

General Purpose & Special Purpose **Financial Statements**

for the Year Ended 30 June 2022



Camden Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

Executive Summary – 2021/22 Annual Financial Statements

This summary provides an overview of Council's financial performance and position for the year ending 30 June 2022. Also provided is a summary of the key challenges faced by Council over the past twelve months and how these challenges have been responded to.

This summary should be read in conjunction with the General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules prepared for the year ending 30 June 2022.

Population Growth (Urban Development)

Camden continues to be one of the fastest growing areas in New South Wales with approx. 120 new residents per week. This growth places substantial pressure on Council's finances and resources. The cost of planning for growth is an upfront cost that is required before additional rate income is realised through growth.

The recent introduction of a population growth factor into the rate peg will assist Council in meeting these challenges into the future, however the magnitude of infrastructure that Council is constructing or is dedicated by developers (and the associated depreciation) is significant and will continue to place pressure on Council's ability to meet industry benchmarks in the short-medium term.

COVID-19 Pandemic

COVID-19 continued to impact service delivery during the 2021/22 financial year with the closure of facilities in line with public health orders and an increase in expenditure to implement additional risk measures to protect staff and our community.

As COVID-19 restrictions have gradually eased over the second half of the 2021/22 financial year, Council remains focused on its three year Community Support Package which will support the creation of 507 jobs and will see \$130.6 million invested in capital infrastructure projects and community support programs.

Longer term, Council does not anticipate that the COVID-19 pandemic will have a material or ongoing impact on service delivery or Council's financial position. Further information on the impact of the COVID-19 pandemic and Council's Community Support Package is provided in a later section of this report.

2022 Floods and Storm Damage

The East Coast of Australia has experienced significant flood events during 2022. Camden was impacted by its first flood event in March 2022. This has been followed by a further three subsequent flood events, the most recent occurring in July 2022.

Council took proactive steps to establish community support hubs to assist affected residents and worked with other state agencies to ensure roads and impacted infrastructure could be safely reopened as quickly as possible.

Council is continuing to address impacted infrastructure, utilising funding under the Federal-State Government's Disaster Recovery Funding Arrangements and insurance funds to rectify damaged assets.

While recognising that the occurrence of significant weather events is increasing, the 2022 floods and storm damage are not considered to have had a material or long term impact on Council's financial position.

Changes to Accounting & Reporting Environment

There were no significant changes in relation to Council's financial reporting requirements, with only minor changes made to the Local Government Code of Accounting Practice and Financial Reporting (released in January 2022). There were no new accounting standards introduced during the 2021/22 financial year which impacted Council.

Financial Performance

The following table highlights Council's financial performance between the 2021/22 and 2020/21 financial years:

Income Statement ('000)	2021/22	2020/21 (Restated)
Total Income from Continuing Operations	\$290,459	\$309,080
Total Expenses from Continuing Operations	\$135,623	\$128,799
Operating Result from Continuing Operations	\$154,836	\$180,281
Capital Grants and Contributions	\$164,281	\$200,459
Net Operating Result before Capital Grants and Contributions	(\$9,445)	(\$20,178)

Local Government Accounting - Operating Result

It is important to note that the operating result shown in the Income Statement is not the same as Council's budget or cash position.

The Income Statement complies with Australian Accounting Standards and is required to be reported on an accruals basis, it considers non-cash disclosures and the timing of the receipt or payment of money.

The operating surplus of \$154.8 million (after capital items) does not mean Council has additional funds of \$154.8 million to spend. Alternatively, the fact that Council's Income Statement has a reported deficit of \$9.4 million (before capital items) does not mean Council's budget is overspent or liquidity position is poor.

Council continues to balance its cash budget annually and its liquidity position is strong as demonstrated by the financial indicators in Note F6-1 to the Financial Statements.

Operating Result (after capital items)

The 2021/22 Operating Result after accounting for capital income is a surplus of \$154.8 million (\$180.3 million 2020/21). This surplus is primarily due to non-cash contributions made by developers for infrastructure such as roads, drainage, and open space. The value of non-cash dedications for 2021/22 was \$78.8 million (\$133.4 million 2020/21).

Accounting standards require the dedication of assets (non-cash) to be brought to account as income which distorts the surplus reported.

Operating Result (before capital items)

Council's operating result before capital items is a deficit of \$9.4 million. This result excludes capital income of \$164.2 million.

The movement from last year's result (\$10.7 million) is primarily due to an increase in annual charges income of \$5.5 million due to the one-off decrease in annual charges in the 2020/21 financial year as part of Council's COVID-19 Community Support Package, an increase in other revenues of \$3.0 million and an increase in operating grants and contributions of \$4.0 million.

Other movements include an increase in rate income of \$4.4 million (growth and allowable rate peg), a \$1.2 million decrease in user fees and charges primarily due to facility closures in line with public health orders.

Investment income increased marginally by \$0.1 million primarily as interest rates have started to improve, while other income increased by \$1.9 million primarily due to an increment in investment properties following annual valuation.

Council allowed for an additional 16 new positions to meet the demand for essential services and there was a mandatory award increase of 2.0% resulting in an increase in employee costs of \$2.5 million and Materials and Services increased by \$3.9 million (growth).

Movements in interest on loans, other expenses, and the net loss on disposal of assets resulted in a marginal increase of \$0.4 million, while depreciation expenses (after corrections) increased by \$0.2 million.

The Impact of Depreciation on a Growth Council

As a growth Council, Council's operating performance is significantly impacted by depreciation.

In the 2021/22 financial year, Council adopted revised useful lives for its long-life assets classes (primarily roads and drainage). The updated useful lives have been applied from the date of the last comprehensive revaluation undertaken for these assets classes (30 June 2020). This resulted in a restatement of depreciation expense in the 2020/21 financial year at \$27.0 million (previously \$30.9 million).

While this has improved Council's operating performance for both the 2020/21 and 2021/22 financial years, depreciation expense remains a significant issue for Council. The impact of depreciation expense continues to be significant due to a unique environment of substantial growth and Council's current economies of scale.

Council is currently constructing or receiving dedicated assets that provide for a population in the future. The straight-line method of calculating depreciation expense does not consider growth or the current population, meaning the expense is representative of a higher capacity to pay or greater economies of scale. There is also a timing issue to consider, Council must provide for infrastructure now, this cannot be done after the population arrives.

There is a delicate balance between what the current population is responsible for and those who are not yet part of our community. It is not as simple as increasing revenue tomorrow to off-set the expense.

Council's response to addressing these issues is a long-term position of maintaining strong liquidity, utilising long-term debt and prudent asset

management planning that monitors and addresses the condition of community assets as required.

Council's Long-Term Financial Plan (LTFP) considers future income received through this unprecedented level of growth, the rate peg (including population growth factor) or indicative Special Rate Variations (SRV) where endorsed by Council as part of adopting the LTFP.

Special Rate Variations are only considered following consultation with the community. There are currently no SRV's proposed in the LTFP.

Statement of Financial Position

The net value of assets owned by our community is \$2.5 billion (\$2.2 billion in 2020/21). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths, and bridges. Council's increase in equity is predominately due to infrastructure assets being dedicated to Council as part of new release areas.

During the 2021/22 financial year, Council also comprehensively revalued its Buildings (Increment \$25.7 million) Operational, Community and Crown Land (decrement \$9.3 million), Land Under Roads (increment \$41.4 million), and applied fair value indexation of \$61.4 million (increment) to those asset classes not due for a comprehensive revaluation. The net increase in the asset base through revaluation was \$119.2 million.

Council's loan debt is \$41.1 million with an increase of \$5.5 million from 2020/21; primarily a result of a new loan for \$7.8 million to part fund Community Support Package Stage 3 (\$4.3 million) and Roads Renewal Program (\$3.5 million) and principal and interest repayments made during the 2021/22 financial year.

The Debt Service Cover Ratio increased from 2.76% to 3.42% primarily due to the increase in annual charges, which was impacted by a one-off reduction (\$4.0 million) in the 2020/21 financial year as part of Council's COVID-19 Community Support Package. The ratio remains better than the industry benchmark of 2.00%.

Prior Year Adjustments and third Balance sheet

During the 2021/22 financial year, Council has continued to improve the quality and accuracy of its asset management data. This has included the identification of newly discovered assets and the deletion of assets which are no longer in Council's ownership. Council has also continued to refine its

measurement of certain infrastructure and corrected unit rates used to determine fair value rates.

The net result of adjustments which are due to Council's improvements to its asset data is a \$22.3 million net increase in the balance of infrastructure, property plant and equipment (IPPE).

Council also identified an adjustment required to depreciation expense for the 2020/21 financial year based on the useful lives which were determined as part of the comprehensive revaluation undertaken for transport and drainage infrastructure at a reporting date 30 June 2020.

The comprehensive revaluation included an adjustment to the useful lives of these long-life assets. Essentially the useful lives of infrastructure in these assets classes were extended based on the analysis undertaken as part of the revaluation.

The calculation of depreciation expense in the 2020/21 financial year did not consider these updated useful lives, therefore was overstated by \$3.9 million.

This has resulted in a reduction in depreciation expense in the 2020/21 financial year from \$30.9 million to \$27.0 million.

In the 2020/21 financial year, Council incorrectly recognised a number of dedicated assets as capital work-in-progress. Upon review, Council determined that these assets had been capitalised in previous years. Council also reclassified some works in progress projects as operational expenses primarily due to the nature of the expense.

The net result of these adjustments is a \$17.5 million net decrease in the balance of infrastructure, property, plant and equipment (IPPE).

The final adjustment relates to a reduction in the historical liability (non-current) held for surplus credits associated with Works-in-Kind agreements, which are generated when a developer provides additional infrastructure (by agreement) within a Contributions Plan. The surplus can be used by developers to offset future developer contributions or is refunded following a resolution of the Council.

The net result of this adjustment is a \$2.3 million decrease in the balance of the non-current liability, and a restated provision (Income Statement) as at 30 June 2021.

The net result of all prior year adjustments is a net increase of \$7.1 million to the opening equity balance as at 1 July 2020 and a net increase in the operating result restated for the period ending 30 June 2021 of \$3.9 million.

Prior year adjustments can be found in Note F4-1 to the General-Purpose Financial Statements.

Council continues to improve its asset management systems; each asset class is being comprehensively reviewed, identified, mapped, condition assessed and valued which will take time to complete. It is expected that historical discrepancies will be found and corrected throughout this process. Council has also moved to a rolling 3-year cycle for the identification, condition assessment and valuation of assets classes (excludes assets that are valued annually) to better manage and monitor the entire asset base.

COVID-19 Financial Impact 2021/22

Council's financial performance to the 30 June 2022 has not been materially impacted by COVID-19.

Council continues to monitor its cash flow/budget closely and financial health indicators. Council does not have leisure centres / pools resourced by Council staff or childcare centres. While there has been some impact to leisure centre / pool budgets it has been prudently managed by Council and its operator to reduce expenditure when the centres have been closed.

The rates and annual charges outstanding ratio remains outside industry benchmark (benchmark less than 5%) at 6.98% primarily due to Council's COVID-19 initiative of not taking legal action against property owners for outstanding rate accounts.

Council has commenced communicating with residents regarding outstanding rate balances and will work with residents to ensure outstanding balances are recovered taking into consideration individual circumstances.

It should be noted that Council has a standing policy of not taking legal action against pensioners. The increase in the ratio has not had a material impact on Council's cash flow or ability to meet its financial commitments.

To 30 June 2022 Council has spent approximately \$2.1 million (\$1.2 million in 2020/21 and \$0.9 million in 2021/22) on additional cleaning of public facilities/offices and operational costs associated with a second works depot to ensure Council could provide essential services should one depot be closed due to COVID-19.

Council has also invested in technology to ensure a seamless service experience for customers while staff have worked from home during lockdown periods.

COVID-19 Community Support Packages

During the 2020/21 financial year, Council endorsed Stages 1, 2 and 3 of its COVID-19 Community Support Package, with Stages 1 and 2 focusing on immediate financial relief and Stage 3 a comprehensive recovery package, with the total investment over four and a half years being \$130.6 million.

The total package (3 stages) is estimated to raise Camden's economic output by up to \$222 million (independent report), which is a measure of the value of all sales of goods and services. Additionally, 507 full time equivalent (FTE) jobs will be supported and contribute between \$87.4 million and \$102.7 million to Camden's Gross Regional Product (GRP). Additional information on what initiatives are included in the packages can be found on Council's website.

Financial Health Indicators

Council utilises a range of industry agreed indicators (performance ratios) to measure its overall financial health.

The financial health indicators for the 2021/22 financial year can be found in Note F6-1 and Special Schedule – Report on Infrastructure Assets. This section of the financial statements provides a detailed explanation of each indicator and any unique circumstances which need to be considered when assessing Council's financial performance.

In summary, the financial health indicators demonstrate that Council is in a sound financial position, with financial performance improving across a number of indicators.

Long Term Financial Sustainability

Council continues to monitor its financial performance and while Council's liquidity and debt position is strong, Council recognises that longer term, operating deficits are not sustainable and will ultimately reduce Council's ability to maintain or replace its asset base over time.

Council expects that this position will improve in the long-term, through increased income associated with growth and continued prudent long-term financial management of expenditure budgets, that consider future maintenance and the asset renewal requirements of the Council.

This is also reflected in the updated 2022- 2032 Long Term Financial Plan adopted by Council on the 14 June 2022. A copy of this plan can be found on Council's website.

Measures that Council has adopted to improve and ensure its long-term financial position remains sustainable include:

✓ **Balanced Budget**

Council annually adopts and maintains a balanced cash budget and does not spend beyond its means.

✓ **Loans**

Council still has a good capacity to borrow for capital projects (one-off) upon the appropriate financial assessment being completed. Council also considers low-interest loan programs offered by the State Government. These programs will save Council \$1.06 million in loan interest repayments.

✓ **Long-Term Financial Planning (LTFP)**

Council has a 10-year LTFP which is reviewed on a quarterly basis. The LTFP is critical to Council's planning and monitoring of its immediate and future financial sustainability. It is central to correcting the reported operating deficit in the Income Statement by containing expenditure and allowing natural growth in Council's income base to achieve a balanced or reported operating surplus.

It allows Council to make informed decisions about sustainable levels of debt and reserves (liquidity) it also forms part of a suite of resourcing plans that support Council's Integrated Planning and Reporting Package.

✓ **Asset Management Planning**

Sound asset management and the correct allocation of resources are central to Council's sustainability. Council has a dedicated asset management section which continues to monitor Council's asset maintenance and renewal programs now and into the future.

Council's Infrastructure Backlog Ratio is 0.78% and remains better than the industry benchmark of not more than 2%.

✓ **Cash Position, Reserves, and Investing in the Future**

Council has established reserves for capital improvement, asset replacement and technology improvements.

Council's Unrestricted Current Ratio is 3.0x and is better than the industry benchmark of more than 1.50x. Council's Cash Expense Cover Ratio is 25.6 months and is well above the industry benchmark of more than 3 months.

✓ **Community Infrastructure Renewal Programs**

Council endorsed a \$5.1 million Community Infrastructure Renewal Program as part of its 2019/20 budget to continue a program of renewing assets. This is a 4-year program and is expected to be completed in 2022/23.

Work has commenced on the continuation of this important program and will be considered by Council as part of the 2023/24 Budget.

✓ **Building Partnerships**

Council continues to actively pursue both State and Federal funding opportunities to fund infrastructure and service requirements when made available. Examples include accessing the low interest loans under Local Infrastructure Renewal Schemes.

✓ **Organisational Improvement Plan**

Council remains committed to continuously improving its financial and non-financial performance and continuing its path to excellence and best practice. Council's five-year Organisational Strategic Plan, which commenced in July 2019, provides the roadmap to deliver measurable improvement across six key result areas: Good Governance, Financially Successful, Effective Leadership, Engaged People, Improved Processes, Knowledge and Systems, and Customer Focused.

Long-term financial risks for Council

Over the next 10-20 years Council will be required to coordinate and acquire significant amounts of land in Leppington, which includes the delivery of supporting infrastructure.

While in-part funded through Section 7.11 Contributions Plans (developer contributions) the amount of funding required and timing for financing will need to be carefully managed in consultation with the NSW State Government, to ensure the plans and aspirations of a third City can be delivered on time.

Conclusion

Council continues to demonstrate a strong commitment to sound financial management.

While the COVID-19 pandemic, and more recently the 2022 flood events have created significant challenges in terms of service delivery, Council has been able to support its community through a range of initiatives such as the Community Support Package and targeted support mechanisms such as fee relief and the one-off rebate provided to all property owners in 2020/21.

As a significant growth area, Camden will continue to find it challenging to meet all industry benchmarks in relation to financial performance, primarily until it reaches the economies of scale representative of a large metropolitan council. Council's strong cash position and prudent budget management ensures Council will continue to provide a high level of service and support to its community now and into the future.

