

Fairfield City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	88
On the Financial Statements (Sect 417 [3])	92

Overview

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

86 Avoca Road
WAKELEY NSW 2176

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.fairfieldcity.nsw.gov.au.

Fairfield City Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 October 2022.



Frank Carbone
Mayor
18 October 2022



Reni Barkho
Councillor
18 October 2022



Bradley Cutts
General Manager
18 October 2022



Lachlan Gunn
Responsible Accounting Officer
18 October 2022

Fairfield City Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		33,580	27,464
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>157,779</u>	104,250
Total items which will not be reclassified subsequently to the operating result		157,779	104,250
Total other comprehensive income for the year		157,779	104,250
Total comprehensive income for the year attributable to Council		191,359	131,714

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

Fairfield City Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	74,926	55,835
Investments	C1-2	50,526	42,826
Receivables	C1-4	11,438	13,498
Inventories	C1-5	766	534
Other	C1-9	3,213	9,589
Total current assets		140,869	122,282
Non-current assets			
Investments	C1-2	35,650	39,050
Infrastructure, property, plant and equipment (IPPE)	C1-6	2,366,554	2,186,910
Investment property	C1-7	18,971	18,964
Intangible assets	C1-8	676	–
Right of use assets	C2-1	860	1,454
Total non-current assets		2,422,711	2,246,378
Total assets		2,563,580	2,368,660
LIABILITIES			
Current liabilities			
Payables	C3-1	30,930	28,629
Contract liabilities	C3-2	4,159	1,182
Lease liabilities	C2-1	377	53
Borrowings	C3-3	965	900
Employee benefit provisions	C3-4	17,626	18,091
Provisions	C3-5	1,043	463
Total current liabilities		55,100	49,318
Non-current liabilities			
Lease liabilities	C2-1	428	1,350
Borrowings	C3-3	7,609	8,627
Employee benefit provisions	C3-4	506	601
Provisions	C3-5	2,495	2,681
Total non-current liabilities		11,038	13,259
Total liabilities		66,138	62,577
Net assets		2,497,442	2,306,083
EQUITY			
Accumulated surplus	C4-1	947,529	913,949
IPPE revaluation reserve	C4-1	1,549,913	1,392,134
Total equity		2,497,442	2,306,083

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

Fairfield City Council

Statement of Changes in Equity

for the year ended 30 June 2022

	2022			2021		
	Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July	913,949	1,392,134	2,306,083	885,968	1,288,401	2,174,369
Net operating result for the year	33,580	-	33,580	27,464	-	27,464
Other comprehensive income						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	157,779	157,779	-	104,250	104,250
Total other comprehensive income	-	157,779	157,779	-	104,250	104,250
Total comprehensive income	33,580	157,779	191,359	27,464	104,250	131,714
Transfers between equity items	-	-	-	517	(517)	-
Closing balance at 30 June	947,529	1,549,913	2,497,442	913,949	1,392,134	2,306,083

Notes

C1-6

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

Fairfield City Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
118,191	Rates and annual charges		120,459	117,920
22,757	User charges and fees		15,220	19,814
1,669	Interest received		1,247	1,416
33,129	Grants and contributions		47,929	40,211
22,918	Other		34,712	30,075
<i>Payments:</i>				
(82,016)	Payments to employees		(76,475)	(74,318)
(29,465)	Payments for materials and services		(37,332)	(36,927)
(250)	Borrowing costs		(127)	(112)
–	Bonds, deposits and retentions refunded		(245)	(233)
(34,224)	Other		(23,159)	(35,921)
52,709	Net cash flows from operating activities	F1-1	82,229	61,925
Cash flows from investing activities				
<i>Receipts:</i>				
685	Proceeds from sale of IPPE		675	2,370
<i>Payments:</i>				
–	Purchase of investments		(4,300)	(4,300)
–	Purchase of investment property		(7)	–
(59,568)	Payments for IPPE		(57,210)	(76,048)
–	Purchase of intangible assets		(685)	–
(58,883)	Net cash flows from investing activities		(61,527)	(77,978)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	10,000
<i>Payments:</i>				
(953)	Repayment of borrowings		(953)	(532)
–	Principal component of lease payments		(658)	(776)
(953)	Net cash flows from financing activities		(1,611)	8,692
(7,127)	Net change in cash and cash equivalents		19,091	(7,361)
55,800	Cash and cash equivalents at beginning of year		55,835	63,196
48,673	Cash and cash equivalents at end of year	C1-1	74,926	55,835
85,000	plus: Investments on hand at end of year	C1-2	86,176	81,876
133,673	Total cash, cash equivalents and investments		161,102	137,711

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

Fairfield City Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	17
B2 Sources of income	21
B2-1 Rates and annual charges	21
B2-2 User charges and fees	22
B2-3 Other revenues	23
B2-4 Grants and contributions	24
B2-5 Interest and investment income	28
B2-6 Other income	28
B3 Costs of providing services	29
B3-1 Employee benefits and on-costs	29
B3-2 Materials and services	30
B3-3 Borrowing costs	30
B3-4 Depreciation, amortisation and impairment of non-financial assets	31
B3-5 Other expenses	32
B4 Gains or losses	33
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	33
B5 Performance against budget	34
B5-1 Material budget variations	34
C Financial position	37
C1 Assets we manage	37
C1-1 Cash and cash equivalents	37
C1-2 Financial investments	38
C1-3 Restricted and allocated cash, cash equivalents and investments	40
C1-4 Receivables	41
C1-5 Inventories	42
C1-6 Infrastructure, property, plant and equipment	43
C1-7 Investment properties & others	47
C1-8 Intangible assets	48
C1-9 Other	48
C2 Leasing activities	49
C2-1 Council as a lessee	49
C2-2 Council as a lessor	51
C3 Liabilities of Council	53
C3-1 Payables	53
C3-2 Contract Liabilities	55
C3-3 Borrowings	55
C3-4 Employee benefit provisions	57

Fairfield City Council

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

C3-5 Provisions	58
C4 Reserves	60
C4-1 Nature and purpose of reserves	60
D Risks and accounting uncertainties	61
D1-1 Risks relating to financial instruments held	61
D2-1 Fair value measurement	65
D3-1 Contingencies	70
E People and relationships	73
E1 Related party disclosures	73
E1-1 Key management personnel (KMP)	73
E1-2 Councillor and Mayoral fees and associated expenses	74
E2 Other relationships	75
E2-1 Audit fees	75
F Other matters	76
F1-1 Statement of Cash Flows information	76
F2-1 Commitments	77
F3-1 Events occurring after reporting date	78
F4 Statement of developer contributions as at 30 June 2022	79
F4-1 Summary of developer contributions	79
F4-2 Developer contributions by plan	80
F4-3 S7.4 planning agreements	82
F5 Statement of performance measures	83
F5-1 Statement of performance measures – consolidated results	83
G Additional Council disclosures (unaudited)	84
G1-1 Statement of performance measures – consolidated results (graphs)	84
G1-2 Council information and contact details	86

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 18 October 2022.

Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of investment properties – refer Note C1-7
- (ii) fair values of infrastructure, property, plant and equipment – refer Note C1-7 and D2
- (iii) employee benefit provisions – refer Note C3-3.

The far reaching economic impacts of the COVID-19 global pandemic (COVID-19) has had an impact on Council's operations during the financial year ended 30 June 2022 as well as that of its community, its customers and suppliers. Council has proactively addressed COVID-19 issues in order to mitigate the financial impact wherever possible, but there are a number of factors outside of its control. As a result, estimates and assumptions have been made as to the magnitude of the COVID-19 impact on Council's operations, which have been incorporated into fair value estimates.

Council is of the view that its investment properties and Infrastructure, Property and Plant and Equipment (IPP&E) are recorded at fair value as at 30 June 2022 and that the estimated fair values have not been significantly impacted by COVID-19 due to the nature of its tenants. Council has sustainable rental terms with longer term tenants and has no reason to believe that this will change as a result of COVID-19 based on practical experience during the pandemic and due to the quality of its property portfolio.

The construction costs for Council's IPP&E has continued to be well controlled during COVID-19 through effective procurement practices with contracted suppliers. It has been assumed that this will continue to be the case and that any potential supply chain uncertainty can largely be addressed through proactive planning and management.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4 and D1-1.

COVID-19 has had an impact on Council's ratepayers and customers, which has been taken into account when determining provisions for the impairment of receivables as at 30 June 2022. Council has worked to mitigate the impacts of the pandemic through proactive customer engagement and tailored payment solutions. At present, there are no indications that COVID-19 will have a significant impact on the judgements applied by Council.

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.

The consolidated fund consists of cash and other assets associated with general purpose operations only.

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

Pronouncement

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
 AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*

Nature of change in accounting policy

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

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

Effective date

Annual reporting period beginning on or after 1 January 2023 (i.e. year ended 30 June 2024).

Expected impact on council financial statements

Council does not expect that there will be a material impact to its financial statements and to its classification of liabilities as current or non-current following the implementation of this standard.

Pronouncement

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

Nature of change in accounting policy

This Standard amends a number of standards as follows:

AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;

A1-1 Basis of preparation (continued)

AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and

AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards

Effective date

Annual reporting period beginning on or after 1 January 2022 (i.e. year ended 30 June 2023).

Expected impact on council financial statements

Council does not anticipate that its financial statements will be impacted materially by the implementation of this standard

Pronouncement

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

Nature of change in accounting policy

This Standard amends a number of standards as follows:

AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;

AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and

AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Effective date

Annual reporting periods beginning on or after 1 January 2023, i.e. councils' financial statements for the year ended 30 June 2024.

Expected impact on council financial statements

There will be no impact on Council's reported financial performance or position. There may be a reduction in the quantum of accounting policy disclosures to focus on key decision areas and material policies only.

New accounting standards adopted during the year

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective as at 30 June 2022:

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

B Financial Performance

B1 Functions or activities

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
\$ '000										
Functions or activities										
Asset Management – Civil & Built	10,001	9,076	25,066	25,939	(15,065)	(16,863)	9,679	8,663	1,503,008	1,339,122
Asset Management – Open Space	1,705	996	4,280	3,935	(2,575)	(2,939)	1,508	720	128,895	127,726
Building Control and Compliance	1,109	967	2,663	2,831	(1,554)	(1,864)	–	–	–	(3)
Catchment Planning	1,790	189	1,757	1,984	33	(1,795)	242	172	5,248	5,119
Children and Family Services	15,014	13,133	12,966	12,568	2,048	565	8,371	5,125	17,392	17,423
City Connect Bus	–	–	32	32	(32)	(32)	–	–	12	39
Communications	13	26	1,762	1,624	(1,749)	(1,598)	10	10	14	21
Community Business Hub	17	–	497	–	(480)	–	–	–	3,979	–
Community Compliance	5,056	5,293	2,608	2,594	2,448	2,699	–	–	405	104
Community Facilities	523	554	2,337	2,715	(1,814)	(2,161)	–	–	32,500	33,397
Corporate Planning and Improvements	–	–	487	510	(487)	(510)	–	–	6	–
Customer Service Admin Building	1	4	834	859	(833)	(855)	–	–	–	–
Design Management	910	1,373	983	902	(73)	471	910	1,373	1,543	2,043
Development Planning	934	665	1,969	1,997	(1,035)	(1,332)	330	–	–	–
Emergency Risk Management	73	73	2,223	2,078	(2,150)	(2,005)	79	79	428	480
Fairfield Opportunity Risk Management	1	–	1,621	1,485	(1,620)	(1,485)	–	–	–	–
Environment and Public Health	107	244	781	802	(674)	(558)	–	–	100	101
Financial Sustainability	216	233	3,709	3,206	(3,493)	(2,973)	–	–	396	411
Fleet and Stores Management	268	–	1,606	1,584	(1,338)	(1,584)	–	–	–	–
Governance	37	8	2,488	1,529	(2,451)	(1,521)	–	–	7	10
Human Resources	–	–	3,118	3,096	(3,118)	(3,096)	–	–	1	10
Information and Communication Technology	1	2	7,235	7,892	(7,234)	(7,890)	–	–	2,336	2,258
Infrastructure Construction and Maintenance	336	381	10,564	11,548	(10,228)	(11,167)	103	255	69,741	68,626
Internal Audit	–	–	154	161	(154)	(161)	–	–	–	–
Land Information Services	1	–	233	220	(232)	(220)	–	–	–	–
Leisure Centres	8,608	12,135	14,924	15,446	(6,316)	(3,311)	2,800	4,908	115,243	118,928
Library	693	680	6,302	6,455	(5,609)	(5,775)	625	604	18,763	16,188
Major Projects	2,150	3,032	572	558	1,578	2,474	2,150	3,032	3,923	11,172
Museum and Gallery	147	70	653	684	(506)	(614)	131	44	4,089	4,074
Parks and Gardens Operations	36	102	3,447	3,391	(3,411)	(3,289)	–	–	17,465	17,744
Economic Development	7	–	300	267	(293)	(267)	7	–	–	1,656

continued on next page ...

