

Goulburn Mulwaree Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



Goulburn Mulwaree Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Goulburn Mulwaree Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

184-194 Bourke Street
Goulburn NSW 2580

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.goulburn.nsw.gov.au.

Goulburn Mulwaree Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 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.

Goulburn Mulwaree Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

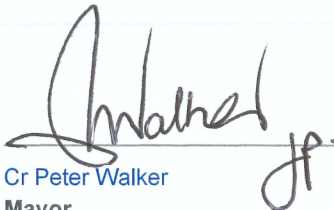
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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.

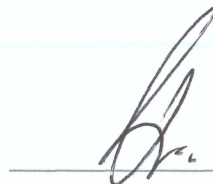
We are not aware of any matter that would render these statements false or misleading in any way.

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



Cr Peter Walker
Mayor

28 November 2022




Cr Steve Ruddell
Deputy Mayor

28 November 2022



Aaron Johansson
Chief Executive Officer

28 November 2022



Brendan Hollands
Responsible Accounting Officer

28 November 2022

Goulburn Mulwaree Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		41,149	35,213
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>175,218</u>	<u>(7,228)</u>
Total items which will not be reclassified subsequently to the operating result		175,218	(7,228)
Total other comprehensive income for the year		175,218	(7,228)
Total comprehensive income for the year attributable to Council		216,367	27,985

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

Goulburn Mulwaree Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	17,467	19,706
Investments	C1-2	91,022	79,000
Receivables	C1-4	6,783	7,666
Inventories	C1-5	524	322
Contract assets and contract cost assets	C1-6	5,486	7,971
Current assets classified as held for sale	C1-7	–	844
Other	C1-10	363	1,285
Total current assets		121,645	116,794
Non-current assets			
Investments	C1-2	6,000	–
Receivables	C1-4	39	37
Infrastructure, property, plant and equipment (IPPE)	C1-8	1,408,886	1,192,020
Investment property	C1-9	4,400	4,300
Right of use assets	C2-1	126	285
Total non-current assets		1,419,451	1,196,642
Total assets		1,541,096	1,313,436
LIABILITIES			
Current liabilities			
Payables	C3-1	9,619	9,528
Contract liabilities	C3-2	7,047	3,598
Lease liabilities	C2-1	103	138
Borrowings	C3-3	2,521	2,336
Employee benefit provisions	C3-4	7,468	8,046
Total current liabilities		26,758	23,646
Non-current liabilities			
Payables	C3-1	2,100	–
Lease liabilities	C2-1	–	136
Borrowings	C3-3	35,800	30,041
Employee benefit provisions	C3-4	955	708
Provisions	C3-5	14,142	13,931
Total non-current liabilities		52,997	44,816
Total liabilities		79,755	68,462
Net assets		1,461,341	1,244,974
EQUITY			
Accumulated surplus	C4-1	487,697	446,548
IPPE revaluation reserve	C4-1	973,644	798,426
Council equity interest		1,461,341	1,244,974
Total equity		1,461,341	1,244,974

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

Goulburn Mulwaree Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		446,548	798,426	1,244,974	411,335	805,654	1,216,989
Opening balance		446,548	798,426	1,244,974	411,335	805,654	1,216,989
Net operating result for the year		41,149	–	41,149	35,213	–	35,213
Net operating result for the period		41,149	–	41,149	35,213	–	35,213
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	175,218	175,218	–	(7,228)	(7,228)
Other comprehensive income		–	175,218	175,218	–	(7,228)	(7,228)
Total comprehensive income		41,149	175,218	216,367	35,213	(7,228)	27,985
Closing balance at 30 June		487,697	973,644	1,461,341	446,548	798,426	1,244,974

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

Goulburn Mulwaree Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
38,850	Rates and annual charges		40,113	38,073
16,900	User charges and fees		19,403	14,528
941	Interest received		712	1,297
38,679	Grants and contributions		57,240	36,057
–	Bonds, deposits and retentions received		523	235
1,516	Other		7,145	8,243
<i>Payments:</i>				
(27,716)	Payments to employees		(26,489)	(24,232)
(21,717)	Payments for materials and services		(31,475)	(26,198)
(1,496)	Borrowing costs		(1,499)	(1,338)
(896)	Other		286	4,322
45,061	Net cash flows from operating activities	G1-1	65,959	50,987
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		68,000	35,000
350	Proceeds from sale of IPPE		5,259	599
<i>Payments:</i>				
–	Purchase of investments		(68,000)	(33,000)
–	Acquisition of term deposits		(18,022)	11,000
–	Purchase of investment property		–	(378)
(82,781)	Payments for IPPE		(61,208)	(66,057)
(82,431)	Net cash flows from investing activities		(73,971)	(52,836)
Cash flows from financing activities				
<i>Receipts:</i>				
8,780	Proceeds from borrowings		8,280	14,900
<i>Payments:</i>				
(2,336)	Repayment of borrowings		(2,336)	(1,652)
(164)	Principal component of lease payments		(171)	(128)
6,280	Net cash flows from financing activities		5,773	13,120
(31,090)	Net change in cash and cash equivalents		(2,239)	11,271
–	Cash and cash equivalents at beginning of year		19,706	8,435
(31,090)	Cash and cash equivalents at end of year	C1-1	17,467	19,706
–	plus: Investments on hand at end of year	C1-2	97,022	79,000
(31,090)	Total cash, cash equivalents and investments		114,489	98,706

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

Goulburn Mulwaree Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

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

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

Council is a not for-profit entity.

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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 C1-9
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. estimated tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Domestic Waste Management Fund
- Water Supply Fund

A1-1 Basis of preparation (continued)

- Sewerage service Fund

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.

It is Council's opinion that no Trust monies held by Council are subject to Council's control and therefore they have not been included in these reports.

As at 30 June 2022 the balance of the trust fund was \$768,984 (\$721,079 at 30 June 2021).

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

Volunteer services are not recognised as they are not reliably measured, would not be otherwise purchased and not regarded to be material.

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 2021 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.

Comparative figures

Comparative Figures

Adjustments have been made to presentation of prior year comparatives in Council's Annual Financial Statements. The changes are either to improve presentation or as a result of format changes in the Local Government Code of Accounting Practice and Financial Reporting.

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.

A1-1 Basis of preparation (continued)

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

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										
Civic Leadership	33,326	30,428	8,140	5,997	25,186	24,431	9,613	7,078	133,615	117,926
Community	4,505	3,929	6,452	6,173	(1,947)	(2,244)	3,866	3,305	122,505	70,664
Economy	13,023	9,281	3,529	4,889	9,494	4,392	6,993	8,856	26,545	12,215
Environment	13,329	14,309	20,180	15,332	(6,851)	(1,023)	2,339	3,377	170,755	122,272
Infrastructure	53,982	45,415	38,715	35,758	15,267	9,657	31,166	23,491	1,052,065	990,359
Other	-	-	-	-	-	-	-	-	35,611	-
Total functions and activities	118,165	103,362	77,016	68,149	41,149	35,213	53,977	46,107	1,541,096	1,313,436

B1-2 Components of functions or activities

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

Civic Leadership

Our Leadership - Council administration including executive management, councillor expenses, human resources, financial services, organisational overheads and oncosts, information and technology, customer service and administrative support. Governance such as access to information, code of conduct, legal services, insurances and policies and procedures.

Community

Our Community - Community services and education, including development, youth services, aged and disabled services. Community amenities such as public cemeteries, public conveniences and street lighting. Recreation and cultural services including, public library, art gallery and museums, community halls, sporting grounds and venues, swimming pool, parks and gardens, and other sport and recreation.

Economy

Our Economy - Economic affairs including marketing, visitor information and events, strategic planning and property management.

Environment

Our Environment - Activities such as public health, noxious plants and animal control, solid waste management, street cleaning, drainage and stormwater management, other environmental protection activities.

Infrastructure

Our Infrastructure - Includes the following networks; sewerage services, water supplies, bridges, footpaths, parking areas, sealed and unsealed roads, urban streets, rural and regional roads.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	15,044	14,421
Farmland	2,400	2,399
Business	4,759	4,655
Less: pensioner rebates (mandatory)	(442)	(447)
Rates levied to ratepayers	21,761	21,028
Pensioner rate subsidies received	243	247
Total ordinary rates	22,004	21,275
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	4,725	4,472
Water supply services	2,396	2,502
Sewerage services	10,156	9,599
Waste management services (non-domestic)	538	498
Less: pensioner rebates (mandatory)	(470)	(469)
Annual charges levied	17,345	16,602
Pensioner subsidies received:		
– Water	94	94
– Sewerage	91	91
– Domestic waste management	73	72
Total annual charges	17,603	16,859
Total rates and annual charges	39,607	38,134

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)			
Water supply services	1	6,779	6,540
Sewerage services	1	2,304	1,980
Waste management services (non-domestic)	1	1,437	1,471
Total specific user charges		10,520	9,991
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	1	438	232
Planning and building regulation	2	1,417	1,305
Private works – section 67	1	138	96
Regulatory/ statutory fees	1	232	226
Section 10.7 certificates (EP&A Act)	1	108	117
Section 603 certificates	1	102	118
Total fees and charges – statutory/regulatory		2,435	2,094
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	1	275	252
Gravel pits	1	328	–
Library and art gallery	1	37	31
Transport for NSW works (state roads not controlled by Council)	1	146	37
GPAC Income	1	179	–
Swimming centres	2	385	168
Waste disposal tipping fees	1	2,905	2,824
Aged and disabled services	1	134	130
Hire of council properties	1	58	37
Sports stadium/recreation facilities	1	68	63
Animal Impounding	1	26	38
Other	1	197	147
Total fees and charges – other		4,738	3,727
Total other user charges and fees		7,173	5,821
Total user charges and fees		17,693	15,812
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		2,879	1,795
User charges and fees recognised over time (1)		14,814	14,017
Total user charges and fees		17,693	15,812

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, 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.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines – parking	1	87	50
Fines – other	1	133	17
Legal fees recovery – rates and charges (extra charges)	1	62	87
Commissions and agency fees	1	8	9
Gas Main Rental	1	1	22
Diesel rebate	1	97	114
Insurance claims recoveries	1	19	57
Sales – general	1	434	841
Insurance rebates	1	78	73
Low value exception lease income	1	93	54
Employee contributions	1	164	157
License Agreements	1	29	28
Other	1	263	154
Total other revenue		1,468	1,663
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		1,451	1,661
Other revenue recognised at a point in time (2)		17	2
Total other revenue		1,468	1,663

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)						
General purpose (untied)						
Current year allocation						
Financial assistance – general component		1	1,884	1,677	–	–
Financial assistance – local roads component		1	1,009	868	–	–
Payment in advance - future year allocation						
Financial assistance – general component		1	2,890	2,726	–	–
Financial assistance – local roads component		1	1,559	–	–	–
Amount recognised as income during current year			7,342	5,271	–	–
Special purpose grants and non-developer contributions (tied)						
Cash contributions						
Previously specific grants:						
	B2-4					
Water supplies		1	96	137	469	236
Sewerage services		1	–	–	2,323	433
Bushfire and emergency services		1	411	260	–	20
Community care		1	314	174	1,161	43
Employment and training programs		1	131	–	–	–
Environmental programs		2	147	154	12	340
Heritage and cultural		1	250	178	–	2,701
Library – per capita		1	228	161	–	–
LIRS subsidy		1	28	44	–	–
Noxious weeds		1	196	135	–	–
Recreation and culture		2	558	65	8,370	8,624
Storm/flood damage		1	6,224	–	–	–
Road safety initiatives		1	71	56	42	14
Street lighting		1	159	393	–	–
Transport (roads to recovery)	B2-4	1	1,080	1,196	–	–
Transport (other roads and bridges funding)		2	3,238	3,837	11,006	4,226
Other specific grants		2	6	2	–	–
Previously contributions:						
Bushfire services		1	299	–	–	–
Community services		1	64	5	–	–
Heritage/cultural		1	–	94	32	–
Other councils – joint works/services		1	18	17	–	–
Recreation and culture		1	–	14	–	11
Roads and bridges		1	–	5	39	–
Transport for NSW contributions (regional roads, block grant)		1	635	530	–	–
Sewerage (excl. section 64 contributions)		1	–	–	56	24
Water supplies (excl. section 64 contributions)		1	–	–	39	421
Other contributions	B2-4	1	6	164	–	–
Veolia host fee		1	594	681	–	–
Total special purpose grants and non-developer contributions – cash			14,753	8,302	23,549	17,093
Non-cash contributions						
Bushfire services		1	–	–	–	71
Other			–	–	–	1,005
Total other contributions – non-cash			–	–	–	1,076

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Total special purpose grants and non-developer contributions (tied)		14,753	8,302	23,549	18,169
Total grants and non-developer contributions		22,095	13,573	23,549	18,169
Comprising:					
– Other funding		–	1,408	–	1,829
– Commonwealth funding		8,740	5,579	962	3,284
– State funding		13,355	6,586	22,587	13,056
		22,095	13,573	23,549	18,169
Developer contributions					
Developer contributions:	G3				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		108	–	–	–
S 7.11 – contributions towards amenities/services	1	10	1,463	2,874	1,427
S 7.12 – fixed development consent levies	1	–	–	361	–
S 64 – water supply contributions	1	–	–	579	1,479
S 64 – sewerage service contributions	1	–	–	1,484	2,451
S 64 – stormwater contributions	1	–	–	96	499
Total developer contributions – cash		118	1,463	5,394	5,856
Non-cash contributions					
S 7.11 – contributions towards amenities/services	1	–	–	805	1,600
S 64 – water supply contributions	1	–	–	444	1,362
S 64 – sewerage service contributions	1	–	–	882	2,756
S 64 – stormwater contributions	1	–	–	690	1,328
Total developer contributions non-cash		–	–	2,821	7,046
Total developer contributions		118	1,463	8,215	12,902
Total contributions		118	1,463	8,215	12,902
Total grants and contributions		22,213	15,036	31,764	31,071
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)		22,213	15,036	31,764	31,071
Total grants and contributions		22,213	15,036	31,764	31,071

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	123	334	2,857	2,680
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	218	–	5,691	–
Add: Funds received and not recognised as revenue in the current year	–	113	–	2,382
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(34)	–	–	–
Funds received in prior year but revenue recognised and funds spent in current year < Enter Description >	(68)	(324)	(2,676)	(2,205)
	–	–	–	–
Unspent funds at 30 June	239	123	5,872	2,857
Contributions				
Unspent funds at 1 July *	–	–	22,554	19,637
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	5,648	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	7,366
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	173	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(3,534)	(4,449)
Unspent contributions at 30 June	–	–	24,841	22,554

(*) Comparative balances amended to ensure the correct classification of unexpended contributions as capital due to them being related to Developer Contributions

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income

B2-4 Grants and contributions (continued)

Assets arising from grants in the scope of AASB 1058 is recognised at the assets 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.

