   |                     |   |                      |                             |                      |               |                                      |   |                       |   |                     |
| – Heritage collections                                     | 110                   | –                                       | 110                 | –   | –                    | –                           | –                    | –             | –                                    | –   | 111                   | (1)                                     | 110                 |
| <b>Total infrastructure, property, plant and equipment</b> | <b>1,713,990</b>      | <b>(471,398)</b>                        | <b>1,242,592</b>    | <b>28,637</b>                               | <b>26,513</b>        | <b>(2,672)</b>              | <b>(22,530)</b>      | <b>–</b>      | <b>16,939</b>                        | <b>(6,565)</b>  | <b>1,778,957</b>      | <b>(496,043)</b>                        | <b>1,282,914</b>    |

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



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

### Accounting policy

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (internal valuation).
- Buildings – Specialised/Non Specialised (internal valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal Valuation).
- Drainage assets – (Internal Valuation).
- Bulk earthworks – (Internal Valuation).
- Community land – (Valuer General).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

Depreciation is represented by straight line depreciation over the useful life.

The following table sets out the range of useful lives and depreciation.

| Asset Category                             | Useful Life (Years) | Depreciation Rate |
|--|---------------------|-------------------|
| Drainage assets                            | 40 - 200            | 0.50% - 2.50%     |
| Land Improvements                          | 25 - 25             | 4.00% - 4.00%     |
| Other assets                               | 20 - 50             | 2.00% - 5.00%     |
| Other structures                           | 20 - 150            | 0.67% - 5.00%     |
| Road assets – roads, bridges and footpaths | 15 - 200            | 0.50% - 6.67%     |
| Plant & Equipment                          | 5 - 50              | 2.00% - 20.00%    |
| Buildings - Specialised/Non Specialised    | 40-100              | 1.00% - 2.50%     |

Operational land was last externally valued as at 30 June 2020 and due to current economic conditions, this has been reviewed and indexation applied and subsequently revalued as at 30 June 2022. Community Land has been valued using the Valuer General rates with a base date of 1/7/2019.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and will revalue the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. In determining the useful lives and unit rates for each asset type, an evidence based approach has been taken. For most assets, there is no ready "tradeable" market, and councils are the major if not only provider of such assets (e.g. local roads and their drainage). In-house technical expertise is available and is used. The major exceptions are land and buildings, which are valued externally.

Where a condition review of assets discloses an error in the quantity of the asset, this will be adjusted as a prior period adjustment only if material.

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

### Land under roads

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

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

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

### 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.

Councils does not have any Rural Fire Services assets.

## C1-7 Investment properties

| \$ '000                                   | 2022           | 2021           |
|---|----------------|----------------|
| <b>Owned investment property</b>          |                |                |
| Investment property on hand at fair value | 181,370        | 157,235        |
| <b>Total owned investment property</b>    | <b>181,370</b> | <b>157,235</b> |

### Owned investment property

#### At fair value

|   |                |                |
|---|----------------|----------------|
| Opening balance at 1 July                   | 157,235        | 120,715        |
| Net gain/(loss) from fair value adjustments | 13,241         | 36,484         |
| Capitalised subsequent expenditure          | 10,894         | 36             |
| <b>Closing balance at 30 June</b>           | <b>181,370</b> | <b>157,235</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.

## C1-8 Other

### Other assets

| \$ '000                      | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|------------------------------|-----------------|---------------------|-----------------|---------------------|
| Prepayments                  | 751             | -                   | 1,102           | -                   |
| Prepayments – waste alliance | 819             | -                   | 784             | -                   |
| Other                        | -               | -                   | 5,000           | -                   |
| <b>Total other assets</b>    | <b>1,570</b>    | <b>-</b>            | <b>6,886</b>    | <b>-</b>            |

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets such as land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council holds two leases for the administrative building at Richardson Place, North Ryde (NRO). The original lease terms were to 30 April 2021 and have subsequently been renewed to 30 April 2026, including a right to terminate with a minimum term of 3 years.

The building leases contain an annual pricing mechanism based on a fixed increase at each anniversary of the lease inception.

#### Extension options

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

#### (a) Right of use assets

| \$ '000   | Land &<br>Buildings | Total        |
|---|---------------------|--------------|
| <b>2022</b>   |                     |              |
| Opening balance at 1 July   | 6,854               | 6,854        |
| Depreciation charge   | (2,417)             | (2,417)      |
| <b>Balance at 30 June</b>   | <b>4,437</b>        | <b>4,437</b> |
| Right of Use asset is for the administrative building                       |                     |              |
| <b>2021</b>   |                     |              |
| Opening balance at 1 July   | 6,052               | 6,052        |
| Adjustments to right-of-use assets due to re-measurement of lease liability | 2,520               | 2,520        |
| Depreciation charge   | (1,718)             | (1,718)      |
| <b>Balance at 30 June</b>   | <b>6,854</b>        | <b>6,854</b> |

Right of Use asset is for the administrative building

#### (b) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| \$ '000     | < 1 year | 1 – 5 years | > 5 years | Total | Total per<br>Statement of<br>Financial<br>Position |
|-------------|----------|-------------|-----------|-------|--|
| <b>2022</b> |          |             |           |       |  |
| Cash flows  | 2,254    | 1,981       | –         | 4,235 | 4,235  |
| <b>2021</b> |          |             |           |       |  |
| Cash flows  | 2,117    | 4,235       | –         | 6,352 | 6,352  |

## 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       | 131          | 129          |
| Depreciation of right of use assets | 2,417        | 1,718        |
|                                     | <b>2,548</b> | <b>1,847</b> |

### (d) Statement of Cash Flows

|                               |                |                |
|-------------------------------|----------------|----------------|
| Total cash outflow for leases | (2,252)        | (2,060)        |
|                               | <b>(2,252)</b> | <b>(2,060)</b> |

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

#### Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use 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

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

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

#### (i) Assets held as investment property

Investment property operating leases principally comprise of freehold buildings, commercial spaces and residential townhouses.

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)   | 587        | 543        |
| Lease income relating to variable lease payments not dependent on an index or a rate | 1          | –          |
| <b>Total income relating to operating leases for investment property assets</b>      | <b>588</b> | <b>543</b> |

#### Operating lease expenses

|  |              |            |
|--|--------------|------------|
| Direct operating expenses that generated rental income | (166)        | (3)        |
| <b>Total expenses relating to operating leases</b>     | <b>(166)</b> | <b>(3)</b> |

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council properties and buildings for the purpose of community services which must be provided by Council as well as where buildings may be leased at market value where the asset is held for future Council or community needs.

|  |              |              |
|--|--------------|--------------|
| Lease income (excluding variable lease payments not dependent on an index or rate)   | 2,596        | 2,017        |
| Lease income relating to variable lease payments not dependent on an index or a rate | 715          | 717          |
| <b>Total income relating to operating leases for Council assets</b>                  | <b>3,311</b> | <b>2,734</b> |

#### Reconciliation of IPPE assets leased out as operating leases

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

#### (iii) Maturity analysis of contractual lease income

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

|   |              |              |
|---|--------------|--------------|
| < 1 year  | 610          | 466          |
| 1–2 years   | 481          | 451          |
| 2–3 years   | 111          | 301          |
| 3–4 years   | –            | 99           |
| <b>Total undiscounted lease payments to be received</b> | <b>1,202</b> | <b>1,317</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*.

## C2-2 Council as a lessor (continued)

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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 |
| Goods and services – operating expenditure | 4,779         | –           | 5,492         | –           |
| Accrued expenses:                          |               |             |               |             |
| – Other expenditure accruals               | 4,004         | –           | 5,311         | –           |
| Security bonds, deposits and retentions    | 18,722        | –           | 17,401        | –           |
| Refundable fees                            | 1,139         | –           | –             | –           |
| Government departments and agencies        | 20            | –           | 10            | –           |
| Prepaid rates                              | 1,257         | –           | 822           | –           |
| Other                                      | 64            | –           | 47            | –           |
| <b>Total payables</b>                      | <b>29,985</b> | <b>–</b>    | <b>29,083</b> | <b>–</b>    |

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

| \$ '000   | 2022 |               | 2021 |               |
|---|------|---------------|------|---------------|
|   |      |               |      |               |
| The following liabilities, even though classified as current, are not expected to be settled in the next 12 months. |      |               |      |               |
| Payables – security bonds, deposits and retentions  |      | 14,987        |      | 13,920        |
| <b>Total payables</b>   |      | <b>14,987</b> |      | <b>13,920</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.

