

# Byron Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*Byron Shire is a 'meeting place' - Where people can come  
together to connect, share, grow, inspire, and create  
positive change.*



## General Purpose Financial Statements

for the year ended 30 June 2022

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### Overview

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

70 Station Street  
MULLUMBIMBY NSW 2482

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: <https://www.byron.nsw.gov.au>.

# Byron Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

# Byron Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 November 2022.

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Michael Lyon

**Mayor**

24 November 2022

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Sarah Ndiaye

**Deputy Mayor**

24 November 2022

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Mark Arnold

**General Manager**

24 November 2022

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James Brickley

**Responsible Accounting Officer**

24 November 2022

## Byron Shire Council

## Income Statement

for the year ended 30 June 2022

| Original<br>unaudited<br>budget<br>2022    | \$ '000                                                                                                | Notes | Actual<br>2022 | Actual<br>2021 |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| <b>Income from continuing operations</b>   |                                                                                                        |       |                |                |
| 53,824                                     | Rates and annual charges                                                                               | B2-1  | <b>54,590</b>  | 52,004         |
| 24,171                                     | User charges and fees                                                                                  | B2-2  | <b>25,178</b>  | 27,108         |
| 1,618                                      | Other revenues                                                                                         | B2-3  | <b>1,552</b>   | 1,847          |
| 6,547                                      | Grants and contributions provided for operating purposes                                               | B2-4  | <b>22,060</b>  | 8,264          |
| 26,238                                     | Grants and contributions provided for capital purposes                                                 | B2-4  | <b>20,984</b>  | 23,130         |
| 903                                        | Interest and investment income                                                                         | B2-5  | <b>510</b>     | 826            |
| 1,044                                      | Other income                                                                                           | B2-6  | <b>949</b>     | 918            |
| <b>114,345</b>                             | <b>Total income from continuing operations</b>                                                         |       | <b>125,823</b> | 114,097        |
| <b>Expenses from continuing operations</b> |                                                                                                        |       |                |                |
| 31,762                                     | Employee benefits and on-costs                                                                         | B3-1  | <b>31,852</b>  | 29,830         |
| 36,065                                     | Materials and services                                                                                 | B3-2  | <b>54,416</b>  | 44,280         |
| 2,932                                      | Borrowing costs                                                                                        | B3-3  | <b>2,934</b>   | 3,075          |
| 15,780                                     | Depreciation, amortisation and impairment of non-financial assets                                      | B3-4  | <b>19,134</b>  | 17,529         |
| 2,196                                      | Other expenses                                                                                         | B3-5  | <b>2,897</b>   | 2,464          |
| –                                          | Net loss from the disposal of assets                                                                   | B4-1  | <b>3,517</b>   | 7,451          |
| <b>88,735</b>                              | <b>Total expenses from continuing operations</b>                                                       |       | <b>114,750</b> | 104,629        |
| <b>25,610</b>                              | <b>Operating result from continuing operations</b>                                                     |       | <b>11,073</b>  | 9,468          |
| <b>25,610</b>                              | <b>Net operating result for the year attributable to Council</b>                                       |       | <b>11,073</b>  | 9,468          |
| <b>(628)</b>                               | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>(9,911)</b> | (13,662)       |

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

## Byron Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

| \$ '000                                                                                                        | Notes | 2022           | 2021         |
|----------------------------------------------------------------------------------------------------------------|-------|----------------|--------------|
| <b>Net operating result for the year – from Income Statement</b>                                               |       | <b>11,073</b>  | <b>9,468</b> |
| <b>Other comprehensive income:</b>                                                                             |       |                |              |
| Amounts which will not be reclassified subsequently to the operating result                                    |       |                |              |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment                                    | C1-7  | <b>174,602</b> | 84,303       |
| Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment | C1-7  | <b>(2,157)</b> | –            |
| Other comprehensive income – joint ventures and associates                                                     |       | <b>72</b>      | (64)         |
| <b>Total items which will not be reclassified subsequently to the operating result</b>                         |       | <b>172,517</b> | 84,239       |
| <b>Total other comprehensive income for the year</b>                                                           |       | <b>172,517</b> | 84,239       |
| <b>Total comprehensive income for the year attributable to Council</b>                                         |       | <b>183,590</b> | 93,707       |

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

## Byron Shire Council

## Statement of Financial Position

as at 30 June 2022

| \$ '000                                              | Notes | 2022             | Restated<br>2021 <sup>1</sup> | Restated<br>2020 <sup>1</sup> |
|------------------------------------------------------|-------|------------------|-------------------------------|-------------------------------|
| <b>ASSETS</b>                                        |       |                  |                               |                               |
| <b>Current assets</b>                                |       |                  |                               |                               |
| Cash and cash equivalents                            | C1-1  | 56,237           | 41,368                        | 37,327                        |
| Investments                                          | C1-2  | 15,451           | 22,539                        | 31,000                        |
| Receivables                                          | C1-4  | 12,239           | 9,691                         | 9,259                         |
| Inventories                                          | C1-5  | 462              | 508                           | 498                           |
| Contract assets and contract cost assets             | C1-6  | 1,812            | 2,687                         | 2,800                         |
| Other                                                | C1-8  | 53               | 17                            | 17                            |
| <b>Total current assets</b>                          |       | <b>86,254</b>    | <b>76,810</b>                 | <b>80,901</b>                 |
| <b>Non-current assets</b>                            |       |                  |                               |                               |
| Investments                                          | C1-2  | 6,618            | 8,566                         | 8,235                         |
| Receivables                                          | C1-4  | 561              | 649                           | 415                           |
| Infrastructure, property, plant and equipment (IPPE) | C1-7  | 1,278,365        | 1,099,373                     | 997,622                       |
| Investments accounted for using the equity method    | D2-3  | 1,214            | 1,142                         | 1,206                         |
| <b>Total non-current assets</b>                      |       | <b>1,286,758</b> | <b>1,109,730</b>              | <b>1,007,478</b>              |
| <b>Total assets</b>                                  |       | <b>1,373,012</b> | <b>1,186,540</b>              | <b>1,088,379</b>              |
| <b>LIABILITIES</b>                                   |       |                  |                               |                               |
| <b>Current liabilities</b>                           |       |                  |                               |                               |
| Payables                                             | C3-1  | 13,276           | 14,110                        | 13,067                        |
| Contract liabilities                                 | C3-2  | 12,496           | 6,274                         | 1,489                         |
| Borrowings                                           | C3-3  | 5,524            | 3,789                         | 3,527                         |
| Employee benefit provisions                          | C3-4  | 7,030            | 6,555                         | 6,086                         |
| <b>Total current liabilities</b>                     |       | <b>38,326</b>    | <b>30,728</b>                 | <b>24,169</b>                 |
| <b>Non-current liabilities</b>                       |       |                  |                               |                               |
| Borrowings                                           | C3-3  | 53,245           | 57,269                        | 59,308                        |
| Employee benefit provisions                          | C3-4  | 506              | 665                           | 690                           |
| Provisions                                           | C3-5  | 7,439            | 7,972                         | 8,013                         |
| <b>Total non-current liabilities</b>                 |       | <b>61,190</b>    | <b>65,906</b>                 | <b>68,011</b>                 |
| <b>Total liabilities</b>                             |       | <b>99,516</b>    | <b>96,634</b>                 | <b>92,180</b>                 |
| <b>Net assets</b>                                    |       | <b>1,273,496</b> | <b>1,089,906</b>              | <b>996,199</b>                |
| <b>EQUITY</b>                                        |       |                  |                               |                               |
| Accumulated surplus                                  | C4-1  | 648,701          | 637,556                       | 628,152                       |
| IPPE revaluation reserve                             | C4-1  | 624,795          | 452,350                       | 368,047                       |
| <b>Council equity interest</b>                       |       | <b>1,273,496</b> | <b>1,089,906</b>              | <b>996,199</b>                |
| <b>Total equity</b>                                  |       | <b>1,273,496</b> | <b>1,089,906</b>              | <b>996,199</b>                |

(1) Refer to Note G3-1 for details regarding restatement of prior period error.

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

## Byron Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2022

|                                                                             | Notes | 2022                             |                          |                  | 2021                             |                          |                  |
|-----------------------------------------------------------------------------|-------|----------------------------------|--------------------------|------------------|----------------------------------|--------------------------|------------------|
|                                                                             |       | Accumulated surplus <sup>1</sup> | IPPE revaluation reserve | Total equity     | Accumulated surplus <sup>1</sup> | IPPE revaluation reserve | Total equity     |
| \$ '000                                                                     |       |                                  |                          |                  | Restated                         | Restated                 | Restated         |
| Opening balance at 1 July                                                   |       | 632,365                          | 452,350                  | 1,084,715        | 622,961                          | 368,047                  | 991,008          |
| Correction of prior period errors                                           | G3-1  | 5,191                            | –                        | 5,191            | 5,191                            | –                        | 5,191            |
| <b>Restated opening balance</b>                                             |       | <b>637,556</b>                   | <b>452,350</b>           | <b>1,089,906</b> | <b>628,152</b>                   | <b>368,047</b>           | <b>996,199</b>   |
| Net operating result for the year                                           |       | 11,073                           | –                        | 11,073           | 9,468                            | –                        | 9,468            |
| <b>Other comprehensive income</b>                                           |       |                                  |                          |                  |                                  |                          |                  |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-7  | –                                | 174,602                  | 174,602          | –                                | 84,303                   | 84,303           |
| – Impairment (loss) reversal relating to IPP&E                              | C1-7  | –                                | (2,157)                  | (2,157)          | –                                | –                        | –                |
| Joint ventures and associates                                               |       | 72                               | –                        | 72               | (64)                             | –                        | (64)             |
| <b>Other comprehensive income</b>                                           |       | <b>72</b>                        | <b>172,445</b>           | <b>172,517</b>   | <b>(64)</b>                      | <b>84,303</b>            | <b>84,239</b>    |
| <b>Total comprehensive income</b>                                           |       | <b>11,145</b>                    | <b>172,445</b>           | <b>183,590</b>   | <b>9,404</b>                     | <b>84,303</b>            | <b>93,707</b>    |
| <b>Closing balance at 30 June</b>                                           |       | <b>648,701</b>                   | <b>624,795</b>           | <b>1,273,496</b> | <b>637,556</b>                   | <b>452,350</b>           | <b>1,089,906</b> |

(1) See Note G3-1 for details regarding restatement as a result of prior period error.

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

## Byron Shire Council

## Statement of Cash Flows

for the year ended 30 June 2022

| Original<br>unaudited<br>budget<br>2022     | \$ '000                                             | Notes | Actual<br>2022  | Actual<br>2021 |
|---------------------------------------------|-----------------------------------------------------|-------|-----------------|----------------|
| <b>Cash flows from operating activities</b> |                                                     |       |                 |                |
| <b>Receipts:</b>                            |                                                     |       |                 |                |
| 53,824                                      | Rates and annual charges                            |       | <b>53,506</b>   | 50,914         |
| 24,171                                      | User charges and fees                               |       | <b>25,502</b>   | 26,901         |
| 903                                         | Interest received                                   |       | <b>716</b>      | 960            |
| 32,785                                      | Grants and contributions                            |       | <b>47,411</b>   | 36,360         |
| –                                           | Bonds, deposits and retentions received             |       | <b>522</b>      | 193            |
| 2,662                                       | Other                                               |       | <b>1,173</b>    | 2,693          |
| <b>Payments:</b>                            |                                                     |       |                 |                |
| (31,762)                                    | Payments to employees                               |       | <b>(31,536)</b> | (29,386)       |
| (36,065)                                    | Payments for materials and services                 |       | <b>(57,135)</b> | (43,650)       |
| (2,932)                                     | Borrowing costs                                     |       | <b>(2,905)</b>  | (3,058)        |
| (2,196)                                     | Other                                               |       | <b>(1,424)</b>  | (2,307)        |
| 41,390                                      | <b>Net cash flows from operating activities</b>     | G1-1  | <b>35,830</b>   | 39,620         |
| <b>Cash flows from investing activities</b> |                                                     |       |                 |                |
| <b>Receipts:</b>                            |                                                     |       |                 |                |
| –                                           | Sale of investments                                 |       | <b>35,594</b>   | 79,000         |
| –                                           | Proceeds from sale of IPPE                          |       | <b>881</b>      | 453            |
| –                                           | Deferred debtors receipts                           |       | <b>10</b>       | 10             |
| <b>Payments:</b>                            |                                                     |       |                 |                |
| –                                           | Purchase of investments                             |       | <b>(38,233)</b> | (71,039)       |
| –                                           | Acquisition of term deposits                        |       | <b>11,000</b>   | –              |
| (65,560)                                    | Payments for IPPE                                   |       | <b>(27,924)</b> | (42,226)       |
| (65,560)                                    | <b>Net cash flows from investing activities</b>     |       | <b>(18,672)</b> | (33,802)       |
| <b>Cash flows from financing activities</b> |                                                     |       |                 |                |
| <b>Receipts:</b>                            |                                                     |       |                 |                |
| 13,500                                      | Proceeds from borrowings                            |       | <b>1,500</b>    | 1,750          |
| <b>Payments:</b>                            |                                                     |       |                 |                |
| (3,868)                                     | Repayment of borrowings                             |       | <b>(3,789)</b>  | (3,527)        |
| 9,632                                       | <b>Net cash flows from financing activities</b>     |       | <b>(2,289)</b>  | (1,777)        |
| (14,538)                                    | <b>Net change in cash and cash equivalents</b>      |       | <b>14,869</b>   | 4,041          |
| 41,368                                      | Cash and cash equivalents at beginning of year      |       | <b>41,368</b>   | 37,327         |
| 26,830                                      | <b>Cash and cash equivalents at end of year</b>     | C1-1  | <b>56,237</b>   | 41,368         |
| 31,105                                      | plus: Investments on hand at end of year            | C1-2  | <b>22,069</b>   | 31,105         |
| 57,935                                      | <b>Total cash, cash equivalents and investments</b> |       | <b>78,306</b>   | 72,473         |

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

# Byron Shire Council

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# Byron Shire 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 24 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 (NSW)*, the Local Government (General) Regulation 2021 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 Material budget variations

#### **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.

#### **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 infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

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

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

### **Monies and other assets received by Council**

#### **The Consolidated Fund**

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

## A1-1 Basis of preparation (continued)

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

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports. A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council currently utilises the services of volunteers to assist in the management/operation of eleven community facilities under Section 355 of the Local Government Act 1993. The financial operations of these facilities in the main are contained within the financial outcomes of Council. The financial consideration relevant though to specific volunteer services (labour) has not been recognised in the financial statements as it is considered not material overall nor can it be reliably measured. That aside, whilst the financial consideration cannot be reliably measured, Council acknowledges the importance and appreciation of the support it receives from volunteers.

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

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

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

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

#### **AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

## A1-1 Basis of preparation (continued)

### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 reporting period.

### **New accounting standards adopted during the year**

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

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

None of the newly adopted standards had 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 <sup>1</sup> |
| <b>Functions or activities</b>                                                    |                |                |                |                |                  |              |                          |               |                           |                   |
| We have, infrastructure, transport and services which meet our expectations       | 76,935         | 73,476         | 92,591         | 71,235         | (15,656)         | 2,241        | 36,231                   | 26,165        | 852,434                   | 741,921           |
| We cultivate and celebrate our diverse cultures, lifestyle and sense of community | 7,238          | 5,805          | 8,762          | 20,109         | (1,524)          | (14,304)     | 2,695                    | 1,933         | 300,619                   | 236,731           |
| We protect and enhance our natural environment                                    | 2,551          | 2,538          | 2,993          | 2,993          | (442)            | (455)        | 1,214                    | 1,155         | 31,462                    | 26,179            |
| We manage growth and change responsibly                                           | 7,247          | 6,222          | 9,392          | 8,803          | (2,145)          | (2,581)      | 6                        | 36            | 64,475                    | 64,310            |
| We have community led decision making which is open and inclusive                 | 31,852         | 26,056         | 1,012          | 1,489          | 30,840           | 24,567       | 2,898                    | 2,105         | 124,022                   | 117,399           |
| <b>Total functions and activities</b>                                             | <b>125,823</b> | <b>114,097</b> | <b>114,750</b> | <b>104,629</b> | <b>11,073</b>    | <b>9,468</b> | <b>43,044</b>            | <b>31,394</b> | <b>1,373,012</b>          | <b>1,186,540</b>  |

(1) See Note G4-2 for details regarding the restatement as a result of Prior Period Error

## B1-2 Components of functions or activities

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

### **We have infrastructure, transport and services which meet our expectations**

Provide a road network which is safe, accessible and maintained to an acceptable level of service. Provide essential services and reliable infrastructure which meet an acceptable community standard. Support, through partnership, a network of integrated sustainable transport options. Provide a regular and acceptable waste and recycling service. Provide continuous urban water and sewerage service within the Shire. Manage traffic and parking in an efficient manner.

### **We cultivate and celebrate our diverse cultures, lifestyle and sense of community**

Support and encourage our vibrant culture and creativity. Support access to a wide range of services and activities that contribute to the wellbeing of all members of the Byron Shire community. Provide accessible, local community spaces and facilities. Enhance community safety and amenity while respecting our shared values. Encourage appreciation of cultural vitality and diversity.

### **We protect and enhance our natural environment**

Partner to protect and enhance our biodiversity, ecosystems and ecology. Strive to become a sustainable community. Partner to protect and enhance the health of the Shire's coastlines, estuaries, waterways and catchments. Support and secure our farming future.

### **We manage growth and change responsibly**

Support the visions and aspirations of local communities through place-based planning and management. Support housing diversity in appropriate locations across the Shire. Promote and support local business development, education and employment opportunities. Support tourism and events that reflect our culture and lifestyle. Work to improve community resilience in our changing environment.

### **We have community led decision making which is open and inclusive**

Engage and involve community in decision making. Create a culture of trust with the community by being open, genuine and transparent. Deliver a high level of customer service. Manage Council's assets and allocate resources in a fair and holistic manner. Manage Council's finances sustainably. Manage Council's resources sustainably.

