

Meeting Date: Tuesday 25 October 2022
Location: Council Chambers, Level 1A, 1 Pope Street, Ryde and Online
Time: 6.00pm

ATTACHMENTS FOR COUNCIL MEETING

Item

3 2021/22 DRAFT FINANCIAL STATEMENTS

Attachment 1 Draft Financial Statements FY2021/2022

Council of the City of Ryde

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



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Council of the City of Ryde

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



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 .

Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

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

Councillor Jordan Lane
Mayor
dd MMMM yyyy

Councillor Sarkis Yedelian
Deputy Mayor
dd MMMM yyyy

Wayne Rylands
Chief Executive Officer
dd MMMM yyyy

Aneesh Zahra
Responsible Accounting Officer
dd MMMM yyyy

Council of the City of Ryde

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Income from continuing operations				
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	Total income from continuing operations		168,622	198,473
Expenses from continuing operations				
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	Total expenses from continuing operations		134,571	130,927
17,273	Operating result from continuing operations		34,051	67,546
17,273	Net operating result for the year attributable to Council		34,051	67,546
17,274	Net operating result for the year before grants and contributions provided for capital purposes		15,644	43,909

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
Net operating result for the year – from Income Statement		34,051	67,546
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>131,322</u>	<u>10,374</u>
Total items which will not be reclassified subsequently to the operating result		131,322	10,374
Total other comprehensive income for the year		131,322	10,374
Total comprehensive income for the year attributable to Council		165,373	77,920

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

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Council of the City of Ryde

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
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
Total current assets		122,847	157,108
Non-current assets			
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
Total non-current assets		1,740,540	1,541,691
Total assets		1,863,387	1,698,799
LIABILITIES			
Current liabilities			
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
Total current liabilities		54,660	52,656
Non-current liabilities			
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
Total non-current liabilities		8,722	11,511
Total liabilities		63,382	64,167
Net assets		1,800,005	1,634,632
EQUITY			
Accumulated surplus		1,301,668	1,267,617
IPPE revaluation reserve		498,337	367,015
Council equity interest		1,800,005	1,634,632
Total equity		1,800,005	1,634,632

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
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	131,322	131,322	–	10,374	10,374
Other comprehensive income		–	131,322	131,322	–	10,374	10,374
Total comprehensive income		34,051	131,322	165,373	67,546	10,374	77,920
Closing balance at 30 June		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 unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
102,359	Rates and annual charges		103,382	99,596
20,449	User charges and fees		13,723	15,579
2,486	Interest received		3,093	4,147
6,040	Grants and contributions		23,145	25,101
–	Bonds, deposits and retentions received		1,321	182
13,073	Other		8,733	9,847
<i>Payments:</i>				
(57,298)	Payments to employees		(53,510)	(51,035)
(40,085)	Payments for materials and services		(45,039)	(49,205)
(168)	Borrowing costs		(163)	(173)
(22,665)	Other		(2,124)	(9,429)
24,191	Net cash flows from operating activities	F1-1	52,561	44,610
Cash flows from investing activities				
<i>Receipts:</i>				
10,799	Sale of investments		–	19,703
–	Redemption of term deposits		47,950	–
1,353	Proceeds from sale of IPPE		1,591	3,163
<i>Payments:</i>				
–	Purchase of investments		(42,144)	–
–	Acquisition of term deposits		–	(16,450)
(5,688)	Purchase of investment property		(10,894)	(36)
(106,820)	Payments for IPPE		(51,685)	(48,254)
(100,356)	Net cash flows from investing activities		(55,182)	(41,874)
Cash flows from financing activities				
<i>Payments:</i>				
(332)	Repayment of borrowings		(333)	(308)
(2,223)	Principal component of lease payments		(2,117)	(1,932)
(2,555)	Net cash flows from financing activities		(2,450)	(2,240)
(78,720)	Net change in cash and cash equivalents		(5,071)	496
–	Cash and cash equivalents at beginning of year		27,945	27,449
(78,720)	Cash and cash equivalents at end of year	C1-1	22,874	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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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)

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
Functions or activities										
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	–	–
Total functions and activities	168,622	198,473	134,571	130,927	34,051	67,546	26,480	30,916	1,863,387	1,698,799

B1-2 Components of functions or activities

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)

