

# Snowy Monaro Regional Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

---





# Snowy Monaro Regional Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

---



# Snowy Monaro Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2022

---

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	<b>3</b>
<b>2. Statement by Councillors and Management</b>	<b>4</b>
<b>3. Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>4. Notes to the Financial Statements</b>	<b>10</b>
<b>5. Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	77
On the Financial Statements (Sect 417 [3])	81

---

### Overview

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

81 Commissioner Street  
COOMA NSW 2630

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

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

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

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

# Snowy Monaro Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2022

## Understanding Council's Financial Statements

---

### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

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

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

# Snowy Monaro Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

---

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

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

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

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

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

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

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



Narelle Davis

**Mayor**

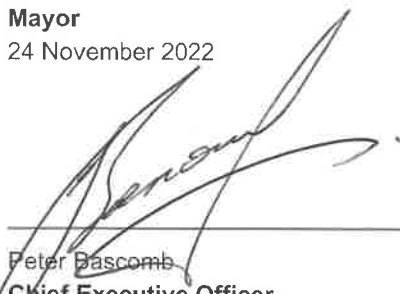
24 November 2022



Tanya Higgins

**Councillor**

24 November 2022



Peter Bascomb

**Chief Executive Officer**

24 November 2022



Tracy Sligar

**Responsible Accounting Officer**

24 November 2022

# Snowy Monaro Regional 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>			
34,485	Rates and annual charges	B2-1	<b>32,709</b>	31,221
14,387	User charges and fees	B2-2	<b>18,608</b>	15,347
447	Other revenues	B2-3	<b>3,282</b>	1,315
23,339	Grants and contributions provided for operating purposes	B2-4	<b>30,353</b>	23,236
27,223	Grants and contributions provided for capital purposes	B2-4	<b>22,514</b>	9,775
1,380	Interest and investment revenue	B2-5	<b>1,036</b>	1,183
1,063	Other income	B2-6	<b>990</b>	844
1,034	Net gain from the disposal of assets	B4-1	<b>—</b>	—
<b>103,358</b>	<b>Total income from continuing operations</b>		<b>109,492</b>	82,921
	<b>Expenses from continuing operations</b>			
32,302	Employee benefits and on-costs	B3-1	<b>33,182</b>	33,425
26,413	Materials and services	B3-2	<b>32,655</b>	27,464
134	Borrowing costs	B3-3	<b>266</b>	487
19,507	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>19,655</b>	22,039
2,045	Other expenses	B3-5	<b>1,625</b>	13,950
—	Net loss from the disposal of assets	B4-1	<b>818</b>	640
<b>80,401</b>	<b>Total expenses from continuing operations</b>		<b>88,201</b>	98,005
<b>22,957</b>	<b>Operating result from continuing operations</b>		<b>21,291</b>	(15,084)
<b>22,957</b>	<b>Net operating result for the year attributable to Council</b>		<b>21,291</b>	(15,084)
<b>(4,265)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,223)</b>	(24,859)

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

# Snowy Monaro Regional 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>21,291</b>	<b>(15,084)</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 & Equipment	C1-7	<b>169,926</b>	4,632
Impairment (loss) reversal relating to infrastructure, property, plant and equipment	C1-7	<b>(5,156)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>164,770</b>	4,632
<b>Total other comprehensive income for the year</b>		<b>164,770</b>	4,632
<b>Total comprehensive income for the year attributable to Council</b>		<b>186,061</b>	<b>(10,452)</b>

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



## Snowy Monaro Regional Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	47,494	38,008
Investments	C1-2	19,000	17,000
Receivables	C1-4	21,377	14,927
Inventories	C1-5	2,313	2,397
Contract assets and contract cost assets	C1-6	4,153	–
Other	C1-9	703	560
<b>Total current assets</b>		<b>95,040</b>	<b>72,892</b>
<b>Non-current assets</b>			
Investments	C1-2	20,000	21,000
Receivables	C1-4	–	36
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,399,997	1,218,076
Intangible assets	C1-8	3,251	3,745
Right of use assets	C2-1	53	103
<b>Total non-current assets</b>		<b>1,423,301</b>	<b>1,242,960</b>
<b>Total assets</b>		<b>1,518,341</b>	<b>1,315,852</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	17,127	9,567
Contract liabilities	C3-2	19,904	9,090
Lease liabilities	C2-1	23	76
Borrowings	C3-3	27	297
Employee benefit provisions	C3-4	7,000	6,855
<b>Total current liabilities</b>		<b>44,081</b>	<b>25,885</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	33	38
Borrowings	C3-3	12	58
Provisions	C3-5	29,390	31,107
<b>Total non-current liabilities</b>		<b>29,435</b>	<b>31,203</b>
<b>Total liabilities</b>		<b>73,516</b>	<b>57,088</b>
<b>Net assets</b>		<b>1,444,825</b>	<b>1,258,764</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	1,191,063	1,169,772
IPPE revaluation reserve	C4-1	253,762	88,992
<b>Council equity interest</b>		<b>1,444,825</b>	<b>1,258,764</b>
<b>Total equity</b>		<b>1,444,825</b>	<b>1,258,764</b>

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

## Snowy Monaro Regional 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		1,169,772	88,992	1,258,764	1,184,856	84,360	1,269,216
Net operating result for the year		21,291	–	21,291	(15,084)	–	(15,084)
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of infrastructure, property, plant & equipment	C1-7	–	169,926	169,926	–	4,632	4,632
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(5,156)	(5,156)	–	–	–
<b>Total comprehensive income</b>		<b>21,291</b>	<b>164,770</b>	<b>186,061</b>	<b>(15,084)</b>	<b>4,632</b>	<b>(10,452)</b>
<b>Closing balance</b>		<b>1,191,063</b>	<b>253,762</b>	<b>1,444,825</b>	<b>1,169,772</b>	<b>88,992</b>	<b>1,258,764</b>

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

## Snowy Monaro Regional 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>				
<b>Receipts:</b>				
34,485	Rates and annual charges		<b>32,805</b>	30,649
15,233	User charges and fees		<b>15,754</b>	14,730
1,380	Interest received		<b>1,185</b>	1,330
50,562	Grants and contributions		<b>56,672</b>	37,948
–	Bonds, deposits and retentions received		<b>12</b>	–
787	Other		<b>9,615</b>	7,062
<b>Payments:</b>				
(32,021)	Payments to employees		<b>(32,958)</b>	(33,118)
(19,105)	Payments for materials and services		<b>(28,157)</b>	(32,264)
(134)	Borrowing costs		<b>(18)</b>	(49)
–	Bonds, deposits and retentions refunded		<b>–</b>	(204)
(9,756)	Other		<b>(4,023)</b>	(3,840)
<b>41,431</b>	<b>Net cash provided from (or used in) operating activities</b>	G1-1	<b>50,887</b>	22,244
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Redemption of term deposits		<b>9,000</b>	34,000
1,034	Proceeds from sale of IPPE		<b>1,728</b>	1,197
<b>Payments:</b>				
–	Acquisition of term deposits		<b>(10,000)</b>	–
(47,230)	Payments for IPPE		<b>(41,735)</b>	(21,603)
–	Purchase of intangible assets		<b>–</b>	(3,771)
<b>(46,196)</b>	<b>Net cash provided from (or used in) investing activities</b>		<b>(41,007)</b>	9,823
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
–	Repayment of borrowings		<b>(316)</b>	(521)
–	Principal component of lease payments		<b>(78)</b>	(84)
–	<b>Net cash flows from financing activities</b>		<b>(394)</b>	(605)
<b>(4,765)</b>	<b>Net change in cash and cash equivalents</b>		<b>9,486</b>	31,462
6,546	Cash and cash equivalents at beginning of reporting period		<b>38,008</b>	6,546
<b>1,781</b>	<b>Cash and cash equivalents at end of reporting period</b>	C1-1	<b>47,494</b>	38,008
38,000	Investments on hand – end of year	C1-2	<b>39,000</b>	38,000
<b>39,781</b>	<b>Total cash, cash equivalents and investments</b>		<b>86,494</b>	76,008

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

# Snowy Monaro Regional Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2022

---

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>14</b>
<b>B1 Functions or activities</b>	<b>14</b>
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
<b>B2 Sources of income</b>	<b>16</b>
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment revenue	22
B2-6 Other income	22
<b>B3 Costs of providing services</b>	<b>23</b>
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
<b>B4 Gains or losses</b>	<b>27</b>
B4-1 Gain or loss from disposal, replacement and de-recognition of assets	27
<b>B5 Performance against budget</b>	<b>28</b>
B5-1 Material budget variations	28
<b>C Financial position</b>	<b>30</b>
<b>C1 Assets we manage</b>	<b>30</b>
C1-1 Cash and cash equivalents	30
C1-2 Financial investments	30
C1-3 Restricted and allocated cash, cash equivalents and investments	32
C1-4 Receivables	34
C1-5 Inventories	36
C1-6 Contract assets and Contract cost assets	37
C1-7 Infrastructure, property, plant and equipment	38
C1-8 Intangible assets	42
C1-9 Other	42
<b>C2 Leasing activities</b>	<b>43</b>
C2-1 Council as a lessee	43
C2-2 Council as a lessor	46
<b>C3 Liabilities of Council</b>	<b>47</b>
C3-1 Payables	47
C3-2 Contract Liabilities	47
C3-3 Borrowings	48
C3-4 Employee benefit provisions	51

# Snowy Monaro Regional Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2022

---

C3-5 Provisions	52
<b>C4 Reserves</b>	<b>53</b>
C4-1 Nature and purpose of reserves	53
<b>D Council structure</b>	<b>54</b>
<b>D1 Results by fund</b>	<b>54</b>
D1-1 Income Statement by fund	54
D1-2 Statement of Financial Position by fund	55
<b>E Risks and accounting uncertainties</b>	<b>56</b>
E1-1 Risks relating to financial instruments held	56
E2-1 Fair value measurement	59
E3-1 Contingencies	63
<b>F People and relationships</b>	<b>66</b>
<b>F1 Related party disclosures</b>	<b>66</b>
F1-1 Key management personnel (KMP)	66
F1-2 Councillor and Mayoral fees and associated expenses	66
<b>F2 Other relationships</b>	<b>66</b>
F2-1 Audit fees	66
<b>G Other matters</b>	<b>67</b>
G1-1 Statement of Cash Flows information	67
G2-1 Commitments	68
G3-1 Events occurring after the reporting date	68
<b>G4 Statement of developer contributions as at 30 June 2022</b>	<b>69</b>
G4-1 Summary of developer contributions	69
G4-2 Developer contributions by plan	69
G4-3 Contributions not under plans	70
<b>G5 Statement of performance measures</b>	<b>71</b>
G5-1 Statement of performance measures – consolidated results	71
G5-2 Statement of performance measures by fund	72
<b>H Additional Council disclosures (unaudited)</b>	<b>74</b>
H1-1 Statement of performance measures – consolidated results (graphs)	74
H1-2 Council information and contact details	76

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Snowy Monaro Regional Council ("the Council") on 24 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Certain comparative figures in the prior period have been reclassified in order to conform to changes in current year presentation.

#### **Historical cost convention**

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

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) landfill remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

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

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

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

#### **The Consolidated Fund**

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

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

- General purpose operations

continued on next page ...

## A1-1 Basis of preparation (continued)

- Water services
- Sewerage services
- Waste services
- Residential Aged Care

### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. 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 Australian Taxation Office 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 Australian Taxation Office are presented as operating cash flows.

### Volunteer services

Council is supported in some of its functions by volunteers. Whilst the support from volunteers is essential to providing these functions, Council has not recognised the income from the receipt of these volunteer services for the following reasons:

- Community Facility Management (Section 355) – the fair value of these services cannot be reliably measured.
- Community Transport – services would not be 'purchased' if not provided voluntarily.

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

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

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

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

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

### New accounting standards released during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022. Council has reviewed the applicability of all new standards and interpretations and determined that none of these standards had a significant impact on reported position or performance.

### COVID-19 Impact

The COVID-19 pandemic has impacted global, domestic and local economies as a result of this ongoing pandemic. However Council's operations and financial situation has not been significantly impacted for the 2021/22 financial year and Council has responded to the impact on the local economy by providing;

- Advertising for a buy local campaign
- Hardship Criteria for those who were impacted by Covid restrictions extended into 2021-2022 if they also received Covid payments from the Government.
- Rates harmonisation process was delayed until 2021-2022.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions or activities</b>										
Community	16,915	13,238	20,357	24,847	(3,442)	(11,609)	14,827	8,570	117,009	98,181
Economy	31,789	11,036	27,190	21,747	4,599	(10,711)	472	8,401	57,600	4,253
Environment	31,066	29,274	29,591	40,338	1,475	(11,064)	28,157	8,564	1,290,845	1,167,710
Leadership	29,722	29,373	11,063	11,073	18,659	18,300	9,411	7,476	52,887	45,708
<b>Total functions and activities</b>	<b>109,492</b>	<b>82,921</b>	<b>88,201</b>	<b>98,005</b>	<b>21,291</b>	<b>(15,084)</b>	<b>52,867</b>	<b>33,011</b>	<b>1,518,341</b>	<b>1,315,852</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:**

To deliver balanced planning across a complex set of needs for the Snowy Monaro region and the community, Council has aligned its Delivery Program and Operational Plan to the business planning principles of the quadruple bottom line: Community, Economy, Environment and Leadership.

These key themes are influenced by a range of factors, including state government legislation and regional priorities, as well as community conversations, the availability of resources and project affordability. Each theme is informed by outcomes and specific strategies to deliver them.

### **Community - Our communities are welcoming, inclusive and safe; our lifestyle needs are actively considered and planned for; and opportunities exist to enhance our health and social wellbeing.**

- Our region's health and wellbeing needs will be met by providing quality health and well-being services that continually support the changing needs of our community, including community support and aged care services. Our recreation, sporting and leisure facilities will encourage our community to engage in active and healthy lifestyles, and our youth will be supported in reaching their full potential.
- Our region's diverse cultural identity will be preserved and celebrated for the richness it brings to our regional identity, and we will foster and support the arts, creative expression and spaces.
- We are committed to being a safe and caring community. We will develop, maintain and promote safe spaces and facilities that are accessible and inclusive, as well as actively foster and encourage positive social behaviours (including law and order).