## B2 Sources of income

### B2-1 Rates and annual charges

| \$ '000                                            | 2022          | 2021          |
|----------------------------------------------------|---------------|---------------|
| <b>Ordinary rates</b>                              |               |               |
| Residential                                        | 19,950        | 19,442        |
| Farmland                                           | 1,365         | 1,350         |
| Business                                           | 5,347         | 5,095         |
| <b>Rates levied to ratepayers</b>                  | <b>26,662</b> | <b>25,887</b> |
| Pensioner rate subsidies received                  | 201           | 219           |
| <b>Total ordinary rates</b>                        | <b>26,863</b> | <b>26,106</b> |
| <b>Annual charges</b>                              |               |               |
| (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |               |               |
| Domestic waste management services                 | 7,400         | 6,423         |
| Stormwater management services                     | 301           | 296           |
| Water supply services                              | 2,601         | 2,493         |
| Sewerage services                                  | 16,080        | 15,466        |
| Waste management services (non-domestic)           | 1,149         | 1,015         |
| <b>Annual charges levied</b>                       | <b>27,531</b> | <b>25,693</b> |
| Pensioner subsidies received:                      |               |               |
| – Water                                            | 71            | 75            |
| – Sewerage                                         | 68            | 72            |
| – Domestic waste management                        | 57            | 58            |
| <b>Total annual charges</b>                        | <b>27,727</b> | <b>25,898</b> |
| <b>Total rates and annual charges</b>              | <b>54,590</b> | <b>52,004</b> |

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

| \$ '000                                                                       | Timing | 2022          | 2021          |
|-------------------------------------------------------------------------------|--------|---------------|---------------|
| <b>Specific user charges</b>                                                  |        |               |               |
| (per s.502 - specific 'actual use' charges)                                   |        |               |               |
| Water supply services                                                         | 2      | 6,986         | 7,252         |
| Sewerage services                                                             | 2      | 1,634         | 2,062         |
| <b>Total specific user charges</b>                                            |        | <b>8,620</b>  | <b>9,314</b>  |
| <b>Other user charges and fees</b>                                            |        |               |               |
| <b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>  |        |               |               |
| Planning and building regulation                                              | 2      | 245           | 287           |
| Private works – section 67                                                    | 2      | 46            | 70            |
| Regulatory/ statutory fees                                                    | 2      | 83            | 96            |
| Section 10.7 certificates (EP&A Act)                                          | 2      | 126           | 138           |
| Section 603 certificates                                                      | 2      | 79            | 110           |
| Building inspections                                                          | 2      | 620           | 668           |
| Building services                                                             | 2      | 1,102         | 552           |
| Developer fees                                                                | 2      | 1,233         | 1,095         |
| Dog registration / release                                                    | 2      | 52            | 49            |
| Engineering services                                                          | 2      | 2             | 3             |
| Freedom of information                                                        | 2      | 56            | 42            |
| Health inspection                                                             | 2      | 489           | 496           |
| <b>Total fees and charges – statutory/regulatory</b>                          |        | <b>4,133</b>  | <b>3,606</b>  |
| <b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b> |        |               |               |
| Aerodrome                                                                     | 2      | 81            | 45            |
| Caravan park                                                                  | 2      | 3,024         | 4,046         |
| Cemeteries                                                                    | 2      | 282           | 220           |
| Child care                                                                    | 2      | 781           | 781           |
| Leaseback fees – Council vehicles                                             | 2      | 315           | 255           |
| Parking fees                                                                  | 2      | 2,790         | 3,892         |
| Water connection fees                                                         | 2      | 165           | 136           |
| Administration and financial services                                         | 2      | 296           | 202           |
| Public halls                                                                  | 2      | 278           | 233           |
| Sewerage charges                                                              | 2      | 387           | 282           |
| Swimming pools                                                                | 2      | 163           | 246           |
| Other                                                                         | 2      | 174           | 126           |
| Waste                                                                         | 2      | 3,689         | 3,724         |
| <b>Total fees and charges – other</b>                                         |        | <b>12,425</b> | <b>14,188</b> |
| <b>Total other user charges and fees</b>                                      |        | <b>16,558</b> | <b>17,794</b> |
| <b>Total user charges and fees</b>                                            |        | <b>25,178</b> | <b>27,108</b> |
| <b>Timing of revenue recognition for user charges and fees</b>                |        |               |               |
| User charges and fees recognised over time (1)                                |        | –             | –             |
| User charges and fees recognised at a point in time (2)                       |        | 25,178        | 27,108        |
| <b>Total user charges and fees</b>                                            |        | <b>25,178</b> | <b>27,108</b> |

### Accounting policy

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

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

Where an upfront fee is charged such as membership 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 the term of the licence.

## B2-3 Other revenues

| \$ '000                                                | Timing | 2022         | 2021         |
|--------------------------------------------------------|--------|--------------|--------------|
| Fines                                                  | 2      | 1,306        | 1,659        |
| Insurance claims recoveries                            | 2      | –            | 21           |
| Sales – general                                        | 2      | 40           | 74           |
| Workers Compensation                                   | 2      | 95           | 93           |
| Legal Fees Recovery                                    | 2      | 111          | –            |
| <b>Total other revenue</b>                             |        | <b>1,552</b> | <b>1,847</b> |
| <b>Timing of revenue recognition for other revenue</b> |        |              |              |
| Other revenue recognised over time (1)                 |        | –            | –            |
| Other revenue recognised at a point in time (2)        |        | 1,552        | 1,847        |
| <b>Total other revenue</b>                             |        | <b>1,552</b> | <b>1,847</b> |

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

| \$ '000                                                                    | Timing | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|----------------------------------------------------------------------------|--------|-------------------|-------------------|-----------------|-----------------|
| <b>General purpose grants and non-developer contributions (untied)</b>     |        |                   |                   |                 |                 |
| <b>General purpose (untied)</b>                                            |        |                   |                   |                 |                 |
| <b>Current year allocation</b>                                             |        |                   |                   |                 |                 |
| Financial assistance – general component                                   | 2      | 2,885             | 2,076             | –               | –               |
| Financial assistance – local roads component                               | 2      | 1,717             | 1,241             | –               | –               |
| <b>Amount recognised as income during current year</b>                     |        | <b>4,602</b>      | <b>3,317</b>      | <b>–</b>        | <b>–</b>        |
| <b>Special purpose grants and non-developer contributions (tied)</b>       |        |                   |                   |                 |                 |
| <b>Cash contributions</b>                                                  |        |                   |                   |                 |                 |
| Pensioners' rates subsidies:                                               |        |                   |                   |                 |                 |
| Animal Enforcement                                                         | 2      | 375               | –                 | –               | –               |
| Bushfire and emergency services                                            | 2      | 543               | 214               | –               | –               |
| Child care                                                                 | 2      | 1,181             | 1,239             | –               | –               |
| Community centres                                                          | 2      | –                 | –                 | 336             | 252             |
| Economic development                                                       | 2      | –                 | 32                | –               | 79              |
| Library                                                                    | 2      | 152               | 147               | –               | –               |
| Street lighting                                                            | 2      | 55                | 55                | –               | –               |
| Transport (Roads to Recovery)                                              | 1      | 1,025             | 274               | –               | –               |
| Transport (other roads, bridges and drainage funding)                      | 1      | 465               | –                 | 14,104          | 16,635          |
| Waste management                                                           | 2      | 1,512             | 97                | –               | 22              |
| Emergency Services                                                         | 2      | –                 | 134               | –               | –               |
| Parks & Gardens                                                            | 2      | –                 | 53                | 942             | 147             |
| Community services                                                         | 2      | 24                | 21                | –               | –               |
| Planning                                                                   | 2      | 6                 | 36                | –               | –               |
| Crown lands maintenance                                                    | 2      | 211               | 237               | 29              | –               |
| Environmental management                                                   | 2      | 296               | 807               | –               | –               |
| Employment & Training                                                      | 2      | 13                | 29                | –               | –               |
| Flood Recovery                                                             | 2      | 3,000             | –                 | –               | –               |
| Footpaths                                                                  | 2      | –                 | –                 | –               | 6               |
| Foreshore Maintenance                                                      | 2      | 29                | –                 | 20              | –               |
| Recreation and Culture                                                     | 2      | 15                | –                 | –               | –               |
| Sporting Grounds & Venues                                                  | 2      | 27                | –                 | 195             | –               |
| Energy Saving Certificates                                                 | 2      | 17                | –                 | –               | –               |
| Roads and bridges                                                          | 1      | 7,686             | 593               | 67              | 94              |
| Transport for NSW contributions (regional roads, block grant)              | 2      | 656               | 737               | 155             | –               |
| Surf lifesaving                                                            | 2      | 170               | 125               | –               | –               |
| Other economic development                                                 | 2      | –                 | 117               | –               | 323             |
| OLG - Crown Lands Contribution                                             | 2      | –                 | –                 | –               | –               |
| Parks & Gardens                                                            | 2      | –                 | –                 | 33              | –               |
| <b>Total special purpose grants and non-developer contributions – cash</b> |        | <b>17,458</b>     | <b>4,947</b>      | <b>15,881</b>   | <b>17,558</b>   |
| <b>Non-cash contributions</b>                                              |        |                   |                   |                 |                 |
| Crown land devolved                                                        | 2      | –                 | –                 | –               | –               |
| Recreation and culture                                                     |        | –                 | –                 | –               | –               |
| Dedications – Assets                                                       | 2      | –                 | –                 | 2,155           | 655             |
| Purchase of Former Byron Bay Hospital                                      | 2      | –                 | –                 | –               | –               |
| <b>Total other contributions – non-cash</b>                                |        | <b>–</b>          | <b>–</b>          | <b>2,155</b>    | <b>655</b>      |
| <b>Total special purpose grants and non-developer contributions (tied)</b> |        | <b>17,458</b>     | <b>4,947</b>      | <b>18,036</b>   | <b>18,213</b>   |

**B2-4 Grants and contributions (continued)**

| <b>\$ '000</b>                                      | <b>Timing</b> | <b>Operating<br/>2022</b> | <b>Operating<br/>2021</b> | <b>Capital<br/>2022</b> | <b>Capital<br/>2021</b> |
|-----------------------------------------------------|---------------|---------------------------|---------------------------|-------------------------|-------------------------|
| <b>Total grants and non-developer contributions</b> |               | <b>22,060</b>             | <b>8,264</b>              | <b>18,036</b>           | <b>18,213</b>           |
| <b>Comprising:</b>                                  |               |                           |                           |                         |                         |
| – Commonwealth funding                              |               | 7,169                     | 4,683                     | 300                     | 1,119                   |
| – State funding                                     |               | 14,043                    | 2,619                     | 15,392                  | 11,550                  |
| – Other funding                                     |               | 848                       | 962                       | 2,344                   | 5,544                   |
|                                                     |               | <b>22,060</b>             | <b>8,264</b>              | <b>18,036</b>           | <b>18,213</b>           |

**Developer contributions**

| <b>\$ '000</b>                                                                               | <b>Notes</b> | <b>Timing</b> | <b>Operating<br/>2022</b> | <b>Operating<br/>2021</b> | <b>Capital<br/>2022</b> | <b>Capital<br/>2021</b> |
|----------------------------------------------------------------------------------------------|--------------|---------------|---------------------------|---------------------------|-------------------------|-------------------------|
| <b>Developer contributions:</b><br><b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b> | G4           |               |                           |                           |                         |                         |
| <b>Cash contributions</b>                                                                    |              |               |                           |                           |                         |                         |
| S 7.11 – contributions towards amenities/services                                            |              | 2             | –                         | –                         | 1,707                   | 2,063                   |
| S 64 – water supply contributions                                                            |              | 2             | –                         | –                         | 167                     | 667                     |
| S 64 – sewerage service contributions                                                        |              | 2             | –                         | –                         | 1,074                   | 2,187                   |
| <b>Total developer contributions – cash</b>                                                  |              |               | <b>–</b>                  | <b>–</b>                  | <b>2,948</b>            | <b>4,917</b>            |
| <b>Total developer contributions</b>                                                         |              |               | <b>–</b>                  | <b>–</b>                  | <b>2,948</b>            | <b>4,917</b>            |
| <b>Total contributions</b>                                                                   |              |               | <b>–</b>                  | <b>–</b>                  | <b>2,948</b>            | <b>4,917</b>            |
| <b>Total grants and contributions</b>                                                        |              |               | <b>22,060</b>             | <b>8,264</b>              | <b>20,984</b>           | <b>23,130</b>           |
| <b>Timing of revenue recognition for grants and contributions</b>                            |              |               |                           |                           |                         |                         |
| Grants and contributions recognised over time (1)                                            |              |               | 8,151                     | 2,356                     | 15,196                  | 17,003                  |
| Grants and contributions recognised at a point in time (2)                                   |              |               | 13,909                    | 5,908                     | 5,788                   | 6,127                   |
| <b>Total grants and contributions</b>                                                        |              |               | <b>22,060</b>             | <b>8,264</b>              | <b>20,984</b>           | <b>23,130</b>           |

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

| \$ '000                                                                                                           | Operating<br>2022 | Operating<br>2021 | Capital<br>2022 | Capital<br>2021 |
|-------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-----------------|-----------------|
| <b>Unspent grants</b>                                                                                             |                   |                   |                 |                 |
| Unspent funds at 1 July                                                                                           | 1,866             | 1,585             | 5,367           | 925             |
| <b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 4,902             | 784               | –               | –               |
| <b>Add:</b> Funds received and not recognised as revenue in the current year                                      | –                 | –                 | 8,048           | 5,253           |
| <b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year         | (1,445)           | (503)             | –               | –               |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year                  | –                 | –                 | (2,257)         | (811)           |
| <b>Unspent grants at 30 June</b>                                                                                  | <b>5,323</b>      | <b>1,866</b>      | <b>11,158</b>   | <b>5,367</b>    |
| <b>Unspent Contributions</b>                                                                                      |                   |                   |                 |                 |
| Unspent funds at 1 July                                                                                           | –                 | –                 | 22,121          | 25,007          |
| <b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | –                 | –                 | 3,079           | 5,134           |
| <b>Add:</b> Funds received and not recognised as revenue in the current year                                      | –                 | –                 | –               | –               |
| <b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year         | –                 | –                 | –               | –               |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year                  | –                 | –                 | (4,116)         | (8,020)         |
| <b>Unspent contributions at 30 June</b>                                                                           | <b>–</b>          | <b>–</b>          | <b>21,084</b>   | <b>22,121</b>   |

### Accounting policy

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

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

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

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

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

#### Capital grants

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

## B2-4 Grants and contributions (continued)

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

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

### **Developer contributions**

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

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

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

### **Other grants and contributions**

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

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

## B2-5 Interest and investment income

| \$ '000                                                          | 2022       | 2021       |
|------------------------------------------------------------------|------------|------------|
| <b>Interest on financial assets measured at amortised cost</b>   |            |            |
| – Overdue rates and annual charges (incl. special purpose rates) | 73         | 139        |
| – Cash and investments                                           | 437        | 687        |
| <b>Total interest and investment income (losses)</b>             | <b>510</b> | <b>826</b> |
| <b>Interest and investment income is attributable to:</b>        |            |            |
| <b>Unrestricted investments/financial assets:</b>                |            |            |
| Overdue rates and annual charges (general fund)                  | 46         | 99         |
| General Council cash and investments                             | 241        | 497        |
| <b>Restricted investments/funds – external:</b>                  |            |            |
| Development contributions                                        |            |            |
| – Section 7.11                                                   | 100        | 116        |
| – Section 64                                                     | 96         | 96         |
| Water fund operations                                            | 7          | 18         |
| Sewer Fund                                                       | 20         | –          |
| <b>Total interest and investment income</b>                      | <b>510</b> | <b>826</b> |

### Accounting policy

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

## B2-6 Other income

| \$ '000                         | Notes | 2022       | 2021       |
|---------------------------------|-------|------------|------------|
| <b>Rental income</b>            |       |            |            |
| <b>Other lease income</b>       |       |            |            |
| Room/Facility Hire              |       | –          | 12         |
| Property Agreements             |       | 771        | 657        |
| Cavanbah Centre                 |       | 178        | 249        |
| <b>Total other lease income</b> |       | <b>949</b> | <b>918</b> |
| <b>Total rental income</b>      | C2-2  | <b>949</b> | <b>918</b> |
| <b>Total other income</b>       |       | <b>949</b> | <b>918</b> |

## B3 Costs of providing services

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

| \$ '000                                        | 2022          | 2021          |
|------------------------------------------------|---------------|---------------|
| Salaries and wages                             | 25,010        | 24,298        |
| Employee termination costs                     | –             | 141           |
| Employee leave entitlements (ELE)              | 5,073         | 4,653         |
| Superannuation                                 | 2,824         | 2,786         |
| Workers' compensation insurance                | 634           | 572           |
| Fringe benefit tax (FBT)                       | 21            | 43            |
| Payroll tax                                    | 180           | 155           |
| Training costs (other than salaries and wages) | 244           | 289           |
| <b>Total employee costs</b>                    | <b>33,986</b> | <b>32,937</b> |
| Less: capitalised costs                        | (2,134)       | (3,107)       |
| <b>Total employee costs expensed</b>           | <b>31,852</b> | <b>29,830</b> |

#### Accounting policy

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

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

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

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

## B3-2 Materials and services

| \$ '000                                             | Notes | 2022          | 2021          |
|-----------------------------------------------------|-------|---------------|---------------|
| Raw materials and consumables                       |       | <b>35,900</b> | 24,671        |
| – Caravan parks                                     |       | <b>884</b>    | 1,182         |
| – Cleaning                                          |       | <b>270</b>    | 294           |
| – Security                                          |       | <b>71</b>     | 52            |
| – Surf lifesaving                                   |       | <b>688</b>    | 598           |
| – Swimming pools                                    |       | <b>469</b>    | 449           |
| – Temporary employment                              |       | <b>2,608</b>  | 3,276         |
| – Waste                                             |       | <b>7,153</b>  | 6,817         |
| Audit Fees                                          | F2-1  | <b>175</b>    | 165           |
| Infringement notice contract costs (SEINS)          |       | <b>163</b>    | 250           |
| Expenses from leases of low value assets            |       | <b>489</b>    | 989           |
| <b>Previously other expenses:</b>                   |       |               |               |
| Councillor and Mayoral fees and associated expenses | F1-2  | <b>318</b>    | 298           |
| Advertising                                         |       | <b>53</b>     | 97            |
| Bank charges                                        |       | <b>131</b>    | 143           |
| Computer software charges                           |       | <b>1,072</b>  | 943           |
| Electricity and heating                             |       | <b>1,688</b>  | 1,432         |
| Insurance                                           |       | <b>1,181</b>  | 1,027         |
| Postage                                             |       | <b>90</b>     | 99            |
| Printing and stationery                             |       | <b>69</b>     | 75            |
| Street lighting                                     |       | <b>316</b>    | 364           |
| Telephone and communications                        |       | <b>326</b>    | 267           |
| Valuation fees                                      |       | <b>92</b>     | 91            |
| <b>Legal expenses:</b>                              |       |               |               |
| – Legal expenses: planning and development          |       | <b>201</b>    | 683           |
| – Legal expenses: other                             |       | <b>9</b>      | 18            |
| <b>Total materials and services</b>                 |       | <b>54,416</b> | <b>44,280</b> |

### 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  |
|--------------------------------------------------------|-------|--------------|-------|
| <b>(i) Interest bearing liability costs</b>            |       |              |       |
| Interest on loans                                      |       | <b>2,891</b> | 3,046 |
| <b>Total interest bearing liability costs</b>          |       | <b>2,891</b> | 3,046 |
| <b>Total interest bearing liability costs expensed</b> |       | <b>2,891</b> | 3,046 |
| <b>(ii) Other borrowing costs</b>                      |       |              |       |
| – Remediation liabilities                              | C3-5  | <b>43</b>    | 29    |
| <b>Total other borrowing costs</b>                     |       | <b>43</b>    | 29    |
| <b>Total borrowing costs expensed</b>                  |       | <b>2,934</b> | 3,075 |

#### Accounting policy

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

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

| \$ '000                                                                                | Notes      | 2022          | 2021          |
|----------------------------------------------------------------------------------------|------------|---------------|---------------|
| <b>Depreciation and amortisation</b>                                                   |            |               |               |
| Plant and equipment                                                                    |            | 1,218         | 1,080         |
| Office equipment                                                                       |            | 12            | 12            |
| Furniture and fittings                                                                 |            | 8             | 14            |
| Land improvements (depreciable)                                                        |            | 26            | 150           |
| <b>Infrastructure:</b>                                                                 | C1-7       |               |               |
| – Buildings                                                                            |            | 1,803         | 1,280         |
| – Other structures                                                                     |            | 39            | 32            |
| – Roads                                                                                |            | 7,400         | 6,443         |
| – Bridges                                                                              |            | 451           | 418           |
| – Footpaths                                                                            |            | 239           | 205           |
| – Stormwater drainage                                                                  |            | 1,915         | 1,870         |
| – Water supply network                                                                 |            | 1,432         | 1,429         |
| – Sewerage network                                                                     |            | 3,093         | 3,039         |
| – Swimming pools                                                                       |            | 68            | 56            |
| – Other open space/recreational assets                                                 |            | 469           | 560           |
| Right of use assets                                                                    | C2-1       | –             | –             |
| <b>Other assets:</b>                                                                   |            |               |               |
| – Other                                                                                |            | 129           | 125           |
| <b>Reinstatement, rehabilitation and restoration assets:</b>                           |            |               |               |
| – Tip assets                                                                           | C3-5, C1-7 | 538           | 517           |
| – Quarry assets                                                                        | C3-5, C1-7 | 294           | 299           |
| <b>Total gross depreciation and amortisation costs</b>                                 |            | <b>19,134</b> | <b>17,529</b> |
| <b>Total depreciation and amortisation costs</b>                                       |            | <b>19,134</b> | <b>17,529</b> |
| <b>Impairment / revaluation decrement of IPPE</b>                                      |            |               |               |
| <b>Infrastructure:</b>                                                                 | C1-7       |               |               |
| – Buildings                                                                            |            | 783           | –             |
| – Roads                                                                                |            | 848           | –             |
| – Stormwater drainage                                                                  |            | 321           | –             |
| – Swimming pools                                                                       |            | 108           | –             |
| – Other open space/recreational assets                                                 |            | 2             | –             |
| – Bulk earthworks                                                                      |            | 84            | –             |
| <b>Other assets:</b>                                                                   |            |               |               |
| – Other                                                                                |            | 11            | –             |
| <b>Total gross IPPE impairment / revaluation decrement costs</b>                       |            | <b>2,157</b>  | <b>–</b>      |
| Amounts taken through revaluation reserve                                              | C1-7       | (2,157)       | –             |
| <b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b> |            | <b>–</b>      | <b>–</b>      |
| <b>Total depreciation, amortisation and impairment for non-financial assets</b>        |            | <b>19,134</b> | <b>17,529</b> |

### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

### Impairment of non-financial assets

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

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

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

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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         |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| <b>Impairment of receivables</b>                                             |       |              |              |
| Other                                                                        |       | <b>52</b>    | 17           |
| <b>Total impairment of receivables</b>                                       | C1-4  | <b>52</b>    | <b>17</b>    |
| <b>Fair value decrement on investments</b>                                   |       |              |              |
| Fair value decrement on investments through profit and loss                  |       | <b>675</b>   | 169          |
| <b>Total Fair value decrement on investments</b>                             | C1-2  | <b>675</b>   | <b>169</b>   |
| <b>Other</b>                                                                 |       |              |              |
| Contributions/levies to other levels of government                           |       |              |              |
| – Bushfire fighting fund                                                     |       | <b>238</b>   | 326          |
| – Emergency services levy (includes FRNSW, SES, and RFS levies)              |       | <b>51</b>    | 67           |
| – NSW fire brigade levy                                                      |       | <b>96</b>    | 104          |
| – Far North Coast Weeds                                                      |       | <b>118</b>   | 116          |
| – Other contributions/levies                                                 |       | <b>153</b>   | 146          |
| Donations, contributions and assistance to other organisations (Section 356) |       | <b>69</b>    | 56           |
| Richmond Tweed Regional Library                                              |       | <b>1,445</b> | 1,463        |
| <b>Total other</b>                                                           |       | <b>2,170</b> | <b>2,278</b> |
| <b>Total other expenses</b>                                                  |       | <b>2,897</b> | <b>2,464</b> |

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

| \$ '000                                                              | Notes | 2022           | 2021           |
|----------------------------------------------------------------------|-------|----------------|----------------|
| <b>Gain (or loss) on disposal of plant and equipment</b>             | C1-7  |                |                |
| Proceeds from disposal – plant and equipment                         |       | 881            | 453            |
| Less: carrying amount of plant and equipment assets sold/written off |       | (281)          | (270)          |
| <b>Gain (or loss) on disposal</b>                                    |       | <b>600</b>     | <b>183</b>     |
| <b>Gain (or loss) on disposal of infrastructure</b>                  | C1-7  |                |                |
| Less: carrying amount of infrastructure assets sold/written off      |       | (4,117)        | (7,634)        |
| <b>Gain (or loss) on disposal</b>                                    |       | <b>(4,117)</b> | <b>(7,634)</b> |
| <b>Gain (or loss) on disposal of investments</b>                     | C1-2  |                |                |
| Proceeds from disposal/redemptions/maturities – investments          |       | 35,594         | 79,000         |
| Less: carrying amount of investments sold/redeemed/matured           |       | (35,594)       | (79,000)       |
| <b>Gain (or loss) on disposal</b>                                    |       | <b>–</b>       | <b>–</b>       |
| <b>Net gain (or loss) from disposal of assets</b>                    |       | <b>(3,517)</b> | <b>(7,451)</b> |

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 24/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

| \$ '000                            | 2022<br>Budget | 2022<br>Actual | 2022<br>----- Variance ----- |               |
|------------------------------------|----------------|----------------|------------------------------|---------------|
| <b>Revenues</b>                    |                |                |                              |               |
| Rates and annual charges           | 53,824         | 54,590         | 766                          | 1% <b>F</b>   |
| User charges and fees              | 24,171         | 25,178         | 1,007                        | 4% <b>F</b>   |
| Other revenues                     | 1,618          | 1,552          | (66)                         | (4)% <b>U</b> |
| Operating grants and contributions | 6,547          | 22,060         | 15,513                       | 237% <b>F</b> |

Actual results for Operating Grants and Contributions exceeded the original budget by \$15.513million with the following items accounting for the majority of the favourable variance that were not included in the original budget:

- Flood Recovery and Companion Animals \$3.375million
- Flood Cleanup (Waste) \$1.246million
- Road Infrastructure Repairs for Flood Damage \$5.000million
- Advance payment of 2022/2023 Financial Assistance Grant \$2.789million

|                                         |               |               |                |                       |
|-----------------------------------------|---------------|---------------|----------------|-----------------------|
| <b>Capital grants and contributions</b> | <b>26,238</b> | <b>20,984</b> | <b>(5,254)</b> | <b>(20)% <b>U</b></b> |
|-----------------------------------------|---------------|---------------|----------------|-----------------------|

Actual results for Capital Grants and Contributions were under the original budget by \$5.254 million with the following items accounting for the majority of the unfavourable variance:

- Election commitment grant received \$1.485million less than original budget
- Fixing Country Bridges grant received \$1.392million less than original budget
- Anticipated TfNSW grants received \$2.594million were less than original budget
- LRCIP grant received \$0.675 million less than original budget
- Non-Cash Developer Contributions not budgeted in original budget \$2.155million
- Developer Contributions received \$979,000 more than original budget

|                                        |            |            |              |                       |
|----------------------------------------|------------|------------|--------------|-----------------------|
| <b>Interest and investment revenue</b> | <b>903</b> | <b>510</b> | <b>(393)</b> | <b>(44)% <b>U</b></b> |
|----------------------------------------|------------|------------|--------------|-----------------------|

Actual results for Interest and Investment Revenue did not meet the original budget by \$393k due to ongoing low interest rates for investments for most of the financial year and Council's cashflow impacted by responding to the February/March 2022 flood events to June 2022 awaiting reimbursement of Natural Disaster funding.

|                     |              |            |             |                      |
|---------------------|--------------|------------|-------------|----------------------|
| <b>Other income</b> | <b>1,044</b> | <b>949</b> | <b>(95)</b> | <b>(9)% <b>U</b></b> |
|---------------------|--------------|------------|-------------|----------------------|

### Expenses

|                                       |               |               |                 |                       |
|---------------------------------------|---------------|---------------|-----------------|-----------------------|
| <b>Employee benefits and on-costs</b> | <b>31,762</b> | <b>31,852</b> | <b>(90)</b>     | <b>0% <b>U</b></b>    |
| <b>Materials and services</b>         | <b>36,065</b> | <b>54,416</b> | <b>(18,351)</b> | <b>(51)% <b>U</b></b> |

Actual results for Materials and Services exceeded the original budget by \$18.351million with the following items accounting for the majority of the unfavourable variance:

- \$2.833million in capital expenditure included in the original budget that was not capitalised and is therefore expensed. This expenditure was not included in the original budget for Materials and Services.
- \$13.000million in expenditure associated with responding to the February/March 2022 flood events to 30 June 2022 not included in the original budget as an unforeseen event.

## B5-1 Material budget variations (continued)

| \$ '000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2022<br>Budget | 2022<br>Actual | 2022<br>----- Variance ----- |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|------------------------------|----------------|
| <b>Borrowing costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>2,932</b>   | <b>2,934</b>   | <b>(2)</b>                   | <b>0% U</b>    |
| <b>Depreciation, amortisation and impairment of non-financial assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>15,780</b>  | <b>19,134</b>  | <b>(3,354)</b>               | <b>(21)% U</b> |
| Although the original 2021/22 budget for Depreciation was \$15.779million and was underestimated. A further adjustment was made at the 31 December 2021 Quarterly Budget Review to reflect the actual depreciation expense from 2020/21 of \$17.530million. The actual depreciation expense increased further in 2021/22 as the buildings were revalued and the increase to the depreciation expense was not in the original budget \$0.536million. Further the roads depreciation expense increased by \$0.956million as the Byron Bypass, completed mid-2020/21, was depreciated for the full year. |                |                |                              |                |
| <b>Other expenses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>2,196</b>   | <b>2,897</b>   | <b>(701)</b>                 | <b>(32)% U</b> |
| As at 30 June 2022, there is an unrealised loss of \$0.675million relating to Council's investment portfolio representing the fair value movement of the investment portfolio for the year. Council did not budget for any negative unrealised fair value movement in original 2021/2022 Budget.                                                                                                                                                                                                                                                                                                      |                |                |                              |                |
| <b>Net losses from disposal of assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>–</b>       | <b>3,517</b>   | <b>(3,517)</b>               | <b>∞ U</b>     |

## Statement of cash flows

|                                             |               |               |                |                |
|---------------------------------------------|---------------|---------------|----------------|----------------|
| <b>Cash flows from operating activities</b> | <b>41,390</b> | <b>35,830</b> | <b>(5,560)</b> | <b>(13)% U</b> |
|---------------------------------------------|---------------|---------------|----------------|----------------|

Actual cash flows from operations did not meet the original budget estimate with an unfavourable budget variance overall of \$5.560million. The major items impacting this cash flow outcome are as follows:

- Grant and contributions receipts exceeded original budget estimate by \$14.626million - favourable variance
- Materials and Services payments exceeded original budget estimate by \$21.070million - unfavourable variance
- User Charges and Fees receipts exceeded original budget estimate by \$1.331million - favourable variance
- Interest and Investment receipts did not exceed original budget estimate by \$0.187million - unfavourable variance

|                                             |                 |                 |               |                |
|---------------------------------------------|-----------------|-----------------|---------------|----------------|
| <b>Cash flows from investing activities</b> | <b>(65,560)</b> | <b>(18,672)</b> | <b>46,888</b> | <b>(72)% F</b> |
|---------------------------------------------|-----------------|-----------------|---------------|----------------|

Actual cashflows from investing activities did not meet the original budget estimate of \$65.56million representing a favourable budget variance of \$46.888million. The budget variance is related to the extent of capital works for the purchase of property, plant and equipment completed. There were a number of capital works projects included in the original estimate that were wither not commenced or partially completed with the majority of favourable budget variance attributable to:

- Bio Energy Facility \$11.057million
- First Sun Holiday Park Land Purchase \$1.500million
- Former Byron Hospital redevelopment \$3.372million
- Landfill rehabilitation \$3.473million
- Fixing Local Roads - Ocean Shores resurfacing \$1.127million
- The Pocket Road \$1.005million
- Main Arm Causeway \$0.706million
- South Arm Carpark \$0.866million
- Bangalow On-Road Cycleway \$0.720million.
- Water Capital Works Program \$3.000million
- Sewerage Capital Works Program \$3.071million

|                                             |              |                |                 |                 |
|---------------------------------------------|--------------|----------------|-----------------|-----------------|
| <b>Cash flows from financing activities</b> | <b>9,632</b> | <b>(2,289)</b> | <b>(11,921)</b> | <b>(124)% U</b> |
|---------------------------------------------|--------------|----------------|-----------------|-----------------|

Actual cash flows from financing activities did not exceed the original budget estimate by \$11.921million and represents an unfavourable budget variance. The original budget contained proposed loan borrowings of \$13.500million with \$12.000million allocated for the Bio-Energy Facility which did not proceed to construction and therefore the loan was not borrowed. Council also had budgeted \$1.500million for purchase of land at First Sun Holiday Park but this did not proceed but Council did borrow \$1.500million not included in the original budget for further remediation works at the former Mullumbimby Hospital site.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

| \$ '000                                | 2022          | 2021          |
|----------------------------------------|---------------|---------------|
| <b>Cash assets</b>                     |               |               |
| Cash on hand and at bank               | 5,217         | 1,523         |
| Cash equivalent assets                 |               |               |
| – Deposits at call                     | 38,020        | 21,845        |
| – Short-term deposits                  | 13,000        | 18,000        |
| <b>Total cash and cash equivalents</b> | <b>56,237</b> | <b>41,368</b> |

#### Reconciliation of cash and cash equivalents

| \$ '000                                                             | Notes | 2022          | 2021          |
|---------------------------------------------------------------------|-------|---------------|---------------|
| Total cash and cash equivalents per Statement of Financial Position |       | 56,237        | 41,368        |
| Less bank overdraft                                                 | C3-3  | –             | –             |
| <b>Balance as per the Statement of Cash Flows</b>                   |       | <b>56,237</b> | <b>41,368</b> |

#### Accounting policy

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

## C1-2 Financial investments

| \$ '000                                                    | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|------------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| <b>Debt securities at amortised cost</b>                   |                 |                     |                 |                     |
| Long term deposits                                         | 15,451          | –                   | 22,539          | –                   |
| NCD's, FRN's (with maturities > 3 months)                  | –               | 1,499               | –               | 3,835               |
| Other long term financial assets                           | –               | 5,119               | –               | 4,731               |
| <b>Total</b>                                               | <b>15,451</b>   | <b>6,618</b>        | <b>22,539</b>   | <b>8,566</b>        |
| <b>Total financial investments</b>                         | <b>15,451</b>   | <b>6,618</b>        | <b>22,539</b>   | <b>8,566</b>        |
| <b>Total cash assets, cash equivalents and investments</b> | <b>71,688</b>   | <b>6,618</b>        | <b>63,907</b>   | <b>8,566</b>        |

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

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 a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income.

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

| \$ '000                                                                            | 2022            | 2021            |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments                   |                 |                 |
| <b>Total cash, cash equivalents and investments</b>                                | <b>78,306</b>   | <b>72,473</b>   |
| Less: Externally restricted cash, cash equivalents and investments                 | <b>(53,646)</b> | <b>(46,297)</b> |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>24,660</b>   | <b>26,176</b>   |

### External restrictions

#### External restrictions – included in liabilities

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

|                                                        |               |              |
|--------------------------------------------------------|---------------|--------------|
| Bonds and deposits                                     | <b>2,508</b>  | 2,508        |
| Specific purpose unexpended grants – general fund      | <b>15,714</b> | 7,233        |
| Specific purpose unexpended grants – sewer fund        | <b>767</b>    | –            |
| <b>External restrictions – included in liabilities</b> | <b>18,989</b> | <b>9,741</b> |

#### External restrictions – other

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

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Developer contributions – general    | <b>11,808</b> | 11,122        |
| Developer contributions – water fund | <b>1,845</b>  | 1,860         |
| Developer contributions – sewer fund | <b>7,180</b>  | 8,872         |
| Transport for NSW contributions      | <b>231</b>    | 247           |
| Water fund                           | <b>8,954</b>  | 9,578         |
| Sewer fund                           | <b>3,598</b>  | 4,349         |
| Domestic waste management            | <b>672</b>    | 168           |
| Crown paid parking reserve           | <b>275</b>    | 212           |
| Crown reserve                        | <b>74</b>     | 128           |
| Other                                | <b>20</b>     | 20            |
| <b>External restrictions – other</b> | <b>34,657</b> | <b>36,556</b> |
| <b>Total external restrictions</b>   | <b>53,646</b> | <b>46,297</b> |

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

| \$ '000                                                                            | 2022            | 2021            |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| (b) Internal allocations                                                           |                 |                 |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>24,660</b>   | <b>26,176</b>   |
| Less: Internally restricted cash, cash equivalents and investments                 | <b>(24,660)</b> | <b>(25,658)</b> |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b>         | <b>–</b>        | <b>518</b>      |

### Internal allocations

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

|                                                |              |       |
|------------------------------------------------|--------------|-------|
| Plant and vehicle replacement                  | <b>2,958</b> | 2,204 |
| Infrastructure renewal - Byron Bay             | <b>763</b>   | 511   |
| Infrastructure renewal reserve – non Byron Bay | <b>1,575</b> | 1,140 |
| Employees leave entitlement                    | <b>572</b>   | 603   |
| Asset revaluation reserve                      | <b>11</b>    | 11    |
| Bridge replacement fund                        | <b>2</b>     | 18    |

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

| <b>\$ '000</b>                           | <b>2022</b>   | <b>2021</b>   |
|------------------------------------------|---------------|---------------|
| Brunswick Heads Memorial Hall            | 23            | 29            |
| Byron Bay Library Exhibition Space       | 18            | 28            |
| Byron Bay Library                        | 300           | 300           |
| Byron Senior Citizens Hall               | 84            | 68            |
| Children's services                      | 218           | 118           |
| Community development                    | 278           | 386           |
| Council caravan parks                    | 1,669         | 2,617         |
| Economic development                     | 83            | 83            |
| Environmental levy                       | 16            | 23            |
| Financial assistance grant (in advance)  | 2,789         | 1,716         |
| Footpath dining                          | 300           | 360           |
| General managers office                  | 107           | 82            |
| Human resources                          | 345           | 399           |
| Information technology                   | 134           | 69            |
| Information & technology service fee     | 350           | 209           |
| Infrastructure services carryover        | 339           | 536           |
| Land and natural environment             | 233           | 364           |
| Land remediation                         | 10            | 10            |
| Legal services                           | 124           | 14            |
| On-site sewerage management reserve      | 195           | 472           |
| Property                                 | 136           | 162           |
| Quarry                                   | 625           | 692           |
| Revolving energy fund                    | 10            | 38            |
| Risk management                          | 305           | 243           |
| South Golden Beach Hall                  | 14            | 26            |
| 2017/2018 Special Rate Carryover Reserve | 2,411         | 769           |
| Stormwater                               | 488           | 299           |
| Suffolk Park Community Hall              | 2             | 16            |
| Suffolk park open space                  | 50            | 50            |
| Unexpended loans                         | 2,461         | 1,373         |
| Waste management                         | 7,555         | 6,347         |
| Ocean Shores Community Centre            | 13            | 14            |
| Council election                         | 43            | 214           |
| Community Building Maintenance           | 476           | 432           |
| WHS Incentive                            | 40            | 40            |
| Public Toilets                           | 112           | 103           |
| Volunteer Visitor Fund                   | 30            | 26            |
| Byron Bay Town Centre Masterplan         | 788           | 1,095         |
| Mullumbimby Civic Hall                   | –             | 16            |
| Property development                     | 432           | 642           |
| Environmental Enforcement Levy           | 286           | 191           |
| Byron Bay Construction Contingency       | 300           | 300           |
| Pay Parking Meter Replacement            | 400           | 200           |
| Pay Parking - Council/TfNSW              | 43            | –             |
| Development & Certification              | 250           | –             |
| Corporate Services Carryover             | 28            | –             |
| Sale of Road Assets                      | 107           | –             |
| House Raising                            | 59            | –             |
| Flood Recovery <sup>1</sup>              | (6,300)       | –             |
| <b>Total internal allocations</b>        | <b>24,660</b> | <b>25,658</b> |

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

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

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- (1) Council is able to make a resolution at any time to determine internal allocations. It has chosen by resolution to include a Flood Recovery Reserve to represent funds from its overall pool of internal allocations that it has applied to response and recovery activities associated with the February/March 2022 Flood events that it is awaiting reimbursement via Natural Disaster funding. Council has not used any externally restricted funds for this purpose.

