



# City of Coffs Harbour Annual Report 2021/22

**Section 3** Annual Financial Statements

# Coffs Harbour City Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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*Connected  
Sustainable  
Thriving*



# Coffs Harbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*Connected  
Sustainable  
Thriving*



# Coffs Harbour City Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>3</b>
<b>Statement by Councillors and Management</b>	<b>4</b>
<b>Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	107
On the Financial Statements (Sect 417 [3])	110

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### Overview

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

Corner Coff and Castle Streets  
Coffs Harbour NSW 2450

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.coffsharbour.nsw.gov.au](http://www.coffsharbour.nsw.gov.au).

# Coffs Harbour City Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### 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.

# Coffs Harbour City Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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

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 27 October 2022.



Paul Amos

Mayor

27 October 2022



Sally Townley

Councillor

27 October 2022



Natalie Cowley

General Manager

27 October 2022



Amy Mott

Responsible Accounting Officer (Acting)

27 October 2022

## Coffs Harbour City Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Income from continuing operations</b>				
104,869	Rates and annual charges	B2-1	107,222	104,075
61,000	User charges and fees	B2-2	46,073	45,371
5,985	Other revenues	B2-3	19,650	9,061
14,600	Grants and contributions provided for operating purposes	B2-4	18,695	17,897
62,274	Grants and contributions provided for capital purposes	B2-4	60,747	33,674
5,068	Interest and investment income	B2-5	4,411	3,080
1,870	Other income	B2-6	1,794	2,427
255,666	<b>Total income from continuing operations</b>		<b>258,592</b>	215,585
<b>Expenses from continuing operations</b>				
47,693	Employee benefits and on-costs	B3-1	53,969	51,141
80,121	Materials and services	B3-2	85,030	68,773
6,879	Borrowing costs	B3-3	7,747	7,468
45,755	Depreciation, amortisation and impairment of non-financial assets	B3-4	43,115	41,649
16,118	Other expenses	B3-5	2,981	3,552
–	Net loss from the disposal of assets	B4-1	4,847	5,963
196,566	<b>Total expenses from continuing operations</b>		<b>197,689</b>	178,546
59,100	<b>Operating result from continuing operations</b>		<b>60,903</b>	37,039
<b>Discontinued operations</b>				
–	Operating result from discontinued operations	D3-1	–	(2,836)
59,100	<b>Net operating result for the year attributable to Council</b>		<b>60,903</b>	34,203
(3,174)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>156</b>	529

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

## Coffs Harbour City Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>60,903</b>	<b>34,203</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>150,452</b>	16,138
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>150,452</b>	16,138
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		<b>(2,535)</b>	–
Other movements		<b>(31)</b>	–
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>(2,566)</b>	–
<b>Total other comprehensive income for the year</b>		<b>147,886</b>	16,138
<b>Total comprehensive income for the year attributable to Council</b>		<b>208,789</b>	50,341

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



## Coffs Harbour City Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	53,132	57,703
Investments	C1-2	60,301	80,365
Receivables	C1-4	19,538	19,973
Inventories	C1-5	2,237	2,288
Contract assets and contract cost assets	C1-6	22,706	13,948
Non-current assets classified as 'held for sale'	C1-7	1,187	19,623
Other	C1-10	869	744
<b>Total current assets</b>		<b>159,970</b>	<b>194,644</b>
<b>Non-current assets</b>			
Investments	C1-2	169,134	115,975
Receivables	C1-4	65,344	63,800
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,524,937	2,297,508
Intangible assets	C1-9	49,731	50,311
Right of use assets	C2-1	2,459	–
Other	C1-10	3,176	3,355
<b>Total non-current assets</b>		<b>2,814,781</b>	<b>2,530,949</b>
<b>Total assets</b>		<b>2,974,751</b>	<b>2,725,593</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	13,884	20,048
Contract liabilities	C3-2	16,443	13,036
Lease liabilities	C2-1	1,104	–
Borrowings	C3-3	15,340	15,176
Employee benefit provisions	C3-4	13,985	15,066
<b>Total current liabilities</b>		<b>60,756</b>	<b>63,326</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	1,332	–
Borrowings	C3-3	133,375	92,284
Employee benefit provisions	C3-4	525	1,002
Provisions	C3-5	10,281	9,288
<b>Total non-current liabilities</b>		<b>145,513</b>	<b>102,574</b>
<b>Total liabilities</b>		<b>206,269</b>	<b>165,900</b>
<b>Net assets</b>		<b>2,768,482</b>	<b>2,559,693</b>
<b>EQUITY</b>			
Accumulated surplus		1,558,418	1,496,301
IPPE revaluation reserve	C4-1	1,210,064	1,063,392
<b>Council equity interest</b>		<b>2,768,482</b>	<b>2,559,693</b>
<b>Total equity</b>		<b>2,768,482</b>	<b>2,559,693</b>

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

## Coffs Harbour City Council

## Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,496,301	1,063,392	2,559,693	1,431,617	1,077,735	2,509,352
<b>Restated opening balance</b>		<b>1,496,301</b>	<b>1,063,392</b>	<b>2,559,693</b>	<b>1,431,617</b>	<b>1,077,735</b>	<b>2,509,352</b>
Net operating result for the year		60,903	–	60,903	34,203	–	34,203
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	150,452	150,452	–	16,138	16,138
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		(2,535)	–	(2,535)	–	–	–
Other reserves movements		3,749	(3,780)	(31)	30,481	(30,481)	–
<b>Other comprehensive income</b>		<b>1,214</b>	<b>146,672</b>	<b>147,886</b>	<b>30,481</b>	<b>(14,343)</b>	<b>16,138</b>
<b>Total comprehensive income</b>		<b>62,117</b>	<b>146,672</b>	<b>208,789</b>	<b>64,684</b>	<b>(14,343)</b>	<b>50,341</b>
<b>Closing balance at 30 June</b>		<b>1,558,418</b>	<b>1,210,064</b>	<b>2,768,482</b>	<b>1,496,301</b>	<b>1,063,392</b>	<b>2,559,693</b>

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

## Coffs Harbour City Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
–	Bonds, deposits and retentions received		565	527
61,753	Grants and contributions		62,095	34,900
5,068	Interest received		4,229	3,515
104,869	Rates and annual charges		107,408	104,606
61,000	User charges and fees		43,710	48,499
7,855	Other		37,571	22,012
<i>Payments:</i>				
(47,693)	Payments to employees		(55,323)	(51,113)
(80,121)	Payments for materials and services		(103,796)	(76,224)
(6,879)	Borrowing costs		(7,663)	(7,554)
(16,118)	Other		(10,219)	(5,348)
89,734	<b>Net cash flows from operating activities</b>	G1-1	<b>78,577</b>	<b>73,820</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
70,844	Sale of investments		93,419	79,490
15,121	Sale of real estate assets		12,952	–
–	Proceeds from sale of IPPE		915	3,339
<i>Payments:</i>				
(80,000)	Purchase of investments		(129,049)	(82,841)
(160,234)	Payments for IPPE		(101,754)	(57,872)
(154,269)	<b>Net cash flows from investing activities</b>		<b>(123,517)</b>	<b>(57,884)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
57,270	Proceeds from borrowings		57,270	–
–	Proceeds from leases		–	24,935
<i>Payments:</i>				
(15,529)	Repayment of borrowings		(16,022)	(16,096)
–	Principal component of lease payments		(879)	–
41,741	<b>Net cash flows from financing activities</b>		<b>40,369</b>	<b>8,839</b>
(22,794)	<b>Net change in cash and cash equivalents</b>		<b>(4,571)</b>	<b>24,775</b>
225,228	Cash and cash equivalents at beginning of year		57,703	32,928
202,434	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>53,132</b>	<b>57,703</b>
–	plus: Investments on hand at end of year	C1-2	229,435	196,340
202,434	<b>Total cash, cash equivalents and investments</b>		<b>282,567</b>	<b>254,043</b>

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

# Coffs Harbour City Council

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

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>16</b>
<b>B1 Functions or activities</b>	<b>16</b>
B1-1 Functions or activities – income, expenses and assets	16
B1-2 Components of functions or activities	17
<b>B2 Sources of income</b>	<b>19</b>
B2-1 Rates and annual charges	19
B2-2 User charges and fees	20
B2-3 Other revenues	21
B2-4 Grants and contributions	22
B2-5 Interest and investment income	26
B2-6 Other income	26
<b>B3 Costs of providing services</b>	<b>27</b>
B3-1 Employee benefits and on-costs	27
B3-2 Materials and services	28
B3-3 Borrowing costs	28
B3-4 Depreciation, amortisation and impairment of non-financial assets	29
B3-5 Other expenses	30
<b>B4 Gains or losses</b>	<b>31</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	31
<b>B5 Performance against budget</b>	<b>32</b>
B5-1 Material budget variations	32
<b>C Financial position</b>	<b>34</b>
<b>C1 Assets we manage</b>	<b>34</b>
C1-1 Cash and cash equivalents	34
C1-2 Financial investments	34
C1-3 Restricted and allocated cash, cash equivalents and investments	36
C1-4 Receivables	39
C1-5 Inventories	41
C1-6 Contract assets and Contract cost assets	42
C1-7 Non-current assets classified as held for sale	43
C1-8 Infrastructure, property, plant and equipment	44
C1-9 Intangible assets	49
C1-10 Other	51
<b>C2 Leasing activities</b>	<b>52</b>
C2-1 Council as a lessee	52
C2-2 Council as a lessor	54
<b>C3 Liabilities of Council</b>	<b>56</b>
C3-1 Payables	56
C3-2 Contract Liabilities	57
C3-3 Borrowings	59

# Coffs Harbour City Council

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

C3-4 Employee benefit provisions	61
C3-5 Provisions	63
<b>C4 Reserves</b>	<b>64</b>
C4-1 Nature and purpose of reserves	64
<b>D Council structure</b>	<b>65</b>
<b>D1 Results by fund</b>	<b>65</b>
D1-1 Income Statement by fund	65
D1-2 Statement of Financial Position by fund	66
D1-3 Details of internal loans	67
<b>D2 Interests in other entities</b>	<b>68</b>
D2-1 Unconsolidated structured entities	68
<b>D3 Discontinued operations</b>	<b>69</b>
D3-1 Discontinued operations	69
<b>E Risks and accounting uncertainties</b>	<b>70</b>
E1-1 Risks relating to financial instruments held	70
E2-1 Fair value measurement	73
E3-1 Contingencies	86
<b>F People and relationships</b>	<b>89</b>
<b>F1 Related party disclosures</b>	<b>89</b>
F1-1 Key management personnel (KMP)	89
F1-2 Councillor and Mayoral fees and associated expenses	90
F1-3 Other related parties	91
<b>F2 Other relationships</b>	<b>92</b>
F2-1 Audit fees	92
<b>G Other matters</b>	<b>93</b>
G1-1 Statement of Cash Flows information	93
G2-1 Commitments	94
G3-1 Events occurring after the reporting date	95
<b>G4 Statement of developer contributions as at 30 June 2022</b>	<b>96</b>
G4-1 Summary of developer contributions	96
G4-2 Developer contributions by plan	97
G4-3 Contributions not under plans	100
<b>G5 Statement of performance measures</b>	<b>101</b>
G5-1 Statement of performance measures – consolidated results	101
G5-2 Statement of performance measures by fund	102
<b>H Additional Council disclosures (unaudited)</b>	<b>104</b>
H1-1 Statement of performance measures – consolidated results (graphs)	104
H1-2 Council information and contact details	106

## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 27 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 – Performance against budget

and are clearly marked.

#### **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 infrastructure, property, plant and equipment – refer Note C1-8
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

## A1-1 Basis of preparation (continued)

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

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

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

#### **The Consolidated Fund**

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

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

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

- General purpose operations
- Water Service
- Sewerage Service
- CitySmart Solutions
- Coastal Works
- Coffs Harbour Laboratory
- Coffs Coast Holiday Parks & Crown Reserves

#### **The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

#### **Goods and Services Tax (GST)**

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

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

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

#### **Volunteer services**

Council have a number of volunteers working across a variety of areas of Council providing services that would not be able to be delivered if not for the volunteers. Volunteers provide services to Council operations, Section 355 venues and strategic committees.

Council have developed a volunteer policy. In this policy Councils estimated volunteer work hours per year and costs based upon minimum wages excluding on-costs. Council maintains records of volunteers but does not have the systems to record and cost the hours volunteers spend on services to enable Council to reliably measure volunteer service costs. Accordingly Council has elected not to recognise volunteer services under AASB 1058 in this financial report.

## A1-1 Basis of preparation (continued)

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

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

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

Council's assessment of these new standards and interpretations, and their impact on Council's future financial performance, financial position and cash flows are set out below:

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

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

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

### New accounting standards adopted during the year

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

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



## A1-1 Basis of preparation (continued)

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- *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

None of these standards had a significant impact on the Council.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions or activities</b>										
Governance Services	125	122	5,135	3,929	(5,010)	(3,807)	–	–	50	59
Office of the General Manager	21	–	(10,406)	(1,447)	10,427	1,447	21	–	32,659	2
Domestic Waste Management	25,593	25,858	20,409	20,969	5,184	4,889	758	1,976	10,955	9,820
Non Domestic Waste Management	8,186	8,008	8,532	8,149	(346)	(141)	412	891	11,421	6,943
Coffs Harbour Airport - Enterprise Park Redevelopment	10,503	8,709	1,600	–	8,903	8,709	10,479	9,412	42,743	25,524
Business Systems	468	79	4,936	4,713	(4,468)	(4,634)	–	50	690	876
CitySmart Solutions	1,074	970	1,606	1,363	(532)	(393)	–	–	782	725
Organisational Development	143	131	3,412	4,270	(3,269)	(4,139)	–	–	9	17
Customer Services	31	32	2,724	2,670	(2,693)	(2,638)	–	–	4	14
Coffs Harbour Laboratory	695	738	780	675	(85)	63	–	–	2,269	1,566
Coastal Works	14,691	5,336	12,365	4,501	2,326	835	3	–	1,429	1,625
Water Supplies	25,850	25,919	14,890	14,483	10,960	11,436	3,262	3,328	423,972	439,700
Sewer Services	37,139	35,658	20,794	22,277	16,345	13,381	4,155	4,139	576,405	540,729
Business Services	–	–	659	623	(659)	(623)	–	–	–	–
Financial Services and Logistics	57,048	55,565	30,738	17,993	26,310	37,572	14,161	12,264	365,466	317,370
Sustainable Communities	–	–	416	440	(416)	(440)	–	–	–	–
Cultural Services	903	1,634	4,945	4,683	(4,042)	(3,049)	349	427	6,148	6,092
Community Services	757	208	3,111	3,325	(2,354)	(3,117)	693	906	1,165	11,152
Sustainable Places	3,695	3,442	6,997	6,552	(3,302)	(3,110)	485	231	1,889	519
City Prosperity	15,957	8,603	6,865	5,626	9,092	2,977	14,681	7,411	35,379	12,974
Sustainable Infrastructure	336	1,217	1,539	1,690	(1,203)	(473)	313	1,217	27	2,716
Infrastructure Construction and Maintenance	41,367	18,552	42,016	34,931	(649)	(16,379)	29,068	7,360	1,264,847	1,169,109
Strategic Asset Management	698	702	3,170	3,221	(2,472)	(2,519)	148	152	58,198	42,477
Business Improvement	–	–	309	304	(309)	(304)	–	–	112	–
Holiday Parks and Reserves	12,060	14,024	10,094	11,811	1,966	2,213	454	1,807	74,271	72,192
Airport Lease	1,252	78	53	795	1,199	(717)	–	–	63,861	63,392
<b>Total functions and activities</b>	<b>258,592</b>	<b>215,585</b>	<b>197,689</b>	<b>178,546</b>	<b>60,903</b>	<b>37,039</b>	<b>79,442</b>	<b>51,571</b>	<b>2,974,751</b>	<b>2,725,593</b>

## B1-2 Components of functions or activities

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

### Governance Services

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance, internal audit, legal advice, insurance services.

### Office of the General Manager

Sister City Exchange programs, naturalisations, donations to community groups, Australia Day Committee, Web and Media Services, Election Expenses, Civic Receptions, Elected Member Expenses.

### Domestic Waste Management

Recycling, waste collection and processing, tip facilities.

### Non Domestic Waste Management

Recycling, waste collection and processing, tip facilities, hazardous material disposal, concrete crushing, Clean Up Australia Day, tip fees.

### Coffs Harbour Airport

Maintenance, repair, operation and development of Regional Passenger Terminal, General Aviation Area and Aerodrome facilities.

The Coffs Harbour Airport operations ceased on 31 May 2021 as a lease agreement is now in effect.

### Business Systems

Hardware and software acquisition and maintenance, rural house numbering, geographical information services, telecommunications.

### CitySmart Solutions

Telemetry Switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy.

### Organisational Development

Training, selection, recruitment, induction, Occupational Health and Safety, Workers Compensation management, health and wellbeing program.

### Customer Services

Provision of administration and customer services, record management.

### Coffs Harbour Laboratory

Water, waste water, soil, swimming pool testing for public and private sectors.

### Coastal Works

External works undertaken to return a profit to the community by way of investment in local infrastructure and services.

### Water Supplies

Maintenance, operation and construction of dams, reservoirs, pump stations, mains, chlorination plants, fluoridation plants, telemetry, regional water supply, standpipes and meters. Water quality monitoring & public awareness campaigns.

### Sewer Services

Maintenance, operation and construction of treatment works, pumping stations, sewers, sullage collection, reclaimed water, ocean outfall, biosolids disposal and reuse management. Public awareness campaigns.

## B1-2 Components of functions or activities (continued)

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### **Business Services**

Support for the provision of Council's Corporate Services and Business Unit functions.

### **Financial Services and Logistics**

Provision of financial services, property management, fleet management, plant hire, maintenance and repair of Council buildings, lease management, swimming pools and commercial property management.

### **Sustainable Communities**

Support for the provision of Council's Community and Cultural Services, Sustainable Places and City Prosperity functions.

### **Cultural Services**

Library Services, Museum, Art Gallery, Theatre, Community Centres, and Cultural and Community Industries Development.

### **Community Services**

Lifeguard Services, Community Engagement, Sustainable Living, Community Programs, Youth Services and Aboriginal Services.

### **Sustainable Places**

Sustainable and Precinct Planning, Development Assessment and Building Services, Environmental Services, Public Health and Safety, Ranger Services and Animal Management Centre operations.

### **City Prosperity**

Economic Development, Event Management, Coffs Harbour International Stadium, Tourism and Marketing, Sports Facilities.

### **Sustainable Infrastructure**

Support for the provision of Council's Infrastructure Planning, Provision and Maintenance.

### **Infrastructure Construction and Maintenance**

Construction and Maintenance of Roads, Bridges, Recreational Services, Footpaths and Cycleways, Parking, Quarries and Drainage.

### **Strategic Asset Management**

Planning and Project Management of Councils Capital Works, Asset Management, Survey and Design, Contracts and Subdivisions.

### **Business Improvement**

Support for the Council in Continuous Improvement Program.

### **Coffs Coast Holiday Parks and Reserves**

Holiday Park operations at 4 locations and maintenance of Crown Reserves.