#### 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         |              | 2021         |              |
|--|-------|--------------|--------------|--------------|--------------|
|  |       | Current      | Non-current  | Current      | Non-current  |
| <b>Grants and contributions received in advance:</b>                                   |       |              |              |              |              |
| Unexpended capital grants (to construct Council controlled assets)                     | (i)   | 3,380        | 5,461        | –            | 5,470        |
| Unexpended operating grants (received prior to performance obligation being satisfied) | (ii)  | 742          | –            | 3,428        | –            |
| <b>Total grants received in advance</b>  |       | <b>4,122</b> | <b>5,461</b> | <b>3,428</b> | <b>5,470</b> |
| <b>User fees and charges received in advance:</b>                                      |       |              |              |              |              |
| Upfront fees – leisure centre  | (iii) | 18           | –            | 18           | –            |
| Upfront fees - Bookings  |       | 397          | –            | –            | –            |
| Other  |       | 1,041        | –            | 1,291        | –            |
| <b>Total user fees and charges received in advance</b>                                 |       | <b>1,456</b> | <b>–</b>     | <b>1,309</b> | <b>–</b>     |
| <b>Total contract liabilities</b>  |       | <b>5,578</b> | <b>5,461</b> | <b>4,737</b> | <b>5,470</b> |

#### Notes

## C3-2 Contract Liabilities (continued)

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

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

### Accounting policy

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

## C3-3 Borrowings

| \$ '000                      | 2022       | 2022        | 2021       | 2021        |
|------------------------------|------------|-------------|------------|-------------|
|                              | Current    | Non-current | Current    | Non-current |
| Loans – secured <sup>1</sup> | 352        | 415         | 338        | 762         |
| <b>Total borrowings</b>      | <b>352</b> | <b>415</b>  | <b>338</b> | <b>762</b>  |

(1) Council is currently receiving a Low Interest Rate Subsidy (LIRS) for the loans to subsidise the interest payments of these loans.

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

| \$ '000  | 2021            |                | Non-cash movements |                    |  |                         | 2021            |
|--|-----------------|----------------|--------------------|--------------------|--|-------------------------|-----------------|
|  | Opening Balance | Cash flows     | Acquisition        | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured                                    | 1,100           | (333)          | –                  | –                  | –  | –                       | 767             |
| Lease liability (Note C2-1b)                       | 6,352           | (2,117)        | –                  | –                  | –  | –                       | 4,235           |
| <b>Total liabilities from financing activities</b> | <b>7,452</b>    | <b>(2,450)</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>5,002</b>    |

| \$ '000  | 2020            |            | Non-cash movements |                    |  |                         | 2021            |
|--|-----------------|------------|--------------------|--------------------|--|-------------------------|-----------------|
|  | Opening Balance | Cash flows | Acquisition        | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured                                    | 1,408           | (308)      | –                  | –                  | –  | –                       | 1,100           |
| Lease liability (Note C2-1b)                       | 5,764           | 588        | –                  | –                  | –  | –                       | 6,352           |
| <b>Total liabilities from financing activities</b> | <b>7,172</b>    | <b>280</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>7,452</b>    |

### (b) Financing arrangements

| \$ '000  | 2022       | 2021       |
|--|------------|------------|
| <b>Total facilities</b>                          |            |            |
| Credit cards/purchase cards                      | 110        | 106        |
| <b>Total financing arrangements <sup>1</sup></b> | <b>110</b> | <b>106</b> |

### Undrawn facilities



### C3-3 Borrowings (continued)

| \$ '000                                     | 2022       | 2021       |
|---|------------|------------|
| – Credit cards/purchase cards               | 110        | 106        |
| <b>Total undrawn financing arrangements</b> | <b>110</b> | <b>106</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) Council has no bank overdraft facility

##### 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.

## C3-4 Employee benefit provisions

| \$ '000  | 2022          | 2022        | 2021          | 2021         |
|--|---------------|-------------|---------------|--------------|
|  | Current       | Non-current | Current       | Non-current  |
| Annual and other accrued leave                       | 4,768         | –           | 4,694         | –            |
| Sick leave   | 131           | –           | 163           | –            |
| Long service leave                                   | 9,343         | 865         | 9,480         | 1,044        |
| Other employee provisions                            | 2,249         | –           | 2,044         | –            |
| <b>Total employee benefit provisions<sup>1</sup></b> | <b>16,491</b> | <b>865</b>  | <b>16,381</b> | <b>1,044</b> |

(1) The discount rate for calculating ELE, as set by the RBA, has increased for the current year. This movement results in a lower ELE liability and a lower ELE expense in B3-1 (all other things remaining equal).

### 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  | 10,727        | 8,250        |
|  | <b>10,727</b> | <b>8,250</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 and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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

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

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

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

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

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

| \$ '000  | 2022  | 2021  |
|--|-------|-------|
| The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. |       |       |
| Impact of a 1% movement in interest rates  |       |       |
| – Equity / Income Statement  | 2,212 | 2,307 |
| Impact of a 10% movement in price of investments   |       |       |
| – Equity / Income Statement <sup>1</sup>   | –     | –     |

(1) Movements in the price of investments is not calculated, as tradable investments are purchased with the intent to hold to maturity, at which point they are redeemed at face value.

## D1-1 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.

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.

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 doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

The profile of the Council's receivables credit risk at balance date was:

#### Credit risk profile

##### Receivables – rates and annual charges

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

| \$ '000               | Not yet overdue rates and annual charges |           |           | Total |
|-----------------------|--|-----------|-----------|-------|
|                       | Not yet overdue                          | < 5 years | ≥ 5 years |       |
| <b>2022</b>           |  |           |           |       |
| Gross carrying amount | –  | 4,957     | 132       | 5,089 |
| 2021                  |  |           |           |       |
| Gross carrying amount | –  | 4,438     | 135       | 4,573 |

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

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

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

| \$ '000                | Not yet overdue | Overdue debts |              |              |           | Total  |
|------------------------|-----------------|---------------|--------------|--------------|-----------|--------|
|                        |                 | 0 - 30 days   | 31 - 60 days | 61 - 90 days | > 91 days |        |
| <b>2022</b>            |                 |               |              |              |           |        |
| Gross carrying amount  | 10,634          | –             | –            | –            | –         | 10,634 |
| Expected loss rate (%) | 0.00%           | 0.00%         | 0.00%        | 0.00%        | 0.00%     | 0.00%  |
| ECL provision          | –               | –             | –            | –            | –         | –      |
| 2021                   |                 |               |              |              |           |        |
| Gross carrying amount  | 9,479           | –             | –            | –            | –         | 9,479  |
| Expected loss rate (%) | 0.00%           | 0.00%         | 0.00%        | 0.00%        | 0.00%     | 0.00%  |
| ECL provision          | –               | –             | –            | –            | –         | –      |

## D1-1 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.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below.

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 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<br>average<br>interest<br>rate | Subject<br>to no<br>maturity | ≤ 1 Year | payable in:    |           | Total cash<br>outflows | Actual<br>carrying<br>values |
|------------------------------------|---|------------------------------|----------|----------------|-----------|------------------------|------------------------------|
|                                    |   |                              |          | 1 - 5<br>Years | > 5 Years |                        |                              |
| <b>2022</b>                        |   |                              |          |                |           |                        |                              |
| Payables                           | 0.00%                                   | 18,722                       | –        | –              | –         | 18,722                 | 29,985                       |
| Borrowings                         | 0.00%                                   | –                            | –        | –              | –         | –                      | 767                          |
| <b>Total financial liabilities</b> |   | <b>18,722</b>                | <b>–</b> | <b>–</b>       | <b>–</b>  | <b>18,722</b>          | <b>30,752</b>                |
| <b>2021</b>                        |   |                              |          |                |           |                        |                              |
| Payables                           | 0.00%                                   | 17,401                       | –        | –              | –         | 17,401                 | 29,083                       |
| Borrowings                         | 0.00%                                   | –                            | –        | –              | –         | –                      | 1,100                        |
| <b>Total financial liabilities</b> |   | <b>17,401</b>                | <b>–</b> | <b>–</b>       | <b>–</b>  | <b>17,401</b>          | <b>30,183</b>                |

