

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

This report is provided to formally present Council's Financial Statements for the year ended 30 June 2022, together with the Auditor's Report to the public, in accordance with Section 419 of the Local Government Act 1993 (as amended).

### RECOMMENDATION

The audited Financial Statements for the year ended 30 June 2022, together with the Auditor's report, be presented to the public.

### REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer

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

### ATTACHMENTS

- 1 Annual Financial Statements for the Year Ended 30 June 2022

### BACKGROUND

Council's Auditors, Audit Office of NSW, addressed the Council meeting of 28 November 2022 outlining the financial result for the year ended 30 June 2022 as reflected in the Financial Statements. Council resolved that the audited Financial Statements and the Auditor's Report be presented to the public at its meeting of 12 December 2022 following the finalisation of the audit and public notification period.

Public Notice of the presentation of the audited Financial Statements at this meeting was given on Council's website on Wednesday, 30 November 2022.

Copies of the audited Financial Statements are available for inspection by members of the public at Council's Administration Building and any person can make a written submission to Council with respect to the Statements during the period 30 November 2022 to 19 December 2022. Any submissions received will be subsequently reported to Council.

### PROPOSAL

The audited Financial Statements for the year ended 30 June 2022, together with the Auditor's Report, be presented to the public at this meeting.

### CONSULTATION AND COMMUNICATION

The Director, Financial Audit Services, the Audit Leader and staff of the Audit Office of NSW have been consulted throughout the preparation of the Annual Financial Statements.

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

The Annual Financial Statements were presented to the Audit, Risk and Improvement Committee on 18 November 2022 and to Council on 28 November 2022.

### PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2032 Goal 4 'We are a connected and Engaged Community.

It specifically delivers on core business activities as detailed in the Financial Services Support Services Plan.

## RISK MANAGEMENT

The Annual Financial Statements are required to be prepared in accordance with the Local Government Act 1993 (as amended), the Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards. Council has professionally qualified staff to ensure compliance with the reporting requirements. Council staff have also undertaken additional training in specialised areas. A higher level of assurance is attained from Council's auditors, Audit Office of NSW.

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

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

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

## CONCLUSION

The audited Financial Statements for the year ended 30 June 2022, together with the Auditor's Report, are available for presentation to the public at this meeting.





Wollongong City Council

# Financial Report

Year Ended 30 June 2022

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## EXECUTIVE SUMMARY

As General Manager of Wollongong City Council, I present the Annual Financial Statements for 2021-2022. These statements continue to reflect Council's transformation in recent years to an organisation which continues to be financially stable having the capacity to manage short, medium and longer term challenges.

The Income Statement shows a net operating surplus of \$59.5M compared to a surplus of \$35.0M in 2020-2021. The net operating result before capital grants and contributions was a surplus of \$14.1M. We are confident that our underlying financial performance remains on track and sustainable.

Council's Statement of Financial Position shows the vast extent of assets managed by Council for the community. The total value of Council's assets at 30 June 2022 was \$3.56B. During 2021-2022, Council completed capital works of \$89.7M including the construction and acquisition of \$46.2M of new assets and \$43.5M for the renewal of existing assets. The program included projects such as the continuation of West Dapto Access Works, Cringila Hills Community Park Car Park (Stage 2) and footpath reconstruction and upgrade, as well as various upgrades to community centres, amenities and buildings at Council parks, gardens and sports fields across the Local Government Area.

Council maintains a strong position in cash and investments, with holdings of \$162.0M at 30 June 2022 [\$170.9M in 2020-2021]. \$140.7M of Council's cash [\$152.0M in 2020-2021] is restricted in its use to specific purposes by external bodies, legislation and Council resolution.

Council's unrestricted current ratio increased from 2.15:1 in 2020-2021 to 2.48:1 in 2021-2022. This ratio, which measures Council's liquidity and ability to satisfy short-term obligations, is above the Local Government Benchmark of >1.5:1. Council's strategy is to better utilise cash and target a lean unrestricted cash ratio.

Rates and Annual Charges outstanding increased from 5.28% in 2020-2021 to 6.27% in 2021-2022. Council will continue to work and support its ratepayers who are still experiencing the impact of COVID-19 on both their personal and business finances to achieve below the industry benchmark of <5%.

Council continues to have relatively low levels of borrowing and did not undertake any additional borrowings in 2021-2022. Low debt levels remain a financial strength of Council and adds flexibility in making financial decisions for the future. The 2021-2022 debt service ratio increased to 2.43% compared to 2.28% in 2020-2021. This ratio is within Council's financial strategy to operate within a ratio of <4%.

My thanks to all staff and external auditors who worked on the preparation of these Statements.



Greg Doyle  
General Manager  
Wollongong City Council



## 2021-2022 FINANCIAL OVERVIEW

This report provides an overview of Council's 2021-2022 Financial Statements. The Financial Statements are prepared by Council to provide information in relation to Council's financial performance and position. The Financial Statements comprise of five key financial reports:

- The Income Statement
- Statement of Comprehensive Income
- Statement of Financial Position
- Changes in Equity Statement
- The Statement of Cash Flows

The Statements are prepared in accordance with Australian Accounting Standards, the NSW Local Government Act 1993 and the NSW Local Government Code of Accounting Practice and Financial Reporting – 2021-2022. The Statements are reviewed by the Audit, Risk and Improvement Committee, independently audited by the Audit Office of NSW, reported to Council, placed on public exhibition and then lodged with the Office of Local Government.

The 2021-2022 Financial Statements show a positive Net Operating Result of \$59.5M. This result includes grants and contributions for capital purposes which increases the asset base of Council, however, is not considered to truly reflect the underlying operating performance of the organisation.

The Net Operating Result before Grants and Contributions for Capital Purposes is a surplus of \$14.1M, which is in line with Council's targeted position of a small surplus result. This result includes substantial end of year adjustments, including the provision for employee leave entitlements, provision for waste remediation, investment property revaluation and the workers' compensation provision. These variations do not change the underlying capacity of the organisation over time and Council considers our underlying financial performance to be on track to meet financial strategies and targets in the short, medium and long term.



## 2021-2022 HIGHLIGHTS

**\$3.56B**

Total Assets

PY \$2.88B

**2.43%**

Debt Service Ratio

PY 2.28%

**\$46.2M**

Capital Works - New

PY \$44.5M

**\$43.5M**

Capital Works - Renew

PY \$33.3M

**\$59.5M Surplus**

Net Operating Result

PY \$35.0M Surplus

**\$14.1M Surplus**

Net Operating Result Before Capital Grants & Contributions

PY \$0.5M Surplus

**\$14.9M**

Contributed Assets Recognised

PY \$12.2M

**2.48:1**

Unrestricted Current Ratio

PY 2.15:1

**\$162.0M**

Cash Assets & Investments

PY \$170.9M

**6.27%**

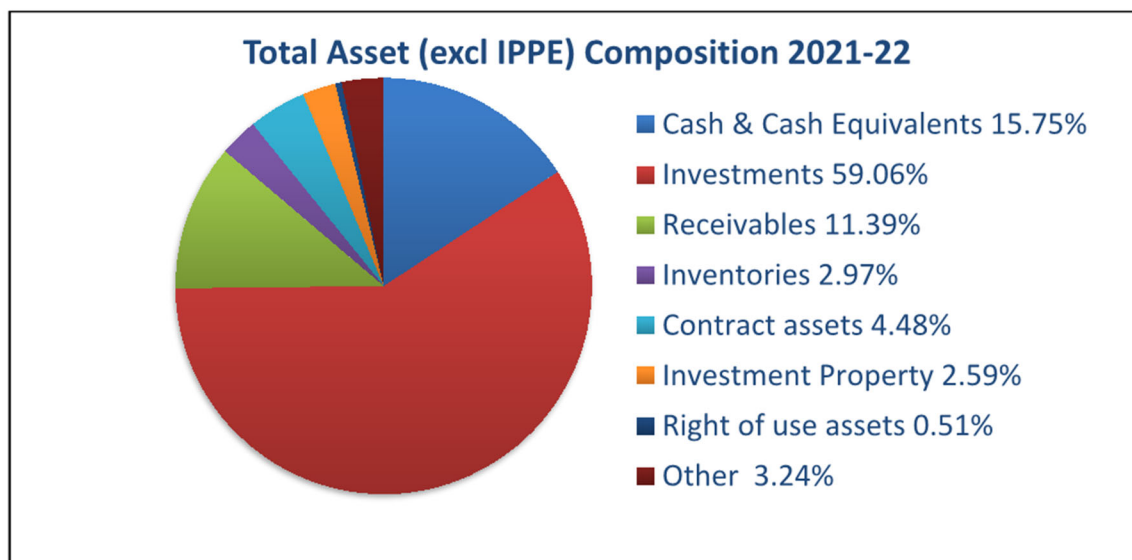
Rates, Annual Charges, Interest & Extra Charges Outstanding