### **Coffs Harbour Airport Lease**

Ongoing income and expenses relating to the Airport finance lease agreement.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	38,969	37,992
Farmland	916	880
Business	7,822	7,509
Less: pensioner rebates (mandatory)	(1,552)	(1,543)
<b>Rates levied to ratepayers</b>	<b>46,155</b>	<b>44,838</b>
Pensioner rate subsidies received	853	879
<b>Total ordinary rates</b>	<b>47,008</b>	<b>45,717</b>
<b>Special rates</b>		
Environmental	1,583	1,538
less pensioner rebates (Council policy)	(140)	(137)
<b>Rates levied to ratepayers</b>	<b>1,443</b>	<b>1,401</b>
<b>Total special rates</b>	<b>1,443</b>	<b>1,401</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	22,085	21,815
Stormwater management services	743	737
Water supply services	5,037	4,878
Sewerage services	29,463	28,077
Waste management services (non-domestic)	2,145	2,127
Other	182	179
Less: pensioner rebates (mandatory)	(867)	(858)
Less: pensioner rebates (Council policy)	(524)	(521)
<b>Annual charges levied</b>	<b>58,264</b>	<b>56,434</b>
Pensioner subsidies received:		
– Water	257	265
– Sewerage	250	258
<b>Total annual charges</b>	<b>58,771</b>	<b>56,957</b>
<b>Total rates and annual charges</b>	<b>107,222</b>	<b>104,075</b>

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	3,026	2,344
Water supply services	2	17,212	17,249
Sewerage services	2	2,817	2,723
Waste management services (non-domestic)	2	4,203	3,735
Other	2	63	50
<b>Total specific user charges</b>		<b>27,321</b>	<b>26,101</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	2	1,517	1,548
Private works – section 67	2	192	151
Regulatory/ statutory fees	2	80	91
Regulatory fees	2	1,001	1,067
Section 10.7 certificates (EP&A Act)	2	154	147
Section 603 certificates	2	159	181
Other	2	80	61
<b>Total fees and charges – statutory/regulatory</b>		<b>3,183</b>	<b>3,246</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Caravan park	2	10,991	11,683
Cemeteries	2	338	337
Community centres	2	170	126
Lease rentals	2	77	122
Swimming centres	2	1,382	1,247
Waste disposal tipping fees	2	964	950
Water supply recovery charges	2	100	50
Laboratory income	2	695	738
Sports stadium	2	148	200
Other	2	704	571
<b>Total fees and charges – other</b>		<b>15,569</b>	<b>16,024</b>
<b>Total other user charges and fees</b>		<b>18,752</b>	<b>19,270</b>
<b>Total user charges and fees</b>		<b>46,073</b>	<b>45,371</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		46,073	45,371
<b>Total user charges and fees</b>		<b>46,073</b>	<b>45,371</b>

### Accounting policy

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

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

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

## B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	2	100	151
Fines – parking	2	228	160
Commissions and agency fees	2	29	18
Insurance claims recoveries	2	89	48
Conferences	2	440	–
Information and Communications Technology projects and consultancy	1	400	564
Jetty theatre revenue	2	293	252
Other	2	343	354
Optical fibre lease	2	81	70
Recoverable rates legals	2	156	132
Sports stadium event income	2	563	851
Sale of switchboards	2	605	335
Reimbursements	2	817	78
Risk mitigation incentives	2	172	130
Waste revenue	2	606	388
Coastal Works income	1	14,696	5,452
Airport Lease income	2	32	78
<b>Total other revenue</b>		<b>19,650</b>	<b>9,061</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	15,096	6,016
Other revenue recognised at a point in time (2)	4,554	3,045
<b>Total other revenue</b>	<b>19,650</b>	<b>9,061</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,830	2,541	–	–
Financial assistance – local roads component	2	1,217	1,125	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component <sup>1</sup>	2	4,345	2,718	–	–
Financial assistance – local roads component	2	1,878	1,207	–	–
<b>Amount recognised as income during current year</b>		<b>10,270</b>	<b>7,591</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Bushfire and emergency services	2	1,969	2,612	27	556
Community care	2	509	31	462	794
Environmental programs	2	750	393	70	108
Heritage and cultural	2	6	8	–	–
Library	2	208	232	21	60
Noxious weeds	2	142	214	–	–
Recreation and culture	2	–	–	2,200	1,652
Street lighting	2	148	148	–	–
Coffs Coast Sport and Leisure Park including CEX Stadium	1	250	150	4,190	4,834
Enterprise Park Land Redevelopment	1	–	–	10,479	8,709
Wiigulga Sports Complex Construction	1	–	–	9,515	1,717
Transport (roads to recovery)	2	1,382	1,382	–	–
Transport (other roads and bridges funding)	2	1,128	1,153	9,306	1,970
Other specific grants	2	25	57	–	15
<b>Previously contributions:</b>					
Bushfire services	2	3	40	–	–
Community services	2	76	25	79	256
Kerb and gutter	2	–	–	–	111
Recreation and culture	2	12	128	557	507
Transport for NSW contributions (regional roads, block grant)	2	142	138	–	–
Other contributions	2	78	60	144	52
Contributions to works	2	1,047	2,932	–	–
Diesel fuel rebate	2	144	172	–	–
Vehicle lease payments	2	406	431	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>8,425</b>	<b>10,306</b>	<b>37,050</b>	<b>21,341</b>
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	11,246	1,377
Assets recognised for the first time	2	–	–	4,089	2,724
<b>Total non-cash contributions</b>		<b>–</b>	<b>–</b>	<b>15,335</b>	<b>4,101</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>8,425</b>	<b>10,306</b>	<b>52,385</b>	<b>25,442</b>
<b>Total grants and non-developer contributions</b>		<b>18,695</b>	<b>17,897</b>	<b>52,385</b>	<b>25,442</b>



## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Comprising:</b>					
– Commonwealth funding		1,432	1,864	13,042	6,066
– State funding		16,692	12,924	24,608	14,500
– Other funding		571	3,109	14,735	4,876
		<b>18,695</b>	<b>17,897</b>	<b>52,385</b>	<b>25,442</b>

(1) \$6.223 Million of the 2022-2023 Financial Assistance Grant from the Commonwealth Government was received by Council in April 2022. This is reported as 2021-2022 income although it relates to the 2022-2023 financial year.

## Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	2,264	2,296
S 64 – water supply contributions		2	–	–	2,836	2,790
S 64 – sewerage service contributions		2	–	–	2,695	2,658
S 64 – stormwater contributions		2	–	–	102	61
Other developer contributions		2	–	–	465	427
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>8,362</b>	<b>8,232</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>8,362</b>	<b>8,232</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>8,362</b>	<b>8,232</b>
<b>Total grants and contributions</b>			<b>18,695</b>	<b>17,897</b>	<b>60,747</b>	<b>33,674</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			250	–	24,184	–
Grants and contributions recognised at a point in time (2)			18,445	17,897	36,563	33,674
<b>Total grants and contributions</b>			<b>18,695</b>	<b>17,897</b>	<b>60,747</b>	<b>33,674</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants</b>				
Unspent funds at 1 July	1,427	5,471	7,550	1,136
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	3,220	3,762	22,606	17,548
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2,563)	(7,806)	(18,908)	(11,134)
<b>Unspent grants at 30 June</b>	<b>2,084</b>	<b>1,427</b>	<b>11,248</b>	<b>7,550</b>

#### Operating Grants

Unexpended operating grant funds held as restricted assets include funding from Local Land Services, Disaster Recovery Funding arrangements for the 2019 bushfires and Local Government Recovery program for the storm and flood events in the reporting period. All amounts are expected to be spent within the next 12 months.

#### Capital Grants

Unexpended capital grant funds held as restricted assets include an upfront payment of the Public Library Infrastructure Grant for the Cultural and Civic Space project, funding from the Female Facilities and Water Safety Stream Program for the Sportz Central redevelopment, funding from the Building Better Regions Fund for the Wiigulga Sports Complex, funding from Phase 3 of the Local Roads and Community Infrastructure Program, funding from NSW Government Stimulus Funding for the York Street Oval Facilities and funding from the Bushfire Local Economic Recovery Fund for the Brelsford Park Masterplan. All amounts are expected to be spent within the next 12 months.

#### Contributions

Unspent funds at 1 July	24,908	23,429	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	8,101	8,436	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(6,895)	(6,957)	–	–
<b>Unspent contributions at 30 June</b>	<b>26,114</b>	<b>24,908</b>	<b>–</b>	<b>–</b>

Unexpended contributions held as restricted assets are developer Contributions. The funds are collected across a variety of district and area specific Contribution Plans. The funds collected are derived and levied from development consents issued. Funds are expended on an ongoing basis in accordance with project delivery requirements as outlined within the specified Contributions Plan.

## B2-4 Grants and contributions (continued)

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### Accounting policy

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

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

The performance obligations vary according to the agreement but include completion of IPPE construction, delivery of specified service and completion of event. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	360	206
– Cash and investments	2,811	2,866
– Deferred debtors	2	2
Finance income on the net investment in the lease	1,236	–
<b>Fair valuation of financial liabilities on recognition</b>		
– Interest free (or favourable) loans and advances received	2	6
<b>Total interest and investment income (losses)</b>	<b>4,411</b>	<b>3,080</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	360	206
General Council cash and investments	2,000	451
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	–	103
– Section 64	–	21
Water fund operations	279	483
Sewerage fund operations	536	1,184
Domestic waste management operations	–	212
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	1,236	420
<b>Total interest and investment income</b>	<b>4,411</b>	<b>3,080</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		–	689
<b>Total Fair value increment on investments</b>	C1-2	<b>–</b>	<b>689</b>
<b>Operating lease income</b>			
<b>Operational property leases</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,126	1,333
<b>Total operational property leases</b>		<b>1,126</b>	<b>1,333</b>
<b>Other lease income</b>			
Room/Facility Hire		315	142
Licence and Agistment Agreements		353	263
<b>Total other lease income</b>		<b>668</b>	<b>405</b>
<b>Total lease income</b>	C2-2	<b>1,794</b>	<b>1,738</b>
<b>Total other income</b>		<b>1,794</b>	<b>2,427</b>

## B3 Costs of providing services

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

\$ '000	2022	2021
Salaries and wages	42,294	42,117
Employee termination costs	1,011	75
Employee leave entitlements (ELE)	7,466	7,678
Superannuation – defined contribution plans	4,604	3,966
Superannuation – defined benefit plans	853	1,041
Workers' compensation insurance	1,065	1,271
Fringe benefit tax (FBT)	21	48
Payroll tax	493	529
Protective clothing	256	219
Other	350	114
<b>Total employee costs</b>	<b>58,413</b>	<b>57,059</b>
Less: capitalised costs	(4,444)	(5,918)
<b>Total employee costs expensed</b>	<b>53,969</b>	<b>51,141</b>
Number of 'full-time equivalent' employees (FTE) at year end	563	560

#### 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.

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

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

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		31,643	26,829
Contractor and consultancy costs		135,836	79,981
Audit Fees	F2-1	227	217
Councillor and Mayoral fees and associated expenses	F1-2	318	282
Bank charges		386	380
Election expenses		(2)	–
Electricity and heating		3,591	3,839
Insurance		1,734	1,644
Office expenses (including computer expenses)		100	106
Postage		200	233
Printing and stationery		246	256
Street lighting		610	594
Subscriptions and publications		964	853
Telephone and communications		548	495
Valuation fees		196	196
Travel expenses		87	140
Training costs (other than salaries and wages)		417	633
Other expenses		263	274
Impairment of Loan to Non Profit Organisations		–	100
<b>Legal expenses:</b>			
Expenses from short-term leases		50	150
– Legal expenses: planning and development		541	538
– Legal expenses: other		1,373	3,002
<b>Total materials and services</b>		<b>179,328</b>	<b>120,742</b>
Less: capitalised costs		(94,298)	(51,969)
<b>Total materials and services</b>		<b>85,030</b>	<b>68,773</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2022	2021
<b>(i) Interest bearing liability costs</b>			
Interest on leases		22	–
Interest on loans		7,633	7,450
<b>Total interest bearing liability costs</b>		<b>7,655</b>	<b>7,450</b>
<b>Total interest bearing liability costs expensed</b>		<b>7,655</b>	<b>7,450</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	83	9
– Interest applicable on interest free (and favourable) loans to Council		9	9
<b>Total other borrowing costs</b>		<b>92</b>	<b>18</b>
<b>Total borrowing costs expensed</b>		<b>7,747</b>	<b>7,468</b>

### Accounting policy

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

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		3,796	3,830
Office equipment		466	540
Furniture and fittings		193	193
Land improvements (depreciable)		109	111
<b>Infrastructure:</b>	C1-8		
– Buildings – non-specialised		864	790
– Buildings – specialised		2,939	1,400
– Roads		11,175	10,746
– Bridges		1,218	1,232
– Footpaths		1,415	1,308
– Stormwater drainage		2,128	2,157
– Water supply network		5,269	5,213
– Sewerage network		7,726	7,697
– Swimming pools		79	79
– Other open space/recreational assets		3,846	3,803
– Other infrastructure		87	97
Right of use assets	C2-1	856	–
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-8	369	1,407
Intangible assets	C1-9	580	1,046
<b>Total gross depreciation and amortisation costs</b>		<b>43,115</b>	<b>41,649</b>
<b>Total depreciation and amortisation costs</b>		<b>43,115</b>	<b>41,649</b>
<b>Total depreciation, amortisation and impairment of non-financial assets</b>		<b>43,115</b>	<b>41,649</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets and Note C1-9 for intangible assets.

#### Impairment of non-financial assets

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

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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
Other		(14)	(20)
<b>Total impairment of receivables</b>	C1-4	<b>(14)</b>	<b>(20)</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,342	1,674
– Contributions to regional parks		318	318
– Other contributions/levies		565	556
Donations, contributions and assistance to other organisations (Section 356)		770	1,024
<b>Total other</b>		<b>2,995</b>	<b>3,572</b>
<b>Total other expenses</b>		<b>2,981</b>	<b>3,552</b>

### Accounting policy

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

Impairment expenses are recognised when identified.



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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		12,751	2,102
Less: carrying amount of property assets sold/written off		<u>(14,072)</u>	<u>(3,016)</u>
<b>Gain (or loss) on disposal</b>		<b><u>(1,321)</u></b>	<b><u>(914)</u></b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-8		
Proceeds from disposal – plant and equipment		1,121	1,237
Less: carrying amount of plant and equipment assets sold/written off		<u>(3,011)</u>	<u>(938)</u>
<b>Gain (or loss) on disposal</b>		<b><u>(1,890)</u></b>	<b><u>299</u></b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-8		
Less: carrying amount of infrastructure assets sold/written off		<u>(1,636)</u>	<u>(5,348)</u>
<b>Gain (or loss) on disposal</b>		<b><u>(1,636)</u></b>	<b><u>(5,348)</u></b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		93,419	66,945
Less: carrying amount of investments sold/redeemed/matured		<u>(93,419)</u>	<u>(66,945)</u>
<b>Gain (or loss) on disposal</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Net gain (or loss) from disposal of assets</b>		<b><u>(4,847)</u></b>	<b><u>(5,963)</u></b>

**Accounting policy**

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
<b>Revenues</b>					
<b>Rates and annual charges</b>	104,869	107,222	2,353	2%	<b>F</b>
<b>User charges and fees</b>	61,000	46,073	(14,927)	(24)%	<b>U</b>
Budgeted income for Coastal Works was originally treated as 'User Charges and Fees' and was re-categorised as 'Other Revenue' during the year.					
<b>Other revenues</b>	5,985	19,650	13,665	228%	<b>F</b>
Budgeted income for Coastal Works was originally treated as 'User Charges and Fees' and was re-categorised as 'Other Revenue' during the year. In addition anticipated expenses related to Highway Bypass works to be completed by City Works partially pushed into 2022/23.					
<b>Operating grants and contributions</b>	14,600	18,695	4,095	28%	<b>F</b>
The Financial Assistance Grant has previously been paid as 50% in advance, however this year Council received 75% of the grant in advance.					
<b>Capital grants and contributions</b>	62,274	60,747	(1,527)	(2)%	<b>U</b>
<b>Interest and investment revenue</b>	5,068	4,411	(657)	(13)%	<b>U</b>
Projected investment income impacted by both domestic and global forces affecting rate levels across all investment options.					
<b>Other income</b>	1,870	1,794	(76)	(4)%	<b>U</b>

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	47,693	53,969	(6,276)	(13)% U
Budget increased by \$900k during the year. Part of this increase was due to the pools operations at Sawtell, Woolgoolga and Coffs Harbour which was originally a lease arrangement came back under Council control and a risk assessment has seen further staff costs incurred than originally predicted. Finally, the amount of employee costs capitalised was less than anticipated.				
<b>Materials and services</b>	80,121	85,030	(4,909)	(6)% U
<b>Borrowing costs</b>	6,879	7,747	(868)	(13)% U
This variation is due to the timing and interest rate achieved on Council's 50.265M loan drawdown for Yarrilla Place.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	45,755	43,115	2,640	6% F
<b>Other expenses</b>	16,118	2,981	13,137	82% F
Anticipated expenses related to Highway Bypass works to be completed by City Works partially pushed into 2022/23.				
<b>Net losses from disposal of assets</b>	-	4,847	(4,847)	∞ U
Given the uncertain nature of these expenses they are not currently budgeted for.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	89,734	78,577	(11,157)	(12)% U
Original budget do not include revisions for revotes and quarterly review. Substantial increases to capital budgets as a result of those amendments were reflected in the actual result. Finally, budgeted income for Coastal Works was originally treated as 'User Charges and Fees' and was re-categorised as 'Other Revenue' during the year.				
<b>Cash flows from investing activities</b>	(154,269)	(123,517)	30,752	(20)% F
The timing of the purchase and sale of investments are driven by anticipated cash flows, these have been impacted by economic factors outside of Council's control.				
<b>Cash flows from financing activities</b>	41,741	40,369	(1,372)	(3)% U

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	4,287	4,345
Cash equivalent assets		
– Deposits at call	48,845	53,358
<b>Total cash and cash equivalents</b>	<b>53,132</b>	<b>57,703</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	53,132	57,703
<b>Balance as per the Statement of Cash Flows</b>	<b>53,132</b>	<b>57,703</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	39,400	60,550	56,500	10,000
Floating rate term deposits	–	5,750	5,000	5,772
Fixed coupon bonds	–	31,771	–	28,253
<b>Total</b>	<b>39,400</b>	<b>98,071</b>	<b>61,500</b>	<b>44,025</b>
<b>Loans and receivables at fair value through profit and loss</b>				
Non Profit Organisations	21	400	21	421
Less: Provision for impairment recognised	–	(400)	–	(400)
<b>Total</b>	<b>21</b>	<b>–</b>	<b>21</b>	<b>21</b>
<b>Equity securities at fair value through other comprehensive income (FVOCI)</b>				
Negotiable Certificate of Deposits (NCDs), Floating Rate Notes (FRNs) (with maturities > 3 months)	20,880	71,063	18,844	71,929
<b>Total</b>	<b>20,880</b>	<b>71,063</b>	<b>18,844</b>	<b>71,929</b>
<b>Total financial investments</b>	<b>60,301</b>	<b>169,134</b>	<b>80,365</b>	<b>115,975</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>113,433</b>	<b>169,134</b>	<b>138,068</b>	<b>115,975</b>

## C1-2 Financial investments (continued)

### Equity securities designated as at FVOCI

The investments shown designated as equity securities as at FVOCI represent investments that the Council intends to hold for the long-term strategic purposes.

No strategic investments were disposed of during 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

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

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

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

### Fair value through other comprehensive income – equity instruments

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

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

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

### Financial assets through profit or loss

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

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

Council's financial assets measured at FVTPL comprise nil investments in the Statement of Financial Position.

## C1-2 Financial investments (continued)

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>282,567</b>	254,043
Less: Externally restricted cash, cash equivalents and investments	<u>(126,601)</u>	<u>(135,225)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>155,966</b>	118,818
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – water	10,685	11,959
Specific purpose unexpended loans – sewer	4,443	9,641
Specific purpose unexpended grants – general fund	13,332	8,977
<b>External restrictions – included in liabilities</b>	<b>28,460</b>	30,577
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	18,703	20,882
Developer contributions – water fund	3,660	2,369
Developer contributions – sewer fund	3,429	1,658
Water fund	10,303	14,840
Transition To Sustainability ("T2S") savings - Water	90	–
Sewer fund	29,394	32,021
Transition To Sustainability ("T2S") savings - Sewer	474	–
Domestic waste management	32,088	32,878
<b>External restrictions – other</b>	<b>98,141</b>	104,648
<b>Total external restrictions</b>	<b>126,601</b>	135,225

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.

