



PARKES SHIRE ANNUAL REPORT

2021/22

PARKESTM
It all adds up.





Acknowledgement of Country

Parkes Shire is on the land of the Bogan River people, part of the Wiradjuri nation - the largest Aboriginal territory at the time of European settlement, encompassing the Central West slopes and plains.

Wiradjuri Country extends from Coonabarabran in the north, straddling the Great Dividing Range down to the Murray River and out to western NSW - around one fifth of NSW. The people of Wiradjuri Country are known as 'people of three rivers', due to the three rivers that border their lands: the Wambool (Macquarie River), Kalari (Lachlan River) and Murrumbidjeri (Murrumbidgee River).

In the spirit of reconciliation, Parkes Shire Council acknowledges the Wiradjuri people as the traditional custodians of the land and pays respect to Elders past, present and future and we extend our respect to all Indigenous Australians in Parkes Shire.

We recognise and respect their cultural heritage, beliefs and continuing connection with the land and rivers. We also recognise the resilience, strength and pride of the Wiradjuri community.

INTRODUCTION	4	RATES AND CHARGES WRITTEN OFF	41
FOREWORD	5	SPECIAL RATE VARIATION	41
MESSAGE FROM THE GENERAL MANAGER	8	COUNCILLOR PROFESSIONAL DEVELOPMENT	41
OUR PLANNING AND REPORTING FRAMEWORK	10	OVERSEAS VISITS	42
REPORTING OUR PROGRESS	11	COUNCILLOR EXPENSES AND PROVISION OF FACILITIES	43
ABOUT THE PARKES SHIRE	12	CONTRACTS AWARDED	43
OUR COMMUNITY	14	LEGAL PROCEEDINGS AND EXPENSES	44
COMMUNITY PROFILE	15	PRIVATE WORKS	44
WHAT WE MANAGE	16	CONTRIBUTIONS AND DONATIONS	44
OUR COUNCILLORS	16	EXTERNAL BODIES EXERCISING COUNCIL FUNCTIONS	45
ORGANISATION STRUCTURE	18	CORPORATIONS, PARTNERSHIPS, TRUSTS, JOINT VENTURES, SYNDICATES OR OTHER BODIES WITH A CONTROLLING INTEREST	45
EXECUTIVE LEADERSHIP TEAM	19	PARTICIPATION IN CORPORATIONS, PARTNERSHIPS, TRUSTS, JOINT VENTURES, SYNDICATES OR OTHER BODIES	45
2021/22 YEAR IN REVIEW	20	LABOUR STATISTICS	46
YOUR RATES AT WORK	21	FAIR AND EQUAL EMPLOYMENT	46
OUR OPERATIONAL EXPENDITURE	23	SENIOR STAFF REMUNERATION	46
OUR CAPITAL WORKS REPORT	24	STORMWATER MANAGEMENT SERVICES	47
OUR CAPITAL WORKS REPORT	24	COASTAL PROTECTION SERVICES	47
OUR FINANCIAL PERFORMANCE	26	COMPANION ANIMALS ACT AND REGULATION	47
ACHIEVING OUR OPERATIONAL PLAN	28	CARERS RECOGNITION	48
2021/22 ACHIEVEMENTS	29	IMPLEMENTATION OF COUNCIL'S DISABILITY INCLUSION ACTION PLAN	48
MAJOR EVENTS WE DELIVERED OR SUPPORTED	34	VOLUNTARY PLANNING AGREEMENTS	49
SUPPORTING OUR VISITOR ECONOMY	35	RECOVERY AND THREAT ABATEMENT PLANS	49
PARKES ELVIS FESTIVAL	35	INSPECTIONS OF PRIVATE SWIMMING POOLS	49
OVERTURE	35	GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT REPORTING	49
PARKES SHIRE TOURISM	36	APPENDIX A	50
CONSULTING WITH OUR COMMUNITY	38	GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT REPORTING	51
IMPROVING OUR SERVICE DELIVERY	39	APPENDIX B	58
STATUTORY REPORTING	40	AUDITED FINANCIAL STATEMENTS	59
STATUTORY REPORTING	41		
AUDITED FINANCIAL REPORTS	41		
ENVIRONMENTAL UPGRADE AGREEMENTS ENTERED INTO BY COUNCIL	41		

INTRODUCTION

FOREWORD

MESSAGE FROM THE GENERAL MANAGER

OUR PLANNING AND REPORTING FRAMEWORK

REPORTING OUR PROGRESS

ABOUT THE PARKES SHIRE

OUR COMMUNITY

COMMUNITY PROFILE

WHAT WE MANAGE

OUR COUNCILLORS

ORGANISATIONAL STRUCTURE

EXECUTIVE LEADERSHIP TEAM





FOREWORD

It is with great pleasure that I provide the foreword to Parkes Shire Council's Annual Report for the 2021/22 financial year, which details the progress we have made over the past 12 months to realising the vision and aspirations of our community.

The 2021/22 year was certainly an exciting one for the Parkes Shire, with Council continuing to deliver a series of projects aimed at making our region an even better place to live, work, visit and invest, several of which were grant-funded by the NSW Government.

Council has progressed and completed a range of projects, many of which were grant funded by the State and Federal Governments. Some of these projects include the construction of a grandstand at Spicer Oval, upgrading the Bogan Road in Parkes Shire, transforming the Parkes CBD into a vibrant shared space and starting a brand-new pavilion at the Parkes Showground.

We also saw the completion of the Family Daycare Relocation and Expansion project, which saw the transformation of an unutilised community health building location within the old Parkes Hospital precinct into the new Central West Daycare Base.

The project included the demolition of internal walls, windows, non-compliant bathrooms, floor finishes and ceilings, insulation, new windows and doors, installation of new services, new floors, fit off and commissioning of all internal spaces. External works including bulk earthworks, retaining walls, hard and soft landscaping, foot paths, ramps, storage shed, car parking upgrade and fencing.

Earlier this year, the NSW Deputy Premier and Minister for Regional NSW, the Hon. Paul Toole MP, announced a \$260 million investment into the Parkes Special Activation Precinct (SAP).

The first global investor for the SAP, Brightmark, will see an advanced plastics recycling business established - the first of its kind in Australia. The facility will bring strong economic growth and local job opportunities for the region, with 100 jobs available during construction and around 150 jobs once operational.

Having a global investor on board is a demonstration of the success of the Parkes SAP. Brightmark is a very welcome early mover, and we believe will be the catalyst for many more. This is the start of a new era for the Parkes/Forbes region.

It was announced that two Parkes tourism attractions will receive major upgrades that will improve accessibility and will give visitors even more reasons to see why it all adds up in Parkes.



The NSW Government is committing \$500,000 from the Regional Tourism Activation Fund to upgrade visitor areas to provide wheelchair accessible paths, automatic doors at the Visitor Centre and accessible bathrooms to ensure 'The Dish' remains a major drawcard that can be enjoyed by everyone.

The funding will also include the construction of an inclusive "space themed" playground. With accessible equipment, soft fall ground cover, and sun-cover, which will enhance the experience for visitors with children of all abilities.

The Parkes Elvis Festival would also become an even more authentic experience with \$376,070 in funding to construct replica gates of Elvis' famous Memphis home Graceland.

This is exciting, because it will allow us to build a new visitor attraction to greet visitors to Parkes, that will be open 365 days a year adjacent to the Parkes Visitor Information Centre.

Council delivered a number of major events, including the magical Overture! Stars Under the Stars, which took place at the newly built, Cooke Park Pavilion. It was fantastic to see such a great turnout from the local community and to see so many visitors travel all the way here to Parkes.

Following Overture, we held the long awaited 29th Parkes Elvis Festival, where we saw over 24,000 people flock to town for the belated Festival. We loved having our fans back in Parkes and we are

looking forward to seeing everyone again in January 2023 for the 30th anniversary.

We also launched a new customer request system, as part of a suite of improvements to our online presence aimed at improving the way we engage with residents and making it easier to access services, report issues and raise requests, around-the-clock.

Customers can now be able to receive updates about the progress of their requests and easily track their status online in real-time. The implementation of a new online customer request system reflects our vision of becoming a more contemporary, connected and customer-focussed organisation, and our commitment to putting our residents at the centre of everything we do.

I would like to thank the Parkes Shire community for their efforts in making Parkes Shire more connected, vibrant and sustainable for present and future generations alike.



Cr Ken Keith OAM
Mayor, Parkes Shire



MESSAGE FROM THE GENERAL MANAGER

In what was another difficult year due to the ongoing COVID-19 pandemic, I am proud of the efforts and achievements of Parkes Shire Council's employees and volunteers over the 2021-2022 year in delivering some tremendous outcomes for our community.

Over the course of 2021-2022, Council has focussed on providing strong, responsive and adaptive leadership to the Parkes Shire community as we have transitioned out of the COVID-19 pandemic towards "the new normal". With the lifting of Public Health Orders and easing of social distancing requirements in the first half of the financial year, Council has worked hard to restore as many services as possible to their pre-pandemic state, while simultaneously improving and enhancing services and making it easier for residents, ratepayers, businesses and visitors to interact with Council and access our services and facilities.

We began the 2021-2022 year by commencing a robust engagement process to develop the Parkes Shire's new Community Strategic Plan, outlining our community's aspirations for the next 10 years. Over 250 members of our community participated in this process in one way or another, and I would like to thank them for their time, effort and energy in having their say and sharing their ideas. The feedback

gained through this process not only informed the development of our new Community Strategic Plan, but has also been considered in the preparation of our accompanying suite of Integrated Planning and Reporting documents.

The Local Government ordinary elections, initially scheduled to be held in September 2020 before being deferred to 2021, were finally able to be conducted in December. That election saw the return of Councillors Bill Jayet, Ken Keith, Kenny McGrath, Louise O'Leary, George Pratt and Neil Westcott, who have been joined by four new Councillors in Marg Applebee, Jacob Cass, Daniel Weber and Glenn Wilson. I would like to acknowledge former Councillors Wally Biles, Barbara Newton, Pat Smith and Alan Ward for their service and respective contributions over the 2016-2021 term. Following the elections, we delivered a comprehensive Councillor Induction Program over the first few months of 2022 to support our Councillors - both those newly elected, and those returning - to develop a strong understanding of their responsibilities, as well as the skills necessary to excel in their roles. As has been detailed later in this Annual Report, the Councillor Induction Program comprised sessions spanning a wide range of topics - including governance, financial management, meeting practice, asset management, and planning - and was well attended by our Councillors. We look forward to continuing to support our Councillors' ongoing professional development over the coming years.

Despite the challenges posed by the COVID-19 pandemic and several weather events, Council delivered an ambitious Capital Works Program in 2021-2022 totalling over \$18.7 million.

We made significant progress on priorities and aspirations set out in our Community Strategic Plan. Council committed to delivering 316 actions across the seven Delivery Program themes of Transport, Environment, activity, Economy, H2O, Community and Council.

We delivered 208 actions with notable achievements for the 2021/22 year including strengthening footpath links throughout the Shire, upgrading our rural, urban and regional roads. We secured grant funding for on-ground environment works associated with the Akuna Wetlands project, installed 17 nest boxes and planted over 400 native trees and shrubs.

To improve connectivity, access to services, local activation and enhanced planning and development of town centres, parklands and neighbourhoods, we upgraded amenities at Pola Park and Lindner Oval, resurfaced the Parkes and Peak Hill Tennis Courts, completed the rehabilitation of Cheney Park and commenced work on the revitalisation of the Trundle Main Street.

At Council, we are always working to promote Parkes as the heart of the Central West, to take advantage of national air, road and rail upgrades and become the centre of manufacturing, agricultural, retailing and services.

Construction of the Parkes Special Activation Precinct commenced in later 2021. Early works are underway, which include the upgrade of Brolgan Road to incorporate a roundabout for the future Coopers Road realignment, two bridges over the existing railway lines, and a new 30MVA sub-station, as well as all associated utilities. These works are expected to be completed in the first half of 2023.

This precinct will ensure that Parkes continues to boast a strong diverse economy. It will create jobs and opportunities for the whole region when completed, efficiently linking agricultural value-added products to world markets.

Council is committed to continuing to work with the State Government to ensure that the vision for the precinct is achieved and is being developed using circular economy and eco industrial park principals.

We were successful in securing over 60 grants for Council and community projects to the value of \$26.8 million, with \$23.8 million awarded to Council and \$2.9 million awarded to community groups.

As a Council, we are focused on delivering progress and value to our community. We recently established a new Audit, Risk and Improvement Committee to provide independent assurance to Council by monitoring, reviewing and providing advice about Council's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

I would like to take this opportunity to extend my thanks to Mayor Cr Ken Keith OAM, Deputy Mayor Cr Neil Westcott and the Councillors for their ongoing work and guidance. I would also like to thank the community and businesses we continue to work with.

Finally, we achieve nothing alone and I am proud to work with the wonderful staff at Parkes Shire Council. To all the staff and the Executive Team - thank you, once again, for a great 12 months.

We will continue to work to improve our connection with the Shire, to make the Parkes Shire an even more vibrant and progressive place to live, work and prosper.



Kent Boyd PSM
General Manager

OUR PLANNING AND REPORTING FRAMEWORK

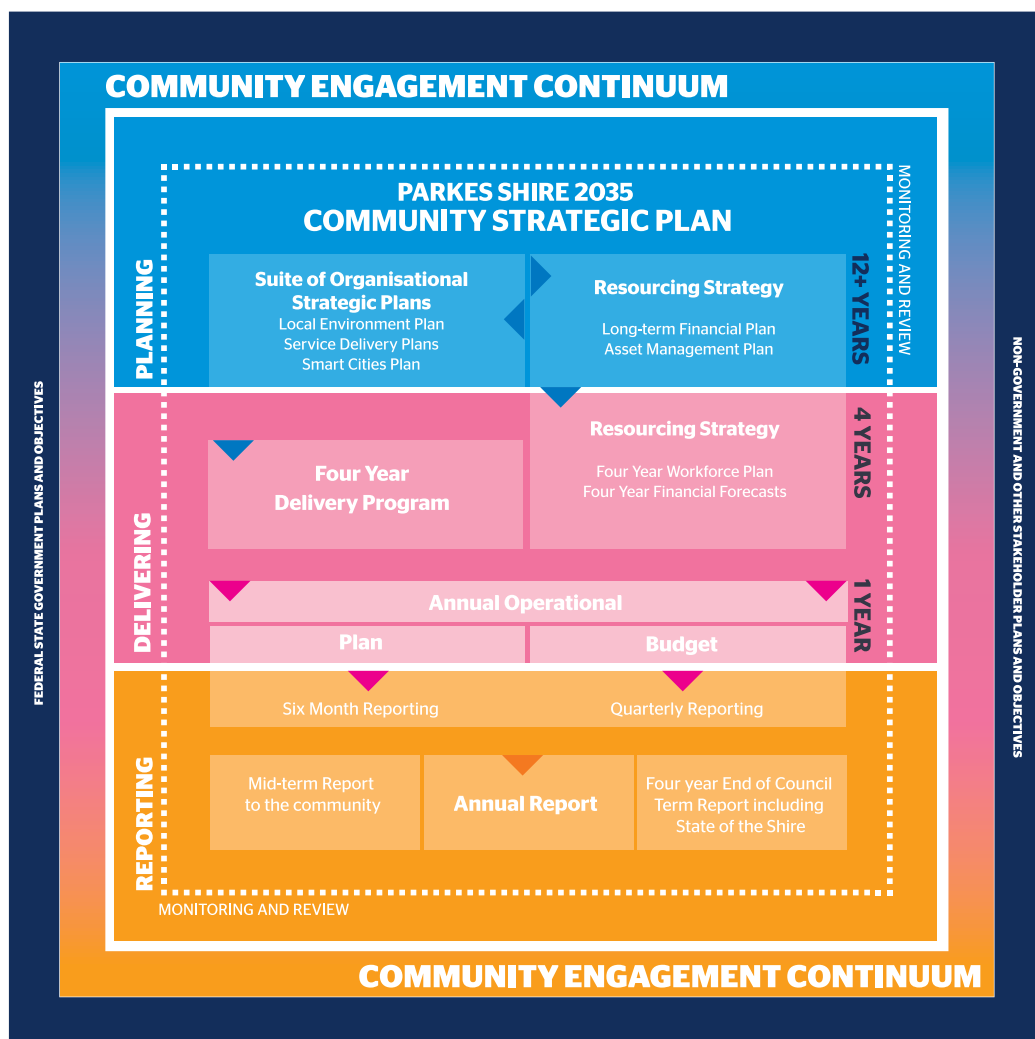
The Annual Report forms part of the Integrated Planning and Reporting (IP&R) Framework and details our progress in implementing the Delivery Program and the activities we have undertaken to deliver on the objectives of the Community Strategic Plan.

Community Strategic Plan

The Community Strategic Plan is the highest-level plan that Council prepares through its IP&R framework. The purpose of the Community Strategic Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. All other strategies developed as part of the IP&R framework relate to, and support, the Community Strategic Plan.

Community Engagement Strategy

The Community Engagement Strategy outlines how Council engages with its community and relevant stakeholders to develop the Community Strategic Plan, as well as other plans, policies, programs and key activities undertaken.



Resourcing Strategy

The Resourcing Strategy consists of three components including the Long-Term Financial Plan; Workforce Management Plan; and Asset Management Plan. The Resourcing Strategy explains to the community how Council intends to perform all of its functions, including implementing the strategies set out in the Community Strategic Plan for which it is responsible. The Resourcing Strategy focuses in detail on matters that are the responsibility of Council and considers, in general terms, matters that are the responsibility of others.

Delivery Program

Prepared by the incoming Council, the Delivery Program identifies the principal activities to be undertaken by Council's governing body over its term to perform all its functions - including the strategies established by the Community Strategic Plan - using the resources identified in the Resourcing Strategy. All plans, projects, activities, and funding allocations made by Council over its term must be directly linked to the Delivery Program.

REPORTING OUR PROGRESS

Reporting is a key element of the IP&R framework. We use a variety of tools to report our progress in achieving this Community Strategic Plan and implementing the Delivery Program, as well as our financial performance against the annual and long-term budgets.

Budget Review Statement

Council prepares a Budget review statement three times each year which shows, by reference to the estimate of income and expenditure set out in the statement of Council's revenue policy in the Operational Plan for the relevant year; a revised estimate of the income and expenditure for that year.

Delivery Program Progress Reports

Every six months, Council prepares a report detailing our progress in achieving the principal activities detailed in the Delivery Program.

Annual Report

Within five months of the end of each financial year, Council prepares an Annual Report, which includes a copy of our audited financial reports. The Annual Report details our progress in implementing the Delivery Program and the activities we have undertaken to deliver on the objectives of the Community Strategic Plan.