### **Economy - We are a vibrant and prosperous community providing opportunities for growth and learning.**

- We will attract diverse businesses and industries to the region, and will foster and support their adaptive, sustainable practices. We will capitalise on our proximity to ACT, Victoria and neighbouring NSW regions.
- We are committed to advocating for and promoting education and lifelong learning opportunities, together with providing access to spaces where people can connect and learn.
- We will acknowledge and celebrate the unique heritage and character of our region's towns and villages, and further promote our visitor accommodation and recreational infrastructure.

### **Environment - Our iconic natural environment and heritage are preserved and enhanced for future generations whilst balancing the needs for regional development and growth.**

- We are committed to protecting and enhancing our existing natural environment, and ensuring our water, waste, sewer and stormwater management practices are contemporary, sustainable and efficient.
- We will ensure that plans for rural, urban and industrial development are sensitive to our region's natural environment and heritage. We will improve and maintain our publicly owned infrastructure and facilities, and advocate for a diverse range of housing and accommodation to suit the changing needs of our community.
- Our community will be connected through efficient transportation networks by ensuring our region's transportation corridors are improved and maintained. We are committed to ensuring our region has access to effective telecommunication infrastructure and services.

### **Leadership - We have contemporary civic leadership and governance that fosters trust and efficiency.**

- We are committed to delivering holistic and integrated planning and decision making, and ensuring we implement sound governance practices to conduct Council business. We will advocate to, and work with, other levels of government, community and industry, and manage service delivery in an efficient and sustainable way.
- We will deliver public services and processes in a reliable and efficient way in response to our community's needs, and utilise sound fiscal management practices in pursuing and attracting other sources of revenue.
- Our community will be consulted and encouraged to engage in the development of plans, services and policies. We will ensure that residents have access to timely, relevant and accurate information on issues that affect them, so they feel empowered to participate in shaping the future of our region.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	10,050	8,856
Farmland	5,727	5,362
Business	1,634	2,431
Less: pensioner rebates	(313)	(367)
<b>Rates levied to ratepayers</b>	<b>17,098</b>	<b>16,282</b>
Pensioner rate subsidies received	205	198
<b>Total ordinary rates</b>	<b>17,303</b>	<b>16,480</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	3,402	3,245
Stormwater management services	15	15
Water supply services	2,853	2,657
Sewerage services	6,929	6,751
Waste management services (non-domestic)	2,120	2,044
Less: pensioner rebates	(232)	(190)
Liquid trade waste	110	104
Onsite sewerage system management	98	97
Pensioner subsidies received:		
– Water	58	8
– Sewerage	53	10
<b>Total annual charges</b>	<b>15,406</b>	<b>14,741</b>
<b>Total rates and annual charges</b>	<b>32,709</b>	<b>31,221</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>User charges</b>			
Water supply services	1	4,717	5,298
Sewerage services	1	1,536	1,577
Waste management services (non-domestic)	2	669	917
<b>Total user charges</b>		<b>6,922</b>	<b>7,792</b>
<b>Fees</b>			
Waste disposal tipping fees	2	2,173	2,148
Aged care	1	1,145	966
Community services	1	384	400
Planning and building regulation	2	2,068	1,235
Cemeteries	2	321	288
RMS – road maintenance (not Council roads)	1	4,801	1,665
Saleyards	2	135	119
Swimming centres	2	102	148
Holiday park fees	2	133	162
Section 10.7 certificates (EP&A Act)	2	91	92
Community Facilities	2	29	32
Section 603 certificates	1	78	78
Sewer fees	2	70	63
Private works- s 67	1	60	44
Animal Control	2	29	25
Inspection Services	2	27	58
Water connection fees	2	4	14
Other	2	36	18
<b>Total fees</b>		<b>11,686</b>	<b>7,555</b>
<b>Total other user charges and fees</b>		<b>11,686</b>	<b>7,555</b>
<b>Total user charges and fees</b>		<b>18,608</b>	<b>15,347</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		9,918	10,028
User charges and fees recognised at a point in time (2)		8,690	5,319
<b>Total user charges and fees</b>		<b>18,608</b>	<b>15,347</b>

### Accounting policy

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

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

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

## B2-3 Other revenues

\$ '000	Timing	2022	2021
Quarry sales	2	11	69
Insurance rebates	2	177	89
Sales - Landfill	2	154	158
Diesel rebate	2	155	230
Fines – parking	2	90	81
Insurance claims recoveries	2	181	152
Commissions and agency fees	2	71	85
Legal fees recovery – rates and charges (extra charges)	2	289	212
Sales – general	2	36	56
Reimbursement of expenses	2	–	61
Landfill legacy sites	2	1,965	–
Other	2	153	122
<b>Total other revenue</b>		<b>3,282</b>	<b>1,315</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		3,282	1,315
<b>Total other revenue</b>		<b>3,282</b>	<b>1,315</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Relating to current year</b>					
Financial assistance – general component	2	3,712	3,339	–	–
Financial assistance – local roads component	2	1,498	1,384	–	–
<b>Prepayment received in advance for subsequent year</b>					
Financial assistance – general component	2	5,699	3,572	–	–
Financial assistance – local roads component	2	2,311	1,486	–	–
<b>Amount recognised as income during current year</b>		<b>13,220</b>	<b>9,781</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Aged care	2	2,860	4,060	453	367
Bushfire and emergency services	2	225	609	–	–
Community care	1	1,593	2,026	–	–
Community transport	1	600	568	–	–
Economic development	1	241	18	36	75
Emergency Services Levy Subsidy	2	42	426	–	–
Employment and training programs	2	195	53	–	–
Heritage and cultural	1	30	44	–	–
Library	1	96	99	3,250	17
Noxious weeds	1	445	653	–	–
NSW rural fire services	1	512	470	2	254
Parks, sportsfields and reserves	1	–	–	972	179
Planning and building regulation	1	80	50	–	–
Recreation and culture	1	392	1	2,621	20
Saleyards	1	–	–	430	–
Storm/flood damage	2	5,569	–	–	–
Sewerage services	1	–	–	800	4,529
Street lighting	2	49	49	–	–
Stronger Communities Fund	1	–	–	–	908
Stronger Country Communities Fund	1	–	–	669	669
Transport (other roads and bridges funding)	1	953	171	11,195	877
Transport (roads to recovery)	1	550	1,744	–	–
Water supplies	1	–	90	–	35
Youth services	1	9	24	32	96
Other specific grants	1	316	4	209	2
Transport for NSW contributions (regional roads, block grant)	1	2,164	2,164	–	–
Other contributions	1	1	23	–	–
Boco Rock Community Fund	1	211	109	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>17,133</b>	<b>13,455</b>	<b>20,669</b>	<b>8,028</b>
<b>Non-cash contributions</b>					
Roads and bridges	2	–	–	105	–
Water supplies (excl. section 64 contributions)	2	–	–	170	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>275</b>	<b>–</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>17,133</b>	<b>13,455</b>	<b>20,944</b>	<b>8,028</b>
<b>Total grants and non-developer contributions</b>		<b>30,353</b>	<b>23,236</b>	<b>20,944</b>	<b>8,028</b>

continued on next page ...

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

<b>\$ '000</b>	Timing	<b>Operating 2022</b>	Operating 2021	<b>Capital 2022</b>	Capital 2021
<b>Comprising</b>					
– Commonwealth funding		<b>19,133</b>	17,484	<b>3,036</b>	2,525
– State funding		<b>10,935</b>	5,609	<b>17,633</b>	5,498
– Other funding		<b>285</b>	143	<b>275</b>	5
		<b>30,353</b>	<b>23,236</b>	<b>20,944</b>	<b>8,028</b>

**Developer contributions**

<b>\$ '000</b>	Notes	Timing	<b>Operating 2022</b>	Operating 2021	<b>Capital 2022</b>	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 7.11 – contributions towards amenities/services		2	–	–	<b>454</b>	362
S 64 – water supply contributions		2	–	–	<b>554</b>	739
S 64 – sewerage service contributions		2	–	–	<b>562</b>	646
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>1,570</b>	<b>1,747</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>1,570</b>	<b>1,747</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>1,570</b>	<b>1,747</b>
<b>Total grants and contributions</b>			<b>30,353</b>	<b>23,236</b>	<b>22,514</b>	<b>9,775</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>8,595</b>	9,369	<b>20,303</b>	8,205
Grants and contributions recognised at a point in time (2)			<b>21,758</b>	13,867	<b>2,211</b>	1,570
<b>Total grants and contributions</b>			<b>30,353</b>	<b>23,236</b>	<b>22,514</b>	<b>9,775</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent funds at 1 July	3,691	4,484	20,932	14,867
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,528	107	4,835	1,782
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	1,512	14,644	7,078
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(1,997)	–	(403)	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	–	(2,412)	(3,830)	(2,795)
<b>Add:</b> Funds not yet received for expenses incurred in the current year	–	–	(4,153)	–
<b>Unspent funds at 30 June</b>	<b>7,222</b>	<b>3,691</b>	<b>32,025</b>	<b>20,932</b>

### Accounting policy

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

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

The performance obligations vary according to the agreement but include when services are rendered, or on completion of services. 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.

## B2-4 Grants and contributions (continued)

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 revenue

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	270	167
– Cash and investments	766	1,016
<b>Total interest and investment income (losses)</b>	<b>1,036</b>	<b>1,183</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Rental income</b>			
<b>Other lease income</b>			
Council Owned Properties		796	652
Leaseback fees - council vehicles		194	192
<b>Total other lease income</b>		<b>990</b>	<b>844</b>
<b>Total rental income</b>	C2-2	<b>990</b>	<b>844</b>
<b>Total other income</b>		<b>990</b>	<b>844</b>



## B3 Costs of providing services

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

\$ '000	2022	2021
Salaries and wages	26,470	27,344
Employee termination costs (where material – other than vested leave paid)	–	111
Travel expenses	9	33
Employee leave entitlements (ELE)	2,920	2,079
ELE on-costs	216	116
Superannuation	2,681	2,557
Superannuation – defined benefit plans	126	171
Workers' compensation insurance	1,692	1,530
Payroll & fringe benefit tax	132	95
Training costs (other than salaries and wages)	221	137
Protective clothing	21	30
Vehicle allowance	172	238
Recruitment expenses	122	125
Other	31	18
<b>Total employee costs</b>	<b>34,813</b>	<b>34,584</b>
Less: capitalised costs	(1,631)	(1,159)
<b>Total employee costs expensed</b>	<b>33,182</b>	<b>33,425</b>
Number of 'full-time equivalent' employees (FTE) at year end	325	339

#### Accounting policy

Employee benefit expense is recognised when the employee has provided services in accordance with their individual employment contract.

#### Retirement benefit obligations

All Council employees are entitled to benefits on retirement, disability or death in accordance with their employment contract. Council contributes to eligible employees defined benefit plan and defined contribution plan 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 E3-1 for more information.

#### Capitalised Costs

Council employees provide services to enable Council to deliver various activities to the community. Where an employee is participating in a construction project their employment cost and associated on-costs are capitalised into the total cost of delivering that project.

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		5,136	4,806
Contractors		19,424	14,183
Consultants		891	1,073
Audit Fees	F2-1	141	129
Councillor and Mayoral fees and associated expenses	F1-2	311	309
Advertising		131	153
Bank charges		98	103
Electricity and heating		1,700	1,695
Insurance		1,217	866
Postage & Freight		103	182
Printing and stationery		203	288
Street lighting		251	255
Telephone and communications		621	700
Valuation fees		111	109
Motor vehicle registration		162	164
Memberships and subscriptions – other		624	515
Software licences		866	1,273
<b>Legal fees:</b>			
– planning and development		79	222
– debt recovery		352	211
– other		81	49
Expenses from leases of low value assets		153	179
<b>Total materials and services</b>		<b>32,655</b>	<b>27,464</b>
<b>Total materials and services</b>		<b>32,655</b>	<b>27,464</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2022	2021
Interest on leases		3	5
Interest on loans		14	42
Discount adjustment relating to movement in provision for Remediation (Landfills)	C3-5	249	440
<b>Total borrowing costs expensed</b>		<b>266</b>	<b>487</b>

### Accounting policy

Borrowing costs are recognised as an expense in accordance with the terms and conditions under the loan agreement.

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.

Interest on leases are recognised as the Council satisfies the payment of the lease instalment in accordance with the lease terms and agreement.

Remediation 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.

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		1,741	1,626
Office equipment		424	418
Furniture and fittings		117	117
Land improvements (depreciable)		29	28
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		1,461	1,625
– Buildings – specialised		1,160	1,812
– Other structures		255	403
– Roads		7,030	6,901
– Bridges		1,182	1,074
– Footpaths		337	335
– Stormwater drainage		288	288
– Water supply network		2,138	2,132
– Sewerage network		1,467	1,444
– Swimming pools		86	86
– Other open space/recreational assets		247	472
Right of use assets	C2-1	70	92
<b>Other assets:</b>			
– Library books		89	89
– Other		38	46
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Landfill assets	C3-5,C1-7	1,001	1,001
– Quarry assets	C3-5,C1-7	1	1
Intangible assets	C1-8	494	376
<b>Total gross depreciation and amortisation costs</b>		<b>19,655</b>	<b>20,366</b>
<b>Total depreciation and amortisation costs</b>		<b>19,655</b>	<b>20,366</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-7		
– Roads		5,156	–
– Swimming pools		–	1,377
– Other open space/recreational assets		–	296
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>5,156</b>	<b>1,673</b>
Amounts taken through revaluation reserve	C1-7	(5,156)	–
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>1,673</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>19,655</b>	<b>22,039</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 estimated useful life. Useful life is included in Note C1-6 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to construction of new 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.