## D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability

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

| \$ '000  | Notes | Fair value measurement hierarchy      |                |   |                |                  |                  |
|--|-------|---------------------------------------|----------------|---|----------------|------------------|------------------|
|  |       | Level 2 Significant observable inputs |                | Level 3 Significant unobservable inputs |                | Total            |                  |
|  |       | 2022                                  | 2021           | 2022                                    | 2021           | 2022             | 2021             |
| <b>Recurring fair value measurements</b>                   |       |                                       |                |   |                |                  |                  |
| <b>Investment property</b> C1-7                            |       |                                       |                |   |                |                  |                  |
| Investment properties                                      |       | 181,370                               | 157,235        | –                                       | –              | 181,370          | 157,235          |
| <b>Total investment property</b>                           |       | <b>181,370</b>                        | <b>157,235</b> | <b>–</b>                                | <b>–</b>       | <b>181,370</b>   | <b>157,235</b>   |
| <b>Infrastructure, property, plant and equipment</b> C1-6  |       |                                       |                |   |                |                  |                  |
| - Operational land   |       | 420,396                               | 337,353        | –                                       | –              | 420,396          | 337,353          |
| - Community and Crown land                                 |       | –                                     | –              | 150,874                                 | 145,219        | 150,874          | 145,219          |
| - Land under roads   |       | –                                     | –              | 1,234                                   | 1,234          | 1,234            | 1,234            |
| - Buildings (Specialised and non-specialised)              |       | –                                     | –              | 137,216                                 | 112,896        | 137,216          | 112,896          |
| - Roads, Bridges, Footpaths                                |       | –                                     | –              | 353,217                                 | 332,304        | 353,217          | 332,304          |
| - Stormwater drainage                                      |       | –                                     | –              | 206,276                                 | 191,804        | 206,276          | 191,804          |
| - Plant & Equipment  |       | –                                     | –              | 10,885                                  | 11,928         | 10,885           | 11,928           |
| - Office Equipment   |       | –                                     | –              | 5,597                                   | 5,506          | 5,597            | 5,506            |
| - Roadside Structures                                      |       | –                                     | –              | 18,080                                  | 14,445         | 18,080           | 14,445           |
| - Foreshore Assets   |       | –                                     | –              | 12,202                                  | 10,490         | 12,202           | 10,490           |
| - Carparks   |       | –                                     | –              | 11,703                                  | 11,354         | 11,703           | 11,354           |
| - Recreational Land Improvements                           |       | –                                     | –              | 77,850                                  | 69,607         | 77,850           | 69,607           |
| - Heritage Collections                                     |       | –                                     | –              | 110                                     | 110            | 110              | 110              |
| <b>Total infrastructure, property, plant and equipment</b> |       | <b>420,396</b>                        | <b>337,353</b> | <b>985,244</b>                          | <b>906,897</b> | <b>1,405,640</b> | <b>1,244,250</b> |

### Non-recurring fair value measurements

### Valuation techniques

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government. Further details of the revaluations policy is provided under Note C1-6

## D2-1 Fair value measurement (continued)

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### Investment property

On an annual basis, Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2022, the fair values of the properties have been determined by Southern Alliance Valuation Services Pty Ltd.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property has been determined using the market approach.

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

#### Land (Operational)

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

Operational Land was last revalued as at 30 June 2020 as determined by Scott Fullarton Valuations Pty Ltd. Due to the current economic environment, Council has applied an indexation and revalued operational land as at 30 June 2022.

#### Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were revalued in the 30 June 2020 financial year and the fair values were determined by Scott Fullarton Valuations Pty Ltd. Due to the current economic environment, Council has applied an indexation and revalued buildings as at 30 June 2022.

The Gross Value of each building is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre has been benchmarked to construction costs of similar properties across the industry.

#### *Level 3 measurements*

#### Land (Community and Land under road)

Community Land has been valued by the Valuer General as at 1 July 2019. Council has resolved to not recognise Land Under Roads (LUR) acquired before 1 July 2008.

The key unobservable input to the valuation is a discount rate of 90% (englobo method) on the council/municipal average value.

#### Infrastructure assets

Valuations for infrastructure assets are performed internally by Council's engineering team. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square metres, lineal metres or individual items.

The unit rate, which is a key unobservable input, is determined using an assessment of average historical internal costs, and rates from contracts with third party suppliers. Infrastructure assets were last revalued at 30 June 2022.

The information presented in the Fair Value Measure Hierarchy table on unobservable input has been limited to significant components of the infrastructure assets as it is impracticable to provide information for all components.

## D2-1 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  | Level 3         |                |
|--|-----------------|----------------|
|  | 2022            | 2021           |
| <b>Opening balance</b>   | <b>906,897</b>  | 887,731        |
| <b>Total gains or losses for the period</b>                    |                 |                |
| Recognised in other comprehensive income – revaluation surplus | <b>49,136</b>   | 10,374         |
| <b>Other movements</b>   |                 |                |
| Purchases (GBV)  | <b>57,692</b>   | 33,994         |
| Disposals (WDV)  | <b>(5,078)</b>  | (2,672)        |
| Other movements  | <b>(23,403)</b> | (22,530)       |
| <b>Closing balance</b>   | <b>985,244</b>  | <b>906,897</b> |

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

There were no transfers of assets and liabilities between the hierarchies

#### Highest and best use

Current use of the assets noted above reflects the highest and best use as Operational Assets, and in accordance with current planning restrictions, the exceptions being the Investment Properties, which are to be developed, and may require planning changes to allow the development



## D3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million until 31 December 2021, and \$20.0 million per annum thereafter remain in place and will continue to be reviewed on an annual basis or as required.

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

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

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

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

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

## D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 520,180.14. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$85,008. Council's expected contribution to the plan for the next annual reporting period is \$25,000.

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

| Employer reserves only * | \$millions | Asset Coverage |
|--------------------------|------------|----------------|
| Assets                   | 2,620.5    |                |
| Past Service Liabilities | 2,445.6    | 107.2%         |
| Vested Benefits          | 2,468.7    | 106.2%         |

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 1.04%

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  | 7% per annum  |
| Salary inflation * | 3.15% for 22/23, 3.62% for 23/24, 2.87% for 24/25, 2.74% for 25/26, and 3.2%p.a. thereafter |
| Increase in CPI    | 4.8% for 21/22 and 2.5% p.a. thereafter   |

\* Plus promotional increases

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

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

### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

## D3-1 Contingencies (continued)

### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

### (ii) s7.11 Plans

Council levies s7.11 plans upon various developments across the Council area through the required Contributions Plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists 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.

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

Council has classified a number of privately owned land parcels as reserved for the purpose specified in section 3.14 of the Environmental Planning and Assessment Act (1979).

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

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

## 3. Remediation works

### (i) Old landfill sites

The Council has a number of old landfill sites that were used for the purpose of disposal of domestic and other waste, which have since been converted to playing fields. No known liability arises from any potential toxicity or subterranean leakage, but there will be ongoing remediation works that may be required from time to time to reinstate the playing surfaces, due to subsidence following further settling of the waste within the landfill.

Council has not, as yet, been able to reliably determine the quantum of liability for this future works.

## ASSETS NOT RECOGNISED

### (i) Infringement notices/fines

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

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

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

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

### (ii) Pedestrian Bridge and Tunnel, Top Ryde

Council, as part of the approval of a Development Application for the Top Ryde City Shopping Centre entered into an agreement with the owners and developers, Bevillesta Pty Ltd, where a monetary contribution was paid for the purchase of a tract of land at the front of Council's Administration Centre, 1 Devlin St, Ryde. Also one of the conditions of the Development Application

### D3-1 Contingencies (continued)

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was a long-term lease of 49 years, with a 50 year option, between Council and the developers, where Council leased to the developer the airspace in which a number of assets were to be constructed.

This represents a contingent asset that will become Council's assets at the end of the lease.

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. City of Ryde KMP's are identified as the Councillors, General Manager and Directors.