Chief Financial Officer
28 October 2022

Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	93
On the Financial Statements (Sect 417 [3])	96

Overview

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

70 Central Avenue
Oran Park NSW 2570

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

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

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

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

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Camden Council

General Purpose Financial Statements for the year ended 30 June 2022

Statement by Councillors and Management

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

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

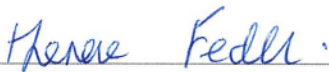
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

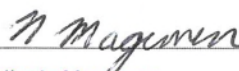
To the best of our knowledge and belief, these statements:

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

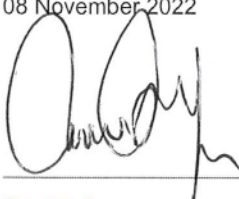
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 08 November 2022.


Therese Fedeli
Mayor
08 November 2022


Nicole Magurren
Acting General Manager
08 November 2022


Paul Farrow
Deputy Mayor
08 November 2022


Paul Rofe
Responsible Accounting Officer
08 November 2022

Camden Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Restated Actual 2021 \$ '000
Income from continuing operations				
84,115	Rates and annual charges	B2-1	84,687	74,816
20,183	User charges and fees	B2-2	15,332	16,532
2,600	Other revenues	B2-3	4,274	1,317
9,177	Grants and contributions provided for operating purposes	B2-4	13,158	9,198
135,462	Grants and contributions provided for capital purposes	B2-4	164,281	200,459
2,450	Interest and investment income	B2-5	2,083	2,017
–	Other income	B2-6	6,644	4,741
253,987	Total income from continuing operations		290,459	309,080
Expenses from continuing operations				
56,027	Employee benefits and on-costs	B3-1	57,398	54,920
36,438	Materials and services	B3-2	44,068	40,149
1,278	Borrowing costs	B3-3	1,296	1,180
30,000	Depreciation, amortisation and impairment of non-financial assets	B3-4	29,367	29,205
12,390	Other expenses	B3-5	1,516	1,621
–	Net loss from the disposal of assets	B4-1	1,978	1,724
136,133	Total expenses from continuing operations		135,623	128,799
117,854	Operating result from continuing operations		154,836	180,281
117,854	Net operating result for the year attributable to Council		154,836	180,281
Net operating result for the year before grants and contributions provided for capital purposes				
(17,608)			(9,445)	(20,178)

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

Camden Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	Actual 2022 \$ '000	Restated Actual 2021 \$ '000
Net operating result for the year – from Income Statement		154,836	180,281
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	119,173	(4,386)
Total items which will not be reclassified subsequently to the operating result		119,173	(4,386)
Total other comprehensive income for the year		119,173	(4,386)
Total comprehensive income for the year attributable to Council		274,009	175,895

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

Camden Council

Statement of Financial Position

as at 30 June 2022

		Actual 2022 \$ '000	Restated Actual 2021 \$ '000	Restated Actual 1 July 2020 \$ '000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	13,316	15,767	12,135
Investments	C1-2	215,000	165,008	112,508
Receivables	C1-4	54,607	13,693	9,526
Inventories	C1-5	478	490	427
Other	C1-9	1,808	1,126	102
Total current assets		285,209	196,084	134,698
Non-current assets				
Investments	C1-2	30,821	29,301	29,700
Receivables	C1-4	2,865	3,878	3,327
Infrastructure, property, plant and equipment (IPPE)	C1-6	2,245,054	2,027,972	1,890,717
Investment property	C1-7	38,820	34,480	31,890
Intangible assets	C1-8	780	815	1,015
Right of use assets	C2-1	1,851	1,848	2,111
Investments accounted for using the equity method		–	–	91
Total non-current assets		2,320,191	2,098,294	1,958,851
Total assets		2,605,400	2,294,378	2,093,549
LIABILITIES				
Current liabilities				
Payables	C3-1	33,443	27,930	24,209
Contract liabilities	C3-2	38,926	12,244	4,660
Lease liabilities	C2-1	1,287	1,310	1,354
Borrowings	C3-3	3,071	2,346	1,372
Employee benefit provisions	C3-4	14,574	15,193	14,624
Total current liabilities		91,301	59,023	46,219
Non-current liabilities				
Payables	C3-1	12,863	12,919	10,564
Lease liabilities	C2-1	707	615	808
Borrowings	C3-3	37,999	33,270	23,316
Employee benefit provisions	C3-4	282	312	298
Total non-current liabilities		51,851	47,116	34,986
Total liabilities		143,152	106,139	81,205
Net assets		2,462,248	2,188,239	2,012,344
EQUITY				
Accumulated surplus		1,658,727	1,503,891	1,323,610
IPPE revaluation reserve	C4-1	803,521	684,348	688,734
Council equity interest		2,462,248	2,188,239	2,012,344
Total equity		2,462,248	2,188,239	2,012,344

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

Camden Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		1,492,811	684,348	2,177,159	1,316,530	688,734	2,005,264
Correction of prior period errors	F4-1	11,080	–	11,080	7,080	–	7,080
Restated opening balance		1,503,891	684,348	2,188,239	1,323,610	688,734	2,012,344
Net operating result for the year		154,836	–	154,836	176,342	–	176,342
Correction of prior period errors	F4-1	–	–	–	3,939	–	3,939
Net operating result for the period		154,836	–	154,836	180,281	–	180,281
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	119,173	119,173	–	(4,386)	(4,386)
Other comprehensive income		–	119,173	119,173	–	(4,386)	(4,386)
Total comprehensive income		154,836	119,173	274,009	180,281	(4,386)	175,895
Closing balance at 30 June		1,658,727	803,521	2,462,248	1,503,891	684,348	2,188,239

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

Camden Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Restated Actual 2021 \$ '000
Cash flows from operating activities				
Receipts:				
84,115	Rates and annual charges		83,713	74,279
20,183	User charges and fees		15,451	17,712
2,450	Interest received		1,744	2,265
33,907	Grants and contributions		85,451	83,089
–	Bonds, deposits and retentions received		7,594	5,354
7,311	Other		17,382	7,295
Payments:				
(56,027)	Payments to employees		(57,929)	(55,146)
(36,438)	Payments for materials and services		(52,372)	(44,292)
(1,278)	Borrowing costs		(1,276)	(1,159)
–	Bonds, deposits and retentions refunded		(3,594)	(3,697)
(17,346)	Other		(2,206)	(1,638)
36,877	Net cash flows from operating activities	G1-1	93,958	84,062
Cash flows from investing activities				
Receipts:				
151,167	Sale of investments		181,000	138,500
306	Proceeds from sale of IPPE		382	442
Payments:				
(126,167)	Purchase of investments		(232,492)	(190,500)
(69,801)	Payments for IPPE		(48,581)	(37,874)
–	Purchase of intangible assets		(286)	(145)
(44,495)	Net cash flows from investing activities		(99,977)	(89,577)
Cash flows from financing activities				
Receipts:				
7,800	Proceeds from borrowings		7,800	12,300
Payments:				
(2,354)	Repayment of borrowings		(2,346)	(1,372)
–	Principal component of lease payments		(1,886)	(1,781)
5,446	Net cash flows from financing activities		3,568	9,147
(2,172)	Net change in cash and cash equivalents		(2,451)	3,632
9,994	Cash and cash equivalents at beginning of year		15,767	12,135
7,822	Cash and cash equivalents at end of year	C1-1	13,316	15,767
97,208	plus: Investments on hand at end of year	C1-2	245,821	194,309
105,030	Total cash, cash equivalents and investments		259,137	210,076

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

Camden Council

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

A About Council and these financial statements	12
A1-1 Basis of preparation	12
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	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	25
B2-6 Other income	26
B3 Costs of providing services	27
B3-1 Employee benefits and on-costs	27
B3-2 Materials and services	28
B3-3 Borrowing costs	29
B3-4 Depreciation, amortisation and impairment of non-financial assets	30
B3-5 Other expenses	31
B4 Gains or losses	32
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	32
B5 Performance against budget	33
B5-1 Material budget variations	33
C Financial position	35
C1 Assets we manage	35
C1-1 Cash and cash equivalents	35
C1-2 Financial investments	36
C1-3 Restricted and allocated cash, cash equivalents and investments	38
C1-4 Receivables	40
C1-5 Inventories	42
C1-6 Infrastructure, property, plant and equipment	43
C1-7 Investment properties	47
C1-8 Intangible assets	48
C1-9 Other	49
C2 Leasing activities	50
C2-1 Council as a lessee	50
C2-2 Council as a lessor	53
C3 Liabilities of Council	54
C3-1 Payables	54
C3-2 Contract Liabilities	55
C3-3 Borrowings	57
C3-4 Employee benefit provisions	59

Camden Council

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

C4 Reserves	61
C4-1 Nature and purpose of reserves	61
D Risks and accounting uncertainties	62
D1-1 Risks relating to financial instruments held	62
D2-1 Fair value measurement	66
D3-1 Contingencies	71
E People and relationships	74
E1 Related party disclosures	74
E1-1 Key management personnel (KMP)	74
E1-2 Councillor and Mayoral fees and associated expenses	75
E2 Other relationships	76
E2-1 Audit fees	76
F Other matters	77
F1-1 Statement of Cash Flows information	77
F2-1 Commitments	78
F3-1 Events occurring after the reporting date	79
F4 Changes from prior year statements	80
F4-1 Correction of errors	80
F5 Statement of developer contributions as at 30 June 2022	82
F5-1 Summary of developer contributions	82
F5-2 Developer contributions by plan	83
F5-3 Contributions not under plans	86
F5-4 S7.4 planning agreements	86
F6 Statement of performance measures	87
F6-1 Statement of performance measures – consolidated results	87
G Additional Council disclosures (unaudited)	88
G1-1 Statement of performance measures – consolidated results (graphs)	88
G1-2 Council information and contact details	92

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 08 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6 and Note D2-1
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4
- (ii) Council has made a significant judgement about the determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities – refer to Notes B2-2 – B2-4.
- (iii) Council has made a significant judgement about the determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.
- (iv) Camden Region Economic Taskforce

On 23/06/2021 the Camden Region Economic Taskforce (CRET) was liquidated as a result of going into voluntary receivership.

A1-1 Basis of preparation (continued)

Due to Council being the only member of the Company, assets in the amount of \$51,933.40 were made available as a members distribution to Council as part of the wind up.

Under the constitution it is a requirement that any surplus assets must be paid or distributed to an organisation which has objectives or purposes similar to those of the Company. The funds have been restricted for this purpose and are held in an internal cash reserve disclosed at C1-3.

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 has been included in the financial statements of the Council.

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

- Camden Town Farm Committee
- Camden Seniors Programs Committee
- Camden International Friendship Association
- Camden Bicentennial Equestrian Park Committee

These committees were dissolved by formal Council resolution on 8 March 2022.

The Trust Fund

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

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

Council does not hold any monies or property that are not under control of the Council.

Macaria Gallery Ltd

Macaria Gallery Ltd was set up as an independent company run by a board of directors which includes three Councillors and two independent directors. The company is the trustee of the Alan Baker Art Gallery Trust with the primary objective of collecting, promoting, preserving and exhibiting the arts. The company directs the activities of the Alan Baker Art Gallery, which occupies the historic Macaria building in Camden and displays the Alan Baker art collection.

Council is the sole member of the company.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council dependence on Volunteer workers is not significant and these services have not been recognised in the financial statements.

Volunteers are engaged in Council's services and programs who undertake such activities of their own free will and without monetary reward. The activities undertaken are of benefit to Camden Council and the local community and complement, but do not replace the services and programs provided by paid staff.

Volunteers will work no more than 18 hours each week except for one off event based activities.

A1-1 Basis of preparation (continued)

Although volunteer opportunities are open to people of all ages, there are different insurance provisions, based on age, as well as other additional checks that may be required as a volunteer.

All children under 18 years of age must have parental care permission to participate in the activity. All activities must be low risk and be included in the volunteers management system or be insured through the participating organisation.

Council has categorised their volunteers into 4 groups:

1. Regular Volunteers
2. Casual Volunteers
3. Social Volunteers
4. Advisory Committee Volunteers

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council has not adopted any new accounting standards and interpretations.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000
Functions or activities										
Managing Camden's Growth	108,826	98,200	11,814	12,234	97,012	85,966	38,517	33,630	157,874	131,420
Urban and Natural Environments	24,256	15,960	10,119	20,821	14,137	(4,861)	563	319	3,994	1,876
Prosperous Economy	729	354	7,909	4,412	(7,180)	(4,058)	300	284	40,753	34,512
Sustainable Transport	81,967	140,419	18,277	27,711	63,690	112,708	81,869	138,185	1,683,954	1,505,708
Enriched and Connected Community	14,422	13,099	19,157	23,730	(4,735)	(10,631)	5,448	3,663	64,612	56,467
Strong Local Leadership (Governance)	60,259	41,048	68,347	39,891	(8,088)	1,157	50,742	33,576	654,213	564,395
Total functions and activities	290,459	309,080	135,623	128,799	154,836	180,281	177,439	209,657	2,605,400	2,294,378

B1-2 Components of functions or activities

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

Managing Camden's Growth

Managing growth determined under the State Government's Metropolitan Strategy while retaining Camden's rural setting, country town feel and the lifestyle of the community.

Resources relating to the delivery of this strategic outcome include: Development Control, Heritage Protection and Urban and Rural Planning.

Urban and Natural Environments

A Camden in which its unique natural systems have been protected and enhanced and are enjoyed and valued by the community.

Resources relating to the delivery of this strategic outcome include: Regulating the Use of Public Areas, Public Health, Protecting Natural Environment, Parks and Playgrounds, Environmental Activities, Enforcement of Legislation and Policies and Appearance of Public Areas.

Prosperous Economy

A Camden which is characterised by vibrant town and commercial centres, thriving local businesses, stable and diverse employment opportunities, skilled local residents and a thriving tourist/visitor market.

Resources relating to the delivery of this strategic outcome include: Economic Development, Tourism and The Management of Significant Places.

Sustainable Transport

A Camden that provides an affordable, convenient and integrated public transport system for equitable access to services, facilities and places for all members of the community.

Resources relating to the delivery of this strategic outcome include: Transport Options, Road Safety, Local Traffic Management, Construction and Maintenance of Local Roads, Footpath and Kerbing.

Enriched and Connected Community

A Camden which has achieved a broad range of opportunities for a prosperous and complete lifestyle.

Resources relating to the delivery of this strategic outcome include: Recreational Services and Facilities, Community and Cultural Development & Planning, Community Support Facilities and Services, Community Safety, Community Events and Library Services.

Strong Local Leadership (Governance)

A Camden which has strong leadership who are responsible to the community and who are working together to achieve the community's vision for the future.

Resources relating to the delivery of this strategic outcome include: Strong Local Democracy, Stewardship of Community Resources, Community Engagement, Community Information, Management of Emergency Events, and Support Services.

B2 Sources of income

B2-1 Rates and annual charges

	Timing	2022 Actual \$ '000	2021 Actual \$ '000
Ordinary rates			
Residential	1058 (1)	54,942	51,575
Farmland	1058 (1)	851	688
Business	1058 (1)	10,403	9,547
Less: pensioner rebates (mandatory)	1058 (1)	(656)	(624)
Rates levied to ratepayers		65,540	61,186
Pensioner rate subsidies received	1058 (1)	362	335
Total ordinary rates		65,902	61,521
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	17,846	12,407
Section 611 charges	1058 (1)	61	69
Less: pensioner rebates (mandatory)	1058 (1)	(280)	(269)
Stormwater management levy	1058 (1)	967	926
Annual charges levied		18,594	13,133
Pensioner subsidies received:			
– Domestic waste management	1058 (1)	191	162
Total annual charges		18,785	13,295
Total rates and annual charges		84,687	74,816

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15(1) income recognised under AASB15 “at a point in time”
 15(2) income recognised under AASB15 “over time”
 1058 (1) income recognised under AASB1058 “at a point in time”
 1058 (2) income recognised under AASB1058 “over time”

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

Accounting policy

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

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

Pensioner rebates 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 in substance a rates payment.