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

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>			
Rates and annual charges		93	93
User charges and fees		16	303
Interest and investment income		2	7
<b>Total impairment of receivables</b>	C1-4	<b>111</b>	<b>403</b>
<b>Other</b>			
– NSW fire brigade levy		98	95
– NSW rural fire service levy		995	1,363
– NSW state emergency services		30	40
– Other contributions/levies		81	66
– SEWOL		38	36
– South east arts		20	10
– Tourism Snowy Mountains		15	95
– Boco rock community grants		–	352
– Community Bushfire Recovery		2	101
– Other		235	267
Landfill legacy sites		–	11,122
<b>Total other</b>		<b>1,514</b>	<b>13,547</b>
<b>Total other expenses</b>		<b>1,625</b>	<b>13,950</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 - refer to Note C1-4

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

<b>\$ '000</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		<b>1,269</b>	746
Less: carrying amount of property assets sold/written off		<b>(786)</b>	(397)
<b>Gain (or loss) on disposal</b>		<b>483</b>	<b>349</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		<b>442</b>	451
Less: carrying amount of plant and equipment assets sold/written off		<b>(409)</b>	(374)
<b>Gain (or loss) on disposal</b>		<b>33</b>	<b>77</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		<b>(1,334)</b>	(1,066)
<b>Gain (or loss) on disposal</b>		<b>(1,334)</b>	<b>(1,066)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		<b>9,000</b>	34,000
Less: carrying amount of investments sold/redeemed/matured		<b>(9,000)</b>	(34,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(818)</b>	<b>(640)</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	34,485	32,709	(1,776)	(5)% <b>U</b>
User charges and fees	14,387	18,608	4,221	29% <b>F</b>
Other revenues	447	3,282	2,835	634% <b>F</b>
This favourable variance is due to an adjustment to the Landfill remediation provision as part of the annual assessment of the provision. Subsequent information received during the 2021/22 financial year indicates the level of work required to remediate the landfills will not be as extensive as first thought.				
Operating grants and contributions	23,339	30,353	7,014	30% <b>F</b>
This favourable variance is partly due to the timing of recognition of grants received in prior years and recognised in this financial year. Natural Disaster funding and additional Financial Assistance Grant paid in advance, which were not originally budgeted for, has contributed to this favourable variance.				
Capital grants and contributions	27,223	22,514	(4,709)	(17)% <b>U</b>
The unfavourable variance is due to significant estimations of grants receivable for works including the Cooma Regional Sports Hub and scheduled work to be completed that was delayed due to natural disasters. The timing of recognising this income was impacted due to emergency works to be completed.				
Interest and investment revenue	1,380	1,036	(344)	(25)% <b>U</b>
This unfavourable variance is due to the low interest rate environment that resulted in returns on investment lower than originally predicted.				
Net gains from disposal of assets	1,034	–	(1,034)	(100)% <b>U</b>
This unfavourable variance is due to additional assets being disposed of for no value as part of the 2021/22 renewal program. This resulted in a net loss on disposal of assets.				
Other income	1,063	990	(73)	(7)% <b>U</b>
<b>Expenses</b>				
Employee benefits and on-costs	32,302	33,182	(880)	(3)% <b>U</b>
Materials and services	26,413	32,655	(6,242)	(24)% <b>U</b>
The unfavourable variance in Materials and Services is directly proportionate to the operating grants receivable. Additional funding allowed for additional works to be completed.				
Borrowing costs	134	266	(132)	(99)% <b>U</b>
The unfavourable variance is due to the finance costs associated with calculating the value of the landfill provision that was not captured in the original budget.				

continued on next page ...

**B5-1 Material budget variations (continued)**

<b>\$ '000</b>	<b>2022 Budget</b>	<b>2022 Actual</b>	<b>2022 ----- Variance -----</b>		
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>19,507</b>	<b>19,655</b>	<b>(148)</b>	<b>(1)%</b>	<b>U</b>
<b>Other expenses</b>	<b>2,045</b>	<b>1,625</b>	<b>420</b>	<b>21%</b>	<b>F</b>
This favourable variance is due to more expenditure being incurred on 'Materials and Services' rather than expenditure classed as 'Other expenses'.					
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>818</b>	<b>(818)</b>	<b>∞</b>	<b>U</b>
This variance is due to assets being disposed of for no value as part of the 2021/22 renewal program. This resulted in a net loss on disposal of assets.					
<b>Statement of cash flows</b>					
<b>Cash flows from operating activities</b>	<b>41,431</b>	<b>50,887</b>	<b>9,456</b>	<b>23%</b>	<b>F</b>
This favourable variance is primarily due to increased revenue in the form of grants received in the financial year.					
<b>Cash flows from investing activities</b>	<b>(46,196)</b>	<b>(41,007)</b>	<b>5,189</b>	<b>(11)%</b>	<b>F</b>
This favourable variance is primarily due to lower than originally budgetted capital works program expenses.					
<b>Cash flows from financing activities</b>	<b>–</b>	<b>(394)</b>	<b>(394)</b>	<b>∞</b>	<b>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	2,410	208
Cash equivalent assets		
– Deposits at call	45,084	37,800
<b>Total cash and cash equivalents</b>	<b>47,494</b>	<b>38,008</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	47,494	38,008
<b>Balance as per the Statement of Cash Flows</b>	<b>47,494</b>	<b>38,008</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>Debt securities at amortised cost</b>				
Long term deposits	19,000	20,000	17,000	21,000
<b>Total</b>	<b>19,000</b>	<b>20,000</b>	<b>17,000</b>	<b>21,000</b>
<b>Total financial investments</b>	<b>19,000</b>	<b>20,000</b>	<b>17,000</b>	<b>21,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>66,494</b>	<b>20,000</b>	<b>55,008</b>	<b>21,000</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.



## C1-2 Financial investments (continued)

---

### **Amortised cost**

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

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

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

### **Financial assets through profit or loss**

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>86,494</b>	<b>76,008</b>
Less: Externally restricted cash, cash equivalents and investments	<b>(71,105)</b>	<b>(66,749)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>15,389</b>	<b>9,259</b>
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<b>19,704</b>	<b>8,890</b>
Specific purpose unexpended grants - stronger communities fund	<b>200</b>	<b>200</b>
<b>External restrictions – included in liabilities</b>	<b>19,904</b>	<b>9,090</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>3,265</b>	<b>2,783</b>
Developer contributions – water fund	<b>4,179</b>	<b>3,591</b>
Developer contributions – sewer fund	<b>3,563</b>	<b>2,973</b>
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>7,306</b>	<b>5,728</b>
Specific purpose unexpended grants (recognised as revenue) – water fund	<b>573</b>	<b>–</b>
Water fund	<b>21,948</b>	<b>22,041</b>
Sewer fund	<b>4,193</b>	<b>14,392</b>
Domestic waste management	<b>1,149</b>	<b>281</b>
Snowy River Hostel accommodation bonds	<b>1,519</b>	<b>1,169</b>
Yallambee Lodge accommodation bonds	<b>1,740</b>	<b>3,062</b>
Crown land reserves	<b>1,614</b>	<b>1,475</b>
Boco rock community reserve	<b>31</b>	<b>–</b>
Kamoto-cooma friendship scholarship fund	<b>45</b>	<b>44</b>
Other	<b>76</b>	<b>120</b>
<b>External restrictions – other</b>	<b>51,201</b>	<b>57,659</b>
<b>Total external restrictions</b>	<b>71,105</b>	<b>66,749</b>

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

\$ '000	2022	2021
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>15,389</b>	<b>9,259</b>
Less: Internally restricted cash, cash equivalents and investments	<b>(10,956)</b>	<b>(9,259)</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,433</b>	<b>–</b>
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<b>626</b>	<b>626</b>
Employees leave entitlement	<b>1,383</b>	<b>1,383</b>
Deposits, retentions and bonds	<b>1,366</b>	<b>677</b>
Uncompleted works	<b>810</b>	<b>303</b>

continued on next page ...

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
Waste management	<b>2,719</b>	2,483
Yallambee Lodge building/equipment replacement	<b>271</b>	—
Former Snowy River LGA	<b>699</b>	699
Former Cooma-Monaro LGA	<b>—</b>	—
Former Bombala LGA	<b>1,692</b>	1,718
Stronger communities fund Interest	<b>1,390</b>	1,370
<b>Total internal allocations</b>	<b>10,956</b>	<b>9,259</b>

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,433</b>	—

## C1-4 Receivables

<b>\$ '000</b>	<b>2022 Current</b>	<b>2022 Non-current</b>	<b>2021 Current</b>	<b>2021 Non-current</b>
Rates and annual charges	7,492	–	7,474	–
Interest and extra charges	650	–	743	–
User charges and fees	7,509	–	4,686	–
Accrued revenues				
– Interest on investments	325	–	383	–
– Other income accruals	765	–	102	–
Government grants and subsidies	4,213	–	1,632	–
Net GST receivable	814	–	261	–
Loans receivable	–	–	24	36
<b>Total</b>	<b>21,768</b>	<b>–</b>	<b>15,305</b>	<b>36</b>
<b>Less: provision for impairment</b>				
User charges and fees	(391)	–	(378)	–
<b>Total provision for impairment – receivables</b>	<b>(391)</b>	<b>–</b>	<b>(378)</b>	<b>–</b>
<b>Total net receivables</b>	<b>21,377</b>	<b>–</b>	<b>14,927</b>	<b>36</b>

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 9)	378	82
Amounts written off as uncollectible	(89)	(92)
Movement through provision	102	388
<b>Balance at the end of the year</b>	<b>391</b>	<b>378</b>

### Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

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

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

## C1-4 Receivables (continued)

---

### Impairment

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

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

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

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

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

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

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

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

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

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

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

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

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	424	–	441	–
Stores and materials	1,862	–	1,927	–
Trading stock	27	–	29	–
<b>Total inventories at cost</b>	<b>2,313</b>	<b>–</b>	<b>2,397</b>	<b>–</b>
<b>Total inventories</b>	<b>2,313</b>	<b>–</b>	<b>2,397</b>	<b>–</b>

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(a) Details for real estate development</b>				
Residential	424	–	441	–
<b>Total real estate for resale</b>	<b>424</b>	<b>–</b>	<b>441</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	424	–	441	–
<b>Total costs</b>	<b>424</b>	<b>–</b>	<b>441</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>424</b>	<b>–</b>	<b>441</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	441	–	441	–
– Purchases and other costs	(17)	–	–	–
<b>Total real estate for resale</b>	<b>424</b>	<b>–</b>	<b>441</b>	<b>–</b>

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

### Accounting policy

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

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

#### Land held for resale

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	4,153	—	—	—
<b>Total contract assets and contract cost assets</b>	<b>4,153</b>	<b>—</b>	<b>—</b>	<b>—</b>

### (a) Contract assets

Work relating to infrastructure grants	4,153	—	—	—
<b>Total contract assets</b>	<b>4,153</b>	<b>—</b>	<b>—</b>	<b>—</b>

### (b) Contract cost assets

Contract assets represents expenditure on capital projects relating to uncompleted milestones that was not yet claimable from the funding body. For example, the Jindabyne library final milestone was nearly complete as at 30 June 2022 and there was \$2.5m of expenditure relating to that final claim made in 2022/23.

## Accounting policy

### Contract assets

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

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

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

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

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

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

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

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments/(d ecrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	33,239	—	33,239	5,402	8,794	—	—	—	(1,433)	—	46,002	—	46,002
Plant and equipment	21,354	(8,439)	12,915	2,644	—	(409)	(1,741)	—	317	—	23,396	(9,670)	13,726
Office equipment	3,302	(2,646)	656	—	—	—	(424)	—	131	—	3,433	(3,070)	363
Furniture and fittings	1,206	(854)	352	—	—	—	(117)	—	—	—	1,207	(972)	235
<b>Land:</b>													
– Operational land	21,690	—	21,690	46	—	(803)	—	—	—	2,416	23,349	—	23,349
– Community land	25,734	—	25,734	—	—	—	—	—	—	4,842	30,576	—	30,576
Land improvements – depreciable	1,974	(186)	1,788	—	—	—	(29)	—	—	—	1,973	(214)	1,759
<b>Infrastructure:</b>													
– Buildings – non-specialised	61,376	(37,845)	23,531	43	—	—	(1,461)	—	56	2,558	68,569	(43,842)	24,727
– Buildings – specialised	51,848	(38,118)	13,730	1,375	462	(40)	(1,160)	—	2	1,605	59,769	(43,795)	15,974
– Other structures	9,681	(3,257)	6,424	13	1,111	—	(255)	—	7	1,175	12,423	(3,948)	8,475
– Roads	519,882	(168,372)	351,510	290	226	(565)	(7,030)	(5,156)	426	26,512	559,766	(193,553)	366,213
– Bridges	124,504	(51,092)	73,412	95	—	(493)	(1,182)	—	151	5,535	133,075	(55,557)	77,518
– Footpaths	14,488	(6,427)	8,061	18	3	—	(337)	—	—	595	15,623	(7,283)	8,340
– Bulk earthworks (non-depreciable)	441,391	—	441,391	—	43	(238)	—	—	—	33,925	475,121	—	475,121
– Stormwater drainage	28,325	(8,712)	19,613	—	—	—	(288)	—	—	1,486	30,503	(9,692)	20,811
– Water supply network	211,553	(120,454)	91,099	1,749	170	—	(2,138)	—	—	74,753	332,769	(167,136)	165,633
– Sewerage network	145,791	(76,151)	69,640	15,704	—	—	(1,467)	—	228	13,502	179,042	(81,435)	97,607
– Swimming pools	4,169	(1,714)	2,455	49	—	—	(86)	—	—	279	4,705	(2,008)	2,697
– Other open space/recreational assets	6,152	(2,237)	3,915	117	382	—	(247)	—	—	743	7,686	(2,776)	4,910
<b>Other assets:</b>													
– Library books	924	(591)	333	—	54	—	(89)	—	115	—	1,094	(681)	413
– Other	4,439	(2,035)	2,404	—	—	—	(38)	—	—	—	4,439	(2,073)	2,366
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Landfill assets	18,943	(4,790)	14,153	—	—	—	(1,001)	—	—	—	18,942	(5,790)	13,152
– Quarry assets	38	(7)	31	—	—	—	(1)	—	—	—	38	(8)	30
<b>Total infrastructure, property, plant and equipment</b>	<b>1,752,003</b>	<b>(533,927)</b>	<b>1,218,076</b>	<b>27,545</b>	<b>11,245</b>	<b>(2,548)</b>	<b>(19,091)</b>	<b>(5,156)</b>	<b>—</b>	<b>169,926</b>	<b>2,033,500</b>	<b>(633,503)</b>	<b>1,399,997</b>

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

continued on next page ...