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

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

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

Developer Contributions

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

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

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

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)	84	57
– Cash and investments	669	1,060
Fair Value Adjustments		
- Movements in investments at fair value through profit and loss	–	(2)
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	753	1,115
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	40	29
General Council cash and investments	36	126
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	58	33
– Section 64	112	74
Water fund operations	208	372
Sewerage fund operations	278	439
Domestic waste management operations	21	42
Total interest and investment income	753	1,115

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investment properties			
Fair value increment on investment properties		100	–
Total fair value increment on investment properties	C1-9	100	–
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		324	324
Total Investment properties		324	324
Total rental income	C2-2	324	324
Total other income		424	324

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	20,294	18,926
Employee leave entitlements (ELE)	3,222	3,767
Superannuation	3,175	2,309
Workers' compensation insurance	344	555
Fringe benefit tax (FBT)	66	65
Payroll tax	95	52
Protective clothing	148	131
Total employee costs	27,344	25,805
Less: capitalised costs	(1,780)	(1,749)
Total employee costs expensed	25,564	24,056
Number of 'full-time equivalent' employees (FTE) at year end	311	302

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		4,509	3,712
Contractor and consultancy costs		14,897	10,820
Audit Fees	F2-1	71	78
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	219	234
Advertising		362	315
Bank charges		224	210
Electricity and heating		1,354	1,302
Insurance		1,429	1,236
Postage		122	117
Printing and stationery		152	155
Street lighting		542	544
Subscriptions and publications		221	172
Telephone and communications		278	231
Valuation fees		134	130
Training costs (other than salaries and wages)		289	258
Other expenses		118	164
Legal expenses:			
– Legal expenses: planning and development		506	130
– Legal expenses: debt recovery		64	88
– Legal expenses: other		142	75

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	2022	2021
Other	–	3
Total materials and services	25,633	19,974
Total materials and services	25,633	19,974

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		3	5
Interest on loans		1,560	1,273
Total interest bearing liability costs		1,563	1,278
Total interest bearing liability costs expensed		1,563	1,278
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	211	75
Total other borrowing costs		211	75
Total borrowing costs expensed		1,774	1,353

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		1,627	1,337
Office equipment		691	590
Furniture and fittings		73	111
Land improvements (depreciable)		57	57
Infrastructure:	C1-8		
– Buildings – non-specialised		1,742	1,685
– Other structures		214	296
– Roads		8,291	8,697
– Bridges		1,222	1,208
– Footpaths		591	559
– Stormwater drainage		1,921	1,905
– Water supply network		2,920	2,498
– Sewerage network		2,401	1,894
– Swimming pools		61	56
– Other open space/recreational assets		529	353
Right of use assets	C2-1	136	136
Other assets:			
– Library books		156	129
– Other		155	37
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-8	586	184
– Quarry assets	C3-5,C1-8	–	14
Total gross depreciation and amortisation costs		23,373	21,746
Total depreciation and amortisation costs		23,373	21,746
Impairment / revaluation decrement of IPPE			
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-8	14	–
Total gross IPPE impairment / revaluation decrement costs		14	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		14	–
Total depreciation, amortisation and impairment for non-financial assets		23,387	21,746

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		-	7
Total impairment of receivables	C1-4	-	7
Fair value decrement on investment properties			
Fair value decrement on investment properties		-	236
Total fair value decrement on investment properties	C1-9	-	236
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		46	44
– NSW fire brigade levy		124	99
– NSW rural fire service levy		394	401
Donations, contributions and assistance to other organisations (Section 356)		94	233
Total other		658	777
Total other expenses		658	1,020

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		334	599
Less: carrying amount of plant and equipment assets sold/written off		(172)	(374)
Gain (or loss) on disposal		162	225
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		68,000	35,000
Less: carrying amount of investments sold/redeemed/matured		(68,000)	(35,000)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of non-current assets classified as 'held for sale'	C1-7		
Proceeds from disposal – non-current assets 'held for sale'		4,925	–
Less: carrying amount of 'held for sale' assets sold/written off		(844)	(18)
Gain (or loss) on disposal		4,081	(18)
Net gain (or loss) from disposal of assets		4,243	207

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 15/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	38,850	39,607	757	2%	F
User charges and fees	16,900	17,693	793	5%	F
Other revenues	1,207	1,468	261	22%	F
This result is primarily due to higher than anticipated amount of fines paid (\$220K).					
Operating grants and contributions	12,190	22,213	10,023	82%	F
This result is primarily due to grant funding received to repair infrastructure damaged in the storm events in February 2020 (1,835K) and August 2020 (4,098K). Council also received maintenance funding for Roads and Bridges including Fixing Local Roads Round 1 (1,587K), Australian Govt Blackspot (691K), Regional Road Block Grant (530K) and LRCI Round 1 (226K). Other areas where higher than anticipated revenue was received include the Community Event program (290K) and multiple other operating grants received throughout the year.					
Capital grants and contributions	26,489	31,764	5,275	20%	F
This result is primarily due to two sources of funding which were The Bushfire Local Economic Recovery Fund (1,625K) and the Fixing Country Roads grant (3,338K). The majority of this funding was deferred from the previous year and due to timing was accounted for in this financial.					
Interest and investment revenue	941	753	(188)	(20)%	U
This budget variance is due to the historically low interest rates available for Council's Investments. While Council traditionally takes a conservative approach to budgeting for Interest & Investment revenue, this year's actuals represent a significant reduction from the previous year's results (37%) despite similar levels of investments.					
Net gains from disposal of assets	-	4,243	4,243	∞	F
Other income	309	424	115	37%	F
This result is due to a higher than anticipated rental occupancy at Council's "Workspace Goulburn" facility					
Expenses					
Employee benefits and on-costs	27,716	25,564	2,152	8%	F
Materials and services	21,717	25,633	(3,916)	(18)%	U
This result is due to the completion of major projects including the Aquatic Centre (10,974K Tendered Work) and the Performing Arts Centre (5,939K Tendered Work)					
Borrowing costs	1,496	1,774	(278)	(19)%	U
This result is due to the higher than anticipated tip and gravel pit reinstatement provisions (211K).					
Depreciation, amortisation and impairment of non-financial assets	22,831	23,387	(556)	(2)%	U

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Other expenses	896	658	238	27% F
This result is primarily due to the reduction in the amount of donations, contributions and assistance to other community organisations (Section 365 donations). A reduction of 139K on last years' actuals.				
Statement of cash flows				
Cash flows from operating activities	45,061	65,959	20,898	46% F
This variation is primarily due to the levels of Grants and Contributions received as explained in the revenues section. The significant increase in operating grants and contributions due to damage caused by infrastructure through severe weather events.				
Cash flows from investing activities	(82,431)	(73,971)	8,460	(10)% F
Cash flows from financing activities	6,280	5,773	(507)	(8)% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	925	1,581
Cash equivalent assets		
– Deposits at call	16,542	18,125
Total cash and cash equivalents	17,467	19,706

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	17,467	19,706
Balance as per the Statement of Cash Flows	17,467	19,706

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	91,022	6,000	79,000	–
Total	91,022	6,000	79,000	–
Total financial investments	91,022	6,000	79,000	–
Total cash assets, cash equivalents and investments	108,489	6,000	98,706	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

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.

Fair value through other comprehensive income – equity instruments

Council has no strategic investments in entities over which they do not have significant influence nor control. C

Financial assets through profit or loss

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

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

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	114,489	98,706
Less: Externally restricted cash, cash equivalents and investments	<u>(90,806)</u>	<u>(81,842)</u>
Cash, cash equivalents and investments not subject to external restrictions	23,683	16,864

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended loans – general	3,223	3,375
Specific purpose unexpended loans – water	138	138
Employee leave entitlements – domestic waste	246	280
Employee leave entitlements – sewerage	366	416
Employee leave entitlements – water	684	782
Specific purpose unexpended grants – general fund	6,111	2,980
External restrictions – included in liabilities	10,768	7,971

External restrictions – other

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

Developer contributions – general	6,413	5,575
Developer contributions – water fund	8,881	8,584
Developer contributions – sewer fund	9,544	8,396
Water fund	17,391	18,785
Water supplies – incomplete works	3,868	3,441
Sewerage services – incomplete works	17,830	12,869
Domestic waste management	2,496	2,022
Sewer fund	13,494	14,062
Domestic Waste Management - Incomplete Works	121	137

continued on next page ...

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

External restrictions – other	80,038	73,871
Total external restrictions	90,806	81,842

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
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	23,683	16,864
Less: Internally restricted cash, cash equivalents and investments	(17,887)	(18,300)
Unrestricted and unallocated cash, cash equivalents and investments	5,796	(1,436)

Internal allocations

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

Plant and vehicle replacement	1,393	1,802
Employees leave entitlement	1,066	1,066
Bridges	14	32
Buildings	(18)	538
Cemeteries	–	6
Collex/Veolia host fee	1,412	1,555
Community assistance scheme	171	177
Election reserve	13	160
Energy efficiency	5	5
Environment	2,231	1,915
Financial Assistance Grant	4,449	2,726
Gallery	72	18
Insurance rebates	110	110
Library development	13	–
Local roads/infrastructure	732	698
Marulan hall	138	138
Museums	153	153
Outdoor pool renewal	537	718
Performing arts	2	1,083
Proceeds from land sales	–	620
Public entertainment venue	611	865
Risk management	281	281
Social plan	33	33
Special projects	2,181	1,886
Strategic planning	622	426
Technology	657	434
Tip replacement	200	263
Tourism	77	73
Training	100	100
Printers	120	120
Landscaped Areas	298	193
Other	214	106
Total internal allocations	17,887	18,300

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

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

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

\$ '000	2022	2021
Unrestricted and unallocated cash, cash equivalents and investments	5,796	(1,436)

C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	1,285	39	1,443	37
Interest and extra charges	34	–	36	–
User charges and fees	2,592	–	3,426	–
Accrued revenues				
– Interest on investments	293	–	148	–
– Other income accruals	1,137	–	1,210	–
Government grants and subsidies	–	–	198	–
Net GST receivable	1,297	–	1,292	–
Other debtors	284	–	–	–
Total	6,922	39	7,753	37
Less: provision for impairment				
Rates and annual charges	(53)	–	(34)	–
User charges and fees	(80)	–	(47)	–
Other debtors	(6)	–	(6)	–
Total provision for impairment – receivables	(139)	–	(87)	–
Total net receivables	6,783	39	7,666	37
Externally restricted receivables				
Water supply				
– Other	1,451	–	544	–
Sewerage services				
– Other	871	–	2,491	–
Total external restrictions	2,322	–	3,035	–
Unrestricted receivables	4,461	39	4,631	37
Total net receivables	6,783	39	7,666	37

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	87	79
Balance at the end of the year	87	79

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

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

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

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

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

C1-4 Receivables (continued)

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 year past due, whichever occurs first. 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	524	-	322	-
Total inventories at cost	524	-	322	-
Total inventories	524	-	322	-

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total externally restricted assets	-	-	-	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	524	-	322	-
Total inventories	524	-	322	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	5,486	-	7,971	-
Total contract assets and contract cost assets	5,486	-	7,971	-

Contract assets

Work relating to infrastructure grants	2,149	-	32	-
Construction of Transport assets	2,921	-	6,617	-
Construction of Open space assets	416	-	1,322	-
Total contract assets	5,486	-	7,971	-

(i) Externally restricted assets

Externally restricted assets

Water	180	-	-	-
Sewer	847	-	433	-
Total externally restricted assets	1,027	-	433	-

continued on next page ...