B1-1 Functions or activities – income, expenses and assets (continued)

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
Major Events	622	208	1,033	968	(411)	(760)	500	–	–	–
Place Management	2	–	1,514	1,082	(1,512)	(1,082)	2	197	1,468	–
Procurement	–	253	706	817	(706)	(564)	–	–	1,617	2,576
Property Strategy and Services	7,336	7,523	3,785	4,174	3,551	3,349	–	–	91,968	71,838
Records and Information Management	–	–	1,333	1,497	(1,333)	(1,497)	–	–	–	–
Showground and Golf Course	1,009	1,323	907	976	102	347	–	–	4,704	4,737
Social Planning and Community Development	540	593	2,501	2,466	(1,961)	(1,873)	503	584	194	(3)
Strategic Land Use Planning	424	690	1,475	1,746	(1,051)	(1,056)	12	192	–	–
Street and Public Amenities Cleaning	423	699	5,713	6,413	(5,290)	(5,714)	–	–	151	2,084
Sustainable Resource Centre	4,161	4,350	2,672	2,888	1,489	1,462	–	–	10,644	10,730
Traffic and Transport	–	–	406	766	(406)	(766)	–	–	–	–
Natural Resources	146	407	1,631	2,815	(1,485)	(2,408)	145	–	(445)	–
Waste Education and Environment Sustainability	–	–	–	–	–	–	–	413	–	(1,342)
Waste Management	31,572	32,082	24,684	22,949	6,888	9,133	189	–	3,290	1,898
Corporate Services	107,742	101,607	3,620	3,058	104,122	98,549	16,355	12,959	524,495	509,493
Total functions and activities	203,731	198,971	170,151	171,507	33,580	27,464	44,651	39,330	2,563,580	2,368,660

B1-2 Components of functions or activities

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

Asset Management - Civil & Built

Ensure community assets (buildings, drainage, roads and street lighting) are maintained to an agreed standard by undertaking condition inspections to identify and program required repair and renewal works.

Asset Management - Open Space

Ensure Open Space and related assets (Parks, Playgrounds, Reserves, Sportsfields, Trees and Public Toilets) are maintained to an agreed standard by undertaking condition inspections to identify and program required maintenance and renewal works.

Building Control and Compliance

Performs the assessment, investigation, certification and enforcement of laws, regulations and policies for developments and land use activities within Fairfield City to ensure their compliance, health, safety and amenity.

Catchment Planning

Develop policy, undertake studies to identify and plan measures, develop detailed designs for construction of measures and provide advice relating to catchment planning, floodplain, stormwater and waterway management.

Children and Family Services

Provides quality children and family services including child care and early intervention programs to ensure a good future for our children and families within Fairfield City.

City Connect Bus

Provides free City Connect Bus Service for areas that are poorly serviced by existing private bus routes and increase accessibility to key destinations and community facilities.

Communications

Promote Council, and encourage community engagement through social media, coordinating media enquiries, responses and releases. Mayoral engagements as well as providing graphic design and print services for Council.

Community Business Hub

Manage and maintain Council's Community Business Hub (Fairfield City HQ) which provides community and business spaces. Fairfield City HQ is a co-working space for start-ups and local small businesses. The Hub provides networking and programs to support businesses, economic growth and employment opportunities.

Community Compliance

Investigate and ensure compliance with the regulatory and compliance laws within Fairfield City on community, parking and companion animal issues.

Community Facilities

Coordinate the management of Council community facilities including community buses, sporting fields, tennis/futsal and community centres/halls.

Corporate Planning and Improvements

Implement the compliance, coordination and development of the Integrated Planning and Reporting Framework (documents and reports) and service area improvements.

Customer Service Admin Building

Delivers a centralised Customer Service Centre at the administration building, which provides information, transactions and advice to customers via the front counter and operates the call centre.

Design Management

Defines, develops and manages civil, urban and landscape infrastructure designs; and provides surveying and spatial data services.

Development Planning

Conduct the assessment and processing of all major development applications and engineering construction certificates across residential, commercial and industrial developments.

Emergency Risk Management

Provide leadership, assistance and resources in order to support emergency and disaster planning, response and recovery operations within Fairfield City.

Fairfield Opportunity Risk Management

Develop, implement and manage Council's Opportunity and Risk Management Framework and Council's commercial insurance functions inclusive of general insurance renewals, management of claims and provision of insurance advice.

B1-2 Components of functions or activities (continued)

Environment and Public Health

Monitor and enforce regulatory and compliance laws within Fairfield City for environmental and public health standards.

Financial Sustainability

Conduct the delivery of Council's financial services, rate payments, revenue collection, analysis, advice and statutory reporting to ensure appropriate cash flow and long term financial viability.

Fleet and Stores Management

1. Coordinate and manage Fleet and Plant acquisition, disposal and rolling Plant replacement Program and budget. Provides expert advice and guidance to plant owners and managers in plant-related issues including management of accidents and repairs.

2. Manage Council central stores function including procurement, receipt, inventory control, storage, and security, issue of materials and maintenance of stock and associated records.

Governance

Ensure that Council has strong and effective governance and oversee the management of processes and protocols for Council's formal decision making that supports Council's capability to fulfil its legal, financial and ethical obligations.

Human Resources

Provide strategic and operational human resources service including industrial and employee relations, work health and safety, workers compensation, payroll and organisational and workforce development.

Information and Communication Technology

Provide the implementation, maintenance and support of Council's information technology systems and infrastructures. Design, install and maintain the Closed Circuit Television (CCTV) program in public places and Council facilities across Fairfield City.

Infrastructure Construction and Maintenance

Deliver Council's major programs for new capital and renewal of infrastructure assets (buildings, roads, kerb and gutter, footpaths, drainage, signs/line marking and sportsfields). Undertake breakdown repair and programmed maintenance for Council's infrastructure assets to meet Council's service standard.

Internal Audit

Ensure that Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfil its legal, financial and ethical obligations.

Land Information Services

Prepare and manage Council's information relating to land in both text and geographic mapping formats across the Fairfield City Local Government Area.

Leisure Centres

Manage and maintain Council's three leisure centres (Prairiewood Leisure Centre, Fairfield Leisure Centre and Cabravale Leisure Centre), Fairfield Park Tennis Complex along with Fairfield Youth and Community Centre for the provision of indoor and outdoor, active and passive dry and aquatic facilities and services to the community and visitors for wellbeing, water safety, sport and recreation.

Library

Manage and maintain Council's five library sites (Cabramatta, Bonnyrigg, Fairfield, Wetherill Park and Smithfield) to provide equitable, accessible, cost effective and efficient service to meet the community needs of Fairfield City.

Major Projects

Project manages and coordinates the funding, design, construction and commissioning of major new community infrastructure, other civil and building construction, and special projects.

Undertakes the procurement process and management of external design and construction contracts over \$120,000 Council wide, and provides advice and coordination for construction contracts under \$120,000.

Museum and Gallery

Engages the local communities through visual arts and social history exhibitions, workshops, education programs and events; and manages and maintains the Social History Collection, Vintage Village, Stein Gallery, Museum and the site.

Parks and Gardens Operations

Provide the necessary and effective resources to implement the service levels identified in Councils Parks and Recreation (Open Space) Asset Management Plan.

Economic Development

Promote, manage and deliver economic development projects and initiatives supporting businesses, economic growth and employment opportunities for residents. Focus is on sustainable economic development, stakeholder engagement, building partnerships to support key priority and emerging industries and attracting investment. This business unit works in collaboration

B1-2 Components of functions or activities (continued)

with various parts of Council to deliver projects and programs that aim to build capacity of our town and business centres, employment and industrial lands.

Major Events

The Major Events service delivers an integrated portfolio of major events across the City including Culinary Carnival, Cabramatta Moon Festival, Lunar New Year, Bring It On! and Illuminate New Year's Eve. The Major Events service aims to be reflective of our vibrant community, ensure all statutory responsibilities including WHS are met and contribute to improved social and economic benefits for the city. The Major Events team organises, presents and evaluates the program of high quality major events designed to engage with locals, sponsors and visitors to celebrate place, culture and diversity.

Place Management

Manage and coordinate projects, activities, policies, plans, partnerships opportunities across Fairfield City in consultation with key stakeholders to ensure the sustainable development, economic growth, vibrancy and resilience of town and business centres, employment and industrial lands are delivered for the benefit of residents and businesses. Focus in on public domain management, planning and improvements, stakeholders engagement, place based activations, processing local activity application and reviewing development applications.

Procurement

Develop, implement and ensure competitive, transparent, accountable and ethical procurement processes in the acquisition of goods and services to deliver Council services.

Property Strategy and Services

Provide Council with a self-funded Property Development Fund for the purpose of generating additional revenue through entrepreneurial real estate activities enabling Council to re-invest the funds back into the community. Coordinate the management of Council owned properties, leased and licenced properties, retailshopping centre, telecommunication agreements, and multi-deck car parks as well as real estate functions to buy, sell, lease, grant easements and road closures.

Records and Information Management

Manage Council's records and information including access, retrieval, storage and disposal.

Showground and Golf Course

Undertakes the management and maintenance of Fairfield Showground, Fairfield Markets, Fairfield Golf Course and Parklands Function Centre.

Social Planning and Community Development

Social Planning and Community Development works in partnership with community organisations, government agencies and business to ensure that vulnerable groups of people who need assistance, support or activities to participate in the economic, social and cultural life of the city receive help and opportunities. We advocate for additional resources, programs and policies to achieve social justice, minimise harm, enhance social inclusion, community participation and cohesion, as well as safe and healthy people and places.

Strategic Land Use Planning

Identify, map and coordinate planning for residential, business and rural land across Fairfield City, as well as preparing zoning certificates and representing Council on planning and infrastructure matters with State and Federal Governments.

Street and Public Amenities Cleaning

Provide the cleaning of streets and public amenities in the town centres, residential and industrial areas across Fairfield City.

Sustainable Resource Centre

Divert construction and demolition waste from landfill by recycling and selling construction materials.

Traffic and Transport

Manages Fairfield City's road network, including traffic management, transport, road safety, parking restrictions and liaison with State Government entities.

Natural Resources

Provide, deliver, maintain and protect the natural environment in the city.

Waste Education and Environment Sustainability

Provide and deliver educational programs and community sustainability initiatives for the community and Council.

Waste Management

Manage domestic and commercial waste services across Fairfield City.