B2-2 User charges and fees

	Timing	2022 Actual \$ '000	2021 Actual \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services (additional services)	15 (1)	22	29
On site sewerage inspection	15 (1)	34	34
Commercial waste management	15 (1)	716	734
On site sewerage annual charges	15 (1)	196	189
Total specific user charges		968	986
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other	15 (1)	3,593	3,500
Restoration works	15 (1)	553	1,705
Section 10.7 certificates (EP&A Act)	15 (1)	491	486
Section 603 certificates	15 (1)	274	327
Town planning	15 (1)	3,220	2,851
Other	15 (1)	5	–
Total fees and charges – statutory/regulatory		8,136	8,869
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	15 (1)	524	482
Child care	15 (1)	430	440
Parks and leisure centres	15 (2)	4,132	4,836
Public halls	15 (1)	877	546
Other	1058 (1)	265	373
Total fees and charges – other		6,228	6,677
Total other user charges and fees		14,364	15,546
Total user charges and fees		15,332	16,532
Timing of revenue recognition for user charges and fees			
15(1) income recognised under AASB15 “at a point in time”		10,935	11,323
15(2) income recognised under AASB15 “over time”		4,132	4,836
1058 (1) income recognised under AASB1058 “at a point in time”		265	373
Total user charges and fees		15,332	16,532

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. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

	Timing	2022 Actual \$ '000	2021 Actual \$ '000
Fines	1058 (1)	32	135
Fines – parking	1058 (1)	41	40
Legal fees recovery – other	1058 (1)	198	102
Commissions and agency fees	15 (1)	126	111
Diesel rebate	15 (1)	71	61
Insurance claims recoveries ¹	1058 (1)	1,671	–
Sales – general	15 (1)	11	28
Employee relations	1058 (1)	148	125
Rental income – council properties	15 (1)	–	57
Risk mgmt. performance incentive rebates	1058 (1)	130	130
Contributions to long service leave – other councils	15 (1)	473	116
Other	1058 (1)	1,373	412
Total other revenue		4,274	1,317

Timing of revenue recognition for other revenue

15(1) income recognised under AASB15 “at a point in time”	681	373
15(2) income recognised under AASB15 “over time”	–	–
1058 (1) income recognised under AASB1058 “at a point in time”	3,593	944
Total other revenue	4,274	1,317

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

(1) in 2021/2022 Council has recovered Insurance claims of \$1 million for flood damage, \$634k pertaining to a safe work matter at the Bicentennial Equestrian Park (BEP) in 2018 and \$37k relates to other insurance claim.

B2-4 Grants and contributions

		Operating 2022	Operating 2021	Capital 2022	Capital 2021
		Actual	Restated Actual	Actual	Restated Actual
	Timing	\$ '000	\$ '000	\$ '000	\$ '000
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	1,264	1,166	–	–
Financial assistance – local roads component	1058 (1)	900	768	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	1,941	1,242	–	–
Financial assistance – local roads component	1058 (1)	1,389	831	–	–
Amount recognised as income during current year		5,494	4,007	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Better waste and recycling fund	1058 (1)	125	120	–	–
Bushfire and emergency services	1058 (1)	548	172	–	–
Child care (family day care)	1058 (1)	–	138	–	–
Community care	15 (2)	–	4	–	–
Community centres	1058 (2)	–	–	1,181	157
Community services	15 (2)	111	151	–	–
Economic development	15 (1)	8	2	–	–
Floodplain management	15 (2)	–	33	–	–
Employment and training programs	1058 (1)	267	–	–	–
Library – per capita	1058 (1)	286	259	–	–
Local Infrastructure Renewal Scheme subsidy	1058 (1)	49	63	–	–
Noxious weeds	15 (2)	60	75	–	–
Library – special projects	1058 (1)	45	–	11	66
NSW rural fire services	1058 (2)	–	–	–	42
Planning Studies	15 (2)	420	970	–	–
Recreation and culture	1058 (2)	253	60	7,301	15,553
Storm/flood damage	1058 (1)	1,000	–	–	–
Street lighting	1058 (1)	134	134	–	–
Transport (other roads and bridges funding)	1058 (2)	1,328	398	4,186	2,508
Transport (roads to recovery)	1058 (1)	863	848	–	–
Other specific grants	1058 (1)	119	44	–	–
Previously contributions:					
Other councils – joint works/services	1058 (1)	41	30	–	–
Paving	1058 (1)	16	15	–	–
Recreation and culture	1058 (1)	–	–	42	–
Transport for NSW contributions (regional roads, block grant)	1058 (1)	150	316	167	–
Other contributions	1058 (1)	77	382	–	–
Total special purpose grants and non-developer contributions – cash		5,900	4,214	12,888	18,326

B2-4 Grants and contributions (continued)

		Operating 2022	Operating 2021	Capital 2022	Capital 2021
		Actual	Restated Actual	Actual	Restated Actual
	Timing	\$ '000	\$ '000	\$ '000	\$ '000
Non-cash contributions					
Bushfire services	1058 (1)	—	—	296	240
Dedicated land under roads	1058 (1)	—	—	2,325	4,190
Dedicated drainage	1058 (1)	—	—	22,234	15,804
Dedicated open space assets	1058 (1)	—	—	115	2,623
Dedicated Roads	1058 (1)	—	—	34,178	34,131
Dedications - RMS	1058 (1)	—	—	—	11,432
Other	1058 (1)	—	—	—	1,344
Total other contributions – non-cash		—	—	59,148	69,764
Total special purpose grants and non-developer contributions (tied)		5,900	4,214	72,036	88,090
Total grants and non-developer contributions		11,394	8,221	72,036	88,090
Comprising:					
– Commonwealth funding		6,357	5,017	5,527	15,481
– State funding		4,892	2,777	7,319	14,277
– Other funding		145	427	59,190	58,332
		11,394	8,221	72,036	88,090

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15(1) income recognised under AASB15 “at a point in time”
- 15(2) income recognised under AASB15 “over time”
- 1058 (1) income recognised under AASB1058 “at a point in time”
- 1058 (2) income recognised under AASB1058 “over time”

B2-4 Grants and contributions (continued)

Developer contributions

		Operating 2022 Actual \$ '000	Operating 2021 Restated Actual \$ '000	Capital 2022 Actual \$ '000	Capital 2021 Restated Actual \$ '000
	Notes	Timing			
Developer contributions:					
(s7.4 & s7.11 - EP&A Act):					
Cash contributions					
S 7.11 – contributions towards					
amenities/services		1058 (1)	36	5	–
Other section 7.11 developer contributions		1058 (1)	1,696	949	–
Open space		1058 (1)	–	–	60,375
Traffic facilities		1058 (1)	32	12	53
Drainage		1058 (1)	–	–	4,618
Roadworks		1058 (1)	–	–	3,634
Community facilities		1058 (1)	–	–	3,931
Local Infrastructure Growth Scheme		1058 (1)	–	11	–
Total developer contributions – cash			1,764	977	72,611
Non-cash contributions					
VPA – dedicated drainage		1058 (1)	–	–	1,174
VPA – dedicated roads		1058 (1)	–	–	3,944
VPA – dedicated land		1058 (1)	–	–	4,156
VPA - dedicated buildings		1058 (1)	–	–	3,973
VPA - Open Space		1058 (1)	–	–	6,122
WIKa - Roadworks		1058 (1)	–	–	–
WIKa - Drainage		1058 (1)	–	–	–
WIKa - Land		1058 (1)	–	–	265
Total developer contributions non-cash			–	–	19,634
Total developer contributions			1,764	977	92,245
Total contributions			1,764	977	92,245
Total grants and contributions			13,158	9,198	164,281
Timing of revenue recognition for grants and contributions					
15(1) income recognised under AASB15 “at a point in time”			8	2	–
15(2) income recognised under AASB15 “over time”			581	1,233	–
1058 (1) income recognised under AASB1058 “at a point in time”			10,988	7,505	151,613
1058 (2) income recognised under AASB1058 “over time”			1,581	458	12,668
Total grants and contributions			13,158	9,198	164,281

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15(1) income recognised under AASB15 “at a point in time”
 15(2) income recognised under AASB15 “over time”
 1058 (1) income recognised under AASB1058 “at a point in time”
 1058 (2) income recognised under AASB1058 “over time”

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:

	Operating 2022 Actual \$ '000	Operating 2021 Restated Actual \$ '000	Capital 2022 Actual \$ '000	Capital 2021 Restated Actual \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	959	997	14,150	5,133
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,386	47	978	2,658
Add: Funds received and not recognised as revenue in the current year	1,376	866	28,677	8,788
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(43)	(220)	(2,106)	(932)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(544)	(731)	(3,042)	(1,497)
Unspent funds at 30 June	3,134	959	38,657	14,150

Unexpended and held as externally restricted assets (operating grants)

\$3.134 million of operating grants were not expended as of 30 June 2022 being mainly the Disaster Recovery Flood Funding, the Building Camden's Canopy, the Streets as Shared Spaces (Round 2) for the Larkin Place Activation Pilot and the Faster Regionally Significant DA Pilot Program received at the end of the FY 2021/22 plus some smaller operating grants for example Narellan Creek Water Quality Improvement Project and the Precinct planning for the Southwest Growth Area.

Unexpended and held as externally restricted assets (capital grants)

\$38.657 million of capital grants were not expended as of 30 June 2022, these include the LRCI Round 3 Program, the Accelerated Infrastructure Fund for Heath Road, Byron Road and Scalabrini East Design and Construction, the Nepean River Pathway Extension and the Design of Rickard Road South grants received in FY 2021/22.

Developer contributions

Unspent funds at 1 July	–	–	133,441	99,632
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	71,501	48,035
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(11,332)	(14,226)
Unspent contributions at 30 June	–	–	193,610	133,441

Unexpended and held as externally restricted assets (developer contributions)

This section includes the section 7.11 funds received towards the provision, extension or augmentation of local infrastructure only where development is likely to require the provision of or increase the demand for local infrastructure in new release areas; and the recoupment of the cost of providing existing local infrastructure. Refer to note G5 Developer Contributions for further details.

Accounting policy

Grant income under AASB 15

B2-4 Grants and contributions (continued)

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

The performance obligations are varied based on the agreement but include the provision of concept design, strategic business case, detailed design and final business case and delivery of events. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income Under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the asset's 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 unless they are capital grants.

Capital grants

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

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

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

Contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4 and 7.11 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 the Council may apply contributions according to the priorities established in work schedules.

B2-5 Interest and investment income

	2022 Actual \$ '000	2021 Actual \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates) ¹	297	–
– Restricted funds	1,210	1,507
– General fund	576	510
Total interest and investment income (losses)	2,083	2,017
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	873	510
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	688	939
– Other Developer Contributions	433	425
Domestic waste management operations	89	143
Total interest and investment income	2,083	2,017

Accounting policy

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

(1) As part of Council's response to COVID-19, no interest on overdue charges were applied to outstanding rates accounts during 2020/21 financial year.

B2-6 Other income

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Fair value increment on investment properties			
Fair value increment on investment properties		4,340	2,590
Total fair value increment on investment properties	C1-7	4,340	2,590
Fair value increment on investments			
– Movements in investments at fair value through profit and loss (CivicRisk)		20	10
Total Fair value increment on investments		20	10
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,132	1,019
Total Investment properties		1,132	1,019
Other lease income			
Leaseback fees - council vehicles		1,152	1,122
Total other lease income		1,152	1,122
Total rental income	C2-2	2,284	2,141
Total other income		6,644	4,741

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 Actual \$ '000	2021 Actual \$ '000
Salaries and wages	46,265	42,714
Travel expenses	2,725	2,411
Employee leave entitlements (ELE)	4,382	5,107
Superannuation	4,780	4,504
Workers' compensation insurance	1,369	1,299
Fringe benefit tax (FBT)	407	366
Training costs (other than salaries and wages)	361	443
Protective clothing	40	53
Other	170	114
Total employee costs	60,499	57,011
Less: capitalised costs	(3,101)	(2,091)
Total employee costs expensed	57,398	54,920

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

		2022	2021
		Actual	Restated
	Notes	\$ '000	Actual
			\$ '000
Advertising		78	108
Advertising – recruitment related		63	46
Agency agreements		1,383	711
Audit Fees	E2-1	271	192
Bank charges		167	169
Building maintenance		1,281	1,496
Community support programs		1,257	612
Companion animal control		105	56
Contractor and consultancy costs		1,323	700
Councillor and Mayoral fees and associated expenses	E1-2	277	257
Electricity and heating		653	691
Emergency services		42	30
Information technology		2,179	2,169
Infrastructure maintenance and repairs		3,470	2,684
Insurance		1,330	948
Leisure centre and pools		4,057	5,293
Noxious weeds control		63	90
Parks and garden maintenance		4,163	3,825
Postage		252	256
Printing and stationery		198	394
Raw materials and consumables		5,923	5,170
Sec 7.11 administration – operating expenses		24	33
Street lighting		2,510	2,404
Subscriptions and publications		329	316
Telephone and communications		1,193	879
Town Planning		97	643
Valuation fees		289	255
Waste management		8,534	8,283
Water charges		289	280
Legal expenses:			
– Legal expenses: planning and development		281	415
– Legal expenses: other		796	276
– Legal expenses: penalties and fines ¹		750	–
Other expenses		805	934
Total materials and services		44,432	40,615
Less: capitalised costs		(364)	(466)
Total materials and services		44,068	40,149

Accounting policy

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

(1) This fine relates to a safe work matter at Bicentennial Equestrian Park (BEP) in 2018.

B3-3 Borrowing costs

	2022 Actual \$ '000	2021 Actual \$ '000
(i) Interest bearing liability costs		
Interest on leases	36	54
Interest on loans	1,260	1,126
Total interest bearing liability costs expensed	1,296	1,180
Total borrowing costs expensed	1,296	1,180

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

	Notes	2022 \$ '000	2021 Restated \$ '000
Depreciation and amortisation			
Plant and equipment		1,552	1,263
Office equipment		182	310
Furniture and fittings		380	377
Land improvements (depreciable)		832	1,301
Infrastructure:	C1-6		
– Buildings and other structures		6,676	6,914
– Roads		9,460	9,044
– Bridges		645	608
– Footpaths		2,020	1,931
– Stormwater drainage		4,016	3,790
– Other open space/recreational assets		580	794
Other assets:			
– Library books		235	228
– Other		516	493
Intangible assets	C1-8	321	345
Right of use assets	C2-1	1,952	1,807
Total depreciation and amortisation costs		29,367	29,205
Total depreciation and amortisation costs		29,367	29,205
Total depreciation, amortisation and impairment for non-financial assets		29,367	29,205

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for Right of Use Assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Impairment of receivables			
Other		61	19
Total impairment of receivables	C1-4	61	19
Other			
Contributions/levies to other levels of government			
– Department of planning levy		45	44
– Emergency services levy (includes FRNSW, SES, and RFS levies)		869	829
Donations, contributions and assistance to other organisations (Section 356)		528	725
Write-down of inventories held for sale or distribution		13	4
Total other		1,455	1,602
Total other expenses		1,516	1,621

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

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Gain (or loss) on disposal of property (excl. investment property)	C1-6		
Proceeds from disposal – property		–	193
Less: carrying amount of property assets sold/written off		–	(214)
Gain (or loss) on disposal		–	(21)
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		382	249
Less: carrying amount of plant and equipment assets sold/written off		(318)	(92)
Gain (or loss) on disposal		64	157
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets written off		(2,042)	(1,860)
Gain (or loss) on disposal		(2,042)	(1,860)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		181,000	138,500
Less: carrying amount of investments sold/redeemed/matured		(181,000)	(138,500)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(1,978)	(1,724)

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 08/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	84,115	84,687	572	1% F
User charges and fees	20,183	15,332	(4,851)	(24)% U
Income from User Charges and Fees for the 2021/22 financial year was below budget expectations by \$4.851M. This was primarily due to a reduction in income from Council's leisure centres and pools due to COVID19 public health orders (\$1.600M), a reduction in development income due to slowing development activity (\$698K), a reduction in hall hire and civic centre income due to COVID19 public health orders (\$312K). The remaining variation relates to the reclassification of lease income and vehicle leaseback income from user fees and charges to other revenue (\$2.284M).				
Other revenues	2,600	4,274	1,674	64% F
Other Revenue exceeded budget expectations by \$1.674M. This was primarily a result of income received by Council in relation to incidents covered by Insurance policies. This included a \$1.000M payment in relation to flood damaged assets and \$634K in relation to finalisation of a safe work matter.				
Operating grants and contributions	9,177	13,158	3,981	43% F
Operating Grants and Contributions exceeded budget expectations by \$3.981M. This is a result of a number of variations including; funding in relation to the 2022 flood events under the Disaster Recovery Funding Arrangements (\$2.250M), an adjustment in relation to the timing and amount received for the financial assistance grant (\$1.300M).				
Capital grants and contributions	135,462	164,281	28,819	21% F
Capital Grants and Contributions exceeded budget expectations by \$28.819M. This is primarily driven by the timing of payment of cash developer contributions and dedication of non-cash infrastructure which is difficult to predict. Council received a VPA contribution in relation to the Oran Park Leisure Centre which was not expected until the 2022/23 Financial Year (\$12.000M) and cash developer contributions exceeded budget expectations for the year (\$10.763M). The remaining balance relates to the timing of non cash infrastructure dedications.				
Interest and investment revenue	2,450	2,083	(367)	(15)% U
Investment Income was below budget expectations for the 2021/22 financial year (367K) due to lower than expected than interest rates, which resulted in lower investments returns over the course of the year. Council still achieved above benchmark rates when compared to the Ausbond Bank Bill Index.				
Other income	–	6,644	6,644	∞ F
Other Income exceeded budget expectations during the 2021/22 financial year by \$6.644M. This is primarily due to the non-cash fair value movement in Council's investment properties (\$4.340M). This is a non-cash movement which Council does not budget for. The remaining variation relates to the reclassification of lease income and vehicle leaseback income from user fees and charges to other revenue (\$2.284M).				
Expenses				
Employee benefits and on-costs	56,027	57,398	(1,371)	(2)% U

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Materials and services	36,438	44,068	(7,630)	(21)% U
Material and Services exceeded budget expectations during the 2021/22 financial year by \$7.630M. This was primarily due to the reclassification of a number of other expenses disclosures to Materials and Services. This includes; Insurance premiums (\$3.470M), street lighting expenditure (\$2.510M), information technology expenses (\$2.179M) utility expenses (\$942K) and a range of other corporate related expenses (\$1.124M). There was also additional costs incurred in relation to Council's response and recovery works in relation to the 2022 flood events (\$1.669M). This is offset by a number of incomplete operational programs which are proposed to be carried forward into the 2021/22 financial year (\$4.510M).				
Borrowing costs	1,278	1,296	(18)	(1)% U
Depreciation, amortisation and impairment of non-financial assets	30,000	29,367	633	2% F
Other expenses	12,390	1,516	10,874	88% F
Other Expenses were below budget expectations for the 2021/22 financial by \$10.874M. This is primarily due to the reclassification of a number of expenditure disclosures to Materials and Services. This includes; Insurance premiums (\$3.470M), street lighting expenditure (\$2.510M), information technology expenses (\$2.179M) utility expenses (\$942K) and a range of other corporate related expenses (\$1.124M).				
Net losses from disposal of assets	–	1,978	(1,978)	∞ U
The variance is primarily due to non-cash adjustments not included in Council's original budget papers.				