State of the Shire Report

The State of our Shire Report is prepared by the outgoing Council and presented at the second meeting of a newly elected Council. The report will cover the 4-year term of the previous council and will objectively track council's progress against the Community Strategic Plan (CSP).

State of the Environment Report

Included in the Annual Report in the year in which an ordinary election is held is a State of the Environment Report. This document reports on environmental issues relevant to the objectives for the environment established by the Community Strategic Plan.

ABOUT THE PARKES SHIRE

The Parkes Shire local government area sits at the heart of Central West NSW, strategically located on the Newell Highway – Australia’s major inland touring route – and within five hours of Sydney and three hours of Canberra.

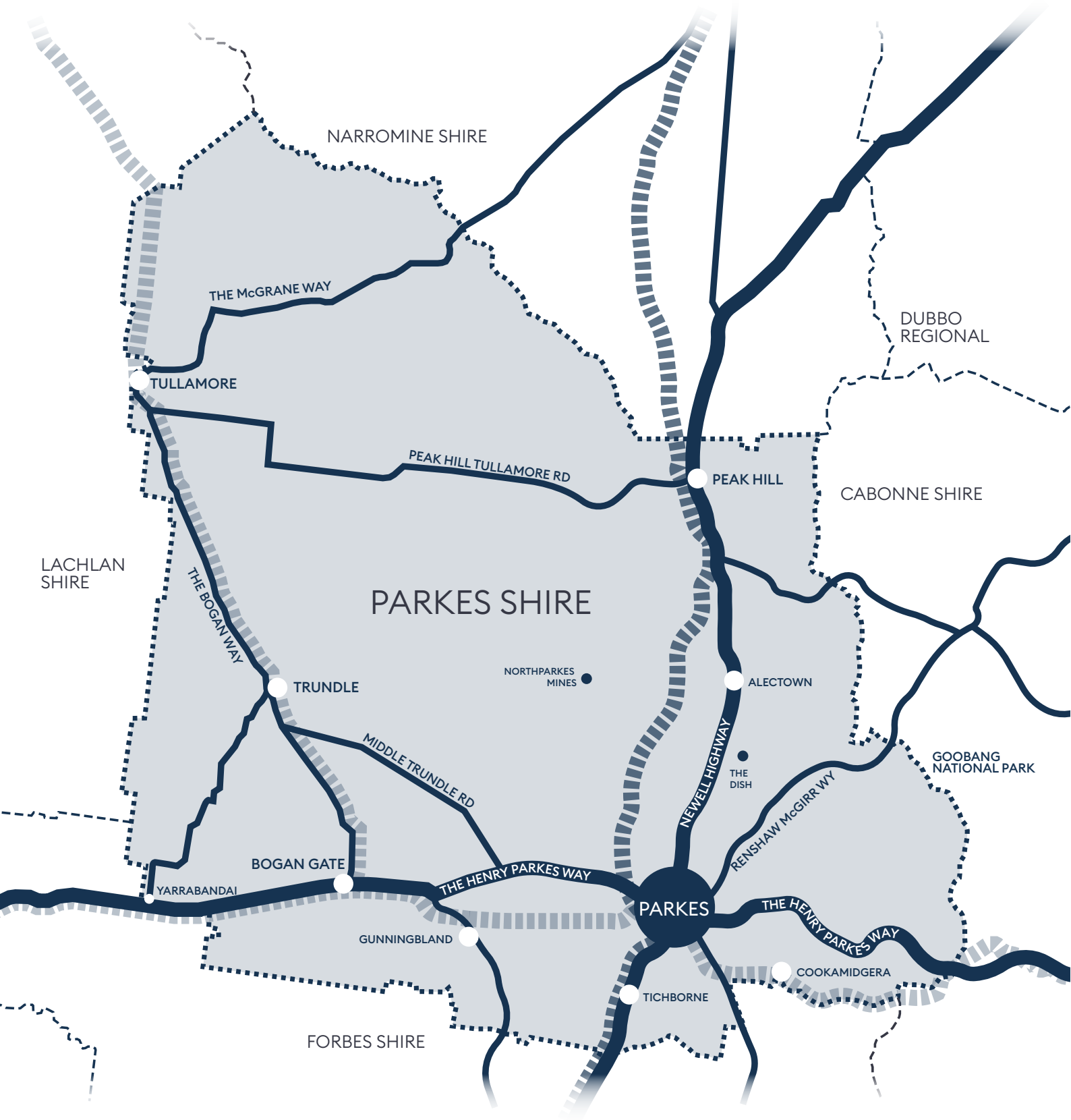
Covering an area of 5,919 square kilometres and taking in some of the richest and most productive farming and grazing land in NSW, Parkes Shire is renowned for our stunning natural beauty and friendly, welcoming community.

Just over 14,608 people call Parkes Shire home, with more than two-thirds of our population living in the town of Parkes, which services as the administrative, commercial and services hub of the local government area. Small towns and villages are located at Peak Hill, Trundle, Tullamore, Alectown, Bogan Gate and Cookamidgera.

Just over 10 per cent of the Parkes Shire’s population identify as Aboriginal or Torres Strait Islander, significantly higher than the respective state and national averages of 2.9 per and 2.8 per cent. Parkes Shire is located on the lands of the Bogan River people of the Wiradjuri nation – the largest Aboriginal territory at the time of European settlement – and continues to be the home of many Wiradjuri people, as well as those from other nations.



OUR COMMUNITY



COMMUNITY PROFILE

GEOGRAPHICAL AREA: 5919 SQ KMS

SHIRE: 14,608

Parkes (incl. Cookamidgera,
Alectown and Tichborne) - 12,102

Trundle - 687

Tullamore - 424

Peak Hill - 1,106

Bogan Gate - 289

DIVERSITY

Indigenous population 10%

Born overseas - 5.4%

Non-English-speaking background - 5.7%

GENDER

49.2% Male

50.8% Female

AGE

Pre-school Children (0-4 years) 6.4%

Primary School (5-11) 9.9%

Secondary Schoolers (12-17) 8.1%

Tertiary Education / Independence (18-24) 8.2%

Young Workforce (25-34) 10.5%

Parents / Homebuilder (25-49) 16.9%

Older Works and Pre-Retirees (50-59) 13.6%

Empty Nester and Retirees (60-69) 12.1%

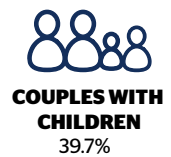
Seniors (70+) 14.2%

PROJECTED TRENDS

Projected Shire population in 2036 - 14,818

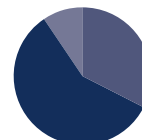
Projected dwellings in 2036 - 7,585

Projected households in 2036 - 6,583



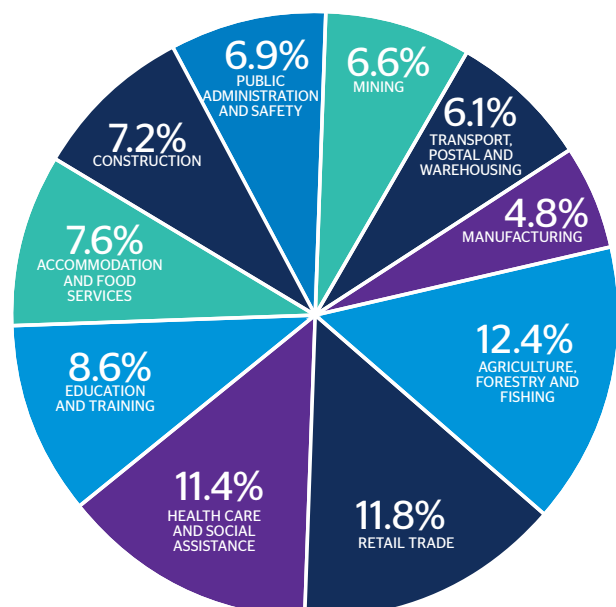
EMPLOYMENT

IN 2016 % OF POPULATION HAD THE FOLLOWING OCCUPATION:



6303 LABOUR FORCE
2065 **PART TIME WORKERS**
3644 **FULL TIME WORKERS**

INDUSTRIES BY EMPLOYMENT



Sources

Australian Bureau of Statistics, 2016
Department of Planning and Environment, 2019

WHAT WE MANAGE



2111km road
56km footpath
1 airport



2 Water Treatment Plants
3 Sewerage Treatment Plants
733km water & sewer pipes
16 pump stations



2,000km roadside weed inspections
16 solar panel sites
4 waste facilities
600+ weekly bin collections



4 libraries
30 emergency services buildings
4 medical housing amenities
5 cemeteries
5 community buildings



63 playgrounds and parks
4 swimming pools
15 sporting fields
3 skate parks



29 commercial properties
1 Visitor Information Centre

OUR COUNCILLORS

Councillors are your elected representatives for the Parkes Shire. Your elected representatives work and advocate for you, the residents of our Shire.

Councillors are responsible for managing the Shire's assets, providing a wide range of services and facilities, and ensuring finances are allocated in the best interests of the whole community.

Under the *Local Government Act 1993*, the role of a Councillor is to:

- Be an active and contributing member of the governing body;
- Make considered and well-informed decisions as a member of the governing body;
- Participate in the development of the Integrated Planning and Reporting framework;
- Represent the collective interests of residents, ratepayers and the local community;
- Facilitate communication between the local community and the governing body;
- Uphold and represent accurately the policies and decisions of the governing body; and
- Make all reasonable efforts to acquire and maintain the skills necessary to perform the role of a Councillor.



TOP TO BOTTOM

Cr Ken Keith OAM 2016 - 2021 (Mayor) | 2022 - 2025 (Mayor)
Cr Barbara Newton 2016 - 2021 (Deputy Mayor)
Cr Neil Westcott 2016 - 2021 | 2022 - 2025 (Deputy Mayor)



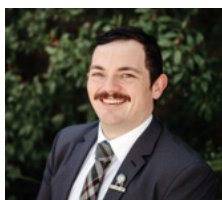
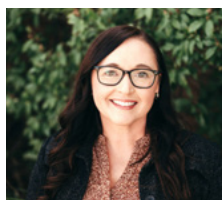
LEFT TO RIGHT

Cr Kenny McGrath 2016 - 2021 | 2022 - 2025
Cr George Pratt 2016 - 2021 | 2022 - 2025
Cr Pat Smith 2016 - 2021
Cr Alan Ward 2016 - 2021



LEFT TO RIGHT

Cr Louise O'Leary 2016 - 2021 | 2022 - 2025
Cr Wally Biles 2016 - 2021
Cr Bill Jayet 2016 - 2021 | 2022 - 2025



LEFT TO RIGHT

Cr Margaret Applebee 2022 - 2025
Cr Jacob Cass 2022 - 2025
Cr Daniel Weber 2022 - 2025
Cr Glenn Wilson 2022 - 2025

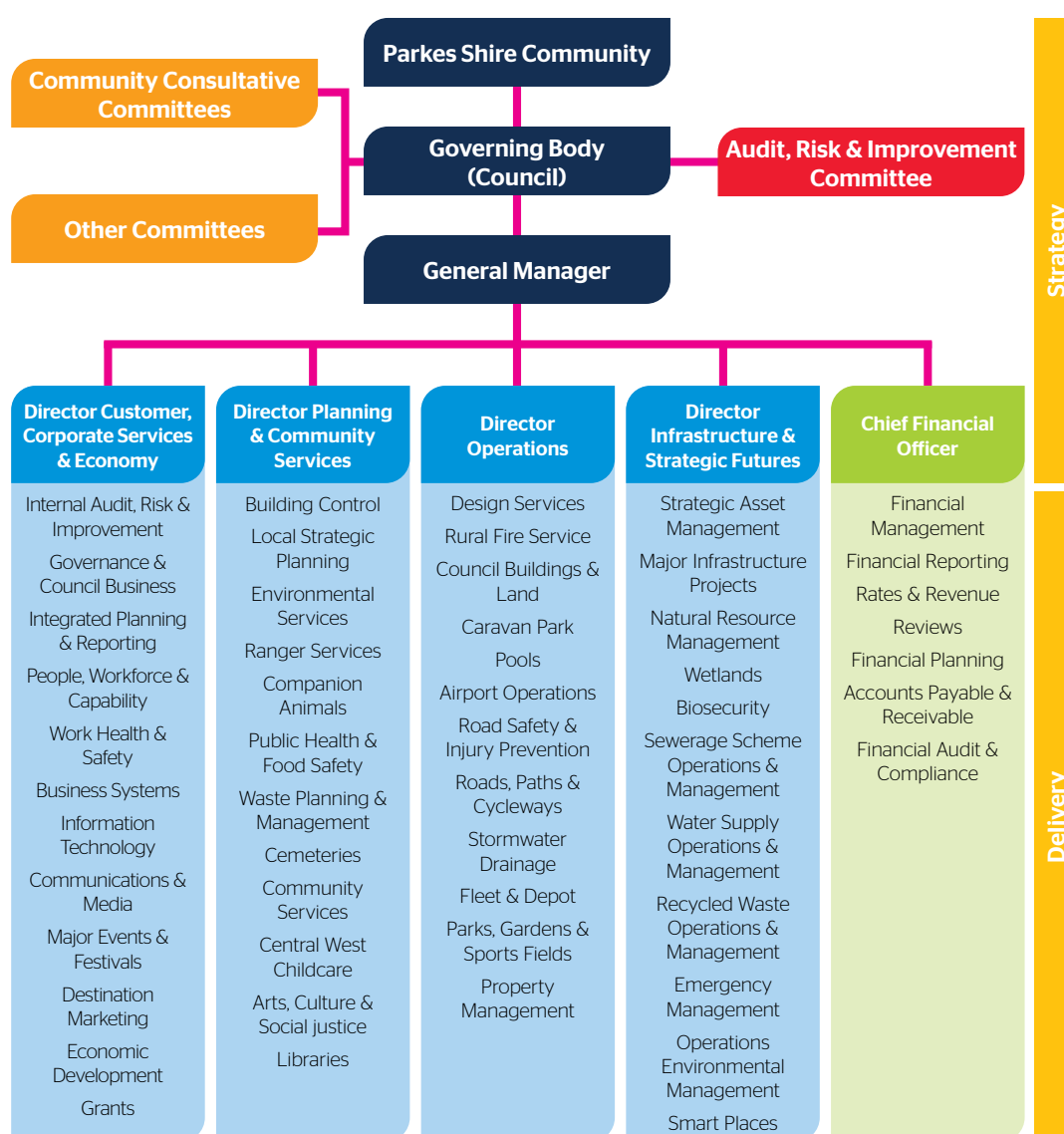
Following the Local Government Elections in November 2022, the Parkes Shire re-elected six of the existing Councillors and elected four new Councillors.

ORGANISATION STRUCTURE

The General Manager is responsible for the efficient and effective operation of our organisation and ensuring the implementation of Council's decisions, strategies, policies and programs.

A review of our organisation structure was undertaken in 2021/22, resulting in a new structure being implemented in August 2021. The General Manager is responsible for the efficient and effective operation of our organisation and ensuring the implementation of Council's decisions, strategies, policies and programs.

A review of our organisation structure was undertaken in 2021/22, resulting in a new structure being implemented in August 2021.



EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team is responsible for leading our organisation. The General Manager is supported by four Directors, each of whom leads a department with specific service delivery and operational functions.

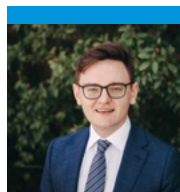


GENERAL MANAGER

Kent Boyd

Commenced June 1992

- Graduate, Australian Institute of Company Directors Course
- Master of Business Administration, Deakin University
- Master of Government and Commercial Law, Australian National University
- Graduate Diploma in Management, Deakin University
- Bachelor of Civil Engineering (Honours), University of Technology Sydney

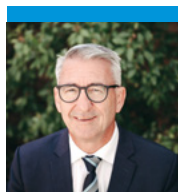


DIRECTOR CUSTOMER, CORPORATE SERVICES AND ECONOMY (PUBLIC OFFICER)

Cian Middleton

Commenced January 2022

- Master of Business Administration, University of New England
- Master of Legal Practice, Australian National University
- Graduate Certificate in Human Resource Management (Distinction), RMIT University
- Bachelor of Laws, University of Adelaide
- Bachelor of Arts (Politics and International Studies), University of Adelaide



DIRECTOR PLANNING AND COMMUNITY SERVICES

Brendan Hayes

Commenced March 2020

- Graduate Diploma in Urban and Regional Planning, University of New England
- Graduate Certificate in Local Government Management, Charles Sturt University
- Associate Diploma in Applied Science (Health and Building), Sydney Technical and Further Education College
- Building Surveyor A1 Accredited Certifier, NSW Building Certifiers

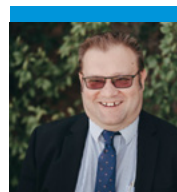


DIRECTOR OPERATIONS

Ben Howard

Commenced November 2008

- Graduate Certificate in Management, Australian Graduate School of Management
- Bachelor of Engineering (Civil), Monash University
- Diploma Project Management, TAFE NSW
- Certificate IV in Training and Assessing, Charles Sturt University

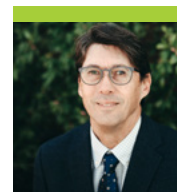


DIRECTOR INFRASTRUCTURE AND STRATEGIC FUTURES

Andrew Francis

Commenced November 2005

- Graduate Certificate in Management, Australian Graduate School of Management
- Bachelor of Engineering (Environmental), University of Southern Queensland
- Bachelor of Engineering (Bioprocess), University of New South Wales
- Diploma Project Management, TAFE NSW
- Certificate IV in Training and Assessing, Charles Sturt University



CHIEF FINANCIAL OFFICER (RESPONSIBLE ACCOUNTING OFFICER)

Jaco Barnard

Commenced May 2019

- Certified Practising Accountant, CPA Australia
- Bachelor of Commerce, University of South Africa
- Bachelor of Journalism, University of Stellenbosch

2021/22 YEAR IN REVIEW

YOUR RATES AT WORK

OUR OPERATIONAL EXPENDITURE

OUR CAPITAL WORKS REPORT

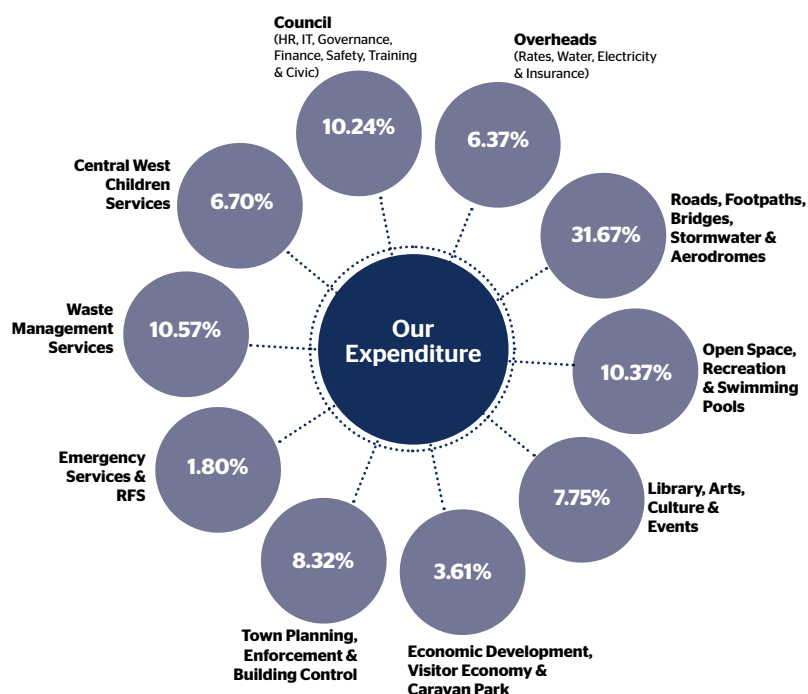
OUR FINANCIAL PERFORMANCE



YOUR RATES AT WORK

In 2021/22, we managed an income of more than \$70 million, the majority of which came from Rates and Annual Charges. The rest of the income was generated from User Charges and Fees, Other Revenue, Operating - Grants and Contributions, Capital - Grants and Contributions, Interest and Investment Income, Other Income and Net Gain from Disposal of Assets. We use this income to maintain critical infrastructure and provide services across the Parkes Shire and enhance our community's quality of life.