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

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Total restricted assets	1,027	-	433	-
Total unrestricted assets	4,459	-	7,538	-
Total contract assets and contract cost asset	5,486	-	7,971	-

Accounting policy

Contract assets

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

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

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

C1-7 Non-current assets classified as held for sale

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Non-current assets held for sale				
Land	-	-	844	-
Total non-current assets held for sale	-	-	844	-
Total non-current assets classified as held for sale	-	-	844	-

Details of assets and disposal groups

Comprising 2/1 Dossie Street and minor ancillary nursery buildings which was presented to the market during the 2021 financial year.

Reconciliation of non-current assets held for sale and disposal groups – i.e. discontinued operations

\$ '000	2022	2021
	Assets 'held for sale'	Assets 'held for sale'
Opening balance	844	468
Less: carrying value of assets/operations sold	(844)	(18)
Balance still unsold after 12 months:	-	450
<u>Plus new transfers in:</u>		
- Assets held for sale	-	394
Closing balance of held for sale non-current assets and operations	-	844

Accounting policy

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

C1-7 Non-current assets classified as held for sale (continued)

fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

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

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	48,724	–	48,724	59,130	–	–	–	(38,109)	–	–	69,745	–	69,745
Plant and equipment	22,099	(11,658)	10,441	2,172	(192)	(1,627)	–	194	(102)	–	23,541	(12,655)	10,886
Office equipment	4,893	(3,094)	1,799	–	–	(691)	–	441	–	–	5,335	(3,786)	1,549
Furniture and fittings	1,381	(1,098)	283	–	–	(73)	–	96	230	–	1,343	(807)	536
Land:													
– Operational land	21,305	–	21,305	–	–	–	–	–	–	3,169	24,475	–	24,475
– Community land	22,643	–	22,643	8	–	–	–	–	–	2,266	24,917	–	24,917
– Land under roads (post 30/6/08)	104	–	104	–	–	–	–	–	–	–	104	–	104
Land improvements – depreciable	2,191	(644)	1,547	–	–	(57)	–	–	–	54	2,271	(727)	1,544
Infrastructure:													
– Buildings – non-specialised	87,292	(43,590)	43,702	982	–	(1,742)	–	22,034	(139)	4,712	119,872	(50,323)	69,549
– Other structures	7,328	(2,358)	4,970	–	–	(214)	–	118	–	552	8,296	(2,870)	5,426
– Roads	654,216	(195,354)	458,862	657	–	(8,291)	–	5,817	–	48,765	731,469	(225,659)	505,810
– Bridges	144,784	(36,541)	108,243	–	–	(1,222)	–	316	–	11,575	160,756	(41,844)	118,912
– Footpaths	46,735	(8,793)	37,942	138	–	(591)	–	86	–	4,052	52,025	(10,398)	41,627
– Stormwater drainage	147,096	(41,143)	105,953	690	–	(1,921)	–	132	–	12,200	165,149	(48,095)	117,054
– Water supply network	290,670	(96,630)	194,040	445	–	(2,920)	–	2	45	36,419	330,130	(102,099)	228,031
– Sewerage network	174,696	(64,706)	109,990	869	–	(2,401)	–	15	(45)	49,624	211,497	(53,445)	158,052
– Swimming pools	1,426	(673)	753	–	–	(61)	–	52	–	119	1,724	(861)	863
– Other open space/recreational assets	12,731	(2,296)	10,435	–	–	(529)	–	8,677	9	1,711	23,606	(3,303)	20,303
Other assets:													
– Library books	1,317	(931)	386	–	–	(156)	–	115	–	–	1,432	(1,087)	345
– Other	886	(161)	725	–	–	(155)	–	14	2	–	906	(320)	586
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	11,486	(2,455)	9,031	–	–	(586)	–	–	–	–	11,485	(3,041)	8,444
– Quarry assets	246	(104)	142	–	–	–	(14)	–	–	–	246	(118)	128
Total infrastructure, property, plant and equipment	1,704,249	(512,229)	1,192,020	65,091	(192)	(23,237)	(14)	–	–	175,218	1,970,324	(561,438)	1,408,886

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Tfrs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	21,146	–	21,146	–	58,245	–	–	(30,667)	–	–	–	48,724	–	48,724
Plant and equipment	21,561	(11,881)	9,680	–	–	(374)	(1,337)	2,472	–	–	–	22,099	(11,658)	10,441
Office equipment	4,667	(2,504)	2,163	–	–	–	(590)	226	–	–	–	4,893	(3,094)	1,799
Furniture and fittings	1,304	(987)	317	–	–	–	(111)	77	–	–	–	1,381	(1,098)	283
Land:														
– Operational land	21,595	–	21,595	–	–	–	–	–	(290)	–	–	21,305	–	21,305
– Community land	19,079	–	19,079	–	1,005	–	–	–	(104)	–	2,663	22,643	–	22,643
– Land under roads (post 30/6/08)	104	–	104	–	–	–	–	–	–	–	–	104	–	104
Land improvements – depreciable	2,191	(587)	1,604	–	–	–	(57)	–	–	–	–	2,191	(644)	1,547
Infrastructure:														
– Buildings – non-specialised	87,143	(41,905)	45,238	–	–	–	(1,685)	149	–	–	–	87,292	(43,590)	43,702
– Other structures	6,660	(2,061)	4,599	–	–	–	(296)	667	–	–	–	7,328	(2,358)	4,970
– Roads	641,634	(186,657)	454,977	–	1,246	–	(8,697)	11,336	–	–	–	654,216	(195,354)	458,862
– Bridges	143,187	(35,333)	107,854	–	–	–	(1,208)	1,597	–	–	–	144,784	(36,541)	108,243
– Footpaths	44,443	(8,235)	36,208	–	353	–	(559)	1,940	–	–	–	46,735	(8,793)	37,942
– Stormwater drainage	145,392	(39,238)	106,154	–	1,329	–	(1,905)	375	–	–	–	147,096	(41,143)	105,953
– Water supply network	294,786	(97,295)	197,491	–	1,361	–	(2,498)	4,013	–	(6,327)	–	290,670	(96,630)	194,040
– Sewerage network	174,445	(64,921)	109,524	–	2,754	–	(1,894)	3,170	–	(3,564)	–	174,696	(64,706)	109,990
– Swimming pools	1,331	(617)	714	–	–	–	(56)	95	–	–	–	1,426	(673)	753
– Other open space/recreational assets	8,470	(1,944)	6,526	–	–	–	(353)	4,262	–	–	–	12,731	(2,296)	10,435
Other assets:														
– Library books	1,194	(802)	392	–	–	–	(129)	123	–	–	–	1,317	(931)	386
– Other	721	(124)	597	–	–	–	(37)	165	–	–	–	886	(161)	725
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	4,538	(2,271)	2,267	6,948	–	–	(184)	–	–	–	–	11,486	(2,455)	9,031
– Quarry assets	282	(90)	192	–	–	(36)	(14)	–	–	–	–	246	(104)	142
Total infrastructure, property, plant and equipment	1,645,873	(497,452)	1,148,421	6,948	66,293	(410)	(21,610)	–	(394)	(9,891)	2,663	1,704,249	(512,229)	1,192,020

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

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

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

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

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed". Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land and buildings.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/22			as at 30/06/21		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	3,342	–	3,342	36	–	36
Plant and equipment	1,051	367	684	366	282	84
Land						
– Operational land	2,300	–	2,300	2,089	–	2,089
– Improvements – depreciable	412	151	261	397	137	260
Buildings	1,454	1,096	358	1,310	971	339
Other structures	19	16	3	18	14	4
Infrastructure	328,767	101,857	226,910	289,308	96,642	192,666
Total water supply	337,345	103,487	233,858	293,524	98,046	195,478
Sewerage services						
WIP	9,520	–	9,520	3,321	–	3,321
Plant and equipment	256	245	11	294	265	29
Furniture and fittings	29	5	24	29	4	25
Land						
– Operational land	7,668	–	7,668	6,645	–	6,645
– Community land	143	–	143	143	–	143
Buildings	2,240	1,870	370	2,016	1,659	357
Other structures	36	30	6	35	27	8
Infrastructure	211,094	53,089	158,005	174,310	64,707	109,603
Total sewerage services	230,986	55,239	175,747	186,793	66,662	120,131
Domestic waste management						
WIP	45	–	45	21	–	21
Plant and equipment	8	8	–	8	8	–
Other structures	29	12	17	29	12	17
Total domestic waste management	82	20	62	58	20	38
Total restricted infrastructure, property, plant and equipment	568,413	158,746	409,667	480,375	164,728	315,647

C1-9 Investment properties

\$ '000	2022	2021
Owned investment property		
Investment property on hand at fair value	4,400	4,300
Total owned investment property	4,400	4,300

Owned investment property

At fair value

Opening balance at 1 July	4,300	4,158
Capitalised subsequent expenditure	-	378
Net gain/(loss) from fair value adjustments	100	(236)
Closing balance at 30 June	4,400	4,300

Accounting policy

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

C1-10 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	363	-	1,285	-
Total other assets	363	-	1,285	-

Externally restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Water				
Prepayments	194	-	194	-
Total water	194	-	194	-
Sewerage				
Prepayments	58	-	254	-
Total sewerage	58	-	254	-

Current other 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 Current	2022 Non-current	2021 Current	2021 Non-current
Total externally restricted assets	252	-	448	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	111	-	837	-
Total other assets	363	-	1,285	-

C2 Leasing activities

C2-1 Council as a lessee

Council currently has a lease over part of a building that it utilizes to run a community Centre from. This property is located at 155 Auburn Street Goulburn. Information relating to this lease and associated balances and transactions is provided below:

Terms and conditions of leases

Buildings

Council currently has a lease over part of a building that it utilises to run a community centre from. This property is located at 155 Auburn Street Goulburn. The original lease term was for a period of 5 years and commenced on 1 July 2018. This lease allows for a renewal option for another 5 year period.

This lease contains an annual pricing mechanism based on either a 3% increase or CPI increase, whichever is greater, at each anniversary of the lease inception.

Extension options

Council included an option in this building lease to provide flexibility and certainty to Council operations and reduce costs of moving premises; and this extension option is at Council's discretion.

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

There are \$923k in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right of use assets

\$ '000	Buildings	Total
2022		
Opening balance at 1 July	285	285
Depreciation charge	(136)	(136)
Balance at 30 June	126	126
2021		
Opening balance at 1 July	421	421
Depreciation charge	(136)	(136)
Balance at 30 June	285	285

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	103	-	138	136
Total lease liabilities	103	-	138	136

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					

C2-1 Council as a lessee (continued)

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	137	–	–	137	103
2021 Cash flows	137	137	–	274	274

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	6	5
Depreciation of right of use assets	136	136
	142	141

(e) Statement of Cash Flows

Total cash outflow for leases	(144)	(144)
	(144)	(144)

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

Accounting policy

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

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

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

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

C2-1 Council as a lessee (continued)

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-9) and/or IPP&E.

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 lease realts to 115 Auburn Street Goulburn NSW 2580 by the council for community services.

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)	324	324
Total income relating to operating leases for investment property assets	324	324

(ii) Assets held as property, plant and equipment

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

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

< 1 year	249	284
1–2 years	47	249
2–3 years	–	47
Total undiscounted lease payments to be received	296	580

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 then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

Council has concluded that the low value exception amount to be applied is \$10,000 and below.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Goods and services – operating expenditure	3,929	–	3,109	–
Goods and services – capital expenditure	1,290	–	2,671	–
Accrued expenses:				
– Borrowings	252	–	188	–
– Salaries and wages	(4)	–	533	–
– Other expenditure accruals	239	–	331	–
Advances	–	–	38	–
Security bonds, deposits and retentions	1,765	–	1,242	–
Performing Art centre shows	183	–	–	–
Regional Hockey Facility	300	2,100	–	–
Other	42	–	–	–
Prepaid rates	1,623	–	1,416	–
Total payables	9,619	2,100	9,528	–
Total payables	9,619	2,100	9,528	–

Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Water	710	–	832	–
Sewer	30	–	95	–
Domestic waste management	1	–	17	–
Payables relating to externally restricted assets	741	–	944	–
Total payables relating to restricted assets	741	–	944	–
Total payables relating to unrestricted assets	8,878	2,100	8,584	–
Total payables	9,619	2,100	9,528	–

C3-1 Payables (continued)

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	911	787
Total payables	911	787

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 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,707	–	2,857	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	275	–	123	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	2,129	–	–	–
Total grants received in advance		6,111	–	2,980	–
User fees and charges received in advance:					
Other		936	–	618	–
Total user fees and charges received in advance		936	–	618	–
Total contract liabilities		7,047	–	3,598	–

Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 1058 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.