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

<b>\$ '000</b>	<b>2022</b>	2021
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>155,966</b>	118,818
Less: Internally restricted cash, cash equivalents and investments	<u>(148,807)</u>	<u>(108,048)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b><u>7,159</u></b>	<u>10,770</u>

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

<b>\$ '000</b>	<b>2022</b>	2021
<b>Internal allocations</b>		
At 30 June, Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	<b>15,569</b>	14,601
Employees leave entitlement	<b>5,732</b>	13,559
Deposits, retentions and bonds	<b>2,714</b>	2,193
Unexpended contributions – general	<b>584</b>	465
RMS contributions – Sapphire to Woolgoolga	<b>3,347</b>	3,448
Environmental levy	<b>322</b>	259
Community facilities	<b>3,052</b>	2,590
Coffs Harbour Laboratory business unit	<b>2,307</b>	2,500
Strategic initiatives	<b>1,373</b>	1,728
Coastal Works business unit	<b>543</b>	358
RMS contributions – Pine Creek hand over	<b>1,766</b>	1,777
Flood mitigation works	<b>5,054</b>	5,213
CitySmart Solutions business unit	<b>134</b>	–
Unexpended loans – general	<b>46,663</b>	963
Waste management – non-domestic	<b>13,084</b>	14,954
Infrastructure assets renewal – general	<b>9,011</b>	8,187
CBD masterplan	<b>536</b>	367
Transition To Sustainability ("T2S") savings	<b>2,392</b>	1,050
Renewable energy	<b>861</b>	642
Coffs Coast Holiday Parks and Reserves	<b>3,855</b>	5,559
Special Rate Variation Revotes	<b>6,229</b>	2,478
Coffs Harbour Airport Lease Reserve	<b>23,560</b>	25,027
Other	<b>119</b>	130
<b>Total internal allocations</b>	<b>148,807</b>	<b>108,048</b>

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



## C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	4,245	1,951	4,288	1,781
Interest and extra charges	402	616	421	553
User charges and fees	3,421	167	2,220	86
Private works	83	–	70	–
Accrued revenues				
– Interest on investments	761	–	625	–
– User charges and fees	2,406	–	2,447	–
– Other income accruals	173	–	–	–
Government grants and subsidies	6,173	–	8,439	5
Net GST receivable	1,147	–	85	–
Airport landing charges	–	622	339	622
Switchboard sales	41	–	38	–
Airport Lease non-current receivable	–	61,841	–	60,670
Tip charges	420	–	289	–
Lease rentals	113	–	51	–
Coffs Harbour Laboratory	67	–	57	–
Other debtors	855	147	1,308	83
<b>Total</b>	<b>20,307</b>	<b>65,344</b>	<b>20,677</b>	<b>63,800</b>
<b>Less: provision for impairment</b>				
Other debtors	(769)	–	(704)	–
<b>Total provision for impairment – receivables</b>	<b>(769)</b>	<b>–</b>	<b>(704)</b>	<b>–</b>
<b>Total net receivables</b>	<b>19,538</b>	<b>65,344</b>	<b>19,973</b>	<b>63,800</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	148	102	151	101
– Other	4,774	28	3,107	67
<b>Sewerage services</b>				
– Rates and availability charges	902	627	903	616
– Other	943	24	(1,912)	13
<b>Domestic waste management</b>	<b>778</b>	<b>606</b>	<b>895</b>	<b>474</b>
<b>Total external restrictions</b>	<b>7,545</b>	<b>1,387</b>	<b>3,144</b>	<b>1,271</b>
<b>Internally restricted receivables</b>				
Non Domestic Waste management	22	17	20	11
<b>Internally restricted receivables</b>	<b>22</b>	<b>17</b>	<b>20</b>	<b>11</b>
<b>Unrestricted receivables</b>	<b>11,971</b>	<b>63,940</b>	<b>16,809</b>	<b>62,518</b>
<b>Total net receivables</b>	<b>19,538</b>	<b>65,344</b>	<b>19,973</b>	<b>63,800</b>

## C1-4 Receivables (continued)

\$ '000	2022	2021
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	704	844
+ new provisions recognised during the year	146	83
– amounts already provided for and written off this year	(11)	(118)
– amounts provided for but recovered during the year	(70)	(105)
<b>Balance at the end of the year</b>	<b>769</b>	<b>704</b>

### Accounting policy

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

#### Airport Lease non-current receivable

On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners. The lease agreement included the ongoing operations of Coffs Harbour Airport and Enterprise Park land.

Council de-recognised the fair value of the airport assets subject to the lease and recognised a non-current receivable for the current value of those assets on 1 June 2021, less the airport lease premium received to date.

### Impairment

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

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

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

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

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

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

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

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

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	1,395	-	1,359	-
Trading stock	842	-	929	-
<b>Total inventories at cost</b>	<b>2,237</b>	<b>-</b>	<b>2,288</b>	<b>-</b>
<b>Total inventories</b>	<b>2,237</b>	<b>-</b>	<b>2,288</b>	<b>-</b>

### Externally restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Domestic waste management</b>				
Stores and materials	115	-	67	-
<b>Total domestic waste management</b>	<b>115</b>	<b>-</b>	<b>67</b>	<b>-</b>
<b>Total externally restricted assets</b>	<b>115</b>	<b>-</b>	<b>67</b>	<b>-</b>
<b>Total internally restricted assets</b>	<b>94</b>	<b>-</b>	<b>55</b>	<b>-</b>
<b>Total unrestricted assets</b>	<b>2,028</b>	<b>-</b>	<b>2,166</b>	<b>-</b>
<b>Total inventories</b>	<b>2,237</b>	<b>-</b>	<b>2,288</b>	<b>-</b>

### Accounting policy

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	22,706	–	13,948	–
<b>Total contract assets and contract cost assets</b>	<b>22,706</b>	<b>–</b>	<b>13,948</b>	<b>–</b>

### Contract assets

Other	22,706	–	13,948	–
<b>Total contract assets</b>	<b>22,706</b>	<b>–</b>	<b>13,948</b>	<b>–</b>

### Significant changes in contract assets

Significant changes in contract assets are due to Federal and State funding for the Airport Enterprise Park project and Wiigulga Sports Complex is receivable based upon progress reports. All amounts of funding are expected within the next 12 months.

### (i) Externally restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Externally restricted assets</b>				
Other (Grants and Contributions)	21,478	–	12,478	–
<b>Total externally restricted assets</b>	<b>21,478</b>	<b>–</b>	<b>12,478</b>	<b>–</b>
<b>Internally restricted assets</b>				
Other (City Smart Solutions)	40	–	–	–
Other (Coastal Works)	1,188	–	1,470	–
<b>Total internally restricted assets</b>	<b>1,228</b>	<b>–</b>	<b>1,470</b>	<b>–</b>
<b>Total restricted assets</b>	<b>22,706</b>	<b>–</b>	<b>13,948</b>	<b>–</b>
<b>Total contract assets and contract cost asset</b>	<b>22,706</b>	<b>–</b>	<b>13,948</b>	<b>–</b>

### Accounting policy

#### Contract assets

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

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

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

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

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

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

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

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

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

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

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Non-current assets held for sale</b>				
Land	1,187	–	7,446	–
Buildings	–	–	12,177	–
<b>Total non-current assets held for sale</b>	<b>1,187</b>	<b>–</b>	<b>19,623</b>	<b>–</b>
<b>Total non-current assets classified as held for sale</b>	<b>1,187</b>	<b>–</b>	<b>19,623</b>	<b>–</b>

### Details of assets and disposal groups

Land and Buildings classified as Non Current Assets Held for Sale represent Land and Buildings that Council has committed to sell and it is expected that those sales will occur in the subsequent financial year.

### Reconciliation of non-current assets held for sale and disposal groups – i.e. discontinued operations

\$ '000	2022 Assets 'held for sale'	2021 Assets 'held for sale'
<b>Opening balance</b>	<b>19,623</b>	2,940
Less: carrying value of assets sold	<b>(12,449)</b>	–
<b>Balance still unsold after 12 months:</b>	<b>7,174</b>	2,940
Less: assets no longer classified as held for sale	<b>(7,174)</b>	(1,965)
<u>Plus new transfers in:</u>		
– Assets held for sale	<b>1,187</b>	18,648
<b>Closing balance of held for sale non-current assets and operations</b>	<b>1,187</b>	<b>19,623</b>

### Accounting policy

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

Non-current assets are not depreciated or amortised while they are classified as held for sale.

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	76,784	–	76,784	18,547	72,083	(1,651)	–	(16,326)	16	–	–	–	149,453	–	149,453
Plant and equipment	49,873	(28,988)	20,885	2,544	6	(3,007)	(3,796)	155	(6)	–	–	–	39,352	(22,571)	16,781
Office equipment	4,195	(3,226)	969	–	–	–	(466)	–	3	–	–	–	4,172	(3,666)	506
Furniture and fittings	4,029	(2,713)	1,316	7	4	–	(193)	–	–	–	–	–	4,041	(2,907)	1,134
<b>Land:</b>															
– Operational land	111,404	–	111,404	–	2,318	–	–	–	–	2,359	–	36,564	152,645	–	152,645
– Community land	76,220	–	76,220	–	180	–	–	–	–	(7)	–	–	76,393	–	76,393
– Land under roads (post 30/6/08)	3,657	–	3,657	599	–	–	–	–	–	–	–	27	4,283	–	4,283
Land improvements – depreciable	3,559	(1,976)	1,583	21	52	(18)	(109)	22	–	–	–	142	3,920	(2,227)	1,693
<b>Infrastructure:</b>															
– Buildings – non-specialised	45,309	(15,416)	29,893	46	393	(95)	(864)	515	–	3,635	–	3,212	58,992	(22,257)	36,735
– Buildings – specialised	102,602	(27,498)	75,104	652	1,283	(8)	(2,939)	2,875	772	–	–	7,079	118,157	(33,339)	84,818
– Roads	636,516	(137,830)	498,686	817	4,982	(217)	(11,175)	2,030	(385)	–	–	37,526	692,754	(160,490)	532,264
– Bridges	101,473	(32,464)	69,009	828	676	(213)	(1,218)	432	–	–	–	5,199	110,611	(35,898)	74,713
– Footpaths	77,443	(21,070)	56,373	126	1,004	(25)	(1,415)	513	–	–	–	4,306	85,092	(24,210)	60,882
– Bulk earthworks (non-depreciable)	249,268	–	249,268	7	1,280	(25)	–	191	385	–	–	19,346	270,452	–	270,452
– Stormwater drainage	239,609	(70,857)	168,752	159	4,883	(204)	(2,128)	309	1	–	–	13,188	264,863	(79,903)	184,960
– Water supply network	482,278	(135,604)	346,674	726	498	(311)	(5,269)	4,120	(628)	–	(18,767)	–	454,686	(127,643)	327,043
– Sewerage network	695,257	(223,207)	472,050	367	1,456	(260)	(7,726)	3,433	(16)	–	–	39,596	751,672	(242,772)	508,900
– Swimming pools	4,713	(2,697)	2,016	–	–	–	(79)	–	–	–	–	186	5,165	(3,042)	2,123
– Other open space/recreational assets	75,186	(41,715)	33,471	520	865	(238)	(3,846)	1,731	(127)	–	–	2,808	84,309	(49,125)	35,184
– Other infrastructure	1,189	(667)	522	–	22	–	(87)	–	–	–	–	40	1,358	(861)	497
<b>Other assets:</b>															
– Other	1,374	–	1,374	–	64	–	–	–	–	–	–	–	1,438	–	1,438
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	8,171	(6,673)	1,498	–	–	–	(369)	–	911	–	–	–	9,082	(7,042)	2,040
<b>Total infrastructure, property, plant and equipment</b>	<b>3,050,109</b>	<b>(752,601)</b>	<b>2,297,508</b>	<b>25,966</b>	<b>92,049</b>	<b>(6,272)</b>	<b>(41,679)</b>	<b>–</b>	<b>926</b>	<b>5,987</b>	<b>(18,767)</b>	<b>169,219</b>	<b>3,342,890</b>	<b>(817,953)</b>	<b>2,524,937</b>

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	46,219	–	46,219	15,670	36,398	(353)	–	(21,150)	–	–	–	–	76,784	–	76,784
Plant and equipment	50,804	(28,991)	21,813	765	3,547	(1,604)	(3,830)	254	–	–	–	–	49,873	(28,988)	20,885
Office equipment	3,904	(2,699)	1,205	–	–	(8)	(540)	312	–	–	–	–	4,195	(3,226)	969
Furniture and fittings	4,311	(2,745)	1,566	–	–	(40)	(193)	–	–	–	–	–	4,029	(2,713)	1,316
<b>Land:</b>															
– Operational land	137,626	–	137,626	–	–	(900)	–	–	(16,782)	(6,102)	(2,438)	–	111,404	–	111,404
– Community land	75,834	–	75,834	–	386	–	–	–	–	–	–	–	76,220	–	76,220
– Land under roads (post 30/6/08)	3,657	–	3,657	–	–	–	–	–	–	–	–	–	3,657	–	3,657
Land improvements – depreciable	3,412	(1,897)	1,515	2	26	(5)	(111)	218	(55)	–	–	–	3,559	(1,976)	1,583
<b>Infrastructure:</b>															
– Buildings – non-specialised	70,282	(24,451)	45,831	163	31	(1,843)	(790)	314	10	(10,568)	(3,255)	–	45,309	(15,416)	29,893
– Buildings – specialised	125,688	(32,667)	93,021	76	5	(268)	(1,400)	1,291	(17,184)	–	–	–	102,602	(27,498)	75,104
– Roads	672,424	(156,085)	516,339	1,592	262	(1,881)	(10,746)	6,161	(35,405)	–	–	23,489	636,516	(137,830)	498,686
– Bridges	102,431	(37,295)	65,136	188	177	(54)	(1,232)	125	–	–	–	4,669	101,473	(32,464)	69,009
– Footpaths	73,249	(15,890)	57,359	146	1,078	(22)	(1,308)	2,723	–	–	(3,603)	–	77,443	(21,070)	56,373
– Bulk earthworks (non-depreciable)	258,751	–	258,751	258	45	(327)	–	1,120	(10,895)	–	316	–	249,268	–	249,268
– Stormwater drainage	249,863	(67,225)	182,638	85	641	(146)	(2,157)	1,576	(3,382)	–	(10,503)	–	239,609	(70,857)	168,752
– Water supply network	475,926	(129,434)	346,492	747	445	(397)	(5,213)	1,440	–	–	–	3,160	482,278	(135,604)	346,674
– Sewerage network	687,529	(214,156)	473,373	466	1,451	(1,530)	(7,697)	1,684	–	–	–	4,303	695,257	(223,207)	472,050
– Swimming pools	4,713	(2,618)	2,095	–	–	–	(79)	–	–	–	–	–	4,713	(2,697)	2,016
– Other open space/recreational assets	74,171	(39,249)	34,922	169	752	(349)	(3,803)	3,809	(1,912)	–	–	–	75,186	(41,715)	33,471
– Other infrastructure	1,191	(572)	619	–	–	–	(97)	–	–	–	–	–	1,189	(667)	522
<b>Other assets:</b>															
– Other	1,270	–	1,270	–	113	(9)	–	–	–	–	–	–	1,374	–	1,374
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	8,079	(5,266)	2,813	–	–	–	(1,407)	–	92	–	–	–	8,171	(6,673)	1,498
<b>Total infrastructure, property, plant and equipment</b>	<b>3,131,334</b>	<b>(761,240)</b>	<b>2,370,094</b>	<b>20,327</b>	<b>45,357</b>	<b>(9,736)</b>	<b>(40,603)</b>	<b>(123)</b>	<b>(85,513)</b>	<b>(16,670)</b>	<b>(19,483)</b>	<b>35,621</b>	<b>3,050,109</b>	<b>(752,601)</b>	<b>2,297,508</b>

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

<b>Plant and equipment</b>	Years	<b>Land Improvements</b>	Years
Office equipment	3 to 20	Activity Area	5 to 80
Office furniture	3 to 50		
Computer equipment	3		
Vehicles	2 to 10	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 21	Buildings	4 to 184
Other plant and equipment	3 to 50		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	22 to 159	Drains	60 to 150
Pump stations	24 to 97	Pipes, pits and culverts	80 to 120
Mains	59 to 168	Gross pollutant traps	70 to 80
Treatment plants	8 to 163		
Telemetry	10 to 40		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	18 to 60	Bulk earthworks	Infinite
Sealed roads: structure	40 to 60	Swimming pools	50
Unsealed roads	10	Other open space/recreational assets	2 to 100
Bridge: concrete	30 to 100	Playground equipment	20
Bridge: other	30 to 100	Benches, seats etc.	20
Footpaths and cycleways	15 to 60		
Kerb, gutter and paths	75 to 200		

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

#### Revaluation model

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

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE 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.



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

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### **Land under roads**

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

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

### **Crown reserves**

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

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

### **Rural Fire Service assets**

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

Council has assessed whether it controls any material Rural Fire Services plant and equipment in accordance with Australian Accounting Standards and has determined that the assets are not material. As a result, the assets have been derecognised and any non-cash contribution income is not included within these financial statements.

Council continues to recognise RFS buildings on Council controlled land.

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/22			as at 30/06/21		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>Water supply</b>						
WIP	9,453	–	9,453	9,010	–	9,010
Plant and equipment	1,822	1,760	62	1,822	1,754	68
Office equipment	237	237	–	237	237	–
Land						
– Operational land	6,930	–	6,930	5,258	–	5,258
Buildings	1,645	75	1,570	915	31	884
Infrastructure	454,105	124,840	329,265	481,689	135,512	346,177
<b>Total water supply</b>	<b>474,192</b>	<b>126,912</b>	<b>347,280</b>	<b>498,931</b>	<b>137,534</b>	<b>361,397</b>
<b>Sewerage services</b>						
WIP	9,322	–	9,322	9,349	–	9,349
Plant and equipment	83	78	5	83	77	6
Office equipment	150	130	20	150	103	47
Furniture and fittings	80	80	–	80	80	–
Land						
– Operational land	17,621	–	17,621	13,369	–	13,369
Buildings	1,993	216	1,777	1,813	150	1,663
Infrastructure	749,670	232,543	517,127	693,678	222,918	470,760
<b>Total sewerage services</b>	<b>778,919</b>	<b>233,047</b>	<b>545,872</b>	<b>718,522</b>	<b>223,328</b>	<b>495,194</b>
<b>Domestic waste management</b>						
WIP	480	–	480	13	–	13
Plant and equipment	224	169	55	200	162	38
Office equipment	4	4	–	4	4	–
Land						
– Operational land	7,965	–	7,965	6,473	–	6,473
Buildings	1,365	494	871	1,244	434	810
Other structures	383	127	256	349	105	244
Infrastructure	4,995	3,873	1,122	4,494	3,670	824
<b>Total domestic waste management</b>	<b>15,416</b>	<b>4,667</b>	<b>10,749</b>	<b>12,777</b>	<b>4,375</b>	<b>8,402</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>1,268,527</b>	<b>364,626</b>	<b>903,901</b>	<b>1,230,230</b>	<b>365,237</b>	<b>864,993</b>

## C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	3,153	3,038
Accumulated amortisation	(2,930)	(2,411)
<b>Net book value – opening balance</b>	<b>223</b>	<b>627</b>
<b>Movements for the year</b>		
Other movements	–	121
Amortisation charges	(59)	(525)
<b>Closing values at 30 June</b>		
Gross book value	3,153	3,153
Accumulated amortisation	(2,989)	(2,930)
<b>Total software – net book value</b>	<b>164</b>	<b>223</b>
<b>Other</b>		
<b>Regional Water Supply</b>		
<b>Opening values at 1 July</b>		
Gross book value	59,880	59,880
Accumulated amortisation	(9,792)	(9,271)
<b>Net book value – opening balance</b>	<b>50,088</b>	<b>50,609</b>
<b>Movements for the year</b>		
Amortisation charges	(521)	(521)
<b>Closing values at 30 June</b>		
Gross book value	59,880	59,880
Accumulated amortisation	(10,313)	(9,792)
<b>Total Regional Water Supply – net book value</b>	<b>49,567</b>	<b>50,088</b>

## C1-9 Intangible assets (continued)

\$ '000	2022	2021
<b>Goodwill</b>		
<b>Opening values at 1 July</b>		
Gross book value	-	1,920
Accumulated impairment	-	(556)
<b>Net book value – opening balance</b>	<b>-</b>	<b>1,364</b>
<b>Movements for the year</b>		
Impairment charges	-	(1,364)
<b>Closing values at 30 June</b>		
<b>Total Goodwill – net book value</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets – net book value</b>	<b>49,731</b>	<b>50,311</b>

### Accounting policy

#### Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses 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 and software 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.

#### Regional Water Supply Scheme

Council has contributed to the construction of Regional Water Supply Scheme infrastructure assets that are not controlled by Council to secure water supply entitlements. The contributions are classified as an intangible asset with a definite life as the Council has obligations to contribute to the operation and replacement of the Regional Water Supply Scheme infrastructure assets which have limited effective economic lives.

The intangible asset is amortised relative to the effective economic lives of the Regional Water Supply Scheme infrastructure assets. Amortisation is calculated on a straight line basis over 100 years.

#### Goodwill on Acquisition of Commercial Operations

Council's goodwill had arisen from the acquisition of the Coffs Harbour Airport Security Carpark business in 2014. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is an indefinite life intangible asset and is tested for impairment annually based upon the value in use method of valuation.

An impairment test was conducted on 31 May 2021 and due to the impacts of COVID-19 on the aviation industry and the discontinuation of airport operations at 31 May 2021, the value in use indicated there was impairment of the carrying amount of \$1,363,966. This resulted in the complete derecognition of the Goodwill on Acquisition of Commercial Operations intangible asset in the 2020/21 financial year.

An impairment loss is recognised for the amount by which the cash generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine value in use, management estimates the expected future cash flows from the cash generating unit, and determines a suitable interest rate in order to calculate the present value of those cash flows.