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

| \$ '000                  | 2022         | 2021         |
|--------------------------|--------------|--------------|
| <b>Compensation:</b>     |              |              |
| Short-term benefits      | 2,301        | 2,211        |
| Post-employment benefits | 120          | 110          |
| Other long-term benefits | 61           | 59           |
| Termination benefits     | –            | 25           |
| <b>Total</b>             | <b>2,482</b> | <b>2,405</b> |

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

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

| Nature of the transaction | Transactions during the year | Outstanding balances including commitments | Terms and conditions | Impairment provision on outstanding balances | Impairment expense |
|---------------------------|------------------------------|--|----------------------|--|--------------------|
| \$ '000                   |                              |  |                      |  |                    |
| <b>2022</b>               |                              |  |                      |  |                    |
| GFTH Pty Ltd <sup>i</sup> | 1                            | –  | 30 days              | –  | –                  |
| <b>2021</b>               |                              |  |                      |  |                    |
| GFTH Pty Ltd <sup>i</sup> | –                            | –  |                      | –  | –                  |

(i) City of Ryde purchased the services from a company that has a close family member of Councils KMP as the Director. Amounts were billed based on normal rates for such services and were due and payable under normal payment terms following Councils procurement processes.

## E1-2 Councillor and Mayoral fees and associated expenses

| \$ '000  | 2022       | 2021       |
|--|------------|------------|
| The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are: |            |            |
| Mayoral fee  | 90         | 89         |
| Councillors' fees  | 372        | 365        |
| Other Councillors' expenses (including Mayor)  | 21         | 15         |
| <b>Total</b>   | <b>483</b> | <b>469</b> |

## E1-3 Other related parties

Nil

## E2 Other relationships

### E2-1 Audit fees

| \$ '000  | 2022      | 2021      |
|--|-----------|-----------|
| During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms |           |           |
| <b>Auditors of the Council - NSW Auditor-General:</b>  |           |           |
| <b>(i) Audit and other assurance services</b>  |           |           |
| Audit and review of financial statements   | 99        | 92        |
| <b>Remuneration for audit and other assurance services</b>   | <b>99</b> | <b>92</b> |
| <b>Total Auditor-General remuneration</b>  | <b>99</b> | <b>92</b> |
| <b>Total audit fees</b>  | <b>99</b> | <b>92</b> |

## F Other matters

### F1-1 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>34,051</b> | 67,546        |
| <b>Add / (less) non-cash items:</b>  |               |               |
| Depreciation and amortisation  | 25,822        | 24,248        |
| (Gain) / loss on disposal of assets  | 3,487         | (1,300)       |
| Non-cash capital grants and contributions                                  | (2,694)       | (6,087)       |
| Losses/(gains) recognised on fair value re-measurements through the P&L:   |               |               |
| – Investment property  | (13,241)      | (36,484)      |
| Amortisation of premiums, discounts and prior period fair valuations       |               |               |
| – ‘Held to maturity’ financial assets                                      | (78)          | (48)          |
| <b>Movements in operating assets and liabilities and other cash items:</b> |               |               |
| (Increase) / decrease of receivables                                       | (1,671)       | (1,705)       |
| Increase/(decrease) in provision for doubtful debts                        | (46)          | 175           |
| (Increase) / decrease of inventories                                       | (50)          | (14)          |
| Decrease/(increase) in other assets  | 5,316         | (4,722)       |
| Increase / (decrease) in payables  | (713)         | (2,381)       |
| Increase / (decrease) in other accrued expenses payable                    | (1,307)       | 2,142         |
| Increase / (decrease) in other liabilities                                 | 2,922         | (124)         |
| Increase / (decrease) in contract liabilities                              | 832           | 1,505         |
| Increase/(decrease) in employee leave entitlements                         | (69)          | 1,859         |
| <b>Net cash flows from operating activities</b>                            | <b>52,561</b> | <b>44,610</b> |

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

|  |              |              |
|--|--------------|--------------|
| Developer contributions ‘in kind’                        | 2,694        | 6,087        |
| <b>Total non-cash investing and financing activities</b> | <b>2,694</b> | <b>6,087</b> |

## F2-1 Commitments

### Capital commitments (exclusive of GST)

| \$ '000  | 2022         | 2021           |
|--|--------------|----------------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |              |                |
| <b>Property, plant and equipment</b>   |              |                |
| Land   | 218          | –              |
| Buildings  | 2,521        | 91,756         |
| Other Structures   | 2,009        | 7,331          |
| Plant and equipment  | 217          | –              |
| Infrastructure   | 150          | 2,895          |
| <b>Total commitments</b>   | <b>5,115</b> | <b>101,982</b> |

#### Details of capital commitments

Major commitments include the Ryde Central project, Bowden St drainage upgrade works, culvert remediation and ELS Hall Amenities building.



## F3 Statement of developer contributions as at 30 June 2022

### F3-1 Summary of developer contributions

| \$ '000  | Opening balance at 1 July 2021 | Contributions received during the year |              | Interest and investment income earned | Amounts expended/ repealed | Held as restricted asset at 30 June 2022 | Cumulative balance of internal borrowings (to)/from |
|--|--------------------------------|--|--------------|---------------------------------------|----------------------------|--|---|
|  |                                | Cash                                   | Non-cash     |                                       |                            |  |   |
| Community & Culture                              | 2,272                          | 1,719                                  | 25           | 24                                    | (307)                      | 3,708                                    | -   |
| Open Space and Public Domain                     | 2,370                          | 2,919                                  | 2,411        | 21                                    | (2,509)                    | 2,801                                    | -   |
| Roads, Traffic, Carpark and Cycleways            | 401                            | 699                                    | -            | 5                                     | (176)                      | 929                                      | -   |
| Administration                                   | 410                            | 200                                    | -            | 3                                     | (209)                      | 404                                      | -   |
| <b>S7.11 contributions – under a plan</b>        | <b>5,453</b>                   | <b>5,537</b>                           | <b>2,436</b> | <b>53</b>                             | <b>(3,201)</b>             | <b>7,842</b>                             | <b>-</b>  |
| <b>S7.12 levies – under a plan</b>               | <b>2,590</b>                   | <b>376</b>                             | <b>258</b>   | <b>19</b>                             | <b>(790)</b>               | <b>2,195</b>                             | <b>-</b>  |
| <b>Total S7.11 and S7.12 revenue under plans</b> | <b>8,043</b>                   | <b>5,913</b>                           | <b>2,694</b> | <b>72</b>                             | <b>(3,991)</b>             | <b>10,037</b>                            | <b>-</b>  |
| S7.4 planning agreements                         | 11,123                         | -                                      | -            | -                                     | (362)                      | 10,761                                   | -   |
| <b>Total contributions</b>                       | <b>19,166</b>                  | <b>5,913</b>                           | <b>2,694</b> | <b>72</b>                             | <b>(4,353)</b>             | <b>20,798</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.

### F3-2 Developer contributions by plan

| \$ '000                                | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during the year |              | Interest and<br>investment<br>income earned | Amounts<br>expended/<br>repealed | Held as<br>restricted<br>asset at 30 June<br>2022 | Cumulative<br>balance of<br>internal<br>borrowings<br>(to)/from |
|--|--------------------------------------|---|--------------|---|----------------------------------|---|---|
|  |                                      | Cash                                      | Non-cash     |   |                                  |   |   |
| <b>CONTRIBUTION PLAN 2</b>             |                                      |   |              |   |                                  |   |   |
| Community & Culture                    | 2,272                                | 1,719                                     | 25           | 24  | (307)                            | 3,708   | -   |
| Open Space and Public Domain           | 2,370                                | 2,919                                     | 2,411        | 21  | (2,509)                          | 2,801   | -   |
| Roads, Traffic, Carparks and Cycleways | 401                                  | 699                                       | -            | 5   | (176)                            | 929   | -   |
| Administration                         | 410                                  | 200                                       | -            | 3   | (209)                            | 404   | -   |
| <b>Total</b>                           | <b>5,453</b>                         | <b>5,537</b>                              | <b>2,436</b> | <b>53</b>                                   | <b>(3,201)</b>                   | <b>7,842</b>                                      | <b>-</b>  |

### S7.12 Levies – under a plan

|                            |              |            |            |           |              |              |          |
|----------------------------|--------------|------------|------------|-----------|--------------|--------------|----------|
| <b>CONTRIBUTION PLAN 2</b> |              |            |            |           |              |              |          |
| Other                      | 2,590        | 376        | 258        | 19        | (790)        | 2,195        | -        |
| <b>Total</b>               | <b>2,590</b> | <b>376</b> | <b>258</b> | <b>19</b> | <b>(790)</b> | <b>2,195</b> | <b>-</b> |

### F3-3 S7.4 planning agreements

|              |               |          |          |          |              |               |          |
|--------------|---------------|----------|----------|----------|--------------|---------------|----------|
| <b>VPA</b>   |               |          |          |          |              |               |          |
| Other        | 11,123        | -        | -        | -        | (362)        | 10,761        | -        |
| <b>Total</b> | <b>11,123</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(362)</b> | <b>10,761</b> | <b>-</b> |