PY 5.28%

\*PY= Prior Year

## ASSETS

Council is the custodian of community assets with a total value of \$3.56B as at 30 June 2022. Infrastructure, Property, Plant & Equipment (IPPE) makes up \$3.35B of the total asset value. The value of assets excluding IPPE was \$216.6M with the composition of these asset classes shown as follows:



### Infrastructure, Property, Plant & Equipment (IPPE)

With a carrying value of \$3.35B, IPPE is Council's most significant asset group representing 93.92% of total assets value. This asset group includes roads, drains, footpaths, community facilities, recreational facilities, parks and gardens.

During 2021-2022, Council delivered a capital works program of \$89.7M including the construction and purchase of \$46.2M of new assets and renewal of existing assets of \$43.5M. In addition, \$14.9M of assets were contributed to Council during 2021-2022. After accounting for annual depreciation expense and removing revaluation adjustments, the overall value of IPPE decreased by \$103.2M during 2021-2022. This is primarily the result of the capital works program. The value of revaluation adjustments of assets completed in 2021-2022 was \$643.4M. Further financial details of IPPE are shown at Note C1-8.

### Cash and Investments

Council maintained robust levels of cash and investments with holdings of \$162.0M at 30 June 2022. Cash and investment positions over the prior two financial years are as follows:

CASH, INVESTMENTS & AVAILABLE FUNDS (\$M)		
	YTD Actual 30 June 2021	YTD Actual 30 June 2022
<b>TOTAL CASH &amp; INVESTMENTS</b>	170.853	162.033
Less Restrictions:		
External	78.088	75.344
Internal	70.676	62.886
CivicRisk Investment	3.199	2.530
<b>AVAILABLE CASH</b>	18.890	21.273
Adjusted for:		
Payables	(26.621)	(27.376)
Receivables	21.859	24.674
Other	8.875	13.059
<b>AVAILABLE FUNDS</b>	23.003	31.630

While Council's cash and investment position is robust, a significant portion of these funds are subject to restriction. Council's true cash position is more accurately depicted by considering Available Funds which are uncommitted and not subject to restriction. External restrictions are funds held by Council that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be available for specific future purposes.

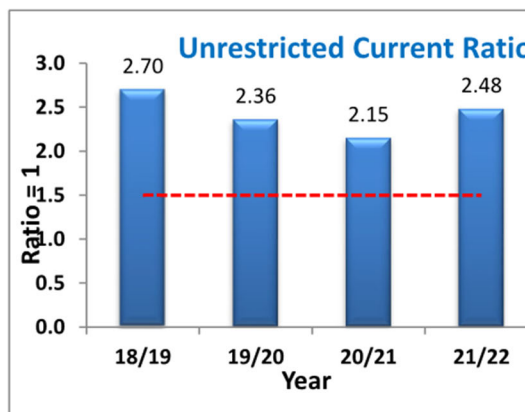
At 30 June 2022, Council achieved an available funds position of \$31.6M, which is significantly higher than the Financial Strategy target range of 3.5% to 5.5% of operational revenue (pre-capital). The result at balance date was uplifted by the receipt of the Financial Assistance Grant for 2021-2022 totaling \$15.3M.

#### Unrestricted Current Ratio

**Measures:** Cash/Liquidity Position or Council's ability to satisfy obligations in the short term from its unrestricted activities.

**Strategy:** Council's strategy is to maximise the use of available funds for asset renewal by targeting a lean Unrestricted Current Ratio.

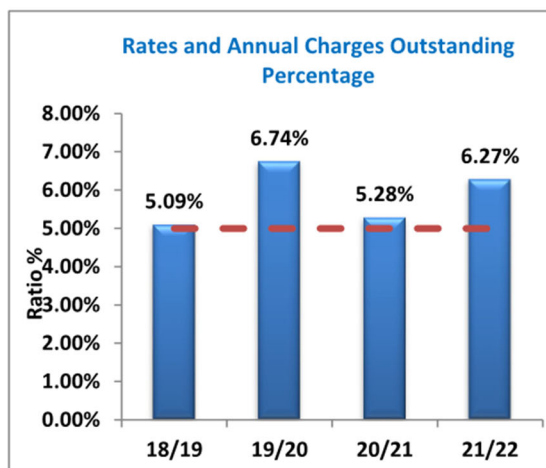
**Performance:** Council's performance is above the Local Government Benchmark of >1.5:1 and is consistent with the prior year.



#### Receivables

Receivables are the amount of money that is either owed to Council or funds that Council has paid in advance. At 30 June 2022, receivables totaled \$24.7M, an increase of \$2.8M compared to the 2020-2021 reporting period. Full details of receivables are provided in Note C1-4.

#### Rates and Annual Charges Outstanding Percentage



**Measures:** The impact of uncollected rates and other charges on liquidity and the adequacy of recovery efforts.

**Target:** Industry standard of <5%.

**Performance:** Council implemented a new property and rating system which resulted in the delay of payments being finalised within the system. The new system also had an impact on the rolling of recovery for outstanding monies owed.

Council will continue to work and support its ratepayers who are still experiencing the impact of COVID-19 on both their personal and business finances to achieve below the industry benchmark of <5%.

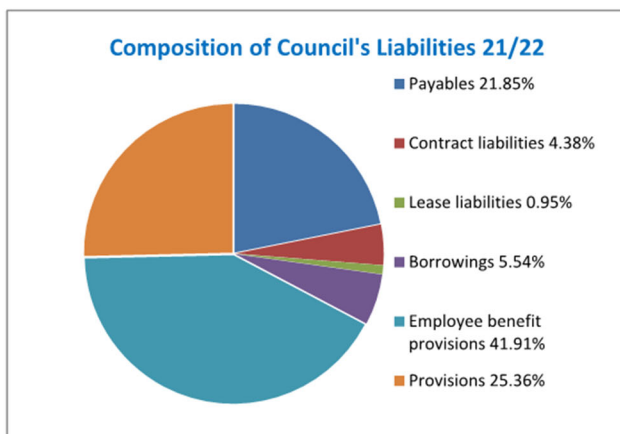
#### Contract Assets

Contract assets represent Council's right to payment in exchange for the delivery of works relating to grants and contributions. As at 30 June 2022, contract assets totalled \$9.7M in comparison to \$4.7M in 2020-2021, resulting from spend on capital projects where funding is still to be received. Refer to C1-6 of the financial statements for additional details.



## LIABILITIES

At 30 June 2022, Council's Total Liabilities were \$125.3M. The composition of Council's Total Liabilities is shown below.



**Employee Benefit Provisions:** Account for 41.91% of Council's Liabilities.

**Provisions:** Account for 25.36% of Council's Liabilities with the most significant provisions relating to Waste Depot Remediation Provision [\$19.1M], Workers' Compensation Provision [\$12.1M] and Self-Insurance [\$0.5M].

**Payables:** Account for 21.85% of Council's Liabilities. The most significant payables being accrued expenditure and expenditure incurred but not yet paid for expenditure.