Impairment losses for cash generating units reduce first the carrying amount of goodwill allocated to the cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

## C1-10 Other

### Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	620	3,176	537	3,356
Other	249	-	207	(1)
<b>Total other assets</b>	<b>869</b>	<b>3,176</b>	<b>744</b>	<b>3,355</b>

### Externally restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Water</b>				
Prepayments	18	-	-	-
<b>Total water</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage</b>				
Prepayments	38	-	-	-
<b>Total sewerage</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total externally restricted assets	56	-	-	-

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over five (5) building assets. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Buildings

Council leases land and buildings for their corporate offices and other buildings; the leases are generally between 2 and 3 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

##### Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

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

There are \$1,306,000 in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

#### (a) Right of use assets

\$ '000	Leased Properties	Total
<b>2022</b>		
Opening balance at 1 July	–	–
Additions to right-of-use assets	3,315	3,315
Depreciation charge	(856)	(856)
<b>Balance at 30 June</b>	<b>2,459</b>	<b>2,459</b>
<b>2021</b>		
Opening balance at 1 July	–	–

#### (b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	1,104	1,332	–	–
<b>Total lease liabilities</b>	<b>1,104</b>	<b>1,332</b>	<b>–</b>	<b>–</b>

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2022</b>					
Cash flows	1,104	1,332	–	2,436	2,436

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

### (c) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	22	–
Depreciation of right of use assets	856	–
Expenses relating to short-term leases	50	150
	<b>928</b>	<b>150</b>

### (d) Statement of Cash Flows

Total cash outflow for leases	(898)	(160)
	<b>(898)</b>	<b>(160)</b>

### Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use 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

### (a) Operating leases

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

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

\$ '000	2022	2021
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#### (i) Operational Property Leases

Operational property leases relate to use by community groups.

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)	1,126	1,333
<b>Total income relating to operating leases for council assets</b>	<b>1,126</b>	<b>1,333</b>

#### (ii) Other Lease Income

Council earns an immaterial amount of income relating to the provision of room and facility hire of Council buildings for community purposes. Licence and agistment agreements are also in use for various community events and recreational use.

Room/Facility Hire and Licence/Agistment Agreements	668	405
<b>Total income relating to operating leases for Council assets</b>	<b>668</b>	<b>405</b>



## C2-2 Council as a lessor (continued)

### (b) Finance leases

\$ '000	2022	2021
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On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners (ACN 645 547 992 Pty Ltd Trading as Coffs Harbour Airport Trust). The lease agreement includes the ongoing operations of the Coffs Harbour Airport and Enterprise Park land.

Council has classified the lease agreement as a finance lease due to the length of the initial lease term.

The consideration for the Airport IPPE assets and value of the ongoing operations is realised through fixed payments on a specified date and agreed variable revenue share arrangements over the term of the lease.

Council recognises the net investment in the lease as the discounted unguaranteed residual value of the assets (land and bulk earthworks) emerging back to Council in 2120, with interest accreting annually.

While the finance lease consists of two components being the lease of the Airport assets and Enterprise Park assets, the net investment in the lease at 30 June 2022 only includes the lease of the Airport assets. The lease of the Enterprise Park assets is not included as it is still under construction by Council and the underlying asset is not yet available for use by the lessee.

The Enterprise Park lease is expected to be recognised when construction is completed in 2022/23. Additional undiscounted lease payments of \$39m will be recognised as a lease receivable upon completion of the Enterprise Park assets.

Income relating to variable lease payments not included in the measurement of the net investment in the lease	16	–
Finance income on the net investment in the lease	1,236	–
<b>Total Income relating to finance leases</b>	<b>1,252</b>	<b>–</b>

#### **Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:**

4–5 years	17,500	–
> 5 years	–	17,500
<b>Total lease payments receivable</b>	<b>17,500</b>	<b>17,500</b>

Unearned finance income	(1,459)	(1,850)
Discounted unguaranteed residual value	45,800	44,955
<b>Net investment in the lease</b>	<b>61,841</b>	<b>60,605</b>

#### **Discounted unguaranteed residual value**

The residual value of the Airport assets (excluding Enterprise Park) in 99 years is estimated at \$284m, using an annual indexation of 2.38%. The present value at the inception of the lease was \$45m, discounted using the interest rate implicit in the lease of 1.88%.

The residual value of the Enterprise Park assets is expected to be approximately \$303m when construction is completed and the lease is recognised in the 2022/23 financial year.

#### **Accounting policy**

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Prepaid rates	2,779	–	2,466	–
Goods and services – operating expenditure	247	–	1,471	–
Goods and services – capital expenditure	3,209	–	1,359	–
Accrued expenses:				
– Borrowings	898	–	906	–
– Salaries and wages	666	–	462	–
– Other expenditure accruals	2,217	–	5,549	–
Security bonds, deposits and retentions	3,176	–	2,611	–
Other	692	–	5,224	–
<b>Total payables</b>	<b>13,884</b>	<b>–</b>	<b>20,048</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	570	–	202	–
Sewer	849	–	244	–
Domestic waste management	56	–	1,063	–
Payables relating to externally restricted assets	1,475	–	1,509	–
<b>Internally restricted assets</b>				
Non Domestic Waste management	45	–	870	–
Payables relating to internally restricted assets	45	–	870	–
<b>Total payables relating to restricted assets</b>	<b>1,520</b>	<b>–</b>	<b>2,379</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>12,364</b>	<b>–</b>	<b>17,669</b>	<b>–</b>
<b>Total payables</b>	<b>13,884</b>	<b>–</b>	<b>20,048</b>	<b>–</b>

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	3,176	2,611
<b>Total payables</b>	<b>3,176</b>	<b>2,611</b>

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,090	-	7,391	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,242	-	1,585	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	50	-	75	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	534	-	390	-
<b>Total grants and contributions received in advance</b>		<b>13,916</b>	<b>-</b>	<b>9,441</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Upfront fees – Coffs Coast Holiday Parks	(iii)	1,878	-	1,652	-
Other		649	-	1,943	-
<b>Total user fees and charges received in advance</b>		<b>2,527</b>	<b>-</b>	<b>3,595</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>16,443</b>	<b>-</b>	<b>13,036</b>	<b>-</b>

### Notes

(i) Council has received funding to construct assets including library and sport 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 fees for the Coffs Coast Holiday Parks 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 when the accommodation booking is completed.

## C3-2 Contract Liabilities (continued)

### Contract liabilities relating to restricted assets

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	507	–	445	–
Sewer	3	–	3	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	13,329	–	8,529	–
Unspent Contributions held as contract liabilities (excl. Water & Sewer)	584	–	–	–
Other (Domestic Waste)	4	–	115	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>14,427</b>	<b>–</b>	<b>9,092</b>	<b>–</b>
<b>Internally restricted assets</b>				
Non Domestic Waste	3	–	94	–
Business Units	1,922	–	3,029	–
Prepaid Income	91	–	39	–
<b>Contract liabilities relating to internally restricted assets</b>	<b>2,016</b>	<b>–</b>	<b>3,162</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>16,443</b>	<b>–</b>	<b>12,254</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>–</b>	<b>–</b>	<b>782</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>16,443</b>	<b>–</b>	<b>13,036</b>	<b>–</b>

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

\$ '000	2022		2021	
<b>Grants and contributions received in advance:</b>				
Capital grants (to construct Council controlled assets)	5,504		1,136	
Operating grants (received prior to performance obligation being satisfied)	1,003		1,489	
Capital contributions (to construct Council controlled assets)	25		87	
Operating contributions (received prior to performance obligation being satisfied)	70		470	
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>6,602</b>		<b>3,182</b>	

### Significant changes in contract liabilities

Council has received funding in advance from the Fixing Country Bridges program for multiple local bridge upgrades, the Bushfire Local Economic Recovery Fund for the Brelsford Park Masterplan, NSW Government Stimulus Funding for the York Street Oval Facilities and funding from the Local Government recovery program for the impact of storm and flood on Council. All funding is expected to be spent in the next 12 months.

### Accounting policy

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

## C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	15,340	133,375	15,176	92,284
<b>Total borrowings</b>	<b>15,340</b>	<b>133,375</b>	<b>15,176</b>	<b>92,284</b>

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

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

### Borrowings relating to restricted assets

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	5,496	32,735	6,413	38,230
Sewer	6,268	37,043	7,312	43,312
<b>Borrowings relating to externally restricted assets</b>	<b>11,764</b>	<b>69,778</b>	<b>13,725</b>	<b>81,542</b>
<b>Internally restricted assets</b>				
Holiday Parks Business Unit Loans	190	189	190	379
Airport Business Unit Loans	–	–	1,218	224
<b>Borrowings relating to internally restricted assets</b>	<b>190</b>	<b>189</b>	<b>1,408</b>	<b>603</b>
<b>Total borrowings relating to restricted assets</b>	<b>11,954</b>	<b>69,967</b>	<b>15,133</b>	<b>82,145</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>3,386</b>	<b>63,408</b>	<b>43</b>	<b>10,139</b>
<b>Total borrowings</b>	<b>15,340</b>	<b>133,375</b>	<b>15,176</b>	<b>92,284</b>

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

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	107,460	41,255	–	–	–	–	148,715
Lease liability (Note C2-1b)	–	(898)	3,334	–	–	–	2,436
<b>Total liabilities from financing activities</b>	<b>107,460</b>	<b>40,357</b>	<b>3,334</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>151,151</b>

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	123,553	(16,093)	–	–	–	–	107,460
<b>Total liabilities from financing activities</b>	<b>123,553</b>	<b>(16,093)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>107,460</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Credit cards/purchase cards	1,200	1,200
Loan facilities	148,715	117,960
<b>Total financing arrangements</b>	<b>149,915</b>	<b>119,160</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	319	306
– Loan facilities	148,715	117,960
<b>Total drawn financing arrangements</b>	<b>149,034</b>	<b>118,266</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	881	894
<b>Total undrawn financing arrangements</b>	<b>881</b>	<b>894</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

##### Security over loans

Loans facilities are secured over Council's future cash flows.

Lease liabilities are secured by the underlying leased assets.

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	4,071	–	3,873	–
Sick leave	110	–	142	–
Long service leave	7,961	461	9,123	885
Accrued leave	158	–	137	–
ELE on-costs	1,685	64	1,791	117
<b>Total employee benefit provisions</b>	<b>13,985</b>	<b>525</b>	<b>15,066</b>	<b>1,002</b>

#### Employee benefit provisions relating to restricted assets

##### Externally restricted assets

Water	797	31	1,105	74
Sewer	557	23	1,461	98
Domestic waste management	164	6	189	13
Employee benefit provisions relating to externally restricted assets	1,518	60	2,755	185

##### Internally restricted assets

Non Domestic Waste Management	135	5	155	10
Employee benefit provisions relating to internally restricted assets	135	5	155	10

#### Total employee benefit provisions relating to restricted assets

	1,653	65	2,910	195
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#### Total employee benefit provisions relating to unrestricted assets

	12,332	460	12,156	807
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#### Total employee benefit provisions

	13,985	525	15,066	1,002
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## C3-4 Employee benefit provisions (continued)

### Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
<b>2022</b>						
At beginning of year	3,873	142	10,008	1,908	137	16,068
Additional provisions	3,715	1,767	428	159	21	6,090
Amounts used (payments)	(3,517)	(1,799)	(2,014)	(318)	–	(7,648)
Total ELE provisions at end of year	4,071	110	8,422	1,749	158	14,510
<b>2021</b>						
At beginning of year	3,827	161	10,074	1,754	170	15,986
Additional provisions	3,543	142	1,329	154	(33)	5,135
Amounts used (payments)	(3,497)	(161)	(1,395)	–	–	(5,053)
Total ELE provisions at end of year	3,873	142	10,008	1,908	137	16,068

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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



## C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Asset remediation/restoration:</b>				
Tip asset remediation & restoration	–	10,281	–	9,288
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>10,281</b>	<b>–</b>	<b>9,288</b>
<b>Total provisions</b>	<b>–</b>	<b>10,281</b>	<b>–</b>	<b>9,288</b>
<b>Provisions relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	–	5,655	–	5,108
Provisions relating to externally restricted assets	–	5,655	–	5,108
<b>Total provisions relating to restricted assets</b>	<b>–</b>	<b>5,655</b>	<b>–</b>	<b>5,108</b>
<b>Total provisions relating to unrestricted assets</b>	<b>–</b>	<b>4,626</b>	<b>–</b>	<b>4,180</b>
<b>Total provisions</b>	<b>–</b>	<b>10,281</b>	<b>–</b>	<b>9,288</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	9,288	9,288
Unwinding of discount	83	83
Remeasurement effects	910	910
Total provisions at end of year	<b>10,281</b>	<b>10,281</b>
<b>2021</b>		
At beginning of year	9,187	9,187
Unwinding of discount	9	9
Remeasurement effects	92	92
Total provisions at end of year	<b>9,288</b>	<b>9,288</b>

## Nature and purpose of provisions

### Asset remediation/restoration

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

### Accounting policy

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

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

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

## C3-5 Provisions (continued)

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### **Asset remediation – tips and quarries**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	73,542	4,672	29,008
User charges and fees	24,799	17,781	3,493
Interest and investment revenue	3,197	282	932
Other revenues	19,467	101	82
Grants and contributions provided for operating purposes	18,072	354	269
Grants and contributions provided for capital purposes	53,446	3,165	4,136
Other income	1,794	–	–
<b>Total income from continuing operations</b>	<b>194,317</b>	<b>26,355</b>	<b>37,920</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	45,866	3,185	4,918
Materials and services	66,170	6,861	11,463
Borrowing costs	1,663	2,850	3,234
Depreciation, amortisation and impairment of non-financial assets	29,498	5,829	7,788
Other expenses	2,981	–	–
Net losses from the disposal of assets	4,185	397	265
Fair value decrement on investments	–	100	436
<b>Total expenses from continuing operations</b>	<b>150,363</b>	<b>19,222</b>	<b>28,104</b>
<b>Operating result from continuing operations</b>	<b>43,954</b>	<b>7,133</b>	<b>9,816</b>
<b>Net operating result for the year</b>	<b>43,954</b>	<b>7,133</b>	<b>9,816</b>
<b>Net operating result attributable to each council fund</b>	43,954	7,133	9,816
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(9,492)</b>	<b>3,968</b>	<b>5,680</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	53,132	–	–
Investments	41,965	7,008	11,328
Receivables	(9,512)	14,135	14,915
Inventories	2,237	–	–
Contract assets and contract cost assets	22,706	–	–
Other	813	18	38
Non-current assets classified as held for sale	1,187	–	–
<b>Total current assets</b>	<b>112,528</b>	<b>21,161</b>	<b>26,281</b>
<b>Non-current assets</b>			
Investments	124,992	17,730	26,412
Receivables	54,690	130	10,524
Infrastructure, property, plant and equipment	1,644,262	344,569	536,106
Intangible assets	136	49,595	–
Right of use assets	2,459	–	–
Other	3,176	–	–
<b>Total non-current assets</b>	<b>1,829,715</b>	<b>412,024</b>	<b>573,042</b>
<b>Total assets</b>	<b>1,942,243</b>	<b>433,185</b>	<b>599,323</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12,465	570	849
Contract liabilities	15,933	507	3
Lease liabilities	1,104	–	–
Borrowings	3,576	5,496	6,268
Employee benefit provision	12,631	797	557
<b>Total current liabilities</b>	<b>45,709</b>	<b>7,370</b>	<b>7,677</b>
<b>Non-current liabilities</b>			
Lease liabilities	1,332	–	–
Borrowings	63,597	32,735	37,043
Employee benefit provision	471	31	23
Provisions	10,281	–	–
<b>Total non-current liabilities</b>	<b>75,681</b>	<b>32,766</b>	<b>37,066</b>
<b>Total liabilities</b>	<b>121,390</b>	<b>40,136</b>	<b>44,743</b>
<b>Net assets</b>	<b>1,820,853</b>	<b>393,049</b>	<b>554,580</b>
<b>EQUITY</b>			
Accumulated surplus	1,018,508	219,665	320,245
Revaluation reserves	802,345	173,384	234,335
<b>Council equity interest</b>	<b>1,820,853</b>	<b>393,049</b>	<b>554,580</b>
<b>Total equity</b>	<b>1,820,853</b>	<b>393,049</b>	<b>554,580</b>

## D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

<b>Details of individual internal loans</b>	<b>Council ID / Ref IR 5779430</b>
Borrower (by purpose)	Airport EPL Development
Lender (by purpose)	Sewer Fund
Date of Minister's approval	02/08/2018
Date raised	01/07/2018
Term years	10
Dates of maturity	30/06/2028
Rate of interest (%)	3.43%
Amount originally raised (\$'000)	\$10,500,000

## D2 Interests in other entities

### D2-1 Unconsolidated structured entities

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Council did not consolidate the following structured entities:

#### 1. Coffs Coast Regional Parks Trust

The Coffs Coast Regional Park Trust was gazetted in 2003 and Council is party to a Memorandum of Understanding and Operational Agreement that together with the Coffs Coast Regional Park Trust Board establishes a framework for joint management and shared responsibility between Council and the Department of Environment and Conservation to manage the area of the Coffs Coast Regional Park. Council is primarily responsible for the provision and maintenance of all facilities and infrastructure, maintenance of areas of open space, maintenance of sewerage infrastructure, provision of access facilities and provision of secretariat services to the Trust Board.

Management assessed the impact of the Trusts operations to be immaterial to the Financial Statements.

#### Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Coast Regional Parks Trust. Council has an obligation under the Memorandum of Understanding to contribute financially to the day to day running of the Regional Park.

#### 2. Coffs Harbour Technology Park Limited

Coffs Harbour Technology Park Limited is an unlisted public company whose principal activity is the commercial letting of premises that the company has built on leasehold land. The company was established as a venture with Council, Southern Cross University and NSW TAFE to provide facilities as a focus for technology and technology service providers. The Council holds one third of the share capital and has made unsecured loans to the company. Council's previous General Manager was a director of the company until his resignation in February 2022. This director position remained vacant as at 30 June 2022.

The Council's potential share of the net tangible assets of the company are insignificant to Council's operations and financial position and accordingly the interest in this entity is not material to Council's financial report.

#### Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Harbour Technology Park Limited. Since the inception of the Coffs Harbour Technology Park Limited on 31 May 2001, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

#### 3. Prosper Coffs Harbour Limited

Prosper Coffs Harbour Limited is an unlisted public company limited by guarantee, whose principal activity is the administration of three charitable trusts established to secure funding to finance projects across the Coffs Harbour local government area for the ongoing growth and development of the economic, social, cultural and environmental base of the community.

The Council is the sole member of the company. As per the constitution, the Board of Directors is comprised of a Councillor, appointed as the members representative, and up to 9 other persons appointed by the member, consisting of Council Executive Staff and Community Representatives (greater than 50% directors positions held). The member's representative position has been vacant since December 2021.

The Council's potential share of the net tangible assets of the company are insignificant to Council's operations as the company administers trusts that receive and distribute funds in accordance with trust objectives.

#### Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Prosper Coffs Harbour Limited.

Since the inception of the Prosper Coffs Harbour Limited on 4 January 2012, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

## D3 Discontinued operations

### D3-1 Discontinued operations

\$ '000	2022	2021
<b>(a) Description</b>		
Council executed a long term lease of the Coffs Harbour Airport and ceased owner occupied operations on 31 May 2021.		
Airport plant & equipment, office equipment and furniture and fittings were sold to the Airport Lessee and Council ceased owner occupied Airport operations on 31 May 2021. Operations were then commenced by the Airport Lessee, Palisade Investment Partners (ACN 645 547 992 Pty Ltd Trading as Coffs Harbour Airport Trust) under the Airport Lease Agreement executed on 1 June 2021.		
Council de-recognised the fair value of the Coffs Harbour Airport assets subject to the lease at 31 May 2021 and recognises the net investment in the lease as the discounted unguaranteed residual value of the assets (land and bulk earths) that will emerge back to Council in 2120, with interest accreting annually. Further information can be found in Note C2-2.		
<b>(b) Income Statement and cash flow information</b>		
<b>Income Statement</b>		
Revenues	-	3,496
Expenses	-	(6,332)
<b>Operating result from discontinued operations</b>	<b>-</b>	<b>(2,836)</b>
Net carrying value of discontinued operations	-	-
<b>Net profit/(loss) from discontinued operations</b>	<b>-</b>	<b>(2,836)</b>
<b>Cash flows from discontinued operations</b>		
Net cash flows from operating activities (excl. boundary adjustments)	-	728
<b>Net increase/(decrease) in cash generated by the discontinued operations</b>	<b>-</b>	<b>728</b>
<b>(c) Carrying amounts of assets and liabilities</b>		
Carrying value – assets	-	26
Carrying value – liabilities	-	(19)
<b>Net carrying value</b>	<b>-</b>	<b>7</b>

## E Risks and accounting uncertainties

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

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

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

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	53,132	57,703	53,132	57,703
Receivables	83,735	83,773	82,975	31,759
Investments				
– Debt securities at amortised cost	137,471	105,525	137,471	105,525
– Loans and receivables	21	42	421	442
<b>Fair value through other comprehensive income</b>				
Investments				
– Equity securities at fair value through other comprehensive income	91,943	90,773	91,943	90,773
<b>Total financial assets</b>	<b>366,302</b>	<b>337,816</b>	<b>365,942</b>	<b>286,202</b>
<b>Financial liabilities</b>				
Payables	11,105	20,048	11,105	19,966
Borrowings	148,715	107,460	175,051	130,229
Lease liabilities	2,436	–	2,436	–
<b>Total financial liabilities</b>	<b>162,256</b>	<b>127,508</b>	<b>188,592</b>	<b>150,195</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measured 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.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.