## F4 Statement of performance measures

### F4-1 Statement of performance measures – consolidated results

| \$ '000  | Amounts<br>2022 | Indicator<br>2022 | Indicators<br>2021      2020 |        | Benchmark |
|--|-----------------|-------------------|------------------------------|--------|-----------|
| <b>1. Operating performance ratio</b>  |                 |                   |                              |        |           |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup> | <b>5,973</b>    | <b>4.36%</b>      | 4.62%                        | 3.42%  | > 0.00%   |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                           | <b>136,974</b>  |                   |                              |        |           |
| <b>2. Own source operating revenue ratio</b>   |                 |                   |                              |        |           |
| Total continuing operating revenue excluding all grants and contributions <sup>1</sup>                               | <b>128,901</b>  | <b>82.96%</b>     | 80.76%                       | 74.01% | > 60.00%  |
| Total continuing operating revenue <sup>1</sup>  | <b>155,381</b>  |                   |                              |        |           |
| <b>3. Unrestricted current ratio</b>   |                 |                   |                              |        |           |
| Current assets less all external restrictions  | <b>113,418</b>  | <b>5.86x</b>      | 6.38x                        | 2.09x  | > 1.50x   |
| Current liabilities less specific purpose liabilities  | <b>19,363</b>   |                   |                              |        |           |
| <b>4. Debt service cover ratio</b>   |                 |                   |                              |        |           |
| Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>             | <b>31,958</b>   | <b>12.23x</b>     | 12.75x                       | 51.74x | > 2.00x   |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                               | <b>2,613</b>    |                   |                              |        |           |
| <b>5. Rates and annual charges outstanding percentage</b>  |                 |                   |                              |        |           |
| Rates and annual charges outstanding   | <b>5,375</b>    | <b>4.96%</b>      | 4.60%                        | 3.72%  | < 5.00%   |
| Rates and annual charges collectable   | <b>108,381</b>  |                   |                              |        |           |
| <b>6. Cash expense cover ratio</b>   |                 |                   |                              |        |           |
| Current year's cash and cash equivalents plus all term deposits  | <b>98,874</b>   | <b>11.49</b>      | 16.26                        | 13.31  | > 3.00    |
| Monthly payments from cash flow of operating and financing activities  | <b>8,607</b>    | <b>months</b>     | months                       | months | months    |

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

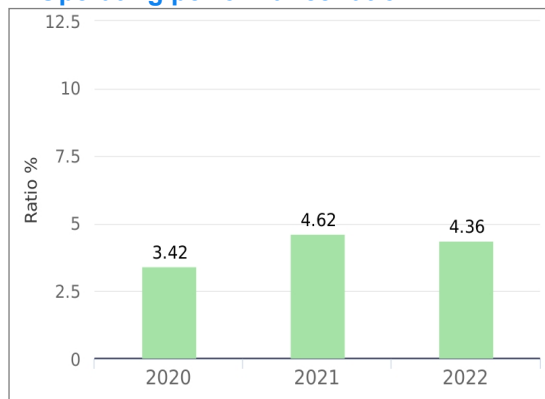
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## G Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 4.36%

This ratio continues to exceed benchmark and demonstrates Council's ability to contain operating expenditure within operating revenue.

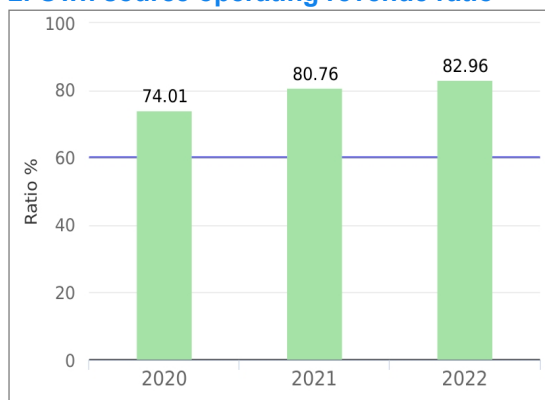
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 82.96%

This ratio is well above benchmark and Council continues to reduce its reliance on external funding sources like grants and contributions. City of Ryde achieves this ratio unlike some of the other growth Councils who have a substantial amount of developer contributions and sub-divider dedications.

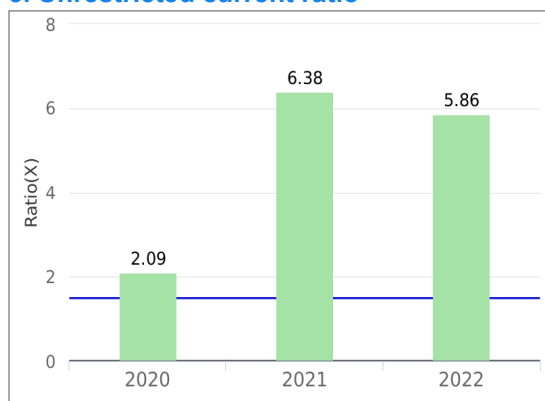
Benchmark: — > 60.00%

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 5.86x

This remains high and represents council's ability to meet its short-term obligations as they fall due.

Benchmark: — > 1.50x

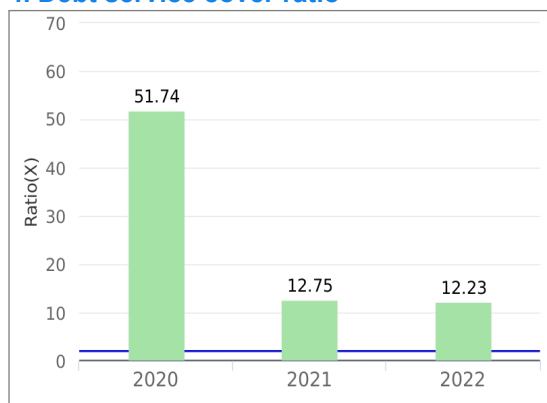
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 12.23x

Council continues to meet this ratio which demonstrates the ability to pay for its existing debt.

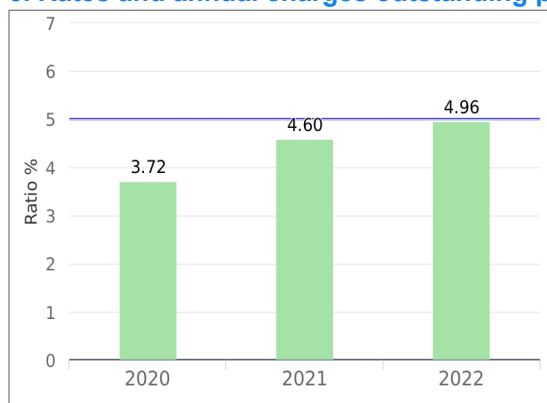
Benchmark: — > 2.00x

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 4.96%

This has met the benchmark set for metropolitan Councils. The increase over the past two years reflects Councils position to hold recovery action during the current global health pandemic.

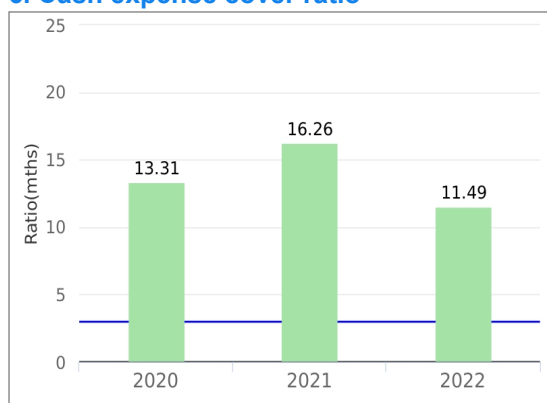
Benchmark: — < 5.00%

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 11.49 months

Council's cash expense ratio has been well above benchmark indicating Council's ability to pay immediate expenses without additional cash flow.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Council of the City of Ryde

To the Councillors of the Council of the City of Ryde

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Kenneth Leung  
Delegate of the Auditor-General for New South Wales

31 October 2022  
SYDNEY





Cr Jordan Lane  
 Mayor  
 Council of the City of Ryde  
 1 Pope Street  
 Ryde NSW 2112

Contact: Kenneth Leung  
 Phone no: 02 9275 7257  
 Our ref: D2222803/1783

31 October 2022

Dear Mayor

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

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

I expressed an unmodified opinion on the Council's GPFS.