## C1-4 Receivables

| <b>\$ '000</b>                                      | <b>2022<br/>Current</b> | <b>2022<br/>Non-current</b> | 2021<br>Current | 2021<br>Non-current |
|-----------------------------------------------------|-------------------------|-----------------------------|-----------------|---------------------|
| Rates and annual charges                            | <b>5,259</b>            | <b>403</b>                  | 4,058           | 455                 |
| Interest and extra charges                          | <b>21</b>               | <b>8</b>                    | 87              | 34                  |
| User charges and fees                               | <b>3,815</b>            | –                           | 3,856           | –                   |
| Accrued revenues                                    |                         |                             |                 |                     |
| – Interest on investments                           | <b>101</b>              | –                           | 215             | –                   |
| – Other income accruals                             | –                       | –                           | 101             | –                   |
| Net investment in finance lease                     | –                       | –                           | –               | –                   |
| Deferred debtors                                    | <b>10</b>               | <b>150</b>                  | 10              | 160                 |
| Government grants and subsidies                     | <b>1,653</b>            | –                           | 259             | –                   |
| Net GST receivable                                  | <b>1,327</b>            | –                           | 1,074           | –                   |
| Pensioner subsidy                                   | <b>(6)</b>              | –                           | 16              | –                   |
| Miscellaneous water and sewer                       | <b>110</b>              | –                           | 54              | –                   |
| <b>Total</b>                                        | <b>12,290</b>           | <b>561</b>                  | <b>9,730</b>    | <b>649</b>          |
| <b>Less: provision for impairment</b>               |                         |                             |                 |                     |
| User charges and fees                               | <b>(51)</b>             | –                           | (39)            | –                   |
| <b>Total provision for impairment – receivables</b> | <b>(51)</b>             | <b>–</b>                    | <b>(39)</b>     | <b>–</b>            |
| <b>Total net receivables</b>                        | <b>12,239</b>           | <b>561</b>                  | <b>9,691</b>    | <b>649</b>          |

## C1-4 Receivables (continued)

| \$ '000                                                                       | 2022      | 2021      |
|-------------------------------------------------------------------------------|-----------|-----------|
| <b>Movement in provision for impairment of receivables</b>                    |           |           |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | 39        | 30        |
| + new provisions recognised during the year                                   | 12        | 9         |
| <b>Balance at the end of the year</b>                                         | <b>51</b> | <b>39</b> |

### Accounting policy

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

### Impairment

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

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

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

## C1-5 Inventories

| \$ '000                          | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|----------------------------------|-----------------|---------------------|-----------------|---------------------|
| <b>(i) Inventories at cost</b>   |                 |                     |                 |                     |
| Stores and materials             | 462             | –                   | 508             | –                   |
| <b>Total inventories at cost</b> | <b>462</b>      | <b>–</b>            | <b>508</b>      | <b>–</b>            |
| <b>Total inventories</b>         | <b>462</b>      | <b>–</b>            | <b>508</b>      | <b>–</b>            |

### Accounting policy

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

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

## C1-6 Contract assets and Contract cost assets

| \$ '000                                               | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|-------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| Contract assets                                       | 1,812           | –                   | 2,687           | –                   |
| <b>Total contract assets and contract cost assets</b> | <b>1,812</b>    | <b>–</b>            | <b>2,687</b>    | <b>–</b>            |

### Contract assets

|                                                       |              |          |              |          |
|-------------------------------------------------------|--------------|----------|--------------|----------|
| Government Grants and Subsidies - Roads and Cycleways | 1,812        | –        | 2,452        | –        |
| Government Grants and Subsidies - Bridges             | –            | –        | 235          | –        |
| <b>Total contract assets</b>                          | <b>1,812</b> | <b>–</b> | <b>2,687</b> | <b>–</b> |

#### Significant changes in contract assets

During the 2021/2022 financial year, Council has continued to undertake roads projects that it is awaiting payment from other levels of government amounting to \$1.448million for new works. Council has received outstanding payment during 2021/2022 for contract assets raised in 2020/2021 particularly relating to bridge projects \$232k plus \$950k outstanding for construction of the Byron Bay Bypass.

### 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.

#### Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

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

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The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## C1-7 Infrastructure, property, plant and equipment

| By aggregated asset class                                               | At 1 July 2021                              |                                                  |                     | Asset movements during the reporting period |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             | At 30 June 2022                                  |                     |  |
|-------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------|---------------------|---------------------------------------------|----------------------|-----------------------------|----------------------|-----------------------------------------------------------------|---------------|---------------------------|----------------------------------------|----------------------------------------|---------------------------------------------|--------------------------------------------------|---------------------|--|
|                                                                         | Restated Gross carrying amount <sup>2</sup> | Restated Accumulated depreciation and impairment | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in equity) | WIP transfers | Adjustments and transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) | Restated Gross carrying amount <sup>2</sup> | Restated Accumulated depreciation and impairment | Net carrying amount |  |
|                                                                         |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| \$ '000                                                                 |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| Capital work in progress                                                | 21,460                                      | –                                                | 21,460              | 11,076                                      | 4,854                | –                           | –                    | –                                                               | (11,705)      | –                         | –                                      | –                                      | 25,686                                      | –                                                | 25,686              |  |
| Plant and equipment                                                     | 13,984                                      | (9,342)                                          | 4,642               | 19                                          | 1,626                | (281)                       | (1,218)              | –                                                               | 18            | –                         | –                                      | –                                      | 12,318                                      | (7,513)                                          | 4,805               |  |
| Office equipment                                                        | 2,663                                       | (2,604)                                          | 59                  | –                                           | –                    | –                           | (12)                 | –                                                               | –             | –                         | –                                      | –                                      | 2,261                                       | (2,214)                                          | 47                  |  |
| Furniture and fittings                                                  | 275                                         | (243)                                            | 32                  | –                                           | –                    | –                           | (8)                  | –                                                               | –             | –                         | –                                      | –                                      | 275                                         | (251)                                            | 24                  |  |
| Land:                                                                   |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| – Operational land                                                      | 161,973                                     | –                                                | 161,973             | –                                           | 207                  | –                           | –                    | –                                                               | 3,095         | –                         | –                                      | 23,830                                 | 189,105                                     | –                                                | 189,105             |  |
| – Community land                                                        | 105,078                                     | –                                                | 105,078             | –                                           | 340                  | –                           | –                    | –                                                               | –             | –                         | –                                      | 60,852                                 | 166,271                                     | –                                                | 166,271             |  |
| – Crown land                                                            | 56,236                                      | 1                                                | 56,237              | –                                           | –                    | –                           | –                    | –                                                               | –             | –                         | –                                      | 26,898                                 | 83,134                                      | –                                                | 83,134              |  |
| – Land under roads (post 30/6/08)                                       | 409                                         | (1)                                              | 408                 | –                                           | 15                   | –                           | –                    | –                                                               | –             | –                         | –                                      | –                                      | 424                                         | –                                                | 424                 |  |
| Land improvements – depreciable                                         | 1,294                                       | (52)                                             | 1,242               | –                                           | –                    | –                           | (26)                 | –                                                               | –             | –                         | –                                      | –                                      | 1,294                                       | (78)                                             | 1,216               |  |
| Infrastructure:                                                         |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| – Buildings                                                             | 91,615                                      | (17,944)                                         | 73,671              | 209                                         | 171                  | –                           | (1,803)              | (783)                                                           | 291           | –                         | –                                      | 6,254                                  | 100,249                                     | (22,240)                                         | 78,009              |  |
| – Other structures                                                      | 4,412                                       | (3,103)                                          | 1,309               | 8                                           | –                    | –                           | (39)                 | –                                                               | 68            | –                         | –                                      | –                                      | 4,488                                       | (3,142)                                          | 1,346               |  |
| – Roads                                                                 | 344,761                                     | (127,024)                                        | 217,737             | 7,543                                       | –                    | (273)                       | (7,400)              | (848)                                                           | 3,251         | –                         | –                                      | 23,776                                 | 392,884                                     | (149,099)                                        | 243,785             |  |
| – Bridges                                                               | 53,194                                      | (5,201)                                          | 47,993              | 363                                         | –                    | (239)                       | (451)                | –                                                               | 365           | –                         | –                                      | 5,118                                  | 59,315                                      | (6,164)                                          | 53,151              |  |
| – Footpaths                                                             | 13,448                                      | (4,134)                                          | 9,314               | 122                                         | 222                  | (14)                        | (239)                | –                                                               | 2,824         | –                         | –                                      | 1,001                                  | 18,072                                      | (4,842)                                          | 13,230              |  |
| – Bulk earthworks (non-depreciable)                                     | 38,206                                      | –                                                | 38,206              | 26                                          | –                    | (6)                         | –                    | (84)                                                            | 128           | –                         | –                                      | 4,122                                  | 42,477                                      | (84)                                             | 42,393              |  |
| – Stormwater drainage                                                   | 187,862                                     | (49,696)                                         | 138,166             | 672                                         | –                    | –                           | (1,915)              | (321)                                                           | 117           | –                         | –                                      | 15,820                                 | 210,467                                     | (57,924)                                         | 152,543             |  |
| – Water supply network                                                  | 117,544                                     | (45,771)                                         | 71,773              | 781                                         | –                    | (1,543)                     | (1,432)              | –                                                               | 6             | 4                         | (2,716)                                | –                                      | 113,719                                     | (46,846)                                         | 66,873              |  |
| – Sewerage network                                                      | 200,122                                     | (79,825)                                         | 120,297             | 2,110                                       | –                    | (1,945)                     | (3,093)              | –                                                               | 129           | (4)                       | –                                      | 8,810                                  | 201,926                                     | (75,624)                                         | 126,302             |  |
| – Swimming pools                                                        | 3,404                                       | (1,073)                                          | 2,331               | –                                           | –                    | –                           | (68)                 | (108)                                                           | –             | –                         | –                                      | –                                      | 3,404                                       | (1,249)                                          | 2,155               |  |
| – Other open space/recreational assets                                  | 21,282                                      | (8,617)                                          | 12,665              | 192                                         | 467                  | (4)                         | (469)                | (2)                                                             | 1,042         | –                         | –                                      | –                                      | 22,976                                      | (9,087)                                          | 13,889              |  |
| Other assets:                                                           |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| – Other                                                                 | 2,238                                       | (1,370)                                          | 868                 | –                                           | –                    | (94)                        | (129)                | (11)                                                            | –             | –                         | –                                      | –                                      | 1,185                                       | (550)                                            | 635                 |  |
| Reinstatement, rehabilitation and restoration assets (refer Note C3-5): |                                             |                                                  |                     |                                             |                      |                             |                      |                                                                 |               |                           |                                        |                                        |                                             |                                                  |                     |  |
| – Tip assets                                                            | 14,285                                      | (3,239)                                          | 11,046              | –                                           | –                    | –                           | (538)                | –                                                               | –             | (298)                     | –                                      | 639                                    | 14,654                                      | (3,805)                                          | 10,849              |  |
| – Quarry assets                                                         | 4,234                                       | (1,368)                                          | 2,866               | –                                           | –                    | –                           | (294)                | –                                                               | –             | (278)                     | –                                      | 198                                    | 4,155                                       | (1,662)                                          | 2,493               |  |
| Total infrastructure, property, plant and equipment                     | 1,459,979                                   | (360,606)                                        | 1,099,373           | 23,121                                      | 7,902                | (4,399)                     | (19,134)             | (2,157)                                                         | (371)         | (576)                     | (2,716)                                | 177,318                                | 1,670,739                                   | (392,374)                                        | 1,278,365           |  |

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

(2) Refer to Note G3-1 for details regarding restatement as a prior period error.

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

| By aggregated asset class                                                      | At 1 July 2020 <sup>2</sup>    |                                   |                     | Asset movements during the reporting period |                      |                             |                      |               |                           |                                        |                                        | At 30 June 2021 <sup>2</sup>   |                                   |                     |
|--------------------------------------------------------------------------------|--------------------------------|-----------------------------------|---------------------|---------------------------------------------|----------------------|-----------------------------|----------------------|---------------|---------------------------|----------------------------------------|----------------------------------------|--------------------------------|-----------------------------------|---------------------|
|                                                                                | Restated Gross carrying amount | Restated Accumulated depreciation | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Adjustments and transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) | Restated Gross carrying amount | Restated Accumulated depreciation | Net carrying amount |
| <b>\$ '000</b>                                                                 |                                |                                   |                     |                                             |                      |                             |                      |               |                           |                                        |                                        |                                |                                   |                     |
| Capital work in progress                                                       | 30,741                         | –                                 | 30,741              | 12,740                                      | 460                  | –                           | –                    | (21,976)      | (505)                     | –                                      | –                                      | 21,460                         | –                                 | 21,460              |
| Plant and equipment                                                            | 12,846                         | (8,734)                           | 4,112               | –                                           | 1,890                | (270)                       | (1,080)              | –             | (10)                      | –                                      | –                                      | 13,984                         | (9,342)                           | 4,642               |
| Office equipment                                                               | 2,664                          | (2,593)                           | 71                  | –                                           | –                    | –                           | (12)                 | –             | –                         | –                                      | –                                      | 2,663                          | (2,604)                           | 59                  |
| Furniture and fittings                                                         | 276                            | (230)                             | 46                  | –                                           | –                    | –                           | (14)                 | –             | –                         | –                                      | –                                      | 275                            | (243)                             | 32                  |
| <b>Land:</b>                                                                   |                                |                                   |                     |                                             |                      |                             |                      |               |                           |                                        |                                        |                                |                                   |                     |
| – Operational land                                                             | 87,498                         | –                                 | 87,498              | –                                           | –                    | –                           | –                    | –             | (177)                     | –                                      | 74,652                                 | 161,973                        | –                                 | 161,973             |
| – Community land                                                               | 105,078                        | –                                 | 105,078             | –                                           | –                    | –                           | –                    | –             | –                         | –                                      | –                                      | 105,078                        | –                                 | 105,078             |
| – Crown land                                                                   | 56,237                         | –                                 | 56,237              | –                                           | –                    | –                           | –                    | –             | –                         | –                                      | –                                      | 56,236                         | 1                                 | 56,237              |
| – Land under roads (post 30/6/08)                                              | 363                            | –                                 | 363                 | –                                           | 44                   | –                           | –                    | –             | –                         | –                                      | 1                                      | 409                            | (1)                               | 408                 |
| Land improvements – depreciable                                                | 6,215                          | (2,993)                           | 3,222               | –                                           | –                    | (1,829)                     | (150)                | –             | –                         | –                                      | –                                      | 1,294                          | (52)                              | 1,242               |
| <b>Infrastructure:</b>                                                         |                                |                                   |                     |                                             |                      |                             |                      |               |                           |                                        |                                        |                                |                                   |                     |
| – Buildings                                                                    | 86,116                         | (15,733)                          | 70,383              | 672                                         | 252                  | (1,230)                     | (1,280)              | 194           | (42)                      | –                                      | 4,722                                  | 91,615                         | (17,944)                          | 73,671              |
| – Other structures                                                             | 2,481                          | (473)                             | 2,008               | –                                           | –                    | (100)                       | (32)                 | –             | –                         | (567)                                  | –                                      | 4,412                          | (3,103)                           | 1,309               |
| – Roads                                                                        | 321,811                        | (121,505)                         | 200,306             | 13,731                                      | –                    | (924)                       | (6,443)              | 11,067        | –                         | –                                      | –                                      | 344,761                        | (127,024)                         | 217,737             |
| – Bridges                                                                      | 49,590                         | (5,722)                           | 43,868              | 3,336                                       | 533                  | (1,921)                     | (418)                | 2,595         | –                         | –                                      | –                                      | 53,194                         | (5,201)                           | 47,993              |
| – Footpaths                                                                    | 12,198                         | (4,011)                           | 8,187               | 513                                         | –                    | (92)                        | (205)                | 911           | –                         | –                                      | –                                      | 13,448                         | (4,134)                           | 9,314               |
| – Bulk earthworks (non-depreciable)                                            | 35,790                         | –                                 | 35,790              | 1,166                                       | –                    | (60)                        | –                    | 1,310         | –                         | –                                      | –                                      | 38,206                         | –                                 | 38,206              |
| – Stormwater drainage                                                          | 181,921                        | (47,896)                          | 134,025             | 3,014                                       | –                    | (146)                       | (1,870)              | 3,143         | –                         | –                                      | –                                      | 187,862                        | (49,696)                          | 138,166             |
| – Water supply network                                                         | 115,320                        | (44,237)                          | 71,083              | 3,743                                       | –                    | (335)                       | (1,429)              | 227           | –                         | –                                      | 631                                    | 117,544                        | (45,771)                          | 71,773              |
| – Sewerage network                                                             | 193,902                        | (76,496)                          | 117,406             | 6,155                                       | –                    | (579)                       | (3,039)              | 1,983         | –                         | –                                      | 1,064                                  | 200,122                        | (79,825)                          | 120,297             |
| – Swimming pools                                                               | 2,800                          | (777)                             | 2,023               | –                                           | –                    | –                           | (56)                 | –             | –                         | –                                      | 364                                    | 3,404                          | (1,073)                           | 2,331               |
| – Other open space/recreational assets                                         | 17,098                         | (5,507)                           | 11,591              | 407                                         | –                    | (417)                       | (560)                | 546           | 42                        | –                                      | 1,056                                  | 21,282                         | (8,617)                           | 12,665              |
| <b>Other assets:</b>                                                           |                                |                                   |                     |                                             |                      |                             |                      |               |                           |                                        |                                        |                                |                                   |                     |
| – Other                                                                        | 2,238                          | (1,245)                           | 993                 | –                                           | –                    | –                           | (125)                | –             | –                         | –                                      | –                                      | 2,238                          | (1,370)                           | 868                 |
| <b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b> |                                |                                   |                     |                                             |                      |                             |                      |               |                           |                                        |                                        |                                |                                   |                     |
| – Tip assets                                                                   | 12,685                         | (2,480)                           | 10,205              | –                                           | –                    | –                           | (517)                | –             | (37)                      | –                                      | 1,395                                  | 14,285                         | (3,239)                           | 11,046              |
| – Quarry assets                                                                | 3,106                          | (1,069)                           | 2,037               | –                                           | –                    | –                           | (299)                | –             | 143                       | –                                      | 985                                    | 4,234                          | (1,368)                           | 2,866               |
| <b>Total infrastructure, property, plant and equipment</b>                     | <b>1,338,974</b>               | <b>(341,701)</b>                  | <b>997,273</b>      | <b>45,477</b>                               | <b>3,179</b>         | <b>(7,903)</b>              | <b>(17,529)</b>      | <b>–</b>      | <b>(586)</b>              | <b>(567)</b>                           | <b>84,870</b>                          | <b>1,459,979</b>               | <b>(360,606)</b>                  | <b>1,099,373</b>    |

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

(2) Refer to Note G3-1 for details regarding restatement of prior period error.

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

### Accounting policy

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

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

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

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

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

#### Useful lives of IPPE

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

| <b>Plant and equipment</b>        | <b>Years</b> | <b>Other equipment</b>                 | <b>Years</b> |
|-----------------------------------|--------------|----------------------------------------|--------------|
| Office equipment                  | 5 to 10      | Playground equipment                   | 20 to 100    |
| Office furniture                  | 10 to 20     | Benches, seats etc.                    | 0 to 5       |
| Computer equipment                | 4            |                                        |              |
| Vehicles                          | 7 to 10      |                                        |              |
| Heavy plant/road making equipment | 7 to 10      |                                        |              |
| Other plant and equipment         | 5 to 10      |                                        |              |
| <b>Buildings</b>                  |              | <b>Buildings</b>                       |              |
| Envelope                          | 40 to 150    | Mechanical Services                    | 30           |
| Floors                            | 40           | Fire Services                          | 30           |
| Floor Coverings                   | 17 to 34     | Electrical Services                    | 50           |
| Internal Screens                  | 20           | Hydraulic Services                     | 40           |
| Roof                              | 80           |                                        |              |
| <b>Water and sewer assets</b>     |              | <b>Stormwater assets</b>               |              |
| Dams and reservoirs               | 40 to 100    | Drains                                 | 100 to 200   |
| Bores                             | 20 to 40     | Culverts                               | 100          |
| Reticulation pipes: PVC           | 70 to 80     | Flood control structures               | 100          |
| Reticulation pipes: other         | 40 to 80     |                                        |              |
| Pumps and telemetry               | 10 to 60     |                                        |              |
| <b>Transportation assets</b>      |              | <b>Other infrastructure assets</b>     |              |
| Sealed roads: surface             | 8 to 25      | Bulk earthworks                        | Infinite     |
| Sealed roads: structure           | 45 to 225    | Swimming pools                         | 50           |
| Unsealed roads                    | 12 to 36     | Other open space / recreational assets | 5 to 100     |
| Bridge: concrete                  | 60 to 100    |                                        |              |
| Bridge: other                     | 60 to 100    |                                        |              |
| Road pavements                    | 50           |                                        |              |
| Kerb, gutter and footpaths        | 80           |                                        |              |

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

#### Land under roads

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

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

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

### Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer Note C2-1.