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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

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

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,829	2,544
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

### (b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

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

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

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

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2022</b>				
Gross carrying amount	–	5,705	491	6,196
2021				
Gross carrying amount	–	5,682	387	6,069

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

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

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	4,650	5,555	22,334	276	68,199	101,014
Expected loss rate (%)	0.85%	1.39%	2.34%	3.59%	4.42%	3.63%
<b>ECL provision</b>	<b>40</b>	<b>77</b>	<b>523</b>	<b>10</b>	<b>3,014</b>	<b>3,664</b>
<b>2021</b>						
Gross carrying amount	86,391	2,114	136	1,321	2,394	92,356
Expected loss rate (%)	0.59%	1.05%	1.92%	3.36%	4.76%	0.75%
<b>ECL provision</b>	<b>510</b>	<b>22</b>	<b>3</b>	<b>44</b>	<b>114</b>	<b>693</b>

### (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.

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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2022</b>							
Payables	0.00%	3,176	7,929	–	–	11,105	11,105
Borrowings	5.25%	–	15,340	67,157	66,218	148,715	148,715
<b>Total financial liabilities</b>		<b>3,176</b>	<b>23,269</b>	<b>67,157</b>	<b>66,218</b>	<b>159,820</b>	<b>159,820</b>
<b>2021</b>							
Payables	0.00%	2,611	14,889	–	–	17,500	20,048
Borrowings	6.64%	–	15,176	57,182	35,102	107,460	107,460
<b>Total financial liabilities</b>		<b>2,611</b>	<b>30,065</b>	<b>57,182</b>	<b>35,102</b>	<b>124,960</b>	<b>127,508</b>

## E2-1 Fair value measurement

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

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

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as ‘held for sale’

During a reporting period, Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell.

During the current reporting period, there was no recorded change to the assets measured at fair value on a non-recurring basis. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

### Fair Value Hierachy

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

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

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

**Level 3:** Unobservable inputs for the asset or liability

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

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Recurring fair value measurements</b>									
<b>Financial assets</b>									
Financial investments	C1-2								
At fair value through profit or loss – designated at fair value on initial recognition		-	442	421	-	-	-	421	442
- Financial assets at fair value through other comprehensive income		-	90,773	91,943	-	-	-	91,943	90,773
<b>Total financial assets</b>		<b>-</b>	<b>91,215</b>	<b>92,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,364</b>	<b>91,215</b>
<b>Infrastructure, property, plant and equipment</b>									
Plant and equipment	C1-8	-	-	-	-	16,781	20,885	16,781	20,885
Office equipment		-	-	-	-	506	968	506	968
Furniture and fittings		-	-	-	-	1,134	1,316	1,134	1,316
Operational land		-	-	152,645	111,404	-	-	152,645	111,404
Community land		-	-	-	-	76,393	76,220	76,393	76,220
Land under roads (post 30/6/08)		-	-	-	-	4,283	3,657	4,283	3,657
Land improvements – depreciable		-	-	-	-	1,693	1,582	1,693	1,582
Buildings – non-specialised		-	-	36,735	29,893	-	-	36,735	29,893
Buildings – specialised		-	-	-	-	84,818	75,103	84,818	75,103
Other structures		-	-	-	-	499	523	499	523
Roads		-	-	-	-	532,263	498,685	532,263	498,685
Bridges		-	-	-	-	74,713	69,009	74,713	69,009
Footpaths		-	-	-	-	60,882	56,373	60,882	56,373
Bulk earthworks (non-depreciable)		-	-	-	-	270,453	249,268	270,453	249,268
Stormwater drainage		-	-	-	-	184,960	168,752	184,960	168,752
Water supply network		-	-	-	-	327,043	346,674	327,043	346,674
Sewerage network		-	-	-	-	508,900	472,050	508,900	472,050
Swimming pools		-	-	-	-	2,123	2,016	2,123	2,016
Other open space/recreational assets		-	-	-	-	35,184	33,472	35,184	33,472
Other assets		-	-	-	-	1,438	1,374	1,438	1,374
Tip asset		-	-	-	-	2,040	1,498	2,040	1,498
<b>Total infrastructure, property, plant and equipment</b>		<b>-</b>	<b>-</b>	<b>189,380</b>	<b>141,297</b>	<b>2,186,106</b>	<b>2,079,425</b>	<b>2,375,486</b>	<b>2,220,722</b>

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy						Total	
		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2022	2021
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Non-recurring fair value measurements</b>									
<b>Non-current assets classified as held for sale</b>									
Operating Land	C1-7	-	-	1,187	19,623	-	-	1,187	19,623
<b>Total Non-current assets classified as held for sale</b>		<b>-</b>	<b>-</b>	<b>1,187</b>	<b>19,623</b>	<b>-</b>	<b>-</b>	<b>1,187</b>	<b>19,623</b>

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

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

##### Community Land

Assets within the "Community Land" class are Council owned land and managed Crown lands.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer-General. Currently all Council owned and managed assets in this asset class are based on UCV.

Valuation techniques remained the same for this reporting period.

##### Operational Land

Council's operational land includes all of Council's land classified as operational land under *Local Government Act 1993* and managed Crown land under the *Crown Land Management Act 2016*, that has been classified as operational by the Department of Lands. The total area of land at the time of the last valuation was 10,704,811 m<sup>2</sup>.

Council's operational land values are reviewed on an annual basis with a comprehensive valuation completed and revalued every five years. APV Valuers Pty Ltd completed the last valuation in May 2018 with a valuation date of 1 July 2017. The new managed operational lands of 45,112 m<sup>2</sup>, were valued by APV Valuers Pty Ltd as at 30<sup>th</sup> June 2019 for \$4.045 Million. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

Council's operational land was valued using the market approach (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses where there is a market for land of similar characteristics and competition between market participants or replacement cost (highest and best alternative use) being the cost to Council to acquire the land.

Condition of asset and future cash flow from the use of asset are also considered when determining the fair value.

This asset class is categorised as Level 2 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

##### Land Under Roads (post 30/6/08)

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

This asset class is classified as Level 3 asset as significant inputs used in the valuation methodology are unobservable.

Valuation techniques remained the same for this reporting period.

##### Land Improvements Depreciable

The land improvements asset class consists of recreational surfaces across different playgrounds and parks. This class of assets were viewed and revalued externally by AssetVal Pty Ltd, as at 1 July 2018. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

The condition of each asset was determined by completing inspections using the ratings 1 (Excellent) to 5 (Very Poor). If the asset was determined to be in an "average" condition for its age, the calculation reverts to the construction year. However, if the asset was found to be in better or worse condition for its age, the remaining life was adjusted accordingly.

## E2-1 Fair value measurement (continued)

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### **Stormwater Drainage**

The stormwater drainage asset class consists of Council's pits and pipes. Independent consultants completed the valuation of these assets using the cost approach and the last valuation was completed as at 1 July 2019. Independent consultants, APV were engaged to assist with the determination of replacement costs and useful lives at 1 July 2020. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigations undertaken across a representative selection of Council's drainage network. To help determine these other significant inputs, 20% of each of the following categories were inspected; detention basins, surface drains, stormwater culverts, gross pollutant traps and 100% of flood warning systems.

Conditions are updated in the Asset Register as Council's Field Data Collection Officers attend assets for Defect and Maintenance reporting.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

### **Open Space & Recreational Assets**

The open space and recreational asset class includes barbeques, fences, gates, lighting, jetties, viewing platforms, ramps, playground units, shade-sails, stairs, pontoons, parks and sport shelters and outdoor furniture.

This asset class was revalued by AssetVal Pty Ltd as at 1 July 2018. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

The appropriate amount of accumulated depreciation for this class was determined either by a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition rating of 1 (Excellent) to 5 (Very Poor). The assessment of remaining useful life was made taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Due to the predominantly specialised nature of Local Government assets, the valuation was undertaken on a cost approach. The cost approach is deemed a Level 3 input.

### **Buildings - Non specialised and Specialised**

Council engaged APV Valuers Pty Ltd to value all buildings and shelters during the 2017/18 financial year, Council assets with a 1 July 2017 valuation date and Crown Land assets with a 1 July 2018 valuation date. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

#### **Specialised Buildings**

Specialised buildings were valued using the cost approach using professionally qualified registered valuers.

The Crown Land holiday parks' villas and cabins have been included in this class. These buildings were valued taking into account actual construction or purchase prices for recent projects within the parks, Rawlinson's Construction Guide or similar guides, and benchmarking against other valuations.

All other buildings in this class were componentised into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement

## E2-1 Fair value measurement (continued)

and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Valuation techniques remained the same for this reporting period.

### Non Specialised Buildings

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Valuation techniques remained the same for this reporting period.

### Bulk Earthworks

This asset class is major earth works undertaken at the initial construction of road assets and is the formation component of a road segment. Bulk earthworks are non-depreciable and are re-valued to fair value on the same 5 year cycle as road assets.

Independent valuers completed the valuation of these assets using the cost approach and the last comprehensive valuation was completed as at 1 July 2019. Independent consultants, Talis were engaged to assist in the determination of replacement costs of all bulk earthworks except for the airport runways and taxiways which were valued by AssetVal. The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. As bulk earthworks have an infinite remaining useful life the most significant input into this valuation approach are the dimensions of the asset. Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

### Roads

Council's roads are componentised into pavement and surface and further separated into segments for inspection and valuation. The full revaluation of road assets is undertaken on a 5 year cycle.

The most recent comprehensive valuation of this class of assets was completed by independent consultants using the cost approach as at 1 July 2019.

Independent consultants, Talis were engaged to assist with the determination of replacement costs and useful lives of all Council's road network excluding the airport runways and taxiways which were valued by independent consultants, AssetVal.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of road. As part of the valuation for all roads and carparks, to determine the condition rating of the assets, Talis undertook a full inventory and condition assessment for each asset component.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets. An assessment of the carrying value of this asset class was undertaken as at closing date that identified a material impact to their current fair value. Subsequently an indexation rate of 7.73% was applied as at 30 June 2022.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

### Bridges

Council's bridges register consists of all pedestrian and vehicle access bridges. The most recent comprehensive valuation of bridge assets was undertaken by an independent consultant and completed as at 1 July 2019 as part of the overall Transport category revaluation.



## E2-1 Fair value measurement (continued)

Independent consultants, AssetVal were engaged to assist with the determination of replacement costs and useful lives of all Council's bridges. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by AssetVal inspecting 100% of all Councils bridges.

For both the timber and concrete bridges the total cost and area for each component were used to derive an average unit cost for the component.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

### **Footpaths**

Council's footpath and cycleway networks consist of on-road and off-road paths which may be concrete, sealed or unsealed and include footbridges. For the purpose of asset accounting, on-road paths are considered part of the road network. Off-road paths are the subject of this section.

The most recent comprehensive valuation of footpaths, cycleways and footbridges were undertaken by independent consultants and completed as at 1 July 2019. AssetVal were engaged to complete the valuation for major footbridges with the bridges valuation and Talis were engaged to complete the valuation for all other footpaths and cycleways. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and material of the footpath/cycleway. As part of the valuation for all footpaths and cycleways, to determine the condition rating of the assets, Talis and AssetVal inspected 100% of all assets in this class.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

### **Swimming Pool**

Swimming pools include all assets located within the facility. APV Valuers Pty Ltd valued the building components of the swimming pools as at 1 July 2017 and AssetVal Pty Ltd valued the swimming pools as at 1 July 2018.

The cost approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

The pools were valued taking into account their cost to construct and using their volume to calculate the replacement cost. Each pool was inspected and given a condition rating, 1 being excellent to 5 being poor, which was used to determine the accumulated depreciation.

As such these assets were classified as having been valued using Level 3 valuation inputs.

### **Plant & Equipment, Office Equipment and Furniture & Fittings**

This asset category includes:

## E2-1 Fair value measurement (continued)

- Plant & Equipment – Motor vehicles, trucks, mowers, earthmoving equipment
- Office Equipment – Computer equipment, photocopiers
- Furniture & Fittings – Chairs, desks, cabinets, display systems

These assets are valued at cost in Council's books and reported at fair value due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3.

Valuation techniques remained the same for this reporting period.

### **Water Network**

The water network includes all water supply related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by Australis Asset Advisory Group with a 30 June 2022 valuation date. The assets were valued based on the replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; componentisation, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, Australis's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability. All active (above ground) assets were physically inspected.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

### **Sewer Network**

The sewer network includes all sewer related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The valuation of these assets was carried out by Australis Asset Advisory Group with a 30 June 2022 valuation date. The assets were valued based on the gross replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; components, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, Australis's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability. All active (above ground) assets were physically inspected.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

### **Tip Asset**

Council has one operational landfill site at present, being the England's Road Waste Management Facility. Council undertakes 6 monthly surveys of the landfill and have undertaken some volume calculations of sections and total landfill capacity. The estimated time of rehabilitation remains difficult to determine due to:

- The dynamic nature of the site and waste generation rates/management in the region.
- The operational performance of the Coffs Coast Resource Recovery Facility (operated under contract by Biomass Solutions (Coffs Harbour) Pty Ltd) also remains dynamic.

Other landfilling reduction projects are currently under consideration. At current landfilling rates we estimate that the landfill may require rehabilitation by 2026/27 Financial Year.

Funds for rehabilitation are provisioned on an ongoing basis from 2012/13 due to the commencement of final capping. In September 2019, a consultant prepared an updated report for Council which more fully defines the Council's preferred 'final capping plan' which is the major component of the rehabilitation of the site.

The costs as provided in 2019, indexed to CPI (or construction index) can be considered appropriate at this time. Whilst Council received a consultant's costing report with regard to final capping costs, that report relies on assumptions including

## E2-1 Fair value measurement (continued)

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that the NSW Environment Protection Authority agrees to Council's request for a Licence Variation to amend the proposed 'final capping plan'.

The approach estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3.

### **Others Assets (Artwork & Sculptures)**

Council engaged The Curators Department Pty Ltd to value all artwork, memorabilia and monuments with a 1 July 2017 valuation date.

This information was updated into Council's public art register. The valuation methodology was based on determining market value and setting this as the Insurable Value. The insurable value is the assessment of value which would indemnify the council in the event of a loss.

Where a market could be identified, assets were assessed at Net Current Value on the basis of Fair Value in accordance with AASB 13 Fair Value Measurement.

This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

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### **Non-current assets classified as 'held for sale'**

Non-current assets classified as held for sale are measured at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. The assets are recognised at the lower of their carrying value and fair value less costs to sell.

The fair value of the Operational Land held for sale was reassessed as part of an independent Operational Land revaluation during the 2019/20 financial year and an increment was recorded in accordance with Australian Accounting Standards.

## E2-1 Fair value measurement (continued)

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

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Community Land	Land values obtained from the NSW Valuer-General	Unimproved Capital Value per square metre provided by Valuer General
Land under Roads	Average unit rate of Community Land held	Unimproved Capital Value per square metre provided by Valuer General
Operational Land	Rate per square metre	Rate per square metre
Furniture and Fittings, Office Equipment and Plant and Equipment	Cost Approach	Asset condition Remaining useful life Residual value
Buildings (Specialised)	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Roads	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bridges	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Footpaths	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Stormwater Drainage	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Water Supply Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Sewer Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Tip Asset	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Swimming Pools	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Recreational Assets	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bulk Earthworks	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Land Improvements - Depreciable	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Other Assets	Insurance Values (Artworks, Sculptures)	Insurance Values (Artworks, Sculptures)
	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value
<b>Non-current assets classified as 'held for sale'</b>		
Land	Rate per square metre	Rate per square metre
Buildings	Independent external valuation using Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

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

\$ '000	Community Land		Land under Roads (post 30/06/08)		Land improvements depreciable		Stormwater drainage	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>76,220</b>	75,834	<b>3,657</b>	3,657	<b>1,583</b>	1,515	<b>168,752</b>	182,638
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B4-1)	-	-	-	-	-	-	-	(10,503)
<b>Other movements</b>								
Transfers from/(to) another asset class	-	-	-	-	-	(55)	-	(3,382)
Purchases (GBV)	-	-	-	-	<b>44</b>	2	<b>338</b>	438
Disposals (WDV)	-	-	-	-	<b>(18)</b>	(5)	<b>(204)</b>	(146)
Depreciation and impairment	-	-	-	-	<b>(109)</b>	(118)	<b>(2,128)</b>	(2,157)
Revaluation Increments to Equity (ARR)	-	-	<b>27</b>	-	<b>142</b>	-	<b>13,188</b>	-
Other movement (WIP Transfers)	-	-	-	-	<b>22</b>	218	<b>309</b>	1,576
Other movement (Assets recognised first time)	<b>180</b>	386	<b>599</b>	-	<b>29</b>	26	<b>4,704</b>	288
Other movement (Asset Adjustment)	-	-	-	-	-	-	<b>1</b>	-
<b>Closing balance</b>	<b>76,400</b>	76,220	<b>4,283</b>	3,657	<b>1,693</b>	1,583	<b>184,960</b>	168,752

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>75,104</b>	93,021	<b>1,374</b>	1,270	<b>498,685</b>	516,339	<b>69,009</b>	65,136
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B4-1)	-	-	-	-	-	23,489	-	4,669
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>772</b>	(17,184)	-	-	<b>78</b>	(35,405)	-	-
Purchases (GBV)	<b>1,834</b>	80	-	-	<b>1,044</b>	1,791	<b>828</b>	188
Disposals (WDV)	<b>(8)</b>	(268)	-	(9)	<b>(217)</b>	(1,881)	<b>(213)</b>	(54)

continued on next page ...

## E2-1 Fair value measurement (continued)

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2022	2021	2022	2021	2022	2021	2022	2021
Depreciation and impairment	(2,939)	(1,836)	–	–	(11,175)	(11,872)	(1,218)	(1,232)
Revaluation Increments to Equity (ARR)	7,079	–	–	–	37,526	–	5,199	–
Other movement (WIP Transfers)	2,875	1,291	–	–	1,949	6,161	432	125
Other movement (Assets recognised first time)	101	–	64	113	4,372	63	676	177
Other movement (Asset Adjustment)	–	–	–	–	1	–	–	–
<b>Closing balance</b>	<b>84,818</b>	<b>75,104</b>	<b>1,438</b>	<b>1,374</b>	<b>532,263</b>	<b>498,685</b>	<b>74,713</b>	<b>69,009</b>

\$ '000	Footpaths		Bulk earthworks		Water supply network		Sewer network	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>56,373</b>	<b>57,359</b>	<b>249,268</b>	<b>258,751</b>	<b>346,674</b>	<b>346,492</b>	<b>472,050</b>	<b>473,373</b>
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B4-1)	–	(3,603)	–	316	–	3,160	–	4,303
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	(78)	(10,895)	(629)	–	(14)	–
Purchases (GBV)	289	786	457	280	906	750	406	466
Disposals (WDV)	(25)	(22)	(25)	(327)	(311)	(397)	(260)	(1,530)
Depreciation and impairment	(1,415)	(1,308)	–	–	(5,269)	(5,213)	(7,726)	(7,697)
Revaluation Increments to Equity (ARR)	4,306	–	19,346	–	(18,767)	–	39,596	–
Other movement (WIP Transfers)	513	2,723	272	1,120	4,120	1,440	3,433	1,684
Other movement (Assets recognised first time)	841	438	1,213	23	318	442	1,417	1,451
Other movement (Asset Adjustment)	–	–	–	–	1	–	(2)	–
<b>Closing balance</b>	<b>60,882</b>	<b>56,373</b>	<b>270,453</b>	<b>249,268</b>	<b>327,043</b>	<b>346,674</b>	<b>508,900</b>	<b>472,050</b>

\$ '000	Swimming pools		Recreational assets		Office equipment		Plant and equipment	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>2,016</b>	<b>2,095</b>	<b>33,994</b>	<b>35,541</b>	<b>968</b>	<b>1,205</b>	<b>20,884</b>	<b>21,813</b>
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	(130)	(1,912)	–	–	–	–
Purchases (GBV)	–	–	943	235	–	–	2,550	4,309
Disposals (WDV)	–	–	(238)	(349)	–	(8)	(3,007)	(1,604)
Depreciation and impairment	(79)	(79)	(3,933)	(4,016)	(462)	(541)	(3,800)	(3,891)
Revaluation Increments to Equity (ARR)	186	–	2,850	–	–	–	–	–
Other movement (WIP Transfers)	–	–	1,731	3,809	–	312	154	254
Other movement (Assets recognised first time)	–	–	466	686	–	–	–	3
<b>Closing balance</b>	<b>2,123</b>	<b>2,016</b>	<b>35,683</b>	<b>33,994</b>	<b>506</b>	<b>968</b>	<b>16,781</b>	<b>20,884</b>

\$ '000	Furniture and fittings		Tip asset		Total	
	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>1,316</b>	<b>1,566</b>	<b>1,498</b>	<b>2,813</b>	<b>2,079,425</b>	<b>2,140,418</b>
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	910	92	910	21,923

continued on next page ...