Our Income	
Council Categories	Percentage of Operational Expenditure
Rates and Annual Charges (\$22,286,000)	31.89%
User Charges and Fees (\$18,565,000)	26.45%
Other Revenue (\$1,577,000)	2.25%
Operating - Grants and Contributions (\$15,651,000)	22.30%
Capital - Grants and Contributions (\$11,216,000)	15.98%
Interest and investment Income (\$290,000)	0.41%
Other Income (\$227,000)	0.32%
Net gain from disposal of assets (\$280,000)	0.40%





OUR OPERATIONAL EXPENDITURE

INCOME
\$58,976,190.00

EXPENDITURE
\$53,674,982.00

Activity+

INCOME | 234,317
EXPENDITURE | 3,215,924

Parks and Open Spaces
Sporting Grounds
Town Presentation
Public Swimming Pools
Learn to Swim Program



Community+

INCOME | 2,533,851
EXPENDITURE | 3,545,285

Public Libraries
Literacy Programs
Cultural Services
Family Day Care
Social Justices
RFS - Fire Control
Buildings and Maintenance
Town Improvement Funds



Council+

INCOME | 22,073,715
EXPENDITURE | 17,762,562*

Organisational Capability
Integrated Planning and Reporting
Human Resources
Training and Development
Information and Communications Technology
Work Health and Safety System
Executive and Mayoral Support



Economy+

INCOME | 2,300,211
EXPENDITURE | 3,370,536

Lobbying and Investment Attraction
Destination Development and Marketing
Events
Parkes Elvis Festival
Caravan Park



Environment+

INCOME | 4,336,749
EXPENDITURE | 6,171,764

Planning and Environment Services
Building Certification
Regulatory Services
Public Conveniences
Weed Inspection and Control
Waste Facilities and Collection Services
Cemeteries



H2O+

INCOME | 14,531,400
EXPENDITURE | 13,172,155*

Water Treatment and Supply
Sewer Treatment and System Maintenance
Recycled Water Scheme
Stormwater Management



Transport+

INCOME | 12,965,947
EXPENDITURE | 6,436,756

Major Road Works and Construction
Bridge Maintenance
Road and Footpath Maintenance
Parking Areas
Parkes Regional Airport
Road Safety Services



* Includes depreciation

OUR CAPITAL WORKS REPORT

TOTAL
BUDGET
\$72,288,803

ACTUAL
\$18,707,516

Community+



Description	Budget \$	Actual \$
Peak Hill Community Garden	100,000	104,469
Parkes Shire Library Local Priority Grant	18,510	18,596
Book Vote 2021-22	80,500	76,433
Neighbourhood Central Roof Replace	13,200	0
Cookamidgera Shed	300,000	18,704
31 Dalton Street Doctor's Surgery	200,000	15,969
Coobang Shed	300,000	12,356
Village Library Furniture	18,510	0

Activity+



Description	Budget \$	Actual \$
Spicer Oval Amenities Construction	2,520,000	1,817,345
Parkes Tennis Courts Resurfacing	171,000	138,309
Trundle Pool Upgrade	398,570	323,036
Cooke Park Shade Structure	150,000	124,949
Jock Colley Field Grandstand - Inv	76,000	76,362
Parkes Pool Amenities Upgrade	10,000	0
Pools Chemical Management	12,000	6,000
Parkes Skate Park	705,000	17,431

Council+



Description	Budget \$	Actual \$
Remote Wireless Network Upgrade	50,000	33,147
Network, Server & Storage	87,000	18,704
CIS Improvements 21-22 - Customer Request Management	45,000	51,892
Meeting Room A/V Upgrades	59,000	56,779
CIS Improvements 21-22 - Procure to Pay	25,500	3,090
Peak Hill - TI Vote - Capex - 21/22	0	17,114
Bogan Gate - TI Vote - Capex - 21/22	0	1,618
Pulvers Hill Admin Centre Link	108,000	0
Admin Building Air-conditioner	20,000	13,432
E-Mail Security	37,270	19,270
CCTV Camera	85,000	5,161
WTP/ STP Network Upgrade	130,000	0

Economy+



Description	Budget \$	Actual \$
Driver Reviver Upgrade	90,000	93,154
HPC Internal Rd Sealing & Drainage	50,000	61,860
Power Bollard Cooke Park	12,000	10,227

Environment+



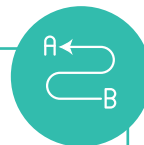
Description	Budget \$	Actual \$
Parkes Cemetery Section H	105,000	1,045

H2O+



Description	Budget \$	Actual \$
Parkes Town Water Security Program	2,023,459	2,039,588
Water Fund - Land Acquisition	6,087	6,241
Parkes Water Security - Stage 1 (DWS036)	4,070,000	1,433,807
Integrated Water Cycle Management	194,797	434,122
ISCA Water Projects (WTP, STP, RWS)	50,000	167,125
Sewer Relining Program 21-22	100,000	36,299
Water Security Project	14,403,000	243,175

Transport+



Description	Budget \$	Actual \$
Black Spot & Transport for NSW Safer Roads Program	1,209,000	1,681,361
FAGS - Roads Program - Resheet Program	800,000	843,328
NPM - SR76 - Bogan Road	900,000	1,260,943
MR350 Upgrades	15,087,380	2,025,941
SR10 - Cookamidgera Road Upgrades	1,500,000	58,565
East St Rehab & Bridge Construction	2,541,120	144,535
Round 2 LRCI Program	750,000	1,090,563
Trundle Depot	150,000	326
Plant Replacements 21-22	810,000	475,649
Trundle Main Street	995,400	433,311
Plant Replacements 21-22	160,000	35,258
Lawn Mowers	25,500	33,169
Transport for NSW Block Grant - Roads Program	1,362,000	537,035
Currajong Street Rehabilitation	3,560,000	113,860
Roads Program (Operational Grant)	1,137,000	137,881
Transport +	500,000	357,932
Urban & Rural Construction Program	150,000	264
School Zone Road Safety	169,000	128,822
Urban Road Improvement	695,000	6,557
Urban Lanes Improvement	150,000	176,645
Reseal Urban & Local Roads	350,000	299,932
Vegetation Management	100,000	19,213
Bulk LED Upgrade	788,000	306,614
Middle Trundle Road (SR83)	660,000	680,787
Peak Hill & Baldry Road	10,700,000	362,216
Clarinda Street Shared Path	215,000	209,305

OUR FINANCIAL PERFORMANCE

Council achieved a positive net operating result before grants and contributions provided for capital purposes in 2022 of \$5.3 million compared to \$3.7 million in the previous year. This result was attributable to \$3.84m within the General Fund; \$1.47m within Sewer Fund and a minor operating

deficit of (\$0.09m) within the Water Fund. Council has external restrictions of \$22.26 million (2021 - \$17.77 million) and internal restrictions of \$3.40 million (2021 - \$4.50 million).

A summary of Council's financial performance is outlined below.

Table A: Financial Performance Summary		
Financial Performance Summary	2022 \$'000	2021 \$'000
Income Statement		
Total Income from Continuing Operations	70,192	63,334
Total Expenses from Continuing Operations	53,675	50,058
Operating Result from Continuing Operations	16,517	13,276
Net Operating Result for the Year	16,517	13,276
Net Operating Result before Grants and Contributions provided for Capital Purposes	5,301	3,692
Statement of Financial Position		
Total Current Assets	44,907	39,883
Total Current Liabilities	(19,512)	(19,511)
Total Non-Current Assets	846,433	743,627
Total Non-Current Liabilities	(23,920)	(25,310)
Total Equity	847,908	738,689
Other Financial Information		
Operating Performance Ratio (%)	8.67%	6.61%
Own Source Operating Revenue Ratio (%)	61.57%	60.66%
Unrestricted Current Ratio (times)	2.65	1.73
Debt Service Cover Ratio (times)	10.90	10.07
Rates & Annual Charges Outstanding Ratio	11.41%	11.76%
Cash Expense Cover Ratio (months)	8.92	9.57
Infrastructure Renewals Ratio (%)	81.87%	155.07%

In 2022, council received \$11.22 million (2021 - \$9.58 millions) in grants and contributions provided for capital purposes. These grants assisted in funding an extensive capital expenditure program totalling \$21.19 million (2021 - \$26.03 million).

Rates and annual charges income grew by \$0.96 million (4.5%) to \$22.39 million compared with \$21.42 in 2021. User charges & fees income increased by \$2.96 million (19.0%) to \$18.57 million from \$15.61 million in 2021. This was mainly due to an increase in ordered works for Transport for NSW (TfNSW) and private works undertaken.

Employee benefits and on-costs grew by \$0.16 million (1.0%) on the previous year. This minor increase was lower than budget and previous years due to Council having a significantly reduced workforce. The current labour market has resulted in difficulties and delays in recruiting and retaining employees across the organisation.

Materials and contract expenses increased by \$2.59 million to \$22.03 (13.3%) from \$19.43 million in 2021. This was a significant increase in comparison with the previous year and was a result of road related expenditure. The increase in road expenditure was attributed to RMCC ordered works, private works delivered for Regional Growth Development Corporation and flood damage restoration works.

Council's depreciation expense increased from the previous year by \$0.99 million following the commissioning and capitalisation of new assets. Interest and investment revenue increased in 2022 by \$0.19 million. The increase in interest & investment revenue was attributed to higher interest rates and an increase in the value of investments held by council.

Council's total equity increased to \$847.91 million (2022) from \$738.69 million (2021). The significant increase was attributed by the revaluation of water & sewerage infrastructure assets, \$33.95 million and the indexation of other infrastructure asset classes, \$58.75 million. The indexation of these asset classes will impact council's depreciation expense in future years and is not recognised in the Long-Term Financial Plan. Council's liquidity continues to be well managed as indicated through the unrestricted current ratio of 2.65x (1.73x 2021), well above the benchmark of 1.5x.

Council did not draw down any additional borrowings during 2021/22. The Debt service cover ratio which is measured by the cost of repaying principal and interest and expresses that cost as a percentage of revenue from ordinary activities. The debt service cover ratio was recorded as 10.90x (10.07x 2021) and remains above the industry benchmark of 2.0x and indicates that council has a manageable level of debt.

Councils operating performance ratio indicated a positive result of 8.67% as compared with a positive result of 6.61% in the previous year. Council's infrastructure backlog ratio of 1.98% (2021 - 2.53%) remains just within the industry benchmark of less than 2%. Council has placed a strong focus on reducing infrastructure backlogs and continued asset maintenance will be required to enable levels to remain sustainable. Council's overall cash & investment position increased during the year and indicates that the financial sustainability outlook of council continues to improve.

ACHIEVING OUR OPERATIONAL PLAN

2021/22 ACHIEVEMENTS

MAJOR EVENTS WE DELIVERED OR SUPPORTED

SUPPORTING OUR VISITOR ECONOMY

PARKES ELVIS FESTIVAL

OVERTURE

PARKES SHIRE TOURISM

CONSULTING WITH OUR COMMUNITY

IMPROVING OUR SERVICE DELIVERY



2021/22 ACHIEVEMENTS

In its 2021/22 Operational Plan, Council committed to delivering 316 actions across the seven Delivery Program themes of Transport, Environment, Activity, Economy, H2O, Community and Council. Council delivered 208 actions with notable achievements for the 2021/22 year including:

Activity +

Improving connectivity, access to services, local activation and enhanced planning and development of town centres, parklands and neighbourhoods.

- Installation of standard 15 metre NRL goal posts at Pioneer Oval.
- Upgrades to amenities at Pola Park and Lindner Oval.
- Resurfacing of the Parkes and Peak Hill tennis courts delivered under the Local Roads and Community Infrastructure Program.
- Rehabilitation of Cheney Park to provide adequate surface for activities delivered under the Local Roads and Community Infrastructure Program.
- \$1.37 million spent on the upgrade of the Spicer Oval Amenities, with the project due for completion in October 2022.
- Works commenced on the revitalisation of the Trundle main street, with site establishment and construction due to commence in July 2022.
- Installation of new LED lighting for Spicer Oval delivered under the Local Roads and Community Infrastructure Program.

2021/22 Backlog of Actions:

No notable backlogs for 2021/22 identified.

Community +

Reducing disadvantage through improved access to services and opportunities for aged persons, people with a disability and isolated settlements in the Shire.

- Recruitment of a Creative Learning Programs Coordinator to deliver quality STEM learning activities at Council's newly developed MarraMarra Makerspace.
- Increased participation in activities delivered by the Parkes Shire Libraries.
- Delivery of nine road safety and injury prevention initiatives and programs.
- Completion of several Village Strategic Plan projects including new cricket nets in Trundle and Stage 3 of the Carrington Hotel refurbishment in Peak Hill.
- Construction of accessible viewing platforms in Cooke Park for Overture and Parkes Elvis Festival.
- Successful Youth Week campaign in March 2022 with over a jam-packed program delivered, including over 18 free workshops and events delivered by Council and the Parkes PCYC.
- \$100,000 refurbishment of the Coventry Room to provide a high-quality exhibition, performance and events space for the community and artists.
- Successful partnership with the local First Nations community to deliver the Wiradjuri Ngurambang Exhibition which showcases and shares local Wiradjuri First Nation artefacts and provides community members and visitors the opportunity to learn about the local Wiradjuri people and their culture; past, present and future.

2021/22 Backlog of Actions:

- Council's Access Committee did not meet during the reporting period however Council is proactive in ensuring accessibility is provided to civic buildings, public areas and events.
- Council continues to work on the development of training programs to educate staff in community with people who have a disability.

Council +



A smart organisation that delivers progress and value to our community.

- Reviewed our Long-Term Financial Plan to identify the strategies and actions needed to improve the organisation's long-term financial sustainability.
- Delivered a new Customer Request Management System to provide our customers and community with a streamlined customer service experience including the ability to raise and track service requests online across a range of Council's services and functions.
- Adopted the 2022-2025 Delivery Program, including the Parkes Shire Council Community Strategic Plan 2035+.
- Established a new Audit, Risk and Improvement Committee to provide independent assurance to Council by monitoring, reviewing and providing advice about Council's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

2021/22 Backlog of Actions:

- LEAN and Business Improvement initiatives across the organisation were not delivered in full due to a change in direction of our strategic approach to business improvement. A refreshed Business Improvement Program, in alignment with the Service Review Framework, will be developed.

Economy +



Positioning Parkes to take advantage of national air, road and rail upgrades and become the centre of manufacturing, agricultural, retailing and services.

- Over 100 local businesses participated in the annual Shop Parkes campaign and over 241 entrants in the 12 Days of Christmas Competition.
- The final stages of the Driver Reviver site upgrades at the Parkes Visitor Information Centre were completed.
- Activation of Cooke Park through the official opening of the newly developed Cooke Park Pavilion in November 2021.
- Installation of projects and speakers on Smart Poles in lower Clarinda Street.
- Council's Visitor Economy team facilitated the introduction of an industry networking bi-monthly meeting for local accommodation providers.
- Council was successful in securing over 60 grants for Council and community projects to the value of \$26.8 million, with \$23.8 million awarded to Council and \$2.9 million awarded to community groups.
- Over 800 people attended Overture at the Cooke Park Pavilion, Parkes on 2 April 2022, with leading theatrical performers treating attendees to a spectacular show, celebrating music and musical theatre

2021/22 Backlog of Actions:

- COVID-19 pandemic caused delays with annual networking and industry events held in previous years. Networking and industry will continue to be a focus in the 2022/23 Operational Plan.
- Cooke Park Master Plan wasn't reviewed due to the construction of the Cooke Park Pavilion. The Master Plan will be re-visited in future years.
- Council's updated Destination Marketing Plan was not delivered in 2021/22 due to resourcing constraints, however progress was made to review the existing plan and develop a new plan.
- Development of the land on the site of the old Parkes Hospital as a residential subdivision did not progress past design stage, thus preventing Council from establishing sales options for the land.
- Council's work on increasing technology levels across the Shire was stalled and is waiting on the Smart City Strategy.
- The development of a Smart Places Strategy and Roadmap did not progress in this reporting period due to resourcing constraints, however, will be addressed in the Parkes Shire 2035+ Community Strategic Plan.

Environment +

Setting targets for a carbon neutral Shire and by optimising waste recycling and enhancing biodiversity in areas under public control.