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". Council has elected to only recognise the assets it is of the view it controls.

In terms of 'Red Fleet' Rural Fire Service Assets, Council by resolution has determined not to recognise these assets on the basis it can demonstrate in its opinion it does not control these assets and would not comply with Accounting Standard AASB116 Property, Plant and Equipment if it did.

## C1-8 Other

### Other assets

| \$ '000                   | 2022      | 2022        | 2021      | 2021        |
|---------------------------|-----------|-------------|-----------|-------------|
|                           | Current   | Non-current | Current   | Non-current |
| Other                     | 53        | –           | 17        | –           |
| <b>Total other assets</b> | <b>53</b> | <b>–</b>    | <b>17</b> | <b>–</b>    |

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Land and Buildings

Council has fourteen leases and licences for a variety of land and buildings as a lessee. These leases/licences are with the NSW Government and are often for minimal rentals, some of the agreements have no end dates and rentals generally increase in line with the Consumer Price Index on anniversary. Council has not outlined any right of use assets or lease liabilities for these leases/licences as it is of the view they are not material to the financial statements of Council.

#### Vehicles

Council does not lease any vehicles.

#### Office and IT equipment

Council leases all of its Information Technology equipment including servers, printers, WYSE terminals, laptops, and audio visual equipment.

The vast majority of these assets individually are below the low value threshold individually and therefore Council has taken the view that disclosure requirements of AASB 16 do not apply to this equipment. Council will continue to recognise the operating lease payments as an operating expense,

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to community groups and businesses. These leases have been classified as operating leases for financial reporting purposes.

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

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

Council provides operating leases on Council land and buildings for the purpose of community use such as property agreements, use of rooms/facility hire and the Cavanbah Centre.

|                                                                     |            |            |
|---------------------------------------------------------------------|------------|------------|
| Lease income                                                        | <b>949</b> | 918        |
| <b>Total income relating to operating leases for Council assets</b> | <b>949</b> | <b>918</b> |

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

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

|                                                         |              |              |
|---------------------------------------------------------|--------------|--------------|
| < 1 year                                                | <b>400</b>   | 210          |
| 1–2 years                                               | <b>354</b>   | 181          |
| 2–3 years                                               | <b>237</b>   | 145          |
| 3–4 years                                               | <b>178</b>   | 92           |
| 4–5 years                                               | <b>127</b>   | 62           |
| > 5 years                                               | <b>647</b>   | 337          |
| <b>Total undiscounted lease payments to be received</b> | <b>1,943</b> | <b>1,027</b> |

## C3 Liabilities of Council

### C3-1 Payables

| \$ '000                                    | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| Prepaid rates                              | 734             | –                   | 669             | –                   |
| Goods and services – operating expenditure | 6,200           | –                   | 8,384           | –                   |
| Accrued expenses:                          |                 |                     |                 |                     |
| – Borrowings                               | 122             | –                   | 136             | –                   |
| – Other expenditure accruals               | 1,375           | –                   | 598             | –                   |
| Security bonds, deposits and retentions    | 4,845           | –                   | 4,323           | –                   |
| <b>Total payables</b>                      | <b>13,276</b>   | <b>–</b>            | <b>14,110</b>   | <b>–</b>            |

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

| \$ '000                                                                                                             | 2022         | 2021         |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| The following liabilities, even though classified as current, are not expected to be settled in the next 12 months. |              |              |
| Payables – security bonds, deposits and retentions                                                                  | 4,845        | 4,323        |
| <b>Total payables</b>                                                                                               | <b>4,845</b> | <b>4,323</b> |

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

| \$ '000                                                            | Notes | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|--------------------------------------------------------------------|-------|-----------------|---------------------|-----------------|---------------------|
| <b>Grants and contributions received in advance:</b>               |       |                 |                     |                 |                     |
| Unexpended capital grants (to construct Council controlled assets) | (i)   | 11,484          | —                   | 5,533           | —                   |
| <b>Total grants received in advance</b>                            |       | <b>11,484</b>   | <b>—</b>            | <b>5,533</b>    | <b>—</b>            |
| <b>User fees and charges received in advance:</b>                  |       |                 |                     |                 |                     |
| Advance bookings - holiday parks                                   | (ii)  | 1,012           | —                   | 741             | —                   |
| <b>Total user fees and charges received in advance</b>             |       | <b>1,012</b>    | <b>—</b>            | <b>741</b>      | <b>—</b>            |
| <b>Total contract liabilities</b>                                  |       | <b>12,496</b>   | <b>—</b>            | <b>6,274</b>    | <b>—</b>            |

### Notes

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

(ii) Advance booking fees for Council's holiday parks do meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when the customer has completed their booking by virtue of their stay at the holiday park.

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

| \$ '000                                                                                                            | 2022         | 2021       |
|--------------------------------------------------------------------------------------------------------------------|--------------|------------|
| <b>Grants and contributions received in advance:</b>                                                               |              |            |
| Capital grants (to construct Council controlled assets)                                                            | 2,423        | 810        |
| <b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b> | <b>2,423</b> | <b>810</b> |

### Significant changes in contract liabilities

During the 2021/2022 financial year, Council received significant grant payments to which associated works have not been completed principally due to Council needing to resource recovery efforts from the February/March 2022 flood events. Major advance payments include NSW Government Election Commitment Grant \$4.978million, Sandhills Wetlands Activation \$1.446million and Transport for NSW Grants (non flood recovery related) \$2.147million.

### 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<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|------------------------------|-----------------|---------------------|-----------------|---------------------|
| Loans – secured <sup>1</sup> | 5,524           | 53,245              | 3,789           | 57,269              |
| <b>Total borrowings</b>      | <b>5,524</b>    | <b>53,245</b>       | <b>3,789</b>    | <b>57,269</b>       |

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

### 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                                    | 61,058          | (2,289)        | –                  | –                  | –                                              | –                       | 58,769          |
| <b>Total liabilities from financing activities</b> | <b>61,058</b>   | <b>(2,289)</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>58,769</b>   |

| \$ '000                                            | 2020            |                | Non-cash movements |                    |                                                |                         | 2021            |
|----------------------------------------------------|-----------------|----------------|--------------------|--------------------|------------------------------------------------|-------------------------|-----------------|
|                                                    | Opening Balance | Cash flows     | Acquisition        | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured                                    | 62,835          | (1,777)        | –                  | –                  | –                                              | –                       | 61,058          |
| <b>Total liabilities from financing activities</b> | <b>62,835</b>   | <b>(1,777)</b> | <b>–</b>           | <b>–</b>           | <b>–</b>                                       | <b>–</b>                | <b>61,058</b>   |

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

| \$ '000                                     | 2022         | 2021         |
|---------------------------------------------|--------------|--------------|
| <b>Total facilities</b>                     |              |              |
| Bank overdraft facilities <sup>1</sup>      | 1,000        | 1,000        |
| Credit cards/purchase cards                 | 185          | 185          |
| <b>Total financing arrangements</b>         | <b>1,185</b> | <b>1,185</b> |
| <b>Drawn facilities</b>                     |              |              |
| – Credit cards/purchase cards               | 1            | 5            |
| <b>Total drawn financing arrangements</b>   | <b>1</b>     | <b>5</b>     |
| <b>Undrawn facilities</b>                   |              |              |
| – Bank overdraft facilities                 | 1,000        | 1,000        |
| – Credit cards/purchase cards               | 184          | 180          |
| <b>Total undrawn financing arrangements</b> | <b>1,184</b> | <b>1,180</b> |

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

| \$ '000                                  | 2022<br>Current | 2022<br>Non-current | 2021<br>Current | 2021<br>Non-current |
|------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| Annual leave                             | 3,070           | –                   | 2,635           | –                   |
| Long service leave                       | 3,833           | 506                 | 3,764           | 665                 |
| Gratuities                               | 127             | –                   | 156             | –                   |
| <b>Total employee benefit provisions</b> | <b>7,030</b>    | <b>506</b>          | <b>6,555</b>    | <b>665</b>          |

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

| \$ '000                                                                                                            | 2022         | 2021         |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. |              |              |
| Provisions – employees benefits                                                                                    | 4,402        | 3,927        |
|                                                                                                                    | <b>4,402</b> | <b>3,927</b> |

## C3-4 Employee benefit provisions (continued)

### Description of and movements in provisions

| \$ '000                             | ELE provisions |                    |                         | Total   |
|-------------------------------------|----------------|--------------------|-------------------------|---------|
|                                     | Annual leave   | Long service leave | Other employee benefits |         |
| <b>2022</b>                         |                |                    |                         |         |
| At beginning of year                | 2,635          | 4,429              | 156                     | 7,220   |
| Additional provisions               | 2,323          | 442                | 1                       | 2,766   |
| Amounts used (payments)             | (1,888)        | (532)              | (30)                    | (2,450) |
| Total ELE provisions at end of year | 3,070          | 4,339              | 127                     | 7,536   |
| <b>2021</b>                         |                |                    |                         |         |
| At beginning of year                | 2,348          | 4,272              | 156                     | 6,776   |
| Additional provisions               | 2,065          | 703                | 24                      | 2,792   |
| Amounts used (payments)             | (1,778)        | (546)              | (24)                    | (2,348) |
| Total ELE provisions at end of year | 2,635          | 4,429              | 156                     | 7,220   |

### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

## C3-5 Provisions

| \$ '000                                          | 2022<br>Current | 2022<br>Non-Current | 2021<br>Current | 2021<br>Non-Current |
|--------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| <b>Asset remediation/restoration:</b>            |                 |                     |                 |                     |
| Asset remediation/restoration (future works)     | –               | 7,439               | –               | 7,972               |
| <b>Sub-total – asset remediation/restoration</b> | <b>–</b>        | <b>7,439</b>        | <b>–</b>        | <b>7,972</b>        |
| <b>Total provisions</b>                          | <b>–</b>        | <b>7,439</b>        | <b>–</b>        | <b>7,972</b>        |

## Description of and movements in provisions

| \$ '000                               | Other provisions     |       |
|---------------------------------------|----------------------|-------|
|                                       | Asset<br>remediation | Total |
| <b>2022</b>                           |                      |       |
| At beginning of year                  | 7,972                | 7,972 |
| Unwinding of discount                 | 43                   | 43    |
| Other                                 | (576)                | (576) |
| Total other provisions at end of year | 7,439                | 7,439 |
| <b>2021</b>                           |                      |       |
| At beginning of year                  | 8,013                | 8,013 |
| Unwinding of discount                 | 29                   | 29    |
| Other                                 | (70)                 | (70)  |
| Total other provisions at end of year | 7,972                | 7,972 |

## Nature and purpose of provisions

### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

### Accounting policy

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

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

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

### Asset remediation – tips and quarries

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 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.

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.

## C3-5 Provisions (continued)

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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 infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

## 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<br>2022 | Water<br>2022  | Sewer<br>2022 |
|--------------------------------------------------------------------------------------------------------|-----------------|----------------|---------------|
| <b>Income from continuing operations</b>                                                               |                 |                |               |
| Rates and annual charges                                                                               | 36,328          | 2,653          | 16,208        |
| User charges and fees                                                                                  | 16,688          | 7,420          | 2,189         |
| Interest and investment revenue                                                                        | 387             | 41             | 82            |
| Other revenues                                                                                         | 1,552           | —              | —             |
| Grants and contributions provided for operating purposes                                               | 21,921          | 71             | 68            |
| Grants and contributions provided for capital purposes                                                 | 18,369          | 267            | 2,348         |
| Other income                                                                                           | 1,309           | —              | —             |
| <b>Total income from continuing operations</b>                                                         | <b>96,554</b>   | <b>10,452</b>  | <b>20,895</b> |
| <b>Expenses from continuing operations</b>                                                             |                 |                |               |
| Employee benefits and on-costs                                                                         | 27,364          | 1,419          | 3,069         |
| Materials and services                                                                                 | 39,593          | 9,093          | 7,808         |
| Borrowing costs                                                                                        | 1,010           | —              | 1,924         |
| Depreciation, amortisation and impairment of non-financial assets                                      | 14,547          | 1,451          | 3,136         |
| Other expenses                                                                                         | 2,222           | —              | —             |
| Net losses from the disposal of assets                                                                 | 29              | 1,543          | 1,945         |
| Fair value decrement on investments                                                                    | 675             | —              | —             |
| Share of interests in joint ventures and associates using the equity method                            | —               | —              | —             |
| <b>Total expenses from continuing operations</b>                                                       | <b>85,440</b>   | <b>13,506</b>  | <b>17,882</b> |
| <b>Operating result from continuing operations</b>                                                     | <b>11,114</b>   | <b>(3,054)</b> | <b>3,013</b>  |
| <b>Net operating result for the year</b>                                                               | <b>11,114</b>   | <b>(3,054)</b> | <b>3,013</b>  |
| <b>Net operating result attributable to each council fund</b>                                          | <b>11,114</b>   | <b>(3,054)</b> | <b>3,013</b>  |
| <b>Net operating result for the year before grants and contributions provided for capital purposes</b> | <b>(7,255)</b>  | <b>(3,321)</b> | <b>665</b>    |

## D1-2 Statement of Financial Position by fund

| \$ '000                                           | General<br>2022  | Water<br>2022 | Sewer<br>2022  |
|---------------------------------------------------|------------------|---------------|----------------|
| <b>ASSETS</b>                                     |                  |               |                |
| <b>Current assets</b>                             |                  |               |                |
| Cash and cash equivalents                         | 56,237           | –             | –              |
| Investments                                       | (6,893)          | 10,799        | 11,545         |
| Receivables                                       | 7,662            | 2,253         | 2,324          |
| Inventories                                       | 462              | –             | –              |
| Contract assets and contract cost assets          | 1,812            | –             | –              |
| Other                                             | 53               | –             | –              |
| <b>Total current assets</b>                       | <b>59,333</b>    | <b>13,052</b> | <b>13,869</b>  |
| <b>Non-current assets</b>                         |                  |               |                |
| Investments                                       | 6,618            | –             | –              |
| Receivables                                       | 561              | –             | –              |
| Infrastructure, property, plant and equipment     | 1,023,872        | 80,396        | 174,097        |
| Investments accounted for using the equity method | 1,214            | –             | –              |
| <b>Total non-current assets</b>                   | <b>1,032,265</b> | <b>80,396</b> | <b>174,097</b> |
| <b>Total assets</b>                               | <b>1,091,598</b> | <b>93,448</b> | <b>187,966</b> |
| <b>LIABILITIES</b>                                |                  |               |                |
| <b>Current liabilities</b>                        |                  |               |                |
| Payables                                          | 13,166           | –             | 110            |
| Contract liabilities                              | 12,496           | –             | –              |
| Borrowings                                        | 2,882            | –             | 2,642          |
| Employee benefit provision                        | 7,030            | –             | –              |
| <b>Total current liabilities</b>                  | <b>35,574</b>    | <b>–</b>      | <b>2,752</b>   |
| <b>Non-current liabilities</b>                    |                  |               |                |
| Borrowings                                        | 20,188           | –             | 33,057         |
| Employee benefit provision                        | 506              | –             | –              |
| Provisions                                        | 7,439            | –             | –              |
| <b>Total non-current liabilities</b>              | <b>28,133</b>    | <b>–</b>      | <b>33,057</b>  |
| <b>Total liabilities</b>                          | <b>63,707</b>    | <b>–</b>      | <b>35,809</b>  |
| <b>Net assets</b>                                 | <b>1,027,891</b> | <b>93,448</b> | <b>152,157</b> |
| <b>EQUITY</b>                                     |                  |               |                |
| Accumulated surplus                               | 501,356          | 42,733        | 104,612        |
| Revaluation reserves                              | 526,535          | 50,715        | 47,545         |
| <b>Council equity interest</b>                    | <b>1,027,891</b> | <b>93,448</b> | <b>152,157</b> |
| <b>Total equity</b>                               | <b>1,027,891</b> | <b>93,448</b> | <b>152,157</b> |

## D2 Interests in other entities

| \$ '000                                                                                               | Council's share of net assets |              |
|-------------------------------------------------------------------------------------------------------|-------------------------------|--------------|
|                                                                                                       | 2022                          | 2021         |
| <b>Council's share of net assets</b>                                                                  |                               |              |
| <b>Net share of interests in joint ventures and associates using the equity method – assets</b>       |                               |              |
| Associates                                                                                            | 1,214                         | 1,142        |
| <b>Total net share of interests in joint ventures and associates using the equity method – assets</b> | <b>1,214</b>                  | <b>1,142</b> |
| <b>Total Council's share of net assets</b>                                                            | <b>1,214</b>                  | <b>1,142</b> |

### Interests in associates

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates' financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

#### Summarised financial information for individually immaterial associates

| \$ '000                                                                 | 2022         | 2021         |
|-------------------------------------------------------------------------|--------------|--------------|
| <b>Individually immaterial associates</b>                               |              |              |
| <b>Aggregate carrying amount of individually immaterial associates</b>  | <b>1,214</b> | <b>1,142</b> |
| <b>Aggregate amounts of Council's share of individually immaterial:</b> |              |              |
| Profit/(loss) from continuing operations                                | 72           | (64)         |
| <b>Total comprehensive income – individually immaterial associates</b>  | <b>72</b>    | <b>(64)</b>  |

## 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 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<br>2022 | Carrying value<br>2021 | Fair value<br>2022 | Fair value<br>2021 |
|-------------------------------------|------------------------|------------------------|--------------------|--------------------|
| <b>Financial assets</b>             |                        |                        |                    |                    |
| <b>Measured at amortised cost</b>   |                        |                        |                    |                    |
| Cash and cash equivalents           | 56,237                 | 41,368                 | 45,237             | 41,368             |
| Receivables                         | 12,800                 | 10,340                 | 12,800             | 10,340             |
| Investments                         |                        |                        |                    |                    |
| – Debt securities at amortised cost | 22,069                 | 31,105                 | 33,069             | 31,105             |
| <b>Total financial assets</b>       | <b>91,106</b>          | <b>82,813</b>          | <b>91,106</b>      | <b>82,813</b>      |
| <b>Financial liabilities</b>        |                        |                        |                    |                    |
| Payables                            | 13,276                 | 14,110                 | 13,276             | 14,110             |
| Loans/advances                      | 58,769                 | 61,058                 | 61,293             | 65,429             |
| <b>Total financial liabilities</b>  | <b>72,045</b>          | <b>75,168</b>          | <b>74,569</b>      | <b>79,539</b>      |

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 held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt 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) **'available-for-sale'** – 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's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's 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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

| \$ '000                                                                                                                                                                                                                                                                                    | 2022  | 2021  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. |       |       |
| Impact of a 1% movement in interest rates                                                                                                                                                                                                                                                  |       |       |
| – Equity / Income Statement                                                                                                                                                                                                                                                                | 783   | 725   |
| Impact of a 10% movement in price of investments                                                                                                                                                                                                                                           |       |       |
| – Equity / Income Statement                                                                                                                                                                                                                                                                | 3,307 | 3,910 |

### (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 monthly 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<br>overdue | overdue rates and annual charges |           | Total |
|-----------------------|--------------------|----------------------------------|-----------|-------|
|                       |                    | < 5 years                        | ≥ 5 years |       |
| <b>2022</b>           |                    |                                  |           |       |
| Gross carrying amount | 3,850              | 132                              | 1,680     | 5,662 |
| <b>2021</b>           |                    |                                  |           |       |
| Gross carrying amount | 3,285              | 406                              | 822       | 4,513 |

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

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

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2022 is determined as follows. The expected credit losses incorporate forward-looking information.