## E2-1 Fair value measurement (continued)

\$ '000	Furniture and fittings		Tip asset		Total	
	2022	2021	2022	2021	2022	2021
Transfers from/(to) another asset class	-	-	-	-	(1)	(68,833)
Purchases (GBV)	7	-	-	-	9,646	9,325
Disposals (WDV)	-	(40)	-	-	(4,526)	(6,640)
Depreciation and impairment	(193)	(210)	(368)	(1,407)	(40,814)	(41,577)
Revaluation Increments to Equity (ARR)	-	-	-	-	110,678	-
Other movement (WIP Transfers)	-	-	-	-	15,810	20,713
Other movement (Assets recognised first time)	4	-	-	-	14,984	4,096
Other movement (Asset Adjustment)	-	-	-	-	1	-
<b>Closing balance</b>	<b>1,134</b>	<b>1,316</b>	<b>2,040</b>	<b>1,498</b>	<b>2,186,113</b>	<b>2,079,425</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

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

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

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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.



## E3-1 Contingencies (continued)

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 \$733,830.42. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$404,469.38. Council's expected contribution to the plan for the next annual reporting period is \$525,784.32.

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 this deficit that is broadly attributed to Council is estimated to be in the order of \$276,581.88 as at 30 June 2022.

The share of any funding surplus or deficit that can be attributed to Council is 1.38%

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for 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) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	1,367	1,293
Post-employment benefits	110	106
Other long-term benefits	230	357
<b>Total</b>	<b>1,707</b>	<b>1,756</b>

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

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2022</b>						
Employee expenses relating to close family members of KMP <sup>1</sup>	4a	163	-	Enterprise Agreement and Local Government (NSW) Award	-	-
<b>2021</b>						
Employee expenses relating to close family members of KMP <sup>1</sup>	4a	67	-	Enterprise Agreement and Local Government (NSW) Award	-	-

(1) Close family members of Council's KMP are employed by Council under the relevant pay award on an arm's length basis. There was 1 close family member of KMP currently employed by Council, this increased to 3 employees in the 2021/22 financial year.

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

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	66	60
Councillors' fees	202	195
Other Councillors' expenses (including Mayor)	50	27
<b>Total</b>	<b>318</b>	<b>282</b>

## F1-3 Other related parties

		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>\$ '000</b>						
<b>2022</b>						
Coffs Coast Regional Parks Trust	Contribution to maintenance	318	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	3	400	Memorandum of Understanding	–	–
<b>2021</b>						
Coffs Coast Regional Parks Trust	Contribution to maintenance	318	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	3	400	Memorandum of Understanding	(400)	100

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	164	136
<b>Remuneration for audit and other assurance services</b>	<b>164</b>	<b>136</b>
<b>Total Auditor-General remuneration</b>	<b>164</b>	<b>136</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services	62	78
<b>Remuneration for audit and other assurance services</b>	<b>62</b>	<b>78</b>
<b>(ii) Non-assurance services</b>		
Other services	1	3
<b>Remuneration for non-assurance services</b>	<b>1</b>	<b>3</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>63</b>	<b>81</b>
<b>Total audit fees</b>	<b>227</b>	<b>217</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>60,903</b>	34,203
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	43,115	41,649
(Gain) / loss on disposal of assets	4,847	5,963
Non-cash capital grants and contributions	(15,335)	(4,101)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	–	(689)
– Favourable financial liabilities (i.e. initial recognition at fair value)	(2)	(6)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	9	9
Unwinding of discount rates on reinstatement provisions	83	9
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(1,174)	(6,457)
Increase / (decrease) in provision for impairment of receivables	65	(140)
(Increase) / decrease of inventories	51	(366)
(Increase) / decrease of other assets	54	(2,535)
(Increase) / decrease of contract asset	(8,758)	(10,709)
Increase / (decrease) in payables	(1,224)	522
Increase / (decrease) in accrued interest payable	(8)	(104)
Increase / (decrease) in other accrued expenses payable	(3,128)	3,102
Increase / (decrease) in other liabilities	(3,654)	5,525
Increase / (decrease) in contract liabilities	3,407	7,771
Increase / (decrease) in employee benefit provision	(1,558)	82
Increase / (decrease) in other provisions	884	92
<b>Net cash flows from operating activities</b>	<b>78,577</b>	<b>73,820</b>

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

Assets Recognised for the first time	4,089	2,724
Other dedications (developer)	11,246	1,377
<b>Total non-cash investing and financing activities</b>	<b>15,335</b>	<b>4,101</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	12,847	8,341
Sewer network	922	767
Water network	1,100	–
Recreational surfaces	4,552	25,348
Other	–	199
<b>Total commitments</b>	<b>19,421</b>	<b>34,655</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	19,421	34,655
<b>Total payable</b>	<b>19,421</b>	<b>34,655</b>
<b>Sources for funding of capital commitments:</b>		
Section 7.11 and 64 funds/reserves	117	258
Unexpended grants	12,298	22,609
Externally restricted reserves	2,022	708
Internally restricted reserves	4,984	11,080
<b>Total sources of funding</b>	<b>19,421</b>	<b>34,655</b>

#### Details of capital commitments

Council has tenders and contracts for Capital Works that are in progress as at balance date.

The commitments for capital expenditure represent the balance of planned capital works on contracts that will be completed in the subsequent financial year.



## G3-1 Events occurring after the reporting date

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Council is aware of the following 'non-adjusting events' that merit disclosure:

At its meeting on 14 July 2022, Council resolved to:

- accept the amount of \$711,837.50 as full and final compensation for the compulsory acquisition by Transport for NSW of Lot 16 DP 1270484 Englands Rd, North Boambee Valley.
- accept Essential Energy's proposal to conduct the final phase of the bulk upgrade of approximately 1,307 streetlights to LED at a cost of \$1.260m to Council to be funded from the Infrastructure Assets Renewal Reserve.

At its meeting on 28 July 2022, Council resolved to allocate \$690,000 from developer contributions for the purchase of Lots 6 and Lot 21 in the proposed plan of subdivision of Lot 1 DP 1017893 and Lot 2 DP 1026760 Veduta Dr, Coffs Harbour. This purchase satisfies the condition of the Notice of Determination 0404/19DA that required the applicant to transfer two land parcels to Council in fee simple, free of encumbrances prior to release of the subdivision certificate.

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

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	2,392	101	-	-	(321)	160	2,332	-
Roads	6,625	885	-	-	(668)	-	6,842	-
Traffic facilities	220	4	-	-	(16)	-	208	-
Parking	833	3	-	-	(11)	-	825	-
Open space	7,997	1,428	-	-	(3,726)	-	5,699	-
Community facilities	1,066	159	-	-	-	(160)	1,065	-
Other	1,361	206	-	-	(223)	-	1,344	-
<b>S7.11 contributions – under a plan</b>	<b>20,494</b>	<b>2,786</b>	<b>-</b>	<b>-</b>	<b>(4,965)</b>	<b>-</b>	<b>18,315</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>20,494</b>	<b>2,786</b>	<b>-</b>	<b>-</b>	<b>(4,965)</b>	<b>-</b>	<b>18,315</b>	<b>-</b>
S7.11 not under plans	388	25	-	-	(25)	-	388	-
S64 contributions	4,027	5,531	-	-	(2,469)	-	7,089	-
<b>Total contributions</b>	<b>24,909</b>	<b>8,342</b>	<b>-</b>	<b>-</b>	<b>(7,459)</b>	<b>-</b>	<b>25,792</b>	<b>-</b>

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

## G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>City Centre Car Parking</b>								
Parking	752	-	-	-	-	-	752	-
<b>Total</b>	<b>752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>752</b>	<b>-</b>
<b>Coffs Harbour Road Network</b>								
Roads	97	225	-	-	(225)	-	97	-
<b>Total</b>	<b>97</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>(225)</b>	<b>-</b>	<b>97</b>	<b>-</b>
<b>Corindi</b>								
Roads	12	3	-	-	-	-	15	-
Community facilities	196	5	-	-	-	-	201	-
<b>Total</b>	<b>208</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>-</b>
<b>Hearnes Lake / Sandy Beach</b>								
Roads	803	96	-	-	-	-	899	-
Open space	888	116	-	-	(65)	-	939	-
<b>Total</b>	<b>1,691</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>1,838</b>	<b>-</b>
<b>Jetty Area Car Parking</b>								
Parking	50	1	-	-	-	-	51	-
<b>Total</b>	<b>50</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>
<b>Korora Rural Residential Release Area</b>								
Roads	590	62	-	-	-	-	652	-
Open space	53	-	-	-	-	-	53	-
Other	63	2	-	-	-	-	65	-
<b>Total</b>	<b>706</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>770</b>	<b>-</b>

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

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>Mines and Extractive Industries</b>								
Roads	24	5	-	-	-	-	29	-
<b>Total</b>	<b>24</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>
<b>Moonee Release Area</b>								
Roads	2,045	23	-	-	(203)	-	1,865	-
Open space	843	158	-	-	-	-	1,001	-
Community facilities	600	76	-	-	-	-	676	-
<b>Total</b>	<b>3,488</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>(203)</b>	<b>-</b>	<b>3,542</b>	<b>-</b>
<b>North Boambee Valley (East)</b>								
Drainage	97	67	-	-	(321)	160	3	-
Roads	121	48	-	-	-	-	169	-
Open space	14	12	-	-	-	-	26	-
Community facilities	137	35	-	-	-	(160)	12	-
Other	90	77	-	-	-	-	167	-
<b>Total</b>	<b>459</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>(321)</b>	<b>-</b>	<b>377</b>	<b>-</b>
<b>North Bonville</b>								
Drainage	340	-	-	-	-	-	340	-
Roads	451	2	-	-	-	-	453	-
Open space	260	2	-	-	-	-	262	-
<b>Total</b>	<b>1,051</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055</b>	<b>-</b>
<b>Park Beach</b>								
Traffic facilities	58	2	-	-	-	-	60	-
Parking	21	1	-	-	-	-	22	-
Open space	121	21	-	-	-	-	142	-
<b>Total</b>	<b>200</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224</b>	<b>-</b>

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

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>Regional, District and Neighbourhood Facilities and Services</b>								
Open space	5,542	1,095	-	-	(3,661)	-	2,976	-
Community facilities	2	-	-	-	-	-	2	-
Other	560	93	-	-	(215)	-	438	-
<b>Total</b>	<b>6,104</b>	<b>1,188</b>	<b>-</b>	<b>-</b>	<b>(3,876)</b>	<b>-</b>	<b>3,416</b>	<b>-</b>
<b>South Coffs</b>								
Roads	96	129	-	-	-	-	225	-
Open space	20	10	-	-	-	-	30	-
<b>Total</b>	<b>116</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>-</b>
<b>Surf Rescue Facilities</b>								
Other	114	33	-	-	(8)	-	139	-
<b>Total</b>	<b>114</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>139</b>	<b>-</b>
<b>West Coffs</b>								
Drainage	1,955	34	-	-	-	-	1,989	-
Roads	500	114	-	-	-	-	614	-
Open space	178	13	-	-	-	-	191	-
Community facilities	131	43	-	-	-	-	174	-
Other	456	-	-	-	-	-	456	-
<b>Total</b>	<b>3,220</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,424</b>	<b>-</b>
<b>West Woolgoolga</b>								
Roads	1,219	-	-	-	(240)	-	979	-
Traffic facilities	162	2	-	-	(16)	-	148	-
Open space	78	1	-	-	-	-	79	-
Other	78	1	-	-	-	-	79	-
<b>Total</b>	<b>1,537</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>(256)</b>	<b>-</b>	<b>1,285</b>	<b>-</b>
<b>Woolgoolga Car Parking</b>								
Parking	10	1	-	-	(11)	-	-	-
<b>Total</b>	<b>10</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>Bonville Large Lot Release Area</b>								
Roads	667	178	-	-	-	-	845	-
<b>Total</b>	<b>667</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>845</b>	<b>-</b>

## G4-3 Contributions not under plans

**S7.11 CONTRIBUTIONS – NOT UNDER A PLAN**

Drainage	171	-	-	-	-	-	171	-
Community facilities	1	-	-	-	-	-	1	-
Other	216	25	-	-	(25)	-	216	-
<b>Total</b>	<b>388</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>388</b>	<b>-</b>

## G5 Statement of performance measures

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

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>4,989</b>	<b>2.52%</b>	4.76%	(0.87)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>197,845</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>179,150</b>	<b>69.28%</b>	76.00%	74.66%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>258,592</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>130,776</b>	<b>6.50x</b>	6.49x	8.77x	> 1.50x
Current liabilities less specific purpose liabilities	<b>20,112</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>55,851</b>	<b>2.27x</b>	2.45x	2.24x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>24,648</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>7,214</b>	<b>6.29%</b>	6.31%	6.64%	< 10.00%
Rates and annual charges collectable	<b>114,625</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>153,082</b>	<b>9.47</b>	9.53	8.70	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>16,158</b>	<b>months</b>	months	months	months

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

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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(3.76)%</b>	(0.68)%	<b>18.78%</b>	18.78%	<b>17.57%</b>	15.68%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>63.20%</b>	71.28%	<b>86.65%</b>	86.51%	<b>88.38%</b>	87.96%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>6.19x</b>	6.19x	∞	∞	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>4.78x</b>	10.71x	<b>1.43x</b>	1.33x	<b>1.61x</b>	1.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>6.87%</b>	6.79%	<b>5.08%</b>	5.27%	<b>5.01%</b>	5.21%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>10.10 months</b>	10.24 months	<b>9.96 months</b>	6.39 months	<b>5.71 months</b>	8.64 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

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

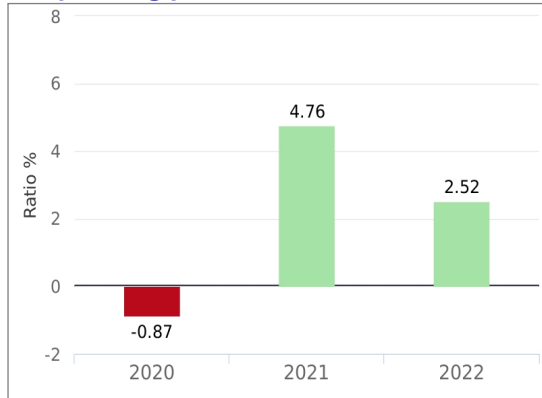


**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 2.52%

Council's operating performance ratio has maintained a favourable position, exceeding the benchmark of >0.00%.

Operating income has improved however operating cost increases have reduced this ratio slightly from previous year performance.

Council continues to align its operating expenditure to its available operating revenue.

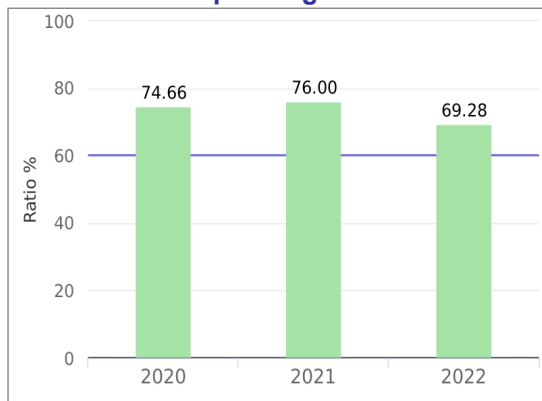
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 69.28%

Council continues to retain a high level of own source revenue and performs well against the benchmark.

Although own sources operating revenue has increased in the 2021/22 financial year, Council received an additional \$30m of grants and contributions for operating and capital purposes, which has had an impact of the performance of this ratio overall.

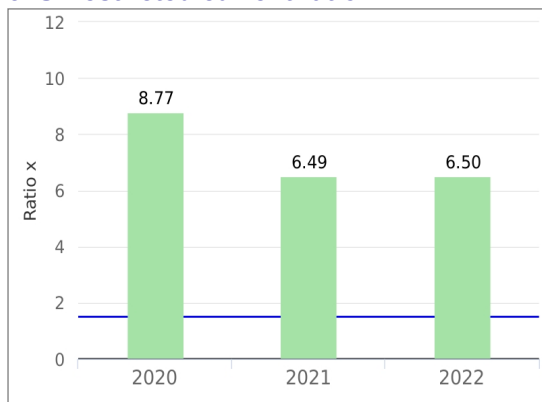
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2021/22 result

2021/22 ratio 6.50x

Council has exceeded the unrestricted current ratio benchmark of >1.50x.

Cash and cash equivalents have increased due to grant funds, sale of buildings held for sale and loan borrowings during the year, without increases in externally restricted assets and liabilities.

Benchmark: — > 1.50x

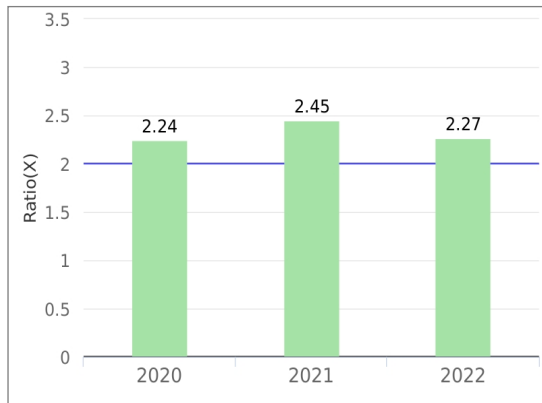
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2021/22 result**

**2021/22 ratio 2.27x**

Council continues to exceed the debt service cover ratio benchmark. The ratio has decreased slightly due to the increase in principal repayments and borrowing costs, associated with new loan drawdowns for the financing of Council infrastructure in the 2021/22 financial year.

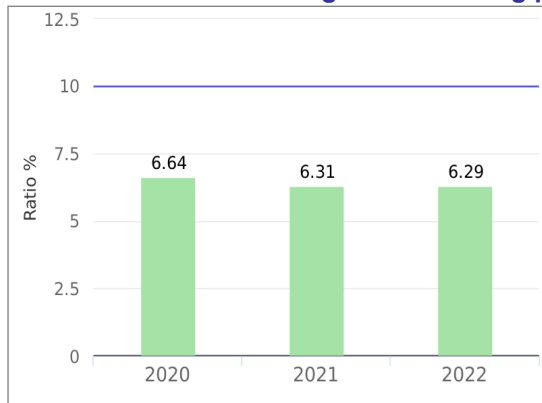
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



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

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

**Commentary on 2021/22 result**

**2021/22 ratio 6.29%**

This ratio consistently remains below the maximum benchmark of <10.0%. This is a favourable result in light of the hardship concessions that Council has extended to the community during the COVID-19 pandemic and impacts of increased costs of living on its ratepayers.

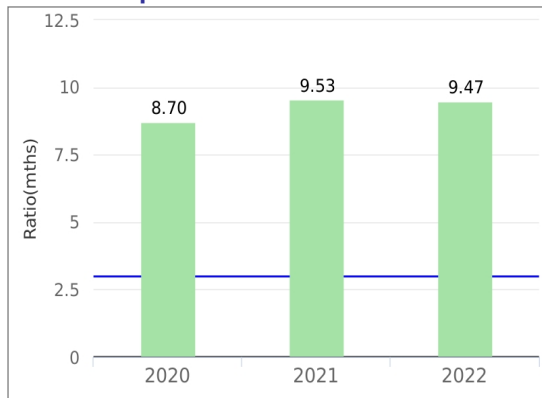
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2021/22 result**

**2021/22 ratio 9.47 months**

Council has performed well above the benchmark of 3 months and this ratio has been maintained due to current cash and cash equivalents received from grant funds, sale of buildings held for sale and loan borrowings during the year. A number of Council funded capital projects were deferred to 2022/23 due to re-prioritisation of grant funded initiatives.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

Corner Coff and Castle Streets  
Coffs Harbour NSW 2450

**Contact details**

**Mailing Address:**

Locked Bag 155  
Coffs Harbour NSW 2450

**Telephone:** 02 6648 4000

**Facsimile:** 02 6648 4199

**Opening hours:**

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

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

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

**Officers**

**General Manager**

Natalia Cowley

**Responsible Accounting Officer (Acting)**

Amy Mott

**Public Officer**

Lisa Garden

**Auditors**

Audit Office of NSW  
Level 19, Tower 2  
201 Sussex St  
SYDNEY NSW 2001

**Elected members**

**Mayor**

Paul Amos

**Councillors**

Paul Amos  
Jonathan Cassell  
George Cecato  
Tony Judge  
Rodger Pryce  
Julie Sechi  
Tegan Swan  
Sally Townley  
Scott Wolgamot

**Other information**

**ABN:** 79 126 214 487



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

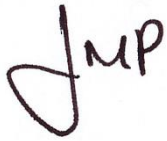
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink, appearing to read 'JMP', is positioned to the left of the typed name.

Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

28 October 2022  
SYDNEY



Councillor Paul Amos  
 Mayor  
 Coffs Harbour City Council  
 Locked Bag 155  
 COFFS HARBOUR NSW 2450

Contact: Jan-Michael Perez  
 Phone no: 02 9275 7115  
 Our ref: D2221695/1715

28 October 2022

Dear Mayor

**Report on the Conduct of the Audit  
 for the year ended 30 June 2022  
 Coffs Harbour City Council**

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

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

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

**INCOME STATEMENT**

**Operating result**

	<b>2022</b>	<b>2021</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	107.2	104.1	↑ 3.0
Grants and contributions revenue	79.4	51.6	↑ 53.9
Operating result from continuing operations	60.9	37.0	↑ 64.6
Net operating result for the year attributed to Council	60.9	34.2	↑ 78.1
Net operating result before capital grants and contributions	0.2	0.5	↓ 60.0



Grants and contributions revenue (\$79.4 million) increased by \$27.8 million (53.9 per cent) in 2021–22 due to:

- progress made on capital grants projects such as transport assets and the Wiigulga Sports Complex construction
- non-cash contributions rising by \$12.1 million mainly from subdivision dedications
- receipt by Council of 75 per cent of the 2022–23 financial assistance grant (\$6.2 million) from the Commonwealth Government compared to 50 per cent in 2020–21 (\$3.9 million).

The Council's operating result from continuing operations (\$60.9 million including depreciation and amortisation expense of \$43.1 million) was \$23.9 million higher than the 2020–21 result. This is mainly driven by an increase in grants and contributions revenue for capital purposes.

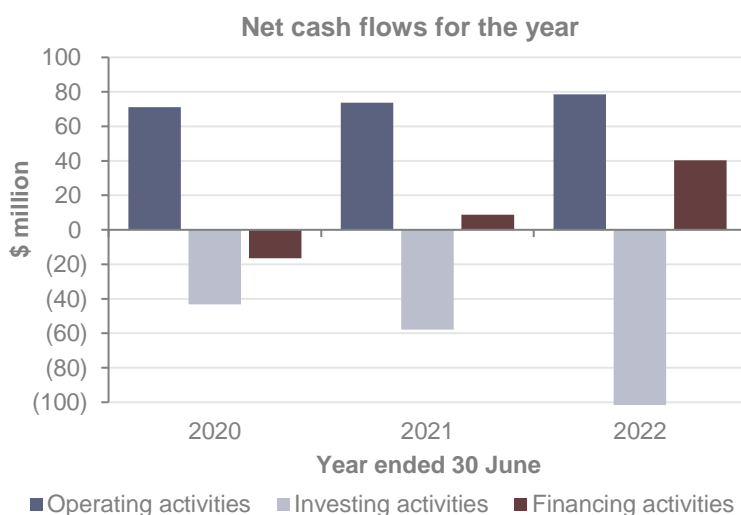
The net operating result before capital grants and contributions (\$0.2 million) was \$0.3 million lower than the 2020–21 result, which is comparable.

## STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$4.8 million due to increased grants and contributions and other revenue. These were offset by higher payments for materials and services.

Cash outflows from investing activities increased by \$65.6 million due to higher capital expenditure on infrastructure, property, plant and equipment and the purchase of investments.

Cash from financing activities increased by \$31.5 million due to additional borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>282.6</b>	<b>254.0</b>	Cash and investments increased as more long-term investments were made as part of Council's investment strategy.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations increased due to a rise in unexpended loans of \$45.7 million.
• External restrictions	126.6	135.2	
• Internal allocations	148.8	108.0	

Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent developer contributions, specific purpose grants and domestic waste charges.

Internally allocated cash and investments have been restricted in their use by resolution or policy of the Council to reflect forward plans and identified work programs. Their purpose is fully disclosed in Note C1-3 of the financial statements.

## Debt

Council's overdraft facilities, which include loan and purchase card facilities, totalled \$149.9 million at 30 June 2022. The total amount drawn down was \$149.0 million.

# 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 exceeded the OLG benchmark for the current reporting period.

The decrease in the 2021-22 operating performance ratio was due to the rise in operating costs exceeding the rise in operating revenues.

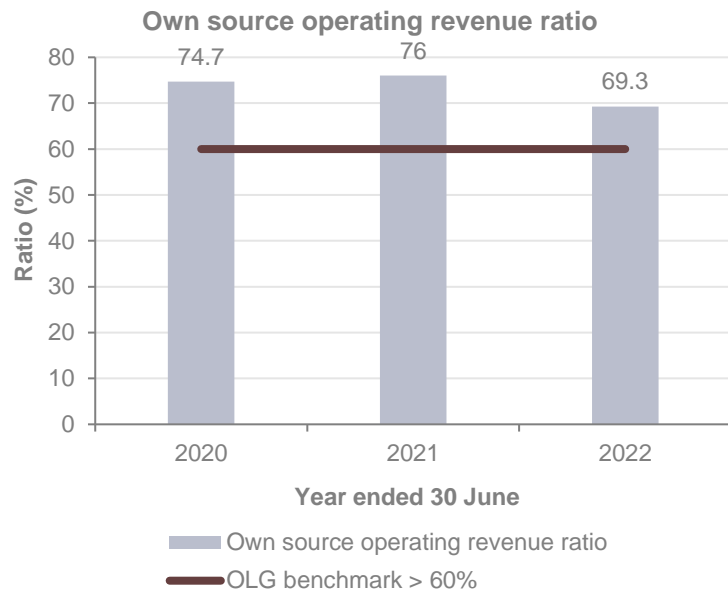


### Own source operating revenue ratio

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 continues to exceed the OLG benchmark.

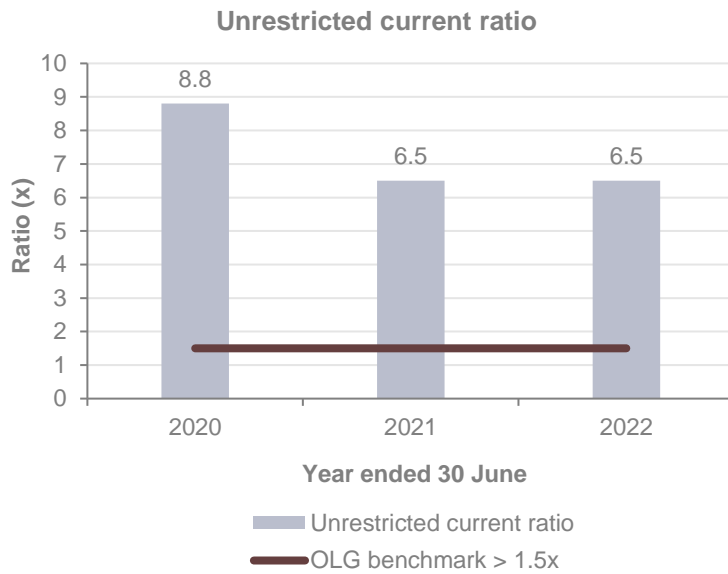
The ratio declined during the year due to an increase in capital grant funding received.



### 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.

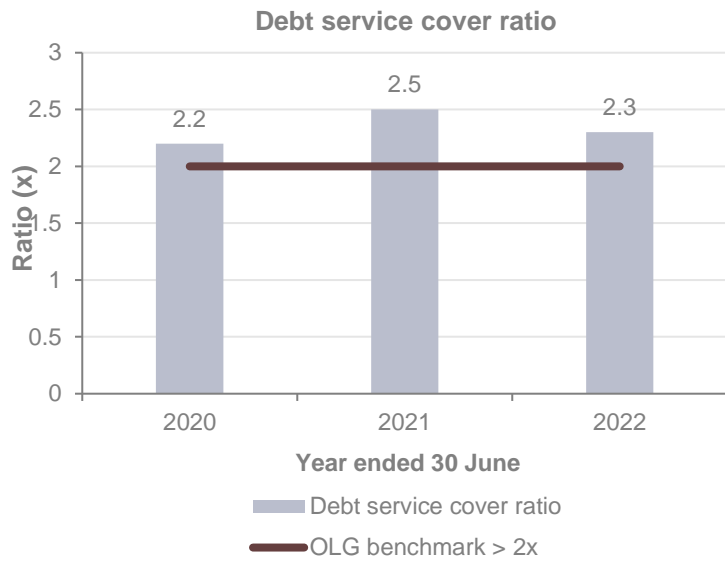
The Council continues to exceed the OLG benchmark. The ratio is consistent with the prior year.



### 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.

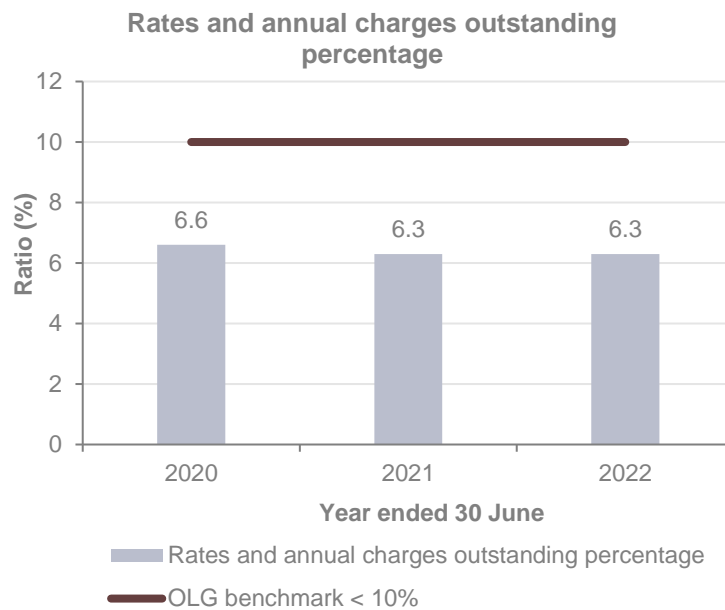
The Council continues to exceed the OLG benchmark. The ratio is consistent with the prior year.



### Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

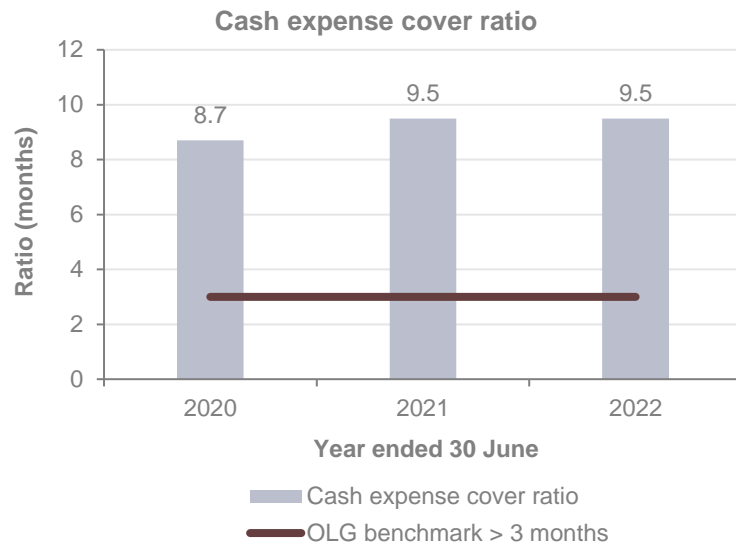
The Council continues to meet the OLG benchmark. The ratio is consistent with the prior year.



## Cash expense cover ratio

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

The Council continues to exceed the OLG benchmark. The ratio is consistent with the prior year.



## Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewal expenditure was \$26.0 million compared to \$20.3 million in 2020-21. The increase was mainly driven by higher renewals for capital work in progress totalling \$18.5 million (\$15.7 million in 2020-21), and plant and equipment totalling \$2.5 million (\$0.8 million in 2020-21). Renewal expenditure was below depreciation for the year by \$15.7 million.

## OTHER MATTERS

### Rural fire-fighting equipment not recognised in the financial statements

Council has de-recognised rural fire-fighting equipment assets from within 'Infrastructure, property, plant and equipment' (IPPE) in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should continue to be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

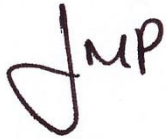
- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed in July 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The impact of the de-recognition was not considered material at 30 June 2022 after considering management procedures to validate the existence and completeness of the balance.

## 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.

A handwritten signature in black ink, consisting of the letters 'JMP' in a stylized, cursive font.

Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Ms Natalia Cowley, General Manager  
Mr Michael Cassel, Secretary of the Department of Planning and Environment

# Coffs Harbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*Connected  
Sustainable  
Thriving*



# Coffs Harbour City Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

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Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of CitySmart Solutions	6
Income Statement of Coffs Harbour Airport (ceased operations on 31/05/2021)	7
Income Statement of Coffs Harbour Laboratory	8
Income Statement of Coastal Works	9
Income Statement of Coffs Coast Holiday Parks	10
Statement of Financial Position of water supply business activity	11
Statement of Financial Position of sewerage business activity	12
Statement of Financial Position of CitySmart Solutions	13
Statement of Financial Position of Coffs Harbour Airport (ceased operations on 31/05/2021)	14
Statement of Financial Position of Coffs Harbour Laboratory	15
Statement of Financial Position of Coastal Works	16
Statement of Financial Position of Coffs Coast Holiday Parks	17
<b>Note – Significant Accounting Policies</b>	<b>18</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>21</b>

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### 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).



## Coffs Harbour City Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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

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


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

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

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

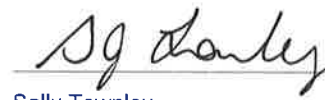
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 27 October 2022.



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Paul Amos  
Mayor  
27 October 2022




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Sally Townley  
Councillor  
27 October 2022



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Natalia Cowley  
General Manager  
27 October 2022



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Amy Mott  
Responsible Accounting Officer (Acting)  
27 October 2022

## Coffs Harbour City Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	4,672	4,530
User charges	17,345	17,450
Fees	436	439
Interest and investment income	282	491
Grants and contributions provided for operating purposes	354	360
Other income	101	113
<b>Total income from continuing operations</b>	<b>23,190</b>	<b>23,383</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,185	3,056
Borrowing costs	2,850	3,288
Materials and services	6,861	6,874
Depreciation, amortisation and impairment	5,829	5,774
Net loss from the disposal of assets	397	367
Calculated taxation equivalents	42	36
Debt guarantee fee	382	442
Other National Competition Policy imputation payments	3	7
Decrease in Fair Value of Investments	100	–
<b>Total expenses from continuing operations</b>	<b>19,649</b>	<b>19,844</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,541</b>	<b>3,539</b>
Grants and contributions provided for capital purposes	3,165	3,232
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,706</b>	<b>6,771</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>6,706</b>	<b>6,771</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(885)	(920)
<b>Surplus (deficit) after tax</b>	<b>5,821</b>	<b>5,851</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>212,909</b>	<b>205,689</b>
<b>Plus/less: Transfers to Reserves</b>	<b>(335)</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	42	36
– Debt guarantee fees	382	442
– Corporate taxation equivalent	885	920
– Other National Competition Policy imputation payments	3	7
<b>Less:</b>		
– Tax equivalent dividend paid	(42)	(36)
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>219,665</b>	<b>212,909</b>
<b>Return on capital %</b>	<b>1.9%</b>	<b>1.9%</b>
<b>Subsidy from Council</b>	<b>6,220</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,821	5,851
Less: capital grants and contributions (excluding developer contributions)	(3,165)	(3,232)
<b>Surplus for dividend calculation purposes</b>	<b>2,656</b>	<b>2,619</b>
<b>Potential dividend calculated from surplus</b>	<b>1,328</b>	<b>1,309</b>

## Coffs Harbour City Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	29,008	27,622
User charges	2,797	2,709
Liquid trade waste charges	607	582
Fees	89	72
Interest and investment income	932	1,196
Grants and contributions provided for operating purposes	269	288
Other income	82	64
<b>Total income from continuing operations</b>	<b>33,784</b>	<b>32,533</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	4,918	4,910
Borrowing costs	3,234	3,737
Materials and services	11,463	10,918
Depreciation, amortisation and impairment	7,788	7,764
Net loss from the disposal of assets	265	1,530
Calculated taxation equivalents	173	189
Debt guarantee fee	433	502
Other National Competition Policy imputation payments	9	9
Decrease in Fair Value of Investments	436	–
<b>Total expenses from continuing operations</b>	<b>28,719</b>	<b>29,559</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>5,065</b>	<b>2,974</b>
Grants and contributions provided for capital purposes	4,136	4,109
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,201</b>	<b>7,083</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,201</b>	<b>7,083</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,266)	(773)
<b>Surplus (deficit) after tax</b>	<b>7,935</b>	<b>6,310</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>313,799</b>	<b>306,098</b>
<b>Plus/less: Transfers to Reserves</b>	<b>(3,288)</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	173	189
– Debt guarantee fees	433	502
– Corporate taxation equivalent	1,266	773
– Other National Competition Policy imputation payments	9	9
<b>Less:</b>		
– Tax equivalent dividend paid	(83)	(82)
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>320,244</b>	<b>313,799</b>
<b>Return on capital %</b>	<b>1.5%</b>	<b>1.4%</b>
<b>Subsidy from Council</b>	<b>11,322</b>	<b>317</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	7,935	6,310
Less: capital grants and contributions (excluding developer contributions)	(4,136)	(4,109)
<b>Surplus for dividend calculation purposes</b>	<b>3,799</b>	<b>2,201</b>
<b>Potential dividend calculated from surplus</b>	<b>1,899</b>	<b>1,100</b>

## Coffs Harbour City Council

## Income Statement of CitySmart Solutions

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
Other income	1,922	1,544
<b>Total income from continuing operations</b>	<b>1,922</b>	<b>1,544</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	625	584
Borrowing costs	3	–
Materials and services	1,126	996
Depreciation, amortisation and impairment	50	3
<b>Total expenses from continuing operations</b>	<b>1,804</b>	<b>1,583</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>118</b>	<b>(39)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>118</b>	<b>(39)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>118</b>	<b>(39)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(30)	–
<b>Surplus (deficit) after tax</b>	<b>88</b>	<b>(39)</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>230</b>	<b>269</b>
<b>Plus adjustments for amounts unpaid</b>		
– Corporate taxation equivalent	30	–
– Dividend paid	(33)	–
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>315</b>	<b>230</b>
<b>Return on capital %</b>	<b>1,512.5%</b>	<b>(354.5)%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>39</b>

## Coffs Harbour City Council

Income Statement of Coffs Harbour Airport (ceased operations on 31/05/2021)  
for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	-	2,040
Interest and investment income	-	5
Grants and contributions provided for operating purposes	-	482
Other income	-	752
<b>Total income from continuing operations</b>	<b>-</b>	<b>3,279</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	-	686
Borrowing costs	-	520
Materials and services	-	2,563
Depreciation, amortisation and impairment	-	3,014
Net loss from the disposal of assets	-	556
Calculated taxation equivalents	-	292
Debt guarantee fee	-	128
Other National Competition Policy imputation payments	-	15
<b>Total expenses from continuing operations</b>	<b>-</b>	<b>7,774</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>-</b>	<b>(4,495)</b>
Grants and contributions provided for capital purposes	-	8,930
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>-</b>	<b>4,435</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>-</b>	<b>4,435</b>
<b>Surplus (deficit) after tax</b>	<b>-</b>	<b>4,435</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>-</b>	<b>48,053</b>
<b>Plus/less: Transfer to Reserves</b>	<b>-</b>	<b>(45,458)</b>
<b>Plus adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	292
- Debt guarantee fees	-	128
- Other National Competition Policy imputation payments	-	15
<b>Less:</b>		
- TER dividend paid	-	(292)
- Dividend paid	-	(126)
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>-</b>	<b>7,047</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>(21.7)%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>4,248</b>

## Coffs Harbour City Council

## Income Statement of Coffs Harbour Laboratory

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>Income from continuing operations</b>		
Interest and investment income	–	12
Other income	1,057	1,063
<b>Total income from continuing operations</b>	<b>1,057</b>	<b>1,075</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	498	420
Materials and services	409	361
Depreciation, amortisation and impairment	31	33
<b>Total expenses from continuing operations</b>	<b>938</b>	<b>814</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>119</b>	<b>261</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>119</b>	<b>261</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>119</b>	<b>261</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(30)	(68)
<b>Surplus (deficit) after tax</b>	<b>89</b>	<b>193</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>2,485</b>	<b>2,224</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	30	68
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>2,604</b>	<b>2,485</b>
<b>Return on capital %</b>	<b>5.4%</b>	<b>17.0%</b>