- Parkes' Water, Wastewater and Advanced Water Recycling Plants were awarded a 'Leading' rating (the highest rating) through the Infrastructure Sustainability Council, which assesses the economic, social, and environmental performances of major infrastructure assets.
- Habitat created for our native flora including the creation of over 20 augmented hollows and the installation of 17 nesting boxes.
- Over 14,000 Murray Cod and Golden Perch fingerlings released into Lake Endeavour in an effort to increase the health and biodiversity of the lake, as well as enhance recreational freshwater fishing opportunities for locals and visitors.
- Revegetation undertaken to increase native vegetation cover within the Shire. Over 400 native local trees and shrubs planted, including a National Tree Day event delivered in partnership with Central West Lachlan Landcare.
- Council secured grant funding secured for on-ground environmental works associated with the Akuna Wetlands project, to be delivered in 2022/23.
- Introduction of a Community Recycling Centre to help to dispose of problem waste, with residents and businesses able to drop off paints, oils, gas bottles, fluoro lights, smoke detectors, batteries and other items, free of charge.
- Capital works commenced at Parkes Cemetery to deliver additional plots in the lawn cemetery section.
- Upgrades at Aleetown Cemetery to include a new entrance, bench seating and new columbarium wall completed under the Local Roads and Community Infrastructure Program.

2021/22 Backlog of Actions:

No notable backlogs for 2021/22 identified.

H2O +

Ensuring the community is able to grow and continues to enjoy safe, secure and reliable water and minimising stormwater impacts on the community and maximising reuse potential.



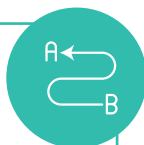
- Increased maintenance of water supply mains resulted in a cost saving of \$366,939 compared to last financial year to pump water throughout the Shire.
- \$1.17 million spent on the upgrade of Bores 1, 3, 4 and 5 as part of the Water Supply Drought Relief Program.
- The update of the Integrated Water Cycle Management Strategy advanced, further guiding Council's future development.
- Council secured approximately \$65 million from State and Federal funding to deliver the Parkes Water Security Program, including \$22 million from the Safe and Secure Water Program, \$3.4 million from the Critical Drought Relief - Restart NSW Fund, \$600,000 from the Department of Planning and Environment, \$6 million from the Building Better Regions Fund and \$5 million from the Regional Recovery Partnerships.
- Bore Refurbishment works associated with the Critical Drought Relief project were completed.
- Council progressed development activities for the Parkes Water Security Program related projects including Building Better Regions, Regional Recovery and Safe and Secure.

2021/22 Backlog of Actions:

- Water Sensitive Urban Design (WSUD) Policy was not developed as planned, with additional research into WSUD best practice and the application to Council's projects to be undertaken.
- Due to budget restraints and significant rainfall events in the Shire, Council's focus has been on managing stormwater quantity rather than quality, which prevented Council from investigating options of stormwater quality improvements.

Transport +

Having a strong voice on inland transport initiatives and improving road conditions in the Shire.



- Strengthened strategic footpath links throughout the Shire with projects delivered in Brolgan Road, Middleton Street, Condobolin Road, East Street, Bushman Street and Clarinda Street.
- Pedestrian improvements and carparking for Parkes East Public School were completed under the Local Roads and Community Infrastructure Program.
- Rural road upgrades of over \$1.9 million throughout the Shire.
- Urban road upgrades of over \$1.15 million throughout the Shire.
- Regional road upgrades of over \$800,000 throughout the Shire.

2021/22 Backlog of Actions:

- Due to contractor availability, only 60% of Council's crushing program was completed which hindered Council's efforts to source road making materials in an environmentally responsible manner. Council's crushing program will continue to be delivered in the 2022/23 Operational Plan.
- Due to resourcing constraints, only 65% of Council's kerb and gutter maintenance allocation was exhausted. Council's kerb and gutter program will continue to be delivered in the 2022/23 Operational Plan.



MAJOR EVENTS WE DELIVERED OR SUPPORTED

Parkes Shire is home to iconic and unique festivals and events from a plethora of entertainment across the 2021/22 financial year.

Council's events bring the community together to celebrate important festivals, commemorate significant events, or to simply relax and have fun.

	Hosted Events	Partnership Events
2021	<ul style="list-style-type: none"> • Cooke Park Pavilion Official Opening 	<ul style="list-style-type: none"> • Under 13's Boys State Hockey Championships
2022	<ul style="list-style-type: none"> • Australia Day Celebrations in Parkes, Trundle and Peak Hill • Saturday Sounds at the Cooke Park Pavilion • Saturday Sounds at the Cooke Park Pavilion • Parkes Elvis Festival • Overture • International Women's Day 	<ul style="list-style-type: none"> • Classic Outback Trail • Trundle Tractor Pull • ANZAC Day Ceremonies in Parkes, Trundle, Tullamore and Bogan Gate • Sh*tbox Rally • Inkredible Experience 12th Birthday Flash Bash • Parkes Picnic Races • Peak Hill 49th Annual Arts & Crafts Exhibition

SUPPORTING OUR VISITOR ECONOMY

The Parkes Shire provides a fun and quirky experience for all, along with a bucket list of iconic attractions and events that will provide memories to last a lifetime.

Whilst our economy continued to recover from the COVID-19 pandemic in 2021/22, the Parkes Shire continued to boast a strong, diverse economy that was underpinned by the agriculture and mining industries and strengthened by the transport and logistics, retail and public administration sectors. Just over 1,300 local businesses operate in Parkes Shire, with 6,565 residents - around 44 per cent of the population - in the workforce. Supported by our strong, diverse economy, is our townships of Bogan Gate, Peak Hill, Trundle and Tullamore, which each contribute their unique personality, attractions and events to create the undeniable appeal of the Parkes Shire as a wonderful place to live and visit.

Parkes Elvis Festival

20,000 visitors congregated in Parkes at the 2022 Parkes Elvis Festival from Wednesday 20 - Sunday 24 April 2022 to celebrate all things The King. The theme for the 2022 event was the 1968 Elvis racing musical film, *Speedway*, with the Central West of NSW exploding into a sea of hot rods, racing suits and go-go dancing girls.

The King-sized program was filled with more than 200 Elvis and speedway inspired events, including the highly anticipated preliminary round of the international 2022 Ultimate Elvis Tribute Artist Contest which was staged at Parkes Leagues Club, and the Northparkes Mines Street Parade which saw over 7,000 people line the streets to enjoy over 60 Elvis-themed floats, vintage cars, motorcycles, walking groups and marching bands.

Overture

Over 800 people attended Overture at the Cooke Park Pavilion, Parkes on 2 April 2022, with leading theatrical performers treating attendees to a spectacular show, celebrating music and musical theatre. The event, headlined by Australian stars Lucy Durack, Josh Piterman, Billie Palin and Harrod Draper, as well as a section of local and regional talent, included a 40-piece orchestra made up of professional and student musicians, a massed choir of 150 choristers to ensure a truly unforgettable evening.

Proceeds from the event supported a number of community initiatives, including benefiting the McGrath foundation to provide funding for a specialist breast care nurse in the Lachlan region and to UpStage to foster continuing arts development in regional NSW.

Parkes Shire Tourism

Council's Visitor Information Centre saw a 38% decrease in the number of visitor enquiries in 2021/22, and a 53% decrease in the number of visitors to the Parkes Elvis Museum. This was a result of the state-wide COVID enforced lockdowns that occurred in July, August and September 2021 with traveller confidence not regaining until late January 2022. On a brighter note the visitor economy in the second half of the reported period increased dramatically and continues to on an upward trajectory for all of 2022.

Council's Visitor Economy team spear-headed the introduction of a bi-monthly industry networking meeting for local accommodation providers to offer a shared space for discussions and planning around events, economic projects and fostering better inter-network relationships within the industry.

With the closure of the national free map supplier, Cartoscope Maps, Council's Visitor Economy team collaborated with the Central West NSW Joint Organisation (CNSWJO) to create a new regional map for visitors, with the new map showcasing the sites of the Central West and all that the Parkes Shire has to offer. All LGA's in the Central NSW region were involved in the project and free maps are now available in all Central West Visitor Centres.

Council commenced works in 2021/22 on upgrades to the Driver Reviver site at the Visitor Information Centre. The final stages of the upgrade were completed in July this year providing a better equipped site and facilities to accommodate the additional traffic flow under the National Driver Reviver program.

Council's Visitor Economy team coordinated the upgrade and redesign of the Route 39 Newell Highway website. Working in consultation with the Tourism and Economic departments of the Newell Highway LGA's, the team were able to update key traveller information and created easier navigation to the locations, attractions, accommodation and traffic information.



CONSULTING WITH OUR COMMUNITY

Council actively encourages community participation in the governance and decision-making process and sees that this is an essential factor to successful decision making. Council is committed to having open, honest, respectful and truthful communication with the community.

Council undertook 14 community consultations during 2021/22 via our online consultation platform, *YourSay Parkes*, to inform the development of a range of strategies and plans, including the Parkes 2035 Community Strategic Plan, Middleton Master Plan and the design of the proposed Kelly Reserve Water Play Space.

Month	Name of Consultation	Aware	Informed	Engaged
July	Parkes 2035 - Vision for Parkes Shire	949	394	254
September	Regional Telecommunications Review	101	62	37
December	Housekeeping Planning Proposal	261	204	0
March	Draft Parkes Shire Community Strategic Plan	255	142	2
	Design the Kelly Reserve Water Play Space	1,900	1,101	671
	Draft Middleton Master Plan	1,200	671	54
April	Draft Parkes Shire 2035+ Delivery Program 2022/23 - 2024-25	62	44	0
May	Event Funding through the NSW Government	209	82	19
	Draft Parkes Community Participation Plan	86	39	3
	Draft Strategic Asset Management Plan 2022-23	65	47	1
	Draft Disability Inclusion Action Plan	63	55	1
	Draft Long-Term Financial Plan 2022-23	60	44	1
	Draft Operational Plan 2022-23	84	71	0
	Public Exhibition of Draft Code of Meeting Practice	55	41	1

IMPROVING OUR SERVICE DELIVERY

The IP&R framework supports Council in establishing service levels, monitoring service performance, and improving service delivery.

The Annual Report must include information about how Council has progressed on the delivery of the service reviews it has committed to undertake in 2021/22, the results of those reviews and any changes made to levels of service in the areas under review.

Council did not undertake service reviews in 2021/22, however committed to undertake service reviews of the following service areas as part of the 2022-2025 Service Review Program:

- Customer Services (to be undertaken in 2022/23)
- Procurement
- Family Day Care

In each of our Operational Plans over the three-year period covered by the 2022-2025 Delivery Program, we will identify which of the above service reviews will be undertaken that year. Each of these service reviews will involve varying degrees of community consultation and input.

STATUTORY REPORTING



STATUTORY REPORTING

Audited Financial Reports

Local Government Act 1993, Section 428(4)(a)

A copy of Council's audited financial reports, prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting, are enclosed in Appendix B and is available on Council's website, parkes.nsw.gov.au.

Environmental Upgrade Agreements Entered into by Council

Local Government Act 1993, Section 54P(1)

Council did not enter into any environmental upgrade agreements in the 2021/22 financial year.

Rates and Charges Written Off

Local Government (General) Regulation 2021, Clause 132

Council wrote off a total of \$4,006.80 in rates and charges during the year.

Special Rate Variation

Special Rate Variation Guidelines 7

Council did not have a special rate variation in 2021/22.

Councillor Professional Development

Local Government (General) Regulation 2021, Clause 186

Council supports ongoing professional development for the Mayor and Councillors to ensure they can fulfil their statutory roles and responsibilities. Nine activities were delivered as part of the ongoing professional development program during the year.

In 2021/22, Council supported the Mayor and Councillors to attend the following external professional development activities:

Table B: 2022-2025 Council Term - Councillor Professional Development										
	Cr Ken Keith	Cr Neil Westcott	Cr Bill Jayet	Cr Louise O'Leary	Cr George Pratt	Cr Kenny McGrath	Cr Margaret Applebee	Cr Jacob Cass	Cr Daniel Weber	Cr Glenn Wilson
Hit the Ground Running Workshop	●	●	●	●	●	●	●	●	●	●
Introduction to Local Government	●	●	●	●	●	●	●	●	●	●
Roles and Responsibilities	●	●	●	●	●	●	●	●	●	●
Governance and Conduct	●	●	●	●	●	●	●	●	●	●
Planning and Reporting	●	●	●	●		●	●	●	●	●
Sound Financial Management of Council's Budget	●	●			●	●	●	●	●	●
Code of Conduct Training	●	●			●	●	●	●	●	●
Code of Meeting Practice	●	●			●	●	●	●	●	●
Executive Leadership Certificate							●			

Councillor Professional Development activities were not undertaken in 2021/22 prior to the Local Government ordinary elections, due to the postponement of the elections from September 2021 to December 2021.

Overseas Visits

Local Government (General) Regulation 2021, Clause 217(1)(a)

There were no overseas visits by Councillors or Council staff in 2021/22.

Councillor Expenses and Provision of Facilities

Local Government (General) Regulation 2021, Clause 217(1)(1a)(i),(ii),(iii),(iv),(v),(vi),(vii),(viii)

Councillor expenses for the 2021/22 financial year totalled \$190,275.

Table C: Councillor Expenses and Provision of Facilities	
Expenditure Item	Amount
Mayoral Allowance	\$25,724
Councillors' Allowances	\$118,931
Dedicated Office Equipment	\$0
Telephone Calls and Communications (including phone allowances)	\$0
Councillors' attendance at conferences/seminars, including transport and accommodation	\$9,225
Councillor Training	\$14,644
Childcare	\$0
Spouse, partner or other person attendance costs	\$0
Overseas visits including transport and accommodation (excluding conferences)	\$0
Interstate visits including transport and accommodation (excluding conferences)	\$0
Meeting expenses	\$11,737
Mayoral secretarial services	\$0
Mayoral office expenses	\$1,044
Councillors' vehicle allowances (for use of their own private vehicles/taxis)	\$9,510
Total Expenses	\$190,275

Contracts Awarded

Local Government (General) Regulation 2021, Clause 217(1)(a2)

The below is a list of new contracts, or renewals, of existing contracts, entered into for the 2021/22 financial year. Contracts are listed from highest to lowest spend.

Table D: Contracts Awarded		
Goods or Services	Contractor	Value (Ex. GST)
Bore Refurbishment Structural Mechanical Piping (SMP) Package	MCA	\$282,000
Bore Refurbishment Electrical Package	Platinum	\$309,000
Spicer Oval Grandstand and Amenities Building	Hines Construction	\$600,000
Telecommunications Infrastructure Technical Support Services	Strategic Directions	\$188,000
Trundle Pool Upgrades	Consenth Solutions	\$340,101
Network Server and Storage Upgrade	HiTech Support Pty Ltd	\$197,138

Legal Proceedings and Expenses

Local Government (General) Regulation 2021, Clause 217(1)(a3)

During 2021/22, Parkes Shire Council was involved in legal proceedings to the value of \$110,000.

Appeals Against Orders Issued by Council

In 2020/21, two orders issued by Council were subject of appeals to the Land and Environment Court. Both appeals were finalised by consent orders.

Class Action

In 2021/22, Council was a participant in an NSW Supreme Court Class Action led by Richmond Valley Council v Jardine Lloyd Thomas Pty Ltd. The matter was still ongoing at the end of 2021/22.

Public Liability Proceedings

In 2021/22, one proceeding was settled against Council alleging negligence and seeking compensation for either property damage or personal damage. The matter was settled in favour of the plaintiff.

Private Works

Local Government (General) Regulation 2021, Clause 217(1)(a4) and the Local Government Act 1993 Section 67 and 67(2)(b)

Council did not make any resolutions concerning work carried out on private land under section 67 of the Local Government Act 1993 in 2021/22.

Contributions and Donations

Local Government (General) Regulation 2021, Clause 217(1)(a5) and the Local Government Act 1993, Section 356

In total, \$68,525.41 was contributed or otherwise granted to financially assist others in 2021/22.

Donations

We provide a range of financial assistance programs to support community groups and organisations who add social, economic or environmental benefits to our Shire.

In 2021/22, Council awarded a total of \$24,015.41 in donations and other financial assistance to community groups and organisations.

Table E: Donations Awarded

Applicant	Funding Awarded
NAIDOC School Initiatives	\$450.00
Country Women's Group - Oxley Branch Public Speaking Competition	\$300.00
Bogan Gate Community Memorial Hall - 125th Anniversary Celebrations	\$1,000.00
Parkes Showground Trust - Pavilion	\$9,319.64
Currajong Disability assistance with Council Rates /Charges	\$5,094.50
Parkes Masonic Temple assistance with Council Rates/Charges	\$1,719.91
Frazer Court Committee Peak Hill assistance with Council Rates/Charges	\$425.00
Peak Hill Men's Shed assistance with Council Rates/Charges	\$425.00
Country Women's Association - Trundle Branch assistance with Council Rates/Charges	\$396.00
Bogan Gate Memorial Hall Inc assistance with Council Rates/Charges	\$496.00
Adavale Lane Community Hall - ½ season Family Ticket for Parkes Pool	\$250.00
Ronald Macdonald House - Orange (cost of 30-night room stay for Parkes families)	\$4,140.00
Total Funding	\$24,015.41

Local Heritage Fund

Council offers small grants to owners of heritage-listed properties in the Parkes Shire, to assist with the maintenance of their properties.

Council did not run a Heritage Grants Program in 2021/22 with the election of the new Council and internal resourcing restraints.

Event Funding Program

Council's event funding program recognises the vital role community groups and organisations play in the development of events and quality of life in the Parkes Shire.

In 2021/22, Council awarded \$44,510 to assist community groups and organisations to deliver events in the Parkes Shire.

Table F: Event Funding Program

Event	Funding Granted
Australia Day Celebrations in Parkes, Trundle and Peak Hill	\$14,500
Saturday Sounds	\$16,500
Classic Outback Trail	\$3,000
Inkredible Experience 12th Birthday Flash Bash	\$5,510
Parkes Picnic Races	\$5,000
Total Funding	\$44,510

External Bodies Exercising Council Functions

Local Government (General) Regulation 2021, Clause 217(1)(a6)

No external bodies exercised functions delegated by Council during 2021/22.

Corporations, Partnerships, Trusts, Joint Ventures, Syndicates or Other Bodies with a Controlling Interest

Local Government (General) Regulation 2021, Clause 217(1)(a7)

Council did not hold a controlling interest in any companies during 2021/22.

Participation in Corporations, Partnerships, Trusts, Joint Ventures, Syndicates or Other Bodies

Local Government (General) Regulation 2021, Clause 217(1)(a8)

During 2021/22, Council participated in the following corporations, partnerships, trusts, joint ventures, syndicates or other bodies:

- NetWaste
- CivicRisk Mutual
- Central NSW Joint Organisation
- Country Mayors Association
- StateCover Mutual Limited
- Australian Logistics Council

Fair and Equal Employment

Local Government (General) Regulation 2021, Clause 217(1)(a9)(v)

Council's EEO and Diversity Management Policy was adopted in 2018 and is scheduled to be reviewed 2022.