| \$ '000                | Not yet<br>overdue | Overdue debts |              |              |           | Total |
|------------------------|--------------------|---------------|--------------|--------------|-----------|-------|
|                        |                    | 0 - 30 days   | 31 - 60 days | 61 - 90 days | > 91 days |       |
| 2022                   |                    |               |              |              |           |       |
| Gross carrying amount  | 7,807              | 513           | 134          | 212          | 335       | 9,001 |
| Expected loss rate (%) | 0.02%              | 1.72%         | 1.16%        | 0.41%        | 2.44%     | 0.23% |
| ECL provision          | 2                  | 18            | 3            | 2            | 16        | 41    |
| 2021                   |                    |               |              |              |           |       |
| Gross carrying amount  | 6,165              | 1,209         | 1,115        | 52           | 12        | 8,553 |
| Expected loss rate (%) | 0.22%              | 4.51%         | (0.06)%      | 1.67%        | 1.91%     | 0.80% |
| ECL provision          | 14                 | 55            | (1)          | 1            | —         | 69    |

### (c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

|                             | Weighted<br>average<br>interest<br>rate | Subject<br>to no<br>maturity | ≤ 1 Year | payable in:    |           | Total cash<br>outflows | Actual<br>carrying<br>values |
|-----------------------------|-----------------------------------------|------------------------------|----------|----------------|-----------|------------------------|------------------------------|
| \$ '000                     |                                         |                              |          | 1 - 5<br>Years | > 5 Years |                        |                              |
| 2022                        |                                         |                              |          |                |           |                        |                              |
| Payables                    | 0.00%                                   | 4,845                        | 7,698    | —              | —         | 12,543                 | 13,276                       |
| Borrowings                  | 4.82%                                   | —                            | 5,525    | 16,812         | 36,432    | 58,769                 | 58,769                       |
| Total financial liabilities |                                         | 4,845                        | 13,223   | 16,812         | 36,432    | 71,312                 | 72,045                       |
| 2021                        |                                         |                              |          |                |           |                        |                              |
| Payables                    | 0.00%                                   | 4,323                        | 9,118    | —              | —         | 13,441                 | 14,110                       |
| Borrowings                  | 4.86%                                   | —                            | 6,694    | 27,650         | 45,949    | 80,293                 | 61,058                       |
| Total financial liabilities |                                         | 4,323                        | 15,812   | 27,650         | 45,949    | 93,734                 | 75,168                       |

## 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
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

| Fair value measurement hierarchy                           |       |                                       |                |                                         |                   |                            |
|------------------------------------------------------------|-------|---------------------------------------|----------------|-----------------------------------------|-------------------|----------------------------|
| \$ '000                                                    | Notes | Level 2 Significant observable inputs |                | Level 3 Significant unobservable inputs |                   | Total                      |
|                                                            |       | 2022                                  | 2021           | 2022                                    | 2021 <sup>1</sup> | 2022 2021                  |
| <b>Infrastructure, property, plant and equipment</b>       | C1-7  |                                       |                |                                         |                   |                            |
| Plant and equipment                                        |       | –                                     | –              | 4,806                                   | 4,642             | 4,806 4,642                |
| Office equipment                                           |       | –                                     | –              | 46                                      | 58                | 46 58                      |
| Furniture and fittings                                     |       | –                                     | –              | 23                                      | 31                | 23 31                      |
| Operational land                                           |       | 189,105                               | 161,973        | –                                       | –                 | 189,105 161,973            |
| Community land                                             |       | –                                     | –              | 166,271                                 | 105,078           | 166,271 105,078            |
| Crown Land                                                 |       | –                                     | –              | 83,134                                  | 56,236            | 83,134 56,236              |
| Land under roads (Post 30/6/08)                            |       | –                                     | –              | 424                                     | 409               | 424 409                    |
| Land improvements – non-depreciable                        |       | –                                     | –              | –                                       | –                 | – –                        |
| Land improvements – depreciable                            |       | –                                     | –              | 1,217                                   | 3,072             | 1,217 3,072                |
| Buildings specialised                                      |       | –                                     | –              | 78,009                                  | 73,670            | 78,009 73,670              |
| Other structures                                           |       | –                                     | –              | 1,346                                   | 1,309             | 1,346 1,309                |
| Roads                                                      |       | –                                     | –              | 243,785                                 | 217,736           | 243,785 217,736            |
| Bridges                                                    |       | –                                     | –              | 53,150                                  | 47,994            | 53,150 47,994              |
| Footpaths                                                  |       | –                                     | –              | 13,229                                  | 9,314             | 13,229 9,314               |
| Bulk earthworks                                            |       | –                                     | –              | 42,393                                  | 38,207            | 42,393 38,207              |
| Stormwater drainage                                        |       | –                                     | –              | 152,543                                 | 138,169           | 152,543 138,169            |
| Water supply network                                       |       | –                                     | –              | 66,873                                  | 69,254            | 66,873 69,254              |
| Sewerage network                                           |       | –                                     | –              | 126,303                                 | 117,623           | 126,303 117,623            |
| Swimming pools                                             |       | –                                     | –              | 2,155                                   | 2,331             | 2,155 2,331                |
| Other open space and recreational assets                   |       | –                                     | –              | 13,889                                  | 12,664            | 13,889 12,664              |
| Other assets                                               |       | –                                     | –              | 635                                     | 869               | 635 869                    |
| Tip assets                                                 |       | –                                     | –              | 10,849                                  | 11,097            | 10,849 11,097              |
| Quarry assets                                              |       | –                                     | –              | 2,492                                   | 2,915             | 2,492 2,915                |
| <b>Total infrastructure, property, plant and equipment</b> |       | <b>189,105</b>                        | <b>161,973</b> | <b>1,063,572</b>                        | <b>912,678</b>    | <b>1,252,677 1,074,651</b> |

(1) Refer to Note G3-1 for details regarding restatement as a result of a prior period error.

## 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:

## E2-1 Fair value measurement (continued)

### Financial assets

Financial assets are exposed to financial risks such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictable nature of financial markets.

The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

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

#### Plant and equipment, office equipment, furniture and fittings

Plant and equipment, office equipment and furniture & fittings assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

#### Operational land

Operational Land has been valued by Assetic, an external valuer utilised by Council at 30 June 2021 plus indexation for 30 June 2022. The report provided by Assetic stated that the valuation was undertaken in accordance with specific accounting standards AASB13 Fair Value Measurement and AASB116 Property Plant and Equipment.

Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted.

Details of each approach are detailed below.

#### Level 3 inputs are unobservable inputs for the asset or liability

Unobservable inputs are to be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

There were no assets valued where it was assumed that the highest and best use was other than its current use and all assets have been valued at Level 2

#### Community land

Community Land has been valued using the Valuer Generals value of land. These rates are not considered to be observable market evidence and as such they have been classified as Level 3

#### Land under roads (Post 30/6/08)

Land under roads is valued using the 'Englobo' valuation method at 30 June 2021 plus indexation for 30 June 2022. The Englobo value of the land under the road is the proportional site value of the land at the time when the land is sold for subdivision. In prior years, this was valued through information provided by the Valuer General (VG). Information was received by the VG for each zone description and an applicable rate per square metre for rural and residential areas was applied to the land recognised under roads, post 30/6/08. These rates are not considered to be observable market evidence and as such they have been classified as Level 3.

#### Buildings – specialised

Buildings were valued by Assetic at 30 June 2021 using the cost approach plus indexation for 30 June 2022. This approach estimated the replacement cost for each building by componentising it into significant parts with different useful lives taking into account a range of factors. Some of these factors required extensive professional judgement and as such were classified as Level 3.

#### Roads, bridges and footpaths

Valuations for these asset classes were undertaken by Assetic using the replacement cost approach plus indexation for 30 June 2022. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

#### Water

Water Network assets were valued by Assetic at 30 June 2022. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

#### Sewer

Sewer Network assets were valued by Assetic at 30 June 2022. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

## E2-1 Fair value measurement (continued)

### Stormwater drainage

Valuations for these asset classes were undertaken by Assetic using the replacement cost approach. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

### Swimming pools

This asset class is for the swimming pool shells only. This was valued externally by Assetic at 30 June 2021 plus indexation for 30 June 2022.

### Other open space and recreational assets.

This asset class was valued by Assetic as at 30 June 2021 plus indexation for 30 June 2022. All assets within the revaluation identified the assets as Level 3, valued using the cost approach.

### Other assets

Other assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

### Tip assets

Tip assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the tip provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

### Quarry assets

Quarry assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the quarry provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

## 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.

| \$ '000                                                          | Fair value<br>2022 | Valuation technique/s                                                                                                              | Unobservable inputs                                                     |
|------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>Infrastructure, property, plant and equipment</b>             |                    |                                                                                                                                    |                                                                         |
| Plant, Equipment,<br>Furniture, Fittings and<br>Office Equipment | 4,875              | Cost used to approximate fair value                                                                                                | Asset Condition, remaining useful lives                                 |
| Operational Land                                                 | 189,105            | Assetic Valuation                                                                                                                  | Land Value, land area                                                   |
| Community Land                                                   | 166,271            | Land values obtained from the NSW<br>Valuer General                                                                                | Land Value, land area                                                   |
| Crown Land                                                       | 83,134             | Land values obtained from the NSW<br>Valuer General                                                                                | Land Value, land area                                                   |
| Land Under Roads                                                 | 424                | Square metre rate calculated from<br>Land and Property information of LG<br>area and applied to depending on<br>zoning of the land | Land Value, land area                                                   |
| Land Improvements                                                | 1,217              | Cost used to approximate fair value                                                                                                | Asset Condition, remaining useful lives                                 |
| Buildings                                                        | 78,009             | Assetic valuation                                                                                                                  | Condition, remaining lives, valuers<br>individual knowledge and skills. |
| Other Structures                                                 | 1,346              | Cost used to approximate fair value                                                                                                | Asset Condition, remaining useful lives                                 |
| Roads, Bridges &<br>Footpaths                                    | 310,165            | Assetic Report - Independent valuation<br>using depreciated replacement cost                                                       | Condition, remaining lives, valuers<br>individual knowledge and skills. |
| Stormwater Drainage                                              | 152,543            | Assetic Report - Independent valuation<br>using depreciated replacement cost                                                       | Condition, remaining lives, valuers<br>individual knowledge and skills. |
| Bulk Earthworks                                                  | 42,393             | Assetic Report - Independent valuation<br>using depreciated replacement cost                                                       | Condition, remaining lives, valuers<br>individual knowledge and skills. |

## E2-1 Fair value measurement (continued)

| \$ '000                       | Fair value<br>2022 | Valuation technique/s                                                                                                 | Unobservable inputs                                                  |
|-------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Water                         | 66,873             | Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation | Condition, remaining lives, valuers individual knowledge and skills. |
| Sewer                         | 126,303            | Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation | Condition, remaining lives, valuers individual knowledge and skills. |
| Swimming Pools                | 2,155              | Independent valuation using depreciated replacement cost                                                              | Condition, remaining lives, valuers individual knowledge and skills. |
| Other Open Space & Recreation | 13,889             | Independent valuation using depreciated replacement cost                                                              | Condition, remaining lives, valuers individual knowledge and skills. |
| Other Assets                  | 635                | Cost used to approximate fair value                                                                                   | Asset Condition, remaining useful lives                              |
| Tip Assets                    | 10,241             | Cost used to approximate fair value                                                                                   | Asset Condition, remaining useful lives                              |
| Quarry Assets                 | 2,294              | Cost used to approximate fair value                                                                                   | Asset Condition, remaining useful lives                              |

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 |      | Community Land |         |
|---------------------------------------------|---------------------|---------|------------------|------|------------------------|------|----------------|---------|
|                                             | 2022                | 2021    | 2022             | 2021 | 2022                   | 2021 | 2022           | 2021    |
| <b>Opening balance</b>                      | <b>4,641</b>        | 4,111   | <b>59</b>        | 71   | <b>32</b>              | 46   | <b>161,314</b> | 161,314 |
| <b>Total gains or losses for the period</b> |                     |         |                  |      |                        |      |                |         |
| <b>Other movements</b>                      |                     |         |                  |      |                        |      |                |         |
| Prior Period adjustment (Note G3-1)         | —                   | —       | —                | —    | —                      | —    | —              | —       |
| Purchases (GBV)                             | 1,645               | 1,890   | —                | —    | —                      | —    | 340            | —       |
| Disposals (WDV)                             | (281)               | (270)   | —                | —    | —                      | —    | —              | —       |
| Depreciation and impairment                 | (1,218)             | (1,080) | (12)             | (12) | (8)                    | (14) | —              | —       |
| WIP Transfers                               | 18                  | —       | —                | —    | —                      | —    | —              | —       |
| Adjustments & Transfers                     | —                   | (10)    | —                | —    | —                      | —    | —              | —       |
| Reval Equity Movements                      | —                   | —       | —                | —    | —                      | —    | 87,751         | —       |
| <b>Closing balance</b>                      | <b>4,805</b>        | 4,641   | <b>47</b>        | 59   | <b>24</b>              | 32   | <b>249,405</b> | 161,314 |

| \$ '000                                     | Land under Roads (post 30/6/08) |      | Land improv'mnt depreciable |       | Building specialised |         | Other structures |       |
|---------------------------------------------|---------------------------------|------|-----------------------------|-------|----------------------|---------|------------------|-------|
|                                             | 2022                            | 2021 | 2022                        | 2021  | 2022                 | 2021    | 2022             | 2021  |
| <b>Opening balance</b>                      | <b>407</b>                      | 362  | <b>3,073</b>                | 3,223 | <b>73,672</b>        | 70,383  | <b>1,309</b>     | 2,008 |
| <b>Total gains or losses for the period</b> |                                 |      |                             |       |                      |         |                  |       |
| <b>Other movements</b>                      |                                 |      |                             |       |                      |         |                  |       |
| Prior Period adjustment (Note G3-1)         | —                               | —    | —                           | —     | —                    | —       | —                | —     |
| Purchases (GBV)                             | 15                              | 44   | —                           | —     | 381                  | 925     | 8                | —     |
| Disposals (WDV)                             | —                               | —    | —                           | —     | —                    | (1,230) | —                | (100) |
| Depreciation and impairment                 | —                               | —    | (26)                        | (150) | (2,586)              | (1,280) | (39)             | (32)  |
| WIP Transfers                               | —                               | —    | —                           | —     | 291                  | 194     | 68               | —     |
| Adjustments & Transfers                     | —                               | —    | (1,831)                     | —     | —                    | (42)    | —                | —     |
| Reval Equity Movements                      | —                               | 1    | —                           | —     | 6,254                | 4,722   | —                | (567) |
| <b>Closing balance</b>                      | <b>422</b>                      | 407  | <b>1,216</b>                | 3,073 | <b>78,012</b>        | 73,672  | <b>1,346</b>     | 1,309 |

| \$ '000                | Roads          |         | Bridges       |        | Footpaths    |       | Bulk earthworks |        |
|------------------------|----------------|---------|---------------|--------|--------------|-------|-----------------|--------|
|                        | 2022           | 2021    | 2022          | 2021   | 2022         | 2021  | 2022            | 2021   |
| <b>Opening balance</b> | <b>217,735</b> | 200,305 | <b>47,992</b> | 43,867 | <b>9,314</b> | 8,187 | <b>38,207</b>   | 35,791 |

## E2-1 Fair value measurement (continued)

| \$ '000                                     | Roads          |                | Bridges       |               | Footpaths     |              | Bulk earthworks |               |
|---------------------------------------------|----------------|----------------|---------------|---------------|---------------|--------------|-----------------|---------------|
|                                             | 2022           | 2021           | 2022          | 2021          | 2022          | 2021         | 2022            | 2021          |
| <b>Total gains or losses for the period</b> |                |                |               |               |               |              |                 |               |
| <b>Other movements</b>                      |                |                |               |               |               |              |                 |               |
| Prior Period adjustment (Note G3-1)         | –              | –              | –             | –             | –             | –            | –               | –             |
| Purchases (GBV)                             | 7,463          | 13,731         | 363           | 3,869         | 344           | 513          | 26              | 1,166         |
| Disposals (WDV)                             | (273)          | (924)          | –             | (1,921)       | (14)          | (92)         | (6)             | (60)          |
| Depreciation and impairment                 | (8,248)        | (6,443)        | (690)         | (418)         | (239)         | (205)        | (84)            | –             |
| WIP Transfers                               | 3,251          | 11,066         | 365           | 2,595         | 2,824         | 911          | 128             | 1,310         |
| Adjustments & Transfers                     | –              | –              | –             | –             | –             | –            | –               | –             |
| Reval Equity Movements                      | 23,857         | –              | 5,119         | –             | 1,001         | –            | 4,122           | –             |
| <b>Closing balance</b>                      | <b>243,785</b> | <b>217,735</b> | <b>53,149</b> | <b>47,992</b> | <b>13,230</b> | <b>9,314</b> | <b>42,393</b>   | <b>38,207</b> |

| \$ '000                                     | Stormwater drainage |                | Water supply network |                   | Sewerage network |                   | Swimming pools |              |
|---------------------------------------------|---------------------|----------------|----------------------|-------------------|------------------|-------------------|----------------|--------------|
|                                             | 2022                | 2021           | 2022                 | 2021 <sup>1</sup> | 2022             | 2021 <sup>1</sup> | 2022           | 2021         |
| <b>Opening balance</b>                      | <b>138,166</b>      | <b>134,025</b> | <b>69,253</b>        | <b>68,934</b>     | <b>117,623</b>   | <b>114,711</b>    | <b>2,331</b>   | <b>2,023</b> |
| <b>Total gains or losses for the period</b> |                     |                |                      |                   |                  |                   |                |              |
| <b>Other movements</b>                      |                     |                |                      |                   |                  |                   |                |              |
| Prior Period adjustment (Note G3-1)         | –                   | –              | 2,518                | –                 | 2,673            | –                 | –              | –            |
| Purchases (GBV)                             | 672                 | 3,014          | 781                  | 1,225             | 2,110            | 3,482             | –              | –            |
| Disposals (WDV)                             | –                   | (146)          | (1,543)              | (335)             | (2,590)          | (579)             | –              | –            |
| Depreciation and impairment                 | (2,236)             | (1,870)        | (1,432)              | (1,429)           | (3,093)          | (3,039)           | (176)          | (56)         |
| WIP Transfers                               | 117                 | 3,143          | 6                    | 227               | 129              | 1,984             | –              | –            |
| Adjustments & Transfers                     | –                   | –              | 4                    | –                 | (4)              | –                 | –              | –            |
| Reval Equity Movements                      | 15,820              | –              | (2,716)              | 631               | 9,455            | 1,064             | –              | 364          |
| <b>Closing balance</b>                      | <b>152,539</b>      | <b>138,166</b> | <b>66,871</b>        | <b>69,253</b>     | <b>126,303</b>   | <b>117,623</b>    | <b>2,155</b>   | <b>2,331</b> |

(1) Refer to Note G3-1 for details regarding restatement of prior period error.

| \$ '000                                     | Other open space and recreation |               | Other      |            | Tip assets    |               | Quarry assets |              |
|---------------------------------------------|---------------------------------|---------------|------------|------------|---------------|---------------|---------------|--------------|
|                                             | 2022                            | 2021          | 2022       | 2021       | 2022          | 2021          | 2022          | 2021         |
| <b>Opening balance</b>                      | <b>12,663</b>                   | <b>11,589</b> | <b>869</b> | <b>994</b> | <b>11,045</b> | <b>10,204</b> | <b>2,866</b>  | <b>2,037</b> |
| <b>Total gains or losses for the period</b> |                                 |               |            |            |               |               |               |              |
| <b>Other movements</b>                      |                                 |               |            |            |               |               |               |              |
| Prior Period adjustment (Note G3-1)         | –                               | –             | –          | –          | –             | –             | –             | –            |
| Purchases (GBV)                             | 658                             | 407           | –          | –          | –             | –             | –             | –            |
| Disposals (WDV)                             | (4)                             | (417)         | (94)       | –          | –             | –             | –             | –            |
| Depreciation and impairment                 | (469)                           | (560)         | (140)      | (125)      | (537)         | (501)         | (294)         | (285)        |
| WIP Transfers                               | 1,042                           | 546           | –          | –          | –             | –             | –             | –            |
| Adjustments & Transfers                     | –                               | 42            | –          | –          | (298)         | –             | (278)         | 177          |
| Reval Equity Movements                      | –                               | 1,056         | –          | –          | 639           | 1,395         | 198           | 985          |
| <b>Closing balance</b>                      | <b>13,890</b>                   | <b>12,663</b> | <b>635</b> | <b>869</b> | <b>10,849</b> | <b>11,098</b> | <b>2,492</b>  | <b>2,914</b> |

| \$ '000                             | Total          |                   |
|-------------------------------------|----------------|-------------------|
|                                     | 2022           | 2021 <sup>1</sup> |
| <b>Opening balance</b>              | <b>912,571</b> | <b>874,185</b>    |
| Prior Period adjustment (Note G3-1) | 5,191          | –                 |
| Purchases (GBV)                     | 14,806         | 30,266            |
| Disposals (WDV)                     | (4,805)        | (6,074)           |
| Depreciation and impairment         | (21,527)       | (17,499)          |
| WIP Transfers                       | 8,239          | 21,976            |

continued on next page ...