Corporate Services

B1-2 Components of functions or activities (continued)

Ensure that Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfil its legal, financial and ethical obligations.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	53,068	51,773
Farmland	258	248
Business	35,893	35,062
Less: pensioner rebates	(2,020)	(2,011)
Rates levied to ratepayers	87,199	85,072
Pensioner rate subsidies received	1,723	1,717
Total ordinary rates	88,922	86,789
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	31,791	32,246
Drainage	1,531	(5)
Section 611 charges	82	92
Less: pensioner rebates	(1,085)	(1,124)
Annual charges levied	32,319	31,209
Total annual charges	32,319	31,209
Total rates and annual charges	121,241	117,998

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
User charges			
Domestic waste management services	2	39	161
Waste management services (non-domestic)	2	363	495
Total user charges		402	656
Fees			
Building regulation	2	103	195
Planning and building regulation	2	576	537
Regulatory fees	2	1,316	1,530
Section 10.7 certificates (EP&A Act)	2	383	400
Total Fees		2,378	2,662
Child care	2	5,307	6,925
Park rents	2	185	206
Entry fees	2	3,132	3,590
Fairfield showground	2	843	1,101
Golf course	1	61	106
Library	2	17	502
Recreation facilities	2	1,497	1,450
Membership Fees	1	1,699	2,315
Total Fees		12,741	16,195
Total other user charges and fees		15,119	18,857
Total user charges and fees		15,521	19,513
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		1,760	2,421
User charges and fees recognised at a point in time (2)		13,761	17,092
Total user charges and fees		15,521	19,513

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	2	5,179	5,402
Legal fees recovery	2	49	1
Car park operations	2	2,180	2,249
Commissions and agency fees	2	155	189
Insurance claims recoveries	2	288	298
Recycling income (non-domestic)	2	4,191	4,384
Other	2	2,460	1,349
Total other revenue		14,502	13,872

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		14,502	13,872
Total other revenue		14,502	13,872

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied. Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first. Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	3,857	3,542	–	–
Financial assistance – local roads component	2	923	849	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	5,922	3,789	–	–
Financial assistance – local roads component	2	1,423	912	–	–
Amount recognised as income during current year		12,125	9,092	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	79	79	–	–
Community care	2	989	992	–	–
Heritage and cultural	2	12	–	–	–
Library	2	5,803	4,394	–	–
Recreation and culture	2	50	30	45	48
Street lighting	2	999	999	–	–
Transport (other roads and bridges funding)	2	–	–	5,837	2,322
Other specific grants	2	3,526	1,966	6,301	13,047
Other specific grant	1	–	–	1,419	–
Transport for NSW contributions (regional roads, block grant)	2	103	115	–	–
Other contributions	2	84	65	–	–
Child care	2	953	553	–	–
Total special purpose grants and non-developer contributions – cash		12,598	9,193	13,602	15,417
Total special purpose grants and non-developer contributions (tied)		12,598	9,193	13,602	15,417
Total grants and non-developer contributions		24,723	18,285	13,602	15,417
Comprising:					
– Commonwealth funding		12,125	9,103	5,116	4,798
– State funding		12,368	8,981	8,419	10,611
– Other funding		230	201	67	8
		24,723	18,285	13,602	15,417

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	6,326	5,628
Total developer contributions – cash			–	–	6,326	5,628
Total developer contributions			–	–	6,326	5,628
Total contributions			–	–	6,326	5,628
Total grants and contributions			24,723	18,285	19,928	21,045
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	2,965	1,419	2,322
Grants and contributions recognised at a point in time (2)			24,723	15,320	18,509	18,723
Total grants and contributions			24,723	18,285	19,928	21,045

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	5,079	5,103	3,007	3,362
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,149	1,143	–	86
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(305)	(1,167)	(117)	(441)
Unspent funds at 30 June	6,923	5,079	2,890	3,007
Contributions				
Unspent funds at 1 July	30,816	49,731	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,015	3,155	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(10,852)	(22,070)	–	–
Unspent contributions at 30 June	23,979	30,816	–	–

Accounting policy

Grants and Contributions - enforceable agreement with sufficiently specific performance obligations.

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

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

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods/services at a single time, whereas over time recognition is where the control of the services is ongoing throughout the project.

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.

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.

Capital grants

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

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

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

B2-4 Grants and contributions (continued)

Developer Contributions

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

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	337	50
– Cash and investments	944	1,311
Total interest and investment income (losses)	1,281	1,361
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	337	50
General Council cash and investments	757	883
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	187	428
Total interest and investment income	1,281	1,361

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Investment properties			
Lease income relating to variable lease payments not dependent on an index or a rate		1,160	1,101
Total Investment properties		1,160	1,101
Other lease income			
Room/Facility Hire		4,526	4,636
Other		442	533
Total other lease income		4,968	5,169
Total rental income	C2-2	6,128	6,270
Total other income		6,128	6,270

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	57,475	57,144
Travel expenses	11	14
Employee leave entitlements (ELE)	9,020	8,767
Superannuation	6,897	6,876
Workers' compensation insurance	848	448
Fringe benefit tax (FBT)	136	143
Training costs (other than salaries and wages)	357	444
Protective clothing	230	217
Temporary contract labour	3,046	3,302
Other	83	98
Total employee costs	78,103	77,453
Less: capitalised costs	(1,960)	(2,905)
Total employee costs expended	76,143	74,548

Accounting policy

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

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

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		14,761	18,148
Contractor and consultancy costs		979	2,111
Audit Fees	E2-1	215	227
Councillor and Mayoral fees and associated expenses	E1-2	540	516
Election expenses		788	57
Electricity and heating		1,807	1,803
Insurance		1,344	1,182
Postage		468	566
Printing and stationery		416	330
Street lighting		2,858	3,086
Subscriptions and publications		781	667
Telephone and communications		872	1,102
Valuation fees		380	354
Advertising (general)		443	484
Advertising (positions vacant)		52	33
Children services		147	141
Commission / rebate		553	503
Conferences		256	131
Consumables		191	312
Equipment less than \$1,000		833	596
Financial charges		342	421
Photocopier operating costs		83	82
Other expenses		504	488
Publicity and promotion		761	724
Rates collection		1	7
Water rates		743	873
Legal expenses: other		842	983
Expenses from short-term leases		38	34
Expenses from leases of low value assets		779	867
Fuels		1,828	1,344
Increase/decrease stock valuation		40	60
Information technology		2,311	2,635
Materials fleet running expenses		2,260	2,005
Stock Adjustments		4	26
Trading requirement stock		58	68
Total materials and services		39,278	42,966
Less: capitalised costs		(237)	(388)
Total materials and services		39,041	42,578

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2022	2021
Interest bearing liability costs		
Interest on leases	29	52
Interest on loans	98	60
Total borrowing costs expensed	127	112

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		3,676	3,757
Office equipment		314	144
Furniture and fittings		23	21
Infrastructure:	C1-6		
– Buildings – non-specialised		8,339	8,047
– Roads		10,921	11,128
– Bridges		464	536
– Footpaths		2,299	2,204
– Stormwater drainage		2,461	2,434
– Kerb and gutter		2,741	2,549
– Park infrastructure		3,063	2,635
Right of use assets	C2-1	654	786
Other assets:			
– Library books		187	151
– Other		589	618
Intangible assets	C1-8	9	333
Total depreciation and amortisation costs		35,740	35,343
Total depreciation, amortisation and impairment for non-financial assets		35,740	35,343

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		70	53
Total impairment of receivables	C1-4	70	53
Other			
Contributions/levies to other levels of government			
– Board of fire commission		2,093	1,936
– Corporation sole EPA act		525	511
– NSW waste and recycling services		16,376	16,379
Donations, contributions and assistance to other organisations (Section 356)		36	47
Total other expenses		19,100	18,926

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		–	(78)
Gain (or loss) on disposal		–	(78)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		675	2,370
Less: carrying amount of plant and equipment assets sold/written off		(268)	(1,665)
Gain (or loss) on disposal		407	705
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		407	627

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 25/05/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	118,191	121,241	3,050	3%	F
User charges and fees	22,757	15,521	(7,236)	(32)%	U
The original budget assumed that Council's results would not be impacted by COVID, however, all services were heavily impacted by the lockdown for the first 4 months of the financial year when Fairfield Council was deemed a COVID-19 hotspot and LGA of concern by NSW Health. This was followed by operational impacts arising from the progressive easing of restrictions from 11 October 2021 under the NSW Governments Roadmap to Recovery, consumer hesitancy during the vaccination rollout, and sustained wet weather during the second half of the financial year. The loss of enrolment income from Children & Family Services was offset by an increase in Operating Grants to support this sector.					
Other revenues	22,918	14,502	(8,416)	(37)%	U
The budget did not allow for the reclassification of property and lease income to 'Other Income'. Combined 'Other Revenues' and 'Other Income' are \$2.288m below budget. The combined shortfall to budget is due to rental assistance provided to support tenants while COVID restrictions were in place, and reduced car park and parking enforcement income due to reduced activity in city centres during the lockdown and reduced use of commuter carparks.					
Operating grants and contributions	20,198	24,723	4,525	22%	F
Operating Grants were higher than expected this year due to the advance payment of 75% of Financial Assistance Grants (FAGs) and funding received to support Council's COVID-19 response. The Commonwealth Government decided to make an early payment of the 2022-23 estimated FAG entitlement to help manage the cumulative impacts of the floods and the Covid-19 Pandemic.					
Capital grants and contributions	12,931	19,928	6,997	54%	F
Favourable result to budget largely due to receipt of increased funding for roads and community infrastructure and funding for major projects undertaken at Council's Showground and Aquatopia.					
Interest and investment revenue	1,669	1,281	(388)	(23)%	U
The budget did not allow for the large increase in interest rates late in the financial year, which had a negative impact on interest income because marked to market adjustments were required for investments in lower yielding Floating Rate Notes taken out prior to the rate increases.					
Net gains from disposal of assets	685	407	(278)	(41)%	U
Lower than budgeted number of Council vehicles replaced due to large lead time for purchase of new vehicles and equipment.					
Other income	-	6,128	6,128	∞	F
The budget was recorded under 'Other Revenues'.					
Expenses					
Employee benefits and on-costs	82,016	76,143	5,873	7%	F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Materials and services	29,465	39,041	(9,576)	(32)% U
The budget did not allow for the reclassification of a number of 'Other Expenses' to 'Materials and Services' under the revised OLG account mapping implemented for the 30 June 2021 audited financial statements because the 2021/22 budget was prepared prior to this. Combined 'Materials and Services' and 'Other Expenses' are \$5.549m below budget due to savings in maintenance costs and consultancy costs arising from reduced use of facilities and project delays because of COVID and sustained wet weather.				
Borrowing costs	250	127	123	49% F
Interest saving arising from the majority of Council's loan being fixed for a long term at a low rate.				
Depreciation, amortisation and impairment of non-financial assets	39,774	35,740	4,034	10% F
Depreciation below budget because there were significant delays in Council's capital works program due to the combined impacts of the COVID-19 lockdown and the large number of days lost to wet weather.				
Other expenses	34,224	19,100	15,124	44% F
The budget did not allow for the reclassification of a number of 'Other Expenses' to 'Materials and Services' under the revised OLG account mapping implemented for the 30 June 2021 audited financial statements.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
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Statement of cash flows

Cash flows from operating activities	52,709	82,229	29,520	56%	F
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Cash flows were better than budget due to increased grant funding to assist with impacts of floods and COVID, reduced expenditure arising from reduced use of facilities, project delays because of COVID and sustained wet weather, and savings due to alignment of staffing levels to reduced service requirements. Council's net asset position was better than budget and assisted operating cash flows due to receipt of Council's interest in the insurance mutual it withdrew from on 30 June 2020, receipt of a large insurance claim, and prudent management of its financial commitments.