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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments/(decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	21,575	–	21,575	19,010	–	–	–	–	(7,346)	–	–	33,239	–	33,239
Plant and equipment	24,482	(11,604)	12,878	–	1,923	(374)	(1,626)	–	114	–	–	21,354	(8,439)	12,915
Office equipment	4,251	(3,177)	1,074	–	–	–	(418)	–	–	–	–	3,302	(2,646)	656
Furniture and fittings	1,206	(737)	469	–	–	–	(117)	–	–	–	–	1,206	(854)	352
<b>Land:</b>														
– Operational land	20,730	–	20,730	–	175	(397)	–	–	–	1,181	–	21,690	–	21,690
– Community land	24,231	–	24,231	–	–	–	–	–	–	(1,181)	2,685	25,734	–	25,734
Land improvements – depreciable	1,895	(158)	1,737	13	–	–	(28)	–	66	–	–	1,974	(186)	1,788
<b>Infrastructure:</b>														
– Buildings – non-specialised	60,655	(36,371)	24,284	555	–	(55)	(1,625)	–	373	–	–	61,376	(37,845)	23,531
– Buildings – specialised	59,967	(42,685)	17,282	331	–	(194)	(1,812)	–	571	(2,448)	–	51,848	(38,118)	13,730
– Other structures	10,327	(4,933)	5,394	22	–	–	(403)	–	303	626	482	9,681	(3,257)	6,424
– Roads	517,761	(161,683)	356,078	2,755	–	(502)	(6,901)	–	79	–	–	519,882	(168,372)	351,510
– Bridges	123,662	(50,018)	73,644	784	–	–	(1,074)	–	57	–	–	124,504	(51,092)	73,412
– Footpaths	14,407	(6,091)	8,316	41	–	–	(335)	–	39	–	–	14,488	(6,427)	8,061
– Bulk earthworks (non-depreciable)	441,706	–	441,706	–	–	(316)	–	–	–	–	–	441,391	–	441,391
– Stormwater drainage	28,325	(8,423)	19,902	–	–	–	(288)	–	–	–	–	28,325	(8,712)	19,613
– Water supply network	208,131	(117,224)	90,907	74	–	–	(2,132)	–	1,420	–	830	211,553	(120,454)	91,099
– Sewerage network	144,460	(74,012)	70,448	3	–	–	(1,444)	–	–	–	635	145,791	(76,151)	69,640
– Swimming pools	3,557	(1,318)	2,239	–	–	–	(86)	(1,377)	–	1,679	–	4,169	(1,714)	2,455
– Other open space/recreational assets	7,974	(3,674)	4,300	97	–	–	(472)	(296)	143	143	–	6,152	(2,237)	3,915
<b>Other assets:</b>														
– Library books	1,644	(1,223)	421	–	–	–	(89)	–	–	–	–	924	(591)	333
– Other	4,570	(2,120)	2,450	–	–	–	(46)	–	–	–	–	4,439	(2,035)	2,404
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	18,941	(3,788)	15,153	–	–	–	(1,001)	–	–	–	–	18,943	(4,790)	14,153
– Quarry assets	38	(7)	31	–	–	–	(1)	–	–	–	–	38	(7)	31
<b>Total infrastructure, property, plant and equipment</b>	<b>1,744,495</b>	<b>(529,246)</b>	<b>1,215,249</b>	<b>23,685</b>	<b>2,098</b>	<b>(1,838)</b>	<b>(19,898)</b>	<b>(1,673)</b>	<b>(4,181)</b>	<b>–</b>	<b>4,632</b>	<b>1,752,003</b>	<b>(533,927)</b>	<b>1,218,076</b>

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

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

### Accounting policy

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.

All classes of infrastructure assets that are not undergoing a comprehensive revaluation will be indexed. The indexation rates are sourced from the Australian Bureau of Statistics, Road & Bridge Construction NSW current year index.

The purpose of this change in accounting policy is to better comply with AASB 116 by ensuring the fair value of infrastructure assets are kept up to date.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	3 to 10	Playground equipment	3 to 15
Office furniture	5 to 30	Benches, seats etc.	5 to 15
Computer equipment	2 to 10		
Vehicles	2 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 33	Buildings: other	10 to 100
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Water Supply Structures	25 to 100	Pipes	70 to 100
Wastewater Structures	40 to 70	Pits	50 to 80
Reticulation pipes: PVC	80	Culverts	60 to 80
Reticulation pipes: other	80	Other	30 to 100
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	10 to 20	Bulk earthworks	Infinite
Sealed roads: structure	40 to 100	Swimming pools	5 to 100
Unsealed roads	10 to 50	Other open space/recreational assets	5 to 100
Bridge: concrete	80 to 120		
Bridge: other	50 to 120		
Road pavements	40 to 80		
Kerb, gutter and footpaths	50 to 75		

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

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

### Land under roads

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

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

### Crown reserves

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

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".

Notwithstanding the above, Council has determined that it does not control Rural Fire Service plant and vehicles, in accordance with SAC 4, AASB 10, and the Framework for the Preparation of Financial Statements. Council therefore does not recognise these assets.

## Infrastructure, property, plant and equipment – current year impairments

\$ '000	2022	2021
<b>Impairment losses recognised direct to equity (ARR):</b>		
– Storm damage to road network	5,156	–
<b>Total impairment losses</b>	<b>5,156</b>	<b>–</b>

Council has recognised an impairment to its road network relating to storm damage suffered during the February 2022 flood event. The impairment being recognised is \$5.156m. This is the estimated cost of fixing the damage, which at reporting date, was being assessed by Transport NSW under the Natural Disaster Recovery program.

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
<b>Intangible Assets</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,121	350
Accumulated amortisation	(376)	—
<b>Net book value – opening balance</b>	<b>3,745</b>	<b>350</b>
<b>Movements for the year</b>		
Purchases	—	590
Development costs	—	3,181
Amortisation charges	(494)	(376)
<b>Closing values at 30 June</b>		
Gross book value	4,121	4,121
Accumulated amortisation	(870)	(376)
<b>Total – net book value</b>	<b>3,251</b>	<b>3,745</b>

### Accounting policy

#### Software development costs

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 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 ten years.

#### Residential Aged Care - bed licences

Council owns and operates two Residential Aged Care facilities. Bed licences are granted by the Commonwealth Department of Health & Ageing. From 1 July 2024, the Australian Government will abolish bed licences in response to the recommendations of the Final Report of the Royal Commission into Aged Care Quality and Safety (Royal Commission). As a result, the licenses are being amortised over their remaining useful life.

The licences issued by the Department of Health & Ageing are issued for no consideration and are recognised by Council at fair value, if and only if, it is probable that the future economic benefits attributable to the bed licences will flow to Council and the fair value of bed licences can be measured reliably.

## C1-9 Other

### Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	703	—	560	—
<b>Total other assets</b>	<b>703</b>	<b>—</b>	<b>560</b>	<b>—</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over Office and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

#### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as servers. The leases are for between 1 and 5 years and the payments are fixed.

#### Extension Options

Included in the leases for office and IT equipment are extension options to provide flexibility and certainty to Council operations and reduce costs. The extension options are at Council's discretion and have not been included in the lease liabilities.

#### (a) Right of use assets

\$ '000	IT Equipment
<b>2022</b>	
Opening balance at 1 July	103
Additions to right-of-use assets	20
Depreciation charge	(70)
<b>Balance at 30 June</b>	<b>53</b>
<b>2021</b>	
Opening balance at 1 July	62
Depreciation charge	(92)
Other movement	133
<b>Balance at 30 June</b>	<b>103</b>

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

### (b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	23	33	76	38

### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	81	28	–	109	56
<b>2021</b>					
Cash flows	76	38	–	114	114

### (d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	3	5
Depreciation of right of use assets	70	92
Expenses relating to low-value leases	153	179
	<b>226</b>	<b>276</b>

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

### (e) Statement of Cash Flows

\$ '000	2022	2021
Total cash outflow for leases	80	94
	<b>80</b>	<b>94</b>

### 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 Council owned properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

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

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)	990	844
<b>Total income relating to operating leases for Council assets</b>	<b>990</b>	<b>844</b>

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

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

< 1 year	628	505
1–2 years	555	469
2–3 years	221	427
3–4 years	99	156
4–5 years	95	46
> 5 years	326	311
<b>Total undiscounted lease payments to be received</b>	<b>1,924</b>	<b>1,914</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 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	2,951	–	1,202	–
Prepaid rates and user charges	1,530	–	1,323	–
Other	609	–	254	–
<b>Accrued expenses:</b>				
– Borrowings	–	–	1	–
– Salaries and wages	484	–	370	–
– Other expenditure accruals	6,914	–	790	–
<b>Performance Bonds, Deposits and Retentions:</b>				
- Security bonds, deposits and retentions	1,366	–	1,354	–
- Residential Aged Care accommodation bonds	3,259	–	4,231	–
Advances	14	–	42	–
<b>Total payables</b>	<b>17,127</b>	<b>–</b>	<b>9,567</b>	<b>–</b>

#### Accounting policy

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

#### Payables

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

#### Performance Bonds, Deposits & Retentions

Residential aged care accommodation bonds become payable by Council on departure by the resident. As Council does not have an unconditional right to defer the refund for 12 months the accommodation bond is disclosed as a current liability.

### 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)	19,904	–	9,090	–
<b>Total grants received in advance</b>		<b>19,904</b>	<b>–</b>	<b>9,090</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>19,904</b>	<b>–</b>	<b>9,090</b>	<b>–</b>

#### Notes

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

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

### C3-2 Contract Liabilities (continued)

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

\$ '000	2022	2021
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	3,460	2,251
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>3,460</b>	<b>2,251</b>

#### 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 records 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	27	12	297	58
<b>Total borrowings</b>	<b>27</b>	<b>12</b>	<b>297</b>	<b>58</b>

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

No borrowings, even though classified as current, are not expected to be settled in the next 12 months.

## C3-3 Borrowings (continued)

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

	2021		2022
\$ '000	Opening Balance	Cash flows	Closing balance
Loans – secured	355	(316)	39
Lease liability (Note C2-1b)	114	(58)	56
<b>Total liabilities from financing activities</b>	<b>469</b>	<b>(374)</b>	<b>95</b>

	2020		2021
\$ '000	Opening Balance	Cash flows	Closing balance
Loans – secured	876	(521)	355
Lease liability (Note C2-1b)	65	49	114
<b>Total liabilities from financing activities</b>	<b>941</b>	<b>(472)</b>	<b>469</b>

continued on next page ...

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Credit cards/purchase cards	115	107
<b>Total financing arrangements</b>	<b>115</b>	<b>107</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	29	29
<b>Total drawn financing arrangements</b>	<b>29</b>	<b>29</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	86	78
<b>Total undrawn financing arrangements</b>	<b>86</b>	<b>78</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.

##### Security over loans and bank overdrafts

Loans and overdrafts are secured over future cash flows of Council

##### 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	2,563	–	2,480	–
Long service leave	3,091	–	3,258	–
Other leave – TIL and flex	406	–	393	–
ELE on-costs	940	–	724	–
<b>Total employee benefit provisions</b>	<b>7,000</b>	<b>–</b>	<b>6,855</b>	<b>–</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	3,053	3,788
	<b>3,053</b>	<b>3,788</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, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Other provisions</b>				
Asset remediation/restoration (future works)	–	29,390	–	31,107
<b>Total provisions</b>	<b>–</b>	<b>29,390</b>	<b>–</b>	<b>31,107</b>

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

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

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	31,107	31,107
Unwinding of discount	249	249
Remeasurement effects	(1,966)	(1,966)
Total other provisions at end of year	29,390	29,390
<b>2021</b>		
At beginning of year	19,545	19,545
<b>Changes to provision:</b>		
– Additional provisions	11,122	11,122
Unwinding of discount	440	440
Total other provisions at end of year	31,107	31,107

### Accounting policy

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

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

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

## C3-5 Provisions (continued)

---

### Asset remediation – tips and quarries

#### 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.

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

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

---

#### IPPE Revaluation reserve

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	22,892	2,814	7,003
User charges and fees	12,320	4,717	1,571
Interest and investment revenue	639	265	132
Other revenues	3,133	90	59
Grants and contributions provided for operating purposes	30,353	–	–
Grants and contributions provided for capital purposes	20,428	1,524	562
Net gains from disposal of assets	–	12	–
Other income	990	–	–
<b>Total income from continuing operations</b>	<b>90,755</b>	<b>9,422</b>	<b>9,327</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	28,720	2,388	2,074
Borrowing costs	265	1	–
Materials and services	24,098	3,141	5,416
Depreciation, amortisation and impairment of non-financial assets	15,865	2,244	1,546
Other expenses	1,604	21	–
Net losses from the disposal of assets	824	–	6
<b>Total expenses from continuing operations</b>	<b>71,376</b>	<b>7,795</b>	<b>9,042</b>
<b>Operating result from continuing operations</b>	<b>19,379</b>	<b>1,627</b>	<b>285</b>
<b>Net operating result for the year</b>	<b>19,379</b>	<b>1,627</b>	<b>285</b>
<b>Net operating result attributable to each council fund</b>	<b>19,379</b>	<b>1,627</b>	<b>285</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(1,049)</b>	<b>103</b>	<b>(277)</b>



## D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	16,683	23,054	7,757
Investments	15,353	3,647	–
Receivables	13,540	3,745	4,092
Inventories	2,313	–	–
Contract assets and contract cost assets	4,153	–	–
Other	703	–	–
<b>Total current assets</b>	<b>52,745</b>	<b>30,446</b>	<b>11,849</b>
<b>Non-current assets</b>			
Investments	20,000	–	–
Infrastructure, property, plant and equipment	1,119,203	170,203	110,591
Intangible assets	3,251	–	–
Right of use assets	53	–	–
<b>Total non-current assets</b>	<b>1,142,507</b>	<b>170,203</b>	<b>110,591</b>
<b>Total assets</b>	<b>1,195,252</b>	<b>200,649</b>	<b>122,440</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	16,787	340	–
Contract liabilities	19,904	–	–
Lease liabilities	23	–	–
Borrowings	27	–	–
Employee benefit provision	7,000	–	–
<b>Total current liabilities</b>	<b>43,741</b>	<b>340</b>	<b>–</b>
<b>Non-current liabilities</b>			
Lease liabilities	33	–	–
Borrowings	12	–	–
Provisions	29,390	–	–
<b>Total non-current liabilities</b>	<b>29,435</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>73,176</b>	<b>340</b>	<b>–</b>
<b>Net assets</b>	<b>1,122,076</b>	<b>200,309</b>	<b>122,440</b>
<b>EQUITY</b>			
Accumulated surplus	982,045	103,801	105,217
Revaluation reserves	140,031	96,508	17,223
<b>Council equity interest</b>	<b>1,122,076</b>	<b>200,309</b>	<b>122,440</b>
<b>Total equity</b>	<b>1,122,076</b>	<b>200,309</b>	<b>122,440</b>

## E Risks and accounting uncertainties

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

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. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio 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 the finance team under policies approved by the Councillors.