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

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B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	34,946	33,667
Business	20,633	20,898
Less: pensioner rebates (mandatory)	(666)	(675)
Less: pensioner rebates (Council policy)	–	(1)
Rates levied to ratepayers	54,913	53,889
Pensioner rate subsidies received	367	368
Total ordinary rates	55,280	54,257
Special rates		
Environmental	7,904	7,700
Infrastructure special rate levy	13,397	13,037
Macquarie park	1,807	1,836
Rates levied to ratepayers	23,108	22,573
Total special rates	23,108	22,573
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & 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)
Annual charges levied	24,843	23,818
Pensioner subsidies received:		
– Domestic waste management	232	234
Total annual charges	25,075	24,052
Total rates and annual charges	103,463	100,882

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
Specific user charges			
(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
Total specific user charges		7,050	7,365
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
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
Total fees and charges – statutory/regulatory		3,692	4,198
(ii) Fees and charges – other (incl. general user charges (per s.608))			
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
Total fees and charges – other		2,880	3,210
Total other user charges and fees		6,572	7,408
Total user charges and fees		13,622	14,773
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		13,622	14,773
Total user charges and fees		13,622	14,773

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 *	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
Total other revenue		4,493	6,428

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		6,428
Total other revenue		6,428

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 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,944	1,863	-	-
Payment in advance - future year allocation					
Financial assistance	2	2,988	1,995	-	-
Amount recognised as income during current year		4,932	3,858	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
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
Previously contributions:					
Other contributions	2	13	260	43	74
Total special purpose grants and non-developer contributions – cash		3,141	3,421	9,800	5,194
Total special purpose grants and non-developer contributions (tied)		3,141	3,421	9,800	5,194
Total grants and non-developer contributions		8,073	7,279	9,800	5,194
Comprising:					
- Commonwealth funding		5,553	3,858	-	-
- State funding		2,520	3,421	9,800	5,194
		8,073	7,279	9,800	5,194

(*) 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 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	200	410
S 7.4 – contributions using planning 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
Total developer contributions – cash			–	–	5,913	12,356
Non-cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,694	6,087
Total developer contributions non-cash			–	–	2,694	6,087
Total developer contributions			–	–	8,607	18,443
Total contributions			–	–	8,607	18,443
Total grants and contributions			8,073	7,279	18,407	23,637
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			8,073	7,279	18,407	23,637
Total grants and contributions			8,073	7,279	18,407	23,637

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

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)

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.

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B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	110	(2)
– Cash and investments	3,236	3,650
Amortisation of premiums and discounts		
– Debt securities at amortised cost	78	48
Total interest and investment income (losses)	3,424	3,696
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	3,352	3,696
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	72	–
Total interest and investment income	3,424	3,696

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investment properties			
Fair value increment on investment properties		13,241	36,484
Total fair value increment on investment properties	C1-7	13,241	36,484
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		588	543
Total Investment properties		588	543
Other lease income			
Commercial buildings		998	1,084
Affordable housing		639	535
Leaseback fees - council vehicles		715	717
Other		959	1,115
Total other lease income		3,311	3,451
Total rental income	C2-2	3,899	3,994
Total other income		17,140	40,478

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
Total employee costs	59,028	62,494
Less: capitalised costs ¹	(5,587)	(9,600)
Total employee costs expensed	53,441	52,894

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

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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
Legal expenses:			
– Legal expenses: planning and development		932	1,357
– Legal expenses: other		423	476
Total materials and services		46,106	46,810
Less: capitalised costs		(1,830)	–
Total materials and services		44,276	46,810

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
Total borrowing costs expensed	163	173

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
Depreciation and amortisation			
Plant and equipment		2,045	2,052
Office equipment		1,742	1,497
Infrastructure:	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
Total gross depreciation and amortisation costs		25,822	24,248
Total depreciation and amortisation costs		25,822	24,248
Total depreciation, amortisation and impairment for non-financial assets		25,822	24,248

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
Impairment of receivables			
Other		83	209
Total impairment of receivables	C1-4	83	209
Other			
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
Total other		7,299	6,593
Total other expenses		7,382	6,802

Accounting policy

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

Impairment expenses are recognised when identified.