## E2-1 Fair value measurement (continued)

| \$ '000                 | Total            |                   |
|-------------------------|------------------|-------------------|
|                         | 2022             | 2021 <sup>1</sup> |
| Adjustments & Transfers | (2,407)          | 167               |
| Reval Equity Movements  | 151,500          | 9,651             |
| <b>Closing balance</b>  | <b>1,063,568</b> | <b>912,672</b>    |

(1) Refer to Note G3-1 for details regarding restatement of prior period error.

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

For 2022 there are no transfers into or out of the level 3 valuation hierarchy.

### 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.

### 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 June 2008.

#### (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.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

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

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

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

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

## E3-1 Contingencies (continued)

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2020, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

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 \$209,586.02. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$87,812.88. Council's expected contribution to the plan for the next annual reporting period is \$160,078.08.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.44%.

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 Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

### (ii) Statewide Limited

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

## E3-1 Contingencies (continued)

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

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

### (iii) StateCover Limited

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

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

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

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

## 2. Other liabilities

### (i) Third party claims

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

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

### (ii) Section 7.11 Contributions (Previously S94 Plans)

Council levies Section 7.11 Contributions (previously Section 94/94A) upon various developments across the Council area through the required Contributions Plans.

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

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

The future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intentions to spend funds in the manner and timing set out in those Plans.

### (iii) Butler Street Byron Bay Contamination

Council is currently in consultation with the Environment Protection Authority undertaking monitoring and investigation of contamination levels at the Butler Street Reserve that is still ongoing. This being the site of a disused landfill. The ongoing monitoring will be used to determine the future management of the Reserve. The current assessment indicates that the site is fit for its current use of passive recreation and markets.

### (iv) Former Landfill Brunswick Heads

Council has investigated the environmental impact of a former landfill at Brunswick Heads in association with the NSW Department of Planning, Industry and Environment and the Environment Protection Agency. The site is now being monitored with the prospect of further remediation small but not eliminated.

### (v) Native Title Compensation

There may be financial exposure that cannot be quantified for Council related to compensation in respect to Native Title under both the Native Title Act 1993 (Cth) and Native Title (New South Wales) Act 1994.

## 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:

| <b>\$ '000</b>           | <b>2022</b>  | <b>2021</b>  |
|--------------------------|--------------|--------------|
| <b>Compensation:</b>     |              |              |
| Short-term benefits      | 1,111        | 1,152        |
| Post-employment benefits | 86           | 83           |
| <b>Total</b>             | <b>1,197</b> | <b>1,235</b> |

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

| \$ '000                                                                                                                                              | 2022       | 2021       |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are: |            |            |
| Mayoral fee                                                                                                                                          | 45         | 44         |
| Councillors' fees                                                                                                                                    | 168        | 179        |
| Other Councillors' expenses (including Mayor)                                                                                                        | 105        | 75         |
| <b>Total</b>                                                                                                                                         | <b>318</b> | <b>298</b> |

## F2 Other relationships

### F2-1 Audit fees

| \$ '000                                                                                                                                          | 2022       | 2021       |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms |            |            |
| <b>Auditors of the Council - NSW Auditor-General:</b>                                                                                            |            |            |
| <b>(i) Audit and other assurance services</b>                                                                                                    |            |            |
| Audit of financial statements                                                                                                                    | 91         | 113        |
| <b>Remuneration for audit and other assurance services</b>                                                                                       | <b>91</b>  | <b>113</b> |
| <b>Total Auditor-General remuneration</b>                                                                                                        | <b>91</b>  | <b>113</b> |
| <b>Non NSW Auditor-General audit firms</b>                                                                                                       |            |            |
| <b>(ii) Non-assurance services</b>                                                                                                               |            |            |
| Internal audit services                                                                                                                          | 42         | 52         |
| Other audit and assurance services                                                                                                               | 42         | —          |
| <b>Remuneration for non-assurance services</b>                                                                                                   | <b>84</b>  | <b>52</b>  |
| <b>Total remuneration of non NSW Auditor-General audit firms</b>                                                                                 | <b>84</b>  | <b>52</b>  |
| <b>Total audit fees</b>                                                                                                                          | <b>175</b> | <b>165</b> |

## G Other matters

### G1-1 Statement of Cash Flows information

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

| \$ '000                                                                    | 2022          | 2021          |
|----------------------------------------------------------------------------|---------------|---------------|
| <b>Net operating result from Income Statement</b>                          | <b>11,073</b> | 9,468         |
| <b>Add / (less) non-cash items:</b>                                        |               |               |
| Depreciation and amortisation                                              | 19,134        | 17,529        |
| (Gain) / loss on disposal of assets                                        | 3,517         | 7,451         |
| Non-cash capital grants and contributions                                  | (2,155)       | (655)         |
| Losses/(gains) recognised on fair value re-measurements through the P&L:   |               |               |
| – Investments classified as 'at fair value' or 'held for trading'          | 675           | 169           |
| Unwinding of discount rates on reinstatement provisions                    | 43            | 29            |
| <b>Movements in operating assets and liabilities and other cash items:</b> |               |               |
| (Increase) / decrease of receivables                                       | (2,482)       | (685)         |
| Increase / (decrease) in provision for impairment of receivables           | 12            | 9             |
| (Increase) / decrease of inventories                                       | 46            | (10)          |
| (Increase) / decrease of other current assets                              | (36)          | –             |
| (Increase) / decrease of contract asset                                    | 875           | 113           |
| Increase / (decrease) in payables                                          | (2,184)       | 377           |
| Increase / (decrease) in accrued interest payable                          | (14)          | (12)          |
| Increase / (decrease) in other accrued expenses payable                    | 777           | 304           |
| Increase / (decrease) in other liabilities                                 | 587           | 374           |
| Increase / (decrease) in contract liabilities                              | 6,222         | 4,785         |
| Increase / (decrease) in employee benefit provision                        | 316           | 444           |
| Increase / (decrease) in other provisions                                  | (576)         | (70)          |
| <b>Net cash flows from operating activities</b>                            | <b>35,830</b> | <b>39,620</b> |

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

|                                                          |              |            |
|----------------------------------------------------------|--------------|------------|
| Crown land devolved                                      | –            | –          |
| Developer dedications                                    | 2,155        | 655        |
| <b>Total non-cash investing and financing activities</b> | <b>2,155</b> | <b>655</b> |

## G2-1 Commitments

### Capital commitments (exclusive of GST)

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

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

|                          |               |              |
|--------------------------|---------------|--------------|
| Plant and equipment      | 764           | 763          |
| Roads                    | 1,027         | 1,687        |
| Water                    | 2,313         | –            |
| Sewer                    | 12,012        | 1,002        |
| Parks and Gardens        | 2,491         | 673          |
| Bridges                  | 1,096         | –            |
| Buildings                | 205           | –            |
| <b>Total commitments</b> | <b>19,908</b> | <b>4,125</b> |

#### These expenditures are payable as follows:

|                                          |               |              |
|------------------------------------------|---------------|--------------|
| Within the next year                     | 19,708        | 3,625        |
| Later than 1 year not later than 5 years | 200           | 500          |
| <b>Total payable</b>                     | <b>19,908</b> | <b>4,125</b> |

#### Sources for funding of capital commitments:

|                                    |               |              |
|------------------------------------|---------------|--------------|
| Unrestricted general funds         | –             | (2)          |
| Future grants and contributions    | 4,288         | 1,187        |
| Section 7.11 and 64 funds/reserves | 5,000         | 502          |
| Internally restricted reserves     | 10,620        | 2,438        |
| <b>Total sources of funding</b>    | <b>19,908</b> | <b>4,125</b> |

## G3 Changes from prior year statements

### G3-1 Correction of errors

#### Nature of prior period error

Council during the 2021/2022 financial year has undertaken a revaluation of the Water and Sewerage Infrastructure under its control. That revaluation process has identified a number of Water and Sewerage infrastructure assets that have been 'found' and not previously recorded in Council's financial statements.

These infrastructure assets have been identified since the last revaluation of Water and Sewerage Infrastructure in the 2016/2017 financial year including some assets also as consequence of private subdivision transferred to Council but not recognised at the time.

Based on timing of recognition back to 1 July 2020 being the extent of the Prior Period Error recognition, the carrying value of infrastructure assets recognised are:

|                                      | 1 July 2020 \$'000 | 30 June 2021 \$'000 |
|--------------------------------------|--------------------|---------------------|
| Water Infrastructure Assets found    | 2,518              | 2,518               |
| Sewerage Infrastructure Assets found | 2,673              | 2,673               |
| <b>Total</b>                         | <b>5,191</b>       | <b>5,191</b>        |

## G3-1 Correction of errors (continued)

## Changes to the opening Statement of Financial Position at 1 July 2020

## Statement of Financial Position

| \$ '000                                       | Original<br>Balance<br>1 July, 2020 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>1 July, 2020 |
|-----------------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| <b>Total current assets</b>                   | 80,901                              | –                                 | 80,901                              |
| Infrastructure, property, plant and equipment | 992,431                             | 5,191                             | 997,622                             |
| <b>Total non-current assets</b>               | 1,002,287                           | 5,191                             | 1,007,478                           |
| <b>Total assets</b>                           | <b>1,083,188</b>                    | <b>5,191</b>                      | <b>1,088,379</b>                    |
| <b>Total current liabilities</b>              | 24,169                              | –                                 | 24,169                              |
| <b>Total non-current liabilities</b>          | 68,011                              | –                                 | 68,011                              |
| <b>Total liabilities</b>                      | <b>92,180</b>                       | <b>–</b>                          | <b>92,180</b>                       |
| <b>Net assets</b>                             | 991,008                             | 5,191                             | 996,199                             |
| Accumulated Surplus                           | 622,961                             | 5,191                             | 628,152                             |
| Asset Revaluation Reserve                     | 368,047                             | –                                 | 368,047                             |
| <b>Total equity</b>                           | <b>991,008</b>                      | <b>5,191</b>                      | <b>996,199</b>                      |

## Adjustments to the comparative figures for the year ended 30 June 2021

## Statement of Financial Position

| \$ '000                                       | Original<br>Balance<br>30 June, 2021 | Impact<br>Increase/<br>(decrease) | Restated<br>Balance<br>30 June, 2021 |
|-----------------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|
| <b>Total current assets</b>                   | 76,810                               | –                                 | 76,810                               |
| Infrastructure, property, plant and equipment | 1,094,182                            | 5,191                             | 1,099,373                            |
| <b>Total non-current assets</b>               | 1,104,539                            | 5,191                             | 1,109,730                            |
| <b>Total assets</b>                           | <b>1,181,349</b>                     | <b>5,191</b>                      | <b>1,186,540</b>                     |
| <b>Total current liabilities</b>              | 30,728                               | –                                 | 30,728                               |
| <b>Total non-current liabilities</b>          | 65,906                               | –                                 | 65,906                               |
| <b>Total liabilities</b>                      | <b>96,634</b>                        | <b>–</b>                          | <b>96,634</b>                        |
| <b>Net assets</b>                             | 1,084,715                            | 5,191                             | 1,089,906                            |
| Accumulated Surplus                           | 632,365                              | 5,191                             | 637,556                              |
| Asset Revaluation Reserve                     | 452,350                              | –                                 | 452,350                              |
| <b>Total equity</b>                           | <b>1,084,715</b>                     | <b>5,191</b>                      | <b>1,089,906</b>                     |

## G4 Statement of developer contributions as at 30 June 2022

### G4-1 Summary of developer contributions

| \$ '000                                          | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during the year |          | Interest and<br>investment<br>income earned | Amounts<br>expended | Internal<br>borrowings | Held as<br>restricted<br>asset at 30 June<br>2022 | Cumulative<br>balance of internal<br>borrowings<br>(to)/from |
|--------------------------------------------------|--------------------------------------|-------------------------------------------|----------|---------------------------------------------|---------------------|------------------------|---------------------------------------------------|--------------------------------------------------------------|
|                                                  |                                      | Cash                                      | Non-cash |                                             |                     |                        |                                                   |                                                              |
| Open space                                       | 4,154                                | 601                                       | –        | 29                                          | (202)               | –                      | 4,582                                             | –                                                            |
| Community facilities                             | 1,150                                | 203                                       | –        | 8                                           | (107)               | –                      | 1,254                                             | –                                                            |
| Urban roads                                      | 2,347                                | 177                                       | –        | 16                                          | (1)                 | –                      | 2,539                                             | –                                                            |
| Rural roads                                      | 1,007                                | 350                                       | –        | 8                                           | (343)               | –                      | 1,022                                             | –                                                            |
| Cycleways                                        | 994                                  | 154                                       | –        | 6                                           | (150)               | –                      | 1,004                                             | –                                                            |
| Carparking                                       | 375                                  | –                                         | –        | 2                                           | –                   | –                      | 377                                               | –                                                            |
| Civic and urban improvements                     | 357                                  | 4                                         | –        | 2                                           | (111)               | –                      | 252                                               | –                                                            |
| Shire support services                           | 112                                  | 4                                         | –        | 1                                           | –                   | –                      | 117                                               | –                                                            |
| Administration                                   | 432                                  | 124                                       | –        | 3                                           | (133)               | –                      | 426                                               | –                                                            |
| Section 7.12 levy                                | 194                                  | 91                                        | –        | 1                                           | (50)                | –                      | 236                                               | –                                                            |
| <b>S7.11 contributions – under a plan</b>        | <b>11,122</b>                        | <b>1,708</b>                              | <b>–</b> | <b>76</b>                                   | <b>(1,097)</b>      | <b>–</b>               | <b>11,809</b>                                     | <b>–</b>                                                     |
| <b>Total S7.11 and S7.12 revenue under plans</b> | <b>11,122</b>                        | <b>1,708</b>                              | <b>–</b> | <b>76</b>                                   | <b>(1,097)</b>      | <b>–</b>               | <b>11,809</b>                                     | <b>–</b>                                                     |
| S64 contributions                                | 10,732                               | 1,241                                     | –        | 55                                          | (3,003)             | –                      | 9,025                                             | –                                                            |
| <b>Total contributions</b>                       | <b>21,854</b>                        | <b>2,949</b>                              | <b>–</b> | <b>131</b>                                  | <b>(4,100)</b>      | <b>–</b>               | <b>20,834</b>                                     | <b>–</b>                                                     |

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## G4-2 Developer contributions by plan

| \$ '000                                                | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during the year |          | Interest and<br>investment<br>income earned | Amounts<br>expended | Internal<br>borrowings | Held as<br>restricted<br>asset at 30 June<br>2022 | Cumulative<br>balance of internal<br>borrowings<br>(to)/from |
|--------------------------------------------------------|--------------------------------------|-------------------------------------------|----------|---------------------------------------------|---------------------|------------------------|---------------------------------------------------|--------------------------------------------------------------|
|                                                        |                                      | Cash                                      | Non-cash |                                             |                     |                        |                                                   |                                                              |
| CONTRIBUTION PLAN NUMBER 1 – OPEN SPACE                |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                              | 147                                  | 172                                       | –        | 2                                           | (9)                 | –                      | 312                                               | –                                                            |
| Mullumbimby                                            | 894                                  | 278                                       | –        | 6                                           | (171)               | –                      | 1,007                                             | –                                                            |
| Bangalow                                               | 323                                  | 18                                        | –        | 2                                           | –                   | –                      | 343                                               | –                                                            |
| Suffolk Park                                           | 577                                  | –                                         | –        | 3                                           | (22)                | –                      | 558                                               | –                                                            |
| Brunswick Heads                                        | 44                                   | 8                                         | –        | 1                                           | –                   | –                      | 53                                                | –                                                            |
| Ocean Shores                                           | 103                                  | 27                                        | –        | 1                                           | –                   | –                      | 131                                               | –                                                            |
| Shire Wide                                             | 2,012                                | 95                                        | –        | 13                                          | –                   | –                      | 2,120                                             | –                                                            |
| Rural North                                            | 37                                   | 3                                         | –        | 1                                           | –                   | –                      | 41                                                | –                                                            |
| Rural South                                            | 17                                   | –                                         | –        | –                                           | –                   | –                      | 17                                                | –                                                            |
| Total                                                  | 4,154                                | 601                                       | –        | 29                                          | (202)               | –                      | 4,582                                             | –                                                            |
| CONTRIBUTION PLAN NUMBER 2 – COMMUNITY FACILITIES      |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                              | 5                                    | 51                                        | –        | 1                                           | –                   | –                      | 57                                                | –                                                            |
| Mullumbimby                                            | 33                                   | 5                                         | –        | –                                           | –                   | –                      | 38                                                | –                                                            |
| Bangalow                                               | 212                                  | 2                                         | –        | 1                                           | –                   | –                      | 215                                               | –                                                            |
| Brunswick Heads                                        | 16                                   | 1                                         | –        | –                                           | –                   | –                      | 17                                                | –                                                            |
| Ocean Shores                                           | 29                                   | 22                                        | –        | –                                           | –                   | –                      | 51                                                | –                                                            |
| Shire Wide                                             | 735                                  | 119                                       | –        | 5                                           | (94)                | –                      | 765                                               | –                                                            |
| Rural North                                            | 5                                    | 3                                         | –        | –                                           | –                   | –                      | 8                                                 | –                                                            |
| Rural South                                            | 115                                  | –                                         | –        | 1                                           | (13)                | –                      | 103                                               | –                                                            |
| Total                                                  | 1,150                                | 203                                       | –        | 8                                           | (107)               | –                      | 1,254                                             | –                                                            |
| CONTRIBUTION PLAN NUMBER 3 –<br>CYCLEWAYS              |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                              | 224                                  | 58                                        | –        | 2                                           | –                   | –                      | 284                                               | –                                                            |
| Mullumbimby                                            | 476                                  | 43                                        | –        | 3                                           | (98)                | –                      | 424                                               | –                                                            |
| Bangalow                                               | 49                                   | 4                                         | –        | –                                           | (47)                | –                      | 6                                                 | –                                                            |
| Brunswick Heads                                        | 25                                   | 28                                        | –        | –                                           | –                   | –                      | 53                                                | –                                                            |
| Ocean Shores                                           | 92                                   | 7                                         | –        | –                                           | (5)                 | –                      | 94                                                | –                                                            |
| Shire Wide                                             | 10                                   | 11                                        | –        | –                                           | –                   | –                      | 21                                                | –                                                            |
| Rural North                                            | 16                                   | –                                         | –        | –                                           | –                   | –                      | 16                                                | –                                                            |
| Rural South                                            | 102                                  | 3                                         | –        | 1                                           | –                   | –                      | 106                                               | –                                                            |
| Total                                                  | 994                                  | 154                                       | –        | 6                                           | (150)               | –                      | 1,004                                             | –                                                            |
| CONTRIBUTION PLAN NUMBER 4 –<br>SHIRE SUPPORT SERVICES |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                              | 21                                   | –                                         | –        | –                                           | –                   | –                      | 21                                                | –                                                            |
| Mullumbimby                                            | 14                                   | –                                         | –        | –                                           | –                   | –                      | 14                                                | –                                                            |

continued on next page ...