**Borrowings:** Account for 5.54% of Council's Liabilities, down from prior year's

8.43% and relate to the subsidised Local Infrastructure Renewal Scheme Programs (1, 2 and 3) secured over the previous six financial years. This reduction is due to ongoing principal repayments and no additional borrowing being undertaken within the reporting period.

**Contract Liabilities:** Account for 4.38% of Council's liabilities. Contract liabilities represent unexpended grants and contributions and fees received in advance of the service being delivered.

**Lease Liabilities:** Account for 0.95% of Council's liabilities. Lease liabilities are recognised for land and buildings that Council leases from other organisations. Further details of leases are provided in Note C2-1 and C2-2. These are primarily made up of the CCTV Control Room, Dapto Ribbonwood, Warrawong Library, Helensburgh Tip and State Emergency Service site.

### Provisions

Provisions represent the Council's obligation to make future payments as a result of past events. Provisions are revalued each financial year with any movements recognised through profit and loss. The value of provisions has reduced from \$98.7M in 2020-2021 to \$84.3M in 2021-2022. This movement predominately relates to the revaluation of the employee leave entitlements, workers' compensation and the waste facility provision.

Employee leave entitlements reflect the current value of the future payments, which are discounted based on published long term government bond rates. The overall decrease in the provision of \$5.2M is impacted by valuation changes including discount rates (-\$7.2M), offset by the impact of movement in the leave balances of employees (+\$1.8M) and an increase in the superannuation contribution percentage from 10% to 10.5% (+\$0.2M).

The workers' compensation provision is valued by an external actuary. As at 30 June 2022, the value of the provision increased by \$2.6M as a result of major variations in recent years' cost trends for both Council and the LG Industry which has flowed on to increases in the value of existing claims.

The provision for the remediation of Council's waste facility is calculated based on the forecast costs to rehabilitate the site. During the prior financial year, the reduction in the provision exceeded the carrying value of the corresponding asset and, therefore, all further adjustments are recognised through Other Expenses. The provision was reduced by a further \$11.6M in 2021-2022 as a result of reductions to the forecast rehabilitation costs and changes to the discount rates applied.

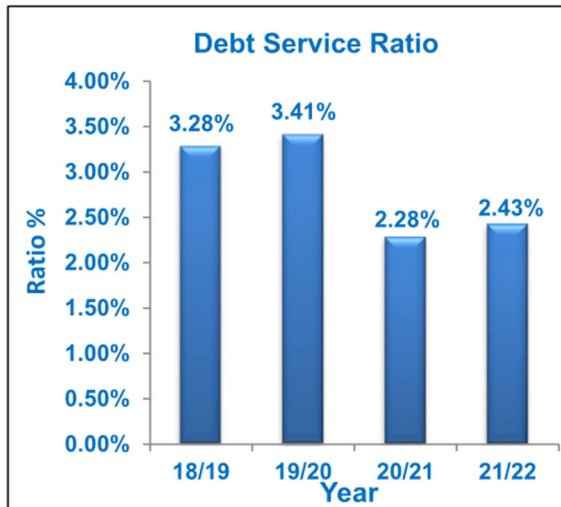
### Borrowings

Council continues to remain a relatively low debt user. In 2021-2022, Council did not undertake additional borrowings with all activity related to the repayment of previously secured loans.

In prior years, Council took advantage of borrowing opportunities enabling it to accelerate specific capital programs. The loan facilities which Council has in place are subsidised loans under the Local Government Infrastructure Renewal Scheme (LIRS). Funds were secured under LIRS rounds 1, 2 and 3. The projects funded under round 1 (Citywide Footpaths and Shared Path Renewal and Missing Links Construction Program), round 2 (Upgrade Berkeley and Corrimall Community Centres and Thirroul Pavilion and Kiosk) and round 3 (West Dapto Access project to construct Fowlers Road to Fairwater Drive) are complete.



Repayment of LIRS loans will continue in accordance with the various payment schedules until 2025.



**Measures:** The proportion of revenues that is required to meet Council's annual loan repayments.

**Target:** Council's Financial Strategy allows for a ratio of up to 4%.

**Performance:** A low level of debt is reflected in Council's Debt Service Ratio of 2.43%. This remains low in comparison to the Local Government benchmark ratio of <10% and is within Council's own Strategy.

The Debt Service Ratio remains consistent to the prior reporting period.

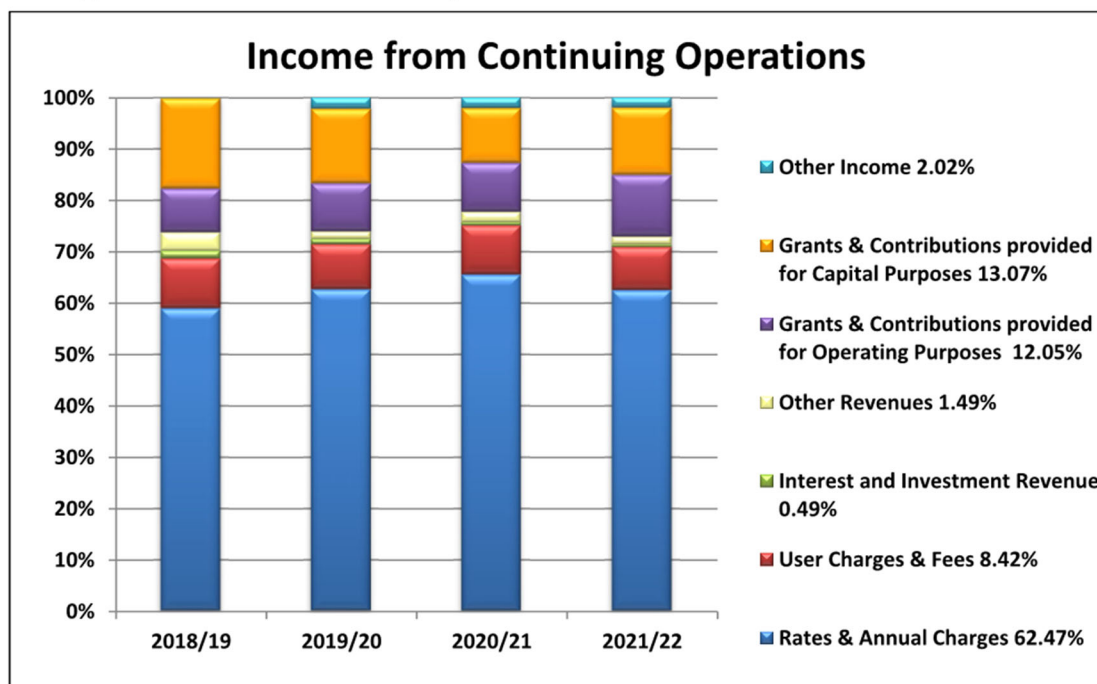
## OPERATIONAL PERFORMANCE – INCOME & EXPENSES

Council achieved a Net Operating Surplus from Continuing Operations of \$59.5M in 2021-2022 in comparison to a surplus of \$35.0M in 2020-2021. This result includes capital grants and contributions that were significantly higher in 2021-2022. Council's underlying measure of long-term operational performance, the Operational Result before Capital Grants and Contributions, improved to a surplus of \$14.1M, compared to a surplus of \$0.5M in 2020-2021.

### Income

Council's Income from Continuing Operations for 2021-2022 was \$347.3M compared to a prior year result of \$322.4M. A significant increase in the level of capital grants & contributions received in 2021-2022 compared to 2020-2021 has impacted on this result. Refer to B2-4 within the financial statements for more detailed information.

The composition of Council's revenue remained reasonably consistent compared to previous years as depicted in the table below. The realignment of rental income from Other Revenues to Other Income has been applied from the 2019-2020 financial year onwards within the below table.