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B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(63)	(117)
Gain (or loss) on disposal		(63)	(117)
Gain (or loss) on disposal of plant and equipment			
	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)
Gain (or loss) on disposal		827	1,171
Gain (or loss) on disposal of Roads, bridges and footpaths			
	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)
Gain (or loss) on disposal		(2,656)	(227)
Gain (or loss) on disposal of Traffic Facilities & Structures			
Less: carrying amount of Road ancillary assets sold/written off		(691)	(28)
Gain (or loss) on disposal		(691)	(28)
Gain (or loss) on disposal of Recreation & Land Improvements			
Less: carrying amount of Park assets sold/written off		(241)	(149)
Gain (or loss) on disposal		(241)	(149)
Gain (or loss) on disposal of Drainage assets			
Less: carrying amount of drainage assets sold/written off		(115)	(60)
Gain (or loss) on disposal		(115)	(60)
Gain (or loss) on disposal of Kerb and gutter			
Proceeds from disposal – kerb and gutter		–	811
Less: carrying amount of kerb and gutter assets sold/written off		(548)	(101)
Gain (or loss) on disposal		(548)	710
Net gain (or loss) from disposal of assets		(3,487)	1,300

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 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Other revenues	8,701	4,493	(4,208)	(48)% U
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.				
Operating grants and contributions	6,040	8,073	2,033	34% F
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.				
Capital grants and contributions	10,936	18,407	7,471	68% F
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.				
Expenses				
Materials and services	50,675	44,276	6,399	13% F
The variation is mainly due to savings in utilities, street lighting, and savings in materials and contracts for various operating and maintenance programs.				
Depreciation, amortisation and impairment of non-financial assets	21,762	25,822	(4,060)	(19)% U
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.				
Other expenses	6,297	7,382	(1,085)	(17)% U
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.				
Statement of cash flows				
Cash flows from investing activities	(100,356)	(55,182)	45,174	(45)% F
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
Cash assets		
Cash on hand and at bank ¹	(1,312)	3,462
Cash equivalent assets		
– Deposits at call ²	24,186	24,483
Total cash and cash equivalents	22,874	27,945

(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
Balance as per the Statement of Cash Flows	22,874	27,945

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Long term deposits ²	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
Total	84,243	112,789	108,094	94,666
Total financial investments	84,243	112,789	108,094	94,666
Total cash assets, cash equivalents and investments	107,117	112,789	136,039	94,666

(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)

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		
Total cash, cash equivalents and investments	219,906	230,705
Less: Externally restricted cash, cash equivalents and investments	<u>(62,550)</u>	<u>(58,608)</u>
Cash, cash equivalents and investments not subject to external restrictions	157,356	172,097
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>9,583</u>	8,898
External restrictions – included in liabilities	9,583	8,898
External restrictions – other		
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	19,696	19,511
External restrictions – other	52,967	49,710
Total external restrictions	62,550	58,608

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		
Cash, cash equivalents and investments not subject to external restrictions	157,356	172,097
Less: Internally restricted cash, cash equivalents and investments	<u>(149,493)</u>	<u>(167,597)</u>
Unrestricted and unallocated cash, cash equivalents and investments	7,863	4,500
Internal allocations		
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)

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

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

Unrestricted and unallocated cash, cash equivalents and investments ¹	7,863	4,500
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(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.

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C1-4 Receivables

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges ¹	3,299	1,790	4,573	–
Interest and extra charges	286	–	235	–
User charges & fees ²				
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
Total	13,911	1,812	14,030	22
Less: provision for impairment				
User charges and fees	(510)	–	(556)	–
Total provision for impairment – receivables	(510)	–	(556)	–
Total net receivables	13,401	1,812	13,474	22

(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
Movement in provision for impairment of receivables		
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)	–
Balance at the end of the year	510	556

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 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	759	-	709	-
Total inventories at cost	759	-	709	-
Total inventories	759	-	709	-

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 ¹	447	447
	447	447

(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 ¹	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)	–
Land:													
– 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
Infrastructure:													
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
Other assets:													
– Heritage collections	111	(1)	110	–	–	–	–	–	–	–	110	–	110
Total infrastructure, property, plant and equipment	1,778,957	(496,043)	1,282,914	32,277	25,883	(5,078)	(23,405)	–	(3,781)	131,322	1,941,458	(501,326)	1,440,132