Contract liabilities relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
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Externally restricted assets

C3-2 Contract Liabilities (continued)

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Unspent grants held as contract liabilities (excl. Water & Sewer)	6,111	–	2,980	–
Contract liabilities relating to externally restricted assets	6,111	–	2,980	–
Total contract liabilities relating to restricted assets	6,111	–	2,980	–
Total contract liabilities relating to unrestricted assets	936	–	618	–
Total contract liabilities	7,047	–	3,598	–

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,823	2,679
Operating grants (received prior to performance obligation being satisfied)	238	321
User fees and charges received in advance:		
Other	42	276
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,103	3,276

Significant changes in contract liabilities

There is no significant changes to contract liabilities compared to prior year.

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	2,521	35,800	2,336	30,041
Total borrowings	2,521	35,800	2,336	30,041

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

Borrowings relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Water	588	11,450	550	12,038
Sewer	276	2,613	360	2,528
Borrowings relating to externally restricted assets	864	14,063	910	14,566
Total borrowings relating to restricted assets	864	14,063	910	14,566

C3-3 Borrowings (continued)

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Total borrowings relating to unrestricted assets	1,657	21,737	1,426	15,475
Total borrowings	2,521	35,800	2,336	30,041

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	32,377	5,944	–	–	–	–	38,321
Lease liability (Note C2-1b)	274	(171)	–	–	–	–	103
Total liabilities from financing activities	32,651	5,773	–	–	–	–	38,424

\$ '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	19,129	13,248	–	–	–	–	32,377
Lease liability (Note C2-1b)	402	(128)	–	–	–	–	274
Total liabilities from financing activities	19,531	13,120	–	–	–	–	32,651

(b) Financing arrangements

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

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over future cash flows.

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.

C3-3 Borrowings (continued)

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

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

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	2,279	–	2,539	–
Sick leave	37	–	39	–
Long service leave	5,052	955	5,427	708
Other leave	100	–	41	–
Total employee benefit provisions	7,468	955	8,046	708

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	593	91	710	73
Sewer	324	40	384	32
Domestic Waste Management	246	–	264	14
Employee benefit provisions relating to externally restricted assets	1,163	131	1,358	119
Total employee benefit provisions relating to restricted assets	1,163	131	1,358	119
Total employee benefit provisions relating to unrestricted assets	6,305	824	6,688	589
Total employee benefit provisions	7,468	955	8,046	708

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	4,596	5,542
	4,596	5,542

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
2022					
At beginning of year	2,539	39	6,135	41	8,754
Other	(260)	(2)	(128)	59	(331)
Total ELE provisions at end of year	2,279	37	6,007	100	8,423
2021					
At beginning of year	2,396	40	6,174	38	8,648
Other	143	(1)	(39)	3	106
Total ELE provisions at end of year	2,539	39	6,135	41	8,754

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

C3-4 Employee benefit provisions (continued)

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Goulburn tip	–	13,728	–	13,523
Gravel pits *	–	414	–	408
Sub-total – asset remediation/restoration	–	14,142	–	13,931
Total provisions	–	14,142	–	13,931

(*) Comparatives moved to Non-Current to reflect correct categorisation

Provisions relating to restricted assets

Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	–	14,142	–	13,931
Total provisions	–	14,142	–	13,931

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	13,931	13,931
Unwinding of discount	211	211
Total other provisions at end of year	14,142	14,142
2021		
At beginning of year	6,945	6,945
Unwinding of discount	75	75
Remeasurement effects	6,911	6,911
Total other provisions at end of year	13,931	13,931

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

Accounting policy

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

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

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

Asset remediation – tips and quarries

Provision for close-down restoration and environmental cleanup costs

C3-5 Provisions (continued)

	Provision \$000	Years to remediation
Goulburn Tip	\$11,878	12
Marulan Tip	\$1,850	30
Gravel Pits	\$414	12

Restoration

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

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

Rehabilitation

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

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

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

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	26,903	2,637	10,067
User charges and fees	8,282	7,028	2,383
Interest and investment revenue	251	224	278
Other revenues	1,283	83	102
Grants and contributions provided for operating purposes	19,504	520	2,189
Grants and contributions provided for capital purposes	28,162	1,047	2,555
Net gains from disposal of assets	4,219	–	24
Other income	424	–	–
Total income from continuing operations	89,028	11,539	17,598
Expenses from continuing operations			
Employee benefits and on-costs	22,118	1,874	1,572
Materials and services	17,723	3,883	4,030
Borrowing costs	821	836	117
Depreciation, amortisation and impairment of non-financial assets	17,938	3,007	2,442
Other expenses	658	–	–
Total expenses from continuing operations	59,258	9,600	8,161
Operating result from continuing operations	29,770	1,939	9,437
Net operating result for the year	29,770	1,939	9,437
Net operating result attributable to each council fund	29,770	1,939	9,437
Net operating result for the year before grants and contributions provided for capital purposes	1,608	892	6,882

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	3,612	2,680	11,175
Investments	32,681	28,282	30,059
Receivables	4,461	1,451	871
Inventories	524	–	–
Contract assets and contract cost assets	4,279	360	847
Other	363	194	58
Total current assets	45,920	32,967	43,010
Non-current assets			
Investments	6,000	–	–
Receivables	39	–	–
Contract assets and contract cost assets	180	(180)	–
Infrastructure, property, plant and equipment	999,731	233,408	175,747
Investment property	4,400	–	–
Right of use assets	126	–	–
Other	–	2,763	4,082
Total non-current assets	1,010,476	235,991	179,829
Total assets	1,056,396	268,958	222,839
LIABILITIES			
Current liabilities			
Payables	8,879	710	30
Contract liabilities	7,047	–	–
Lease liabilities	103	–	–
Borrowings	1,909	588	276
Employee benefit provision	6,551	593	324
Total current liabilities	24,489	1,891	630
Non-current liabilities			
Payables	2,100	–	–
Borrowings	28,582	11,450	2,613
Employee benefit provision	824	91	40
Provisions	14,145	–	–
Total non-current liabilities	45,651	11,541	2,653
Total liabilities	70,140	13,432	3,283
Net assets	986,256	255,526	219,556
EQUITY			
Accumulated surplus	267,527	96,407	123,760
Revaluation reserves	718,729	159,119	95,796
Council equity interest	986,256	255,526	219,556
Total equity	986,256	255,526	219,556

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref	Council ID / Ref
Borrower (by purpose)	Sewer Fund	Sewer & Water Fund
Lender (by purpose)	General Fund	General Fund
Date of Minister's approval	8 July 2019	8 June 2021
Date raised	30 June 2019	30 June 2021
Term years	15	15
Dates of maturity	30 June 2034	30 June 2036
Rate of interest (%)	2.00%	Variable
Amount originally raised (\$'000)	\$1,000,000	\$6,300,000

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	17,467	19,706	10,947	9,706
Receivables	6,822	7,703	5,744	7,703
Investments				
– Debt securities at amortised cost	97,022	79,000	79,000	89,000
Total financial assets	121,311	106,409	95,691	106,409
Financial liabilities				
Payables	11,719	9,528	11,719	9,528
Borrowings	38,321	32,377	38,320	32,377
Total financial liabilities	50,040	41,905	50,039	41,905

Fair value is determined as follows:

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

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

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,032	971
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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	1,324	–	–	1,324
2021				
Gross carrying amount	1,480	–	–	1,480

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	9,325	1,038	47	159	554	11,123
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	25.00%	1.25%
ECL provision	–	–	–	–	139	139
2021						
Gross carrying amount	13,037	380	361	439	64	14,281
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	25.00%	0.11%
ECL provision	–	–	–	–	16	16

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	1,765	6,232	1,200	900	10,097	11,719
Borrowings	4.55%	–	2,521	8,838	26,962	38,321	38,321
Total financial liabilities		1,765	8,753	10,038	27,862	48,418	50,040
2021							
Payables	0.00%	1,242	6,870	–	–	8,112	9,528
Borrowings	4.76%	–	2,336	7,415	22,626	32,377	32,377
Total financial liabilities		1,242	9,206	7,415	22,626	40,489	41,905

E2-1 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

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

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

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

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

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

The fair value of an asset (or liability) should reflect market conditions at the measurement date. This has become more challenging due to the uncertainty of the economic impact of COVID 19. Some key factors and risks to consider when measuring fair value using a valuation technique including the economic activity level and the credit and liquidity risk in the current environment is quite uncertain.

- The cost approach is particularly suited to assets such as specialised buildings, specialised plant and infrastructure held for their service potential, and specialised or unique heritage assets where there are no observable market selling prices. The cost approach assumes fair value reflects the amount that would be required to replace the service capacity of the asset. No significant changes to the fair value are expected under the cost approach except where assets have been destroyed or damaged. Councils Non specialised buildings, specialised plant and Infrastructure assets of \$ 1,309,491,000 are valued under the Cost approach.
- The market approach is mainly used for land and non-specialised buildings. Comparable transactions and market evidence from the outbreak to the relevant date of valuation are extremely limited. Our valuation was based on the information available to us as at the time of valuation. Whilst all reasonable steps were taken to estimate the effect on the properties, due to significant uncertainty in the property and capital markets and the rapid unfolding of these events, it is difficult to quantify and assess the impact that the outbreak had on market values. Councils Investment properties and Assets Held for sale of \$4,400,000 are valued under the market approach.
- Assets valued under the income approach are those predominantly to generate cash flows from the provision of goods and services. The recessionary environment created by COVID-19 may have significant impacts on demand for goods and services. Valuation inputs that may be subject to significant changes and uncertainty include projected cash flows, risk free interest rates and risk margins.

\$ '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							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		–	–	–	–	–	–
Investment property							
Investment property	C1-9	–	–	4,400	4,300	4,400	4,300
Total investment property		–	–	4,400	4,300	4,400	4,300
Infrastructure, property, plant and equipment							
Plant and equipment	C1-8	–	–	10,886	10,441	10,886	10,441
Office equipment		–	–	1,549	1,799	1,549	1,799
Furniture and fittings		–	–	536	283	536	283
Operational land		–	–	24,475	21,305	24,475	21,305
Community land		–	–	24,917	22,643	24,917	22,643
Land under roads (post 30/6/08)		–	–	104	104	104	104

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Land improvements – depreciable		–	–	1,544	1,547	1,544	1,547
Buildings – non-specialized		–	–	69,549	43,702	69,549	43,702
Other structures		–	–	5,426	4,970	5,426	4,970
Roads		–	–	505,810	458,862	505,810	458,862
Bridges		–	–	118,912	108,243	118,912	108,243
Footpaths		–	–	41,627	37,942	41,627	37,942
Stormwater drainage		–	–	117,054	105,953	117,054	105,953
Water supply network		–	–	228,031	194,040	228,031	194,040
Sewerage network		–	–	158,052	109,990	158,052	109,990
Recreation and Open Space		–	–	20,303	10,435	20,303	10,435
Swimming Pools		–	–	863	753	863	753
Library books		–	–	345	386	345	386
Other		–	–	586	725	586	725
Tip assets		–	–	8,444	9,031	8,444	9,031
Quarry assets		–	–	128	142	128	142
Total infrastructure, property, plant and equipment		–	–	1,339,141	1,143,296	1,339,141	1,143,296
Non-current assets classified as held for sale	C1-7						
Land held for sale		–	–	–	450	–	450
Total NCA's classified as held for sale		–	–	–	450	–	450

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Investment property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 3 of the hierarchy. The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2022 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

Property, Plant & Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment: Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment and motor vehicles.
- Office Equipment: Refrigerators, electronic whiteboards, flat-screen monitors and computer equipment.
- Furniture & Fittings: Chairs, desks and display systems.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2018 and was performed by JLT AssetVal Pty Ltd, Nick Franks (BSc. MRICS AAPI).

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land are based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. While Community Land has been re-valued as at 30 June 2016 in line with the Valuer General, there has been no change to the valuation process during the reporting period.

Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 30/06/2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements - Depreciable

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Buildings – Non Specialised

Buildings – Non Specialised were valued by JLT AssetVal Pty Ltd, Nick Franks (BSc. MRICS AAPI), in June 2018 using a combination of sales comparison approach, income capitalisation approach and cost approach. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class comprises Boardwalks, Viewing platforms, Floodlighting Systems, Irrigation System, Pedestrian Bridges, Retaining Walls, Monuments, Statues, Fences, Wash bays, Cemetery walls and beams. The cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads

This asset class comprises the Road Carriageway, Kerb and Gutter, Signs, and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. Cost Approach using Level 3 inputs was used to value the road carriageway and other road infrastructure assets. Valuations for the road infrastructure assets were carried out by APV Valuers and Asset Management as at 30 June 2020.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally

E2-1 Fair value measurement (continued)

due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Bridges

Bridges were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Footpaths

Footpaths were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Stormwater drainage assets were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with DLG Circular 09-09. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Water Supply Network

Water Supply and Sewerage infrastructure assets were re-valued at fair value as at 30 June 2022. These assets are indexed each year in line with the Reference Rates Manual as published by the NSW Office of Water. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets (such as estimates of pattern of consumption, residual value, asset condition and useful life), that require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

Recreation and Open Space

This asset class comprises of Playground equipment, BBQ's, Shade shelters and Outdoor fitness facilities. These assets may be located on parks, reserves and also within road reserves. 'Recreation and Open Space' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from other 'Depreciable Land' and 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Swimming Pool

This asset class comprises of Swimming pools only, it does not include related plant and equipment, buildings other structures and car parks. 'Swimming Pool' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Other Assets

Assets within this class comprise of all assets not classified elsewhere such as artwork. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. There has been no change to the valuation process during the reporting period.