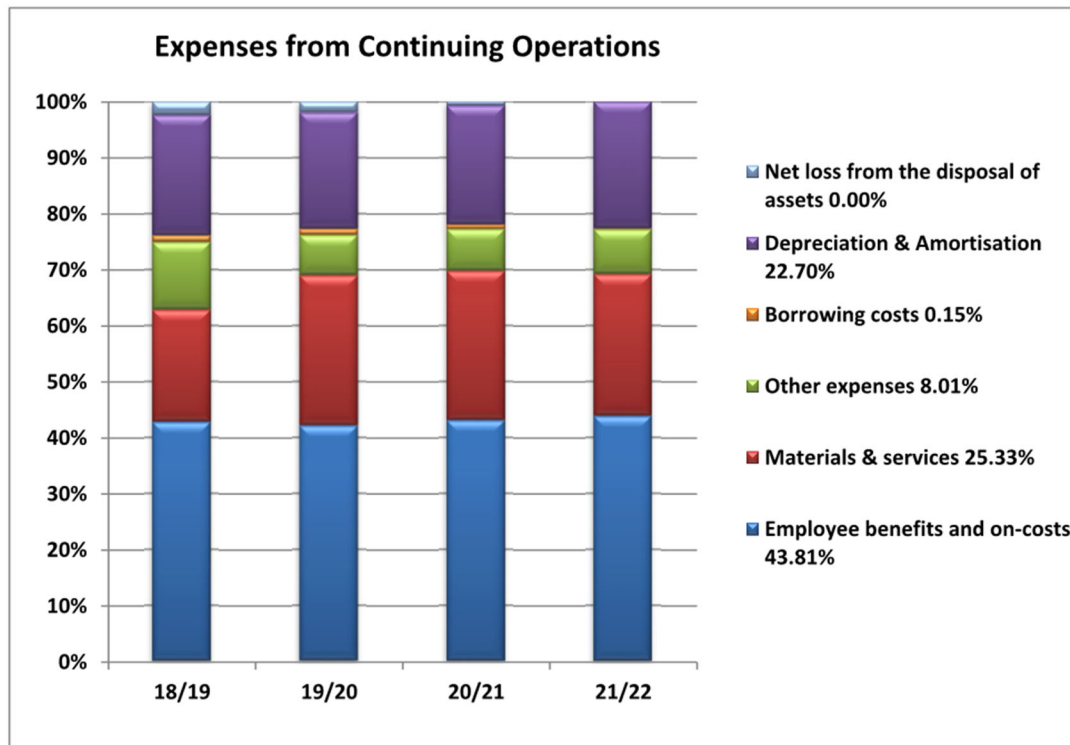


## Expenses

Expenses from Continuing Operations for 2021-2022 totaled \$287.8M, a decrease on prior year expenditure of \$0.5M.

In terms of composition, the proportion of each expenditure category against total expenses from continuing operations has remained consistent compared to prior years.

Material budget variations from the 2021-2022 year for income and expenditure items are detailed in Note B5-1 of the statements.



## Wollongong City Council

### Historical Financial Data

#### Income Statement

	Notes	Actual 2018/19 \$'000	Actual 2019/20 \$'000	Actual 2020/21 \$'000	Actual 2021/22 \$'000
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
Rates & Annual Charges	B2-1	199,524	205,118	211,126	216,919
User Charges & Fees	B2-2	32,793	28,695	30,864	29,230
Other Revenues	B2-3	12,125	4,794	6,444	5,167
Grants & Contributions provided for Operating Purposes	B2-4	28,856	30,727	30,782	41,841
Grants & Contributions provided for Capital Purposes	B2-4	59,656	47,472	34,478	45,402
Interest and Investment Revenue	B2-5	5,069	3,360	1,986	1,689
Other Income	B2-6	511	7,290	6,672	6,448
Net gain from the disposal of assets	B4-1	-	-	-	563
<b>Total Income from Continuing Operations</b>		<b>338,536</b>	<b>327,456</b>	<b>322,352</b>	<b>347,259</b>
<b>Expenses from Continuing Operations</b>					
<b>Employee Benefits &amp; On-Costs</b>					
Employee Benefits & On-Costs	B3-1	122,445	122,912	123,589	126,077
Materials & Services	B3-2	57,432	78,344	76,619	72,910
Borrowing Costs	B3-3	3,337	3,052	2,179	437
Depreciation & Amortisation	B3-4	61,781	60,845	61,203	65,329
Other Expenses	B3-5	34,571	21,085	21,755	23,054
Fair value decrement on investment properties		-	-	-	-
Net Losses from the Disposal of Assets	B4-1	6,856	5,686	1,995	-
<b>Total Expenses from Continuing Operations</b>		<b>286,422</b>	<b>291,924</b>	<b>287,340</b>	<b>287,807</b>
<b>Operating Result from Continuing Operations</b>		<b>52,114</b>	<b>35,532</b>	<b>35,012</b>	<b>59,452</b>
<b>NET OPERATING RESULT FOR THE YEAR</b>		<b>52,114</b>	<b>35,532</b>	<b>35,012</b>	<b>59,452</b>
<b>Less:</b>					
Grants & Contributions provided for Capital Purposes	B2-4	59,656	47,472	34,478	45,402
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(7,542)</b>	<b>(11,940)</b>	<b>534</b>	<b>14,050</b>

This Statement is to be read in conjunction with the Notes in the body of the financial statements.

## Wollongong City Council

### Historical Financial Data

#### Statement of Financial Position

	Notes	Actual 2018/19 \$'000	Actual 2019/20 \$'000	Actual 2020/21 \$'000	Actual 2021/22 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash & cash equivalents	C1-1	25,187	56,051	52,320	34,118
Investments	C1-2	114,579	97,423	103,334	88,185
Receivables	C1-4	36,620	21,667	21,859	24,674
Inventories	C1-5	337	381	463	461
Contract Assets	C1-6	-	5,669	4,707	9,711
Non-current Assets held for sale	C1-7	-	-	111	65
Other		11,879	10,572	6,682	6,881
<b>Total current assets</b>		<b>188,602</b>	<b>191,763</b>	<b>189,476</b>	<b>164,095</b>
<b>Non-current assets</b>					
Cash assets	C1-1	-	-	-	-
Investments	C1-2	15,056	4,000	15,199	39,730
Inventories	C1-5	5,948	5,972	5,972	5,972
Receivables	C1-4	-	-	-	-
Infrastructure, property, plant & equipment	C1-8	2,570,098	2,631,186	2,665,790	3,347,445
Investments accounted for using the equity method		2,929	3,484	-	-
Investment property	C1-9	5,000	5,000	4,600	5,600
Intangible assets	C1-10	440	254	152	76
Right of use assets	C2-1	-	1,790	1,471	1,094
Non-current assets classified as 'held for sale'		-	-	-	-
Other		-	-	-	-
<b>Total non-current assets</b>		<b>2,599,471</b>	<b>2,651,686</b>	<b>2,693,184</b>	<b>3,399,917</b>
<b>TOTAL ASSETS</b>		<b>2,788,073</b>	<b>2,843,449</b>	<b>2,882,660</b>	<b>3,564,012</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	C3-1	30,006	30,592	26,621	27,376
Income received in advance		5,014	-	-	-
Contract Liabilities	C3-2	-	3,572	8,177	5,491
Lease Liabilities		-	341	377	403
Borrowings	C3-3	7,934	5,260	5,497	3,569
Employee benefits provisions	C3-4	-	58,204	56,768	51,705
Provisions	C3-5	58,214	2,880	2,621	3,891
<b>Total current liabilities</b>		<b>101,168</b>	<b>100,849</b>	<b>100,061</b>	<b>92,435</b>
<b>Non-current liabilities</b>					
Payables	C3-1	385	-	-	-
Lease Liabilities	C2-1	-	1,519	1,194	788
Borrowings	C3-3	17,497	12,439	6,942	3,374
Employee benefits provisions	C3-4	-	905	957	792
Provisions	C3-5	47,054	38,871	38,357	27,879
<b>Total non-current liabilities</b>		<b>64,936</b>	<b>53,734</b>	<b>47,450</b>	<b>32,833</b>
<b>TOTAL LIABILITIES</b>		<b>166,104</b>	<b>154,583</b>	<b>147,511</b>	<b>125,268</b>
<b>NET ASSETS</b>		<b>\$ 2,621,969</b>	<b>2,688,866</b>	<b>2,735,149</b>	<b>3,438,744</b>
<b>EQUITY</b>					
Retained earnings	C4-1	1,468,848	1,481,079	1,518,472	1,576,459
Revaluation reserves	C4-1	1,153,121	1,207,790	1,216,677	1,862,285
		-	-	-	-
<b>Council Equity Interest</b>		<b>2,621,969</b>	<b>2,688,869</b>	<b>2,735,149</b>	<b>3,438,744</b>
Minority Equity Interest		-	-	-	-
<b>TOTAL EQUITY</b>		<b>\$ 2,621,969</b>	<b>2,688,869</b>	<b>2,735,149</b>	<b>3,438,744</b>

This Statement is to be read in conjunction with the Notes in the body of the financial statements.