During the year, all new and commencing staff received information on their rights and responsibilities for promoting EEO and preventing Bullying and Harassment through the Employee Induction Program.

Council provides an Employee Assistance Program (EAP), providing staff and their immediate family members access to a free professional counselling service.

Senior Staff Remuneration

Local Government (General) Regulation 2005 Regulation 2021, Clause 217(1)(b)(i),(ii),(iii),(iv),(v), the report must include a statement of the total remuneration package of the General Manager.

In accordance with the Local Government (General) Regulation 2005 Regulation 2021, clause 217(1)(b)(i),(ii),(iii),(iv),(v), the report must include a statement of the total remuneration package of all senior staff members (other than the General Manager), expressed as the total (not of the individual members).

Table G: Senior Staff Remuneration	
Total Remuneration Packages	Remuneration
General Manager	\$260,894
Other Senior Staff	\$894,764
Fringe benefits tax payable for any non-cash benefits	\$0

Labour Statistics

Local Government (General) Regulation 2021, Clause 217(1)(d)(i),(ii),(iii),(iv)

The total number of persons who performed work on Wednesday, 25 May 2022, is contained within the table below.

Table H: Labour Statistics	
Labour type	Value
Total number of persons who performed paid work on 25 May 2022	176
Persons employed on a permanent full-time basis	139
Persons employed on a permanent part-time basis	12
Persons employed on a casual basis	7
Persons employed under a fixed-term contract	5
Persons employed as Senior Staff members	5
Persons engaged under a contract or other arrangement with the person's employer, wholly or principally for the labour of the person	3
Persons supplied under a contract or other arrangement with the person's employer, as an apprentice or trainee	5

Stormwater Management Services

Local Government (General) Regulation 2021, Clause 217(1)(e)

The Stormwater Management Service Charge for residential properties was \$25.00 per eligible property, except residential strata units where an annual charge of \$12.50 is applicable.

Charges did not apply to vacant land or land categorised as farmland, as well as land exempt from rates in terms of Sections 555 or 556 of the Act.

In respect to land categorised as business, the 2021/22 Stormwater Management Services Charge for non-strata properties was:

- \$25.00 for all lots with an area < 1,200m²
- \$100.00 for all lots with an area >= 1,200m² and < 5,000m²
- \$375.00 for lots with an area >= 5,000m²

Coastal Protection Services

Local Government (General) Regulation 2021, Clause 217(1)(e1)

Council has not implemented a Coastal Management Plan and did not levy an annual charge for coastal protection services in 2021/22.

Companion Animals Act and Regulation

Local Government (General) Regulation 2021, Clause 217(1)(f)

Council pound collection data for 2021/22 is summarised in the table below:

Table I: Pound Collection Data			
Category	Cats	Dogs	Total
Seized	41	109	150
Dumped	157	126	283
Surrendered by owners	10	43	53
Euthanised	127	89	216
Sold	0	0	0
Released for rehoming	63	41	104
Died at Council facility	0	0	0
Stolen or escaped from Council facility	0	0	0
Holding pending court action	0	0	0
Total	398	408	806

Lodgement of pound data collection returns with the Office of Local Government

Council maintains the data in the State Pound Data Collection Database (Survey of Council seizures of cats and dogs) each month, and the annual return was lodged as required.

Lodgement of data relating to dog attacks with the Office of Local Government

All dog attacks and associated data was lodged with the Office of Local Government for each reported attack in accordance with the requirements of the Guidelines. In 2021/22, ten dog attack incidents involving people or animals were recorded.

Animal Management/Activities Expenditure

Expenditure for animal management and activities including wages, vehicle running costs and maintenance of the animal shelter totalled \$127,459 for the 2021/22 financial year.

Strategies to Comply with S64(5) - Euthanasia Alternatives for Unclaimed Animals

Council works with local re-homing groups to facilitate the re-homing of companion animals. During 2021/22, 104 companion animals were re-homed.

Off-Leash Area

There are two designated off-leave areas that allow dogs to walk/run without being on a leash, including an enclosed/fenced area at Kelly Reserve and an unenclosed dog off-leash area within Spicer Park and Kelly Reserve

Companion Animals Fund Expenses as per S85(1)(a)

Council did not receive any funding within the 2021/22 period.

Carers Recognition

Carers Recognition Act 2020, Section 8(2)

Council is not considered to be a 'human services agency' under the Carers Recognition Act 2010.

Implementation of Council's Disability Inclusion Action Plan

Disability Inclusion Act 2014, Section 13(1)

Council made progress in the following four focus areas of its 2017/18 - 2020/21 Disability Inclusion Action Plan.

Attitudes and Behaviours

- Council updated the Event Management Plans associated with major events, including the Parkes Elvis Festival and Overture, to incorporate accessibility requirements, such as accessible viewing platforms, accessible toilet blocks, accessible parent/carer rooms, designated drop-off and pick-up zones and allocated disability viewing areas.
- Council introduced disability viewing areas near the Main Stage in Cooke Park and lower Clarinda Street at the 2022 Parkes Elvis Festival.
- Council introduced designated disability drop-off areas in Browne Street and Welcome Street at the 2022 Parkes Elvis Festival.
- Council introduced disability viewing areas near the Main Stage in Cooke Park at the Overture event held in April 2022.

Liveable Communities

- Council delivered two strategic link footpaths in the Pedestrian Access and Mobility Plan including Brolgan Road extension and East Street extension.
- Council was successful in obtaining \$440,000 in State Government grant funding for the delivery of two projects in the Pedestrian Access and Mobility Plan, including the extension of the footpaths in Captain Wilson Avenue and Clarinda Street.
- Council delivered new amenities at the newly constructed Cooke Park Pavilion with disabled access.
- Council completed upgrades to the existing amenities at McGlynn Park to include disabled access.
- Council's Visit Parkes website was updated regularly to include information on Accessible Activities including parks and amenities.

Systems and Processes

- Council commenced a review of the existing Council website (parkes.nsw.gov.au) to ensure WCAG2.0 AA compliance.
- Council implemented a new Customer Request Management (CRM) system which allows residents and customers to engage with Council via an online portal to ask a question, report a problem, make a request or provide feedback.

Employment

Council did not undertake any new initiatives in the Employment focus area in the 2017/18 - 2020/21 Disability Inclusion Action Plan.

Voluntary Planning Agreements

Environmental Planning and Assessment Act 1979, Section 7.5(5)

Council did not have any voluntary planning agreements in force during 2021/22.

Recovery and Threat Abatement Plans

Fisheries Management Act 1994, Section 220ZT(2)

Council is not identified as responsible for implementation of measures in any recovery and threat abatement plans.

Inspections of Private Swimming Pools

Swimming Pools Act 1992, Section 22F(2) and the Swimming Pools Regulation 2018, Clause 23

Council performs inspections of swimming pools in the Shire, in accordance with the Swimming Pools Act 1992 and the Swimming Pools Regulation 2018.

Table J: Swimming Pool Inspections

Inspection Category	Value
Inspections of tourist and visitor information	2
Inspections of premises on which there were more than two dwellings	0
Number of properties issued with a certificate of compliance	37
Number of properties issued with a certificate of non-compliance	26

Government Information (Public Access) Act Reporting

Government Information (Public Access) Act 2009, Section 125(1) and the Government Information (Public Access) Regulation 2018, Clause 8, Schedule 2

An in-depth overview of Council's Government Information (Public Access) Act Reporting is contained within Appendix A.

APPENDIX A

Government Information (Public Access) Act Reporting

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT REPORTING

Details of requests for information received by Council for the year ending 30 June 2022 are as follows:

Review of Proactive Release Program

In accordance with the Government Information (Public Access) (GIPA) Act 2009, Section 7, Council must review its programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Council must include details in the Annual Report on the review carried out under Section 7(3) of the GIPA Act during the reporting period, including details of any information made publicly available as a result of the review.

Council undertook initiatives as part of the review of its proactive release program for the reporting period including regular COVID-19 Pandemic information published to Council's website and social media channels, including updates on Council's response, recovery and service interruptions.

Number of Applications Received

In accordance with the Government Information (Public Access) (GIPA) Act 2009, Clause 8(b), Council is required to disclose the total number of access applications received during the reporting period (including withdrawn applications but not limiting invalid applications).

During the reporting period, Council received four (4) formal access applications.

Number of Refused Applications for Schedule 1 Information

In accordance with the Government Information (Public Access) (GIPA) Act 2009, Clause 8(c), Council is required to disclose the total number of access applications refused because the information requested was referred to in Schedule 1 of the GIPA Act.

During the reporting period, Council did not refuse any access applications for Schedule 1 information.

Table K: Number of Applications by Type and Applicant Outcome*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information Not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Denit whether information held	Total	% of Total
Media	0	0	0	0	0	0	0	0	0%
Member of Parliament	0	0	0	0	0	0	0	0	0%
Private Sector Business	4	0	0	0	0	0	0	4	100%
Not for Profit Organisations or Public Sector Groups	0	0	0	0	0	0	0	0	0%
Members of the Public (by Legal Representative)	0	0	0	0	0	0	0	0	0%
Members of the Public (Other)	0	0	0	0	0	0	0	0	0%
Total	4	0	0	0	0	0	0	0	
% of Total	100%	0	0	0	0	0	0	0	

*More than one decision can be made in respect to a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table L.

Table L: Number of Applications by Type and Applicant Outcome*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information Not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Dent whether information held	Total	% of Total
Personal Information Applications*	0	0	0	0	0	0	0	0	0%
Access applications (other than personal applications)	4	0	0	0	0	0	0	4	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0%
Total	4	0	0	0	0	0	0	0	
% of Total	100%	0	0	0	0	0	0	0	

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GPA Act) about the applicant (the applicant being an individual).

Table M: Invalid Applications

Reason for Invalidity	No. of Applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the Agenda (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of Invalid Applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table N: Conclusive Presumption of Overriding Public interest Against Disclosure

Public Interest Against Disclosure (per Schedule 1)	No. of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport	0	0%
Adoption	0	0%
Care and protection of Children	0	0%
Ministerial Code of Conduct	0	0%
Aboriginal and environmental heritage	0	0%
Privilege generally - Schedule 1 (5A)	0	0%
Information provided to High Risk Offenders Assessment Committee	0	0%
Invalid applications that subsequently became valid applications	0	0%

*More than one public interest consideration may apply to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies to Table O.

Table O: Other Public Interest Considerations Against Disclosure

Public Interest Against Disclosure (per Table to Section 14 of the Act)	No. of times consideration used*	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	0	0%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	0	0%

Table P: Timeliness

	No. of Applications*	% of Total
Decided within statutory timeframe (20 days plus any extensions)	4	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within timeframe (deemed refusal)	0	0%
Total	4	100%

Table Q: Number of Applications Reviewed under Part 5 of the Act (by Type of Review and Outcome)

	Decision Varied	Decision Upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	0	0	0	0%
% of Total	0%	0%	0%	0%

*The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table R: Applications for Review under Part 5 of the Act (by Type and Applicant)

	Number of applications for review	% of Total
Applications by access applicants	4	100
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0
Total	4	100

Table S: Applications Transferred to Other Agencies

	Number of applications transferred	% of Total
Agency - Initiated Transfers	0	0
Applicant - Initiated Transfers	0	0
Total	0	0



APPENDIX B

Audited Financial Statements

Parkes Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	78
On the Financial Statements (Sect 417 [3])	81

Overview

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

2 Cecile Street
PARKES NSW 2870

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.parkes.nsw.gov.au.

Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 August 2022.



Ken Keith

Mayor

09 September 2022



Neil Westcott

Councillor

09 September 2022



Kent Boyd

General Manager

09 September 2022



Jaco Barnard

Responsible Accounting Officer

09 September 2022

Parkes Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	Income from continuing operations			
22,363	Rates and annual charges	B2-1	22,386	21,422
14,092	User charges and fees	B2-2	18,565	15,606
919	Other revenues	B2-3	1,577	902
12,007	Grants and contributions provided for operating purposes	B2-4	15,651	15,221
39,411	Grants and contributions provided for capital purposes	B2-4	11,216	9,584
103	Interest and investment income	B2-5	290	100
—	Other income	B2-6	227	235
—	Net gain from the disposal of assets	B4-1	280	264
88,895	Total income from continuing operations		70,192	63,334
	Expenses from continuing operations			
16,929	Employee benefits and on-costs	B3-1	15,797	15,637
19,041	Materials and services	B3-2	22,025	19,433
723	Borrowing costs	B3-3	820	805
14,335	Depreciation, amortisation and impairment of non-financial assets	B3-4	14,285	13,291
599	Other expenses	B3-5	748	892
51,627	Total expenses from continuing operations		53,675	50,058
37,268	Operating result from continuing operations		16,517	13,276
37,268	Net operating result for the year attributable to Council		16,517	13,276
(2,143)	Net operating result for the year before grants and contributions provided for capital purposes		5,301	3,692

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

Parkes Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		16,517	13,276
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	92,702	7,034
Total items which will not be reclassified subsequently to the operating result		92,702	7,034
Total other comprehensive income for the year		92,702	7,034
Total comprehensive income for the year attributable to Council		109,219	20,310

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

Parkes Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,754	20,569
Investments	C1-2	21,501	7,500
Receivables	C1-4	10,020	7,481
Inventories	C1-5	2,431	2,244
Contract assets and contract cost assets	C1-6	1,735	1,682
Other	C1-9	466	407
Total current assets		44,907	39,883
Non-current assets			
Investments	C1-2	6,485	2,014
Inventories	C1-5	3,234	3,198
Infrastructure, property, plant and equipment (IPPE)	C1-7	833,410	735,020
Intangible assets	C1-8	3,304	3,395
Total non-current assets		846,433	743,627
Total assets		891,340	783,510
LIABILITIES			
Current liabilities			
Payables	C3-1	4,130	5,382
Contract liabilities	C3-2	9,887	7,705
Borrowings	C3-3	685	988
Employee benefit provisions	C3-4	4,512	5,156
Provisions	C3-5	298	280
Total current liabilities		19,512	19,511
Non-current liabilities			
Borrowings	C3-3	17,479	18,208
Employee benefit provisions	C3-4	248	303
Provisions	C3-5	6,193	6,799
Total non-current liabilities		23,920	25,310
Total liabilities		43,432	44,821
Net assets		847,908	738,689
EQUITY			
Accumulated surplus	C4-1	565,687	549,170
IPPE revaluation reserve	C4-1	282,221	189,519
Council equity interest		847,908	738,689
Total equity		847,908	738,689

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

Parkes Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000							
Opening balance at 1 July		549,170	189,519	738,689	535,894	182,485	718,379
Opening balance		549,170	189,519	738,689	535,894	182,485	718,379
Net operating result for the year		16,517	–	16,517	13,276	–	13,276
Net operating result		16,517	–	16,517	13,276	–	13,276
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	92,702	92,702	–	7,034	7,034
Other comprehensive income		–	92,702	92,702	–	7,034	7,034
Total comprehensive income		16,517	92,702	109,219	13,276	7,034	20,310
Closing balance at 30 June		565,687	282,221	847,908	549,170	189,519	738,689

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

Parkes Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
22,363	Rates and annual charges		22,444	21,745
14,092	User charges and fees		15,964	15,337
104	Interest received		262	106
51,418	Grants and contributions		29,401	30,957
–	Bonds, deposits and retentions received		–	43
919	Other		2,335	2,221
Payments:				
(16,929)	Payments to employees		(16,433)	(16,021)
(19,041)	Payments for materials and services		(23,148)	(18,033)
(723)	Borrowing costs		(725)	(771)
–	Bonds, deposits and retentions refunded		(56)	–
(599)	Other		(2,005)	(689)
51,604	Net cash flows from operating activities	G1-1	28,039	34,895
Cash flows from investing activities				
Receipts:				
–	Sale of investments		34,091	23,044
–	Sale of real estate assets		200	278
–	Proceeds from sale of IPPE		422	796
Payments:				
–	Purchase of investments		(37,577)	(21,512)
–	Acquisition of term deposits		(15,000)	(3,350)
(54,783)	Payments for IPPE		(20,660)	(26,026)
–	Purchase of real estate assets		(180)	–
–	Purchase of intangible assets		(118)	(608)
(54,783)	Net cash flows from investing activities		(38,822)	(27,378)
Cash flows from financing activities				
Payments:				
(1,032)	Repayment of borrowings		(1,032)	(946)
(1,032)	Net cash flows from financing activities		(1,032)	(946)
(4,211)	Net change in cash and cash equivalents		(11,815)	6,571
20,569	Cash and cash equivalents at beginning of year		20,569	13,998
16,358	Cash and cash equivalents at end of year	C1-1	8,754	20,569
23,938	plus: Investments on hand at end of year	C1-2	27,986	9,514
40,296	Total cash, cash equivalents and investments		36,740	30,083

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

Parkes Shire Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
B4 Gains or losses	27
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	27
B5 Performance against budget	28
B5-1 Material budget variations	28
C Financial position	30
C1 Assets we manage	30
C1-1 Cash and cash equivalents	30
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	32
C1-4 Receivables	34
C1-5 Inventories	35
C1-6 Contract assets and Contract cost assets	36
C1-7 Infrastructure, property, plant and equipment	37
C1-8 Intangible assets	41
C1-9 Other	42
C2 Leasing activities	43
C2-1 Council as a lessee	43
C2-2 Council as a lessor	43
C3 Liabilities of Council	45
C3-1 Payables	45
C3-2 Contract Liabilities	45
C3-3 Borrowings	46
C3-4 Employee benefit provisions	47

Parkes Shire Council

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

C3-5 Provisions	48
C4 Reserves	49
C4-1 Nature and purpose of reserves	49
D Council structure	50
D1 Results by fund	50
D1-1 Income Statement by fund	50
D1-2 Statement of Financial Position by fund	51
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	56
E3-1 Contingencies	64
F People and relationships	67
F1 Related party disclosures	67
F1-1 Key management personnel (KMP)	67
F1-2 Councillor and Mayoral fees and associated expenses	69
F2 Other relationships	69
F2-1 Audit fees	69
G Other matters	70
G1-1 Statement of Cash Flows information	70
G2-1 Commitments	71
G3-1 Events occurring after the reporting date	72
G4 Statement of developer contributions as at 30 June 2022	73
G4-1 Summary of developer contributions	73
G5 Statement of performance measures	74
G5-1 Statement of performance measures – consolidated results	74
G5-2 Statement of performance measures by fund	75
H Additional Council disclosures (unaudited)	77
H1-1 Council information and contact details	77

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 16 August 2022.

Council has the power to amend and reissue these 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.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Covid 19 Impacts

Covid 19 has caused a disruption to council's business practices with a number of staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost.