The fair value of investments, receivables, loans, payable and lease liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- **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 a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

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

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

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Council does not invest in investment products where capital invested is at risk other than by liquidation.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	840	785
Impact of a 10% movement in price of investments		
– Equity / Income Statement	80	167

## 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 outstanding balances in accordance with its debt management policy. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

There has been an increase in the concentration of investment with Council bank provider NAB due to the low interest rate environment. It is not considered a significant increase in credit risk due to the move into a high credit rated financial institution.

#### 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	3,788	3,503	201	7,492
<b>2021</b>				
Gross carrying amount	3,217	3,783	474	7,474

##### 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	Notes	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
<b>2022</b>							
Gross carrying amount		12,628	66	15	27	532	13,268
Expected loss rate (%)		1.84%	5.62%	12.32%	21.54%	27.61%	2.94%
<b>ECL provision</b>		<b>232</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>147</b>	<b>391</b>
<b>2021</b>							
Gross carrying amount		7,468	141	35	34	189	7,867
Expected loss rate (%)		3.49%	10.63%	21.68%	35.49%	43.36%	4.80%
<b>ECL provision</b>		<b>261</b>	<b>15</b>	<b>8</b>	<b>12</b>	<b>82</b>	<b>378</b>

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2022</b>							
Payables	0.00%	1,366	15,761	–	–	17,127	17,127
Borrowings	8.07%	–	27	12	–	39	39
<b>Total financial liabilities</b>		<b>1,366</b>	<b>15,788</b>	<b>12</b>	<b>–</b>	<b>17,166</b>	<b>17,166</b>
<b>2021</b>							
Payables	0.00%	1,354	8,213	–	–	9,567	9,567
Borrowings	7.02%	–	297	58	–	355	355
<b>Total financial liabilities</b>		<b>1,354</b>	<b>8,510</b>	<b>58</b>	<b>–</b>	<b>9,922</b>	<b>9,922</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets 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	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant & Equipment		—	—	13,726	12,915	13,726	12,915
Office Equipment		—	—	363	656	363	656
Furniture & Fittings		—	—	235	352	235	352
Operational Land		23,349	21,690	—	—	23,349	21,690
Community Land		—	—	30,576	25,734	30,576	25,734
Land Improvements		—	—	1,759	1,788	1,759	1,788
Buildings – Specialised		—	—	15,974	13,730	15,974	13,730
Buildings – Non Specialised		24,727	23,531	—	—	24,727	23,531
Other Structures		—	—	8,475	6,424	8,475	6,424
Road infrastructure		—	—	366,213	351,510	366,213	351,510
Bridges		—	—	77,518	73,412	77,518	73,412
Footpaths		—	—	8,340	8,061	8,340	8,061
Bulk Earthworks		—	—	475,121	441,391	475,121	441,391
Stormwater Drainage		—	—	20,811	19,613	20,811	19,613
Water Supply Network		—	—	165,633	91,099	165,633	91,099
Sewerage Network		—	—	97,607	69,640	97,607	69,640
Swimming Pools		—	—	2,697	2,455	2,697	2,455
Other Open							
Space/Recreational Assets		—	—	4,910	3,915	4,910	3,915
Library Books		—	—	413	333	413	333
Tip Restoration Asset		—	—	13,152	14,153	13,152	14,153
Quarry Restoration Asset		—	—	30	31	30	31
Other Assets		—	—	2,366	2,404	2,366	2,404
Total infrastructure, property, plant and equipment		48,076	45,221	1,305,919	1,139,616	1,353,995	1,184,837

### Non-recurring fair value measurements

## E2-1 Fair value measurement (continued)

---

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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

#### The valuation process for level 3 fair value measurements

Council uses the following processes for the fair valuation of Level 3 Infrastructure, Property, Plant and Equipment:

Plant & Equipment, Furniture & Fittings, Office Equipment, Other Assets - Historical cost less accumulated depreciation.

Community Land - Land values obtained by the NSW Valuer-General.

Specialised Buildings - Valued at Depreciated Replacement Cost by an independent qualified valuer.

Other Structures - Valued at Depreciated Replacement Cost by qualified Council staff.

Roads infrastructure and stormwater assets - Valued at Depreciated Replacement Cost by qualified Council staff.

Water Supply Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Sewerage Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Recreational Assets (other than buildings) - Valued at Depreciated Replacement Cost by qualified Council staff.

Depreciated Replacement Cost is calculated from the current replacement value less the accumulated depreciation to account for the consumption of the service potential of the asset. The asset age is determined from the date of acquisition. If the date is not known, the asset age is determined by estimating the remaining life from an assessment of the asset condition, and subtracting the remaining life from the useful life of the asset.

The Current Replacement Value is the cost of a standard modern asset that would be installed if Council were deprived of the existing asset. Where specific estimates are available, these are used to determine the replacement values. In the absence of detailed estimates, unit rates are obtained from a recognised source and are appropriately factored to reflect the regional location of the asset.

Historical Cost is the cost of assets based on current invoices and contract, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market.

Where appropriate, disposal costs are taken into account when calculating the Depreciated Replacement Cost.

## E2-1 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant & Equipment	Historical cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	Historical cost	Cost per unit, useful life, residual value, condition of asset
Furniture & Fittings	Historical cost	Cost per unit, useful life, residual value, condition of asset
Community Land	Current replacement value	Cost per sq metre, Valuer General's Valuation
Land Improvements	Depreciated replacement cost	Useful life, residual value, condition of asset
Buildings - Specialised	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Other Structures	Depreciated replacement cost	Cost per unit rates, pattern of consumption, components, useful life, asset condition
Road infrastructure	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Bridges	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Footpaths	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, condition of asset
Bulk Earthworks	Current replacement cost	Cost per sq metre
Stormwater Drainage	Depreciated replacement cost	Unit rates, cost per metre, useful life, condition of asset
Water Supply Network	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Sewerage Network	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Swimming Pools	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Other Open Space/Recreational Assets	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Library Books	Historical cost	Cost per unit, useful life, condition of asset
Landfill Restoration Asset	Depreciated replacement cost	Cost per cubic / square metre, useful life
Quarry Restoration Asset	Depreciated replacement cost	Cost per cubic / square metre, useful life
Other Assets	Depreciated replacement cost	Unit rates, asset condition, useful life

continued on next page ...

## E2-1 Fair value measurement (continued)

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

\$ '000	Level 3 I, PP and E	
	2022	2021
<b>Opening balance</b>	<b>1,139,616</b>	1,148,660
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>164,952</b>	4,632
<b>Other movements</b>		
Purchases (GBV)	<b>24,505</b>	8,835
Disposals (WDV)	<b>(1,745)</b>	(1,386)
Depreciation and impairment	<b>(22,786)</b>	(18,273)
Other adjustments and transfers	<b>1,377</b>	(2,852)
<b>Closing balance</b>	<b>1,305,919</b>	1,139,616

### Highest and best use

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



## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

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

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

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

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

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 2021 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. It is estimated that there are \$75,549 past service contributions remaining.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service 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.

## E3-1 Contingencies (continued)

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$196,110. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021

Council's expected contribution to the plan for the next annual reporting period is \$142,751

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 other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.38%

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 the 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.

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

### (ii) CivicRisk Mutual

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

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

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

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

---

### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	1,541	1,293
Post-employment benefits	120	81
<b>Total</b>	<b>1,661</b>	<b>1,374</b>

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

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

It has been assessed that there have been no material related party transactions during the 2021/22 financial year.

#### 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	41	44
Councillors' fees	209	225
Other Councillors' expenses (including Mayor)	61	40
<b>Total</b>	<b>311</b>	<b>309</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2022	2021
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	141	129
<b>Total fees paid or payable to the Auditor-General</b>	<b>141</b>	<b>129</b>
<b>Total audit fees</b>	<b>141</b>	<b>129</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>21,291</b>	(15,084)
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	19,655	20,366
(Gain) / loss on disposal of assets	818	640
Non-cash capital grants and contributions	(275)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	–	1,673
Unwinding of discount rates on reinstatement provisions	249	440
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(3,188)	(1,664)
Increase / (decrease) in provision for impairment of receivables	13	296
(Increase) / decrease of inventories	67	(741)
(Increase) / decrease of other current assets	(143)	(137)
(Increase) / decrease of contract asset	(4,153)	–
Increase / (decrease) in payables	1,749	1,161
Increase / (decrease) in accrued interest payable	(1)	(2)
Increase / (decrease) in other accrued expenses payable	6,238	(1,827)
Increase / (decrease) in other liabilities	(426)	1,245
Increase / (decrease) in contract liabilities	10,814	4,819
Increase / (decrease) in employee benefit provision	145	(63)
Increase / (decrease) in other provisions	(1,966)	11,122
<b>Net cash flows from operating activities</b>	<b>50,887</b>	<b>22,244</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Transport Infrastructure	10,606	2,886
Plant and equipment	88	1,897
Water Infrastructure	2,259	1,065
Sewer Infrastructure	6,614	3,802
Other Infrastructure	5,555	2,168
Corporate	–	76
<b>Total commitments</b>	<b>25,122</b>	<b>11,894</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	25,122	11,894
<b>Total payable</b>	<b>25,122</b>	<b>11,894</b>

## G3-1 Events occurring after the reporting date

Council has commenced, in December 2020, a divestment process of its residential aged care service provision. Due to changes in Commonwealth Government regulation the operating environment requires significantly more Council resources to remain a compliant provider. Council has engaged an external advisor to assist in the divestment process which are being assessed. An estimate of the financial effect of this event cannot be made at this time.

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

### G4-1 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					
Roads	535	–	–	5	–	–	540	–
Parking	39	–	–	–	–	–	39	–
Open space	564	12	–	6	–	–	582	–
Community facilities	191	6	–	2	–	–	199	–
Public parking	9	–	–	–	–	–	9	–
Roadworks	309	156	–	3	–	–	468	–
Open space and public art	52	18	–	1	–	–	71	–
Sport and recreation facilities	59	11	–	1	–	–	71	–
Community services and facilities	403	78	–	4	–	–	485	–
Shared pathways - Jindabyne area	26	9	–	–	–	–	35	–
Shared trails - Jindabyne area	101	39	–	1	–	–	141	–
Regional waste management	234	95	–	2	–	–	331	–
Bushfire services	57	23	–	1	–	–	81	–
<b>S7.11 contributions – under a plan</b>	<b>2,579</b>	<b>447</b>	<b>–</b>	<b>26</b>	<b>–</b>	<b>–</b>	<b>3,052</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>20</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>2,599</b>	<b>454</b>	<b>–</b>	<b>26</b>	<b>–</b>	<b>–</b>	<b>3,079</b>	<b>–</b>
S7.11 not under plans	184	–	–	1	–	–	185	–
S64 contributions	6,564	1,116	–	63	–	–	7,743	–
<b>Total contributions</b>	<b>9,347</b>	<b>1,570</b>	<b>–</b>	<b>90</b>	<b>–</b>	<b>–</b>	<b>11,007</b>	<b>–</b>

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

### G4-2 Developer contributions by plan

\$ '000	Opening 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 (former Cooma-Monaro)								
Roads	535	—	—	5	—	—	540	—
Parking	39	—	—	—	—	—	39	—
Open space	564	12	—	6	—	—	582	—

continued on next page ...

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

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community facilities	191	6	–	2	–	–	199	–
<b>Total</b>	<b>1,329</b>	<b>18</b>	<b>–</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>1,360</b>	<b>–</b>
<b>CONTRIBUTION PLAN (former Snowy River)</b>								
Public parking	9	–	–	–	–	–	9	–
Roadworks	309	156	–	3	–	–	468	–
Open space and public art	52	18	–	1	–	–	71	–
Sport and recreation facilities	59	11	–	1	–	–	71	–
Community services and facilities	403	78	–	4	–	–	485	–
Shared pathways – Jindabyne area	26	9	–	–	–	–	35	–
Shared trails – Jindabyne area	101	39	–	1	–	–	141	–
Regional waste management	234	95	–	2	–	–	331	–
Bushfire services	57	23	–	1	–	–	81	–
<b>Total</b>	<b>1,250</b>	<b>429</b>	<b>–</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>1,692</b>	<b>–</b>

## S7.12 Levies – under a plan

### CONTRIBUTION PLAN NUMBER 1 (former Bombala)

Other	20	7	–	–	–	–	27	–
<b>Total</b>	<b>20</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>

## G4-3 Contributions not under plans

### (former Snowy River)

Community facilities	27	–	–	–	–	–	27	–
Kerb and gutter	31	–	–	–	–	–	31	–
Voluntary payment agreement	126	–	–	1	–	–	127	–
<b>Total</b>	<b>184</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>185</b>	<b>–</b>



## G5 Statement of performance measures

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

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(294)</b>	<b>(0.34)%</b>	(30.27)%	(1.55)%	(6.50)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>86,978</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>56,625</b>	<b>51.72%</b>	60.19%	53.91%	61.60%	> 60.00%
Total continuing operating revenue	<b>109,492</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>35,813</b>	<b>1.72x</b>	2.27x	5.40x	4.05x	> 1.50x
Current liabilities less specific purpose liabilities	<b>20,784</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>19,627</b>	<b>29.74x</b>	(1.18)x	29.80x	7.47x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>660</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>4,368</b>	<b>10.53%</b>	12.94%	12.09%	9.69%	< 10.00%
Rates and annual charges collectable	<b>41,485</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>86,494</b>	<b>15.83 months</b>	13.02 months	13.88 months	16.14 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>5,462</b>					

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

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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>(0.17)%</b>	(43.27)%	<b>1.30%</b>	8.89%	<b>(3.16)%</b>	9.81%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>44.04%</b>	54.22%	<b>83.83%</b>	91.16%	<b>93.97%</b>	63.59%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>1.72x</b>	2.27x	∞	53.09x	∞	5,563.67x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>24.29x</b>	(6.87)x	<b>2,348.00x</b>	29.17x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>8.55%</b>	11.05%	<b>22.81%</b>	20.88%	<b>14.54%</b>	17.82%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>4.86 months</b>	6.89 months	<b>79.52 months</b>	51.51 months	<b>33.09 months</b>	31.52 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 23a above.