# Wollongong City Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

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## Wollongong City Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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#### Overview

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

41 Burelli Street  
Wollongong NSW 2500

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

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

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

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



## Wollongong City Council

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

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

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

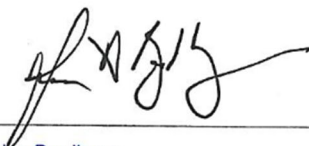
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

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



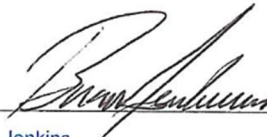
Gordon Bradbery  
Lord Mayor  
28 November 2022



Tania Brown  
Deputy Lord Mayor  
28 November 2022



Greg Doyle  
General Manager  
28 November 2022



Brian Jenkins  
Responsible Accounting Officer  
28 November 2022

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

## Wollongong City Council

### Income Statement

for the year ended 30 June 2022

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

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



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

## Wollongong City Council

### Statement of Comprehensive Income

for the year ended 30 June 2022

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

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

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

## Wollongong City Council

### Statement of Financial Position

as at 30 June 2022

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

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

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

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

## Wollongong City Council

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

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

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

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

## Wollongong City Council

### Statement of Cash Flows

for the year ended 30 June 2022

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

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

## Wollongong City Council

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## Wollongong City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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

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

#### Basis of preparation

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

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

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

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

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

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

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

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

- general purpose operations

#### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes

## A1-1 Basis of preparation (continued)

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

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

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

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

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

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

### New accounting standards adopted during the year

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

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

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



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

## B Financial Performance

### B1 Functions or activities

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

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

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

## B1-2 Components of functions or activities

---

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

### Planning and engagement

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

### Environment

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

### Transport services/infrastructure

Transport Services and Infrastructure works

### Community services/facilities

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

### Recreation and open space

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

### Regulatory services and safety

Emergency Management, Development Assessment, Regulatory Control, Public Health

### Governance and internal services

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

### Contributed Assets

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

## B2 Sources of income

### B2-1 Rates and annual charges

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

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

#### Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

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

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates (mandatory) and are in substance a rates payment.

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

## B2-2 User charges and fees

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

### Accounting policy

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

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

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

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

## B2-3 Other revenues

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

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

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



## B2-4 Grants and contributions (continued)

### Developer contributions

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

### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants</b>				
Unspent funds at 1 July	4,335	3,122	5,352	446
<b>Add:</b> funds received and not recognised as revenue in the current year	4,190	1,843	565	5,204
<b>Less:</b> funds received in prior year but revenue recognised and funds spent in current year	(1,559)	(630)	(4,505)	(298)
<b>Unspent funds at 30 June</b>	<b>6,966</b>	<b>4,335</b>	<b>1,412</b>	<b>5,352</b>
<b>Unspent contributions</b>				
Unspent funds at 1 July	73	1	38,761	35,448
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	72	14,001	14,266
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(12,563)	(10,953)
<b>Unspent contributions at 30 June</b>	<b>73</b>	<b>73</b>	<b>40,199</b>	<b>38,761</b>

## B2-4 Grants and contributions (continued)

### Accounting policy

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

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

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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



## B2-5 Interest and investment income

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

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		1,000	–
<b>Total fair value increment on investment properties</b>	C1-9	<b>1,000</b>	<b>–</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		–	206
<b>Total Fair value increment on investments</b>		<b>–</b>	<b>206</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		454	434
<b>Total Investment properties</b>		<b>454</b>	<b>434</b>
<b>Other lease income</b>			
Room/Facility Hire		431	365
Leaseback fees - council vehicles		694	678
Other Council Properties		3,869	4,989
<b>Total other lease income</b>		<b>4,994</b>	<b>6,032</b>
<b>Total rental income</b>	C2-2	<b>5,448</b>	<b>6,466</b>
<b>Total other income</b>		<b>6,448</b>	<b>6,672</b>

## B3 Costs of providing services

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

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

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

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

## B3-2 Materials and services

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

### Accounting policy

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

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

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

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

### B3-3 Borrowing costs

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

#### Accounting policy

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

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

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

#### Accounting policy

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets, Note C1-10 for intangible assets and Note C2-1 for right-of-use assets.

##### Impairment of non-financial assets

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

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

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

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

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



## B3-5 Other expenses

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

### Accounting policy

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

Impairment expenses are recognised when identified.

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

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

## B4 Gains or losses

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

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

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

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

## B5-1 Material budget variations (continued)

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

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

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

#### Reconciliation of cash and cash equivalents

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

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	8,030	–	3,221	–
NCD's, FRN's (with maturities > 3 months)	44,720	–	45,398	–
Mortgage backed securities	1,685	–	1,715	–
CivicRisk Mutual Limited	–	2,530	–	3,199
<b>Total</b>	<b>54,435</b>	<b>2,530</b>	<b>50,334</b>	<b>3,199</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	33,750	37,200	53,000	12,000
<b>Total</b>	<b>33,750</b>	<b>37,200</b>	<b>53,000</b>	<b>12,000</b>
<b>Total financial investments</b>	<b>88,185</b>	<b>39,730</b>	<b>103,334</b>	<b>15,199</b>



## C1-2 Financial investments (continued)

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

### Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs, managed funds, mortgage backed securities and interest in CivicRisk Mutual in the Statement of Financial Position.

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

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

#### External restrictions

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

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

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

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

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

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

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

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

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

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

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

## C1-4 Receivables

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

### Accounting policy

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

#### Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

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

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

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

### Represented by:

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

### Movements:

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

### Accounting policy

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

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

#### Land held for resale

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

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



## C1-6 Contract assets

### Contract assets

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

### Accounting policy

#### Contract assets

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

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

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

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

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

### Details of assets

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

### Accounting policy

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

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

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

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

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

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

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

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

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

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

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

#### Revaluation Model

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

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

#### Land under roads

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

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

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

### Crown reserves

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

### Rural Fire Service assets

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

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

## C1-9 Investment properties

### Owned investment property

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

### Accounting policy

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



## C1-10 Intangible assets

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

### Accounting policy

#### IT development and software

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

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Land & Buildings

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

#### Extension options

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

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

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

#### (a) Right of use assets

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

#### (b) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	403	617	171	1,191	1,191
<b>2021</b>					
Cash flows	377	763	431	1,571	1,571

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

### (c) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	47	58
Depreciation of right of use assets	377	378
	<b>424</b>	<b>436</b>

### (d) Statement of Cash Flows

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

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

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

- pedestrian crossings and bridges
- boat ramp

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

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

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

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

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

### Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

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

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

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

#### Accounting policy

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

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

#### Payables

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



## C3-2 Contract Liabilities

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

### Notes

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

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

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

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

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

### Significant changes in contract liabilities

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

### Accounting policy

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

### C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured <sup>1</sup>	3,569	3,374	5,497	6,942
<b>Total borrowings</b>	<b>3,569</b>	<b>3,374</b>	<b>5,497</b>	<b>6,942</b>

(1) Loans are secured over the general rating income of Council. Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1.

#### Borrowings relating to restricted assets

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

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

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

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

#### (b) Financing arrangements

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

continued on next page ...