Cash flows from investing activities	(58,883)	(61,527)	(2,644)	4%	U
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Cash flows from financing activities	(953)	(1,611)	(658)	69%	U
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The budget did not make adequate allowance for loan and lease payments, which increased the net outflow from financing activities.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,412	777
Cash equivalent assets		
– Deposits at call	73,514	55,058
Total cash and cash equivalents	74,926	55,835

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	74,926	55,835
Balance as per the Statement of Cash Flows	74,926	55,835

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
Financial assets at fair value through profit and loss				
Aust mortgaged backed securities	226	–	226	–
Total	226	–	226	–
Debt securities at amortised cost				
Floating Rate Note	4,000	35,650	4,100	24,750
Term deposits	46,300	–	38,500	14,300
Total	50,300	35,650	42,600	39,050
Total financial investments	50,526	35,650	42,826	39,050
Total	125,452	35,650	98,661	39,050

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

C1-2 Financial investments (continued)

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

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 income, are recognised in profit or loss.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	161,102	137,711
Less: Externally restricted cash, cash equivalents and investments	<u>(110,388)</u>	<u>(105,039)</u>
Cash, cash equivalents and investments not subject to external restrictions	50,714	32,672
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants	<u>5,089</u>	880
External restrictions – included in liabilities	5,089	880
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	23,978	30,816
Specific purpose unexpended grants – general fund	9,812	8,086
Stormwater management	3,833	3,626
Other special levies	10,169	7,152
Voluntary purchase reserve	741	719
Domestic waste management	56,766	53,760
External restrictions – other	105,299	104,159
Total external restrictions	110,388	105,039

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		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Car park assets	3,224	565
Future capital works	1,067	567
Museum reserve	18	18
Property development	7,460	542
Sustainable resource centre plant reserve	1,327	982
Town funds	1,664	482
IT Core System	488	664
Surplus land Sales	852	417
Unspent loan	622	921
Insurance claims reserve	<u>5,793</u>	–
Total internal allocations	22,515	5,158

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

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	6,044	–	5,191	–
Accrued revenues				
– Interest on investments	297	–	263	–
– Other income accruals	803	–	1,120	–
Net GST receivable	1,923	–	2,238	–
Other debtors	3,055	–	5,314	–
Total	12,122	–	14,126	–
Less: provision for impairment				
Rates and annual charges	(378)	–	(307)	–
Other debtors	(306)	–	(321)	–
Total provision for impairment – receivables	(684)	–	(628)	–
Total net receivables	11,438	–	13,498	–

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	628	862
+ new provisions recognised during the year	56	–
– Provisions utilised during the year	–	(234)
Balance at the end of the year	684	628

Accounting policy

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

Impairment

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

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

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

Credit losses are measured 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.

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

COVID-19 has had an impact on Council's ratepayers and customers, which has been considered when assessing impairment of receivables as at 30 June 2022. However, the impacts of the pandemic have been mitigated through proactive customer engagement and tailored payment solutions.

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.

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

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	707	–	494	–
Trading stock	59	–	40	–
Total inventories at cost	766	–	534	–
Total inventories	766	–	534	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021						Asset movements during the reporting period						At 30 June 2022	
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
	\$ '000													
Capital work in progress	54,474	-	54,474	-	(19,358)	-	-	-	-	35,116	-	35,116		
Plant and equipment (MV, HV and MP)	35,736	(19,677)	16,059	-	3,242	(268)	(3,676)	-	-	38,096	(22,739)	15,357		
Office equipment (OE, computer and others)	3,370	(2,060)	1,310	-	152	-	(314)	-	-	3,468	(2,320)	1,148		
Furniture and fittings	502	(408)	94	-	14	-	(23)	-	-	516	(431)	85		
Land:														
- Operational land	282,354	-	282,354	-	-	-	-	-	42,353	324,707	-	324,707		
- Community land	527,230	-	527,230	-	8,192	-	-	-	-	535,422	-	535,422		
- Land under roads (post 30/6/2008)	2,222	-	2,222	-	-	-	-	-	-	2,222	-	2,222		
Infrastructure:														
- Buildings	370,573	(135,425)	235,148	7,492	25,037	-	(8,339)	-	63,922	466,796	(143,536)	323,260		
- Park Recreational assets	75,624	(17,340)	58,284	1,411	12,284	-	(3,063)	-	-	89,320	(20,403)	68,917		
- Roads	572,772	(153,322)	419,450	8,449	1,144	-	(10,921)	-	12,544	594,908	(164,242)	430,666		
- Bridges	49,602	(8,553)	41,049	163	224	-	(464)	(5)	-	49,983	(9,017)	40,966		
- Footpaths	137,922	(39,479)	98,443	1,933	2,166	-	(2,299)	-	7,216	149,237	(41,778)	107,459		
- Bulk earthworks (non-depreciable)	34,841	-	34,841	-	44	-	-	-	-	34,884	-	34,884		
- Stormwater drainage	358,972	(91,882)	267,090	206	118	-	(2,461)	5	26,230	385,532	(94,344)	291,188		
- Kerb and gutter	214,635	(70,728)	143,907	3,903	48	-	(2,741)	-	5,514	224,100	(73,469)	150,631		
Other assets:														
- Library books	14,734	(12,848)	1,886	-	325	-	(187)	-	-	5,156	(3,132)	2,024		
- Other Park Recreation & CCTV	10,275	(7,206)	3,069	-	22	-	(589)	-	-	10,297	(7,795)	2,502		
Total infrastructure, property, plant and equipment	2,745,838	(558,928)	2,186,910	23,557	33,654	(268)	(35,077)	-	157,779	2,949,760	(583,206)	2,366,554		

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020						Asset movements during the reporting period						At 30 June 2021	
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
Capital work in progress	33,516	–	33,516	–	20,958	–	–	–	–	54,474	–	54,474		
Plant and equipment (MV, HV and MP)	37,134	(17,789)	19,345	–	1,917	(1,690)	(3,757)	243	–	35,736	(19,677)	16,059		
Office equipment (OE, computer and others)	2,418	(1,916)	502	–	952	–	(144)	–	–	3,370	(2,060)	1,310		
Furniture and fittings	475	(387)	88	–	27	–	(21)	–	–	502	(408)	94		
Land:														
– Operational land	282,354	–	282,354	–	–	–	–	–	–	282,354	–	282,354		
– Community land	416,968	–	416,968	–	5,551	–	–	6,703	98,008	527,230	–	527,230		
– Land under roads (post 30/6/08)	8,925	–	8,925	–	–	–	–	(6,703)	–	2,222	–	2,222		
Infrastructure:														
– Buildings – non-specialised	360,307	(128,990)	231,317	9,391	2,333	(78)	(8,047)	(2)	234	370,573	(135,425)	235,148		
– Park Recreational assets	25,237	(15,168)	10,069	1,095	7,296	–	(2,635)	37,633	4,826	75,624	(17,340)	58,284		
– Roads	558,978	(143,421)	415,557	12,861	1,422	–	(11,128)	(443)	1,182	572,772	(153,322)	419,450		
– Bridges	49,554	(8,016)	41,538	48	–	–	(536)	–	–	49,602	(8,553)	41,049		
– Footpaths	132,069	(37,275)	94,794	3,666	2,020	–	(2,204)	167	–	137,922	(39,479)	98,443		
– Bulk earthworks (non-depreciable)	34,789	–	34,789	–	52	–	–	–	–	34,841	–	34,841		
– Stormwater drainage	357,914	(89,448)	268,466	766	292	–	(2,434)	–	–	358,972	(91,882)	267,090		
– Kerb and gutter	210,764	(68,179)	142,585	3,469	402	–	(2,549)	–	–	214,635	(70,728)	143,907		
Other assets:														
– Library books	14,396	(12,696)	1,700	–	337	–	(151)	–	–	14,734	(12,848)	1,886		
– Other	49,200	(9,134)	40,066	485	491	–	(618)	(37,355)	–	10,275	(7,206)	3,069		
Total infrastructure, property, plant and equipment	2,574,998	(532,419)	2,042,579	31,781	44,050	(1,768)	(34,224)	243	104,250	2,745,838	(558,928)	2,186,910		

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

Initial recognition of Infrastructure, Property, Plant and Equipment (IPPE)

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

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

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

Revaluation Model

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Transportation assets	Years
Office equipment	10	Road signs	20
Office furniture	10	Bridge	20 to 150
Computer equipment	3	Kerb & Gutter	80
Vehicles	5	Footpath	10 to 60
Heavy plant/road making equipment	7		
Other plant and equipment	7		
Buildings		Stormwater assets	
Electricals	30	Drains	10 to 150
Hydraulics	30		
Mechanicals	30	Other infrastructure assets	
Roof	40	Park infrastructure assets	10 to 150
Structure	90		
Fitout	25		
Transportation assets		Other Assets	
Road pavements	100	Library Books	10
Road surface	15 to 30	Other Assets	10 to 150
Road Furniture	15 to 40		
Traffic Facilities	10 to 100		
Car park pavement	100		
Car park surface	20 to 30		

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

C1-6 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 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.

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

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

Rural Fire Service assets

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

Rural Fire Service assets under council's control are recognised in these financial statements.

C1-7 Investment properties & others

Owned investment property

\$ '000	2022	2021
At fair value		
Opening balance at 1 July	18,964	18,964
Additions	7	–
Closing balance at 30 June	18,971	18,964

Accounting policy

Investment property, principally comprising freehold industrial buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

C1-8 Intangible assets

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	6,838	6,838
Accumulated amortisation	(6,838)	(6,505)
Net book value – opening balance	–	333
Movements for the year		
Additions	685	–
Amortisation charges	(9)	(333)
Closing values at 30 June		
Gross book value	7,523	6,838
Accumulated amortisation	(6,847)	(6,838)
Total intangible assets – net book value	676	–

Accounting policy

IT development and software

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

C1-9 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	2,856	–	3,790	–
Other	357	–	6	–
Interest in CivicRisk Mutual & CivicRisk West	–	–	5,793	–
Total other assets	3,213	–	9,589	–

C2 Leasing activities

C2-1 Council as a lessee

(i) Council as a lessee

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

Office, IT & Gym equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers and large pieces of gymnasium equipment. The leases are for between 1 and 3 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Ready to use	Total
2022			
Opening balance	1,454	–	1,454
Additions	60	–	60
Depreciation charge	(654)	–	(654)
Balance at 30 June	860	–	860
2021			
Opening balance	1,800	–	1,800
Additions	440	–	440
Depreciation charge	(786)	–	(786)
Balance at 30 June	1,454	–	1,454

(b) Lease Liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	377	428	53	1,350
Total lease liabilities	377	428	53	1,350

C2-1 Council as a lessee (continued)

(c) Lease Liabilities Maturity

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	377	428	–	805	805
2021					
Cash flows	598	730	75	1,403	1,403

(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	29	52
Depreciation of right of use assets	654	786
Expenses relating to short-term leases	38	34
Expenses relating to low-value leases	779	867
	1,500	1,739

(e) Statement of Cash Flows

Total cash outflow for leases	805	1,403
	805	1,403

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

C2-1 Council as a lessee (continued)

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

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

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-7)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objectives (refer note C1-6).

\$ '000	2022	2021
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(i) Assets held as investment property

Investment property operating leases are commercial leases of industrial buildings.