Reinstatement, Rehabilitation & Restoration Assets - Tips & Quarries

Council owns and manages tips and quarries in its local government area, and it has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Financial assets		
At Fair Value through Profit or Loss	Level 3	Unit price
Investment properties		
Investment Property	Level 3	Rental yield and price per hectare
Infrastructure, property, plant and equipment		
Operational Land	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Residual value
Community Land	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Residual value
Land under Roads (post 30/6/08)	Level 3	<ul style="list-style-type: none"> • Unimproved capital value (price per square metre)
Land Improvements - depreciable	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Buildings - Non Specialised	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other Structures	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Roads	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Bridges	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Footpaths	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Stormwater Drainage	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Water Supply Network	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Sewerage Network	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Recreation and Open Space	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Swimming Pools	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Library Books	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Tip Assets	Level 3	<ul style="list-style-type: none"> • Discount Rate • CPI
Quarry Assets	Level 3	<ul style="list-style-type: none"> • Discount Rate • CPI
Plant and Equipment	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Office Equipment	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Furniture and Fittings	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Non-current assets classified as 'held for sale'		
2 Dossie Street	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	10,441	8,339	1,799	2,163	283	317	21,305	21,595
Total gains or losses for the period								
Other movements								
Purchases (GBV)	2,172	2,472	-	226	-	77	-	-
Disposals (WDV)	(192)	(374)	-	-	-	-	-	(290)

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E2-1 Fair value measurement (continued)

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2022	2021	2022	2021	2022	2021	2022	2021
Depreciation and impairment	(1,627)	(1,337)	(691)	(590)	(73)	(111)	–	–
Revaluation increments to Equity	–	–	–	–	–	–	3,169	–
Other movement (Tfr from WIP)	194	1,341	441	–	96	–	–	–
Other movement	(102)	–	–	–	230	–	–	–
Closing balance	10,886	10,441	1,549	1,799	536	283	24,474	21,305

\$ '000	Community Land		Land under Roads		Land improvement		Building non-specialised	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	22,643	19,004	104	104	1,547	1,604	43,702	45,238
Total gains or losses for the period								
Other movements								
Purchases (GBV)	8	1,080	–	–	–	–	982	149
Disposals (WDV)	–	(104)	–	–	–	–	–	(1,685)
Depreciation and impairment	–	–	–	–	(57)	(57)	(1,742)	–
Revaluation increments to Equity	2,266	2,663	–	–	54	–	4,712	–
Other movement (Tfr from WIP)	–	–	–	–	–	–	22,034	–
Other movement	–	–	–	–	–	–	(139)	–
Closing balance	24,917	22,643	104	104	1,544	1,547	69,549	43,702

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	4,970	4,599	458,862	454,977	108,243	107,854	37,942	36,208
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	667	657	2,148	–	1,283	138	931
Disposals (WDV)	–	(296)	–	–	–	–	–	–
Depreciation and impairment	(214)	–	(8,291)	(8,697)	(1,222)	(1,208)	(591)	(559)
Revaluation increments to Equity	552	–	48,765	–	11,575	–	4,052	–
Other movement (Tfr from WIP)	118	–	5,817	10,434	316	314	86	1,362
Closing balance	5,426	4,970	505,810	458,862	118,912	108,243	41,627	37,942

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Recreation and open space	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	105,953	106,154	194,040	197,491	109,990	109,524	10,435	6,526
Total gains or losses for the period								
Other movements								
Purchases (GBV)	690	1,329	445	1,630	869	3,438	–	3,025
Depreciation and impairment	(1,921)	(1,905)	(2,920)	(2,498)	(2,401)	(1,894)	(529)	(353)
Revaluation increments to Equity	12,200	–	36,419	(6,327)	49,624	(3,564)	1,711	–
Other movement (Tfr from WIP)	132	375	2	3,744	15	2,486	8,677	1,237
Other movement	–	–	45	–	(45)	–	9	–
Closing balance	117,054	105,953	228,031	194,040	158,052	109,990	20,303	10,435

Swimming pools

Library books

Other assets

Tip assets

E2-1 Fair value measurement (continued)

\$ '000	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	753	714	386	392	725	597	9,031	2,267
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	95	–	123	–	165	–	6,948
Depreciation and impairment	(61)	(56)	(156)	(129)	(155)	(37)	(586)	(184)
Revaluation increments to Equity	119	–	–	–	–	–	–	–
Other movement (Tfr from WIP)	52	–	115	–	14	–	–	–
Other movement	–	–	–	–	2	–	–	–
Closing balance	863	753	345	386	586	725	8,445	9,031

\$ '000	Quarry assets		Investment at fair value		Investment properties		NCA Held for sale	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	142	192	–	2,002	4,300	4,158	450	468
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–	100	(236)	–	–
Other movements								
Purchases (GBV)	–	–	–	–	–	378	–	–
Disposals (WDV)	–	(36)	–	(2,002)	–	–	(450)	(18)
Depreciation and impairment	(14)	(14)	–	–	–	–	–	–
Closing balance	128	142	–	–	4,400	4,300	–	450

\$ '000	Total	
	2022	2021
Opening balance	1,148,046	1,132,487
Recognised in profit or loss – realised (refer to Note B4-1)	100	(236)
Purchases (GBV)	5,961	26,164
Disposals (WDV)	(642)	(4,805)
Depreciation and impairment	(23,251)	(19,629)
Revaluation increments to Equity	175,218	(7,228)
Other movement (Tfr from WIP)	38,109	21,293
Closing balance	1,343,541	1,148,046

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

E3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure 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 standard employer contributions and additional lump sum contributions to the fund.

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

*For 180 Point members, employers are required to contribute 7.5% of salaries for the year ending 2021 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members defined benefits.

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

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

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

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

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

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

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 \$239,765. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$215,336.40

E3-1 Contingencies (continued)

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.

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the pooled employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Fund Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

(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.

(iv) Other guarantees

Council has a Bank Guarantee liability of \$35,400. This is to ensure the performance obligations under Crown Land Acquisition for easements at Goulburn for Essential Energy projects.

2. Other liabilities

E3-1 Contingencies (continued)

(i) Third party claims

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

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

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

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

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

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

(iii) Upper Lachlan Council asset transfers

In accordance with the proclamation by the Minister for Local Government on 7th September 2006, in the event of the sale of the former Mulwaree Shire Council administration building in Clinton Street, Goulburn, 'Upper Lachlan Council is to be reimbursed 24.22% of the net profit.'

(iv) Legal liabilities

Council is currently party to a legal proceeding in the Land & Environment Court (Goulburn Mulwaree Council & Banton Family Trust ats Filetron Pty Limited) which may give rise to a contingent liability. Estimates provided state that this contingent liability may amount to approximately \$100,000.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,177	1,175
Post-employment benefits	107	104
Total	1,284	1,279

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
2022						
Supply of Recycling Contract	1	673	149	30 days	-	-
Supply of plant and road construction	2	6,560	11	30 days	-	-
Council employee wages	3	717	-	Award wages	-	-
Commercial Waste	4	8	-	30 days	-	-
Donation	5	22	-	Donation policy	-	-
Donation – Fee waiver	6	7	-	Donation policy	-	-
Inspection Fees	7	-	-	30 days	-	-
Development application fee	8	-	-	30 days	-	-
Tipping Fees	9	10	-	30 days	-	-
2021						
Supply of Recycling Contract	1	492	-	30 days	-	-
Supply of plant and road construction	2	3,630	489	30 days	-	-

continued on next page ...

F1-1 Key management personnel (KMP) (continued)

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Council employee wages	3	280	–	Award wages	–	–
Commercial Waste	4	105	24	30 days	–	–
Donation	5	22	–	Donation policy	–	–
Donation – Fee waiver	6	8	–	Donation policy	–	–
Inspection Fees	7	–	–	30 days	–	–
Development application fee	8	–	–	30 days	–	–
Tipping Fees	9	107	–	30 days	–	–

1 Council has appointed its recycling contract to a company of which a Councillor is a board member, the Councillor has declared his involvement and is excluded from all meetings.

2 Council engages three local companies for various plant hire and road making activities. The company directors are a related party to a Councillor, the Councillor has declared an interest and follows the code of conduct. All contracts are awarded through the tender process.

3 Four members of Council staff are related parties to KMP and Councillors. The interest is declared.

4 Council provides a debtor account for the purposes of a commercial waste service to related parties of Councillors. Interest has been declared and all fees are charged as per the adopted fees and charges. Payment terms are 30 days.

5 Council provided a donation/sponsorship to several community groups where Councillors are related parties. Interest had been declared and payments made through the executive donations procedure.

6 Council provided a donation to a charity group equal to the value of the Council facility hire fee of which a Councillor is a related party. Interest was declared and payment was made through the executive donations procedure.

7 Council conducts Health Inspection checks at the place of employment of a Councillor. There is a charge for this inspection as per adopted fees and charges and they are provided 30 day payment terms.

8 Council has received a development application where a Councillor is a member of the organisation. Interest has been declared.

9 Council provides a debtor account for the purposes of tipping fees at the Goulburn Waste Management Centre to related parties of Councillors. Interest has been declared and all fees are charged as per the adopted fees and charges. Payment terms are 30 days.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	40	44
Councillors' fees	177	182
Other Councillors' expenses (including Mayor)	2	8
Total	219	234

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

71	78
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Remuneration for audit and other assurance services

71	78
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Total Auditor-General remuneration

71	78
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Non NSW Auditor-General audit firms

Total audit fees

71	78
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G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	41,149	35,213
Add / (less) non-cash items:		
Depreciation and amortisation	23,373	21,746
(Gain) / loss on disposal of assets	(4,243)	(207)
Non-cash capital grants and contributions	(2,821)	(7,117)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	–	2
– Investment property	(100)	236
– Revaluation decrements / impairments of IPP&E direct to P&L	14	–
Unwinding of discount rates on reinstatement provisions	211	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	829	(385)
Increase / (decrease) in provision for impairment of receivables	52	8
(Increase) / decrease of inventories	(202)	(31)
(Increase) / decrease of other current assets	922	(960)
(Increase) / decrease of contract asset	2,485	(5,690)
Increase / (decrease) in payables	820	1,449
Increase / (decrease) in accrued interest payable	64	15
Increase / (decrease) in other accrued expenses payable	(629)	(400)
Increase / (decrease) in other liabilities	917	(306)
Increase / (decrease) in contract liabilities	3,449	322
Increase / (decrease) in employee benefit provision	(331)	106
Increase / (decrease) in other provisions	–	6,986
Net cash flows from operating activities	65,959	50,987

(b) Non-cash investing and financing activities

Bushfire grants	–	71
Developer contributions ‘in kind’	2,821	7,046
Total non-cash investing and financing activities	2,821	7,117

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	154	14,516
Other structures	1,635	3,413
Roads infrastructure	7,363	1,415
Waste water infrastructure	10,333	2,154
Water infrastructure	4,540	308
Total commitments	24,025	21,806

These expenditures are payable as follows:

Within the next year	24,025	21,806
Total payable	24,025	21,806

Sources for funding of capital commitments:

Unrestricted general funds	(53)	–
Unexpended grants	1,184	6,731
Externally restricted reserves	19,570	5,514
Internally restricted reserves	3,324	9,561
Total sources of funding	24,025	21,806

Details of capital commitments

Council has a number of capital projects that have been commenced but not completed. The funding for these projects has been allocated and the majority will be completed within the 2021/2022 financial year.