Statement of cash flows

Cash flows from operating activities	36,877	93,958	57,081	155% F
Cashflow from operating activities was above budget expectations by \$57.081M. This is primarily a result of an increase in developer contributions and grants, and the payment of bonds and deposits that were not known at the time of preparing the budget.				
Cash flows from investing activities	(44,495)	(99,977)	(55,482)	125% U
Cashflow from investing activities is above budget expectation by \$55.482M. This is primarily due to infrastructure projects which were funded through operating income which were incomplete, and a higher than expected increase in Council's investment portfolio.				
Cash flows from financing activities	5,446	3,568	(1,878)	(34)% U
Cashflow from financing activities were below budget expectations by \$1.878M. This variance primarily relates to leased assets.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 Actual \$ '000	2021 Actual \$ '000
Cash assets		
Cash on hand and at bank	7,316	7,767
Cash equivalent assets		
Deposits at call	6,000	5,000
Term Deposit <90 Days	–	3,000
Total cash and cash equivalents	13,316	15,767

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,316	15,767
Balance as per the Statement of Cash Flows	13,316	15,767

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

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Financial assets at fair value through the profit and loss				
Civic Risk	–	121	–	101
Total	–	121	–	101
Debt securities at amortised cost				
Term deposits	215,000	30,700	165,008	29,200
Total	215,000	30,700	165,008	29,200
Total financial investments	215,000	30,821	165,008	29,301
Total cash assets, cash equivalents and investments	228,316	30,821	180,775	29,301

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Interest in insurance mutuals

Council is member of CivicRisk Mutual Ltd (CRM Ltd) which is a company limited by guarantee owned and operated by its member Councils in NSW. CRM Ltd provides members protection which includes mutual self-insurance, group insurance arrangements and risk management support for general insurance lines of cover (excluding workers compensation). The member designed Constitution and Membership Rules ensures members are provided with a right to the surplus or deficit in protection years in which they were members.

Up until 1 July 2020, Council was a member of CivicRisk West and CivicRisk Mutual which were joint ventures operating for the same purpose as CRM Ltd since the late 1980's (Refer Note D1). The members decided to novate assets, liabilities and members equity of the joint ventures into CRM Ltd for compliance and efficiency reasons.

C1-2 Financial investments (continued)

The interest in CRM Ltd is accounted for as a financial asset in accordance with AASB 9 and held at fair value. Council's interest in its share of the surplus is calculated by CRM Ltd's Actuary, and changes in fair value recognized, as an increase or decrease through its income statement at each reporting period. Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value. Expected cash flows include investment income.

	2021/2022
	\$'000
Reconciliation	
Opening Balance (face value)	101
Write down to fair value 1 July 2021	(98)
Fair Value at 1 July 2021	3
Fair Value of CRM Ltd operations in 2021/22	118
Fair Value at end of year	121

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

	2022 Actual \$ '000	2021 Restated Actual \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	259,137	210,076
Less: Externally restricted cash, cash equivalents and investments	(203,381)	(152,666)
Cash, cash equivalents and investments not subject to external restrictions	55,756	57,410
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	33,121	9,095
External restrictions – included in liabilities	33,121	9,095
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	156,986	130,324
Domestic waste management	9,116	9,713
Stormwater management levy	541	214
Specific purpose unexpended grants (recognised as revenue) – general fund	3,393	3,178
Other	224	142
External restrictions – other	170,260	143,571
Total external restrictions	203,381	152,666

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.

	2022 Actual \$ '000	2021 Restated Actual \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	55,756	57,410
Less: Internally restricted cash, cash equivalents and investments	(53,950)	(55,083)
Unrestricted and unallocated cash, cash equivalents and investments	1,806	2,327

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

	2022	2021
	Actual	Restated
	\$ '000	Actual
		\$ '000
Internal allocations		
Plant and vehicle replacement	2,240	1,588
Employees leave entitlement	2,571	3,319
Deposits, retentions and bonds	23,358	19,385
Revote/carry forward reserve	2,437	4,062
Asset renewal reserve	755	632
Camden parking reserve	121	121
Capital works reserve	1,664	1,475
Cemetery improvements	2,064	1,530
Camden Regional Economic Taskforce	50	52
Commercial waste services	1,413	1,089
CSP 3 Loan Reserve	1,896	—
Information technology reserve	675	325
Elections reserve	163	468
Engineering services deposits	225	218
Family day care trust	149	235
Technology improvement reserve	1,707	718
Public appeals reserve	14	14
Risk management reserve	706	282
BEP & Town Farm reserve	464	742
Stormwater management (general fund)	398	387
Water savings action plan reserve	151	137
Working funds reserve	559	2,433
Unexpended grants reserve FAG	3,330	2,073
Unexpended loans reserve	6,156	13,492
Other	684	306
Total internal allocations	53,950	55,083

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

	2022	2021
	Actual	Restated
	\$ '000	Actual
		\$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,806	2,327

C1-4 Receivables

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Restated Actual \$ '000	2021 Non-current Restated Actual \$ '000
Rates and annual charges	5,901	74	3,805	1,012
Interest and extra charges	149	160	–	174
User charges and fees	196	–	84	–
Restoration and private works	260	–	23	–
Accrued revenues				
– Oran Park VPA	36,612	–	–	–
– Grant income accruals	4,680	–	1,418	–
– Interest on investments	795	–	591	–
– Other income accruals	270	–	222	–
Employee accounts	4	–	10	–
Government grants and subsidies	597	–	1,579	–
Health and environment inspections	30	–	30	–
Leisure centre contracts	1,553	–	1,221	–
Net GST receivable	1,396	–	1,010	–
Section 7.11 contributions	12	–	3,117	–
Insurance recoveries	650	–	–	–
Air Bridge Lease Receivable	61	2,631	63	2,692
Other debtors	1,615	–	635	–
Total	54,781	2,865	13,808	3,878
Less: provision for impairment				
Other debtors	(174)	–	(115)	–
Total provision for impairment – receivables	(174)	–	(115)	–
Total net receivables	54,607	2,865	13,693	3,878
Externally restricted receivables				
Domestic waste management	1,301	–	1,074	–
Stormwater management	60	–	48	–
Other				
Oran Park VPA	36,612	–	–	–
Government Grants	5,277	–	2,836	–
Section 7.11 contributions	12	–	3,117	–
Total external restrictions	43,262	–	7,075	–
Internally restricted receivables				
Revote Reserve	5,335	–	3,805	–
Commercial Waste Reserve	16	–	12	–
Internally restricted receivables	5,351	–	3,817	–
Unrestricted receivables	5,994	2,865	2,801	3,878
Total net receivables	54,607	2,865	13,693	3,878

C1-4 Receivables (continued)

	2022 Actual \$ '000	2021 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	115	109
+ new provisions recognised during the year	62	19
– amounts already provided for and written off this year	(3)	(13)
Balance at the end of the year	174	115

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

Council has taken into consideration the possible impacts on COVID-19 on the potential for defaults in paying trade debts when they become due and as such have provided for an increase in the provision based on 10% of outstanding balances (where applicable) as at 30/06/2022.

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
(i) Inventories at cost				
Stores and materials	437	–	449	–
Trading stock ¹	29	–	29	–
Stores and materials – domestic waste	12	–	12	–
Total inventories at cost	478	–	490	–
Total inventories	478	–	490	–

(1) No stocktake was undertaken for 30 June 2022 due to COVID-19.

Externally restricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Domestic waste management				
Stores and materials	12	–	12	–
Total domestic waste management	12	–	12	–
Total externally restricted assets	12	–	12	–
Total unrestricted assets	466	–	478	–
Total inventories	478	–	490	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores 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	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated \$ '000	Restated \$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	31,953	–	31,953	549	27,964	–	–	(10,563)	(380)	–	–	49,523	–	49,523
Plant and equipment	22,754	(11,030)	11,724	–	4,268	(318)	(1,552)	111	–	–	–	25,566	(11,333)	14,233
Office equipment	5,673	(5,140)	533	–	296	–	(182)	223	–	–	–	6,192	(5,321)	871
Furniture and fittings	4,259	(2,899)	1,360	–	87	–	(380)	144	–	–	–	4,490	(3,279)	1,211
Land:														
– Land	279,620	–	279,620	–	9,932	–	–	309	–	(9,270)	–	280,591	–	280,591
– Land under roads	165,743	–	165,743	–	2,125	–	–	55	–	–	41,355	209,278	–	209,278
Land improvements – non-depreciable	5,079	–	5,079	–	1,065	(32)	–	–	–	–	423	6,535	–	6,535
Land improvements – depreciable	26,207	(7,311)	18,896	26	863	(208)	(832)	2,753	–	–	1,401	32,116	(9,216)	22,900
Infrastructure:														
– Buildings and other structures	257,552	(79,741)	177,811	1,233	7,097	(354)	(6,676)	4,689	–	–	29,425	296,419	(83,193)	213,226
– Roads	805,118	(186,761)	618,357	3,965	29,142	(1,258)	(9,460)	1,601	–	–	18,653	882,092	(221,091)	661,001
– Bridges	66,089	(16,542)	49,547	–	4,688	(4)	(645)	–	–	–	2,417	74,993	(18,990)	56,003
– Footpaths	177,462	(37,037)	140,425	133	7,523	(67)	(2,020)	94	–	–	4,164	194,553	(44,301)	150,252
– Bulk earthworks (non-depreciable)	58,202	–	58,202	–	1,534	–	–	–	–	–	3,607	63,344	–	63,344
– Stormwater drainage	511,026	(55,596)	455,430	11	24,065	(28)	(4,016)	94	–	–	27,179	574,713	(71,979)	502,734
– Other open space/recreational assets	13,295	(3,029)	10,266	271	136	(92)	(580)	490	–	(181)	–	15,008	(4,698)	10,310
Other assets:														
– Library books	4,703	(3,279)	1,424	–	274	–	(235)	–	–	–	–	4,977	(3,515)	1,462
– Other	7,581	(5,979)	1,602	–	495	–	(516)	–	–	–	–	8,075	(6,495)	1,580
Total infrastructure, property, plant and equipment	2,442,316	(414,344)	2,027,972	6,188	121,554	(2,361)	(27,094)	–	(380)	(9,451)	128,624	2,728,465	(483,411)	2,245,054

(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	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation -on decrements to equity (ARR)	Revaluation -on increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
	Restated \$ '000	Restated \$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Capital work in progress	8,739	–	8,739	624	25,425	–	–	(2,655)	(180)	–	–	31,953	–	31,953
Plant and equipment	21,445	(10,048)	11,397	–	1,359	(92)	(1,263)	–	324	–	–	22,754	(11,030)	11,724
Office equipment	5,668	(4,755)	913	–	5	–	(310)	–	(74)	–	–	5,673	(5,140)	533
Furniture and fittings	4,230	(2,518)	1,712	–	29	–	(377)	–	(4)	–	–	4,259	(2,899)	1,360
Land:														
– Land	273,189	–	273,189	–	19,749	(214)	–	–	–	(22,120)	9,016	279,620	–	279,620
– Land under roads	158,298	–	158,298	143	4,680	–	–	–	–	–	2,623	165,743	–	165,743
Land improvements – non-depreciable	4,092	–	4,092	22	743	–	–	–	–	–	222	5,079	–	5,079
Land improvements – depreciable	25,014	(13,053)	11,961	–	380	–	(1,301)	650	–	–	7,207	26,207	(7,311)	18,896
Infrastructure:														
– Buildings and other structures	246,794	(71,334)	175,460	1,600	14,559	(375)	(6,914)	784	–	(11,854)	4,550	257,552	(79,741)	177,811
– Roads	759,071	(177,182)	581,889	2,613	39,818	(508)	(9,044)	692	–	–	2,898	805,118	(186,761)	618,357
– Bridges	58,779	(15,881)	42,898	249	6,889	(96)	(608)	9	–	–	206	66,089	(16,542)	49,547
– Footpaths	165,574	(35,060)	130,514	707	10,610	(117)	(1,931)	–	–	–	641	177,462	(37,037)	140,425
– Bulk earthworks (non-depreciable)	51,257	–	51,257	48	6,704	(67)	–	–	–	–	261	58,202	–	58,202
– Stormwater drainage	477,904	(51,568)	426,336	110	31,386	(697)	(3,790)	–	–	–	2,084	511,026	(55,596)	455,430
– Other open space/recreational assets	12,158	(3,350)	8,808	29	1,824	–	(794)	520	–	(120)	–	13,295	(3,029)	10,266
Other assets:														
– Library books	4,400	(3,125)	1,275	–	227	–	(228)	–	150	–	–	4,703	(3,279)	1,424
– Other	7,473	(5,494)	1,979	–	510	–	(493)	–	(395)	–	–	7,581	(5,979)	1,602
Total infrastructure, property, plant and equipment	2,284,085	(393,368)	1,890,717	6,145	164,897	(2,166)	(27,053)	–	(179)	(34,094)	29,708	2,442,316	(414,344)	2,027,972

(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

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every three 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.

Infrastructure, property, plant and equipment are 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 for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Asset descriptions	Useful lives
Plant and equipment	3-15
Office equipment	3-10
Furniture and fittings	3-10
Land improvements - depreciable	20-50
Infrastructure:	
– Buildings and other structures	15-150
– Roads	20-100
– Bridges	50-100
– Footpaths	20-80
– Stormwater drainage	10-150
– Open space / recreational assets	10-50
Other assets:	
– Library books	5-10
– Other	5-10

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

Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

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

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

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

Rural Fire Service assets

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

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

C1-7 Investment properties

	2022 \$ '000	2021 \$ '000
Owned investment property		
Investment property on hand at fair value	38,820	34,480
Total owned investment property	38,820	34,480

Owned investment property

At fair value

Opening balance at 1 July	34,480	31,890
Net gain/(loss) from fair value adjustments	4,340	2,590
Closing balance at 30 June	38,820	34,480

Accounting policy

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

Valuation Basis

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2022 revaluations were based on independent assessments made by Civiciand Property Consultants and Valuers Pty Ltd - ACN 630 673 853 in June 2022.

C1-8 Intangible assets

Intangible assets are as follows:

	2022 Actual \$ '000	2021 Actual \$ '000
Software		
Opening values at 1 July		
Gross book value	2,291	2,147
Accumulated amortisation	(1,476)	(1,132)
Net book value – opening balance	815	1,015
Movements for the year		
Purchases	286	145
Amortisation charges	(321)	(345)
Closing values at 30 June		
Gross book value	2,578	2,291
Accumulated amortisation	(1,798)	(1,476)
Total software – net book value	780	815
Total intangible assets – net book value	780	815

Accounting policy

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

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. IT 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

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Prepayments	1,100	–	567	–
Information technology holding account	30	–	24	–
Refundable Bonds	545	–	535	–
Telecommunication Special Redemption Fund (SRF)	133	–	–	–
Total other assets	1,808	–	1,126	–

Current other assets not anticipated to be settled within the next 12 months

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

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Total unrestricted assets	1,808	–	1,126	–
Total other assets	1,808	–	1,126	–

C2 Leasing activities

C2-1 Council as a lessee

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

Vehicles

Council leases vehicles and equipment with lease terms varying from 1 to 4 years; the lease payments are fixed during the lease term and there is generally no renewal option exercised.