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

**INCOME STATEMENT**

**Operating result**

|  | <b>2022</b> | <b>2021</b> | <b>Variance</b> |
|--|-------------|-------------|-----------------|
|  | <b>\$m</b>  | <b>\$m</b>  | <b>%</b>        |
| Rates and annual charges revenue                             | 103         | 101         | 2.5             |
| Grants and contributions revenue                             | 26.5        | 30.9        | 14.2            |
| Operating result from continuing operations                  | 34.1        | 67.5        | 49.5            |
| Net operating result before capital grants and contributions | 15.6        | 43.9        | 64.5            |

Rates and annual charges revenue (\$103 million) increased by \$2.5 million (2.5 per cent) in 2021–22 due to:

- \$1.3 million increase in residential rates
- \$780,000 increase in domestic waste management services charges.

Grants and contributions revenue (\$26.5 million) decreased by \$4.4 million (14.2 per cent) in 2021–22 due to:

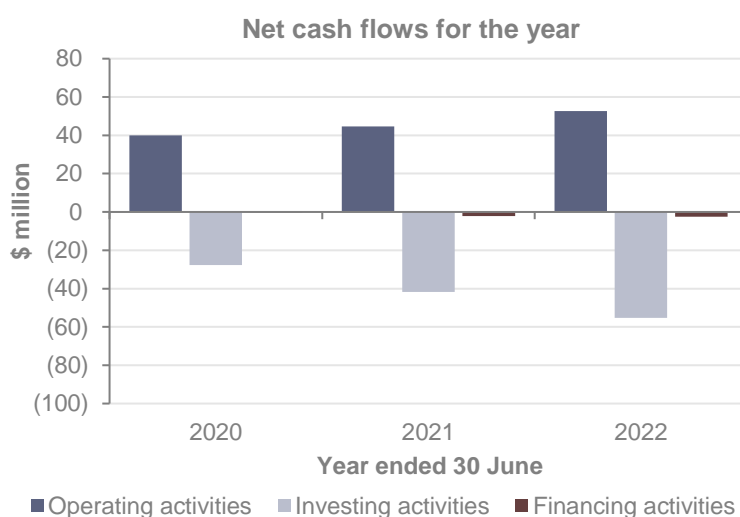
- decrease of \$6.4 million of developer contributions recognised during the year.

The Council's operating result from continuing operations (\$34.1 million including depreciation and amortisation expense of \$25.8 million) was \$33.4 million (49.5 per cent) lower than the 2020–21 result.

The net operating result before capital grants and contributions (\$15.6 million) was \$28.3 million (64.5 per cent) lower than the 2020–21 result.

## STATEMENT OF CASH FLOWS

- Cash flows from operating activities in 2021-22 increased by \$8 million due to increased inflows in rates and annual charges of \$3.8 million and decreased outflows in other operating activities.
- Cash outflows in investing activities increased due to \$10.8 million increase in capitalised investment property expenditure.
- Cash flows from financing activities was minimal and remained relative stable compared to last year.



## FINANCIAL POSITION

### Cash and investments

| Cash and investments   | 2022       | 2021       | Commentary   |
|--|------------|------------|--|
|  | \$m        | \$m        |  |
| <b>Total cash, cash equivalents and investments</b>              | <b>220</b> | <b>231</b> | <ul style="list-style-type: none"> <li>• Significant externally restricted cash and investments include developer contributions - general of \$20.8 million and domestic waste management of \$19.7 million</li> </ul>         |
| Restricted and allocated cash, cash equivalents and investments: |            |            | <ul style="list-style-type: none"> <li>• Significant internal restriction includes \$50.1 million in Ryde Central reserve, \$24 million in investment property reserve and \$20.9 million in accommodation reserve.</li> </ul> |
| • External restrictions  | 62.6       | 58.6       |  |
| • Internal allocations   | 149        | 168        |  |

# PERFORMANCE

## Performance measures

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

### Operating performance ratio

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

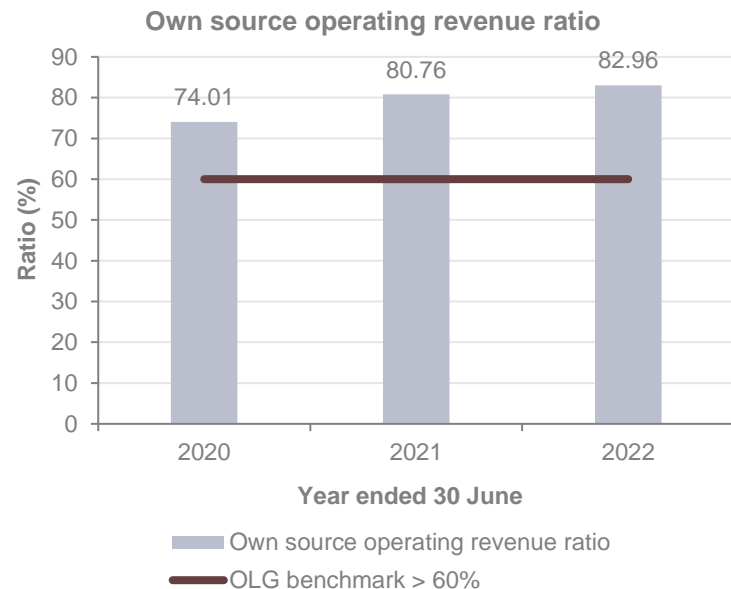
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

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

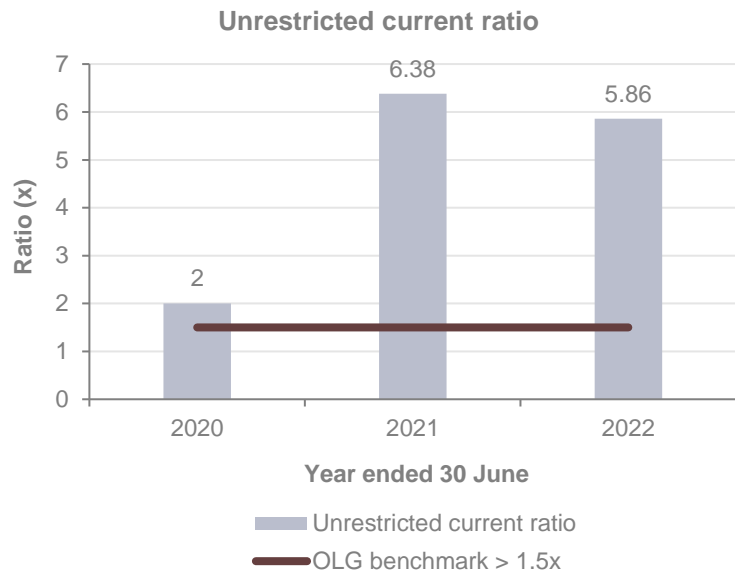
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

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

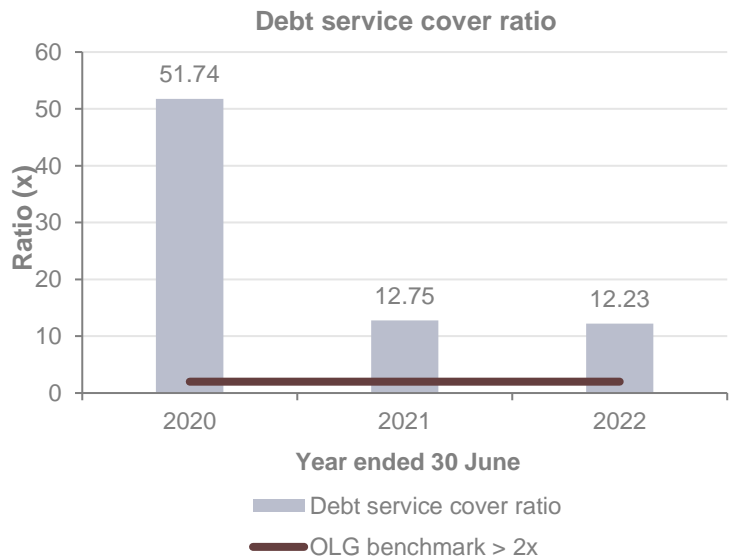
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