G3 Statement of developer contributions as at 30 June 2022

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	1,064	218	690	12	(6)	-	1,288	-
Roads	103	440	795	2	(102)	-	443	-
Traffic facilities	(732)	421	-	7	-	-	(304)	-
Open space	168	182	-	1	-	-	351	-
Community facilities	39	422	-	1	(13)	-	449	-
Other	12	23	8	-	-	-	35	-
Urban and civic improvements	-	-	-	-	-	-	-	-
Rural addressing	-	-	-	-	-	-	-	-
Rural waste	135	-	-	1	(136)	-	-	-
S7.11 contributions – under a plan	789	1,706	1,493	24	(257)	-	2,262	-
S7.12 levies – under a plan	1,788	525	-	12	(1,495)	-	830	-
Total S7.11 and S7.12 revenue under plans	2,577	2,231	1,493	36	(1,752)	-	3,092	-
S7.11 not under plans	2,997	1,355	-	25	(1,052)	-	3,325	-
Total contributions	5,574	3,586	1,493	61	(2,804)	-	6,417	-

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN - New Mulwaree Plan								
Drainage	136	1	690	1	-	-	138	-
Roads	103	-	795	1	(102)	-	2	-
Other	12	4	8	-	-	-	16	-
Total	251	5	1,493	2	(102)	-	156	-
CONTRIBUTION PLAN - Old Mulwaree Plan								
Rural waste	135	-	-	1	(136)	-	-	-
Total	135	-	-	1	(136)	-	-	-

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN - New Goulburn Citywide Plan								
Drainage	933	95	-	6	(6)	-	1,028	-
Traffic facilities	-	8	-	-	-	-	8	-
Open space	-	1	-	-	-	-	1	-
Community facilities	39	2	-	-	(13)	-	28	-
Total	972	106	-	6	(19)	-	1,065	-
CONTRIBUTION PLAN - Marys Mount								
Drainage	351	122	-	3	-	-	476	-
Traffic facilities	(200)	41	-	-	-	-	(159)	-
Open space	152	10	-	1	-	-	163	-
Total	303	173	-	4	-	-	480	-
CONTRIBUTION PLAN - Ducks Lane								
Drainage	117	-	-	1	-	-	118	-
Traffic facilities	(1,132)	13	-	-	-	-	(1,119)	-
Total	(1,015)	13	-	1	-	-	(1,001)	-
CONTRIBUTION PLAN - Clyde Street								
Drainage	(540)	-	-	-	-	-	(540)	-
Traffic facilities	526	359	-	5	-	-	890	-
Open space	6	-	-	-	-	-	6	-
Total	(8)	359	-	5	-	-	356	-
CONTRIBUTION PLAN - Common Street								
Drainage	67	-	-	1	-	-	68	-
Traffic facilities	74	-	-	2	-	-	76	-
Open space	10	-	-	-	-	-	10	-
Total	151	-	-	3	-	-	154	-
CONTRIBUTION PLAN LICP								
Roads	-	440	-	1	-	-	441	-
Open space	-	171	-	-	-	-	171	-
Community facilities	-	420	-	1	-	-	421	-
Other	-	19	-	-	-	-	19	-
Total	-	1,050	-	2	-	-	1,052	-

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 Levies – under a plan								
CONTRIBUTION PLAN - S94A Levies								
Drainage	–	274	–	–	–	–	274	–
Roads	1,788	251	–	12	(1,495)	–	556	–
Total	1,788	525	–	12	(1,495)	–	830	–

G3-3 Contributions not under plans

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Roads	2,582	1,355	–	25	(1,052)	–	2,910	–
Other	415	–	–	–	–	–	415	–
Total	2,997	1,355	–	25	(1,052)	–	3,325	–

G3-4 S64 contributions

Sewer and Water S.64 Contributions

Sewer & Water	16,981	2,062	1,326	112	(730)	–	18,425	–
Total	16,981	2,062	1,326	112	(730)	–	18,425	–

G4 Statement of performance measures

G4-1 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}	5,056	6.16%	5.80%	7.95%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	82,058				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	59,845	52.58%	55.30%	61.86%	> 60.00%
Total continuing operating revenue ¹	113,822				
3. Unrestricted current ratio					
Current assets less all external restrictions	33,238	2.69x	2.79x	3.78x	> 1.50x
Current liabilities less specific purpose liabilities	12,372				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	30,203	7.06x	8.71x	7.85x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,281				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,305	3.16%	3.74%	3.49%	< 10.00%
Rates and annual charges collectable	41,235				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	114,489	22.27	24.06	22.79	> 3.00
Monthly payments from cash flow of operating and financing activities	5,140	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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4.81)%	(3.41)%	8.50%	10.70%	45.75%	39.45%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	43.71%	48.74%	86.42%	73.08%	73.04%	68.27%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.69x	2.79x	17.34x	15.52x	68.27x	46.39x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6.63x	16.11x	3.42x	3.18x	19.79x	9.49x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	2.83%	3.52%	4.14%	4.53%	3.81%	4.15%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.55 months	10.30 months	50.45 months	58.92 months	79.86 months	67.11 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

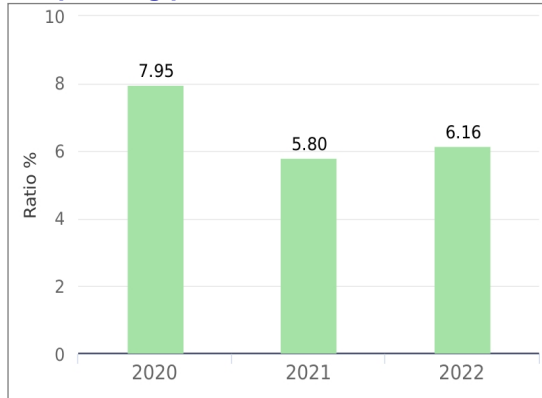
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.16%

This ratio is at a healthy level, with both the operating revenue and expenses increasing this financial year. This is likely from money received and spent for storm damage repairs.

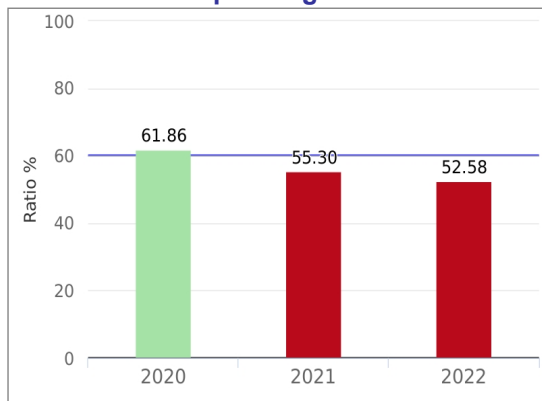
Benchmark: — > 0.00%

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 52.58%

Again this year this ratio is below the benchmark which is because we have received additional operating grant income for storm damage repairs.

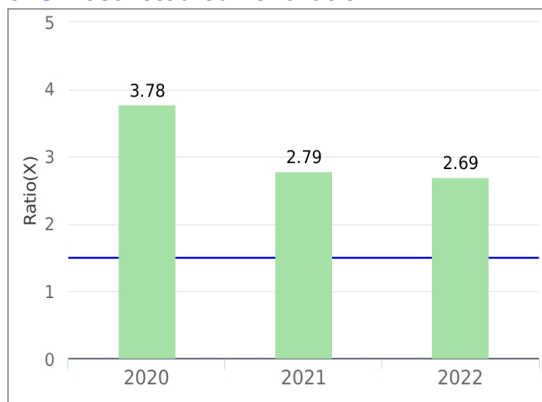
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.69x

This ratio is at a healthy level to ensure that Council can meet its short term commitments.

Benchmark: — > 1.50x

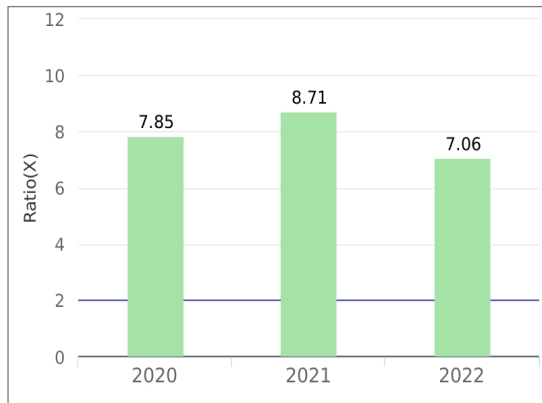
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 7.06x

This ratio has dropped but it's still at a healthy level.

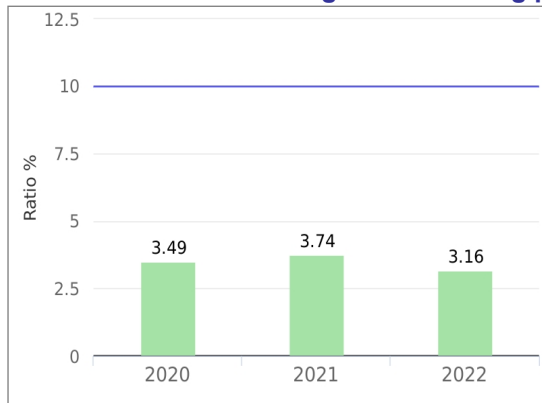
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 3.16%

The Council's outstanding rates and debtors are still at a healthy level and have improved from last year.

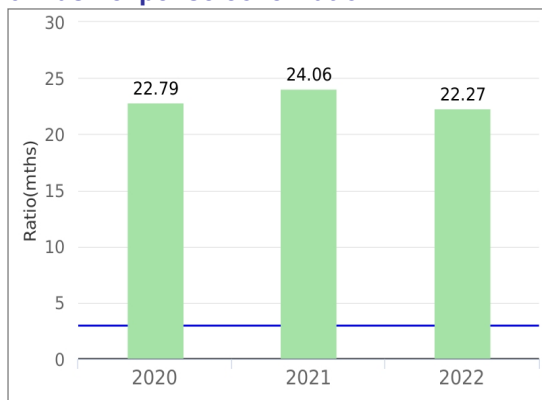
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 22.27 months

The number of months has reduced but is still at a healthy level. This is because of the additional borrowing that the Council has taken out this year for the Aquatic Centre, Performing Arts Centre and Waste Management Centre Upgrade.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

184-194 Bourke Street
Goulburn NSW 2580

Contact details

Mailing Address:

Locked Bag 22
Goulburn NSW 2580

Telephone: 02 4823 4444

Opening hours:

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

Internet: www.goulburn.nsw.gov.au

Email: council@goulburn.nsw.gov.au

Officers

Chief Executive Officer

Aaron Johansson

Responsible Accounting Officer

Brendan Hollands

Auditors

Audit Office of NSW
15/1 Margaret Street
Sydney NSW 2000

Elected members

Mayor

Cr Peter Walker

Councillors

Cr Andrew Banfield
Cr Carol James
Cr Bob Kirk
Cr Michael Prevedello
Cr Steve Ruddell
Cr Jason Shepherd
Cr Daniel Strickland
Cr Andy Wood



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a small horizontal line underneath the name.

Lisa Berwick
Delegate of the Auditor-General for New South Wales

13 December 2022
SYDNEY



Mr Aaron Johansson
 Chief Executive Officer
 Goulburn Mulwaree Council
 Locked Bag 22
 GOULBURN NSW 2580

Contact: Lisa Berwick
 Phone no: 02 9275 7165
 Our ref: D2226415/1731

13 December 2022

Dear Mr Johansson

**Report on the Conduct of the Audit
 for the year ended 30 June 2022
 Goulburn Mulwaree Council**

I have audited the general-purpose financial statements (GPFS) of the Goulburn Mulwaree Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act). I expressed an unmodified opinion on the Council's GPFS.

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	39.6	38.1	↑ 3.94
Grants and contributions revenue	54.0	46.1	↑ 17.1
Operating result from continuing operations	41.1	35.2	↑ 16.8
Net operating result before capital grants and contributions	9.4	4.1	↑ 129.3

Rates and annual charges revenue (\$39.6 million) increased by \$1.5 million (3.94 per cent) in 2021–22 due the IPART annual rate increase of 2.0 per cent and an increase in rateable properties from 16,131 to 16,441 or 1.9 per cent.

Grants and contributions revenue (\$54.0 million) increased by \$7.9 million (17.1 per cent) in 2021–22 due to:

- decrease of \$6.0 million of developer contributions recognised during the year
- increase of \$6.2 million of grants recognised for storm/flood damage
- increase of \$6.2 million of grants recognised for transport (other roads and bridges funding).

The Council's operating result from continuing operations (\$41.1 million including depreciation and amortisation expense of \$23.4 million) was \$5.9 million higher than the 2020–21 result. This was primarily due to:

- an increase in rates and annual charges and grants and contributions revenue of \$9.4 million (as noted above)
- an increase in depreciation and amortisation expense of \$1.6 million
- an increase in material and services cost of \$5.7 million.

The net operating result before capital grants and contributions (\$9.4 million) was \$5.3 million higher than the 2020–21 result.

STATEMENT OF CASH FLOWS

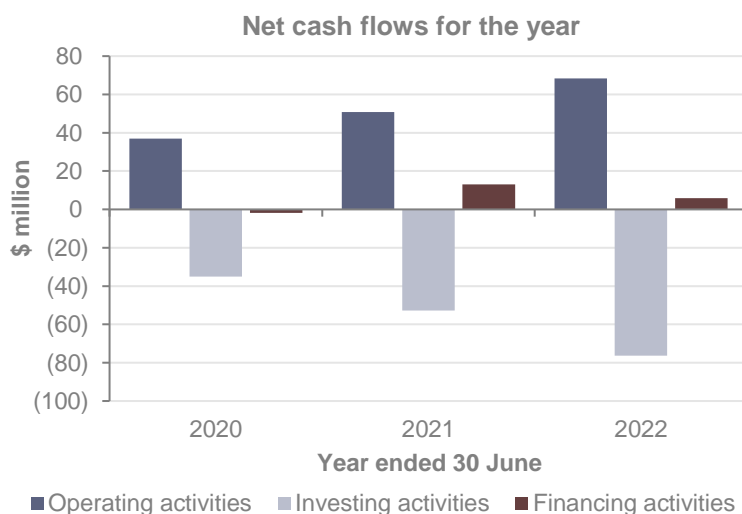
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of the Council during the year.

The Council's cash decreased by \$2.2 million in 2021–22.

Cash inflows from operating activities increased from \$51.0 million in 2020–21 to \$66.0 million in 2021–22 mainly due to higher cash from grants and contributions by \$21.2 million and increase in rates and annual charges by \$2.0 million.