Each car has a separate lease and can vary in terms based on estimated distance travelled each year.

Some running costs are part of the costs charged from the leasing company but are treated as a separate cost to leasing and are expensed as materials in the year incurred.

Gym equipment

Council leases gym equipment on fixed term lease for approximately 5 years with option to further renewal. The lease payments are fixed during the term of the lease.

Office and IT equipment

Leases for office and IT equipment are generally items such as photocopiers. The leases are for approximately 5 years with no renewal option, the payments are fixed, however some of the leases include payments based on usage, which are included as expenses in Materials and Services Note B3-2.

Extension options

Council's lease for vehicles and gym equipment have an extension option but Council does not normally exercise this provision, however there have been times where this option has been taken up due to the plant & equipment availability.

There has been no inclusion for extension options for the future other than known extensions which have been included in the current lease liability.

(a) Right of use assets

	Plant & Equipment Actual \$ '000	Office Equipment Actual \$ '000	Total Actual \$ '000
2022			
Opening balance at 1 July	1,472	376	1,848
Additions to right-of-use assets	1,829	126	1,955
Depreciation of right-of-use assets	(1,739)	(213)	(1,952)
Balance at 30 June	1,562	289	1,851
2021			
Opening balance at 1 July	1,721	390	2,111
Additions to right-of-use assets	1,365	179	1,544
Depreciation of right-of-use assets	(1,614)	(193)	(1,807)
Balance at 30 June	1,472	376	1,848

(b) Lease liabilities

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Lease liabilities	1,287	707	1,310	615
Total lease liabilities	1,287	707	1,310	615

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
2022					
Cash flows	1,287	707	–	1,994	1,994
2021					
Cash flows	1,310	615	–	1,925	1,925

(ii) Lease liabilities relating to unrestricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Total lease liabilities relating to unrestricted assets	1,287	707	1,310	615
Total lease liabilities	1,287	707	1,310	615

(d) Income Statement

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

	2022 Actual \$ '000	2021 Actual \$ '000
Interest on lease liabilities	36	54
Depreciation of right of use assets	1,952	1,807
Expenses relating to short-term leases	25	39
Lease Modifications (ordinary leases)	–	(10)
	2,013	1,890

(e) Statement of Cash Flows

Interest Payments	39	57
Short term lease	25	39
Lease Payments	1,884	1,781
Total Cash outflow for Leases	1,948	1,877

C2-1 Council as a lessee (continued)

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

Council has a number of leases at significantly below market for office equipment which are used for general office operations.

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer Note C1-7) and property, plant and equipment (refer to Note C1-6) in the Statement of Financial Position.

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

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

(i) Assets held as investment property

Council has 7 Investment Properties in which 5 were leased during the 2021/2022 Financial Year.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	1,132	1,019
Total income relating to operating leases for investment property assets	1,132	1,019

Operating lease expenses

Direct operating expenses that generated rental income	92	96
Total expenses relating to operating leases	92	96

Repairs and maintenance: investment property

Contractual obligations for future repairs and maintenance	–	21
Total repairs and maintenance: investment property	–	21

(ii) Assets held as property, plant and equipment

This comprises of Council's Employee contributions towards the leasing of its motor vehicle fleet.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,152	1,122
Total income relating to operating leases for Council assets	1,152	1,122

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

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

< 1 year	1,065	1,083
1–2 years	1,037	1,065
2–3 years	1,018	1,037
3–4 years	1,012	1,018
4–5 years	1,019	1,012
> 5 years	2,205	3,224
Total undiscounted lease payments to be received	7,356	8,439

C3 Liabilities of Council

C3-1 Payables

	2022 Current Actual \$ '000	2022 Non-current \$ '000	2021 Current Actual \$ '000	2021 Non-current Restated \$ '000
Government departments and agencies	103	–	94	–
Prepaid rates	2,012	–	1,828	–
Goods and services – operating expenditure	6,735	9	5,719	8
Accrued expenses:				
– Borrowings	533	–	511	–
– Salaries and wages	903	–	626	–
– Interest on leases	4	–	6	–
Security bonds, deposits and retentions	23,022	–	19,022	–
Section 7.11 – works in kind agreements	–	12,854	–	12,911
Other	131	–	124	–
Total payables	33,443	12,863	27,930	12,919

Payables relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current \$ '000	2021 Current Actual \$ '000	2021 Non-current Restated \$ '000
Externally restricted assets				
Section 7.11 – Works in kind agreements	–	12,854	–	12,911
Payables relating to externally restricted assets	–	12,854	–	12,911
Total payables relating to restricted assets	–	12,854	–	12,911
Total payables relating to unrestricted assets	33,443	9	27,930	8
Total payables	33,443	12,863	27,930	12,919

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

	2022 Actual \$ '000	2021 Actual \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	19,376	15,322
Total payables	19,376	15,322

Accounting policy

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

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

Payables

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

C3-2 Contract Liabilities

		2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	36,680	–	11,045	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,718	–	886	–
Total grants received in advance		38,398	–	11,931	–
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	169	–	182	–
Other		359	–	131	–
Total user fees and charges received in advance		528	–	313	–
Total contract liabilities		38,926	–	12,244	–

Notes

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

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

Contract liabilities relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities	38,398	–	11,931	–
Contract liabilities relating to externally restricted assets	38,398	–	11,931	–
Total contract liabilities relating to restricted assets	38,398	–	11,931	–
Total contract liabilities relating to unrestricted assets	528	–	313	–
Total contract liabilities	38,926	–	12,244	–

C3-2 Contract Liabilities (continued)

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

	2022 Actual \$ '000	2021 Actual \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,042	1,497
Operating grants (received prior to performance obligation being satisfied)	544	731
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,586	2,228

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in contract liabilities for 2021/2022 is primarily due to additional grant funding secured in relation to new growth precincts and COVID-19 recovery related grants.

Accounting policy

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

C3-3 Borrowings

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Loans – secured ¹	3,071	37,999	2,346	33,270
Total borrowings	3,071	37,999	2,346	33,270

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

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

Borrowings relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Total borrowings relating to restricted assets	–	–	–	–
Total borrowings relating to unrestricted assets	3,071	37,999	2,346	33,270
Total borrowings	3,071	37,999	2,346	33,270

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.

Total borrowings	–	–
-------------------------	----------	----------

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	35,616	5,454	–	–	–	–	41,070
Lease liability (Note C2-1b)	1,925	(1,885)	1,954	–	–	–	1,994
Total liabilities from financing activities	37,541	3,569	1,954	–	–	–	43,064

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	24,688	10,928	–	–	–	–	35,616
Lease liability (Note C2-1b)	2,162	(1,781)	1,544	–	–	–	1,925
Total liabilities from financing activities	26,850	9,147	1,544	–	–	–	37,541

C3-3 Borrowings (continued)

(b) Financing arrangements

	2022 Actual \$ '000	2021 Actual \$ '000
Total facilities		
Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	450	450
Total financing arrangements	600	600
Undrawn facilities		
– Bank overdraft facilities	150	150
– Credit cards/purchase cards	450	450
Total undrawn financing arrangements	600	600

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

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Annual leave	5,090	–	4,757	–
Long service leave	9,484	282	10,436	312
Total employee benefit provisions	14,574	282	15,193	312

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

	2022 Actual \$ '000	2021 Actual \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	10,375	10,469
	10,375	10,469

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2022			
At beginning of year	4,757	10,748	15,505
Additional provisions	3,674	665	4,339
Amounts used (payments)	(3,341)	(1,647)	(4,988)
Total ELE provisions at end of year	5,090	9,766	14,856
2021			
At beginning of year	4,624	10,298	14,922
Additional provisions	3,377	1,517	4,894
Amounts used (payments)	(3,244)	(1,067)	(4,311)
Total ELE provisions at end of year	4,757	10,748	15,505

Accounting policy

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual 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 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.

C3-4 Employee benefit provisions (continued)

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 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure & property revaluation reserve is used to record increments / decrements of infrastructure, property, plant and equipment due to their revaluation.

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 the Council.

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

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

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

	Carrying value 2022 \$ '000	Carrying value 2021 Restated \$ '000	Fair value 2022 \$ '000	Fair value 2021 Restated \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13,316	15,767	13,316	15,767
Receivables	56,080	16,561	56,080	16,561
Investments				
– Debt securities at amortised cost	245,700	194,208	245,700	194,208
Fair value through profit and loss				
Investments				
– Held for trading	121	101	121	101
Total financial assets	315,217	226,637	315,217	226,637
Financial liabilities				
Payables	46,306	40,849	46,306	40,849
Loans/advances	41,070	35,616	41,070	35,616
Lease liabilities	1,994	1,925	1,994	1,925
Total financial liabilities	89,370	78,390	89,370	78,390

Fair value is determined as follows:

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

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

Council's finance area manages the cash and Investments portfolio with the assistance of an independent advisor.

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2022	2021 Restated
	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,457	1,942

(b) Credit risk

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

Council typically manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. However, over the course of the 2020/21 financial year, Council introduced a range of measures in response to the COVID-19 Pandemic. This included the suspension of debt recovery on overdue amounts. A number of measures were continued into the 2021/22 financial year.

Council will continue to monitor the impact of COVID-19 on the broader community and will reintroduce debt recovery practices in line with improved economic conditions and community expectations.

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2022				
Gross carrying amount	–	5,975	–	5,975
2021				
Gross carrying amount	–	4,817	–	4,817

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

Receivables - non-rates and annual charges and contract assets

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

Council has carried out an evaluation of expected credit losses for the year and as result of COVID-19 impacts a 10% estimate on user charge debtors (where applicable) relating to risk areas have been provided as a provision of expected credit losses.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	42,755	3,723	3,797	—	—	50,275
Expected loss rate (%)	0.00%	0.00%	4.56%	0.00%	0.00%	0.34%
ECL provision	—	—	174	—	—	174
2021						
Gross carrying amount	1,950	7,017	2,892	—	—	11,859
Expected loss rate (%)	0.00%	0.00%	3.98%	0.00%	0.00%	0.97%
ECL provision	—	—	115	—	—	115

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022							
Payables	0.00%	23,022	10,421	12,863	–	46,306	46,306
Borrowings	4.51%	–	3,071	13,419	24,580	41,070	41,070
Total financial liabilities		23,022	13,492	26,282	24,580	87,376	87,376
2021							
Payables	0.00%	19,022	8,908	12,919	–	40,849	40,849
Borrowings	4.56%	–	2,346	8,497	24,773	35,616	35,616
Total financial liabilities		19,022	11,254	21,416	24,773	76,465	76,465

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

D2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
Recurring fair value measurements							
Investment property	C1-7						
Properties		38,820	34,480	—	—	38,820	34,480
Total investment property		38,820	34,480	—	—	38,820	34,480
Infrastructure, property, plant and equipment							
	C1-6						
Land		157,540	158,937	123,051	120,683	280,591	279,620
Land under Roads		—	—	209,278	165,743	209,278	165,743
Land Improvements		—	—	29,435	23,975	29,435	23,975
Buildings and Other Structures		—	—	213,226	177,811	213,226	177,811
Roads		—	—	661,001	618,357	661,001	618,357
Bridges		—	—	56,003	49,547	56,003	49,547
Footpaths		—	—	150,252	140,425	150,252	140,425
Bulk Earthworks		—	—	63,344	58,202	63,344	58,202
Stormwater Drainage		—	—	502,734	455,430	502,734	455,430
Other Open Space / Recreational Assets		—	—	10,310	10,266	10,310	10,266
Other Assets		—	—	3,042	3,026	3,042	3,026
Total infrastructure, property, plant and equipment		157,540	158,937	2,021,676	1,823,465	2,179,216	1,982,402

Valuation techniques

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

Investment property

Land - Operational and Investment properties

Level two valuation input were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales proceeds of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Building and Investments properties

The commercial property market across the Macarthur region has shown clear signs of improvement over the last three (3) years with an increase in sale volumes and escalating values. Specialised buildings were valued using the cost approach using registered valuers. The unit rate based on square meters could be supported from market evidence.

Infrastructure, property, plant and equipment (IPPE)

Land - Operational Land

This asset class contains land defined as operational land in accordance with the NSW Local Government Act 1993. Council valued operational land at fair value in June 2022. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

Generally fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that agency management would rationally pay to acquire the asset if it did not hold it, taking into account; quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal.

D2-1 Fair value measurement (continued)

There has been no change to the valuation process for this asset class during this reporting period.

Land - Community Land

This asset class contains land defined as community land in accordance with the NSW Local Government Act 1993. Community land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Therefore there are a number of restrictions on community land including that; it cannot be sold, cannot be leased for more than 21 years, and must have a plan of management.

Councils are permitted to use the NSW Valuer General's valuations to represent fair valuation for the revaluation of community land. Camden Council has adopted this approach for the valuation of its community land assets. Community land was valued as at 30 June 2022 using the NSW Valuer General's valuations.

There has been no change to the valuation process for this asset class during this reporting period.

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council initially bought to account all land under roads in the reporting period 2010/2011. All land under roads has been recognised on an Englobo valuation basis, based upon a municipal rate. The Englobo basis of valuation is based on the concept of developing a raw land value for land under roads.

Land under roads were revalued as at 30 June 2022 financial year, the value being calculated according to the revised municipal rate. Council uses the englobo basis for valuation and as per the methodology a discount rate of 90% is applied for Land under roads. There has been no change to the valuation process for this asset class during this reporting period.

Land Improvements

This asset class contains all works carried out on land to improve its utility, service potential or make it ready for an identified use. It includes items such as but not limited to playing courts and fields, irrigation and landscaping. In 2020-21, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciated replacement cost. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell's Cost Estimating Guide June 2021
- Rawlinson's – 2021 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this class of asset during the reporting period.

Buildings and Other Structures - Buildings (Specialised & Non Specialised)

Council's buildings (specialised and non-specialised) were valued by an external valuer in June 2022. The valuations were provided by Scott Fullarton Valuations Pty Ltd(SFV).

Non- specialised buildings were valued as per market approach and specialised buildings were valued at cost approach.

SFV's schedule provides the gross replacement cost of a modern equivalent asset for each building and swimming pool, 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. Gross replacement cost rates have been determined utilising local projects/data, where available, local knowledge and SFV's database which analyses "new" builds by other Councils and is verified by first principle calculations. Data sources, also, included current published reference rates from Rawlinsons Construction Handbook. Whilst each building was physically inspected, the inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Buildings and Other Structures - Other Structures

This asset class contains all other structures not included in the category of buildings that are controlled by Council and have been constructed for a variety of purposes.

D2-1 Fair value measurement (continued)

- Other Structures - In 2020-21, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciated replacement cost. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:
 - Cordell's Cost Estimating Guide June 2021
 - Rawlinson's – 2021 – Australian Construction Handbook and/or
 - Actual supplied project cost rates for unique items.
- Other Structures (Artworks) - In 2020-21, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Roads

This asset class comprises of the road structure (carriageway), kerb and gutter, traffic signs, road structures (such as roundabouts and medians) and road furniture (such as bus shelters and guardrails). The valuation of roads and road structures was undertaken as at 30 June 2020 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Roads Asset category was conducted using several methodologies:

1. External Data Collection by Pavement Management Services
2. Internal Asset Data collection by Camden Council – LGA wide sample testing the level of componentisation adopted by Council is in accordance with AASB116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Bridges

Council has three main types of bridges which are culverts, footbridges and road bridges. The valuation of bridges was undertaken as at 30 June 2020 using the depreciated replacement cost (unit rate). The construction cost estimation was based on actual project cost rates for footbridges and road bridges. The construction cost rate estimation for culverts was undertaken using 2020 Rawlinson's Australian Construction Handbook standard rates.

The inputs used to value these assets, including ; patterns of consumption, asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through

1. In-house level visual inspection and sample testing.
2. External Data collection by Pavement Management Services.

Condition assessments were based on four key components: superstructure, abutment, sub-structure and general/miscellaneous.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Footpaths

This asset class comprises footpaths and cycle ways. The valuation of footpaths was as at 30 June 2020 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

D2-1 Fair value measurement (continued)

The condition assessment for all Asset Classes under Footpath asset class was conducted by internal Asset Data collection by Camden Council – LGA wide sample data collection in 2020. The internal data collection was undertaken to provide comprehensive condition assessment for footpath and cycleway assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Stormwater Drainage

Council has grouped its stormwater assets into four main types which are pits, pipes, headwalls and stormwater quality improvement devices. The valuation of stormwater drainage was as at 30 June 2020 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2020 Rawlinson's – Australian Construction Handbook standard rates.