### C3-3 Borrowings (continued)

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

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

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

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	39,591	45,373
	<b>39,591</b>	<b>45,373</b>

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C3-5 Provisions

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

## Description of and movements in provisions

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

## Nature and purpose of provisions

### Asset remediation

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

### Self-insurance - workers compensation

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

### Self-insurance - claims incurred

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

### Accounting policy

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



## C3-5 Provisions (continued)

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

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

### Asset Remediation/Restoration

#### Restoration

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

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

#### Rehabilitation

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

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

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

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

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

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

### Self-insurance - workers compensation

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

### Self-insurance - claims incurred

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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Council utilises only a general fund for its operations.

## D2 Interests in other entities

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

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

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

#### Reasons for non-recognition

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

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

#### Reasons for non-recognition

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

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

#### Reasons for non-recognition

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

## E Risks and accounting uncertainties

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

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

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

\$ '000	2022	2021
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The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,051	1,189
Impact of a 10% movement in price of investments		
Possible impact of a 10% movement in price of investments	5,441	5,033

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

### (b) Credit risk

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

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

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

Council makes suitable provision for the impairment of receivables as required

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

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

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

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

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

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



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

### (c) Liquidity risk

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

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

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

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

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

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

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

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

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

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

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

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

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

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

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

Level 2 inputs include;

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

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

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

Level 3 inputs include;

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

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

#### Financial assets

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

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

#### Investment property

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

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

## E2-1 Fair value measurement (continued)

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

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

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

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

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

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

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

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

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

### Operational Land

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

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

### Community & Crown Land

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

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



## E2-1 Fair value measurement (continued)

### Land Under Roads

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

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

### Buildings – Non-Specialised and Specialised

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

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

### Intangible Assets

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

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

### Other Structures

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

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

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

### Other Open Space / Recreational Assets

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

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

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



## E2-1 Fair value measurement (continued)

### Swimming Pools – Structures

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

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

### Artworks

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

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

### Library Books

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

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

### Other Assets

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

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

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

### Tip Remediation Asset

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

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

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

## E2-1 Fair value measurement (continued)

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

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

## E2-1 Fair value measurement (continued)

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

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

## E2-1 Fair value measurement (continued)

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

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

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

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

## E3-1 Contingencies

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

### ASSETS NOT RECOGNISED

#### 1. Land under roads

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

### LIABILITIES NOT RECOGNISED

#### 1. Bank Guarantees

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

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

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

#### 2. Defined benefit superannuation contribution plans

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

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

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

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

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

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

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

\* For 180 Point Members, Employers were required to contribute 7.5% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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



## E3-1 Contingencies (continued)

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$2.401M. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

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

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

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

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

Investment return	5.5% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

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

### 3. Third party claims

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

## E3-1 Contingencies (continued)

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### 4. Development Contributions

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

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

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

### 5. Greenhouse Park

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

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

### 6. Helensburgh Landfill Site

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

### 7. Native Title

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	2,342	2,303
Termination benefits	144	154
<b>Total</b>	<b>2,486</b>	<b>2,457</b>

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

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

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

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	102	100
Councillors' fees	391	384
Other Councillors' expenses (including Mayor)	43	37
<b>Total</b>	<b>536</b>	<b>521</b>

#### F1-3 Other related parties

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

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

2021

#### Associates

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

## F2 Other relationships

### F2-1 Audit fees

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

#### Auditors of the Council - NSW Auditor-General:

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

Audit and review of financial statements

	211	152
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<b>Remuneration for audit and other assurance services</b>	<b>211</b>	<b>152</b>
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<b>Total Auditor-General remuneration</b>	<b>211</b>	<b>152</b>
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#### Non NSW Auditor-General audit firms

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

Other audit and assurance services

	10	13
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<b>Remuneration for audit and other assurance services</b>	<b>10</b>	<b>13</b>
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<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>10</b>	<b>13</b>
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<b>Total audit fees</b>	<b>221</b>	<b>165</b>
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## G Other matters

### G1-1 Statement of Cash Flows information

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

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

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

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

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	–	6,066
Infrastructure	19,237	14,278
Land	–	262
<b>Total commitments</b>	<b>19,237</b>	<b>20,606</b>

#### Details of capital commitments

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

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Changes in accounting policy

#### Adoption of new accounting standards

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

### G4-2 Correction of errors

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

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

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

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

continued on next page ...

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## G4-2 Correction of errors (continued)

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

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

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

### G5-1 Summary of developer contributions

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

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

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

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

	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash					
CONTRIBUTION PLAN – WEST DAPTO								
Drainage	9,781	785	497	–	–	–	11,063	–
Roads	(3,840)	6,720	170	–	(6,966)	–	(3,916)	–
Open space	4,599	393	–	–	(631)	–	4,361	–
Community facilities	1,361	9	–	–	–	–	1,370	–
Administration	(1,416)	53	64	–	(296)	–	(1,595)	–
Total	10,485	7,960	731	–	(7,893)	–	11,283	–

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

## S7.12 Levies – under a plan

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

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

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

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



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

### G5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – CALDERWOOD <sup>A, B, C</sup>								
Roads	356	–	–	–	–	–	356	–
Total	356	–	–	–	–	–	356	–

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

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

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

### G5-4 S7.4 planning agreements

#### S7.4 planning agreements

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

## G6 Statement of performance measures

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

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

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

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

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

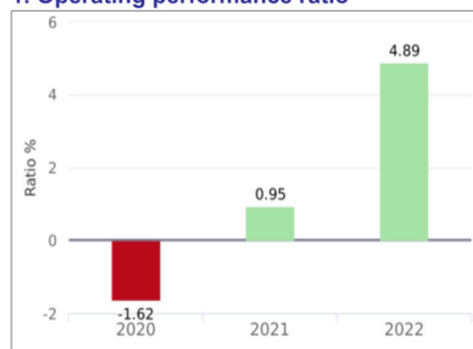
(4) Refer to Notes C3-1 to C3-5 inclusive. Excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

End of the audited financial statements

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 4.89%

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

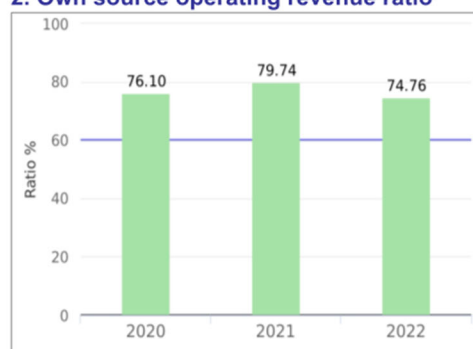
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 74.76%

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

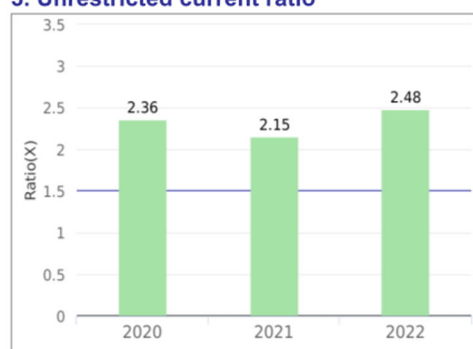
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2021/22 result

2021/22 ratio 2.48x

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

Benchmark: — > 1.50x

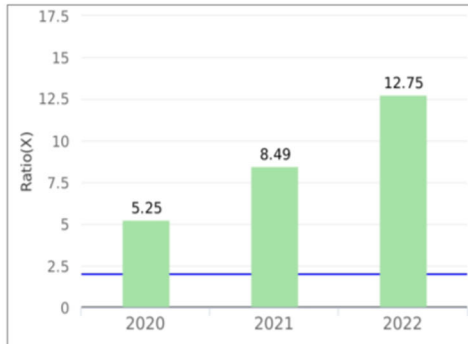
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 12.75x