(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 ¹	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)	–
Land:													
– 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
Infrastructure:													
– 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
Other assets:													
– Heritage collections	110	–	110	–	–	–	–	–	–	–	111	(1)	110
Total infrastructure, property, plant and equipment	1,713,990	(471,398)	1,242,592	28,637	26,513	(2,672)	(22,530)	–	16,939	(6,565)	1,778,957	(496,043)	1,282,914

(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
Owned investment property		
Investment property on hand at fair value	181,370	157,235
Total owned investment property	181,370	157,235
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
Closing balance at 30 June	181,370	157,235

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 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	751	-	1,102	-
Prepayments – waste alliance	819	-	784	-
Other	-	-	5,000	-
Total other assets	1,570	-	6,886	-

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 & Buildings	Total
2022		
Opening balance at 1 July	6,854	6,854
Depreciation charge	(2,417)	(2,417)
Balance at 30 June	4,437	4,437
Right of Use asset is for the administrative building		
2021		
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)
Balance at 30 June	6,854	6,854
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 Statement of Financial Position
2022					
Cash flows	2,254	1,981	–	4,235	4,235
2021					
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
	2,548	1,847

(d) Statement of Cash Flows

Total cash outflow for leases	(2,252)	(2,060)
	(2,252)	(2,060)

(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
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(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	–
Total income relating to operating leases for investment property assets	588	543

Operating lease expenses

Direct operating expenses that generated rental income	(166)	(3)
Total expenses relating to operating leases	(166)	(3)

(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
Total income relating to operating leases for Council assets	3,311	2,734

Reconciliation of IPPE assets leased out as operating leases

\$ '000	2022	2021
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(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
Total undiscounted lease payments to be received	1,202	1,317

Accounting policy

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

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

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

C2-2 Council as a lessor (continued)

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

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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	–
Total payables	29,985	–	29,083	–

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
Total payables	14,987	13,920

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
Grants and contributions received in advance:					
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	–
Total grants received in advance		4,122	5,461	3,428	5,470
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	18	–	18	–
Upfront fees - Bookings		397	–	–	–
Other		1,041	–	1,291	–
Total user fees and charges received in advance		1,456	–	1,309	–
Total contract liabilities		5,578	5,461	4,737	5,470

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 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	352	415	338	762
Total borrowings	352	415	338	762

(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				2022
	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
Total liabilities from financing activities	7,452	(2,450)	–	–	–	–	5,002

\$ '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
Total liabilities from financing activities	7,172	280	–	–	–	–	7,452

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Credit cards/purchase cards	110	106
Total financing arrangements ¹	110	106

Undrawn facilities

C3-3 Borrowings (continued)

\$ '000	2022	2021
– Credit cards/purchase cards	110	106
Total undrawn financing arrangements	110	106

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.

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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	–
Total employee benefit provisions¹	16,491	865	16,381	1,044

(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
	10,727	8,250

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 Councils 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 ¹	–	–

(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.

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

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				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2022	2021
		2022	2021	2022	2021		
Recurring fair value measurements							
Investment property C1-7							
Investment properties		181,370	157,235	–	–	181,370	157,235
Total investment property		181,370	157,235	–	–	181,370	157,235
Infrastructure, property, plant and equipment 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
Total infrastructure, property, plant and equipment		420,396	337,353	985,244	906,897	1,405,640	1,244,250

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)

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
Opening balance	906,897	887,731
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	49,136	10,374
Other movements		
Purchases (GBV)	57,692	33,994
Disposals (WDV)	(5,078)	(2,672)
Other movements	(23,403)	(22,530)
Closing balance	985,244	906,897

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

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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; 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)

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.

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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
Compensation:		
Short-term benefits	2,301	2,211
Post-employment benefits	120	110
Other long-term benefits	61	59
Termination benefits	–	25
Total	2,482	2,405

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					
2022					
GFTH Pty Ltd ⁱ	1	–	30 days	–	–
2021					
GFTH Pty Ltd ⁱ	–	–		–	–

(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
Total	483	469

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		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	99	92
Remuneration for audit and other assurance services	99	92
Total Auditor-General remuneration	99	92
Total audit fees	99	92

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
Net operating result from Income Statement	34,051	67,546
Add / (less) non-cash items:		
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)
Movements in operating assets and liabilities and other cash items:		
(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
Net cash flows from operating activities	52,561	44,610