Council has provided some rent relief to compensate for lost income due to the compulsory lockdown and some additional costs have been incurred in cleaning of council facilities.

Rate collections are marginally less than the previous year's however it is not known if this is a consequence of Covid or attributable to the prolonged drought. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to covid. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to covid. For assets where fair value is determined by market value Council has no evidence of material changes to these values.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

A1-1 Basis of preparation (continued)

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

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

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

In accordance with AASB 1058, Parkes Shire Council does not record volunteer services as revenue as it cannot be reliably measured and the services would not be purchased or externally contracted if not donated to council.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

None of these standards had an impact on the reported position or performance.

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
Functions or activities										
Governance	293	283	1,341	2,261	(1,048)	(1,978)	–	506	–	–
Administration	1,405	1,316	9,586	8,772	(8,181)	(7,456)	578	167	13,602	13,243
Public order and safety	724	567	1,076	1,153	(352)	(586)	706	545	6,070	5,529
Health	53	60	789	800	(736)	(740)	52	59	837	8,367
Environment	3,854	3,527	4,230	3,994	(376)	(467)	106	93	351	326
Community services and education	3,121	2,789	1,952	2,003	1,169	786	2,831	2,546	13,744	9,466
Housing and community amenities	510	541	1,060	952	(550)	(411)	175	155	34,055	31,769
Water supplies	11,577	13,055	10,322	9,544	1,255	3,511	1,287	1,478	198,831	179,655
Sewerage services	4,154	3,823	2,577	3,442	1,577	381	112	145	69,831	62,061
Recreation and culture	2,728	3,149	5,493	5,570	(2,765)	(2,421)	2,514	2,890	68,335	60,769
Mining, manufacturing and construction	324	342	483	457	(159)	(115)	–	–	24	23
Transport and communication	16,759	10,344	11,395	7,825	5,364	2,519	9,909	6,465	437,876	388,844
Economic affairs	4,311	5,000	3,371	3,275	940	1,725	2,714	4,280	9,064	6,944
General purpose income	20,379	18,538	–	10	20,379	18,528	5,883	5,476	38,720	16,514
Total functions and activities	70,192	63,334	53,675	50,058	16,517	13,276	26,867	24,805	891,340	783,510

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of demographic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, area representation and public disclosures, and legislative compliance.

Administration

Includes corporate support and other support services (not otherwise attributed to the listed functions / activities).

Public order and safety

Includes Council's fire and emergency service levy, fire protection, emergency services, enforcement of regulation and animal control.

Health

Includes immunisation, food control, health centres and related administration.

Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community services and education

Includes administration, family day care, youth services, other family and children, aged and disabled.

Housing and community amenities

Includes housing, town planning, street lighting, other sanitation and garbage, and public cemeteries.

Water supplies

Water supply network for Parkes - Peak Hill - Cookamidgera townships and rural network (B-Section Line) servicing townships of Bogan Gate, Trundle, and Tullamore.

Sewerage services

Sewerage network consisting of four treatment plants servicing Parkes, Peak Hill, Trundle and Tullamore.

Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, sporting grounds and venues, swimming pools, parks and gardens, lakes, and other sporting recreational and other cultural services.

Mining, manufacturing and construction

Includes building control, quarries and pits and mineral resources.

Transport and communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, and ancillary roadworks.

B1-2 Components of functions or activities (continued)

Economic affairs

Includes camping areas and caravan parks, tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; Parkes Elvis Festival and other business Undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	6,129	5,869
Farmland	4,115	4,038
Mining	1,489	1,453
Business	3,003	2,942
Less: pensioner rebates (mandatory)	(199)	(206)
Less: pensioner rebates (Council policy)	(81)	(85)
Rates levied to ratepayers	14,456	14,011
Pensioner rate subsidies received	72	152
Total ordinary rates	14,528	14,163
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	2,392	2,318
Stormwater management services	175	175
Water supply services	1,509	1,418
Sewerage services	3,455	3,122
Waste management services (non-domestic)	404	391
Less: pensioner rebates (mandatory)	(252)	(263)
Annual charges levied	7,683	7,161
Pensioner subsidies received:		
– Water	50	52
– Sewerage	44	45
– Domestic waste management	81	1
Total annual charges	7,858	7,259
Total rates and annual charges	22,386	21,422

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Sewerage services	2	437	474
Waste management services (non-domestic)	2	567	541
Water supply services	2	8,276	9,954
Total specific user charges		9,280	10,969
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	477	490
Private works – section 67	2	2,632	160
Section 10.7 certificates (EP&A Act)	2	44	42
Section 603 certificates	2	47	43
Total fees and charges – statutory/regulatory		3,200	735
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	61	71
Caravan park	2	488	562
Cemeteries	2	137	196
Elvis festival revenue (excl sponsorships)	2	708	6
Leaseback fees – Council vehicles	2	107	109
Library and art gallery	2	13	9
Transport For NSW (formerly RMS) charges (state roads not controlled by Council)	2	4,086	2,445
Tourism	2	34	56
Waste disposal tipping fees	2	14	10
Swimming centres & recreation	2	153	240
Water connection fees	2	30	25
Family day care	2	254	173
Total fees and charges – other		6,085	3,902
Total other user charges and fees		9,285	4,637
Total user charges and fees		18,565	15,606
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		18,565	15,606
Total user charges and fees		18,565	15,606

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	2	11	13
Parental Leave	2	36	—
Legal fees recovery – other	2	78	100
Large Scale Generation Certificate - Solar Credits	2	49	—
Diesel rebate	2	99	107
Recycling income	2	188	—
Sales of inventories	2	71	80
Sales – general	2	69	19
Elvis festival	2	153	66
Employment scheme	2	2	4
Insurance rebate	2	39	—
Workers compensation	2	91	—
Other	2	278	172
Insurance Claims	2	222	290
WHS Incentive	2	56	51
Professional Services Recovery (Parkes Special Activation Precinct)	2	135	—
Total other revenue		1,577	902

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	—	—
Other revenue recognised at a point in time (2)	1,577	902
Total other revenue	1,577	902

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,318	2,108	–	–
Financial assistance – local roads component	2	1,196	1,086	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,566	2,257	–	–
Financial assistance – local roads component	2	1,837	1,164	–	–
Amount recognised as income during current year		8,917	6,615	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1	24	–	921	1,059
Bushfire and emergency services	1	95	95	–	–
Child care	2	70	–	324	939
Community care	2	1,437	1,652	–	–
Community centres	2	–	–	–	100
Economic development	1	181	1,260	2,011	2,570
Environmental programs	2	11	–	–	–
Heritage and cultural	2	–	15	13	–
Library	2	103	100	27	334
LIRS subsidy	2	16	32	–	–
Noxious weeds	2	57	57	–	–
NSW rural fire services	2	24	46	224	–
Recreation and culture	1	128	8	1,062	266
Storm/flood damage	2	1,281	656	–	–
Road safety	2	189	214	–	90
Tourism	2	242	–	–	–
Waste recycling	2	–	–	30	30
Street lighting	2	57	57	–	–
Footpaths	1	–	–	226	–
Health Centres	1	–	–	–	50
Other specific grants	2	584	127	–	366
Transport (roads to recovery)	2	113	2,006	–	–
Transport (other roads and bridges funding)	1	–	–	3,151	1,119
Drought Communities	1	–	250	100	650
Local Roads & Community Infrastructure (LRCI)	1	–	–	600	1,245
Drainage	2	8	–	–	–
Town Planning	1	–	–	121	9
Recreation and culture	2	30	–	570	27
Business development	2	100	102	–	–
Aerodromes	2	–	–	6	22
Other contributions	2	174	198	–	–
Roads and bridges	2	71	71	600	–
Transport for NSW contributions (regional roads, block grant)	2	1,362	1,362	–	–
Tourism	2	16	48	–	–
Community services	2	361	84	680	–
Economic affairs	2	–	166	–	–
Total special purpose grants and non-developer contributions – cash		6,734	8,606	10,666	8,876
Total special purpose grants and non-developer contributions (tied)		6,734	8,606	10,666	8,876

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Total grants and non-developer contributions		15,651	15,221	10,666	8,876
Comprising:					
– Commonwealth funding		9,084	8,998	3,174	3,685
– State funding		6,172	5,735	6,877	4,539
– Other funding		395	488	615	652
		15,651	15,221	10,666	8,876

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	95	144
S 64 – water supply contributions		2	–	–	343	419
S 64 – sewerage service contributions		2	–	–	112	145
Total developer contributions – cash			–	–	550	708
Total developer contributions			–	–	550	708
Total contributions			–	–	550	708
Total grants and contributions			15,651	15,221	11,216	9,584
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			358	1,613	8,192	6,560
Grants and contributions recognised at a point in time (2)			15,293	13,608	3,024	3,024
Total grants and contributions			15,651	15,221	11,216	9,584

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	1,431	3,369	7,705	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	685	1,431	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	4,236	7,705
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,431)	(3,369)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(2,054)	–
Unspent funds at 30 June	685	1,431	9,887	7,705

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 evidence of the event taking place or satisfactory achievement of milestones. 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.

B2-4 Grants and contributions (continued)

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
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	75	–
– Overdue user fees and charges	66	–
– Cash and investments	149	100
Total interest and investment income	290	100

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

General Council cash and investments	137	68
--------------------------------------	-----	----

Restricted investments/funds – external:

Development contributions		
- S7.12 Levies under a plan	2	2
– Section 64: water	24	13
– Section 64: sewer	2	1
Water fund operations	82	12
Sewerage fund operations	27	3
Domestic waste management operations	16	1
Total interest and investment income	290	100

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Fair value increment on investments			
Fair value increment on investments through profit and loss		–	19
Total Fair value increment on investments		–	19
Rental income			
Other lease income			
Commercial Buildings		140	109
Aerodrome Hangers		23	20
Health Centres		14	17
Road Reserves		17	9
Dining Platform		2	1
Council Land		31	60
Total other lease income		227	216
Total rental income	C2-2	227	216
Total other income		227	235

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	12,970	13,686
Employee termination costs (where material – other than vested leave paid)	38	156
Travel expenses	1	1
Employee leave entitlements (ELE)	1,589	1,838
Superannuation	1,771	1,638
Workers' compensation insurance	290	419
Fringe benefit tax (FBT)	31	44
Payroll tax	34	102
Training costs (other than salaries and wages)	19	26
Protective clothing	1	60
Other	117	76
Total employee costs	16,861	18,046
Less: capitalised costs	(1,064)	(2,409)
Total employee costs expensed	15,797	15,637
Number of 'full-time equivalent' employees (FTE) at year end	199	197
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	221	211

Accounting policy

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

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		15,507	13,315
Contractor and consultancy costs:			
– Caravan park		184	219
– Contractor and consultancy costs (Centroc)		102	265
– Garbage collection contract		1,483	1,381
– Investment advisory service		10	10
Audit Fees ¹	F2-1	61	63
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	174	175
Advertising		163	135
Bank charges		110	112
Cleaning		112	166
Computer software charges		864	654
Election expenses		136	–
Electricity and heating		1,482	1,491
Insurance		789	588
Postage		63	63
Printing and stationery		110	187
Street lighting		168	168
Telephone and communications		272	287
Valuation fees		90	74
Audit committee costs		4	26
Events & Marketing		48	31
Memberships & Subscriptions		188	131
Training Costs		160	197
Travel Expenses		146	30
Water licences		67	76
Legal expenses:			
– Legal expenses: planning and development		72	80
– Legal expenses: debt recovery		80	103
– Legal expenses: other		42	84
Total materials and services		22,687	20,111
Less: capitalised costs		(662)	(678)
Total materials and services		22,025	19,433

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
(i) Interest bearing liability costs			
Interest on loans		712	758
Total interest bearing liability costs		712	758
Total interest bearing liability costs expensed		712	758
(ii) Other borrowing costs			
Remediation liabilities	C3-5	108	47
Total other borrowing costs		108	47
Total borrowing costs expensed		820	805

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,287	1,366
Office equipment		289	267
Furniture and fittings		88	70
Infrastructure:	C1-7		
– Buildings – non-specialised		489	441
– Buildings – specialised		353	296
– Roads		4,066	4,006
– Bridges		116	115
– Footpaths		170	166
– Stormwater drainage		361	240
– Water supply network		3,777	3,042
– Sewerage network		655	1,414
– Swimming pools		204	181
– Airport assets		346	187
– Other open space/recreational assets		948	701
Other assets:			
– Library books		98	138
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-7	41	39
Present Closure Obligation Assets		788	420
Intangible assets	C1-8	209	202
Total depreciation and amortisation costs		14,285	13,291
Total depreciation, amortisation and impairment for non-financial assets		14,285	13,291

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		54	126
Total impairment of receivables	C1-4	54	126
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		14	—
Total Fair value decrement on investments	C1-2	14	—
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		22	29
– LGNSW subscription		38	35
– NSW fire brigade levy		45	48
– NSW rural fire service levy		398	546
Donations, contributions and assistance to other organisations (Section 356)		25	10
– Donations, contributions and assistance		90	47
– Sports council contribution		62	51
Total other expenses		748	892

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		422	333
Less: carrying amount of plant and equipment assets sold/written off		(126)	(268)
Gain (or loss) on disposal		296	65
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	463
Less: carrying amount of infrastructure assets sold/written off		(72)	(417)
Gain (or loss) on disposal		(72)	46
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		200	278
Less: carrying amount of real estate assets sold/written off		(144)	(125)
Gain (or loss) on disposal		56	153
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		34,091	23,044
Less: carrying amount of investments sold/redeemed/matured		(34,091)	(23,044)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		280	264

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 15/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	14,092	18,565	4,473	32% F
Council undertook increased works associated with RMCC & private works which were not originally included in the operational budget for the 2021-22 FY.				
Other revenues	919	1,577	658	72% F
Council received significant funds for the sale of recyclable materials and increased income from the 2022 Elvis Festival. Both sources of income significantly exceeded original budget estimates.				
Operating grants and contributions	12,007	15,651	3,644	30% F
Council received an increased advance payment allocation for Financial Assistance Grants (FAGS) along with Storm Damage Restoration works which were not initially included in the operational budget.				
Interest and investment revenue	103	290	187	182% F
The variance was due to a substantial increase associated with the improving interest rate environment. Council's cash and investment holdings have also increased in line with improved financial performance which has enabled additional funds to be invested.				
Net gains from disposal of assets	—	280	280	∞ F
Council recorded gains on several assets which disposed during the 2021-22 FY. The current environment for selling of Plant & Equipment enabled council to increase sale proceeds. Net gains from the sale of assets are not usually budgeted as council aims to record a break-even position for this income statement line item.				
Other income	—	227	227	∞ F
Council recorded increased rental income which was not originally budget. The on-going impacts of Covid-19 when the budget was formulated resulted in council reducing budget estimates around residential & commercial building rental income.				
Expenses				
Materials and services	19,041	22,025	(2,984)	(16)% U
Expenses associated with materials and services increased due to additional storm damage works, increased private works and works on the shire unsealed road network. The value of these works exceeded \$2.5m which was not originally included in the operational budget for the 2021-22 FY.				
Borrowing costs	723	820	(97)	(13)% U
An incorrect budget assumption was used in calculating the borrowing costs. The budget was based off actual costs and did not consider the accrued interest expenses on borrowings on 30 June 2022. The accrued interest on loans was \$141k for the year ending 30 June 2022.				

B5-1 Material budget variations (continued)

	2022	2022	2022	
\$ '000	Budget	Actual	Variance	

Other expenses	599	748	(149)	(25)%	U
-----------------------	------------	------------	--------------	--------------	----------

Council provided additional community donations, rebates and contributions which exceeded the budget by \$35k. Council also increased the provision for impairment of receivables by \$54k. The increased provision was not originally included in the 2021-22 operational budget.

Statement of cash flows

Cash flows from operating activities	51,604	28,039	(23,565)	(46)%	U
---	---------------	---------------	-----------------	--------------	----------

Reduction in the value of capital grants received to construct water security infrastructure across the LGA.