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

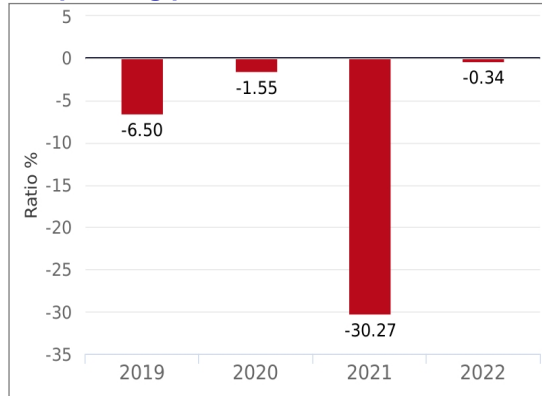
## END OF AUDITED FINANCIAL STATEMENTS

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2021/22 result

2021/22 ratio (0.34)%

The result for 2021/22 is a significant improvement on the result for 2020/21. This is due to an improvement in processes throughout the financial year to better manage the income and costs incurred by Council.

A significant non cash transaction related to the recognition of landfill remediation costs, impacted the 2020/21 result that was not replicated in the 21/22.

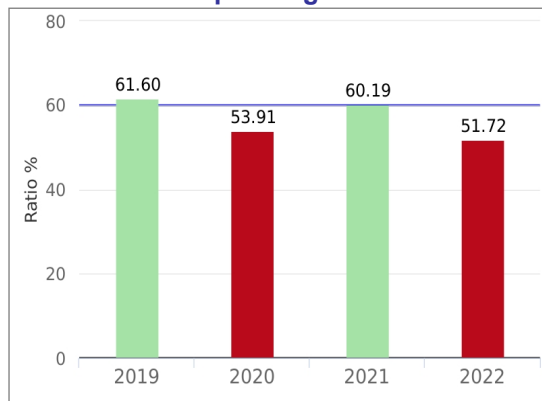
Benchmark: — > 0.00%

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 51.72%

This ratio is below the benchmark due to significant receipts of Operating and Capital grants that are non recurrent. Natural disasters within the LGA resulted in grant funding to assist with the recovery efforts that were not originally budgeted for. This result will fluctuate depending on the type and timing of the grants received.

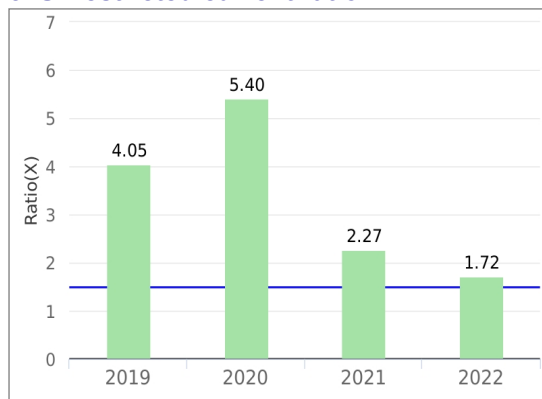
Benchmark: — > 60.00%

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 1.72x

This result has been trending downwards over the last few years. This years result is due to the receipt of significant grants which represent an externally restricted liability until the revenue can be recognised.

Benchmark: — > 1.50x

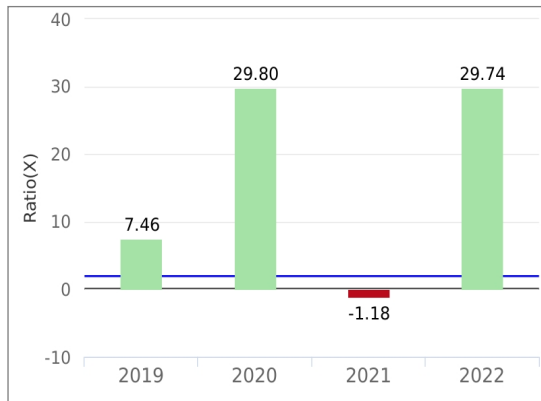
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 29.74x

This result indicates that Council can adequately service its outstanding debt, which as at 30 June 2022 is approximately \$29,000.

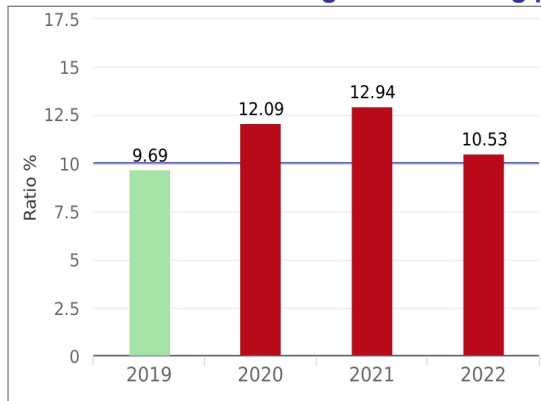
Benchmark: — > 2.00x

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 10.53%

The target for this performance measure is not meeting benchmark. Renewed debt management activities is required to improve this result.

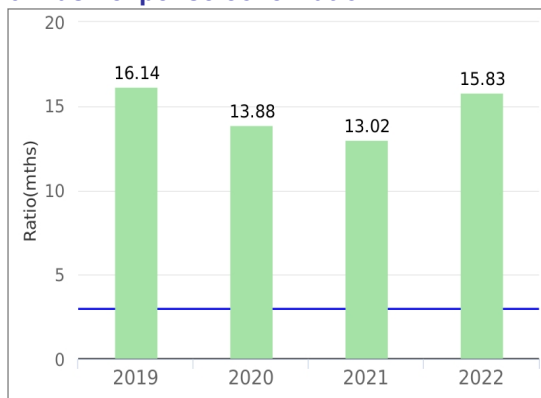
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 15.83 months

This ratio reflects a high level of liquidity in Council's investment portfolio at the end of 2021/22 due to the very low interest rate environment. Keeping investments in at call accounts reflected a better return on investment than placing funds in short to medium term investments.

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

---

**Principal place of business:****Cooma**

81 Commissioner Street  
COOMA NSW 2630

**Berridale**

2 Myack Street  
BERRIDALE NSW 2628

**Bombala**

71 Caveat Street  
BOMBALA NSW 2632

**Jindabyne**

2/1 Gippsland Street  
JINDABYNE NSW 2627

**Opening hours:**

8:30am - 4:30pm  
Monday to Friday

**Telephone:** 1300 345 345

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

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

**Officers****Chief Executive Officer**

Peter Bascomb

**Elected members****Mayor**

Narelle Davis

**Chief Financial Officer / Responsible Accounting Officer**

Tracy Sligar

**Councillors**

Tanya Higgins (Deputy Mayor)

Peter Beer

Louise Frolich

Chris Hanna

Tricia Hopkins

Karlee Johnson

Bob Stewart

Lynda Summers

John Castellari

John Last

**Public Officer**

Luke O'Sullivan  
Coordinator Governance

**Auditors**

Audit Office of NSW  
Lawrissa Chan  
Director, Financial Audit  
Level 19, Darling Park Tower 2  
201 Sussex Street  
SYDNEY NSW 2000

**Other information**

**ABN:** 72 906 802 034



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Snowy Monaro Regional Council

To the Councillors of Snowy Monaro Regional Council

### Qualified Opinion

I have audited the accompanying financial statements of Snowy Monaro Regional 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

### Basis for Qualified Opinion

#### Non recognition of rural fire-fighting equipment

As disclosed in Note C1-7 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by not entering into a service agreement
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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 qualified 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.

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized, cursive script.

Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

25 November 2022  
SYDNEY



Narelle Davis  
Mayor  
Snowy Monaro Regional Council  
PO Box 714  
COOMA NSW 2630

Contact: Lawrissa Chan  
Phone no: (02) 9275 7255  
Our ref: D2224697/1787

25 November 2022

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2022  
Snowy Monaro Regional Council**

I have audited the general purpose financial statements (GPFS) of the Snowy Monaro Regional 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 a modified 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.

**SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

**Modification to the opinion in the Independent Auditor's Report**

**Non-recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by not entering into a service agreement
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

### **Council's financial sustainability**





Council continues to face financial sustainability pressure in 2021-22. The Council reported unrestricted cash balance of \$4.4 million at 30 June 2022 (2021: nil). The increase was mainly due to the increase in cash in bank and deposit at call balances as a result of the improved net operating result. In prior years, due to nil balance of unrestricted funds, the Council may have been utilising internally restricted funds to meet its day-to-day operational requirements.

The GPFS has been prepared on the assumption that the Council will generate sufficient unrestricted funds to meet the operational requirements of the Council. To support this assumption, management prepared a high-level cash flow forecast for the 12 months period up to 30 November 2023. Management expects the overall cash movements (inflows and outflows) to remain similar to the previous 12 months without significant variations.

Management will implement appropriate processes to improve regular budgeting, cash flow forecasting and monitoring of restricted and unrestricted fund balances.

## INCOME STATEMENT

### Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	32.7	31.2	 4.8
Grants and contributions revenue	52.9	33.0	 60.1
Operating result from continuing operations	21.3	(15.1)	 241.1
Net operating result before capital grants and contributions	(1.2)	(24.9)	 95.1

Rates and annual charges revenue increased by \$1.5 million (4.8 per cent) in 2021–22 due to the annual rate peg increase applied to ordinary rates (2.0 per cent) and the increase in number of rateable properties.

Grants and contributions revenue increased by \$19.9 million (60.1 per cent) in 2021–22 due to:

- increase of \$3.0 million in financial assistance grants received in advance
- increase of \$10.3 million in grants from Transport for other roads and buildings funding
- increase of \$5.6 million in grants recognised for storm and flood damage during the year

The Council's operating result from continuing operations was a surplus of \$21.3 million, which was \$36.4 million higher than the 2020–21 result. This was mainly due to the increase in grants and contributions provided for capital and operating purposes (\$20.2 million).

The net operating result before capital grants and contributions was a deficit of \$1.2 million, which was \$23.6 million higher than the 2020–21 result. This was mainly due to:

- an increase in grants and contributions provided for operating purposes (\$7.1 million)
- an increase in user charges and fees revenue (\$3.3 million)
- a decrease in other expenses (\$12.3 million)

## STATEMENT OF CASH FLOWS

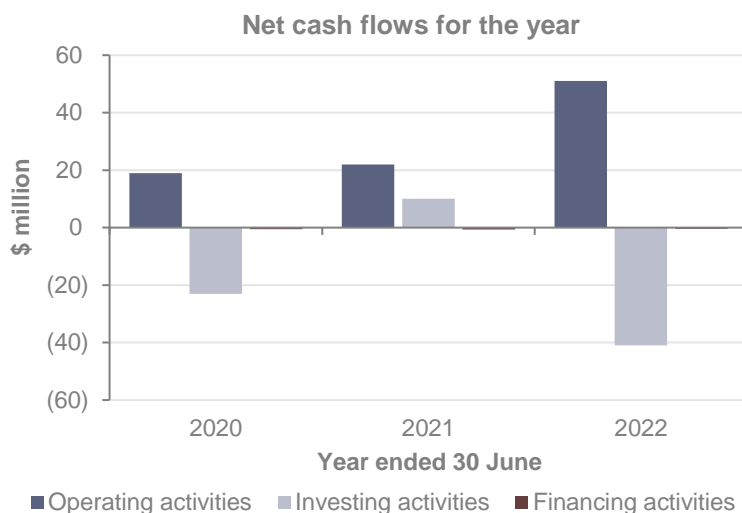
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

Net cash inflows from operating activities increased by \$28.6 million mainly due to the increase in grants and contributions received during the year.

Net cash outflows from investing activities increased by \$50.8 million mainly due to acquisition of term deposits, purchases of infrastructure, property, plant and equipment and reduction in redemption of term deposits.

Net cash flow from financing activities has remained steady compared to the prior year.

The Council's cash and cash equivalent balances at 30 June 2022 was \$47.5 million (2021: \$38.0 million). The net cash flow for the year was an increase of \$9.5 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>86.5</b>	<b>76.0</b>	Total cash, cash equivalents and investments increased by \$10.5 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	71.1	66.7	• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in Council's externally restricted cash and investments is mainly due to increase in specific purpose unexpended grants for general fund.
• Internal allocations	11.0	9.3	• Internal allocations are those cash and investments that Council have allocated by resolution or policy of Council to identified programs of works and any forward plans identified by Council. The increase in internal allocations is mainly due to the increase in restricted council project funding

### Debt

The Council has \$0.04 million of borrowings at 30 June 2022 (2021: \$0.4 million).

The Council has a credit card facility limit of \$0.1 million as at 30 June 2022 (2021: \$0.1 million). As at 30 June 2022, \$0.086 million of the total facility remains unutilised.

# PERFORMANCE

## Performance measures

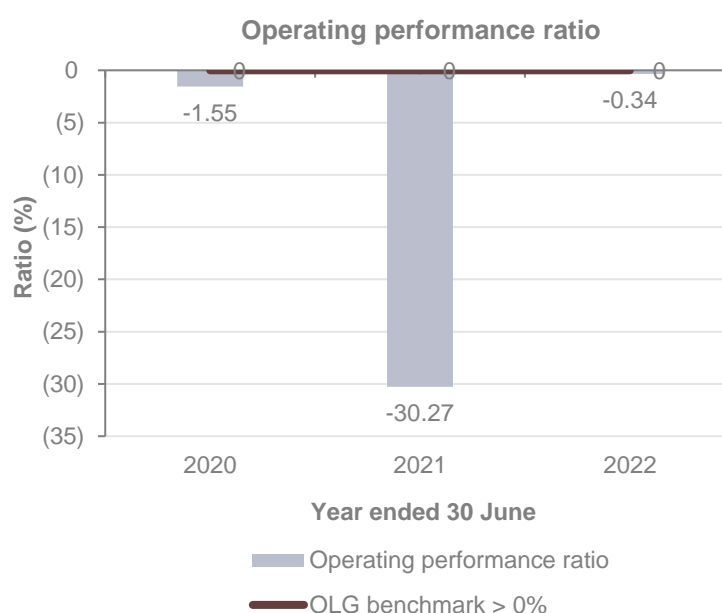
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

### 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 did not meet the OLG benchmark for the current reporting period.

The operating performance ratio has improved mainly due to the increase in operating grants and contributions and reduction in other expenses.