(b) Non-cash investing and financing activities

Developer contributions ‘in kind’	2,694	6,087
Total non-cash investing and financing activities	2,694	6,087

F2-1 Commitments

Capital commitments (exclusive of GST)

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

Details of capital commitments

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

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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	-
S7.11 contributions – under a plan	5,453	5,537	2,436	53	(3,201)	7,842	-
S7.12 levies – under a plan	2,590	376	258	19	(790)	2,195	-
Total S7.11 and S7.12 revenue under plans	8,043	5,913	2,694	72	(3,991)	10,037	-
S7.4 planning agreements	11,123	-	-	-	(362)	10,761	-
Total contributions	19,166	5,913	2,694	72	(4,353)	20,798	-

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 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				
CONTRIBUTION PLAN 2							
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	-
Total	5,453	5,537	2,436	53	(3,201)	7,842	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN 2

Other	2,590	376	258	19	(790)	2,195	-
Total	2,590	376	258	19	(790)	2,195	-

F3-3 S7.4 planning agreements

VPA

Other	11,123	-	-	-	(362)	10,761	-
Total	11,123	-	-	-	(362)	10,761	-

F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

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

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

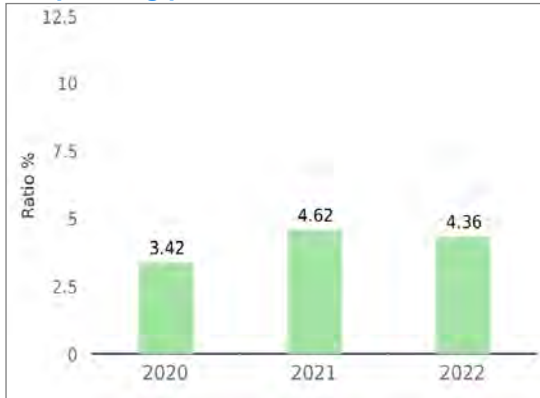
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 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.

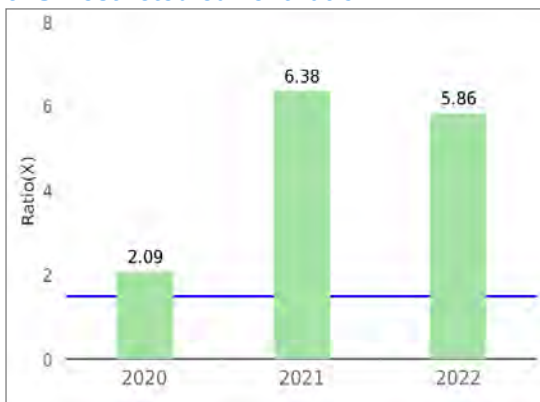
Benchmark: — > 60.00%

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

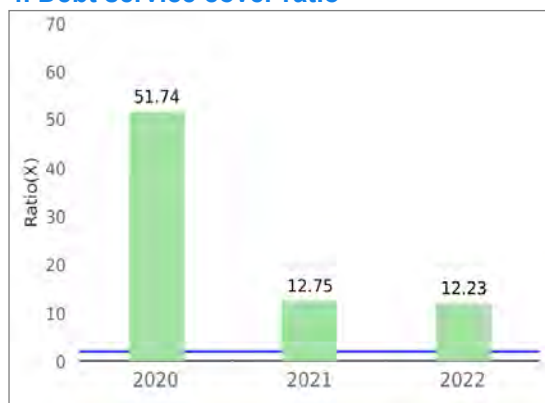
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 Council's position to hold recovery action during the current global health pandemic.