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

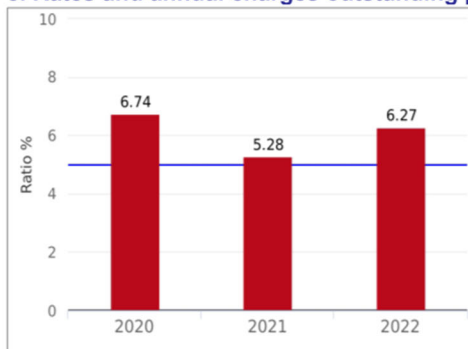
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



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

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

#### Commentary on 2021/22 result

2021/22 ratio 6.27%

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

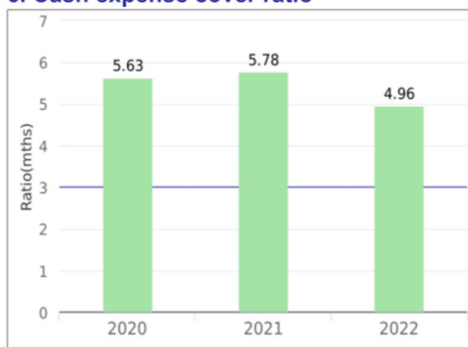
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 4.96 months

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

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

41 Burelli Street  
Wollongong NSW 2500

**Contact details**

**Mailing Address:**

Locked Bag 8821  
Wollongong NSW 2500

**Telephone:** (02) 4227 7111

**Facsimile:** (02) 4227 7277

**Opening hours:**

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

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

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

**Officers**

**GENERAL MANAGER**

Greg Doyle

**RESPONSIBLE ACCOUNTING OFFICER**

Brian Jenkins

**PUBLIC OFFICER**

Todd Hopwood

**AUDITORS**

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

**Elected members**

**LORD MAYOR**

Gordon Bradbery

**COUNCILLORS**

**Ward 1**

Mithra Cox  
Janice Kershaw  
Richard Martin  
Cameron Walters

**Ward 2**

Cath Blakey  
David Brown  
Tania Brown  
John Dorahy

**Ward 3**

Elisha Aitken  
Linda Campbell  
Dom Figliomeni  
Ann Martin

**Other information**

**ABN:** 63 139 525 939





## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Wollongong City Council

To the Councillors of Wollongong City Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:


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

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

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

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

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



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

28 November 2022  
SYDNEY



Councillor Gordon Bradbery AM  
Lord Mayor  
Wollongong City Council  
Locked Bag 8821  
WOLLONGONG DC NSW 2500

Contact: Lisa Berwick  
Phone no: 02 9275 7165  
Our ref: D2224949 / 1811

28 November 2022

Dear Mr Bradbery

### Report on the Conduct of the Audit for the year ended 30 June 2022 Wollongong City Council

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

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

## INCOME STATEMENT

### Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	216.9	211.1	↑ 2.7
Grants and contributions revenue	87.2	65.3	↑ 33.5
Operating result from continuing operations	59.5	35.0	↑ 70.0
Net operating result before capital grants and contributions	14.0	0.5	↑ 2,700

Rates and annual charges revenue (\$216.9 million) increased by \$5.8 million (2.7 per cent) in 2021–22. This increase is attributable to the:

- rate peg percentage of 2.0 per cent for 2021–22 combined with a general increase in the number of rateable assessments for residential and business land types.
- \$1.1 million increase in the annual charge for domestic waste management services because of an increase in the number of rateable land types requiring domestic waste management.

Grants and contributions revenue (\$87.2 million) increased by \$21.9 million (33.5 per cent) in 2021–22 due to an increase of:

- \$5.7 million for Financial Assistance Grants
- \$9.6 million for special purpose capital grants relating to other roads and bridges funding as well as parks, gardens and sports fields recognised
- \$8.1 million of capital non-cash contributions from dedications - subdivisions recognised which included foot paths and roads contributed to the council.

The Council's operating result from continuing operations of \$59.5 million was 70.0 per cent higher than the 2020–21 result.

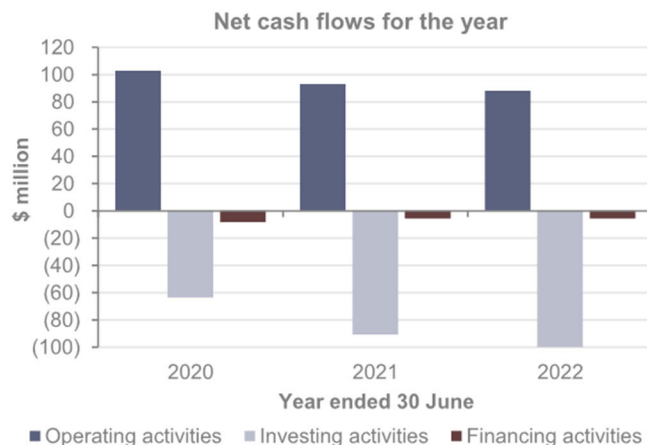
The net operating result before capital grants and contributions (\$14.0 million) was \$13.5 million higher than the 2020–21 result. The increase was primarily driven by:

- an increase in rates and annual charges of \$5.8 million
- an increase in grants and contributions for operating purposes of \$11.0 million
- a decrease in material and services expenses of \$3.7 million
- an increase in employee benefits and on-costs of \$2.5 million offset the increase of the net operating result before capital grants
- an increase in depreciation, amortisation and impairment of non-financial assets expense of \$4.1 million during the year.

## STATEMENT OF CASH FLOWS

Net cash flows from operating activities decreased by \$4.8 million. This was mainly due to higher payments for Employee Benefits (\$6.3 million) and other expenses (\$8.9 million) offset by decrease in Materials and Services (\$2.7 million cash paid) and increase in higher receipts from Grants and Contributions<sup>1</sup> (\$5.6 million) and user charges and fees and rates and annual charges (\$2.9 million).

Cashflows from investing activities decreased by \$9.4 million. This was due to increased purchases of IPP&E (\$18.2 million) offset by lower purchases of investments securities (\$9.8 million) in the current year.



<sup>1</sup> Grants and contributions increased \$21.9 million recognised as per the income statement for current year 2021–22. Only \$5.6 million of this increase related to cash receipted to the Council where the difference of \$15.6 million related to non-cash contributions provided to council as part of developer contributions which the Council recognised as assets maintained.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>162.0</b>	<b>170.9</b>	Council's cash and investments at 30 June 2022 was lower by \$8.9 million. This was mainly due to a decrease in cash and cash equivalents of \$18.2 million offset by an increase in investments held of \$9.4 million in the current year.
Restricted and allocated cash, cash equivalents and investments:			Externally restricted balances primarily relate to developer contributions, domestic waste management, specific purpose unexpended grants and housing affordability.
• External restrictions	75.3	78.1	
• Internal allocations	62.9	70.7	Internally restricted balances primarily relate to strategic projects, property investment fund and West Dapto development.

### Debt

At 30 June 2022, Council had:

- external borrowings of \$7.0 million (2021: \$12.4 million)
- utilised \$3,000 of its credit card facility (2021: \$16,000)
- access to a \$300,000 bank overdraft facility (2021: \$300,000) which was undrawn at the reporting date.

## PERFORMANCE

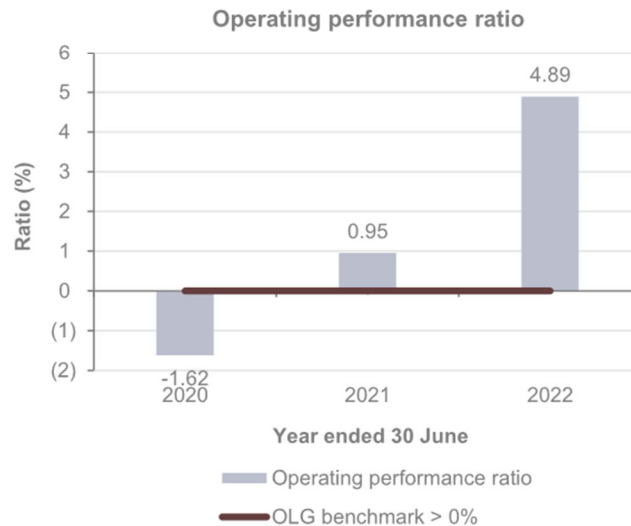
### Performance measures

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

### Operating performance ratio

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

The Council continued to exceed the OLG benchmark in the current reporting period.