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

Lease income relating to variable lease payments not dependent on an index or a rate	1,160	1,101
Total income relating to operating leases for investment property assets	1,160	1,101

Operating lease expenses

Investment properties

Direct operating expenses that generated rental income	(57)	(51)
Total expenses relating to operating leases	(57)	(51)

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for community and commercial activities. The table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	4,968	5,169
Total income relating to operating leases for Council assets	4,968	5,169

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

< 1 year	7,121	7,292
1–2 years	7,328	6,884
2–3 years	7,540	7,038
3–4 years	7,759	7,208
4–5 years	7,984	7,383
> 5 years	8,215	7,562
Total undiscounted lease payments to be received	45,947	43,367

C2-2 Council as a lessor (continued)

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term 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	19,995	–	18,054	–
Accrued expenses:				
– Salaries and wages	2,136	–	1,908	–
– Other expenditure accruals	482	–	422	–
Security bonds, deposits and retentions	7,324	–	7,569	–
Other	993	–	676	–
Total payables	30,930	–	28,629	–

C3-1 Payables (continued)

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

\$ '000	2022	2021
<p>The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.</p>		
Payables – security bonds, deposits and retentions	6,152	6,358
Total payables	6,152	6,358

C3-1 Payables (continued)

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

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

C3-2 Contract Liabilities

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	4,159	–	881	–
Total grants received in advance	4,159	–	881	–
User fees and charges received in advance:				
Upfront fees – leisure centre	–	–	290	–
Other	–	–	11	–
Total user fees and charges received in advance	–	–	301	–
Total contract liabilities	4,159	–	1,182	–

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

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	965	7,609	953	8,574
Finance lease liabilities	–	–	(53)	53
Total borrowings	965	7,609	900	8,627

(1) Loans are secured over the general rating income of Council. Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2021	Cash flows	Non-cash movements	2022
	Opening Balance		Acquisition	Closing balance
Loans – secured	9,527	(953)	–	8,574
Lease liability (Note C2-1b)	1,403	(657)	59	805
Total liabilities from financing activities	10,930	(1,610)	59	9,379

continued on next page ...

C3-3 Borrowings (continued)

\$ '000	2020		Non-cash movements	2021
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	59	9,468	–	9,527
Lease liability (Note C2-1b)	1,739	(776)	440	1,403
Total liabilities from financing activities	1,798	8,692	440	10,930

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ^{1, 2}	1,500	1,500
Credit cards/purchase cards	500	500
Total financing arrangements	2,000	2,000
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Bank overdraft facilities	–	–
– Credit cards/purchase cards	–	–
Total drawn financing arrangements	–	–
Undrawn facilities		
– Bank overdraft facilities	1,500	1,500
– Credit cards/purchase cards	500	500
Total undrawn financing arrangements	2,000	2,000

Breaches and defaults

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

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The loans are secured over the general rating income of council. Lease liabilities are secured by the underlying leased assets.

(2) Security over loans - The loans are secured over the general rating income of council. Lease liabilities are secured by the underlying leased assets

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	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	6,896	–	7,132	–
Sick leave	334	–	442	–
Long service leave	10,396	506	10,517	601
Total employee benefit provisions	17,626	506	18,091	601

There are no restricted assets (external or internal) applicable to the above provisions

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	11,033	11,677
	11,033	11,677

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Sick leave	Long service leave	
2022				
At beginning of year	7,132	442	11,118	18,692
Additional provisions	4,750	8	1,952	6,710
Amounts used (payments)	(4,814)	(108)	(1,893)	(6,815)
Remeasurement effects	(172)	(8)	(275)	(455)
Total ELE provisions at end of year	6,896	334	10,902	18,132
2021				
At beginning of year	6,755	434	11,595	18,784
Additional provisions	4,550	8	1,827	6,385
Amounts used (payments)	(4,173)	–	(2,302)	(6,475)
Remeasurement effects	–	–	(2)	(2)
Total ELE provisions at end of year	7,132	442	11,118	18,692

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	2022	2021	2021
	Current	Non-Current	Current	Non-Current
Other provisions				
Self insurance – workers compensation	772	2,195	304	2,304
Self insurance – public liability	271	300	159	377
Sub-total – other provisions	1,043	2,495	463	2,681
Total provisions	1,043	2,495	463	2,681

C3-5 Provisions (continued)

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	
	Self insurance	Total
2022		
At beginning of year	3,144	3,144
Adjustment to provision	394	394
Total other provisions at end of year	3,538	3,538
2021		
At beginning of year	3,090	3,090
Adjustment to provision	54	54
Total other provisions at end of year	3,144	3,144

Nature and purpose of provisions

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.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

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 Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by the finance team under policies approved by the Council.

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

Fair value is determined as follows:

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

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

The finance team manage the cash and investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with S625 of the *Local Government Act 1993* and the ministerial investment order. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by local government regulations.

The risks associated with the financial instruments held are:

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

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

D1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
<p>Impact of a 1% movement in interest rates</p>		
– Equity / Income Statement	1,595	1,367
<p>Impact of a 10% movement in price of investments</p>		
– Equity / Income Statement	23	23

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	5,161	883	6,044
2021				
Gross carrying amount	–	4,235	956	5,191

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts			> 90 days overdue	Total
		0 - 30 days	31 - 60 days	61 - 90 days		
2022						
Gross carrying amount	–	4,766	785	201	326	6,078
Expected loss rate (%)	0.00%	0.00%	0.00%	10.50%	87.50%	5.04%
ECL provision	–	–	–	21	285	306
2021						
Gross carrying amount	–	4,963	1,034	424	276	6,697
Expected loss rate (%)	0.00%	0.00%	0.00%	10.50%	100.00%	4.79%
ECL provision	–	–	–	45	276	321

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	7,324	23,606	–	–	30,930	30,930
Borrowings	1.03%	–	965	3,975	3,634	8,574	8,574
Lease liabilities	2.46%	–	377	428	–	805	805
Total financial liabilities		7,324	24,948	4,403	3,634	40,309	40,309
2021							
Payables	0.00%	7,569	22,242	–	–	29,811	28,629
Borrowings	0.93%	–	953	4,940	3,634	9,527	9,527
Lease liabilities	2.46%	–	598	730	75	1,403	1,403
Total financial liabilities		7,569	23,793	5,670	3,709	40,741	39,559

D2-1 Fair value measurement

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

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

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

Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

The table below shows the assigned level for each asset and liability held at fair value by council:

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		226	226	–	–	226	226
Total financial assets		226	226	–	–	226	226
Investment property							
167 Meadows Road, Mount Pritchard NSW 2170	C1-7	5,075	5,075	–	–	5,075	5,075
9 Walker Place, Wetherill Park NSW 2164		5,638	5,630	–	–	5,638	5,630
396 Victoria Street, Wetherill Park, NSW 2164		8,259	8,259	–	–	8,259	8,259
Total investment property		18,972	18,964	–	–	18,972	18,964
Infrastructure, property, plant and equipment							
Plant and equipment	C1-6	–	–	15,357	15,816	15,357	15,816
Office equipment		–	–	1,148	1,310	1,148	1,310
Furniture and fittings		–	–	85	94	85	94
Operational land		324,707	282,354	–	–	324,707	282,354
Community land		–	–	535,422	527,231	535,422	527,231
Buildings Non Specialised		–	–	323,260	235,148	323,260	235,148
Park infrastructure		–	–	68,917	58,284	68,917	58,284
Roads		–	–	430,666	419,450	430,666	419,450
Bridges		–	–	40,967	41,049	40,967	41,049
Footpaths		–	–	107,459	98,443	107,459	98,443
Stormwater drainage		–	–	291,188	267,090	291,188	267,090
Kerb and gutter		–	–	150,631	143,907	150,631	143,907
Library books		–	–	2,024	1,886	2,024	1,886
Other assets Park Recreation & CCTV		–	–	2,502	3,069	2,502	3,069
Land under Roads		–	–	2,222	2,222	2,222	2,222
Bulk Earthworks		–	–	34,885	34,841	34,885	34,841

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Total infrastructure, property, plant and equipment		324,707	282,354	2,006,733	1,849,840	2,331,440	2,132,194

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

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

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

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

Investment property

Council engages external, independent and qualified valuers to determine the fair value of its investment properties every three years. As at 30 June 2020 the valuation of the investment property portfolio was performed by Curtis Valuation AAPI CPV.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property was determined using either the capitalisation of rental income method or with reference to value of similar properties within the area. The key unobservable input to the valuation is the rent or price per square metre.

Infrastructure, property, plant and equipment (IPPE)

Operational Land and Buildings

Council engages external, independent and qualified valuers to determine the fair value of the Council's operational land and buildings. The last revaluation of the operational land and buildings were undertaken by Scott Fullarton FAPI CPP as at 30 June 2018.

Gross Value of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate per square metre has been benchmarked to construction costs of similar properties across the industry.

The fair value of operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

Community Land and Land under Roads

The fair value for community land in level 3 has been determined from the Valuer General's Valuation performed for rating purposes. Land under roads has been determined using a unit rate per square metre. Given the nature of Community land and Land under roads, comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer's General's valuation is considered the most practicable approach to valuing Community Land and Land under roads.

The last revaluation of the community land based on Valuer General's valuation was performed at 30 June 2021.

D2-1 Fair value measurement (continued)

Infrastructure Assets

Valuations for infrastructure assets in level 3, other than specialised buildings, are performed internally by the Council. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square internal engineering meters, cubic metres or lineal metres.

The unit rate, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

D2-1 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
Infrastructure, property, plant and equipment		
Capital work in progress	Cost approach used to approximate fair value	Gross replacement cost
Plant and equipment	Cost approach used to approximate fair value	Gross replacement cost
Office equipment	Cost approach used to approximate fair value	Gross replacement cost
Furniture and fittings	Cost approach used to approximate fair value	Gross replacement cost
Operational land	Market based direct comparison	Land value, land area
Community land	NSW Valuer General land valuation and acquisition cost for properties acquired during 2020/21	Land value, land area
Buildings Specialised	Cost approach used to approximate fair value	Gross replacement cost
Buildings Non Specialised	Market based direct comparison	Gross replacement cost
Park infrastructure	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Roads	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Bridges	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Footpaths	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Stormwater drainage	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Kerb and gutter	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value
Library books	Cost approach used to approximate fair value	Gross replacement cost
Other assets	Cost approach used to approximate fair value	Gross replacement cost
Land under Roads	NSW Valuer General land valuation	Land value, land area
Bulk Earthworks	Unit rate per sqr meter or length	Asset condition, remaining lives, residual value

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

\$ '000	IPP&E	
	2022	2021
Opening balance	1,849,840	1,726,710
Total gains or losses for the period		
Other movements		
Purchases (GBV)	76,812	54,873
Disposals (WDV)	(268)	(1,251)
Depreciation and impairment	(35,077)	(34,225)
Other movement	115,426	103,733
Correction for WIP	-	-
Closing balance	2,006,733	1,849,840

D2-1 Fair value measurement (continued)

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
to 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 30 June 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities. The share of any funding surplus or deficit that can be attributed to council is 1.97%. It is estimated that there are \$394,636.68 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.

D3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the fund and recognised as an expense for the year ending 30 June 2022 was \$1,093,295.57. The last formal valuation of the Fund was undertaken 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 \$820,837.20

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

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

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

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.

(ii) Workers Compensation Self Insurance Bank Guarantee

Council is a Self Insurer for Workers Compensation and a condition of its Self Insurance Licence requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment. In June 1997 council decided to take out a Bank Guarantee to comply with the conditions of its Self Insurance Licence.

State Insurance Regulatory Authority has reviewed Council's workers compensation claims liability based on actuarial report dated 30 June 2020 and advised the bank guarantee remains as \$2.839 million.

(iii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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.

(iv) 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.

(v) Other guarantees

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

D3-1 Contingencies (continued)

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.

OTHER ASSETS & LIABILITIES NOT RECOGNISED:

(i) Regional Illegal Dumping Squads (RIDS)

RID Squads are regionally based teams that specialise in dealing with illegal dumping and illegal landfilling. The squads are funded by the NSW Environment protection Authority (EPA) and the member local councils who opt to work together and contribute resources to tackle illegal dumping.

The objective of the project is to identify, investigate and prosecute illegal waste dumping offences and trial a range of enforcement strategies.

Each Council has equal interest in the operation and has an undertaking to annually contribute. (\$84,840 for 2021/22)

The RIDS accounts are to be prepared by Resources NSW and were not available at the time of preparing these statements in order to determine the value of Council's interest.

Council's share of the asset, liabilities, income and expenses for this Joint Venture is not considered material.