Cash outflows from investing activities increased from \$52.8 million in 2020–21 to \$74.0 million in 2021–22 mainly due to investment securities of \$18.0 million.

Cash flows from financing activities decreased from \$13.1 million in 2020–21 to \$5.8 million in 2021–22 mainly due to net proceeds from borrowings of \$5.9 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	114.5	98.7	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges, levies and planning agreements.
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> Balances are internally restricted due to Council policy or decisions for forward plans including works program
• External restrictions	90.8	81.8	<ul style="list-style-type: none"> The Council recorded negative unrestricted cash balance of \$1.4 million in 2020–21 due to delay in respect of expected grant receipt from Transport for NSW meaning that the funding shortfall was met internally from restricted funds. This has now been corrected when the grant was received in July 2021.
• Internal allocations	17.9	18.3	
• Unrestricted cash	5.8	(1.4)	

PERFORMANCE

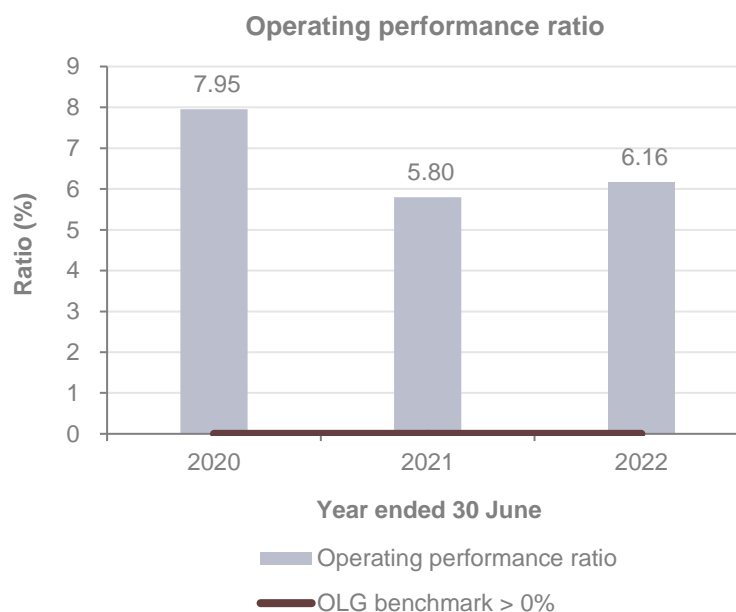
Performance measures

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

Operating performance ratio

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

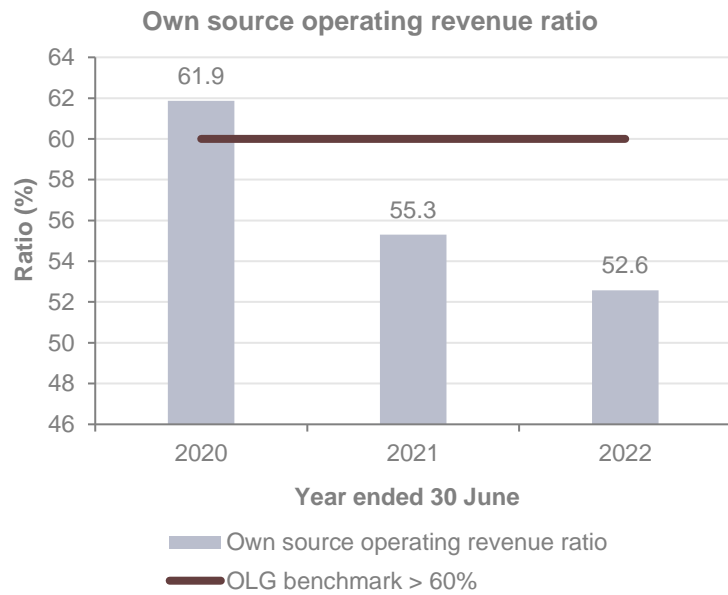
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

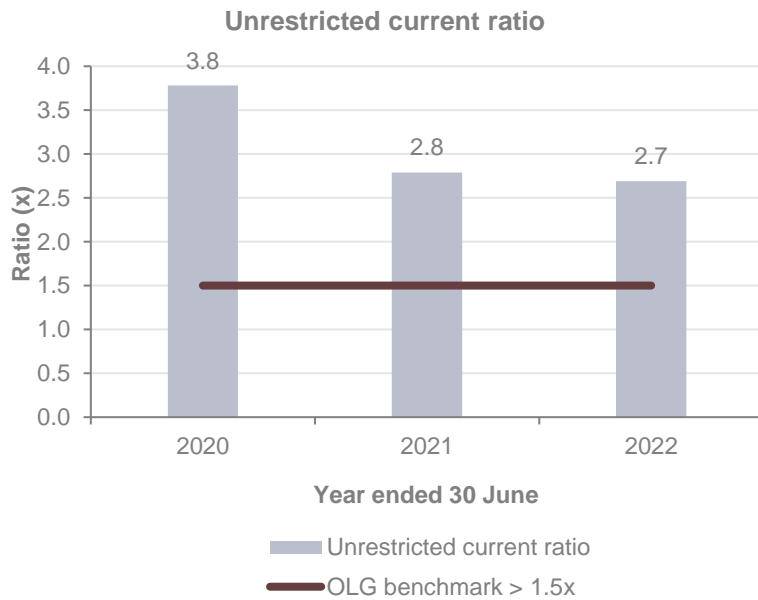
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

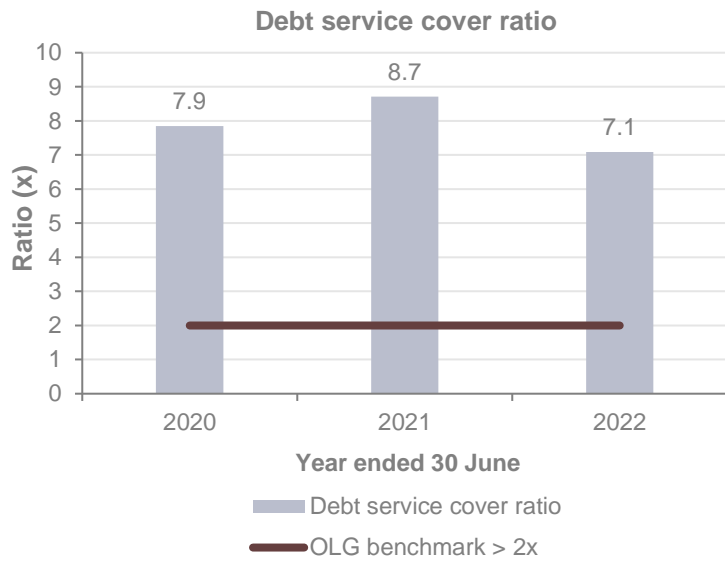
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

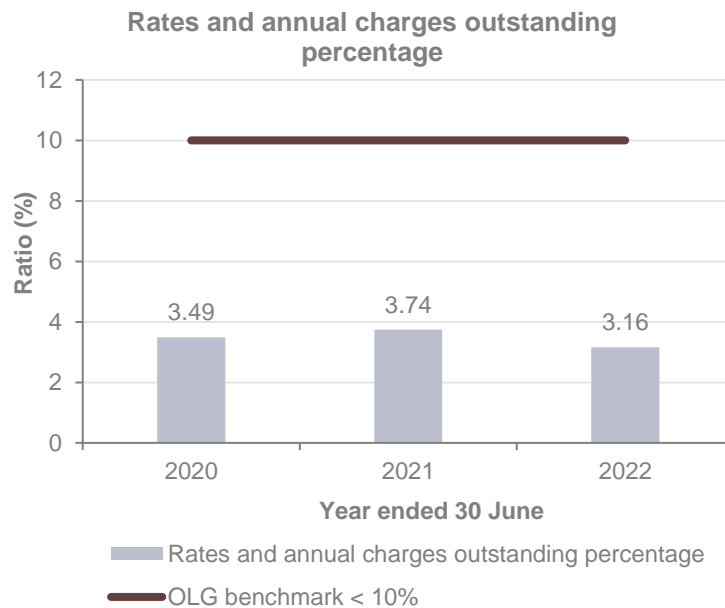
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

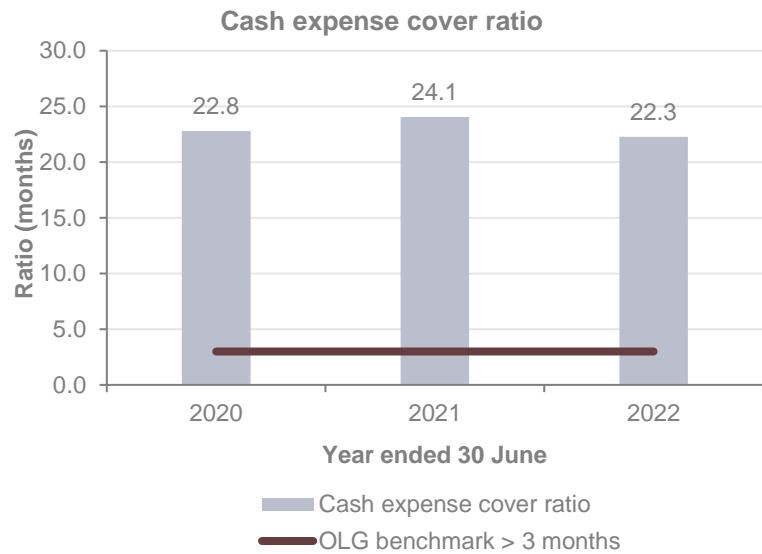
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment additional renewals for 2021–22 amounted to \$65.1 million. The current year renewals mainly relates to capital work in progress compared to the prior year where renewal asset additions mainly relate to Tip rehabilitation and restoration assets.

OTHER MATTERS

Legislative compliance

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

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

Lisa Berwick
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

cc: Cr Peter Walker, Mayor

Goulburn Mulwaree Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Goulburn Mulwaree Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Background

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

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

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

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

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

Goulburn Mulwaree Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

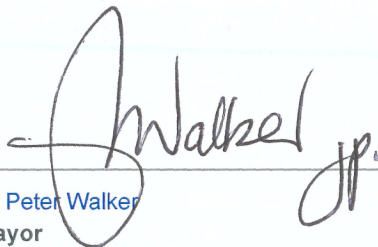
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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


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



Cr Peter Walker
Mayor
28 November 2022



Cr Steve Ruddell
Deputy Mayor
28 November 2022



Aaron Johansson
Chief Executive Officer
28 November 2022



Brendan Hollands
Responsible Accounting Officer
28 November 2022

Goulburn Mulwaree Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	2,637	2,520
User charges	6,891	6,757
Fees	137	119
Interest and investment income	224	372
Grants and contributions provided for operating purposes	520	137
Other income	83	99
Total income from continuing operations	10,492	10,004
Expenses from continuing operations		
Employee benefits and on-costs	1,874	1,748
Borrowing costs	836	907
Materials and services	3,883	3,737
Depreciation, amortisation and impairment	3,007	2,542
Other expenses *	-	-
Total expenses from continuing operations	9,600	8,934
Surplus (deficit) from continuing operations before capital amounts	892	1,070
Grants and contributions provided for capital purposes	1,047	3,498
Surplus (deficit) from continuing operations after capital amounts	1,939	4,568
Surplus (deficit) from all operations before tax	1,939	4,568
Less: corporate taxation equivalent (25%) [based on result before capital]	(223)	(278)
Surplus (deficit) after tax	1,716	4,290
Plus accumulated surplus	94,468	89,699
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	223	278
Closing accumulated surplus	96,407	94,267
Return on capital %	0.7%	1.0%
Subsidy from Council	6,815	936
Calculation of dividend payable:		
Surplus (deficit) after tax	1,716	4,290
Less: capital grants and contributions (excluding developer contributions)	(1,047)	(3,498)
Surplus for dividend calculation purposes	669	792
Potential dividend calculated from surplus	335	396

(*) Comparative figures amended to ensure consistency in the categorisation of expenses. Balance transferred to Materials & Services

Goulburn Mulwaree Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	10,067	9,477
User charges	1,843	1,716
Liquid trade waste charges	536	477
Fees	4	6
Interest and investment income	278	439
Grants and contributions provided for operating purposes	2,189	–
Net gain from the disposal of assets	24	5
Other income	102	66
Total income from continuing operations	15,043	12,186
Expenses from continuing operations		
Employee benefits and on-costs	1,572	1,546
Borrowing costs	117	184
Materials and services	4,030	3,720
Depreciation, amortisation and impairment	2,442	1,929
Other expenses *	–	–
Total expenses from continuing operations	8,161	7,379
Surplus (deficit) from continuing operations before capital amounts	6,882	4,807
Grants and contributions provided for capital purposes	2,555	5,664
Surplus (deficit) from continuing operations after capital amounts	9,437	10,471
Surplus (deficit) from all operations before tax	9,437	10,471
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,721)	(1,250)
Surplus (deficit) after tax	7,716	9,221
Plus accumulated surplus	114,323	103,851
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	1,721	1,250
Closing accumulated surplus	123,760	114,322
Return on capital %	4.0%	4.2%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	7,717	9,221
Less: capital grants and contributions (excluding developer contributions)	(2,555)	(5,664)
Surplus for dividend calculation purposes	5,162	3,557
Potential dividend calculated from surplus	2,581	1,779