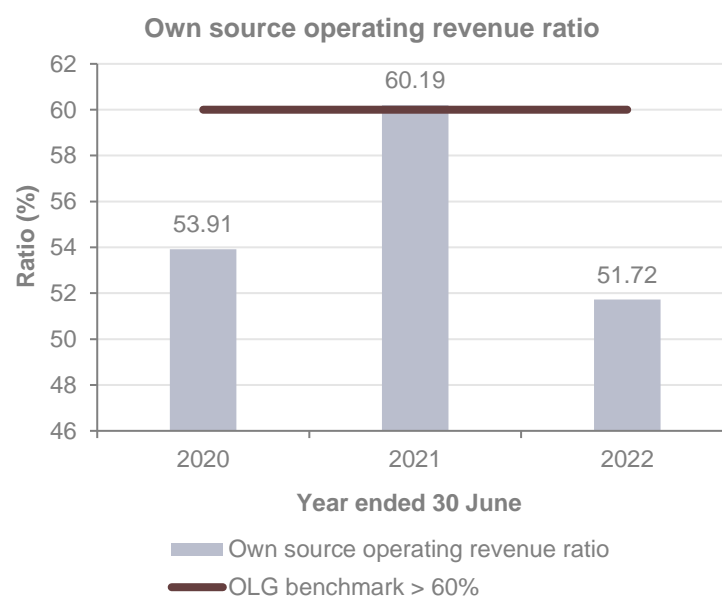


### Own source operating revenue ratio

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

The own source operating revenue ratio has decreased mainly due to the increase in capital grants and contributions during the year.

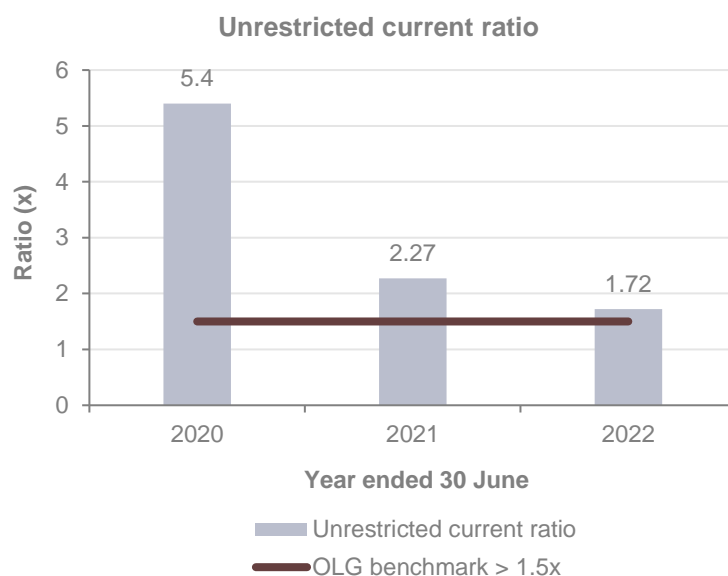


## Unrestricted current ratio

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 met the OLG benchmark for the current reporting period.

The Council's unrestricted current ratio has decreased mainly due to the increase in current liabilities.

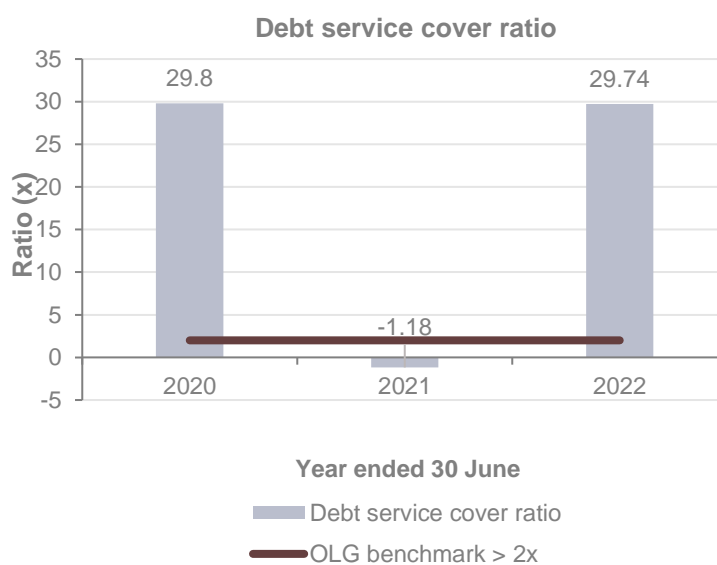


## Debt service cover ratio

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 met the OLG benchmark for the current reporting period.

The increase in the debt service cover ratio is mainly due to the increase in grants and contributions during the year.



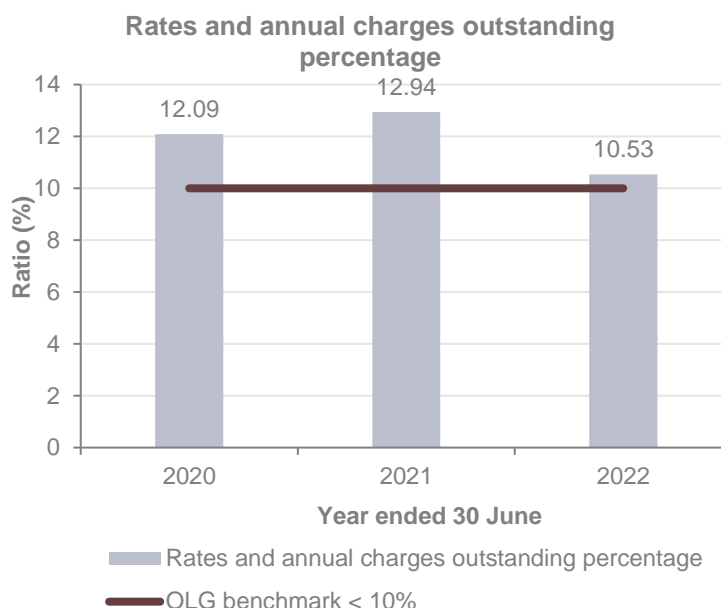


## Rates and annual charges outstanding percentage

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 10 per cent for regional and rural councils.

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

The decrease in rates and annual charges outstanding percentage is mainly due to the increase in rates and annual charges recognised during the year.

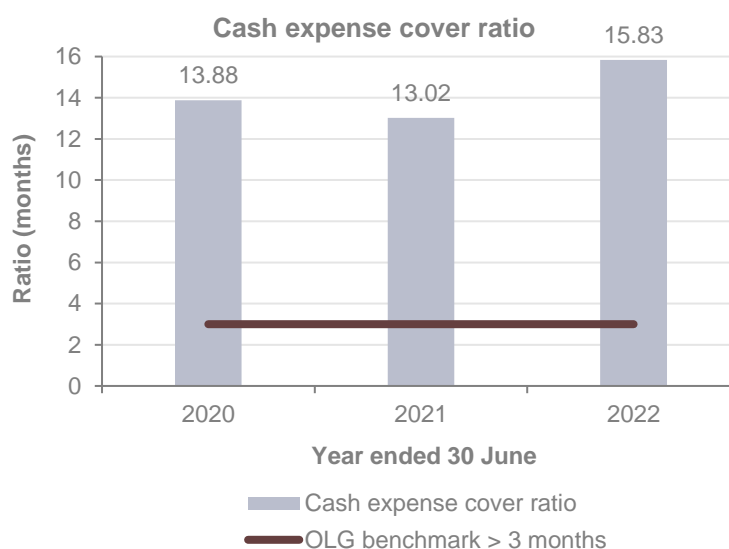


## Cash expense cover ratio

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 met the OLG benchmark for the current reporting period.

The increase in cash expense cover ratio is mainly due to the increase in current year's cash and cash equivalents.



## Infrastructure, property, plant and equipment renewals

The Council reported asset renewals of \$27.5 million in the 2021-22 financial year, compared to \$23.7 million in the prior year.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales



# Snowy Monaro Regional Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

---



# Snowy Monaro Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Waste Management business activity	6
Income Statement of Residential Aged Care business activity	7
Statement of Financial Position of water supply business activity	8
Statement of Financial Position of sewerage business activity	9
Statement of Financial Position of Waste Management business activity	10
Statement of Financial Position of Residential Aged Care business activity	11
<b>Note – Significant Accounting Policies</b>	<b>12</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>15</b>

---

### Background

- i. These Special Purpose Financial Statements have been prepared for use by both the 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).

# Snowy Monaro Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

---

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

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

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

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

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

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

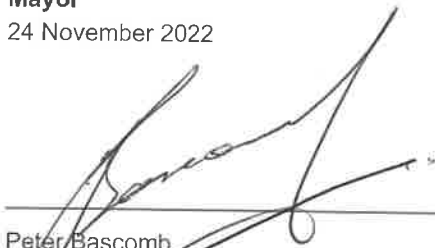
**Signed in accordance with a resolution of Council made on 24 November 2022.**



Narelle Davis  
**Mayor**  
24 November 2022



Tanya Higgins  
**Councillor**  
24 November 2022



Peter Bascomb  
**Chief Executive Officer**  
24 November 2022



Tracy Sligar  
**Responsible Accounting Officer**  
24 November 2022

# Snowy Monaro Regional Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	2,814	2,725
User charges	4,717	5,881
Interest and investment income	265	315
Grants and contributions provided for operating purposes	–	92
Net gain from the disposal of assets	12	–
Other income	90	11
<b>Total income from continuing operations</b>	<b>7,898</b>	<b>9,024</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,388	2,581
Borrowing costs	1	9
Materials and services	3,141	3,202
Depreciation, amortisation and impairment	2,244	2,252
Net loss from the disposal of assets	–	10
Other expenses	21	168
<b>Total expenses from continuing operations</b>	<b>7,795</b>	<b>8,222</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>103</b>	<b>802</b>
Grants and contributions provided for capital purposes	1,524	774
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,627</b>	<b>1,576</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,627</b>	<b>1,576</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(26)	(209)
<b>Surplus (deficit) after tax</b>	<b>1,601</b>	<b>1,367</b>
<b>Plus accumulated surplus</b>	<b>102,177</b>	<b>100,601</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	23	209
<b>Closing accumulated surplus</b>	<b>103,801</b>	<b>102,177</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.9%</b>
<b>Subsidy from Council</b>	<b>6,125</b>	<b>603</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,601	1,367
Less: capital grants and contributions (excluding developer contributions)	(1,524)	(774)
<b>Surplus for dividend calculation purposes</b>	<b>77</b>	<b>593</b>
<b>Potential dividend calculated from surplus</b>	<b>39</b>	<b>297</b>

## Snowy Monaro Regional Council

### Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	7,003	6,829
User charges	1,571	1,541
Interest and investment income	132	309
Grants and contributions provided for operating purposes	–	2
Other income	59	359
<b>Total income from continuing operations</b>	<b>8,765</b>	<b>9,040</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,074	2,285
Materials and services	5,416	4,289
Depreciation, amortisation and impairment	1,546	1,542
Net loss from the disposal of assets	6	4
Other expenses	–	33
<b>Total expenses from continuing operations</b>	<b>9,042</b>	<b>8,153</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(277)</b>	<b>887</b>
Grants and contributions provided for capital purposes	562	5,174
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>285</b>	<b>6,061</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>285</b>	<b>6,061</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(231)
<b>Surplus (deficit) after tax</b>	<b>285</b>	<b>5,830</b>
<b>Plus accumulated surplus</b>	<b>104,934</b>	<b>98,873</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	(2)	231
<b>Closing accumulated surplus</b>	<b>105,217</b>	<b>104,934</b>
<b>Return on capital %</b>	<b>(0.3)%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>4,325</b>	<b>410</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	285	5,830
Less: capital grants and contributions (excluding developer contributions)	(562)	(5,174)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>656</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>328</b>



## Snowy Monaro Regional Council

## Income Statement of Waste Management business activity

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
Annual charges	5,522	5,337
User charges	2,845	3,071
Interest and investment income	110	116
Grants and contributions provided for operating purposes	43	10
Other income	2,154	158
<b>Total income from continuing operations</b>	<b>10,674</b>	<b>8,692</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,755	2,762
Borrowing costs	260	471
Materials and services	3,310	3,715
Depreciation, amortisation and impairment	1,485	1,467
Net loss from the disposal of assets	–	54
Other expenses	192	11,134
<b>Total expenses from continuing operations</b>	<b>8,002</b>	<b>19,603</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,672</b>	<b>(10,911)</b>
Grants and contributions provided for capital purposes	7	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,679</b>	<b>(10,911)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,679</b>	<b>(10,911)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(668)	–
<b>Surplus (deficit) after tax</b>	<b>2,011</b>	<b>(10,911)</b>
<b>Plus accumulated surplus</b>	<b>833</b>	<b>11,744</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	675	–
<b>Closing accumulated surplus</b>	<b>3,519</b>	<b>833</b>
<b>Return on capital %</b>	<b>13.6%</b>	<b>(47.8)%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>10,765</b>

## Snowy Monaro Regional Council

### Income Statement of Residential Aged Care business activity

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	308	329
Fees	805	637
Interest and investment income	36	30
Grants and contributions provided for operating purposes	2,607	2,843
Other income	3	—
<b>Total income from continuing operations</b>	<b>3,759</b>	<b>3,839</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,688	3,225
Materials and services	3,288	2,986
Depreciation, amortisation and impairment	428	286
Other expenses	—	1
<b>Total expenses from continuing operations</b>	<b>7,404</b>	<b>6,498</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,645)</b>	<b>(2,659)</b>
Grants and contributions provided for capital purposes	453	367
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(3,192)</b>	<b>(2,292)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(3,192)</b>	<b>(2,292)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	—	—
<b>Surplus (deficit) after tax</b>	<b>(3,192)</b>	<b>(2,292)</b>
<b>Plus accumulated surplus</b>	<b>1,565</b>	<b>3,859</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>(1,627)</b>	<b>1,567</b>
<b>Return on capital %</b>	<b>(48.5)%</b>	<b>(39.9)%</b>
<b>Subsidy from Council</b>	<b>3,920</b>	<b>2,758</b>