Others

Council has a contingent liability limit of \$3,674,000 with CBA of which \$835,000 is unused.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	2,967	2,887
Total	2,967	2,887

Other transactions with KMP and their related parties

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

There are no transactions with close family members of Council's KMP during financial year 2021/22.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	87	86
Councillors' fees	379	383
Other Councillors' expenses (including Mayor)	74	47
Total	540	516

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	197	210
Remuneration for audit and other assurance services	197	210
Total Auditor-General remuneration	197	210
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	18	17
Remuneration for audit and other assurance services	18	17
Total remuneration of non NSW Auditor-General audit firms	18	17
Total audit fees	215	227

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	33,580	27,464
Add / (less) non-cash items:		
Depreciation and amortisation	35,740	35,343
(Gain) / loss on disposal of assets	(407)	(627)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	2,004	(3,620)
Increase / (decrease) in provision for impairment of receivables	56	(234)
(Increase) / decrease of inventories	(232)	58
(Increase) / decrease of other current assets	6,376	(1,497)
Increase / (decrease) in payables	1,941	5,593
Increase / (decrease) in other accrued expenses payable	288	(760)
Increase / (decrease) in other liabilities	72	(939)
Increase / (decrease) in contract liabilities	2,977	1,182
Increase / (decrease) in employee benefit provision	(560)	(92)
Increase / (decrease) in other provisions	394	54
Net cash flows from operating activities	82,229	61,925

(b) Non-cash investing and financing activities

Bank Guarantees

State Insurance Regulatory Authority - Workers Compensation \$2,839,000.00

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	451	485
Road infrastructure	5,514	2,113
Plant and equipment	3,269	3,053
Land	–	95
Drainage	2,759	7,175
Other Infrastructure	3,067	6,219
Total commitments	15,060	19,140
These expenditures are payable as follows:		
Within the next year	15,060	19,140
Total payable	15,060	19,140
Sources for funding of capital commitments:		
Unrestricted general funds	5,211	3,180
Unexpended grants	6,790	7,647
Externally restricted reserves	2,790	2,544
Internally restricted reserves	176	871
Developer Contributions	93	4,898
Total sources of funding	15,060	19,140

F3-1 Events occurring after reporting date

In August 2022 Council settled a longstanding claim for building design issues that had resulted in additional expenditure and project delays at the time of construction. The financial effect of this event has not been brought to account at 30 June 2022 due to the timing and quantum of the settlement.

F4 Statement of developer contributions as at 30 June 2022

F4-1 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					
Parking	1,242	-	-	7	(248)	(1,001)	-	-
Open space	20,843	3,509	-	129	(10,903)	2,730	16,308	-
Community facilities	81	814	-	3	(748)	(150)	-	-
Concrete Path Paving	-	-	-	-	-	-	-	-
Administration	831	104	-	4	(50)	-	889	-
City Wide	1	52	-	1	(3)	(51)	-	-
S7.11 contributions – under a plan	22,998	4,479	-	144	(11,952)	1,528	17,197	-
S7.12 levies – under a plan	6,903	1,847	-	43	(1,402)	(1,528)	5,863	-
Total S7.11 and S7.12 revenue under plans	29,901	6,326	-	187	(13,354)	-	23,060	-
S7.4 planning agreements	915	-	-	6	(3)	-	918	-
Total contributions	30,816	6,326	-	193	(13,357)	-	23,978	-

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.

F4-2 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 - 1999 Roads adjacent to Open Space								
	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
CONTRIBUTION PLAN - 1999 Car Parking & Associated Facilities								
	6	-	-	-	-	(6)	-	-
- Parking Cabramatta	985	-	-	6	(3)	(988)	-	-
- Parking Fairfield	251	-	-	1	(245)	(7)	-	-
- Parking Canley Heights	1,242	-	-	7	(248)	(1,001)	-	-
Total								
CONTRIBUTION PLAN 2011 Community Facilities District								
	-	55	-	(1)	(354)	300	-	-
- Cabramatta	2	159	-	-	(393)	232	-	-
- Fairfield/Canley Heights	2	214	-	(1)	(747)	532	-	-
Total								
CONTRIBUTION PLAN 2011 Community Facilities Local								
	21	106	-	1	-	(128)	-	-
- Fairfield	47	159	-	1	-	(207)	-	-
- Fairfield Heights	2	96	-	1	-	(99)	-	-
- Villawood	2	100	-	1	-	(103)	-	-
- Canley Heights	3	93	-	-	-	(96)	-	-
- Cabramatta	4	45	-	-	-	(49)	-	-
- Prairewood	-	1	-	-	(1)	-	-	-
- Bonnyrigg	79	600	-	4	(1)	(682)	-	-
Total								

F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN 2011 Land Acquisition								
- Cabramatta	5,595	793	-	37	-	-	6,425	-
- Fairfield	6,442	1,454	-	43	(7,316)	-	623	-
- Western LGA	6,808	361	-	43	(1,159)	-	6,053	-
- Villawood	2,734	455	-	18	-	-	3,207	-
Total	21,579	3,063	-	141	(8,475)	-	16,308	-
CONTRIBUTION PLAN 2011 Open Space Embellishment								
- Cabramatta	-	127	-	-	(47)	(80)	-	-
- Fairfield	2	166	-	(3)	(313)	148	-	-
- Villawood	(633)	71	-	(4)	-	566	-	-
- Western LGA	(105)	82	-	(5)	(2,068)	2,096	-	-
Total	(736)	446	-	(12)	(2,428)	2,730	-	-
CONTRIBUTION PLAN 2011 Administration								
- Administration	831	104	-	4	(50)	-	889	-
Total	831	104	-	4	(50)	-	889	-
CONTRIBUTION PLAN 2011 - City Wide								
- City Wide	1	52	-	1	(3)	(51)	-	-
Total	1	52	-	1	(3)	(51)	-	-

F4-2 Developer contributions by plan (continued)

S7.12 Levies – under a 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 NUMBER 2011								
	6,903	1,847	-	43	(1,402)	(1,528)	5,863	-
Total	6,903	1,847	-	43	(1,402)	(1,528)	5,863	-
F4-3 S7.4 planning agreements								
Bonnyrigg Living Community Communities								
	915	-	-	6	(3)	-	918	-
Total	915	-	-	6	(3)	-	918	-

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	13,315	7.26%	3.30%	3.31%	8.99%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	183,396					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	158,673	78.04%	80.17%	77.25%	80.69%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹	203,324					
3. Unrestricted current ratio						
Current assets less all external restrictions	66,131	2.01x	1.92x	1.91x	2.04x	> 1.50x
Current liabilities less specific purpose liabilities	32,826					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	49,182	28.30x	29.08x	50.98x	175.24x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,738					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	5,666	4.48%	3.98%	3.93%	4.00%	< 5.00%
Rates and annual charges collectable	126,511					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	74,926	6.47	4.50	5.06	2.70	> 3.00
Payments from cash flow of operating and financing activities	11,579	months	months	months	months	months

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

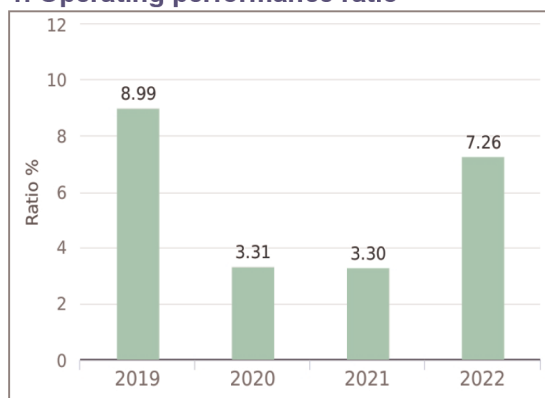
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 7.26%

Operating performance ratio has improved relative to the past 2 years due to the higher advance payment of Financial assistance Grant and funding received to support Council's COVID-19 response. Council's operating performance ratio continue to be well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2021/22 which is 0.00.

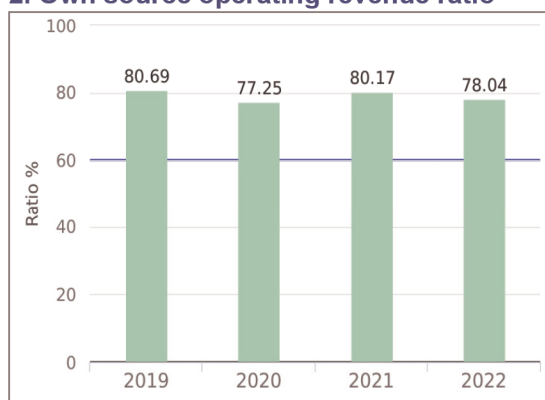
Benchmark: — > 0.00%

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 78.04%

Council consistently maintains this ratio well above the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2021/22 which is 60%. It proves that the Council predominantly uses its own source of funds for its operations. For the last 5 years this ratio is in the region of 80%.

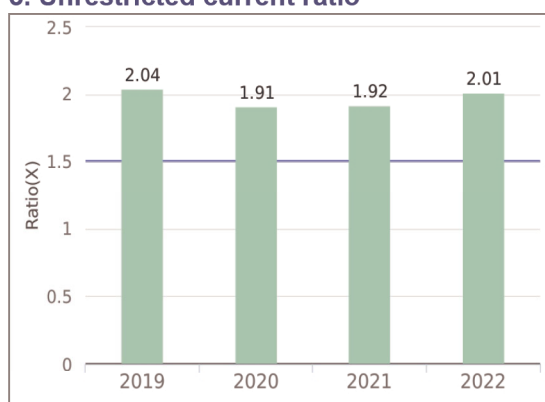
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.01x

Council's unrestricted current ratio is 2.01 compared to the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2021/22 which is 1.50. Council has consistently maintained this ratio above the benchmark and has sufficient liquid funds to meet its obligations.

Benchmark: — > 1.50x

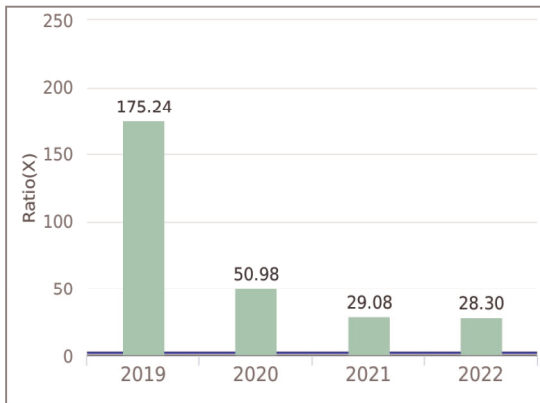
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 28.30x

Council's debt service cover ratio is in a very strong position and has been for the last few years. Council has minimal debt and its debt cover ratio is well above the benchmark set by Local Government code of Accounting Practice and Financial Reporting 2021/22 which is 2.00.

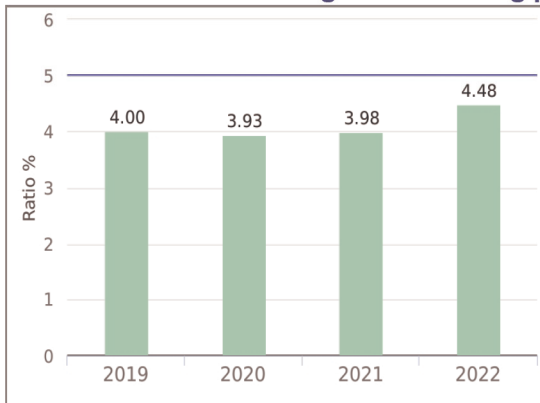
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 4.48%

Outstanding rates, charges and fees are 4.48% which is within the benchmark set by Local Government Code of Accounting Practice and Financial Reporting 2021/22 which is 5.00%. There has been a slight deterioration in the ratio compared to prior years due to challenging business conditions, but this is being proactively managed. Council has consistently maintained this ratio within the benchmark which shows that debt management processes are working well.