(*) Comparative figures amended to ensure consistency in the categorisation of expenses. Balance transferred to Materials & Services

Goulburn Mulwaree Council

Income Statement of Domestic Waste Management

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
Annual charges	73	72
User charges	4,594	4,347
Interest and investment income	28	42
Grants and contributions provided for operating purposes	–	69
Other income	49	41
Total income from continuing operations	4,744	4,571
Expenses from continuing operations		
Employee benefits and on-costs	896	847
Materials and services	3,373	3,676
Total expenses from continuing operations	4,269	4,523
Surplus (deficit) from continuing operations before capital amounts	475	48
Surplus (deficit) from continuing operations after capital amounts	475	48
Surplus (deficit) from all operations before tax	475	48
Less: corporate taxation equivalent (25%) [based on result before capital]	(119)	(12)
Surplus (deficit) after tax	356	36
Plus accumulated surplus	2,300	2,201
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	119	63
Closing accumulated surplus	2,775	2,300
Return on capital %	766.1%	126.3%

Goulburn Mulwaree Council

Income Statement of Commercial Waste

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	1,437	1,471
Total income from continuing operations	1,437	1,471
Expenses from continuing operations		
Employee benefits and on-costs	168	186
Materials and services	1,086	937
Depreciation, amortisation and impairment	12	11
Other expenses	-	2
Total expenses from continuing operations	1,266	1,136
Surplus (deficit) from continuing operations before capital amounts	171	335
Surplus (deficit) from continuing operations after capital amounts	171	335
Surplus (deficit) from all operations before tax	171	335
Less: corporate taxation equivalent (25%) [based on result before capital]	(43)	(87)
Surplus (deficit) after tax	128	248
Plus accumulated surplus	1,453	1,118
– Corporate taxation equivalent	43	87
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	1,624	1,453
Return on capital %	190.0%	372.2%

Goulburn Mulwaree Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Contract assets and contract cost assets	180	–
Cash and cash equivalents	2,680	2,680
Investments	28,282	29,050
Receivables	1,451	544
Internal Loan Receivable from General Fund	194	194
Total current assets	32,787	32,468
Non-current assets		
Infrastructure, property, plant and equipment	233,408	195,490
Internal Loan Receivable from General Fund	2,763	2,956
Total non-current assets	236,171	198,446
Total assets	268,958	230,914
LIABILITIES		
Current liabilities		
Payables	112	335
Income received in advance	598	497
Borrowings	588	550
Employee benefit provisions	593	710
Total current liabilities	1,891	2,092
Non-current liabilities		
Borrowings	11,450	12,038
Employee benefit provisions	91	73
Total non-current liabilities	11,541	12,111
Total liabilities	13,432	14,203
Net assets	255,526	216,711
EQUITY		
Accumulated surplus	96,407	94,267
Revaluation reserves	159,119	122,444
Total equity	255,526	216,711

Goulburn Mulwaree Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	11,175	11,175
Investments	30,059	24,568
Receivables	871	2,491
Contract assets and contract cost assets	847	433
Internal Loan Receivable from General Fund	58	254
Total current assets	43,010	38,921
Non-current assets		
Infrastructure, property, plant and equipment	175,747	120,135
Internal Loan Receivable from General Fund	4,082	3,780
Total non-current assets	179,829	123,915
Total assets	222,839	162,836
LIABILITIES		
Current liabilities		
Payables	30	95
Borrowings	276	360
Employee benefit provisions	324	384
Total current liabilities	630	839
Non-current liabilities		
Borrowings	2,613	2,528
Employee benefit provisions	40	32
Total non-current liabilities	2,653	2,560
Total liabilities	3,283	3,399
Net assets	219,556	159,437
EQUITY		
Accumulated surplus	123,760	114,322
Revaluation reserves	95,796	45,115
Total equity	219,556	159,437

Goulburn Mulwaree Council

Statement of Financial Position of Domestic Waste Management

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	904	904
Investments	1,959	1,536
Receivables	97	120
Total current assets	2,960	2,560
Non-current assets		
Infrastructure, property, plant and equipment	62	38
Total non-current assets	62	38
Total assets	3,022	2,598
LIABILITIES		
Current liabilities		
Payables	1	17
Employee benefit provisions	246	267
Total current liabilities	247	284
Non-current liabilities		
Employee benefit provisions	-	14
Total non-current liabilities	-	14
Total liabilities	247	298
Net assets	2,775	2,300
EQUITY		
Accumulated surplus	2,775	2,300
Total equity	2,775	2,300

Goulburn Mulwaree Council

Statement of Financial Position of Commercial Waste

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
ASSETS		
Current assets		
Receivables	1,534	1,363
Total current assets	1,534	1,363
Non-current assets		
Infrastructure, property, plant and equipment	90	90
Total non-current assets	90	90
Total assets	1,624	1,453
Net assets	1,624	1,453
EQUITY		
Accumulated surplus	1,624	1,453
Total equity	1,624	1,453

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supply

Provide potable water for the Local Government Area.

b. Sewerage Services

Provide waste water services for the Local Government Area.

Category 2

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

a. Domestic Waste Management

Collection and disposal of domestic waste in accordance with section 504 of the Local Government Act.

b. Commercial Waste

Collection and disposal of commercial waste on a user pays basis.

Taxation equivalent charges

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

Note – Significant Accounting Policies (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – **25.0%**

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25.0%.

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

Note – Significant Accounting Policies (continued)

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Domestic waste management
- Commercial waste.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a horizontal line underneath the name.

Lisa Berwick
Delegate of the Auditor-General for New South Wales

13 December 2022
SYDNEY

Goulburn Mulwaree Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Goulburn Mulwaree Council

Special Schedules

for the year ended 30 June 2022

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Goulburn Mulwaree Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	21,381	22,133
Plus or minus adjustments ²	b	311	191
Notional general income	c = a + b	21,692	22,324
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.50%
Or plus rate peg amount	i = e x (c + g)	434	558
Sub-total	k = (c + g + h + i + j)	22,126	22,882
Plus (or minus) last year's carry forward total	l	72	65
Sub-total	n = (l + m)	72	65
Total permissible income	o = k + n	22,198	22,947
Less notional general income yield	p	22,133	22,934
Catch-up or (excess) result	q = o - p	64	13
Carry forward to next year ³	t = q + r + s	64	13

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)*.
- (3) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Lisa Berwick
Delegate of the Auditor-General for New South Wales

13 December 2022
SYDNEY

Goulburn Mulwaree Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings – non-specialised	2,354	2,011	1,480	1,085	69,549	119,872	12.0%	33.0%	37.0%	18.0%	0.0%
	Buildings	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	2,354	2,011	1,480	1,085	69,549	119,872	12.0%	33.0%	37.0%	18.0%	0.0%
Other structures	Other structures	6	6	1	1	5,426	8,296	43.0%	32.0%	20.0%	5.0%	0.0%
	Sub-total	6	6	1	1	5,426	8,296	43.0%	32.0%	20.0%	5.0%	0.0%
Roads	Roads	–	–	–	842	51,139	54,834	43.0%	44.0%	8.0%	5.0%	0.0%
	Sealed roads	6,659	6,502	3,287	3,266	418,748	638,362	35.0%	44.0%	15.0%	6.0%	0.0%
	Unsealed roads	237	216	117	4,670	35,921	38,272	25.0%	66.0%	8.0%	1.0%	0.0%
	Bridges	1,572	1,524	776	12	118,912	160,756	38.0%	35.0%	27.0%	0.0%	0.0%
	Footpaths	487	463	240	159	41,627	52,025	46.0%	35.0%	15.0%	4.0%	0.0%
	Other road assets	81	72	40	–	5,431	8,696	42.0%	28.0%	20.0%	10.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	9,036	8,777	4,460	8,949	666,349	952,945	36.2%	42.7%	16.4%	4.7%	0.0%
Water supply network	Water supply network	3,932	4,014	4,232	1,420	228,031	330,130	22.0%	45.0%	33.0%	0.0%	0.0%
	Sub-total	3,932	4,014	4,232	1,420	228,031	330,130	22.0%	45.0%	33.0%	0.0%	0.0%
Sewerage network	Sewerage network	10,926	9,722	2,791	782	158,052	211,497	35.0%	36.0%	28.0%	1.0%	0.0%
	Sub-total	10,926	9,722	2,791	782	158,052	211,497	35.0%	36.0%	28.0%	1.0%	0.0%
Stormwater drainage	Stormwater drainage	1,013	1,038	536	668	117,054	165,149	36.0%	38.0%	25.0%	1.0%	0.0%
	Sub-total	1,013	1,038	536	668	117,054	165,149	36.0%	38.0%	25.0%	1.0%	0.0%
Open space / recreational assets	Swimming pools Open Space and recreation	895	866	1,522	1,599	21,166	22,810	15.0%	25.0%	25.0%	35.0%	0.0%
	Sub-total	895	866	1,522	1,599	21,166	22,810	15.0%	25.0%	25.0%	35.0%	0.0%
Total – all assets		28,162	26,434	15,022	14,504	1,265,627	1,810,699	31.6%	41.0%	23.0%	4.3%	0.0%

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

Goulburn Mulwaree Council

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

Infrastructure asset condition assessment 'key'

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

Goulburn Mulwaree Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	15,447	77.65%	108.18%	74.11%	>= 100.00%
Depreciation, amortisation and impairment	19,892				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	28,162	2.11%	2.81%	2.72%	< 2.00%
Net carrying amount of infrastructure assets	1,335,372				
Asset maintenance ratio					
Actual asset maintenance	14,504	96.55%	104.91%	134.92%	> 100.00%
Required asset maintenance	15,022				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	26,434	1.46%	1.69%	1.17%	
Gross replacement cost	1,810,699				

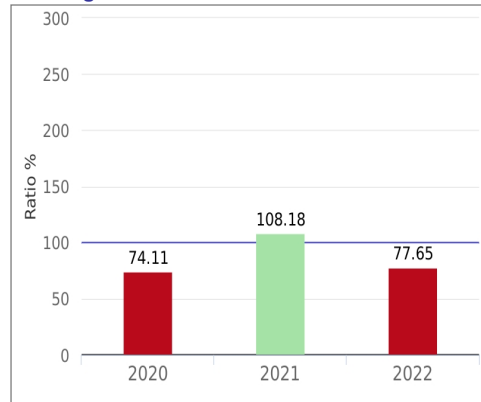
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Goulburn Mulwaree Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
21/22 ratio	77.65%

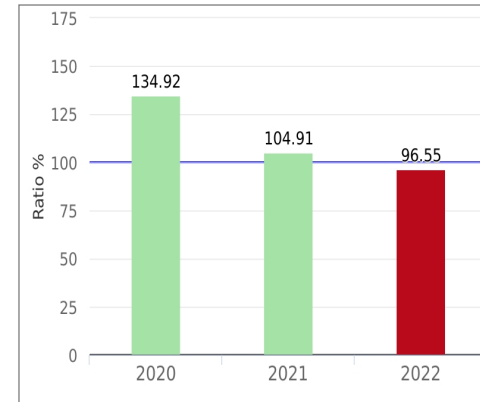
Benchmark: — $\geq 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
21/22 ratio	96.55%

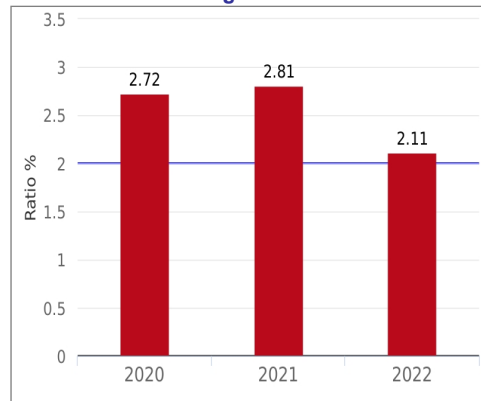
Benchmark: — $> 100.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
21/22 ratio	2.11%

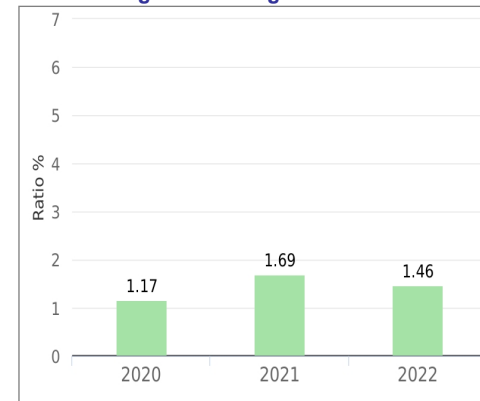
Benchmark: — $< 2.00\%$

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
21/22 ratio	1.46%

Goulburn Mulwaree Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	106.01%	140.37%	0.00%	0.00%	0.00%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.40%	1.55%	1.72%	1.93%	6.91%	13.79%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	153.79%	123.71%	33.55%	62.81%	28.02%	114.88%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.00%	1.07%	1.22%	1.15%	4.60%	6.20%	

(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.