The inputs used to value these assets, including estimates of pattern of consumption; asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through in-house sample data collection over 2019/20 and 2020/21 by conducting visual inspections including collecting photographic evidence of sample assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation within Camden or in comparison with other Councils.

Open Space / Recreational Assets & Other Assets

This asset class includes all of the Council's Playgrounds and associated Playground Components such as fitness equipment, play equipment, playground Softfall and edging assets.

Valuations were undertaken in 2020-21 and were completed by KICO Playground Inspection Services using the depreciated replacement cost for all Playground Equipment. The inputs used to value the Playground Assets, including estimates of residual value, patterns of consumption required extensive professional judgement which was externally sourced. The external valuer also performed detailed condition and defect assessments and assessed the total and remaining useful lives of each playground equipment component.

In 2020/21, valuations were undertaken for the Playground Softfall and Softfall Edging assets and were completed by Council staff using the depreciated replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell's Cost Estimating Guide June 2021
- Rawlinsons – 2021 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value the assets in this Asset Category, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period and the written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116.

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 future service employer contributions and past service employer contributions to the Fund.

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 31 December 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 adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$273,788.37. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

D3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$157,126.41. Council's expected contribution to the plan for the next annual reporting period is \$227,346.00.

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 share of any funding surplus or deficit that can be attributed to Council is 0.57%

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

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

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

* Plus promotional increases

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

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

(ii) 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.

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

Council has been named as a defendant in two related actions for undisclosed damages arising from land subsidence in a development area. It is not possible to estimate the potential financial impact of these actions however these may attract contribution from other parties and be covered under the Council's risk and insurance programme. Camden Council is defending these actions.

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.

D3-1 Contingencies (continued)

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

(ii) CivicRisk Mutual

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government. CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30/6/2022 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.

ASSETS NOT RECOGNISED

(i) 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.

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 comprising the Mayor, Councillors, Chief Executive Officer and Directors.

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

	2022 \$ '000	2021 \$ '000
Compensation:		
Short-term benefits	2,392	2,250
Post-employment benefits	170	144
Other long-term benefits	86	71
Total	2,648	2,465

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Traineeship Program	1	586	—		—	—
2021						
Traineeship Program	1	524	—		—	—

1 Camden Council uses a training company to source trainees that are offered apprenticeships at Camden Council. The funding of this program is endorsed by the Council upon adoption of the budget each year, which includes a public exhibition period of 28 days. A KMP of the training company is a close family member of a KMP of Camden Council.

The KMP of Camden Council has no influence or control over the transactions between the two entities. AASB124 Related Party Disclosures does not allow the exclusion of transactions between related parties for reporting purposes even deemed at arm's length.

E1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	Actual	Actual
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	52	57
Councillors' fees	178	187
Other Councillors' expenses (including Mayor)	47	13
Total	277	257

E2 Other relationships

E2-1 Audit fees

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

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

	204	120
Remuneration for audit and other assurance services	204	120

Total Auditor-General remuneration

	204	120
--	-----	-----

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other audit and assurance services – Internal Audit

	67	72
Remuneration for audit and other assurance services	67	72

Total remuneration of non NSW Auditor-General audit firms

	67	72
--	----	----

Total audit fees

	271	192
--	-----	-----

F Other matters

F1-1 Statement of Cash Flows information

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

	2022 Actual \$ '000	2021 Restated Actual \$ '000
Net operating result from Income Statement	154,836	180,281
Add / (less) non-cash items:		
Depreciation and amortisation	29,367	29,205
(Gain) / loss on disposal of assets	1,978	1,724
Non-cash capital grants and contributions	(78,782)	(133,352)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(20)	(10)
– Investment property	(4,340)	(2,590)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(39,960)	(4,724)
Increase / (decrease) in provision for impairment of receivables	59	6
(Increase) / decrease of inventories	12	(63)
(Increase) / decrease of other current assets	(682)	(1,024)
Increase / (decrease) in payables	1,017	179
Increase / (decrease) in accrued interest payable	20	21
Increase / (decrease) in other accrued expenses payable	277	(689)
Increase / (decrease) in other liabilities	4,143	6,931
Increase / (decrease) in contract liabilities	26,682	7,584
Increase / (decrease) in employee benefit provision	(649)	583
Net cash flows from operating activities	93,958	84,062

(b) Non-cash investing and financing activities

Other dedications	78,782	133,351
Total non-cash investing and financing activities	78,782	133,351

F2-1 Commitments

Capital commitments (exclusive of GST)

	2022 Actual \$ '000	2021 Actual \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	3,504	8,608
Plant and equipment	844	3,005
Infrastructure assets	10,649	9,711
Other	368	19
Total commitments	15,365	21,343
These expenditures are payable as follows:		
Within the next year	15,365	21,343
Total payable	15,365	21,343
Sources for funding of capital commitments:		
Externally restricted reserves	8,122	11,304
Internally restricted reserves	7,243	10,039
Total sources of funding	15,365	21,343

Details of capital commitments

The above capital commitments relate to signed contracts entered into and operative as at 30 June 2022.

F3-1 Events occurring after the reporting date

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

F4 Changes from prior year statements

F4-1 Correction of errors

Details of errors	Impact of correction of errors (\$'000)
Infrastructure Assets Inventory Review Council continues a comprehensive review of each asset class to improve the accuracy and quality of information in its assets management system. This review has resulted in both newly discovered assets and disposed assets which are no longer in Council's ownership being identified in prior years. Council has also continued to refine its measurement of certain infrastructure and corrected unit rates used to determine fair value rates. The correction of these errors was a net increase in the balance of infrastructure, property, plant and equipment (IPPE) by \$22.30m which required a prior year adjustment to the opening balance as at 1 July 2020 and as at 30 June 2021.	22,298
Calculation of Depreciation Expense Council identified an adjustment to depreciation expense for the 2020/21 financial year based on the useful lives which were determined as part of the comprehensive revaluation undertaken for transport and drainage infrastructure at a reporting date 30 June 2020. The comprehensive revaluation included an adjustment to the useful lives of these long-life assets. Essentially the useful lives of infrastructure in these assets classes was extended based on the analysis undertaken as part of the revaluation. The calculation of depreciation expense in the 2020/21 financial year did not consider these updated useful lives, therefore was overstated. The correction of this error has resulted in a reduction in depreciation expense in the 2020/21 financial year of \$3.87m.	3,877
Works in Progress In the 2020/21 financial year, Council incorrectly recognised a number of dedicated assets as capital work-in-progress. Upon review, Council determined that these assets had been previously dedicated to Council and capitalised in previous years. Council also reclassified a number of works in progress projects as operational expenses due to the nature of the expense. The correction of these errors resulted in a net decrease in the balance of infrastructure, property, plant and equipment (IPPE) by \$17.48m.	(17,480)
Works In Kind Liability Council is required to recognise a liability (non-current) on the Balance Sheet where a developer provides excess infrastructure under a works in kind agreement (a WIKA Liability), the surplus can be used by the developer to offset future developer contributions or is refunded in the future following a resolution of the Council. The total liability was overstated in 2020/21 resulting in a correction to the opening balance of the WIKA liability as at 30 June 2021. The result of this adjustment is a decrease to the balance of the WIKA liability (non-current) and an increase to the accumulated surplus as at 30 June 2021 of \$2.32m.	2,324
Net Impact	11,019

The errors identified above relating to the financial year 2020/21 have been corrected by restating the income statement and statement of financial position as at 30 June 2021. The errors identified above relating entries prior to 1 July 2020 have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

The impact on each line item is shown in the tables below.

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

Statement of Financial Position

	Original Balance 1 July, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2020 \$ '000
Infrastructure Property Plant & equipment	1,883,637	7,080	1,890,717
Total assets	2,086,469	7,080	2,093,549
Total liabilities	81,205	–	81,205

F4-1 Correction of errors (continued)

	Original Balance 1 July, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2020 \$ '000
Net assets	2,005,264	7,080	2,012,344
Accumulated surplus	1,316,530	7,080	1,323,610
Total equity	2,005,264	7,080	2,012,344

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

Statement of Financial Position

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Infrastructure Property Plant & equipment	2,019,277	8,695	2,027,972
Total assets	2,285,683	8,695	2,294,378
Non-current payables	15,243	(2,324)	12,919
Total liabilities	108,463	(2,324)	106,139
Net assets	2,177,220	11,019	2,188,239
Accumulated surplus	1,492,872	11,019	1,503,891
Total equity	2,177,220	11,019	2,188,239

Income Statement

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Grants and contributions provided for capital purposes	202,356	(1,897)	200,459
Total income from continuing operations	310,977	(1,897)	309,080
Materials and services	42,108	(1,959)	40,149
Depreciation, amortisation and impairment of non-financial assets	33,082	(3,877)	29,205
Total expenses from continuing operations	134,635	(5,836)	128,799
Net operating result for the year	176,342	3,939	180,281

Statement of Comprehensive Income

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Net operating result for the year	176,342	3,939	180,281
Other comprehensive income	(4,386)	–	(4,386)
Total comprehensive income for the year	171,956	3,939	175,895

F5 Statement of developer contributions as at 30 June 2022

F5-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
Open space	26,538	8,178	–	438	(8,654)	(435)	26,065	–
Drainage	19,956	4,727	–	233	(844)	(401)	23,671	–
Roads	13,172	3,584	–	(52)	(2,355)	–	14,349	–
Community facilities	19,657	2,972	–	113	(79)	–	22,663	–
Traffic facilities	124	25	–	(7)	(221)	202	123	–
Parking	–	218	–	(28)	–	–	190	–
Other	1,277	361	–	(10)	(939)	634	1,323	–
S7.11 contributions – under a plan	80,724	20,065	–	687	(13,092)	–	88,384	–
Total S7.11 and S7.12 revenue under plans	80,724	20,065	–	687	(13,092)	–	88,384	–
S7.11 not under plans	138	–	–	1	–	–	139	–
S7.4 planning agreements	52,579	54,310	19,634	433	(21,869)	–	105,087	–
Total contributions	133,441	74,375	19,634	1,121	(34,961)	–	193,610	–

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.

F5-2 Developer contributions by plan

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA								
Drainage	10,461	350	–	142	–	–	10,953	–
Roads	4,147	322	–	(140)	(1,699)	–	2,630	–
Traffic facilities	–	25	–	(7)	(221)	203	–	–
Parking	–	218	–	(28)	–	–	190	–
Open space	2,032	1,825	–	225	(3,010)	(203)	869	–
Community facilities	3,181	1,161	–	(27)	–	–	4,315	–
Other	1,039	107	–	1	(209)	–	938	–
Total	20,860	4,008	–	166	(5,139)	–	19,895	–
CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)								
Drainage	4,885	132	–	36	(519)	–	4,534	–
Total	4,885	132	–	36	(519)	–	4,534	–
CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD								
Drainage	160	–	–	1	–	–	161	–
Total	160	–	–	1	–	–	161	–
CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES								
Roads	335	–	–	3	–	–	338	–
Total	335	–	–	3	–	–	338	–
CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS								
Roads	2,471	105	–	20	–	–	2,596	–
Total	2,471	105	–	20	–	–	2,596	–
CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT								
Roads	907	–	–	8	–	–	915	–
Traffic facilities	124	–	–	1	–	–	125	–
Community facilities	129	–	–	1	–	–	130	–
Other	25	9	–	–	–	–	34	–
Total	1,185	9	–	10	–	–	1,204	–

F5-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE								
Traffic facilities	—	—	—	(1)	—	(1)	(2)	—
Open space	1,087	—	—	9	—	1	1,097	—
Other	343	—	—	3	—	—	346	—
Total	1,430	—	—	11	—	—	1,441	—
CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)								
Open space	47	—	—	7	—	—	54	—
Community facilities	—	8	—	(6)	—	—	2	—
Other	2	2	—	—	—	—	4	—
Total	49	10	—	1	—	—	60	—
CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS								
Drainage	919	718	—	40	—	—	1,677	—
Roads	3,020	104	—	27	—	—	3,151	—
Open space	14,693	2,553	—	127	—	(169)	17,204	—
Community facilities	14,219	1,573	—	125	(79)	—	15,838	—
Other	—	95	—	(1)	(263)	169	—	—
Total	32,851	5,043	—	318	(342)	—	37,870	—
CONTRIBUTION PLAN - CATHERINE FIELD (PART) PRECINCT								
Drainage	499	—	—	4	—	—	503	—
Roads	229	—	—	2	—	—	231	—
Open space	2,229	158	—	18	—	(112)	2,293	—
Community facilities	1,932	131	—	18	—	—	2,081	—
Other	—	—	—	(1)	(110)	112	1	—
Total	4,889	289	—	41	(110)	—	5,109	—

F5-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN - LEPPINGTON NORTH PRECINCT								
Drainage	230	1,174	–	(28)	(157)	(401)	818	–
Roads	71	1,590	–	4	(500)	–	1,165	–
Open space	64	–	–	(1)	(215)	152	–	–
Community facilities	7	–	–	–	–	–	7	–
Other	(132)	101	–	(6)	(212)	249	–	–
Total	240	2,865	–	(31)	(1,084)	–	1,990	–
CONTRIBUTION PLAN - LEPPINGTON PRECINCT								
Drainage	2,802	2,353	–	38	(168)	–	5,025	–
Roads	1,992	1,463	–	24	(156)	–	3,323	–
Open space	6,385	3,642	–	53	(5,429)	(104)	4,547	–
Community facilities	189	99	–	2	–	–	290	–
Other	–	47	–	(6)	(145)	104	–	–
Total	11,368	7,604	–	111	(5,898)	–	13,185	–

F5-3 Contributions not under plans

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
S7.11 CONTRIBUTIONS – NOT UNDER A PLAN								
Drainage	24	–	–	–	–	–	24	–
Open space	66	–	–	1	–	–	67	–
Community facilities	48	–	–	–	–	–	48	–
Total	138	–	–	1	–	–	139	–

F5-4 S7.4 planning agreements

S7.4 planning agreements

Drainage	4,693	–	1,174	21	(1,174)	–	4,714	–
Roads	2,570	–	3,944	37	(3,944)	–	2,607	–
Traffic facilities	186	–	–	2	–	–	188	–
Open space	12,765	–	10,543	104	(10,543)	–	12,869	–
Community facilities	31,036	53,222	3,973	257	(5,889)	–	82,599	–
Other	1,329	1,088	–	12	(319)	–	2,110	–
Total	52,579	54,310	19,634	433	(21,869)	–	105,087	–

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
	Actual 2022	Actual 2022	Restated Actual 2021	Actual 2020	
\$ '000					
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(11,766)	(9.66)%	(19.84)%	(14.31)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	121,818				
2a. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	108,660	37.98%	31.59%	38.09%	> 60.00%
Total continuing operating revenue ¹	286,099				
2b. Own source operating revenue ratio (less non-cash capital dedications)					
Total continuing operating revenue excluding all grants and contributions ¹	108,660	52.41%	55.93%	73.64%	> 60.00%
Total continuing operating revenue excluding non-cash capital dedications ¹	207,317				
3. Unrestricted current ratio					
Current assets less all external restrictions	69,375	3.00x	3.08x	2.77x	> 1.50x
Current liabilities less specific purpose liabilities	23,152				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	18,897	3.42x	2.76x	2.46x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,528				
5a. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	6,284	6.98%	6.34%	4.94%	< 5.00%
Rates and annual charges collectable	89,975				
5b. Rates, annual charges, interest and extra charges outstanding percentage (excluding pensioners)					
Rates, annual and extra charges (excluding pensioners)	6,008	6.68%	5.97%	4.47%	< 5.00%
Rates, annual and extra charges collectable	89,975				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	259,016	25.56 months	23.10 months	17.30 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	10,134				

(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

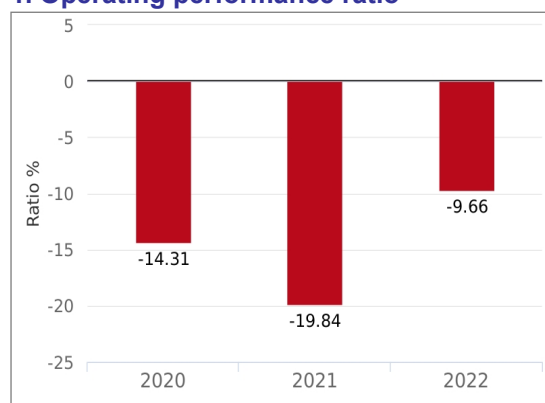
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Camden Council

for the year ended 30 June 2022

End of the audited financial statements

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 (9.66)%

Council's operating performance ratio for the 2021/22 financial year is -9.66%. This is an improvement on the operating performance ratio reported for the 2020/21 financial year of -19.84%. Further details in relation to the improvement in this ratio can be found in the Executive Summary section of Council's Annual Financial Statements.