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

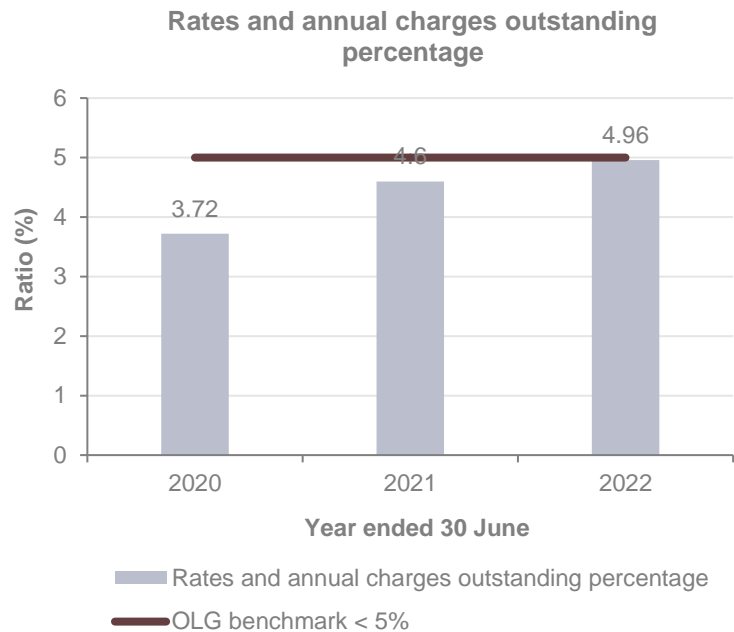
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

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

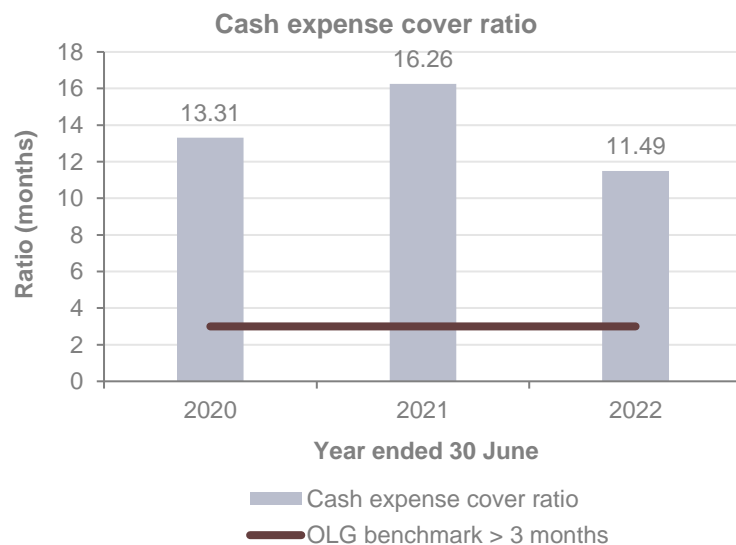
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



## Cash expense cover ratio

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

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



## Infrastructure, property, plant and equipment renewals

Council asset renewals have increased from \$28.6 million in 2020-21 to \$32.3 million in 2022-21. Renewals in 2021-22 primarily related to capital work in progress, road assets and footpaths and cycleways.

## OTHER MATTERS

### Legislative compliance

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

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



Kenneth Leung

Delegate of the Auditor-General for New South Wales



# Special Schedules

for the year ended  
30 June 2022

Council of the City of Ryde

 City of Ryde



Lifestyle and opportunity  
@ your doorstep

# Council of the City of Ryde

## Special Schedules

for the year ended 30 June 2022

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#### **Special Schedules:**

Permissible income for general rates 2

Report on infrastructure assets as at 30 June 2022 6



## Council of the City of Ryde

### Permissible income for general rates

| \$ '000   | Notes                   | Calculation<br>2021/22 | Calculation<br>2022/23 |
|---|-------------------------|------------------------|------------------------|
| <b>Notional general income calculation <sup>1</sup></b> |                         |                        |                        |
| Last year notional general income yield                 | a                       | 75,401                 | 77,745                 |
| Plus or minus adjustments <sup>2</sup>                  | b                       | 819                    | 1,364                  |
| <b>Notional general income</b>                          | c = a + b               | <b>76,220</b>          | <b>79,109</b>          |
| <b>Permissible income calculation</b>                   |                         |                        |                        |
| Or rate peg percentage                                  | e                       | 2.00%                  | 0.70%                  |
| Or plus rate peg amount                                 | i = e x (c + g)         | 1,524                  | 554                    |
| <b>Sub-total</b>  | k = (c + g + h + i + j) | <b>77,744</b>          | <b>79,663</b>          |
| Plus (or minus) last year's carry forward total         | l                       | 1                      | -                      |
| <b>Sub-total</b>  | n = (l + m)             | <b>1</b>               | <b>-</b>               |
| <b>Total permissible income</b>                         | o = k + n               | <b>77,745</b>          | <b>79,663</b>          |
| Less notional general income yield                      | p                       | 77,745                 | 79,663                 |
| <b>Catch-up or (excess) result</b>                      | q = o - p               | <b>-</b>               | <b>-</b>               |
| <b>Carry forward to next year <sup>6</sup></b>          | t = q + r + s           | <b>-</b>               | <b>-</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)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Council of the City of Ryde

To the Councillors of the Council of the City of Ryde

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Kenneth Leung  
Delegate of the Auditor-General for New South Wales

31 October 2022  
SYDNEY

## Council of the City of Ryde

## Report on infrastructure assets as at 30 June 2022

| Asset Class                      | Asset Category              | Estimated cost to bring assets to satisfactory standard<br>\$ '000 | Estimated cost to bring to the agreed level of service set by Council<br>\$ '000 | 2021/22 Required maintenance <sup>a</sup><br>\$ '000 | 2021/22 Actual maintenance<br>\$ '000 | Net carrying amount<br>\$ '000 | Gross replacement cost (GRC)<br>\$ '000 | Assets in condition as a percentage of gross replacement cost |              |              |              |             |
|----------------------------------|-----------------------------|--|--|--|---------------------------------------|--------------------------------|---|---|--------------|--------------|--------------|-------------|
|                                  |                             |  |  |  |                                       |                                |   | 1   | 2            | 3            | 4            | 5           |
| Buildings                        | Buildings                   | 1,609  | 1,609  | 316  | 333                                   | 45,076                         | 68,494                                  | 0.0%  | 0.0%         | 100.0%       | 0.0%         | 0.0%        |
|                                  | Buildings – non-specialised | –  | –  | 4,561  | 4,110                                 | 92,140                         | 158,034                                 | 33.0%   | 5.9%         | 46.4%        | 9.0%         | 5.7%        |
|                                  | <b>Sub-total</b>            | <b>1,609</b>   | <b>1,609</b>   | <b>4,877</b>   | <b>4,443</b>                          | <b>137,216</b>                 | <b>226,528</b>                          | <b>23.0%</b>  | <b>4.1%</b>  | <b>62.6%</b> | <b>6.3%</b>  | <b>4.0%</b> |
| Roads                            | Roads                       | 1,151  | 1,151  | 590  | 530                                   | 174,279                        | 279,367                                 | 32.6%   | 38.8%        | 20.0%        | 8.1%         | 0.4%        |
|                                  | Bridges                     | 4  | 4  | 57   | 11                                    | 14,605                         | 20,282                                  | 42.3%   | 10.0%        | 46.2%        | 1.5%         | 0.0%        |
|                                  | Footpaths and cycleways     | 379  | 379  | 1,458  | 1,971                                 | 77,189                         | 142,059                                 | 21.2%   | 20.2%        | 51.5%        | 6.8%         | 0.3%        |
|                                  | Kerb and Gutter             | 3  | 3  | 849  | 1,629                                 | 67,448                         | 120,229                                 | 2.9%  | 27.1%        | 69.9%        | 0.1%         | 0.0%        |
|                                  | Other road assets           | 285  | 285  | 1,842  | 2,485                                 | 37,777                         | 48,330                                  | 41.2%   | 47.7%        | 9.9%         | 0.6%         | 0.6%        |
|                                  | <b>Sub-total</b>            | <b>1,822</b>   | <b>1,822</b>   | <b>4,796</b>   | <b>6,626</b>                          | <b>371,298</b>                 | <b>610,267</b>                          | <b>25.1%</b>  | <b>31.9%</b> | <b>37.3%</b> | <b>5.4%</b>  | <b>0.3%</b> |
| Stormwater drainage              | Stormwater drainage         | 10,558   | 10,558   | 954  | 764                                   | 206,276                        | 317,424                                 | 10.7%   | 47.7%        | 26.3%        | 11.9%        | 3.6%        |
|                                  | <b>Sub-total</b>            | <b>10,558</b>  | <b>10,558</b>  | <b>954</b>   | <b>764</b>                            | <b>206,276</b>                 | <b>317,424</b>                          | <b>10.7%</b>  | <b>47.7%</b> | <b>26.3%</b> | <b>11.9%</b> | <b>3.6%</b> |
| Open space / recreational assets | Other                       | 609  | 609  | 6,757  | 5,884                                 | 77,850                         | 97,561                                  | 54.2%   | 35.0%        | 9.9%         | 0.2%         | 0.7%        |
|                                  | <b>Sub-total</b>            | <b>609</b>   | <b>609</b>   | <b>6,757</b>   | <b>5,884</b>                          | <b>77,850</b>                  | <b>97,561</b>                           | <b>54.2%</b>  | <b>35.0%</b> | <b>9.9%</b>  | <b>0.2%</b>  | <b>0.7%</b> |
| Other infrastructure assets      | Foreshore Assets            | –  | –  | 86   | 18                                    | 12,202                         | 17,291                                  | 25.4%   | 36.5%        | 29.1%        | 9.0%         | 0.0%        |
|                                  | Carparks                    | –  | –  | 147  | 166                                   | 11,703                         | 17,801                                  | 13.5%   | 0.4%         | 73.4%        | 12.7%        | 0.0%        |
|                                  | <b>Sub-total</b>            | <b>–</b>   | <b>–</b>   | <b>233</b>   | <b>184</b>                            | <b>23,905</b>                  | <b>35,092</b>                           | <b>19.4%</b>  | <b>18.2%</b> | <b>51.6%</b> | <b>10.9%</b> | <b>0.0%</b> |
| <b>Total – all assets</b>        |                             | <b>14,598</b>  | <b>14,598</b>  | <b>17,617</b>  | <b>17,901</b>                         | <b>816,545</b>                 | <b>1,286,872</b>                        | <b>23.2%</b>  | <b>30.8%</b> | <b>37.3%</b> | <b>6.9%</b>  | <b>1.8%</b> |