## Snowy Monaro Regional Council

### Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	23,054	12,782
Investments	3,647	5,749
Receivables	3,745	3,608
<b>Total current assets</b>	<b>30,446</b>	<b>22,139</b>
<b>Non-current assets</b>		
Investments	–	7,101
Infrastructure, property, plant and equipment	170,203	94,871
<b>Total non-current assets</b>	<b>170,203</b>	<b>101,972</b>
<b>Total assets</b>	<b>200,649</b>	<b>124,111</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	340	340
Borrowings	–	77
<b>Total current liabilities</b>	<b>340</b>	<b>417</b>
<b>Total liabilities</b>	<b>340</b>	<b>417</b>
<b>Net assets</b>	<b>200,309</b>	<b>123,694</b>
<b>EQUITY</b>		
Accumulated surplus	103,801	102,175
Revaluation reserves	96,508	21,519
<b>Total equity</b>	<b>200,309</b>	<b>123,694</b>

## Snowy Monaro Regional Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7,757	8,660
Investments	–	3,894
Receivables	4,092	4,137
<b>Total current assets</b>	<b>11,849</b>	<b>16,691</b>
<b>Non-current assets</b>		
Investments	–	4,811
Receivables	–	36
Infrastructure, property, plant and equipment	110,591	87,019
<b>Total non-current assets</b>	<b>110,591</b>	<b>91,866</b>
<b>Total assets</b>	<b>122,440</b>	<b>108,557</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	–	3
<b>Total current liabilities</b>	<b>–</b>	<b>3</b>
<b>Total liabilities</b>	<b>–</b>	<b>3</b>
<b>Net assets</b>	<b>122,440</b>	<b>108,554</b>
<b>EQUITY</b>		
Accumulated surplus	105,217	104,935
Revaluation reserves	17,223	3,619
<b>Total equity</b>	<b>122,440</b>	<b>108,554</b>

## Snowy Monaro Regional Council

### Statement of Financial Position of Waste Management business activity

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	4,598
Investments	10,533	2,066
Receivables	703	985
<b>Total current assets</b>	<b>11,239</b>	<b>7,649</b>
<b>Non-current assets</b>		
Investments	–	2,552
Receivables	168	–
Infrastructure, property, plant and equipment	21,525	21,819
<b>Total non-current assets</b>	<b>21,693</b>	<b>24,371</b>
<b>Total assets</b>	<b>32,932</b>	<b>32,020</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	27	220
<b>Total current liabilities</b>	<b>27</b>	<b>220</b>
<b>Non-current liabilities</b>		
Borrowings	12	58
Provisions	29,349	31,067
<b>Total non-current liabilities</b>	<b>29,361</b>	<b>31,125</b>
<b>Total liabilities</b>	<b>29,388</b>	<b>31,345</b>
<b>Net assets</b>	<b>3,544</b>	<b>675</b>
<b>EQUITY</b>		
Accumulated surplus	3,519	840
Revaluation reserves	25	(165)
<b>Total equity</b>	<b>3,544</b>	<b>675</b>

## Snowy Monaro Regional Council

### Statement of Financial Position of Residential Aged Care business activity as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	285	—
Receivables	18	32
<b>Total current assets</b>	<b>303</b>	<b>32</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	7,519	6,664
Intangible assets	233	350
<b>Total non-current assets</b>	<b>7,752</b>	<b>7,014</b>
<b>Total assets</b>	<b>8,055</b>	<b>7,046</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	—	123
Overdraft <sup>1.</sup>	5,316	689
Payables	3,259	4,230
<b>Total current liabilities</b>	<b>8,575</b>	<b>5,042</b>
<b>Total liabilities</b>	<b>8,575</b>	<b>5,042</b>
<b>Net assets</b>	<b>(520)</b>	<b>2,004</b>
<b>EQUITY</b>		
Accumulated surplus	(1,627)	1,566
Revaluation reserves	1,107	438
<b>Total equity</b>	<b>(520)</b>	<b>2,004</b>

(1.) The business does not have its own separate bank account and the reported overdraft amount reflects the notional bank account balance as if the business had its own account. This cash facility is provided through Councils operating bank account within the General Fund.

## Note – Significant Accounting Policies

---

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Water Supply

Water supply services for residential and commercial activities

##### b. Sewerage Service

Sewerage reticulation, treatment and associated activities

##### c. Waste Management

Collection and disposal of garbage for residential and commercial activities

##### d. Residential Aged Care

Combined services offered at Yallambee Lodge and Snowy River Hostel

## Note – Significant Accounting Policies (continued)

### 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. 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%** (20/21 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 **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### 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 relevant corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the '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.

### 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



## Note – Significant Accounting Policies (continued)

range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

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

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

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

The rate of return is calculated as follows:

---

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

---

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

---

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

### (iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Snowy Monaro Regional Council**

To the Councillors of Snowy Monaro Regional Council

### **Opinion**

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Waste Management
- Aged Care

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.

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized, cursive script.

Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

25 November 2022  
SYDNEY



# Snowy Monaro Regional Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

---



# Snowy Monaro Regional Council

## Special Schedules

for the year ended 30 June 2022

---

Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

## Snowy Monaro Regional 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	16,933	17,399
Plus or minus adjustments <sup>2</sup>	b	121	102
<b>Notional general income</b>	$c = a + b$	<b>17,054</b>	<b>17,501</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	341	403
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>17,395</b>	<b>17,904</b>
<b>Total permissible income</b>	$o = k + n$	<b>17,395</b>	<b>17,904</b>
Less notional general income yield	p	17,399	17,900
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>(4)</b>	<b>4</b>
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>—</b>	<b>4</b>

**Notes**

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





## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Snowy Monaro Regional Council

To the Councillors of Snowy Monaro Regional Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Snowy Monaro Regional 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.

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized flourish at the end.

Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

25 November 2022  
SYDNEY

## Snowy Monaro Regional 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	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>8,126</b>	<b>8,126</b>	<b>4,224</b>	<b>526</b>	<b>40,701</b>	<b>128,339</b>	<b>12.3%</b>	<b>22.5%</b>	<b>52.6%</b>	<b>11.7%</b>	<b>0.9%</b>
<b>Other structures</b>	Other structures	1,285	1,285	373	200	8,475	12,422	45.5%	15.1%	18.8%	16.1%	4.5%
	<b>Sub-total</b>	<b>1,285</b>	<b>1,285</b>	<b>373</b>	<b>200</b>	<b>8,475</b>	<b>12,422</b>	<b>45.5%</b>	<b>15.1%</b>	<b>18.8%</b>	<b>16.1%</b>	<b>4.5%</b>
<b>Roads</b>	Roads	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	9,406	9,406	3,858	3,946	196,990	296,767	10.3%	43.0%	40.4%	5.8%	0.5%
	Unsealed roads	10,280	10,280	3,419	3,497	169,224	262,999	26.9%	16.1%	49.2%	6.4%	1.4%
	Bridges	10,667	10,667	1,730	414	77,516	133,073	16.3%	40.1%	27.5%	2.4%	13.7%
	Footpaths	246	246	203	62	8,341	15,624	13.8%	19.0%	64.0%	2.8%	0.4%
	Other road assets	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	—	—	—	—	441,196	441,196	100.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>30,599</b>	<b>30,599</b>	<b>9,210</b>	<b>7,919</b>	<b>927,192</b>	<b>1,149,659</b>	<b>49.3%</b>	<b>19.7%</b>	<b>25.7%</b>	<b>3.3%</b>	<b>2.0%</b>
<b>Water supply network</b>	Water supply network	72,869	72,869	7,986	2,744	151,177	332,769	15.4%	17.1%	23.7%	37.9%	5.9%
	<b>Sub-total</b>	<b>72,869</b>	<b>72,869</b>	<b>7,986</b>	<b>2,744</b>	<b>165,633</b>	<b>332,769</b>	<b>15.4%</b>	<b>17.1%</b>	<b>23.7%</b>	<b>37.9%</b>	<b>5.9%</b>
<b>Sewerage network</b>	Sewerage network	28,207	28,207	4,297	3,054	97,069	179,044	20.8%	28.8%	18.9%	10.5%	21.0%
	<b>Sub-total</b>	<b>28,207</b>	<b>28,207</b>	<b>4,297</b>	<b>3,054</b>	<b>97,607</b>	<b>179,044</b>	<b>20.8%</b>	<b>28.8%</b>	<b>18.9%</b>	<b>10.5%</b>	<b>21.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	722	722	275	28	20,812	30,504	7.4%	73.1%	14.7%	4.7%	0.1%
	<b>Sub-total</b>	<b>722</b>	<b>722</b>	<b>275</b>	<b>28</b>	<b>20,811</b>	<b>30,504</b>	<b>7.4%</b>	<b>73.1%</b>	<b>14.7%</b>	<b>4.7%</b>	<b>0.1%</b>
<b>Open space / recreational assets</b>	Swimming pools	1,248	1,248	47	82	2,697	4,705	0.0%	26.8%	20.2%	53.0%	0.0%
	Other	486	486	231	762	4,910	7,686	23.1%	42.7%	21.6%	12.2%	0.4%
	<b>Sub-total</b>	<b>1,734</b>	<b>1,734</b>	<b>278</b>	<b>844</b>	<b>7,607</b>	<b>12,391</b>	<b>14.3%</b>	<b>36.7%</b>	<b>21.1%</b>	<b>27.7%</b>	<b>0.2%</b>
<b>Total – all assets</b>		<b>143,542</b>	<b>143,542</b>	<b>26,643</b>	<b>15,315</b>	<b>1,268,026</b>	<b>1,845,128</b>	<b>36.9%</b>	<b>21.3%</b>	<b>26.3%</b>	<b>11.1%</b>	<b>4.5%</b>

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

## Snowy Monaro Regional Council

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

---

#### Infrastructure asset condition assessment 'key'

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

## Snowy Monaro Regional Council

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

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

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>23,080</b>					
Depreciation, amortisation and impairment	<b>20,807</b>	<b>110.92%</b>	129.82%	142.65%	78.93%	>= 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>143,542</b>					
Net carrying amount of infrastructure assets	<b>1,314,028</b>	<b>10.92%</b>	2.38%	5.91%	6.16%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>15,315</b>					
Required asset maintenance	<b>26,643</b>	<b>57.48%</b>	102.44%	50.53%	76.37%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>143,542</b>	<b>7.78%</b>	1.68%	3.12%	3.09%	
Gross replacement cost	<b>1,845,128</b>					

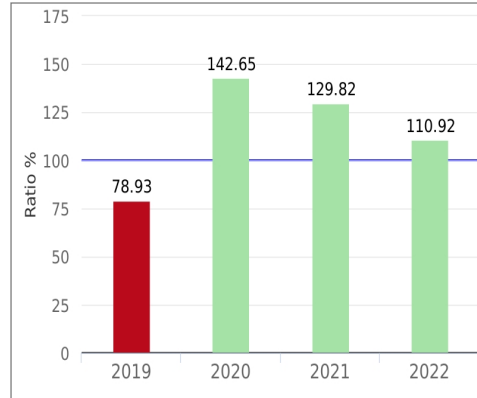
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

## Snowy Monaro Regional Council

## Report on infrastructure assets as at 30 June 2022

## Buildings and infrastructure renewals ratio



## Buildings and infrastructure renewals ratio

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

## Commentary on result

21/22 ratio 110.92%

This ratio is sitting above the benchmark, however is trending downwards. While Council is maintaining asset renewal, it is not at a level sufficient enough to improve the backlog.

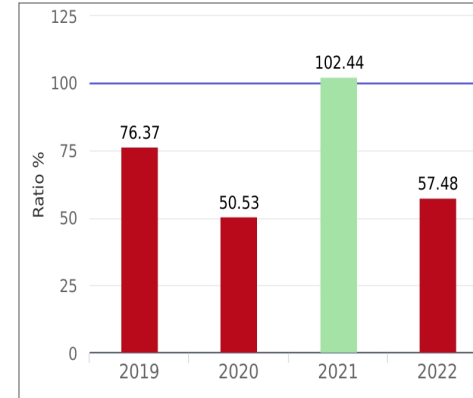
Benchmark: —  $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## Asset maintenance ratio



## Asset maintenance ratio

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

## Commentary on result

21/22 ratio 57.48%

Council's Asset Maintenance Ratio is lower than the benchmark. This indicates that the level of expenditure on the maintenance of infrastructure is not sufficient to prevent the backlog from growing. Ongoing challenges of increasing costs outstripping increases in income impacts the level of maintenance that can be achieved.

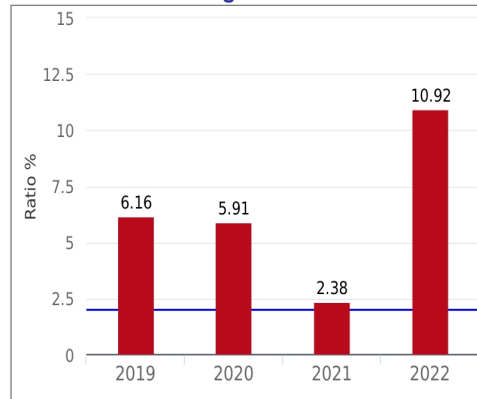
Benchmark: —  $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## Infrastructure backlog ratio



## Infrastructure backlog ratio

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

## Commentary on result

21/22 ratio 10.92%

Council's infrastructure backlog is increasing as council is not spending sufficient levels on asset maintenance. Council needs to continue to pursue grant opportunities to supplement the renewal spend to see improvement in this ratio.

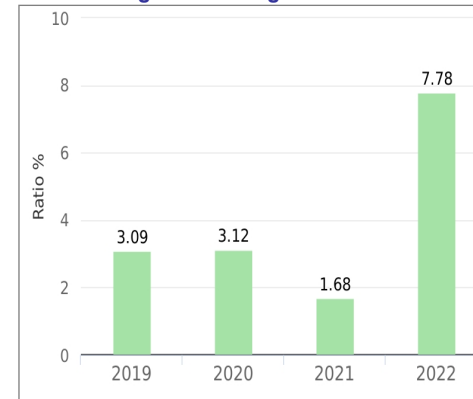
Benchmark: —  $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## Cost to bring assets to agreed service level



## Cost to bring assets to agreed service level

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

## Commentary on result

21/22 ratio 7.78%

The estimated cost to bring assets to an agreed level of service as set by Council has increased due to increasing inflationary pressure on costs. Significant work is required to bring councils transport assets back to an agreed service level after devastating natural disasters.

## Snowy Monaro Regional Council

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

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	30.93%	161.46%	85.03%	0.00%	1,086.64%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.04%	2.78%	43.99%	0.00%	28.90%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	66.27%	65.66%	34.36%	140.13%	71.07%	226.71%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	3.18%	2.15%	21.90%	0.00%	15.75%	0.00%	

(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.