## Coffs Harbour City Council

## Income Statement of Coastal Works

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
Interest and investment income	–	4
Other income	14,873	5,591
<b>Total income from continuing operations</b>	<b>14,873</b>	<b>5,595</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,816	1,157
Materials and services	10,410	3,778
<b>Total expenses from continuing operations</b>	<b>13,226</b>	<b>4,935</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,647</b>	<b>660</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,647</b>	<b>660</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,647</b>	<b>660</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(412)	(172)
<b>Surplus (deficit) after tax</b>	<b>1,235</b>	<b>488</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>1,516</b>	<b>1,601</b>
<b>Plus/less: Transfer to Reserves</b>	<b>(972)</b>	<b>(164)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	412	172
– Dividend paid	(416)	(581)
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>1,775</b>	<b>1,516</b>

## Coffs Harbour City Council

## Income Statement of Coffs Coast Holiday Parks

for the year ended 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>Income from continuing operations</b>		
User charges	11,297	11,991
Interest and investment income	–	21
Grants and contributions provided for operating purposes	–	952
Other income	353	227
<b>Total income from continuing operations</b>	<b>11,650</b>	<b>13,191</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,970	5,052
Borrowing costs	29	40
Materials and services	3,476	5,084
Depreciation, amortisation and impairment	4,082	2,581
Net loss from the disposal of assets	62	542
Debt guarantee fee	4	6
Other National Competition Policy imputation charges	249	–
<b>Total expenses from continuing operations</b>	<b>11,872</b>	<b>13,305</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(222)</b>	<b>(114)</b>
Grants and contributions provided for capital purposes	454	855
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>232</b>	<b>741</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>232</b>	<b>741</b>
<b>Surplus (deficit) after tax</b>	<b>232</b>	<b>741</b>
<b>Plus Accumulated Funds and Equity Reserves</b>	<b>3,704</b>	<b>2,957</b>
<b>Plus/less: Transfers to Reserves</b>	<b>151</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Debt guarantee fees	4	6
– Other National Competition Policy imputation charges	249	–
<b>Closing Accumulated Funds and Equity Reserves</b>	<b>4,340</b>	<b>3,704</b>
<b>Return on capital %</b>	<b>(0.3)%</b>	<b>(0.1)%</b>
<b>Subsidy from Council</b>	<b>2,891</b>	<b>1,136</b>



## Coffs Harbour City Council

## Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	7,008	20,437
Receivables	14,135	8,447
Other	18	–
<b>Total current assets</b>	<b>21,161</b>	<b>28,884</b>
<b>Non-current assets</b>		
Investments	17,730	8,731
Receivables	130	168
Infrastructure, property, plant and equipment	344,569	361,397
Intangible assets	49,595	50,174
<b>Total non-current assets</b>	<b>412,024</b>	<b>420,470</b>
<b>Total assets</b>	<b>433,185</b>	<b>449,354</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	507	445
Payables	570	202
Borrowings	5,496	6,413
Employee benefit provisions	797	1,105
<b>Total current liabilities</b>	<b>7,370</b>	<b>8,165</b>
<b>Non-current liabilities</b>		
Borrowings	32,735	38,230
Employee benefit provisions	31	74
<b>Total non-current liabilities</b>	<b>32,766</b>	<b>38,304</b>
<b>Total liabilities</b>	<b>40,136</b>	<b>46,469</b>
<b>Net assets</b>	<b>393,049</b>	<b>402,885</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	219,665	212,491
Revaluation reserves	173,384	190,394
<b>Total equity</b>	<b>393,049</b>	<b>402,885</b>

## Coffs Harbour City Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	11,328	18,905
Receivables	14,915	4,962
Other	38	–
<b>Total current assets</b>	<b>26,281</b>	<b>23,867</b>
<b>Non-current assets</b>		
Investments	26,412	24,415
Receivables	10,524	11,129
Infrastructure, property, plant and equipment	536,106	495,135
<b>Total non-current assets</b>	<b>573,042</b>	<b>530,679</b>
<b>Total assets</b>	<b>599,323</b>	<b>554,546</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	3	3
Payables	849	244
Borrowings	6,268	7,312
Employee benefit provisions	557	1,461
<b>Total current liabilities</b>	<b>7,677</b>	<b>9,020</b>
<b>Non-current liabilities</b>		
Borrowings	37,043	43,312
Employee benefit provisions	23	98
<b>Total non-current liabilities</b>	<b>37,066</b>	<b>43,410</b>
<b>Total liabilities</b>	<b>44,743</b>	<b>52,430</b>
<b>Net assets</b>	<b>554,580</b>	<b>502,116</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	320,245	311,527
Revaluation reserves	234,335	190,589
<b>Total equity</b>	<b>554,580</b>	<b>502,116</b>

## Coffs Harbour City Council

## Statement of Financial Position of CitySmart Solutions

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Inventories	667	701
Contract assets and contract cost assets	100	12
Other	3	–
<b>Total current assets</b>	<b>770</b>	<b>713</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	8	11
Right of use assets	63	–
<b>Total non-current assets</b>	<b>71</b>	<b>11</b>
<b>Total assets</b>	<b>841</b>	<b>724</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	364	372
Contract liabilities	34	33
Lease liabilities	47	–
Employee benefit provisions	64	86
<b>Total current liabilities</b>	<b>509</b>	<b>491</b>
<b>Non-current liabilities</b>		
Lease liabilities	15	–
Employee benefit provisions	2	3
<b>Total non-current liabilities</b>	<b>17</b>	<b>3</b>
<b>Total liabilities</b>	<b>526</b>	<b>494</b>
<b>Net assets</b>	<b>315</b>	<b>230</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	315	230
<b>Total equity</b>	<b>315</b>	<b>230</b>

## Coffs Harbour City Council

### Statement of Financial Position of Coffs Harbour Airport (ceased operations on 31/05/2021)

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	-	191
Contract assets and contract cost assets	-	7,857
<b>Total current assets</b>	<b>-</b>	<b>8,048</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	-	18,289
<b>Total non-current assets</b>	<b>-</b>	<b>18,289</b>
<b>Total assets</b>	<b>-</b>	<b>26,337</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	-	8,573
Employee benefit provisions	-	203
<b>Total current liabilities</b>	<b>-</b>	<b>8,776</b>
<b>Non-current liabilities</b>		
Borrowings	-	10,500
Employee benefit provisions	-	14
<b>Total non-current liabilities</b>	<b>-</b>	<b>10,514</b>
<b>Total liabilities</b>	<b>-</b>	<b>19,290</b>
<b>Net assets</b>	<b>-</b>	<b>7,047</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	-	7,047
<b>Total equity</b>	<b>-</b>	<b>7,047</b>

## Coffs Harbour City Council

## Statement of Financial Position of Coffs Harbour Laboratory

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	1,028	1,106
Inventories	36	35
<b>Total current assets</b>	<b>1,064</b>	<b>1,141</b>
<b>Non-current assets</b>		
Contract assets and contract cost assets	9	–
Infrastructure, property, plant and equipment	2,224	1,531
<b>Total non-current assets</b>	<b>2,233</b>	<b>1,531</b>
<b>Total assets</b>	<b>3,297</b>	<b>2,672</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	6	6
Payables	134	6
Employee benefit provisions	99	98
<b>Total current liabilities</b>	<b>239</b>	<b>110</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	4	7
<b>Total non-current liabilities</b>	<b>4</b>	<b>7</b>
<b>Total liabilities</b>	<b>243</b>	<b>117</b>
<b>Net assets</b>	<b>3,054</b>	<b>2,555</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	2,604	2,485
Revaluation reserves	450	70
<b>Total equity</b>	<b>3,054</b>	<b>2,555</b>

## Coffs Harbour City Council

## Statement of Financial Position of Coastal Works

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	1,188	1,470
Receivables	631	1,159
Inventories	113	155
Other	4	–
<b>Total current assets</b>	<b>1,936</b>	<b>2,784</b>
<b>Total assets</b>	<b>1,936</b>	<b>2,784</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	2	1,251
Payables	158	13
Employee benefit provisions	1	4
<b>Total current liabilities</b>	<b>161</b>	<b>1,268</b>
<b>Total liabilities</b>	<b>161</b>	<b>1,268</b>
<b>Net assets</b>	<b>1,775</b>	<b>1,516</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	1,775	1,516
<b>Total equity</b>	<b>1,775</b>	<b>1,516</b>

## Coffs Harbour City Council

### Statement of Financial Position of Coffs Coast Holiday Parks

as at 30 June 2022

\$ '000	2022 Category 1	2021 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	110	130
Receivables	2,120	383
Inventories	89	89
Contract assets and contract cost assets	348	676
Other	2	9
<b>Total current assets</b>	<b>2,669</b>	<b>1,287</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	73,714	71,248
Intangible assets	27	32
<b>Total non-current assets</b>	<b>73,741</b>	<b>71,280</b>
<b>Total assets</b>	<b>76,410</b>	<b>72,567</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	472	831
Borrowings	190	190
Contract liabilities	1,880	1,679
Employee benefit provisions	735	618
<b>Total current liabilities</b>	<b>3,277</b>	<b>3,318</b>
<b>Non-current liabilities</b>		
Borrowings	189	380
Employee benefit provisions	26	38
<b>Total non-current liabilities</b>	<b>215</b>	<b>418</b>
<b>Total liabilities</b>	<b>3,492</b>	<b>3,736</b>
<b>Net assets</b>	<b>72,918</b>	<b>68,831</b>
<b>EQUITY</b>		
Accumulated Funds and Equity Reserves	4,341	3,704
Revaluation reserves	68,577	65,127
<b>Total equity</b>	<b>72,918</b>	<b>68,831</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Coffs Harbour City Council Water Supplies

Water supply activity servicing the Coffs Harbour local government area

##### b. Coffs Harbour City Council Sewerage Service

Sewerage reticulation & treatment activity servicing the Coffs Harbour local government area

##### c. Coffs Harbour Airport

On 31 May 2021 Council executed a lease agreement for the Coffs Harbour Airport for a 50 year term (with option to extend for a further 49 years) with Palisades Investment Partners. The lease agreement included the ongoing operations of Coffs Harbour Airport and Enterprise Park land.

Council has wound up the Coffs Harbour Airport business activities, and derecognised the fair value of the airport assets subject to the lease and recognised a non-current receivable for the current value of those assets, less the airport lease premium paid in the 2020/21 financial year, in the General Purpose Financial Statements.

##### d. CitySmart Solutions

Telemetry switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy income.

##### e. Coastal Works

Infrastructure construction, maintenance and consultancy



## Note – Significant Accounting Policies (continued)

### f. Coffs Coast Holiday Parks

Holiday Park operations at 4 locations and maintenance of Crown reserves

#### Category 2

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

#### a. Coffs Harbour Laboratory

Environmental testing, analysis and consultancy

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

#### Notional rate applied (%)

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

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

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,210,000.

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

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

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

#### Income tax

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

## Note – Significant Accounting Policies (continued)

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### (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**

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

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

### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Coffs Harbour City Council**

To the Councillors of Coffs Harbour City Council

### **Opinion**

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- CitySmart Solutions
- Coffs Harbour Airport (ceased operations on 31 May 2021)
- Coffs Harbour Laboratory
- Coastal Works
- Coffs Coast Holiday Parks.

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

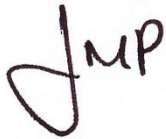
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

28 October 2022  
SYDNEY

# Coffs Harbour City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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*Connected  
Sustainable  
Thriving*



# Coffs Harbour City Council

## Special Schedules

for the year ended 30 June 2022

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

## Coffs Harbour City Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	48,781	49,916
Plus or minus adjustments <sup>2</sup>	b	225	172
<b>Notional general income</b>	c = a + b	<b>49,006</b>	<b>50,088</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.50%
Or plus rate peg amount	i = e x (c + g)	980	1,252
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>49,986</b>	<b>51,340</b>
Plus (or minus) last year's carry forward total	l	717	787
<b>Sub-total</b>	n = (l + m)	<b>717</b>	<b>787</b>
<b>Total permissible income</b>	o = k + n	<b>50,703</b>	<b>52,127</b>
Less notional general income yield	p	49,916	51,324
<b>Catch-up or (excess) result</b>	q = o - p	<b>787</b>	<b>802</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>787</b>	<b>802</b>

**Notes**

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





## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:

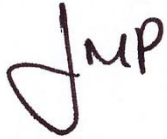
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink, appearing to read 'JMP', is positioned on the left side of the page.

Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

28 October 2022  
SYDNEY

## Coffs Harbour City Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings	–	–	2,360	1,329	121,553	177,149	32.7%	53.5%	10.3%	1.7%	1.7%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>2,360</b>	<b>1,329</b>	<b>121,553</b>	<b>177,149</b>	<b>32.7%</b>	<b>53.5%</b>	<b>10.3%</b>	<b>1.7%</b>	<b>1.7%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	10,786	11,154	434,691	575,323	44.8%	51.2%	3.9%	0.1%	0.0%
	Unsealed roads	–	–	146	536	7,824	10,770	20.6%	34.1%	39.2%	5.3%	0.7%
	Bridges	3,000	3,000	160	168	74,713	110,611	24.8%	60.2%	13.5%	1.6%	0.0%
	Footpaths	2,500	2,500	338	247	60,882	85,092	47.3%	30.0%	16.9%	3.5%	2.2%
	Other road assets	–	–	283	312	13,360	17,671	72.9%	19.9%	6.1%	1.1%	0.0%
	Bulk earthworks	–	–	4,932	5,100	270,453	270,453	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	–	–	1,393	1,440	76,388	88,989	98.4%	1.4%	0.2%	0.0%	0.0%
<b>Sub-total</b>	<b>5,500</b>	<b>5,500</b>	<b>18,038</b>	<b>18,957</b>	<b>938,311</b>	<b>1,158,909</b>	<b>60.3%</b>	<b>34.1%</b>	<b>4.9%</b>	<b>0.5%</b>	<b>0.2%</b>	
<b>Water supply network</b>	Water supply network	–	–	2,834	2,318	327,043	454,686	33.4%	12.6%	51.7%	2.4%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>2,834</b>	<b>2,318</b>	<b>327,043</b>	<b>454,686</b>	<b>33.4%</b>	<b>12.6%</b>	<b>51.7%</b>	<b>2.4%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	–	–	3,184	2,584	508,900	751,672	34.8%	32.7%	29.4%	2.6%	0.6%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>3,184</b>	<b>2,584</b>	<b>508,900</b>	<b>751,672</b>	<b>34.8%</b>	<b>32.7%</b>	<b>29.4%</b>	<b>2.6%</b>	<b>0.6%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	306	256	184,960	264,863	44.4%	37.1%	17.0%	1.4%	0.1%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>306</b>	<b>256</b>	<b>184,960</b>	<b>264,863</b>	<b>44.4%</b>	<b>37.1%</b>	<b>17.0%</b>	<b>1.4%</b>	<b>0.1%</b>
<b>Open space / recreational assets</b>	Other Open Space	20,400	20,400	599	557	35,184	84,309	20.5%	27.4%	24.8%	6.2%	21.1%
	Swimming Pools	–	–	–	94	2,123	5,165	19.8%	50.8%	2.0%	27.4%	0.0%
	<b>Sub-total</b>	<b>20,400</b>	<b>20,400</b>	<b>599</b>	<b>651</b>	<b>37,307</b>	<b>89,474</b>	<b>20.4%</b>	<b>28.8%</b>	<b>23.5%</b>	<b>7.4%</b>	<b>19.9%</b>
<b>Other infrastructure assets</b>	Other	–	–	–	–	497	1,362	8.6%	89.3%	2.1%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>497</b>	<b>1,362</b>	<b>8.6%</b>	<b>89.3%</b>	<b>2.1%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>25,900</b>	<b>25,900</b>	<b>27,321</b>	<b>26,095</b>	<b>2,118,571</b>	<b>2,898,115</b>	<b>45.1%</b>	<b>31.7%</b>	<b>20.6%</b>	<b>1.7%</b>	<b>1.0%</b>

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

## Coffs Harbour City Council

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

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#### Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Coffs Harbour City Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>16,700</b>	<b>45.45%</b>	58.08%	32.11%	>= 100.00%
Depreciation, amortisation and impairment	<b>36,746</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>25,900</b>	<b>1.14%</b>	1.57%	1.51%	< 2.00%
Net carrying amount of infrastructure assets	<b>2,268,024</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>26,095</b>	<b>95.51%</b>	96.65%	95.36%	> 100.00%
Required asset maintenance	<b>27,321</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>25,900</b>	<b>0.89%</b>	1.20%	1.15%	
Gross replacement cost	<b>2,898,115</b>				

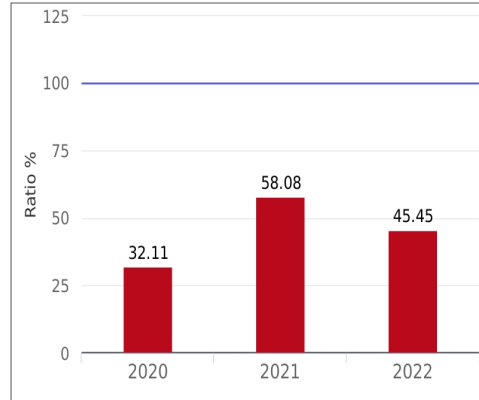
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Coffs Harbour City 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 45.45%

Required renewal is determined based on assessed remaining service capacity, with the majority of Council's infrastructure assets currently assessed as good/satisfactory condition.

The 2020/21 ratio result has been restated for consistency, to include capital renewal expenditure that had been transferred from "works in progress" during the year (and not accounted for as renewal expenditure in previous years).

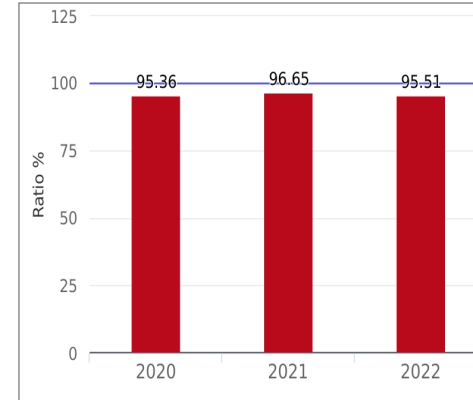
Benchmark: —  $\geq 100.00\%$

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 95.51%

Council has consistently utilised approximately 96% of its available maintenance and repairs budget to keep assets as a serviceable level.

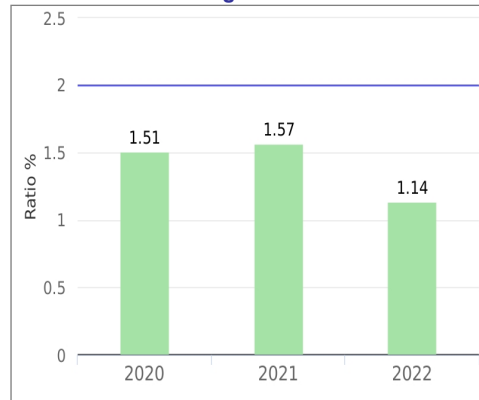
Benchmark: —  $> 100.00\%$

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 1.14%

The infrastructure backlog is based on the principle that assets not included in the current budgeted works program, which have an unacceptable level of risk, will be reported at the cost of undertaking the renewal or maintenance work.

The work required will bring the assets back to a satisfactory condition, as determined by Council and the community.

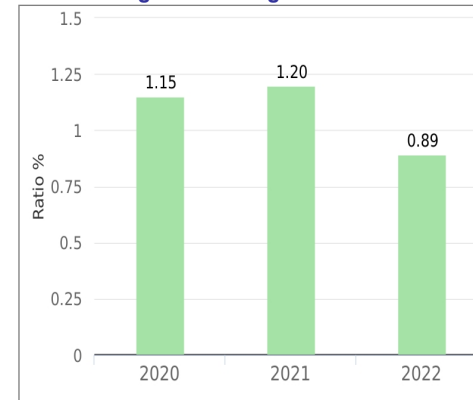
Benchmark: —  $< 2.00\%$

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 0.89%

The estimated cost to bring the asset to a satisfactory standard should be measured against the condition 2 rating of 'good' as stated in the Integrated Planning and Reporting framework for Local Government in NSW.

However in practical terms, the assets will be renewed to condition 1, which is the cost calculated.

## Coffs Harbour City Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>35.09%</b>	74.99%	<b>90.51%</b>	35.74%	<b>46.54%</b>	25.75%	>= 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>1.83%</b>	2.63%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>99.48%</b>	103.58%	<b>81.79%</b>	85.75%	<b>81.16%</b>	84.38%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>1.53%</b>	2.12%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	

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