Cash flows from investing activities	(54,783)	(38,822)	15,961	(29)%	F
---	-----------------	-----------------	---------------	--------------	----------

Reduction in capital expenditure incurred due to delays in securing capital grant funding to construct new water security infrastructure.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	989	504
Cash equivalent assets		
– Deposits at call	7,765	20,065
Total cash and cash equivalents	8,754	20,569

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,754	20,569
Balance as per the Statement of Cash Flows	8,754	20,569

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	501	3,985	–	1,014
Total	501	3,985	–	1,014
Debt securities at amortised cost				
Long term deposits	21,000	2,500	7,500	1,000
Total	21,000	2,500	7,500	1,000
Total financial investments	21,501	6,485	7,500	2,014
Total cash assets, cash equivalents and investments	30,255	6,485	28,069	2,014

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	36,740	30,083
Cash, cash equivalents and investments not subject to external restrictions	4,590	4,610
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	8,887	7,705
Specific purpose unexpended grants – water fund	1,000	–
External restrictions – included in liabilities	9,887	7,705
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	578	481
Developer contributions – water fund	3,962	4,908
Developer contributions – sewer fund	383	269
Specific purpose unexpended grants (recognised as revenue) – general fund	685	1,431
Water fund	9,464	6,196
Sewer fund	5,252	3,045
Domestic waste management	1,362	1,036
Stormwater Management	577	402
External restrictions – other	22,263	17,768
Total external restrictions	32,150	25,473

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)

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	4,590	4,610
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	2,306	579
Risk Management Fund	–	100
Shire development	–	2,367
Parkes Plus	–	916
Town Improvement Fund	849	517
Special Infrastructure Fund	247	20
Total internal allocations	3,402	4,499

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

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	3,172	–	3,160	–
User charges and fees	5,549	–	2,877	–
Accrued revenues				
– Interest on investments	100	–	70	–
Government grants and subsidies	616	–	1,021	–
Net GST receivable	548	–	454	–
Other debtors	533	–	343	–
Total	10,518	–	7,925	–
Less: provision for impairment				
Rates and annual charges	(211)	–	(230)	–
Interest and extra charges	(53)	–	(51)	–
User charges and fees	(234)	–	(163)	–
Total provision for impairment – receivables	(498)	–	(444)	–
Total net receivables	10,020	–	7,481	–

Accounting policy

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

Impairment

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

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

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

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

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	1,079	3,234	1,079	3,198
Stores and materials	1,293	–	1,096	–
Trading stock	59	–	69	–
Total inventories at cost	2,431	3,234	2,244	3,198
Total inventories	2,431	3,234	2,244	3,198

(i) Other disclosures

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development					
Residential		–	1,825	–	1,613
Industrial/commercial		1,079	1,409	1,079	1,585
Total real estate for resale		1,079	3,234	1,079	3,198

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

Represented by:

Acquisition costs	923	277	923	65
Development costs	156	2,957	156	3,133
Total costs	1,079	3,234	1,079	3,198
Total real estate for resale	1,079	3,234	1,079	3,198

Movements:

Real estate assets at beginning of the year	1,079	3,198	156	4,246
– Purchases and other costs	–	180	–	–
– WDV of sales (expense)	–	(144)	(125)	–
– Transfer between current/non-current	–	–	1,048	(1,048)
Total real estate for resale	1,079	3,234	1,079	3,198

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	1,735	—	1,682	—
Total contract assets and contract cost assets	1,735	—	1,682	—

Contract assets

Work relating to infrastructure grants	814	—	—	—
Roadworks	105	—	360	—
Construction of Community Infrastructure	—	—	1,010	—
Construction of Logistics Hub	736	—	109	—
Water Infrastructure	—	—	203	—
ICT Equipment	80	—	—	—
Total contract assets	1,735	—	1,682	—

Changes in contract assets

Council has undertaken works to construct assets associated with Main Road 350, Parkes National Logistics Hub & Trundle Main Street. Council is awaiting payment to be processed for the works undertaken in accordance with the funding agreement.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	8,452	–	8,452	2,754	5,272	–	–	(5,525)	–	10,953	–	10,953
Plant and equipment	23,938	(13,430)	10,508	–	1,248	(126)	(1,287)	3	–	24,456	(14,110)	10,346
Office equipment	5,889	(4,666)	1,223	122	132	–	(289)	53	–	6,181	(4,940)	1,241
Furniture and fittings	1,083	(715)	368	28	132	–	(88)	9	–	1,252	(803)	449
Land:												
– Operational land	15,267	–	15,267	–	–	–	–	–	3,958	19,225	–	19,225
– Community land	13,529	–	13,529	–	–	–	–	–	1,045	14,574	–	14,574
– Land under roads (post 30/6/08)	105	–	105	–	–	–	–	–	6	111	–	111
Infrastructure:												
– Buildings – non-specialised	26,091	(8,957)	17,134	281	61	–	(489)	7	2,910	30,980	(11,076)	19,904
– Buildings – specialised	37,468	(12,616)	24,852	60	164	–	(353)	1,557	6,166	48,462	(16,016)	32,446
– Roads	428,068	(79,622)	348,446	5,846	2,556	(33)	(4,066)	2,465	37,149	483,983	(91,620)	392,363
– Bridges	15,750	(4,213)	11,537	167	4	(5)	(116)	6	1,234	17,619	(4,792)	12,827
– Footpaths	11,864	(3,469)	8,395	16	644	(5)	(170)	118	891	13,919	(4,030)	9,889
– Stormwater drainage	35,756	(11,115)	24,641	88	–	(8)	(361)	222	1,392	38,104	(12,130)	25,974
– Water supply network	232,243	(87,687)	144,556	–	231	–	(3,777)	1,723	26,456	274,120	(104,931)	169,189
– Sewerage network	89,025	(34,064)	54,961	4	70	–	(655)	(1,202)	7,493	86,193	(25,522)	60,671
– Swimming pools	8,808	(3,768)	5,040	12	–	(21)	(204)	7	470	9,627	(4,323)	5,304
– Airport assets	16,395	(3,375)	13,020	23	–	–	(346)	–	1,232	18,011	(4,082)	13,929
– Other open space/recreational assets	35,459	(10,245)	25,214	651	504	–	(948)	23	2,300	39,918	(12,174)	27,744
Other assets:												
– Library books	979	(606)	373	77	–	–	(98)	–	–	1,056	(704)	352
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	2,755	(347)	2,408	–	47	–	(41)	–	–	2,802	(388)	2,414
- Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	5,823	(832)	4,991	–	–	–	(788)	(698)	–	5,126	(1,621)	3,505
Total infrastructure, property, plant and equipment	1,014,747	(279,727)	735,020	10,129	11,065	(198)	(14,076)	(1,232)	92,702	1,146,672	(313,262)	833,410

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	14,736	–	14,736	–	–	–	–	(6,284)	–	–	–	8,452	–	8,452
Plant and equipment	23,714	(12,732)	10,982	–	1,160	(268)	(1,366)	–	–	–	–	23,938	(13,430)	10,508
Office equipment	5,711	(4,406)	1,305	179	6	–	(267)	–	–	–	–	5,889	(4,666)	1,223
Furniture and fittings	1,075	(855)	220	206	12	–	(70)	–	–	–	–	1,083	(715)	368
Land:														
– Operational land	12,244	–	12,244	–	2,200	(99)	–	–	922	–	–	15,267	–	15,267
– Community land	11,039	–	11,039	–	128	–	–	–	(963)	–	3,325	13,529	–	13,529
– Land under roads (post 30/6/08)	64	–	64	–	–	–	–	–	41	–	–	105	–	105
Infrastructure:														
– Buildings – non-specialised	21,926	(8,515)	13,411	1,480	–	–	(441)	2,684	–	–	–	26,091	(8,957)	17,134
– Buildings – specialised	30,454	(12,505)	17,949	1,135	3,365	(250)	(296)	2,949	–	–	–	37,468	(12,616)	24,852
– Roads	420,658	(76,977)	343,681	7,711	988	(35)	(4,006)	107	–	–	–	428,068	(79,622)	348,446
– Bridges	15,731	(4,098)	11,633	–	19	–	(115)	–	–	–	–	15,750	(4,213)	11,537
– Footpaths	11,710	(3,303)	8,407	37	117	–	(166)	–	–	–	–	11,864	(3,469)	8,395
– Stormwater drainage	31,072	(7,008)	24,064	144	147	–	(240)	–	303	–	223	35,756	(11,115)	24,641
– Water supply network	225,560	(83,872)	141,688	962	3,090	–	(3,042)	544	–	–	1,314	232,243	(87,687)	144,556
– Sewerage network	88,067	(32,341)	55,726	133	16	(1)	(1,414)	–	–	–	501	89,025	(34,064)	54,961
– Swimming pools	7,838	(3,008)	4,830	6	–	–	(181)	–	(10)	–	395	8,808	(3,768)	5,040
– Other open space/recreational assets	34,175	(10,601)	23,574	1,579	669	(30)	(701)	–	(303)	–	426	35,459	(10,245)	25,214
– Airport assets	15,011	(3,335)	11,676	34	241	–	(187)	–	–	–	1,256	16,395	(3,375)	13,020
Other assets:														
– Library books	1,377	(861)	516	44	–	–	(138)	–	–	(49)	–	979	(606)	373
Reinstatement, rehabilitation and restoration assets (refer Note 15):														
– Tip assets	2,944	(366)	2,578	–	226	–	(39)	–	–	(357)	–	2,755	(347)	2,408
– Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	3,890	(412)	3,478	–	–	–	(420)	–	1,933	–	–	5,823	(832)	4,991
Total infrastructure, property, plant and equipment	978,996	(265,195)	713,801	13,650	12,384	(683)	(13,089)	–	1,923	(406)	7,440	1,014,747	(279,727)	735,020

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

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

Accounting policy

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

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

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

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.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 15	Buildings	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	40 to 60
Other plant and equipment	6 to 50	Buildings: other	5 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100
Bores	30	Culverts	100
Reticulation pipes: PVC	60 to 80		
Reticulation pipes: other	40 to 100	Other Assets	
Pumps and telemetry	25 to 75	Library Books	10
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 30	Bulk earthworks	Infinite
Sealed roads: structure	50	Swimming pools	20 to 50
Unsealed roads	10 to 30	Unsealed roads	10 to 30
Bridge: concrete	100	Other open space/recreational assets	20 to 50
Bridge: other	60 to 80	Other infrastructure	20 to 50
Road pavements	45 to 90		
Kerb, gutter and footpaths	50 to 100		

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	1,896	1,884
Accumulated amortisation	(682)	(480)
Net book value – opening balance	1,214	1,404
Movements for the year		
Purchases	118	12
Amortisation charges	(209)	(202)
Closing values at 30 June		
Gross book value	2,014	1,896
Accumulated amortisation	(891)	(682)
Total software – net book value	1,123	1,214
Water Licences		
Opening values at 1 July		
Gross book value	2,181	1,585
Net book value – opening balance	2,181	1,585
Movements for the year		
Purchases	–	596
Closing values at 30 June		
Gross book value	2,181	2,181
Total Water Licences – net book value	2,181	2,181
Total intangible assets – net book value	3,304	3,395

Accounting policy

Intangible assets

IT development and 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 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.

Water Licences

Costs capitalised include external direct costs associated with the purchase of the licence. These rights are valued each year and any associated impairment or fair revaluation increment are included.

C1-9 Other

Other assets

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Prepayments	466	–	407	–
Total other assets	466	–	407	–

C2 Leasing activities

C2-1 Council as a lessee

Council has no leases associated with assets.

Leases at significantly below market value – concessionary / peppercorn leases

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

- community centres/groups
- cultural centre
- health services

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

None of the leases in place are individually material from a Statement of Financial Position or performance perspective.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for community groups and emergency services; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E.

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

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

(i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for a variety of purposes including Commercial Buildings, Council Land, Aerodrome Hangers and Health Centres, the table below relates to operating leases on assets disclosed in C1-7.

Lease income	227	216
Total income relating to operating leases for Council assets	227	216

Amount of IPPE leased out by Council under operating leases

Buildings Specialised	2,341	1,164
Buildings Non-Specialised	5,194	2,131
Other Open Space/Recreational Assets	176	144
Total amount of IPPE leased out by Council under operating leases	7,711	3,439

(ii) Maturity analysis of contractual lease income

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

< 1 year	218	135
1–2 years	126	47
2–3 years	87	17
3–4 years	9	8
Total undiscounted lease payments to be received	440	207

C2-2 Council as a lessor (continued)

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	2,750	–	3,686	–
Accrued expenses:				
– Borrowings	141	–	154	–
– Salaries and wages	227	–	164	–
– Other expenditure accruals	109	–	508	–
Prepaid rates & receivables	870	–	781	–
Security bonds, deposits and retentions	33	–	89	–
Total payables	4,130	–	5,382	–

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
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,887	–	7,705	–
Total grants received in advance		9,887	–	7,705	–
Total contract liabilities		9,887	–	7,705	–

Notes

(i) Council has received funding to construct assets including roads, community infrastructure & water 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.

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,055	1,304
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,055	1,304

Significant changes in contract liabilities

Council recorded a significant increase in contract liabilities as grant funding was received in advance. The grant funding will be used to upgrade roads and construct community infrastructure.

Significant contract liabilities are associated with the following;

C3-2 Contract Liabilities (continued)

- Currajong Street Rehabilitation, Cookamidgera Road Upgrade, Peak Hill & Baldry Road Upgrade & East Street Rehabilitation (Fixing Local Roads)
- Trundle Main Street Upgrade (Your High Street)
- Trundle Pool Upgrade (Crown Land Reserves)
- Community Infrastructure & Roads (Round 3 - LRCI)
- Parkes Water Security - Stage 2 (Department Planning, Industry & Environment)

The recognition of this income will occur once the performance obligations are satisfied.

Accounting policy

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

C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	685	17,479	988	18,208
Total borrowings	685	17,479	988	18,208

(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 20.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	19,196	(1,032)	–	–	–	18,164
Total liabilities from financing activities	19,196	(1,032)	–	–	–	18,164

\$ '000	2020		Non-cash movements			2021
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	20,142	(946)	–	–	–	19,196
Total liabilities from financing activities	20,142	(946)	–	–	–	19,196

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	100	100
Credit cards/purchase cards	150	150
Total financing arrangements	250	250
Drawn facilities		
– Credit cards/purchase cards	32	28
Total drawn financing arrangements	32	28
Undrawn facilities		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	118	122
Total undrawn financing arrangements	218	222

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	1,409	–	1,402	–
Long service leave	2,852	248	3,487	303
RDO's & ELE WC On-Costs	251	–	267	–
Total employee benefit provisions	4,512	248	5,156	303

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,784	3,099
	2,784	3,099

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

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
Asset remediation/restoration:				
Asset remediation/restoration (future works)	298	6,193	280	6,799
Sub-total – asset remediation/restoration	298	6,193	280	6,799
Total provisions	298	6,193	280	6,799

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2022		
At beginning of year	7,079	7,079
Unwinding of discount	108	108
Present Closure Obligation (Assets)	(696)	(696)
Total other provisions at end of year	6,491	6,491
2021		
At beginning of year	5,099	5,099
Unwinding of discount	47	47
Present Closure Obligation (Assets)	1,933	1,933
Total other provisions at end of year	7,079	7,079

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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 interest expense.

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

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
Income from continuing operations			
Rates and annual charges	17,329	1,559	3,498
User charges and fees	9,500	8,615	450
Interest and investment revenue	175	87	28
Other revenues	1,500	28	49
Grants and contributions provided for operating purposes	15,627	24	–
Grants and contributions provided for capital purposes	9,840	1,264	112
Net gains from disposal of assets	280	–	–
Other income	209	–	18
Total income from continuing operations	54,460	11,577	4,155
Expenses from continuing operations			
Employee benefits and on-costs	13,630	1,617	550
Materials and services	16,879	4,141	1,005
Borrowing costs	425	234	161
Depreciation, amortisation and impairment of non-financial assets	9,525	3,910	850
Other expenses	318	420	10
Total expenses from continuing operations	40,777	10,322	2,576
Operating result from continuing operations	13,683	1,255	1,579
Net operating result for the year	13,683	1,255	1,579
Net operating result attributable to each council fund	13,683	1,255	1,579
Net operating result for the year before grants and contributions provided for capital purposes	3,843	(9)	1,467

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	3,973	3,439	1,342
Investments	9,762	8,441	3,298
Receivables	5,817	2,984	1,219
Inventories	2,384	42	5
Contract assets and contract cost assets	1,735	—	—
Other	466	—	—
Total current assets	24,137	14,906	5,864
Non-current assets			
Investments	2,944	2,546	995
Inventories	3,234	—	—
Infrastructure, property, plant and equipment	591,287	179,151	62,972
Intangible assets	1,076	2,228	—
Total non-current assets	598,541	183,925	63,967
Total assets	622,678	198,831	69,831
LIABILITIES			
Current liabilities			
Payables	3,796	321	13
Contract liabilities	8,887	1,000	—
Borrowings	314	371	—
Employee benefit provision	3,823	581	108
Provisions	140	61	97
Total current liabilities	16,960	2,334	218
Non-current liabilities			
Borrowings	7,201	6,278	4,000
Employee benefit provision	210	32	6
Provisions	2,002	1,621	2,570
Total non-current liabilities	9,413	7,931	6,576
Total liabilities	26,373	10,265	6,794
Net assets	596,305	188,566	63,037
EQUITY			
Accumulated surplus	410,396	116,786	38,505
Revaluation reserves	185,909	71,780	24,532
Council equity interest	596,305	188,566	63,037
Total equity	596,305	188,566	63,037

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any 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	123	10
Impact of a 10% movement in price of investments		
– Equity / Income Statement	449	101

(b) Credit risk

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

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

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

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - 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 the payment of debt.

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

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

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

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	
2022				
Gross carrying amount	1,066	1,992	114	3,172
2021				
Gross carrying amount	974	2,109	77	3,160

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	7,381	248	9	487	956	9,081
Expected loss rate (%)	0.00%	0.00%	0.00%	8.00%	25.90%	3.16%
ECL provision	–	–	–	39	248	287
2021						
Gross carrying amount	5,559	2	5	34	847	6,447
Expected loss rate (%)	0.00%	0.00%	0.00%	7.00%	25.00%	3.32%
ECL provision	–	–	–	2	212	214

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	33	4,097	–	–	4,130	4,130
Borrowings	3.78%	–	1,364	11,107	9,589	22,060	18,164
Total financial liabilities		33	5,461	11,107	9,589	26,190	22,294
2021							
Payables	0.00%	89	5,293	–	–	5,382	5,382
Borrowings	3.85%	–	1,708	9,222	12,881	23,811	19,196
Total financial liabilities		89	7,001	9,222	12,881	29,193	24,578

Loan agreement breaches

There were no breaches to loan agreements during the reporting period.

E2-1 Fair value measurement

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

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

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

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

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

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

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

Fair value measurement hierarchy							
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
At fair value through profit or loss		–	–	4,486	1,014	4,486	1,014
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	10,346	10,508	10,346	10,508
Office equipment		–	–	1,241	1,223	1,241	1,223
Furniture and fittings		–	–	449	368	449	368
Operational land		–	–	19,225	15,267	19,225	15,267
Community land		913	913	13,661	12,616	14,574	13,529
Land under roads		–	–	111	105	111	105
Buildings non-specialised		–	–	19,904	17,134	19,904	17,134
Buildings specialised		–	–	32,446	24,852	32,446	24,852
Roads		–	–	392,363	348,446	392,363	348,446
Bridges		–	–	12,827	11,537	12,827	11,537
Footpaths		–	–	9,889	8,395	9,889	8,395
Tips		–	–	2,414	2,408	2,414	2,408
Library books		–	–	352	373	352	373
Storm water drainage		–	–	25,974	24,641	25,974	24,641
Water supply network		–	–	169,189	144,556	169,189	144,556
Capital work in progress		–	–	10,953	8,452	10,953	8,452
Sewerage network		–	–	60,671	54,961	60,671	54,961
Swimming pools		–	–	5,304	5,040	5,304	5,040
Airport assets		–	–	13,929	13,020	13,929	13,020
Other open space / recreational assets		–	–	27,744	25,214	27,744	25,214
Present Closure Obligations		–	–	3,505	4,991	3,505	4,991
Total infrastructure, property, plant and equipment		913	913	832,497	734,107	833,410	735,020

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)

Plant & Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant & Equipment Trucks, Utilities, Graders, Excavators, street sweepers, Garbage trucks, motor vehicles and minor items.
- Office Equipment Computer equipment, Whiteboards, Fax machines, Photocopiers
- Furniture & Fittings Chairs, desks, Kitchen appliances etc.

The key unobservable inputs to the valuations are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the current replacement cost of similar assets and by taking account of the pattern of consumption, estimate remaining useful life and the residual value. There has been no change to the valuation during the reporting period. A stocktake was completed of Council's Plant and Equipment, and the register was amended to be the complete record.

Operational Land

This asset class comprises of all council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken by" (Elise Wallace C.P.V. Registered Valuer AAPI #66461) from Australis Asset Advisory Group in June 2018 using Fair Value methodology. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

The valuation of Operational Land assets have been completed in accordance with guidance notes and background papers issued by the NSW Treasury, Local Government Code of Accounting and Finance Reporting and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Operational Land Values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, physical and non-physical constraints, size, shape, location topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. The land values are considered to sit within level 3 of the AASB 13 Fair Value Hierarchy.