## G4-2 Developer contributions by plan (continued)

| \$ '000                                                          | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during the year |          | Interest and<br>investment<br>income earned | Amounts<br>expended | Internal<br>borrowings | Held as<br>restricted<br>asset at 30 June<br>2022 | Cumulative<br>balance of internal<br>borrowings<br>(to)/from |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------------|----------|---------------------------------------------|---------------------|------------------------|---------------------------------------------------|--------------------------------------------------------------|
|                                                                  |                                      | Cash                                      | Non-cash |                                             |                     |                        |                                                   |                                                              |
| Bangalow                                                         | 4                                    | -                                         | -        | -                                           | -                   | -                      | 4                                                 | -                                                            |
| Ocean Shores                                                     | 6                                    | -                                         | -        | -                                           | -                   | -                      | 6                                                 | -                                                            |
| Rural North                                                      | 29                                   | -                                         | -        | -                                           | -                   | -                      | 29                                                | -                                                            |
| Rural South                                                      | (6)                                  | 4                                         | -        | -                                           | -                   | -                      | (2)                                               | -                                                            |
| Shire Rural                                                      | 43                                   | -                                         | -        | 1                                           | -                   | -                      | 44                                                | -                                                            |
| Brunswick Heads                                                  | 1                                    | -                                         | -        | -                                           | -                   | -                      | 1                                                 | -                                                            |
| <b>Total</b>                                                     | <b>112</b>                           | <b>4</b>                                  | <b>-</b> | <b>1</b>                                    | <b>-</b>            | <b>-</b>               | <b>117</b>                                        | <b>-</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 5 – CARPARKING</b>                   |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                                        | 58                                   | -                                         | -        | -                                           | -                   | -                      | 58                                                | -                                                            |
| Mullumbimby                                                      | 131                                  | -                                         | -        | 1                                           | -                   | -                      | 132                                               | -                                                            |
| Brunswick Heads                                                  | 186                                  | -                                         | -        | 1                                           | -                   | -                      | 187                                               | -                                                            |
| <b>Total</b>                                                     | <b>375</b>                           | <b>-</b>                                  | <b>-</b> | <b>2</b>                                    | <b>-</b>            | <b>-</b>               | <b>377</b>                                        | <b>-</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 6 – URBAN ROADS</b>                  |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                                        | 157                                  | 127                                       | -        | 2                                           | -                   | -                      | 286                                               | -                                                            |
| Mullumbimby                                                      | 593                                  | 23                                        | -        | 4                                           | -                   | -                      | 620                                               | -                                                            |
| Bangalow                                                         | 1,321                                | 8                                         | -        | 8                                           | (1)                 | -                      | 1,336                                             | -                                                            |
| Brunswick Heads                                                  | 205                                  | 9                                         | -        | 1                                           | -                   | -                      | 215                                               | -                                                            |
| Ocean Shores                                                     | 70                                   | 10                                        | -        | 1                                           | -                   | -                      | 81                                                | -                                                            |
| Batson Quarry                                                    | 1                                    | -                                         | -        | -                                           | -                   | -                      | 1                                                 | -                                                            |
| <b>Total</b>                                                     | <b>2,347</b>                         | <b>177</b>                                | <b>-</b> | <b>16</b>                                   | <b>(1)</b>          | <b>-</b>               | <b>2,539</b>                                      | <b>-</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 7 – RURAL ROADS</b>                  |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Shire Rural                                                      | 56                                   | 24                                        | -        | -                                           | (343)               | -                      | (263)                                             | -                                                            |
| Mudges Quarry                                                    | 18                                   | -                                         | -        | -                                           | -                   | -                      | 18                                                | -                                                            |
| Leela Quarry                                                     | 4                                    | -                                         | -        | -                                           | -                   | -                      | 4                                                 | -                                                            |
| Myocum Quarry (Council)                                          | 20                                   | -                                         | -        | -                                           | -                   | -                      | 20                                                | -                                                            |
| Rural North                                                      | (62)                                 | 232                                       | -        | 1                                           | -                   | -                      | 171                                               | -                                                            |
| Rural South                                                      | 971                                  | 94                                        | -        | 7                                           | -                   | -                      | 1,072                                             | -                                                            |
| <b>Total</b>                                                     | <b>1,007</b>                         | <b>350</b>                                | <b>-</b> | <b>8</b>                                    | <b>(343)</b>        | <b>-</b>               | <b>1,022</b>                                      | <b>-</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 8 – CIVIC AND URBAN IMPROVEMENTS</b> |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Byron Bay                                                        | (19)                                 | -                                         | -        | -                                           | -                   | -                      | (19)                                              | -                                                            |
| Mullumbimby                                                      | 101                                  | -                                         | -        | -                                           | (95)                | -                      | 6                                                 | -                                                            |
| Bangalow                                                         | 129                                  | -                                         | -        | 1                                           | (16)                | -                      | 114                                               | -                                                            |

continued on next page ...

## G4-2 Developer contributions by plan (continued)

| \$ '000                                                    | Opening<br>balance at<br>1 July 2021 | Contributions<br>received during the year |          | Interest and<br>investment<br>income earned | Amounts<br>expended | Internal<br>borrowings | Held as<br>restricted<br>asset at 30 June<br>2022 | Cumulative<br>balance of internal<br>borrowings<br>(to)/from |
|------------------------------------------------------------|--------------------------------------|-------------------------------------------|----------|---------------------------------------------|---------------------|------------------------|---------------------------------------------------|--------------------------------------------------------------|
|                                                            |                                      | Cash                                      | Non-cash |                                             |                     |                        |                                                   |                                                              |
| Brunswick Heads                                            | 3                                    | –                                         | –        | –                                           | –                   | –                      | 3                                                 | –                                                            |
| Ocean Shores                                               | 140                                  | 1                                         | –        | 1                                           | –                   | –                      | 142                                               | –                                                            |
| Rural North                                                | (53)                                 | –                                         | –        | –                                           | –                   | –                      | (53)                                              | –                                                            |
| Rural South                                                | 56                                   | 3                                         | –        | –                                           | –                   | –                      | 59                                                | –                                                            |
| <b>Total</b>                                               | <b>357</b>                           | <b>4</b>                                  | <b>–</b> | <b>2</b>                                    | <b>(111)</b>        | <b>–</b>               | <b>252</b>                                        | <b>–</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 9 –<br/>ADMINISTRATION</b>     |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Shire Wide                                                 | 432                                  | 124                                       | –        | 3                                           | (133)               | –                      | 426                                               | –                                                            |
| <b>Total</b>                                               | <b>432</b>                           | <b>124</b>                                | <b>–</b> | <b>3</b>                                    | <b>(133)</b>        | <b>–</b>               | <b>426</b>                                        | <b>–</b>                                                     |
| <b>CONTRIBUTION PLAN NUMBER 10 –<br/>SECTION 7.12 LEVY</b> |                                      |                                           |          |                                             |                     |                        |                                                   |                                                              |
| Shire Wide                                                 | 194                                  | 91                                        | –        | 1                                           | (50)                | –                      | 236                                               | –                                                            |
| <b>Total</b>                                               | <b>194</b>                           | <b>91</b>                                 | <b>–</b> | <b>1</b>                                    | <b>(50)</b>         | <b>–</b>               | <b>236</b>                                        | <b>–</b>                                                     |

## G4-3 S64 contributions

### CONTRIBUTION PLAN NUMBER 11 – WATER SUPPLY SERVICES

|                              |              |            |          |           |              |          |              |          |
|------------------------------|--------------|------------|----------|-----------|--------------|----------|--------------|----------|
| Byron, Bang, Burns, O/Shires | 1,068        | 89         | –        | 7         | (57)         | –        | 1,107        | –        |
| Mullumbimby                  | 793          | 78         | –        | 3         | (136)        | –        | 738          | –        |
| <b>Total</b>                 | <b>1,861</b> | <b>167</b> | <b>–</b> | <b>10</b> | <b>(193)</b> | <b>–</b> | <b>1,845</b> | <b>–</b> |

### CONTRIBUTION PLAN NUMBER 12 – SEWERAGE SERVICES

|              |              |              |          |           |                |          |              |          |
|--------------|--------------|--------------|----------|-----------|----------------|----------|--------------|----------|
| Bangalow     | 3,204        | 66           | –        | 17        | –              | –        | 3,287        | –        |
| Byron Bay    | 5,667        | 1,008        | –        | 28        | (2,810)        | –        | 3,893        | –        |
| <b>Total</b> | <b>8,871</b> | <b>1,074</b> | <b>–</b> | <b>45</b> | <b>(2,810)</b> | <b>–</b> | <b>7,180</b> | <b>–</b> |

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

| \$ '000                                                                                                              | Amounts<br>2022 | Indicator<br>2022 | Indicators<br>20212020 |         | Benchmark |
|----------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|------------------------|---------|-----------|
| 1. Operating performance ratio                                                                                       |                 |                   |                        |         |           |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup> | (5,667)         | (5.41)%           | (6.55)%                | (7.08)% | > 0.00%   |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                           | 104,839         |                   |                        |         |           |
| 2. Own source operating revenue ratio                                                                                |                 |                   |                        |         |           |
| Total continuing operating revenue excluding all grants and contributions <sup>1</sup>                               | 82,779          | 65.79%            | 72.50%                 | 65.41%  | > 60.00%  |
| Total continuing operating revenue <sup>1</sup>                                                                      | 125,823         |                   |                        |         |           |
| 3. Unrestricted current ratio                                                                                        |                 |                   |                        |         |           |
| Current assets less all external restrictions                                                                        | 34,649          | 3.52x             | 2.41x                  | 3.08x   | > 1.50x   |
| Current liabilities less specific purpose liabilities                                                                | 9,846           |                   |                        |         |           |
| 4. Debt service cover ratio                                                                                          |                 |                   |                        |         |           |
| Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>             | 16,401          | 2.44x             | 2.22x                  | 1.99x   | > 2.00x   |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                               | 6,723           |                   |                        |         |           |
| 5. Rates and annual charges outstanding percentage                                                                   |                 |                   |                        |         |           |
| Rates and annual charges outstanding                                                                                 | 5,691           | 9.60%             | 8.33%                  | 7.32%   | < 10.00%  |
| Rates and annual charges collectable                                                                                 | 59,297          |                   |                        |         |           |
| 6. Cash expense cover ratio                                                                                          |                 |                   |                        |         |           |
| Current year's cash and cash equivalents plus all term deposits                                                      | 71,688          | 8.89              | 9.36                   | 8.76    | > 3.00    |
| Monthly payments from cash flow of operating and financing activities                                                | 8,066           | 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

## G5-2 Statement of performance measures by fund

| \$ '000                                                                                                               | General Indicators <sup>3</sup> |             | Water Indicators |         | Sewer Indicators |        | Benchmark     |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|------------------|---------|------------------|--------|---------------|
|                                                                                                                       | 2022                            | 2021        | 2022             | 2021    | 2022             | 2021   |               |
| <b>1. Operating performance ratio</b>                                                                                 |                                 |             |                  |         |                  |        |               |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup> | (3.96)%                         | (12.26)%    | (32.61)%         | (3.13)% | 3.59%            | 10.40% | > 0.00%       |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                            |                                 |             |                  |         |                  |        |               |
| <b>2. Own source operating revenue ratio</b>                                                                          |                                 |             |                  |         |                  |        |               |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                            | 57.35%                          | 65.61%      | 96.77%           | 92.74%  | 88.44%           | 88.84% | > 60.00%      |
| Total continuing operating revenue <sup>1</sup>                                                                       |                                 |             |                  |         |                  |        |               |
| <b>3. Unrestricted current ratio</b>                                                                                  |                                 |             |                  |         |                  |        |               |
| Current assets less all external restrictions                                                                         | 3.52x                           | 2.41x       | ∞                | ∞       | 5.04x            | 5.85x  | > 1.50x       |
| Current liabilities less specific purpose liabilities                                                                 |                                 |             |                  |         |                  |        |               |
| <b>4. Debt service cover ratio</b>                                                                                    |                                 |             |                  |         |                  |        |               |
| Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>              | 2.94x                           | 1.86x       | ∞                | ∞       | 2.25x            | 2.53x  | > 2.00x       |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                                |                                 |             |                  |         |                  |        |               |
| <b>5. Rates and annual charges outstanding percentage</b>                                                             |                                 |             |                  |         |                  |        |               |
| Rates and annual charges outstanding                                                                                  | 14.07%                          | 8.48%       | 0.00%            | 8.27%   | 0.00%            | 7.99%  | < 10.00%      |
| Rates and annual charges collectable                                                                                  |                                 |             |                  |         |                  |        |               |
| <b>6. Cash expense cover ratio</b>                                                                                    |                                 |             |                  |         |                  |        |               |
| Current year's cash and cash equivalents plus all term deposits                                                       | 8.89 months                     | 9.36 months | ∞                | ∞       | ∞                | ∞      | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities                                                 |                                 |             |                  |         |                  |        |               |

(1) - (2) Refer to Notes at Note G6-1 above.

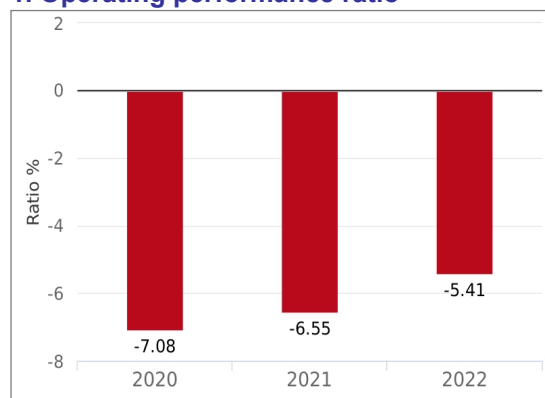
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**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 (5.41)%

Whilst not achieving this benchmark, Council's result has slightly improved which is pleasing and considering the impacts of the February/March 2022 flood events. Council has around \$6.3million in expenditure influencing this result that it would expect to receive funding but this revenue has not been recognised as claims relating to this expenditure are yet to be approved.

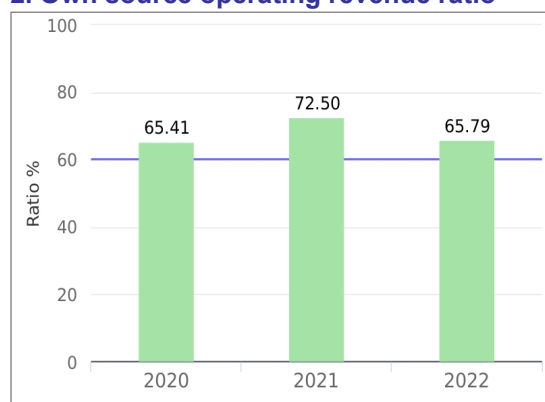
Benchmark: — > 0.00%

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 65.79%

Council has managed to remain above benchmark considering the impact of the February/March 2022 flood events where subsequently Council has received substantial grant funding that has reduced the proportion of overall revenue from its own sources.

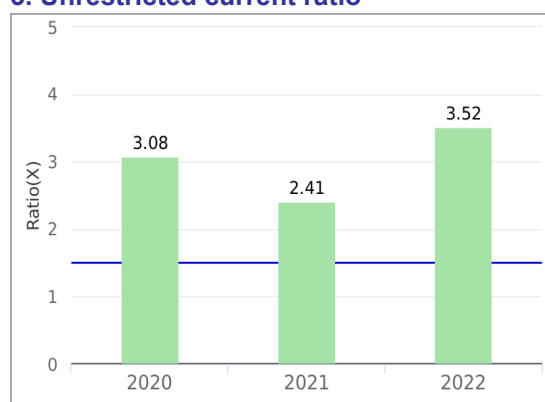
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 3.52x

This outcome is a good result considering the impact on Council of the February/March 2022 flood events and shows that Council's short term financial position remains relatively ok even though Council no longer has any unrestricted cash at 30 June 2022.

Benchmark: — > 1.50x

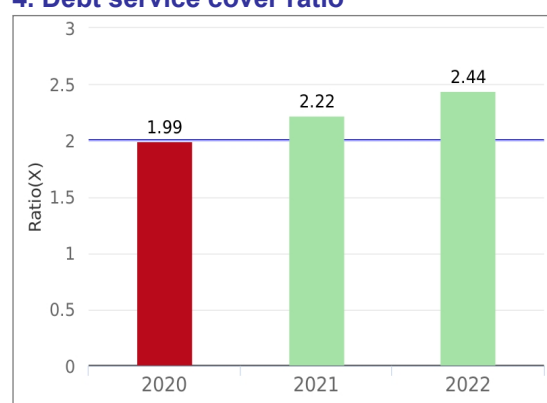
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



### Purpose of debt service cover ratio

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

### Commentary on 2021/22 result

2021/22 ratio 2.44x

It is pleasing that Council has improved the availability of operating cash to service debt repayments. Council in oncoming years will be refinancing some significant loan borrowings that will hopefully reduce debt costs for existing borrowings and assist maintaining this ratio benchmark

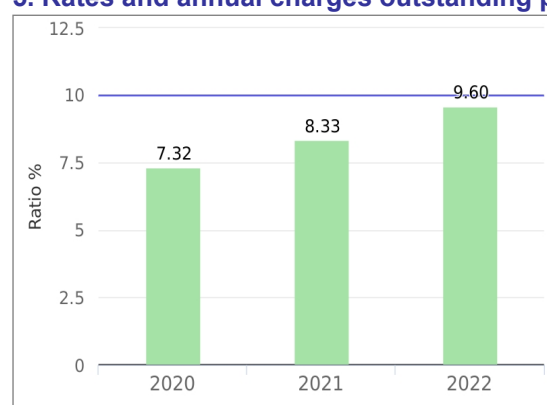
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



### Purpose of rates and annual charges outstanding percentage

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

### Commentary on 2021/22 result

2021/22 ratio 9.60%

During the 2021/2022 financial year, Council did not charge interest on overdue rates and charges by Government direction and later by choice. This was initially due to COVID-19 but later due to the impact on the community from the February/March 2022 flood events. Council also has not pursued debt recovery during the 2021/2022 financial year by resolution. This has caused the outstanding debt to grow but this now needs to become a focus for Council to reduce.

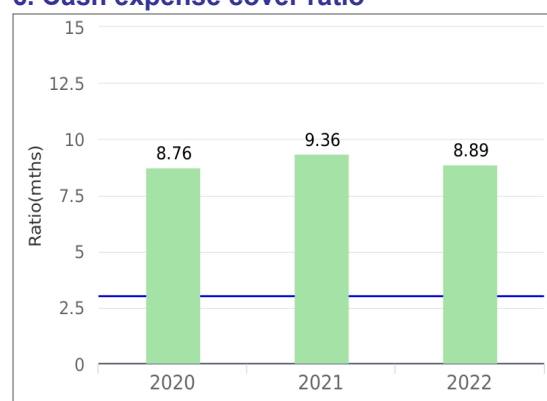
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



### Purpose of cash expense cover ratio

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

### Commentary on 2021/22 result

2021/22 ratio 8.89 months

Council maintains a stable strong liquidity position well above the required benchmark. Considering the impact of the February/March 2022 flood events and subsequent recovery expenditure subject to claim this is a pleasing result.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

70 Station Street  
MULLUMBIMBY NSW 2482

**Contact details****Mailing Address:**

PO Box 219  
MULLUMBIMBY NSW 2482

**Telephone:** 02 6626 7000

**Facsimile:** 02 6684 3018

**Opening hours:**

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Monday to Friday (except public holidays)

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

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

**Officers****General Manager**

Mark Arnold

**Responsible Accounting Officer**

James Brickley

**Public Officer**

Esmeralda Davis

**Auditors**

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

**Elected members****Mayor**

Michael Lyon

**Councillors**

Sarah Ndiaye  
Cate Coorey  
Alan Hunter  
Mark Swivel  
Asren Pugh  
Sama Balson  
Peter Westheimer  
Duncan Dey

**Other information**

**ABN:** 14 472 131 473