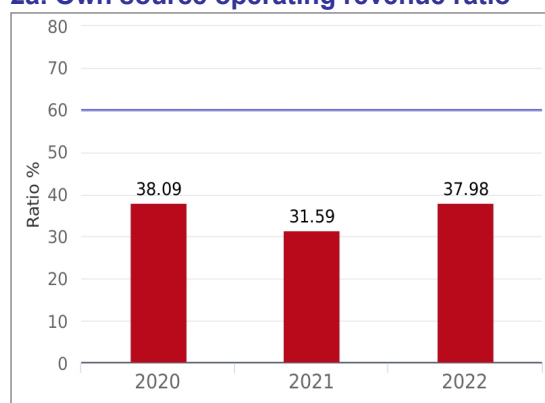
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2a. Own source operating revenue ratio



Purpose of 2a. 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 37.98%

Council's own source operating revenue ratio for the 2021/22 financial year is 37.98%, which is below the industry benchmark of 60.00%. The improvement in the ratio is primarily due to an increase in annual charges, which was impacted by a one-off rebate provided as part of Council's response to COVID-19 in the 2020/21 financial year. As a growth Council, Camden will not be able to achieve this benchmark in the short to medium term due to the value of non-cash dedications it receives through developer delivered infrastructure.

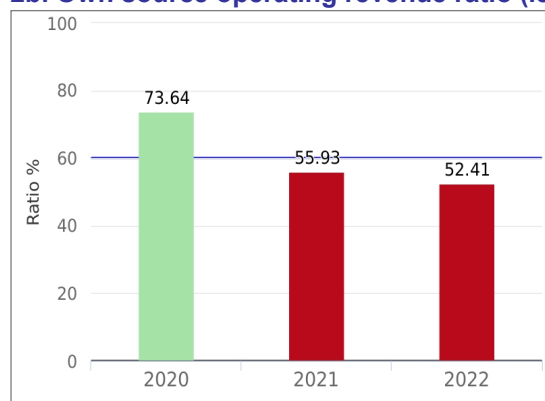
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2b. Own source operating revenue ratio (less non-cash capital dedications)



Purpose of 2b. own source operating revenue ratio (less non-cash capital)

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

Commentary on 2021/22 result

2021/22 ratio 52.41%

Upon removal of non-cash income (\$78.7M) relating to the dedication of assets, the ratio significantly improves and is closer to the benchmark at 52.41%. This additional ratio has been provided to ensure there is a fair comparison against benchmark as not all councils in NSW experience high level of growth that results in an extraordinary level of non-cash income.

Benchmark: — > 60.00%

Source of benchmark:

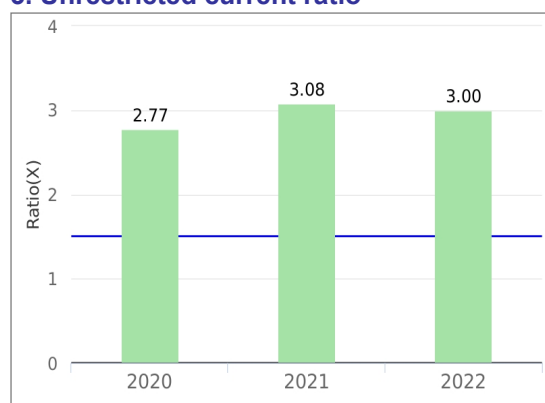
Ratio achieves benchmark

Ratio is outside benchmark

continued on next page ...

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

3. Unrestricted current ratio



Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 3.00x

Council's unrestricted current ratio reflects its continued strong liquidity position at 3.00:1. This means for every \$1 of current liabilities, Council has \$3 of current assets to meet these obligations. While there has been a slight decrease in this ratio from 3.08:1 since the 2020/21 financial year, Council remains in a strong financial position to meet its future liabilities.

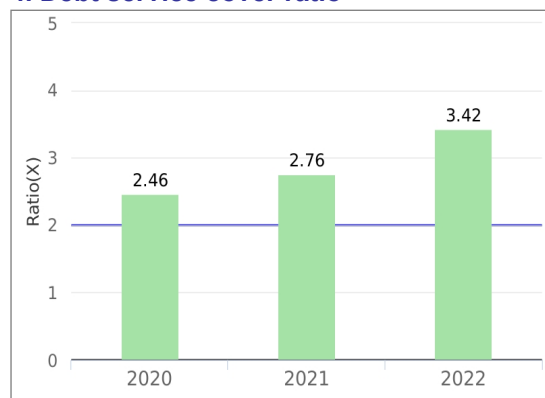
Ratio achieves benchmark

Ratio is outside benchmark

G Additional Council disclosures (unaudited)

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 3.42x

Council's debt service cover ratio for the 2021/22 financial year is 3.42x which is above the industry benchmark of 2.00x. The improvement in this ratio is primarily due to an increase in annual charges, which was impacted by a one-off rebate provided to residents as part of Council's response to COVID-19 in the 2020/21 financial year. It demonstrates that Council continues to use loan borrowings prudently and has adequate capacity to meet its current loan obligations.

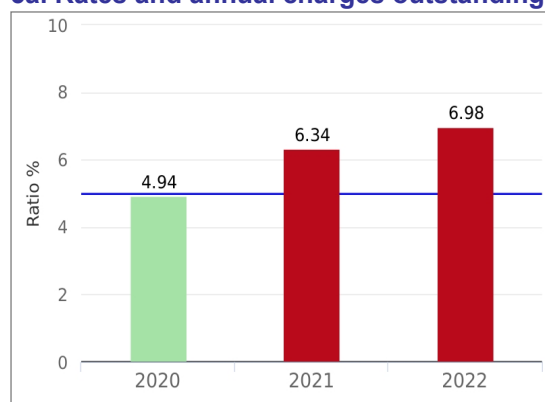
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5a. Rates and annual charges outstanding percentage



Purpose of 5a. rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 6.98%

Council's rates and annual charges outstanding ratio remains outside industry benchmark at 6.98%. Council has chosen not to pursue outstanding rates and charges while residents have continued to be impacted by public health measures introduced as a result of COVID-19. In the 2022/23 financial year, Council will commence discussions with residents regarding outstanding rate balances and will work with residents to ensure outstanding balances are recovered taking into consideration individual circumstances.

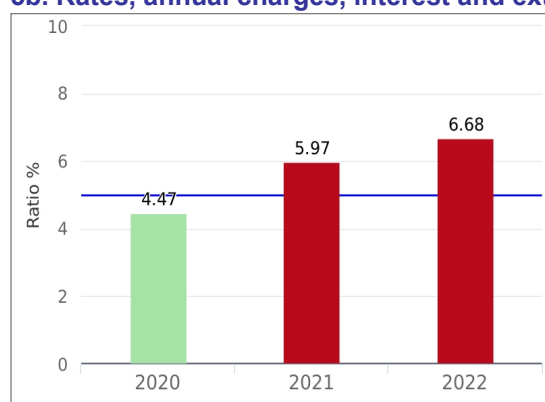
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5b. Rates, annual charges, interest and extra charges outstanding percentage (excluding pensioners)



Purpose of 5b. rates, annual charges, interest and extra charges outstanding

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

Commentary on 2021/22 result

2021/22 ratio 6.68%

Council has a standing policy of not taking legal action against residents who are eligible for the mandatory pension rebate. Using this amended calculation, the rates and annual charges outstanding ratio remains outside the industry benchmark at 6.68%. Again, this is due to Council taking a position not to pursue outstanding rates and charges while residents have continued to be impacted by public health measures introduced as a result of COVID-19.

Benchmark: — < 5.00%

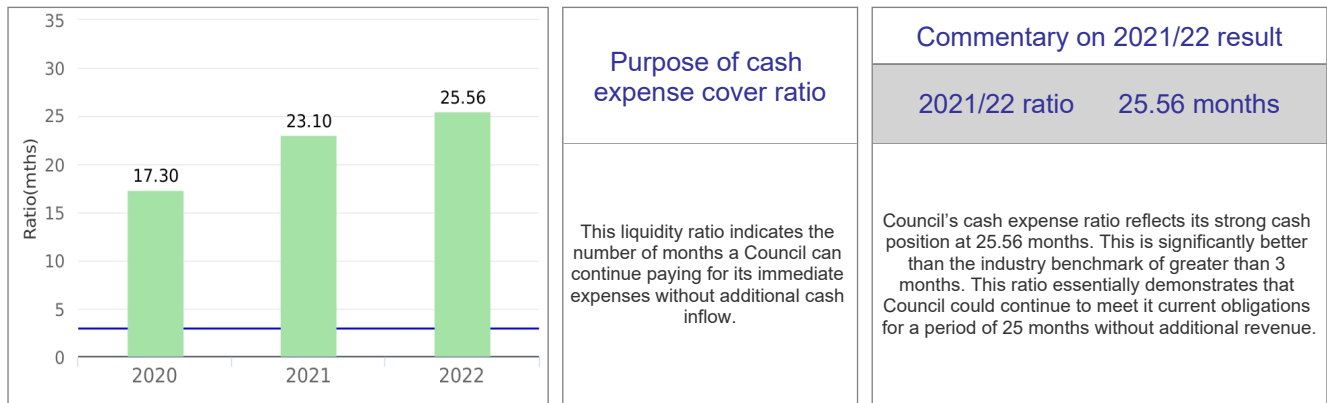
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio

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



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:

70 Central Ave
Oran Park NSW 2570

Contact details**Mailing Address:**

PO Box 183
Camden NSW 2570

Telephone: (02) 4654 7777

Facsimile: (02) 4654 7829

Opening hours:

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

Internet: www.camden.nsw.gov.au

Email: Camden@council.nsw.gov.au

Officers**Nicole Magurren**

Acting General Manager

Paul Rofe

Responsible Accounting Officer

Auditors

Audit Office of New South Wales
GPO box 12
SYDNEY NSW 2001

Elected members**Mayor**

Therese Fedeli

Deputy Mayor

Paul Farrow

Councillors

Ashleigh Cagney
Cindy Cagney
Eva Campbell
Lara Symkowiak
Peter McLean
Russell Zammit
Usha Dommaraju

Other information

ABN: 31 117 341 764



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Camden Council

To the Councillors of Camden Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

18 November 2022
SYDNEY



Therese Fedeli
Mayor
Camden Council
70 Central Ave
ORAN PARK NSW 2570

Contact: Mary Yuen
Phone no: 02 9275 7215
Our ref: D2222247/FA1705

18 November 2022

Dear Mayor

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





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

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

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

INCOME STATEMENT

Operating result

	2022 \$m	2021* \$m	Variance %
Rates and annual charges revenue	84.7	74.8	 13.2
Grants and contributions revenue	177.4	209.7	 15.4
Operating result from continuing operations	154.8	180.3	 14.1
Net operating result before capital grants and contributions	(9.5)	(20.2)	 53.2

* The 2021 comparatives have been restated to correct prior period errors. Note F4-1 of the financial statements provides details of the prior period errors.

The Council's operating result from continuing operations (\$154.8 million including depreciation and amortisation expense of \$29.4 million) was \$25.5 million lower than the 2020–21 result. This is primarily due to a decrease in grants and contributions provided for capital purposes by \$36.2 million, which is primarily offset by an increase of rates and charges.

The net operating result before capital grants and contributions (\$9.5 million deficit) was \$10.7 million higher than the 2020–21 result. This is primarily due to increase in rates and annual charges and an increase in financial assistance grants.

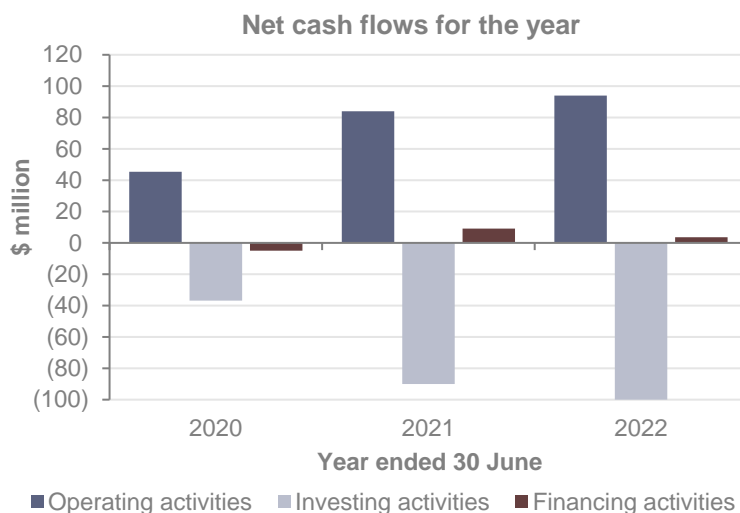
Rates and annual charges revenue (\$84.7 million) increased by \$9.9 million (13.2 per cent) in 2021–22 mainly due to the two per cent rate peg and the increase in rateable properties.

Grants and contributions revenue (\$177.4 million) decreased by \$32.3 million (15.4 per cent) in 2021–22 mainly due to decrease in non-cash developer contributions received during the year.

Total expenses (\$135.6 million) increased by \$6.8 million (5.3 per cent) in 2020–21 primarily due to an increase in employee-related expenses (\$2.5 million) and material and services (\$3.9 million).

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$13.3 million (\$15.8 million for the year ended 30 June 2021). The Council reported a net decrease of \$2.5 million in cash and cash equivalents at 30 June 2022.
- Net cash inflows from operating activities increased by \$9.9 million primarily due to increase in rates and annual charges received.
- Net cash outflows from investing activities increased by \$10.4 million due to increase in purchases of infrastructure, property, plant and equipment and term deposits during the year.
- Net cash outflows from financing activities decreased by \$5.6 million primarily due to a reduction in proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	259.1	210.1	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$50.7 million is primarily due to an increase in developer contributions and specific purpose unexpended grants. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Council's internally restricted cash and investments have decreased by \$1.1 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	203.4	152.7	
• Internal allocations	54.0	55.1	

Debt

The Council has \$41.1 million of borrowings as at 30 June 2022 (2021: \$35.6 million). Council has an aggregate overdraft facility limit of \$0.6 million which remains unused as at 30 June 2022.

PERFORMANCE

Performance measures

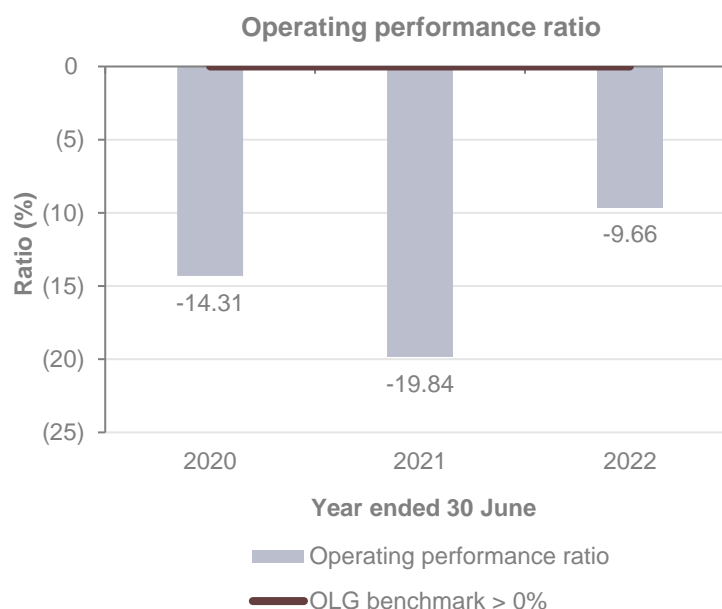
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The Council's operating performance ratio of -9.66 per cent did not meet the OLG benchmark for the current reporting period.

The operating performance ratio has improved compared to the prior year mainly due to increase in rates and annual charges and financial assistance grants.