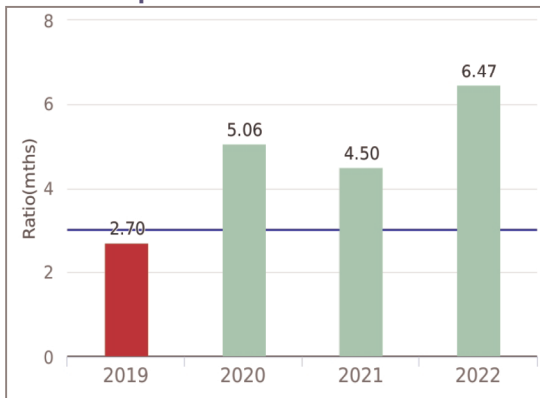
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.47 months

Council's cash expense cover ratio is well above the benchmark set by Local Government code of Accounting Practice and Financial Reporting 2021/22 which is 3 months. This shows that Council could meet its payment obligations without additional cashflow.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

86 Avoca Road
WAKELEY NSW 2176

Contact details

Mailing Address:

PO Box 21
FAIRFIELD NSW 1860

Opening hours:

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

Telephone: 02 9725 0222

Facsimile: 02 9725 4249

Internet: www.fairfieldcity.nsw.gov.au

Email: mail@fairfieldcity.nsw.gov.au

Officers

General Manager

Bradley Cutts

Responsible Accounting Officer

Lachlan Gunn

Public Officer

Bradley Cutts

Auditors

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

Elected members

MAYOR

Frank Carbone

COUNCILLORS

Reni Barkho
George Barcha
Milovan Karajcic
Kevin Lam
Carmen Lazar
Dai Le
Kien Ly
Michael Mijatovic
Hugo Morvillo
Andrew Rohan
Charbel Saliba
Marie Saliba

Other information

ABN: 83 140 439 239



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Fairfield City Council

To the Councillors of Fairfield City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the 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 Schedule - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

19 October 2022
SYDNEY



Mr Frank Carbone
Mayor
Fairfield City Council
86 Avoca Road
WAKELEY NSW 2176

Contact: Cathy Wu
Phone no: 02 9275 7212
Our ref: D2221033/1723

19 October 2022

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Fairfield City Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	121.2	118.0	↑ 2.7
Grants and contributions revenue	44.7	39.3	↑ 13.5
Operating result from continuing operations	33.6	27.5	↑ 22.3
Net operating result before capital grants and contributions	13.7	6.4	↑ 112.7

Rates and annual charges revenue of \$121.2 million increased by \$3.2 million (2.7 per cent) in 2021–22 due to:

- the rate peg increase of 2.0 per cent (\$2.1 million)
- reinstated stormwater levies of \$1.5 million which were suspended during 2020–21 due to the COVID-19 pandemic
- an offsetting reduction in domestic waste management levies of \$0.5 million.

Grants and contributions revenue of \$44.7 million increased by \$5.3 million (13.5 per cent) in 2021–22 mainly due to:

- advance receipt of \$3.0 million in Financial Assistance Grants for 2022–23
- an increase of \$3.4 million in operating grants, including government subsidies for child care centres, library grants, and grants to support local economies impacted by the COVID-19 lockdown during June to October 2021
- an offsetting decrease of \$1.1 million in capital grants.

The Council's operating result from continuing operations of \$33.6 million (including depreciation and amortisation expense of \$35.7 million) was \$6.1 million higher than the 2020–21 result. This was primarily due to:

- an increase of \$3.2 million in rates and annual charges revenue, as noted above
- an increase of \$5.3 million in grants and contributions revenue, as noted above
- a decrease of \$4.0 million in user charges and fees revenue, mainly in child care enrolments and leisure centre membership fees, as activities reduced during COVID-19 restrictions
- an overall decrease of \$1.4 million in total expenses, particularly in consultancies and maintenance / materials costs.

The net operating result before capital grants and contributions of \$13.7 million was \$7.2 million higher than the 2020–21 result. The movement was driven by the same factors as noted above, excluding the \$1.1 million decrease in capital grants.

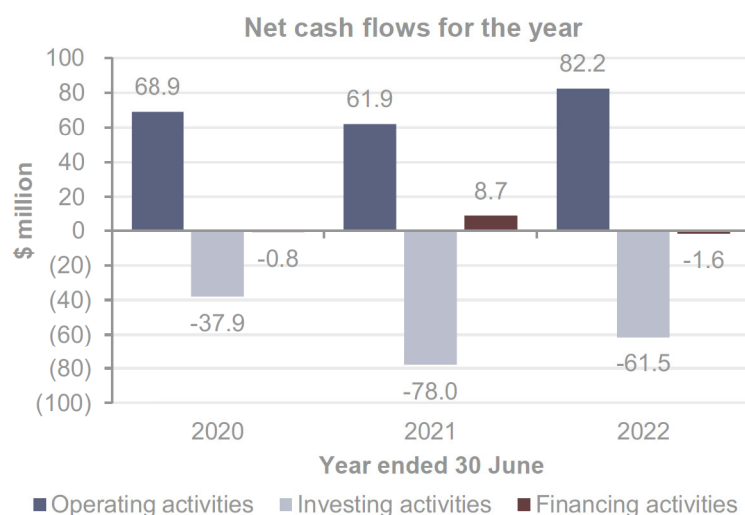
STATEMENT OF CASH FLOWS

Operating cash inflows increased by \$20.3 million from last year due to:

- increased grants and contributions received
- reduced payments for other expenses.

Cash outflows from investing activities decreased by \$16.5 million due to reduced purchases for infrastructure, property, plant and equipment.

Financing cash flows in 2020–21 reflected proceeds from a \$10 million loan acquired during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	161.1	137.7	Externally restricted balances represent funds reserved for specific purposes such as: <ul style="list-style-type: none"> domestic waste management (\$56.8 million) developer contributions (\$24.0 million) other special levies (\$10.2 million).
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are based on Council policy or resolutions for future plans. In 2022, these included:
• External restrictions	110.4	105.0	• property development (\$7.5 million)
• Internal allocations	22.5	5.2	• insurance claim reserve (\$5.8 million)
			• car park assets (\$3.2 million).

Debt

The Council has not taken on any new borrowings in 2021–22. In 2020–21, the Council entered into a loan of \$10.0 million for the Hughes Street Car Park Development.

The Council has bank overdraft facilities of \$1.5 million which remain unused as at 30 June 2022.

PERFORMANCE

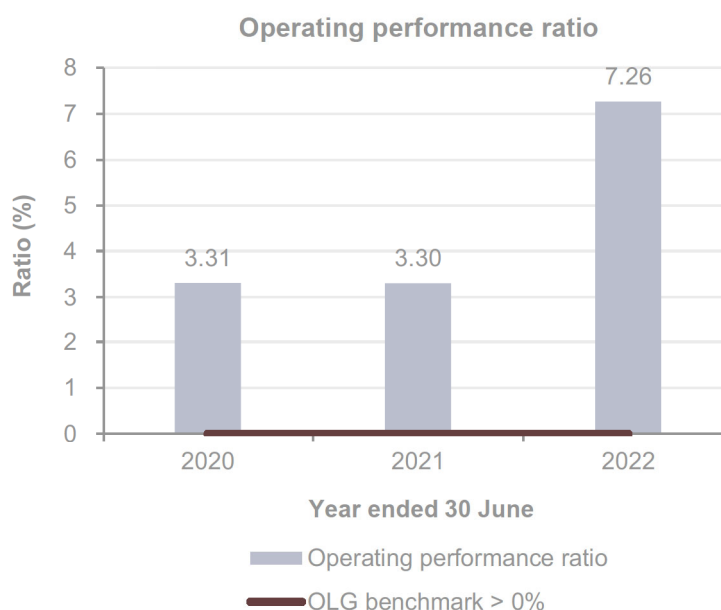
Performance measures

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

Operating performance ratio

The Council exceeded the OLG benchmark for the current year. The increase in ratio from 2021 was due to the \$6.4 million increase in operating grants and contributions in 2022.

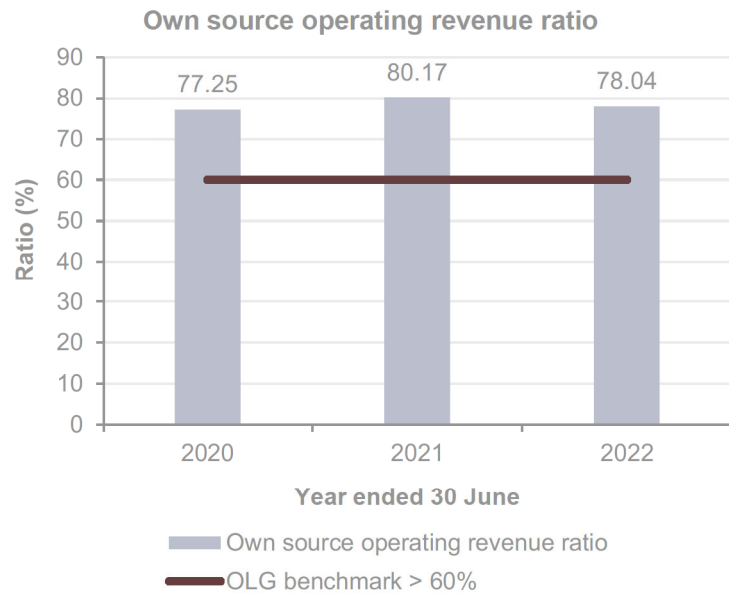
The 'operating performance ratio' measures how well a council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council exceeded the OLG benchmark for the current year. The ratio has remained consistent over the past three years.

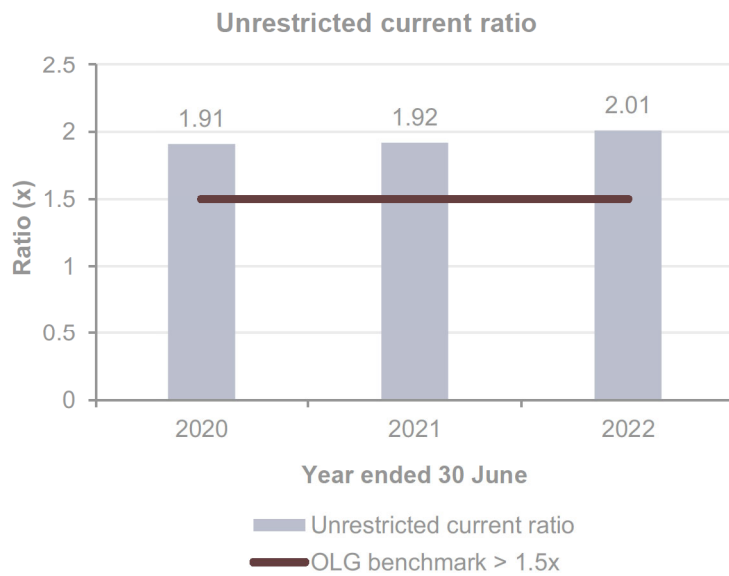
The 'own source operating revenue ratio' measures a council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council met the OLG benchmark for the current year. The ratio has remained consistent over the past three years.