### Own source operating revenue ratio

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

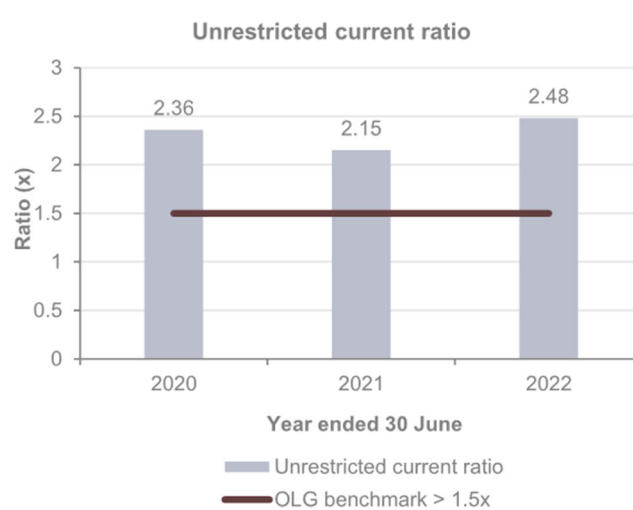
The Council exceeded the OLG benchmark for the current reporting period



### Unrestricted current ratio

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

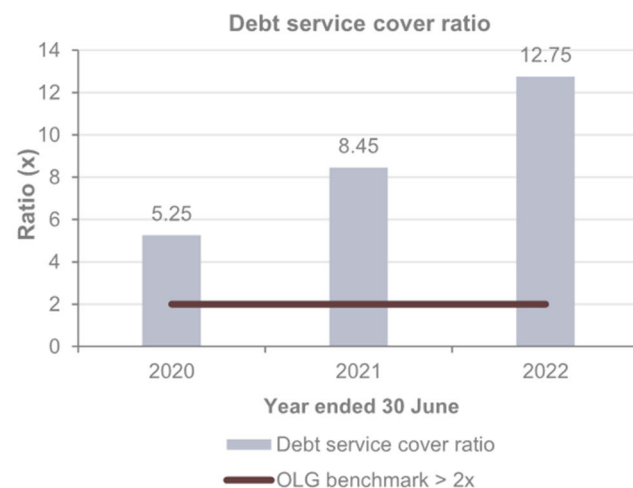
The Council exceeded the OLG benchmark for the current reporting period.



### Debt service cover ratio

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

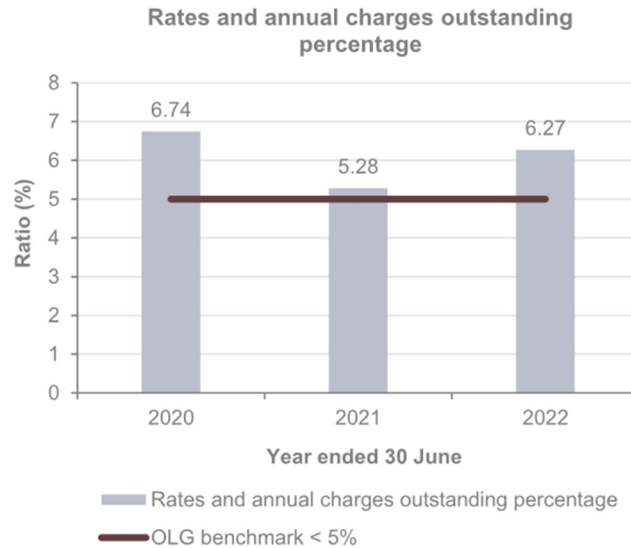
The Council exceeded the OLG benchmark for the current reporting period.



### Rates and annual charges outstanding percentage

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

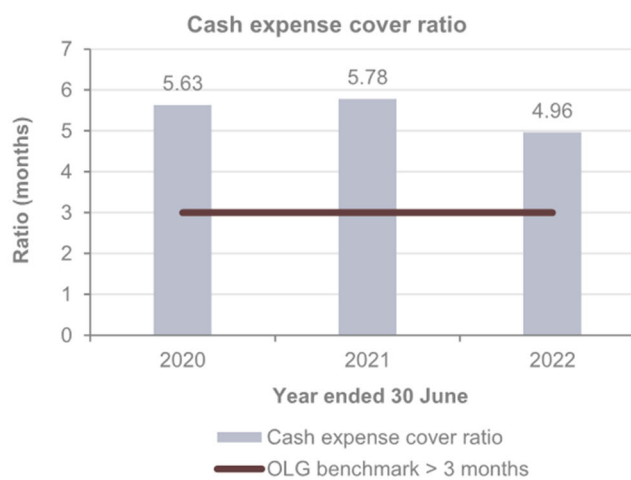
The Council exceeded the OLG benchmark for the current reporting period.



### Cash expense cover ratio

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

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



## OTHER MATTERS

### Legislative compliance

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

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

The Council's:

- accounting records were not maintained in a manner and form that facilitated the efficient preparation and the effective audit of the GPFS
- staff were unable to provide all accounting records and information relevant to the audit in a timely manner.



Lisa Berwick  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Greg Doyle, General Manager  
Ms Donna Rygate, Chair of Audit, Risk and Improvement Committee  
Mr Michael Cassel, Secretary of the Department of Planning and Environment



# Wollongong City Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2022

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## Wollongong City Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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

#### Background

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

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

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

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

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

## Wollongong City Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

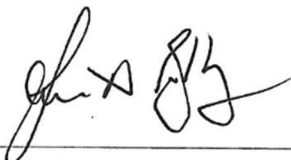
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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

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

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

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



Gordon Bradbery

Lord Mayor

28 November 2022



Tania Brown

Deputy Lord Mayor

28 November 2022



Greg Doyle

General Manager

28 November 2022



Brian Jenkins

Responsible Accounting Officer

28 November 2022

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

## Wollongong City Council

### Income Statement of Waste Disposal

for the year ended 30 June 2022

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

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

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

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

## Wollongong City Council

### Income Statement of Tourist parks

for the year ended 30 June 2022

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

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



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

## Wollongong City Council

### Income Statement of Health & Fitness

for the year ended 30 June 2022

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

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

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

## Wollongong City Council

### Statement of Financial Position of Waste Disposal

as at 30 June 2022

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

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

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

## Wollongong City Council

### Statement of Financial Position of Tourist parks

as at 30 June 2022

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

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

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

## Wollongong City Council

### Statement of Financial Position of Health & Fitness

as at 30 June 2022

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

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

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

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

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

#### Category 2

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

Nil

### Taxation equivalent charges

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

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



## Note – Significant Accounting Policies (continued)

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

### Notional rate applied (%)

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

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

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

### Income tax

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

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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

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

The rate of return is calculated as follows:

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

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

## Note – Significant Accounting Policies (continued)

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

### (iii) Dividends

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

### Infrastructure, Property, Plant & Equipment

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Wollongong City Council

To the Councillors of Wollongong City Council

### Opinion

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

The Declared Business Activities of the Council are:

- Waste Disposal
- Tourist Park
- Health and Fitness

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

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

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

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

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

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



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

28 November 2022  
SYDNEY



# Wollongong City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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## Wollongong City Council

### Special Schedules

for the year ended 30 June 2022

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Report on infrastructure assets as at 30 June 2022	5

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

## Wollongong City Council

### Permissible income for general rates

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

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Wollongong City Council

To the Councillors of Wollongong City Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:

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

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

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



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

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



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

28 November 2022  
SYDNEY

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

## Wollongong City Council

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

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

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

#### Infrastructure asset condition assessment 'key'

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

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

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

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## Wollongong City Council

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

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#### Asset Condition Definitions #

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

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

## Wollongong City Council

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

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

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

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

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.