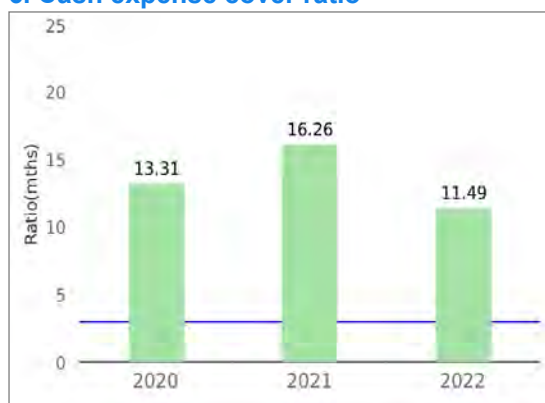
Benchmark: — < 5.00%

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

Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

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

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Council of the City of Ryde

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

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

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Council of the City of Ryde

SPECIAL SCHEDULES
for the year ended 30 June 2022



Council of the City of Ryde

Special Schedules

for the year ended 30 June 2022

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Council of the City of Ryde

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	75,401	77,745
Plus or minus adjustments ²	b	819	1,364
Notional general income	c = a + b	76,220	79,109
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	i = e x (c + g)	1,524	554
Sub-total	k = (c + g + h + i + j)	77,744	79,663
Plus (or minus) last year's carry forward total	l	1	-
Sub-total	n = (l + m)	1	-
Total permissible income	o = k + n	77,745	79,663
Less notional general income yield	p	77,745	79,663
Catch-up or (excess) result	q = o - p	-	-
Carry forward to next year ⁶	t = q + r + s	-	-

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.

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

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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 \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '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%
	Sub-total	1,609	1,609	4,877	4,443	137,216	226,528	23.0%	4.1%	62.6%	6.3%	4.0%
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%
	Sub-total	1,822	1,822	4,796	6,626	371,298	610,267	25.1%	31.9%	37.3%	5.4%	0.3%
Stormwater drainage	Stormwater drainage	10,558	10,558	954	764	206,276	317,424	10.7%	47.7%	26.3%	11.9%	3.6%
	Sub-total	10,558	10,558	954	764	206,276	317,424	10.7%	47.7%	26.3%	11.9%	3.6%
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%
	Sub-total	609	609	6,757	5,884	77,850	97,561	54.2%	35.0%	9.9%	0.2%	0.7%
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%
	Sub-total	–	–	233	184	23,905	35,092	19.4%	18.2%	51.6%	10.9%	0.0%
Total – all assets		14,598	14,598	17,617	17,901	816,545	1,286,872	23.2%	30.8%	37.3%	6.9%	1.8%

(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)

- 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.

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Council of the City of Ryde

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

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

(*) 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.	

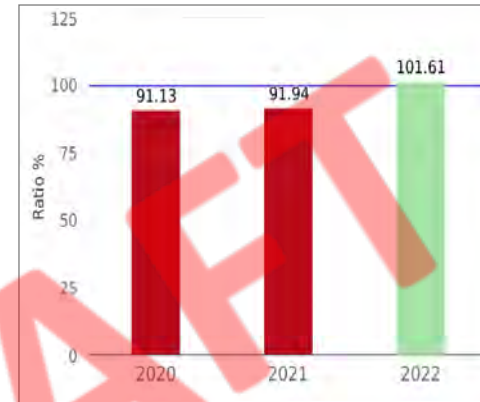
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
21/22 ratio	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.	

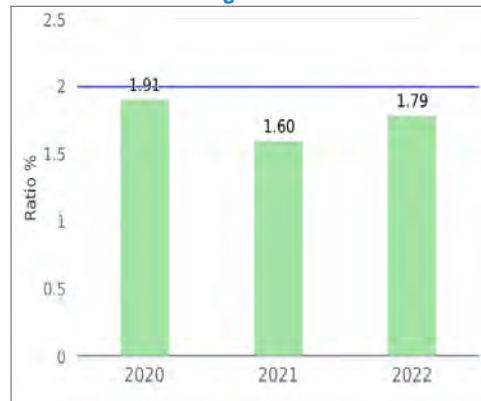
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
21/22 ratio	1.79%
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.	

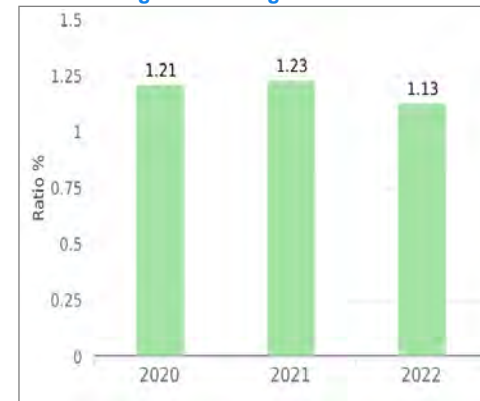
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
21/22 ratio	1.13%
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.	