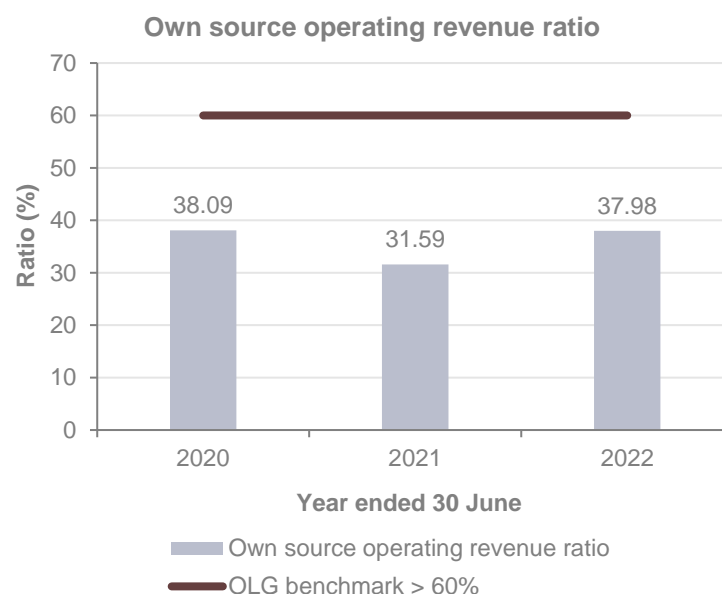


Own source operating revenue ratio

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

The Council's own source operating revenue ratio of 37.98 per cent did not meet the OLG benchmark for the current reporting period.

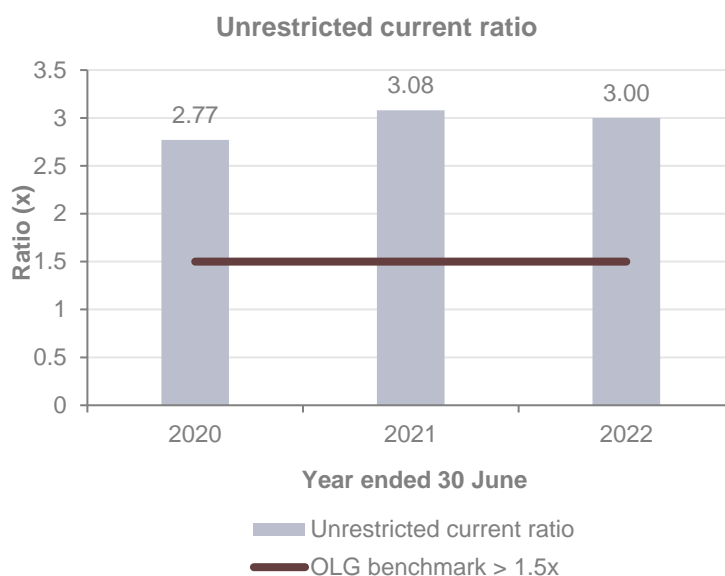
The Council's own source operating revenue ratio has improved compared to 2021 primarily due to a decrease in developer contributions.



Unrestricted current ratio

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

The Council's unrestricted current ratio of 3.00 times exceeded the OLG benchmark for the current reporting period. The unrestricted current ratio has remained steady over the past three years.

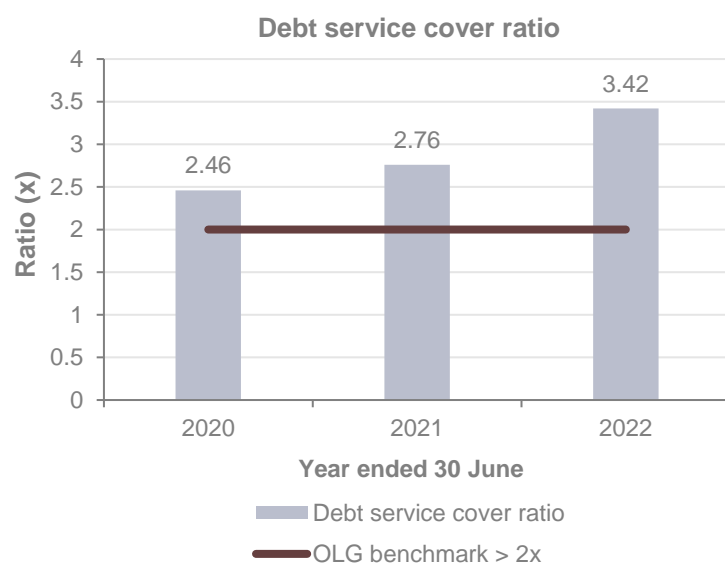


Debt service cover ratio

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

The Council's debt service cover ratio of 3.42 times exceeded the OLG benchmark for the current reporting period.

The Debt Service Ratio has steadily increased over the past three years.

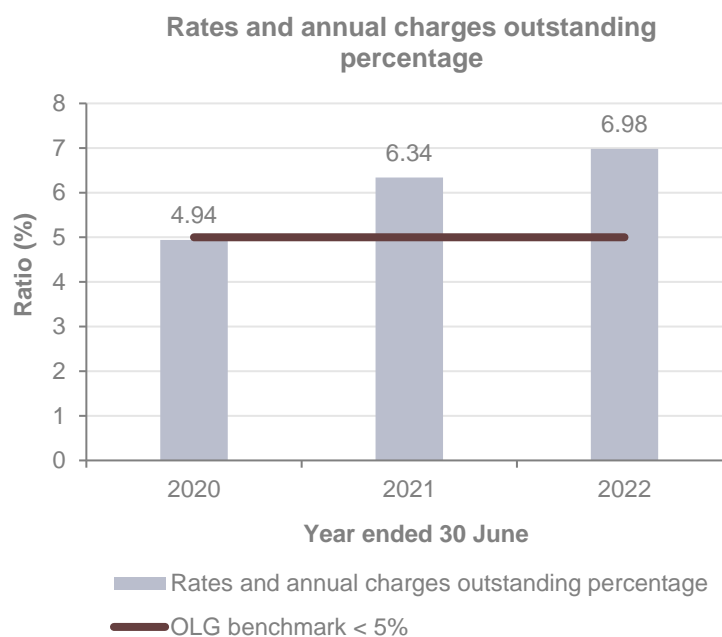


Rates and annual charges outstanding percentage

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

The Council's rates and annual charges outstanding percentage of 6.98 per cent did not meet the OLG benchmark for the current reporting period.

The rates and annual charges outstanding percentage has increased compared to the prior year. Ratepayers are deferring rate payments due to cost of living pressures.

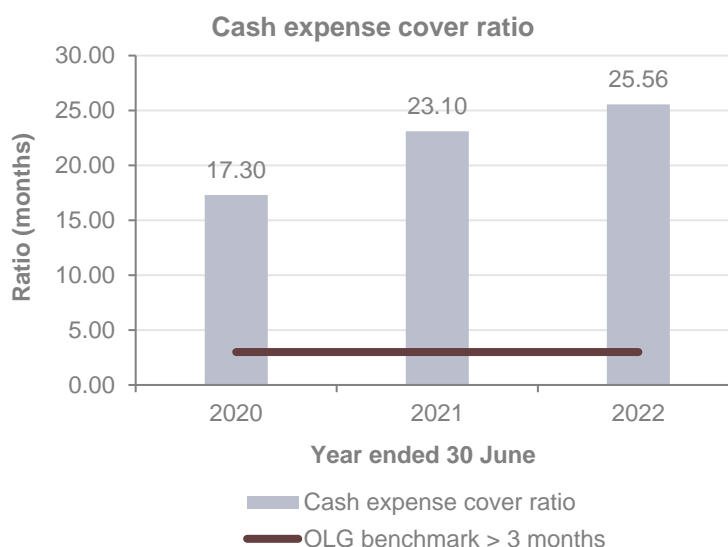


Cash expense cover ratio

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

The Council's cash expense ratio of 25.56 months exceeded the OLG benchmark for the current reporting period.

The cash expense cover ratio has increased compared to the prior year mainly due to increase in term deposits.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$6.2 million of assets in the 2021–22 financial year compared to \$6.1 million assets in the prior year.

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.



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Cc: Ms Nicole Magurren, Acting General Manager
Ms Elizabeth Gavey, Chair of Audit, Risk and Improvement Committee
Mr Michael Cassel, Secretary of the Department of Planning and Environment

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of Commercial Waste	4
Statement of Financial Position of Commercial Waste	5
Note – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	8

Background

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

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

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

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

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

Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 08 November 2022.



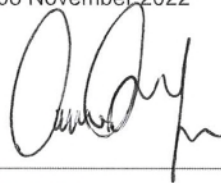
Therese Fedeli
Mayor
08 November 2022



Paul Farrow
Deputy Mayor
08 November 2022



Nicole Magurren
Acting General Manager
08 November 2022



Paul Rofe
Responsible Accounting Officer
08 November 2022

Camden Council

Income Statement of Commercial Waste

for the year ended 30 June 2022

	2022 Category 2 Actual \$ '000	2021 Category 2 Actual \$ '000
Income from continuing operations		
User charges	1,341	1,355
Total income from continuing operations	1,341	1,355
Expenses from continuing operations		
Employee benefits and on-costs	376	284
Materials and services	167	194
Depreciation, amortisation and impairment	56	50
Other expenses	167	166
Total expenses from continuing operations	766	694
Surplus (deficit) from continuing operations before capital amounts	575	661
Surplus (deficit) from continuing operations after capital amounts	575	661
Surplus (deficit) from all operations before tax	575	661
Less: corporate taxation equivalent (25%) [based on result before capital]	(144)	(172)
Surplus (deficit) after tax	431	489
Plus accumulated surplus	1,515	1,184
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	144	172
Less:		
– Dividend paid	(257)	(330)
Closing accumulated surplus	1,833	1,515
Return on capital %	142.3%	159.7%

Camden Council

Statement of Financial Position of Commercial Waste

as at 30 June 2022

	2022 Category 2 Actual \$ '000	2021 Category 2 Actual \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	1,413	1,089
Receivables	16	12
Total current assets	1,429	1,101
Non-current assets		
Infrastructure, property, plant and equipment	404	414
Total non-current assets	404	414
Total assets	1,833	1,515
Net assets	1,833	1,515
EQUITY		
Accumulated surplus	1,833	1,515
Total equity	1,833	1,515

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Nil

Category 2

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

Camden Commercial Waste Activity

Provide a diversified range of waste removal services to business operations in the Camden local government area

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$4,616,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,024,000 a premium marginal rate of **2.0%** applies.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.69% at 30/6/22.

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Camden Council

To the Councillors of Camden Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

18 November 2022
SYDNEY

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

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

Camden Council

Permissible income for general rates

	Notes	Calculation 2021/22 Restated \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	61,011	64,133
Plus or minus adjustments ²	b	1,907	3,536
Notional general income	c = a + b	62,918	67,669
Permissible income calculation			
Or rate peg percentage	e	2.00%	5.00%
Or plus rate peg amount	i = e x (c + g)	1,258	3,383
Sub-total	k = (c + g + h + i + j)	64,176	71,052
Plus (or minus) last year's carry forward total ⁷	l	60	59
Less valuation objections claimed in the previous year	m	(49)	(5)
Sub-total	n = (l + m)	11	54
Total permissible income	o = k + n	64,187	71,106
Less notional general income yield	p	64,133	71,113
Catch-up or (excess) result	q = o - p	54	(7)
Plus income lost due to valuation objections claimed ⁴	r	5	7
Less unused catch-up ⁵	s	—	—
Carry forward to next year ⁶	t = q + r + s	59	—

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.
- (7) Council has identified a correction to the carry forward total used in the calculation of rate income for the 2021/22 financial year. This has resulted in a restated carry forward total of \$60,000. This is an increase of \$31,000 when compared to the carry forward total disclosed in the 2021/22 permissible income statement.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Camden Council

To the Councillors of Camden Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

18 November 2022
SYDNEY

Camden Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	1,606	2,685	4,356	3,891	161,990	218,871	47.0%	43.0%	9.0%	1.0%	0.0%
	Sub-total	1,606	2,685	4,356	3,891	161,990	218,871	47.0%	43.0%	9.0%	1.0%	0.0%
Other structures	Other structures / Open space recreational assets	4,899	7,711	7,544	7,711	90,979	131,207	31.0%	44.0%	20.0%	4.0%	1.0%
	Sub-total	4,899	7,711	7,544	7,711	90,979	131,207	31.0%	44.0%	20.0%	4.0%	1.0%
Roads	Roads	6,212	9,581	5,415	5,918	930,600	1,214,981	66.0%	28.0%	6.0%	0.0%	0.0%
	Sub-total	6,212	9,581	5,415	5,918	930,600	1,214,981	66.0%	28.0%	6.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	398	813	495	591	502,734	574,713	69.0%	29.0%	1.0%	0.0%	1.0%
	Sub-total	398	813	495	591	502,734	574,713	69.0%	29.0%	1.0%	0.0%	1.0%
Total – all assets		13,115	20,790	17,810	18,111	1,686,303	2,139,772	62.7%	30.8%	5.8%	0.3%	0.3%

(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

Camden Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicators		Benchmark
\$ '000	Actual 2022	Actual 2022	Restated Actual 2021	Actual 2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	6,188	26.45%	26.62%	35.44%	>= 100.00%
Depreciation, amortisation and impairment	23,397				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	13,115	0.78%	0.76%	1.26%	< 2.00%
Net carrying amount of infrastructure assets	1,686,303				
Asset maintenance ratio					
Actual asset maintenance	18,111	101.69%	98.73%	98.12%	> 100.00%
Required asset maintenance	17,810				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,790	0.97%	0.95%	1.02%	
Gross replacement cost	2,139,772				

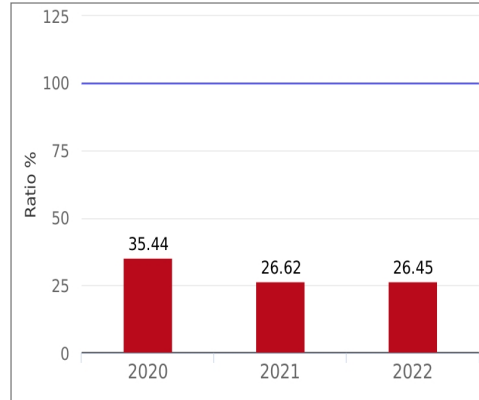
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Camden Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

21/22 ratio 26.45%

It is difficult to justify a ratio of more than 100% for Camden Council when Council has a high proportion of new assets that at this point of their life cycle do not require renewal. Depreciation expense also continues to increase annually due to the acquisition/dedication of new assets through growth. Council continues to put into place renewal programs that address any assets in a poor condition.

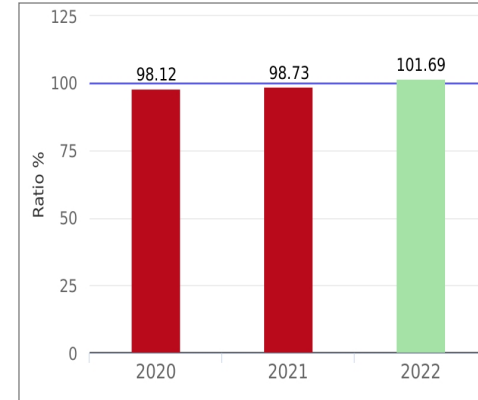
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

21/22 ratio 101.69%

Council's asset maintenance ratio for the 2021/22 financial year is 101.69%. This is above the benchmark of 100%, with a high percentage of maintenance programs completed throughout the year. This continues to ensure Council's asset base remains in a good condition.

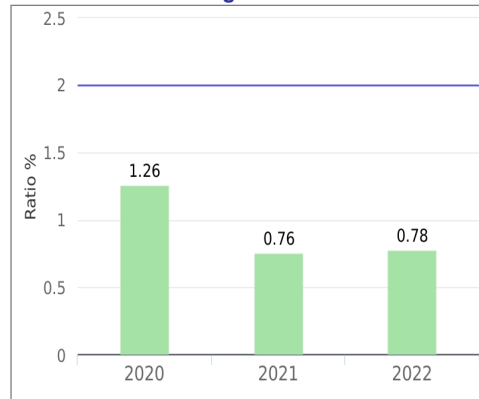
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

21/22 ratio 0.78%

Council's infrastructure backlog ratio for the 2021/22 financial year is 0.78% which is well below the industry benchmark of less than 2.00%. Council continues to adequately fund its asset renewal requirements through programs such as the Community Infrastructure Renewal Program.

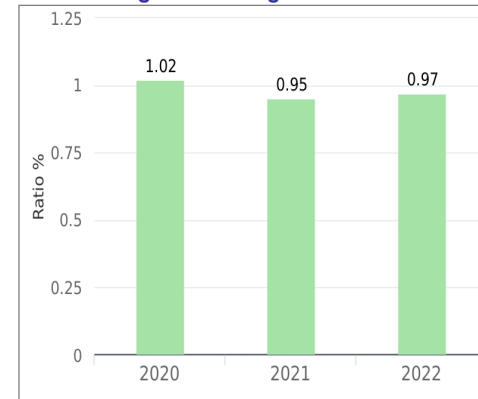
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

21/22 ratio 0.97%

Council continues to implement renewal programs based on the condition of assets to ensure Council's asset base remains in a good condition. Examples of such programs include the Community Infrastructure Renewal Program which is targeted as specific works which have been identified in line with Council's Asset Management Plans.