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

#### Infrastructure asset condition assessment 'key'

Satisfactory condition refers to an asset that is not due for renewal, where a condition rating scale from 1 (very good) to 5 (asset unservicable) is utilised (Source: International Infrastructure Management Manual 2006). It does not include any planned 'enhancements' to the asset. Condition 5 assets are taken as being overdue for renewal, as the end of condition 4 is the intervention point, useful life of the asset, at which time it should be renewed or disposed of.

Condition rating/ description

- 1 New or equivalent
- 2 Good condition without visible blemishes or deterioration

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

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- 3 Usable & safe condition, with visible signs of wear or deterioration, e.g. cracks in footpaths
- 4 usable condition with defects that interfere with use or reduce asset life, e.g. extensive road cracking. At the end of condition 4, the asset will be due for renewal or disposal.
- 5 Requires major repairs or is not suitable to remain in use due to a significant safety hazard, i.e. it is overdue for renewal.

For condition 5 assets that remain in service, there is a low residual life 5%, but indefinite RUL (remaining useful life).

The backlog refers to asset renewals that have been deferred due to insufficient funds. Any asset in condition 5 is considered to have been deferred and overdue for renewal and therefore part of the backlog.

## Council of the City of Ryde

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

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

| \$ '000  | Amounts<br>2022  | Indicator<br>2022 | Indicators |         | Benchmark  |
|--|------------------|-------------------|------------|---------|------------|
|  |                  |                   | 2021       | 2020    |            |
| <b>Buildings and infrastructure renewals ratio</b>                       |                  |                   |            |         |            |
| Asset renewals <sup>1</sup>  | <b>32,277</b>    | <b>164.53%</b>    | 124.17%    | 157.39% | >= 100.00% |
| Depreciation, amortisation and impairment                                | <b>19,618</b>    |                   |            |         |            |
| <b>Infrastructure backlog ratio</b>                                      |                  |                   |            |         |            |
| Estimated cost to bring assets to a satisfactory standard                | <b>14,598</b>    | <b>1.79%</b>      | 1.60%      | 1.91%   | < 2.00%    |
| Net carrying amount of infrastructure assets                             | <b>816,545</b>   |                   |            |         |            |
| <b>Asset maintenance ratio</b>   |                  |                   |            |         |            |
| Actual asset maintenance   | <b>17,901</b>    | <b>101.61%</b>    | 91.94%     | 91.13%  | > 100.00%  |
| Required asset maintenance   | <b>17,617</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>14,598</b>    | <b>1.13%</b>      | 1.23%      | 1.21%   |            |
| Gross replacement cost   | <b>1,286,872</b> |                   |            |         |            |

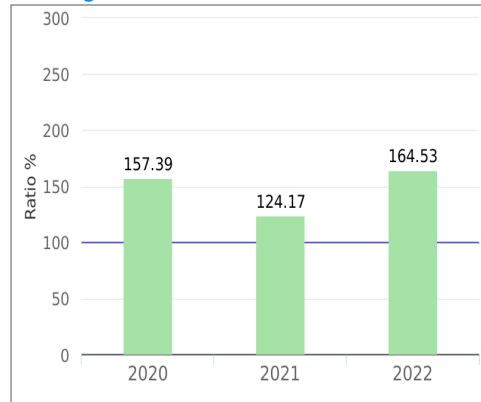
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Council of the City of Ryde

## Report on infrastructure assets as at 30 June 2022

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

| Commentary on result   |         |
|--|---------|
| 21/22 ratio  | 164.53% |
| Council continues to renew assets greater than the rate of depreciation and the amount spent on the existing asset base has improved from FY20/21. |         |

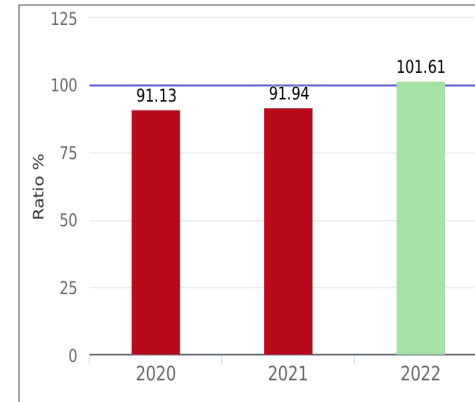
Benchmark: —  $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

| Commentary on result   |         |
|--|---------|
| 21/22 ratio  | 101.61% |
| This has improved from last financial year and it shows that Council is spending greater on asset maintenance than what is required. This spending is important as it stops the infrastructure backlog from growing. |         |

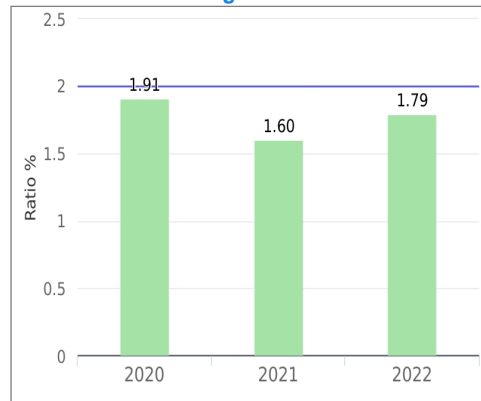
Benchmark: —  $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

| Commentary on result  |       |
|---|-------|
| 21/22 ratio   | 1.79% |
| This ratio has met benchmark level. Council will continue to spend money towards asset maintenance and asset renewals so that this backlog does not grow. |       |

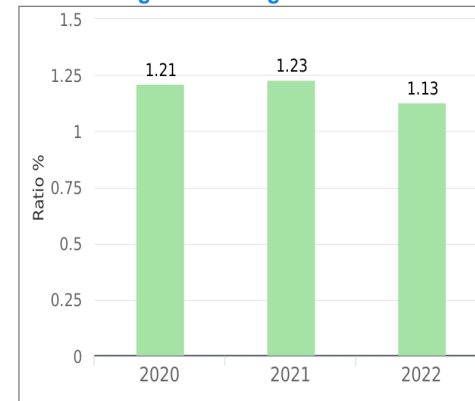
Benchmark: —  $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

| Commentary on result   |       |
|--|-------|
| 21/22 ratio  | 1.13% |
| This ratio continues to be met as the amount spent on outstanding renewal works ensures that the assets are kept at the agreed service levels. |       |