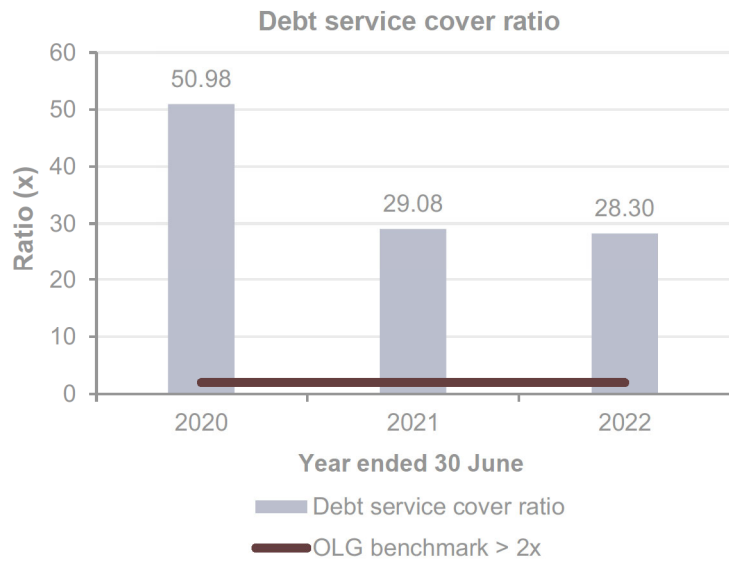
The 'unrestricted current ratio' is specific to local government and represents a council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the OLG benchmark for the current year. The decrease in the 2021 ratio was due to an increase in borrowings from a new loan.

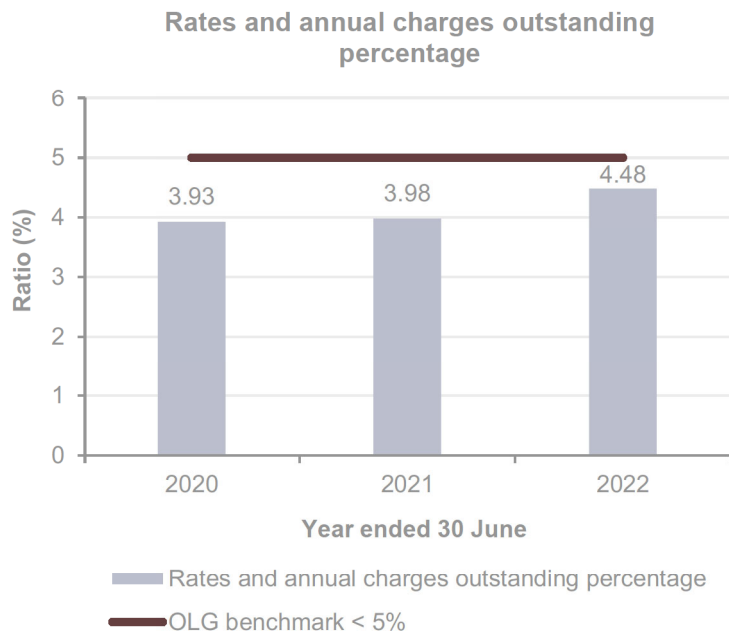
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council met the OLG benchmark for the current year. The ratio increased slightly in 2022 due to some debtors citing challenging business conditions.

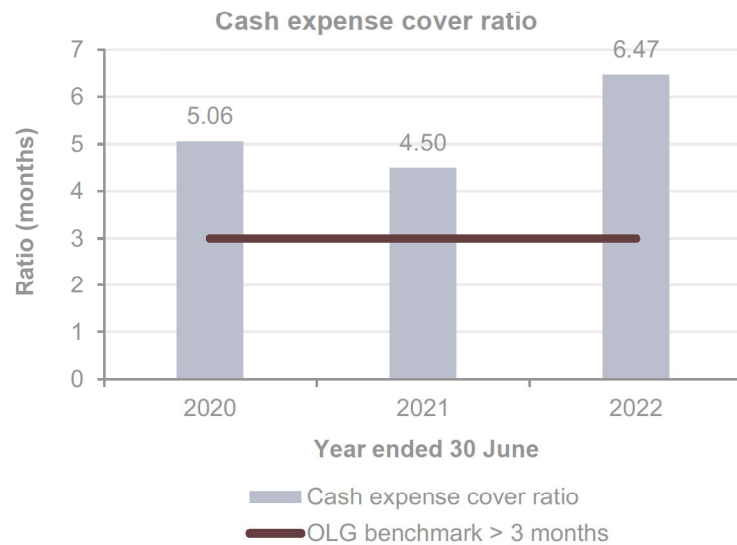
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council met the OLG benchmark for the current year. The ratio increased due to a \$23.4 million increase in cash and investments at 30 June 2022.

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



Infrastructure, property, plant and equipment renewals

The Council's asset renewal additions for the year were \$23.6 million compared to \$31.8 million in the previous year. Renewals mostly consisted of buildings and roads. Asset additions were generally lower in 2021–22 due to the combined impacts of the COVID-19 lockdown and wet weather on the progress of capital works.

The unaudited buildings and infrastructure renewals ratio was 77.78 per cent compared to 130.52 per cent in the prior year (benchmark set by OLG is greater than 100 per cent) for the reasons set out in the paragraph above.

OTHER MATTERS

Legislative compliance

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

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

Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Fairfield City Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."



Fairfield City Council

Special Schedules

for the year ended 30 June 2022

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Independent Audit Report	4
Report on infrastructure assets as at 30 June 2022	7
Infrastructure asset Performance indicators (Consolidated)	8
Infrastructure asset Performance indicators (Graph)	9

Fairfield City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	87,516	90
Plus or minus adjustments ²	b	413	89,822
Notional general income	c = a + b	87,929	89,912
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	i = e x (c + g)	1,759	629
Sub-total	k = (c + g + h + i + j)	89,688	90,541
Total permissible income	o = k + n	89,688	90,541
Less notional general income yield	p	89,688	90,541
Catch-up or (excess) result	q = o - p	-	-
Carry forward to next year ⁶	t = q + r + s	-	-

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Fairfield City Council

To the Councillors of Fairfield City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Cathy Wu
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

19 October 2022
SYDNEY

Fairfield City Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost			2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring the service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000				1	2	3	4	5
Buildings	Buildings	6,825	6,825	9,400	10,300	323,260	402,873	29.0%	30.0%	37.0%	2.0%	2.0%
	Sub-total	6,825	6,825	9,400	10,300	323,260	402,873	29.0%	30.0%	37.0%	2.0%	2.0%
Other structures	Park & Recreation	1,207	1,207	2,986	1,828	68,917	89,320	47.0%	30.0%	21.0%	2.0%	0.0%
	Sub-total	1,207	1,207	2,986	1,828	68,917	89,320	47.0%	30.0%	21.0%	2.0%	0.0%
Roads	Sealed roads	8,554	8,554	15,585	10,244	430,666	582,365	36.0%	45.0%	17.0%	2.0%	0.0%
	Bridges	282	282	440	163	40,967	49,984	49.0%	45.0%	5.0%	0.0%	1.0%
	Footpaths	3,040	3,040	2,863	2,262	107,459	142,021	34.0%	43.0%	20.0%	2.0%	1.0%
	Bulk earthworks	–	–	–	–	34,885	34,885	0.0%	0.0%	0.0%	0.0%	100.0%
	Kerb and gutter	5,035	5,035	4,239	4,000	145,117	218,586	19.0%	49.0%	29.0%	3.0%	0.0%
	Sub-total	16,911	16,911	23,127	16,669	759,094	1,027,841	31.5%	44.0%	18.8%	2.0%	3.6%
Stormwater drainage	Stormwater drainage	613	613	1,574	690	291,188	359,302	20.0%	62.0%	18.0%	0.0%	0.0%
	Sub-total	613	613	1,574	690	291,188	359,302	20.0%	62.0%	18.0%	0.0%	0.0%
Total – all assets		25,556	25,556	37,087	29,487	1,442,459	1,879,336	29.5%	43.8%	22.7%	1.6%	2.4%

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

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

Fairfield City 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
Buildings and infrastructure renewals ratio						
Asset renewals ¹	23,557					
Depreciation, amortisation and impairment	30,288	77.78%	130.52%	119.75%	147.10%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	25,556					
Net carrying amount of infrastructure assets	1,477,574	1.73%	1.84%	1.85%	1.84%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	29,487					
Required asset maintenance	37,087	79.51%	103.57%	109.50%	120.36%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	25,556	1.36%	1.38%	1.36%	1.39%	
Gross replacement cost	1,879,336					

(*) 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.

Fairfield City Council

Report on infrastructure assets as at 30 June 2022

<p>Buildings and infrastructure renewals ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>147.10</td> </tr> <tr> <td>2020</td> <td>119.75</td> </tr> <tr> <td>2021</td> <td>130.52</td> </tr> <tr> <td>2022</td> <td>77.78</td> </tr> </tbody> </table> <p>Benchmark: — >= 100.00%</p>	Year	Ratio %	2019	147.10	2020	119.75	2021	130.52	2022	77.78	<p>Buildings and infrastructure renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on result</p> <p>21/22 ratio 77.78%</p> <p>Whilst Council's ratio of 77.78% for the current year was below the benchmark of 100% set by the Local Government Code of Accounting Practice and Financial Reporting, Council has exceeded the benchmark when calculated on a cumulative basis over the 7 years since inception. This demonstrates that Council is investing in the renewal of its infrastructure assets in order to preserve intergenerational equity for a sustained period of time.</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p> <p>Source of benchmark: Code of Accounting Practice and Financial Reporting</p>
Year	Ratio %												
2019	147.10												
2020	119.75												
2021	130.52												
2022	77.78												
<p>Asset maintenance ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>120.36</td> </tr> <tr> <td>2020</td> <td>109.50</td> </tr> <tr> <td>2021</td> <td>103.57</td> </tr> <tr> <td>2022</td> <td>79.51</td> </tr> </tbody> </table> <p>Benchmark: — > 100.00%</p>	Year	Ratio %	2019	120.36	2020	109.50	2021	103.57	2022	79.51	<p>Asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on result</p> <p>21/22 ratio 79.51%</p> <p>The combined impacts of the COVID-19 lockdown, reduced maintenance requirements due to reduced utilisation during lockdown, and the large number of days lost to wet weather meant that Council did not achieve the 'Asset maintenance Ratio' for the year ended 30 June 2022. However, Council has exceeded the benchmark when calculated on a cumulative basis over the 7 years since inception.</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p> <p>Source of benchmark: Code of Accounting Practice and Financial Reporting</p>
Year	Ratio %												
2019	120.36												
2020	109.50												
2021	103.57												
2022	79.51												
<p>Infrastructure backlog ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>1.84</td> </tr> <tr> <td>2020</td> <td>1.85</td> </tr> <tr> <td>2021</td> <td>1.84</td> </tr> <tr> <td>2022</td> <td>1.73</td> </tr> </tbody> </table> <p>Benchmark: — < 2.00%</p>	Year	Ratio %	2019	1.84	2020	1.85	2021	1.84	2022	1.73	<p>Infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on result</p> <p>21/22 ratio 1.73%</p> <p>Council's infrastructure backlog ratio of 1.73% is below the benchmark of 2.0% set by the Local Government Code of Accounting Practice and Financial Reporting 2021/22. This means that Council does not have a major backlog of infrastructure works and the fact that it has maintained this ratio at low levels for the past 7 years indicates that the service capacity of assets is being effectively maintained.</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p> <p>Source of benchmark: Code of Accounting Practice and Financial Reporting</p>
Year	Ratio %												
2019	1.84												
2020	1.85												
2021	1.84												
2022	1.73												
<p>Cost to bring assets to agreed service level</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>1.39</td> </tr> <tr> <td>2020</td> <td>1.36</td> </tr> <tr> <td>2021</td> <td>1.38</td> </tr> <tr> <td>2022</td> <td>1.36</td> </tr> </tbody> </table>	Year	Ratio %	2019	1.39	2020	1.36	2021	1.38	2022	1.36	<p>Cost to bring assets to agreed service level</p> <p>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.</p>	<p>Commentary on result</p> <p>21/22 ratio 1.36%</p> <p>The cost to bring assets to agreed service level ratio of 1.36% for the 12 months ended 30 June 2022 is in line with the low levels Council has maintained this ratio at in prior years. This means that Council is investing adequate funding to maintain the assets to the required level for them to service the community.</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p> <p>Source of benchmark: Code of Accounting Practice and Financial Reporting</p>
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2019	1.39												
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