Community Land

Community Land were valued by" AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using Fair Value methodology. The valuation of Community Land assets have been completed in accordance with guidance notes and background papers issued by the NSW Treasury, Local Government Code of Accounting and Finance Reporting and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Community Land Values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, physical and non-physical constraints, size, shape, location topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. The land values are considered to sit within level 2 & 3 of the AASB 13 Fair Value Hierarchy. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Buildings – Non specialised and Specialised

Buildings were valued by" Australia Asset Advisory Group " (Elise Wallace C.P.V. Registered Valuer AAPI #66461) from Australis Asset Advisory Group in June 2018 using the market and cost approach. The 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. Any buildings that were inaccessible, remaining useful life was based on commissioning dates supplied in

E2-1 Fair value measurement (continued)

the asset register. The buildings that were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption) 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 valuation inputs. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Roads, Bridges & Footpaths

This asset class comprises the Road Carriageway, Bridges, Footpaths, Bus Shelters, Carparks, Guardrails, Kerb and Gutter, Retaining walls, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure in June 2020. Talis Consulting were engaged to provide a condition assessment for sealed roads, footpaths and kerb and gutter. Condition rating has been based on the IPWEA Practice Note 9 2016 (IPWEA PN9). Pitt & Sherry were engaged a consultant to undertake thorough conditions assessment of all bridge structures as per RMS Bridge Inspection Procedures. Condition assessment and rating for other transport assets have been undertaken by trained Council staff as per council procedures.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. The inventory for Bridges, Bridge size culverts, Roads and associated infrastructure including Kerb and Channel, Footpaths and car parks has been verified through condition inspections conducted in 2019/20 encompassing 100% of the network. The assets have been given a condition index based on visual and measured data. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Drainage Infrastructure

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09- 09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence, other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Drainage Infrastructure assets are indexed annually using the Modern Engineering Equivalent Assets (MEERA) rates provided by the NSW Office of Water. Valuations for the detention basins, open drains and grass swales (lined and un-lined), inlet and outlet structures, gross pollutant traps, kerb inlets and pits, and underground pipes (concrete and uPVC) were carried out internally by staff in 2019/20.

Water Supply Network Infrastructure

Assets within this class comprise bores, dams, pipeline & trunk mains, pumping stations, reservoirs, and water treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuation" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Sewerage Network Infrastructure

Assets within this class comprise Sewer mains, sewage pumping stations, and sewage treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuation" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of

E2-1 Fair value measurement (continued)

pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Swimming Pools

Assets within this class comprise Council's aquatic centres at Parkes, Trundle, Peak Hill and Tullamore. Swimming Pools were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Other Open Space/Recreational Assets

Other Open Space/Recreational Assets were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. Assets within this class comprise Tennis Courts, Cricket Nets, Synthetic Surfaces, BBQs, Regional Sporting Facilities, Parkes and Gardens and Playgrounds. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. In June 2022, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The fair value has been based on the average purchase price over the period 2016/17 to 2020/21 multiplied by the current collection on hand.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, and estimated remaining useful life. The fair value has been based on the average purchase price over the period 2016/17 to 2020/21 multiplied by the current collection on hand. There has been no change to the valuation process during the reporting period.

Tip Remediation

Council's Tips are located in Parkes and villages across the shire. The Tips activities encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycled, and waste management educational activities. It has been recognised that there will be costs associated with the closure and post closure management of the landfill site.

The rehabilitation estimates have been included as a provision for the future with an estimate closure date of 2065 for Parkes and villages at various other times.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements.

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
Infrastructure, property, plant and equipment		
Capital Works in Progress	Cost Approach - Current Replacement Cost - Costs used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Operational Land	Market Approach - Land values obtained from the Valuers Report (Refer Note E2-1)	<ul style="list-style-type: none"> • Price /Sq. Metre • Impact of Restrictions
Community land	Market & Cost Approach - Land values obtained from the Valuers Report (Refer Note E2-1)	<ul style="list-style-type: none"> • Price /Sq. Metre • Impact of Restrictions
Land Under Roads	Market Approach - Adjoining blocks average m2 rate (Refer Note E2-1)	<ul style="list-style-type: none"> • Price /Sq. Metre • Impact of Restrictions
Buildings	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Roads	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Bridges	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Footpaths	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Tips	Cost Approach - (Refer Note E2-1)	<ul style="list-style-type: none"> • Discounted Rate • Cost escalation rate
Library Books	Cost Approach - Cost used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Stormwater Drainage	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Water Supply Network	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Sewerage Network	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Airport Assets	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Other open space / recreational assets (Incl. Swimming Pools)	Cost Approach - Cost used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life
Plant and Equipment / Office Equipment / Furniture and Fittings	Cost Approach - Current Replacement Cost - Costs used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> • Gross replacement Cost • Asset Condition • Remaining Useful Life • Residual value

E2-1 Fair value measurement (continued)

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

\$ '000	Office equipment		Furniture and fittings		Operational Land		Community Land	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	1,223	1,305	368	220	15,267	12,244	12,616	11,039
Total gains or losses for the period								
Other movements								
Transfers from/(to) level 2 FV hierarchy	–	–	–	–	–	–	–	(913)
Transfers from/(to) another asset class	–	–	–	–	–	922	–	(963)
Purchases (GBV)	307	185	169	218	–	2,200	–	128
Disposals (WDV)	–	–	–	–	–	(99)	–	–
Depreciation and impairment	(289)	(267)	(88)	(70)	–	–	–	–
Revaluation Adjustments	–	–	–	–	3,958	–	1,045	3,325
Closing balance	1,241	1,223	449	368	19,225	15,267	13,661	12,616

\$ '000	Land under Roads		Buildings non-specialised		Buildings specialised		Roads, bridges and footpaths	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	105	64	17,134	13,411	24,852	17,949	368,378	363,721
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	41	–	4,164	–	–	–	–
Purchases (GBV)	–	–	349	–	1,781	7,449	11,822	8,979
Disposals (WDV)	–	–	–	–	–	(250)	(43)	(35)
Depreciation and impairment	–	–	(489)	(441)	(353)	(296)	(4,352)	(4,287)
Revaluation Adjustments	6	–	2,910	–	6,166	–	39,274	–
Closing balance	111	105	19,904	17,134	32,446	24,852	415,079	368,378

E2-1 Fair value measurement (continued)

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Airport assets	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	24,641	24,064	144,556	141,688	54,961	55,726	13,020	11,676
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	303	1,353	–	(1,353)	–	–	–
Purchases (GBV)	310	291	601	4,596	225	149	23	275
Disposals (WDV)	(8)	–	–	–	–	(1)	–	–
Depreciation and impairment	(361)	(240)	(3,777)	(3,042)	(655)	(1,414)	(346)	(187)
Revaluation Adjustments	1,392	223	26,456	1,314	7,493	501	1,232	1,256
Closing balance	25,974	24,641	169,189	144,556	60,671	54,961	13,929	13,020

\$ '000	Library books		Other assets		Swimming pools		Tip assets	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	373	516	25,214	23,574	5,040	4,830	2,408	2,578
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	(303)	–	(10)	–	–
Purchases (GBV)	77	44	1,178	2,248	19	6	47	226
Disposals (WDV)	–	–	–	(30)	(21)	–	–	–
Depreciation and impairment	(98)	(138)	(948)	(701)	(204)	(181)	(41)	(39)
Revaluation Adjustments	–	(49)	2,300	426	470	395	–	(357)
Closing balance	352	373	27,744	25,214	5,304	5,040	2,414	2,408

E2-1 Fair value measurement (continued)

\$ '000	Plant and equipment		Capital Works in Progress		Present Closure Obligations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	10,508	10,982	8,452	14,736	4,991	3,478	734,107	713,801
Transfers from/(to) level 2 FV hierarchy	—	—	—	—	—	—	—	(913)
Transfers from/(to) another asset class	—	—	—	—	—	—	—	4,154
Purchases (GBV)	1,251	1,160	2,501	(6,284)	—	1,933	20,660	23,803
Disposals (WDV)	(126)	(268)	—	—	—	(420)	(198)	(1,103)
Depreciation and impairment	(1,287)	(1,366)	—	—	(788)	—	(14,076)	(12,669)
Revaluation Adjustments	—	—	—	—	(698)	—	92,004	7,034
Closing balance	10,346	10,508	10,953	8,452	3,505	4,991	832,497	734,107

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use was established in consideration of the criteria of physical possibility, legal permissibility, financial feasibility and maximum profitability. Implied within these criteria is the recognition of that specific use to community environment or the community strategic objectives.

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 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. 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.

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

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 \$ 284,913.06. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$228,155.64.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .57%

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

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

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

* Plus promotional increases

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

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

(ii) StateCover Limited

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

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

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

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

(iii) CivicRisk Mutual Limited (CRML)

Council is a member of CivicRisk Mutual, a mutual pool scheme providing liability insurance to local government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance.

Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

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
Compensation:		
Short-term benefits	1,054	999
Post-employment benefits	101	92
Other long-term benefits	133	124
Total	1,288	1,215

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2022						
Supplier of Goods	1	17	–	Normal payment terms in accordance with council's procurement process (50 transactions)	–	–
Supplier of Goods	2	66	–	Normal payment terms in accordance with council's procurement process (194 transactions)	–	–
Supplier of Services	3	3	–	Normal payment terms in accordance with council's procurement process (2 transactions)	–	–
2021						
Supplier of Goods	1	76	–	Normal payment terms in accordance with council's procurement process (76 transactions)	–	–

continued on next page ...

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

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Supplier of Goods	2	82	–	Normal payment terms in accordance with council's procurement process (82 transactions)	–	–
Supplier of Services	3	19	–	Normal payment terms in accordance with council's procurement process (19 transactions)	–	–

- 1 Council entered into a contract with TWW Pty Ltd , a company jointly owned and controlled by a member and close family member of the KMP . The contract was won be open tender based on fixed price quotation for the provision of clothing for a twelve month period commencing 1 October 2015 with an option of a 12 month extension.
- 2 Parkes Stationary and Office Supplies is a company on Council's Preferred Supplier List as a company to supply Stationery and Office Furniture on an as required basis. The company is jointly owned by a Council KPM and a close family member.
- 3 Council entered into a commercial lease agreement with Shon Pty Ltd for 257 Clarinda Street, Parkes. The company is jointly owned and controlled by a Council KPM and a close family member

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	25	28
Councillors' fees	118	125
Other Councillors' expenses (including Mayor)	31	22
Total	174	175

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	61	63
Remuneration for audit and other assurance services	61	63
Total Auditor-General remuneration	61	63
Total audit fees	61	63

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	16,517	13,276
Add / (less) non-cash items:		
Depreciation and amortisation	14,285	13,291
(Gain) / loss on disposal of assets	(280)	(264)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	14	(19)
Unwinding of discount rates on reinstatement provisions	108	47
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,593)	422
Increase / (decrease) in provision for impairment of receivables	54	126
(Increase) / decrease of inventories	(187)	139
(Increase) / decrease of other current assets	(59)	(183)
(Increase) / decrease of contract asset	(53)	370
Increase / (decrease) in payables	(936)	1,261
Increase / (decrease) in accrued interest payable	(13)	(13)
Increase / (decrease) in other accrued expenses payable	(336)	309
Increase / (decrease) in other liabilities	33	165
Increase / (decrease) in contract liabilities	2,182	6,401
Increase / (decrease) in employee benefit provision	(699)	(433)
Increase / (decrease) in other provisions	2	–
Net cash flows from operating activities	28,039	34,895

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:

Property, plant and equipment

Buildings	779	337
Plant and equipment	1,345	634
Transport (Roads, Footpaths & Street Lighting)	991	395
Water	404	919
Sewer	69	80
Open Space & Recreation	238	240
Other - Economic Affairs	–	943
Total commitments	3,826	3,548

These expenditures are payable as follows:

Within the next year	3,826	3,548
Total payable	3,826	3,548

Sources for funding of capital commitments:

Unrestricted general funds	1,343	39
Unexpended grants	1,497	2,450
Externally restricted reserves	297	304
Internally restricted reserves	689	755
Total sources of funding	3,826	3,548

Details of capital commitments

Capital commitments for at the reporting date but not recognised in the financial statements as liabilities included works on the Spicer Oval Clubhouse, LED Street Lighting Upgrade, Trundle Pool Upgrade, Trundle Main Street Revitalisation, Upgrades of Shire Roads & Plant Replacement Program.

G3-1 Events occurring after the reporting date

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

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					
S7.12 levies – under a plan	481	95	–	2	–	–	578	–
Total S7.11 and S7.12 revenue under plans	481	95	–	2	–	–	578	–
S64 contributions	5,177	455	–	26	(1,313)	–	4,345	–
Total contributions	5,658	550	–	28	(1,313)	–	4,923	–

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.

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER S94A - Established 5 August 2016								
Active Movement	185	28	–	1	–	(19)	195	–
Community facilities	4	19	–	–	–	2	25	–
Open space	202	29	–	–	–	(17)	214	–
Parking	90	19	–	1	–	34	144	–
Total	481	95	–	2	–	–	578	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5,089	8.67%	6.61%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	58,696			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	43,045	61.57%	60.66%	> 60.00%
Total continuing operating revenue ¹	69,912			
3. Unrestricted current ratio				
Current assets less all external restrictions	13,913	2.65x	1.73x	> 1.50x
Current liabilities less specific purpose liabilities	5,247			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20,194	10.90x	10.07x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,852			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	2,891	11.41%	11.76%	< 10.00%
Rates and annual charges collectable	25,340			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	32,254	8.92 mths	9.57 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	3,617			

(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 ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	8.13%	3.04%	0.09%	18.46%	36.53%	6.44%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	52.95%	48.90%	89.08%	91.76%	97.30%	96.21%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.65x	1.73x	11.17x	8.70x	26.90x	12.01x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12.40x	9.69x	6.93x	9.42x	15.33x	16.67x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	6.77%	7.98%	30.85%	23.27%	30.10%	30.09%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	5.03 mths	6.31 mths	22.45 mths	19.76 mths	34.39 mths	21.37 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 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 Council information and contact details

Principal place of business:

2 Cecile Street
PARKES NSW 2870

Contact details

Mailing Address:

PO Box 337
PARKES NSW 2870

Opening hours:

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

Telephone: 02 6861 2333

Facsimile: 02 6862 3946

Internet: www.parkes.nsw.gov.au

Email: council@parkes.nsw.gov.au

Officers

General Manager

Kent Boyd

Responsible Accounting Officer

Jaco Barnard

Public Officers

Cian Middleton

Auditors

Audit Office of New South Wales
Level 15
1 Margaret Street
GPO Box 12
SYDNEY NSW 2000

Elected members

Mayor

Cr Ken Keith

Councillors

Cr Ken Keith (Mayor)
Cr Neil Westcott (Deputy Mayor)
Cr Marg Applebee
Cr Jacob Cass
Cr Bill Jayet
Cr Kenny McGrath
Cr Louise O'Leary
Cr George Pratt
Cr Daniel Weber
Cr Glenn Wilson

Other information

ABN: 96 299 629 630



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Parkes Shire Council

To the Councillors of Parkes Shire Council

Opinion

I have audited the accompanying financial statements of Parkes Shire 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. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

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/ar3.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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

7 October 2022
SYDNEY



Cr Ken Keith
Mayor
Parkes Shire Council
PO Box 337
Parkes NSW 2870

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2028447/1775

7 October 2022

Dear Mayor

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





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

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

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

INCOME STATEMENT

Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	22.4	21.4	 4.7
Grants and contributions revenue	26.9	24.8	 8.5
Operating result from continuing operations	16.5	13.3	 24.1
Net operating result before capital grants and contributions	5.3	3.7	 43.2

The Council's operating result from continuing operations (\$16.5 million including depreciation and amortisation expense of \$14.3 million) was \$3.2 million higher than the 2020–21 result.

The net operating result before capital grants and contributions (\$5.3 million) was \$1.6 million higher than the 2020–21 result (\$3.7 million).

Rates and annual charges revenue (\$22.4 million) increased by \$1.0 million (4.7 per cent) in 2021–22. This was the result of the approved rate pegging of 2.0 per cent plus a 10 per cent increase to sewerage charges compared to the prior year.

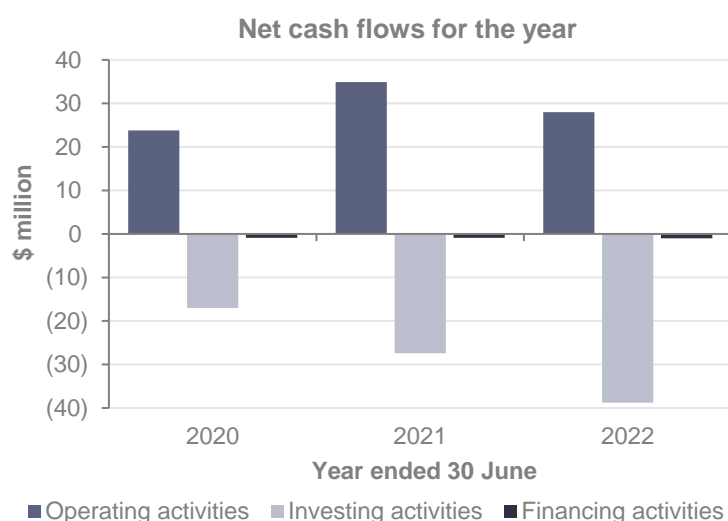
Revenue from user charges and fees increased by \$3 million to \$18.6 million. There was a reduction in revenue from water user charges due to the prevailing wet weather in the region seeing lower levels of water consumption. This was more than offset by an increase in works conducted on non-Council owned roads within the Shire.

Grants and contributions revenue (\$26.9 million) increased by \$2.1 million in 2021–22. This was mainly due to:

- receiving 75 per cent of 2022-23 financial year allocation of financial assistance grants in advance (\$2.3 million increase)
- increase funding for works on roads and bridges
- increased funding for storm and flood damage due to weather events during the year
- reduced activity in areas such as Roads to Recovery.

STATEMENT OF CASH FLOWS

Cash payments for materials and services during the year were \$5.1 million higher than the previous year, resulting in lower cashflows from operating activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	36.7	30.1	Externally restricted balances included water and sewer fund and unexpended grants.
Restricted and allocated cash and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including work programs
• External restrictions	32.1	25.5	
• Internal allocations	3.4	4.5	

Debt

At 30 June 2022, Council had external borrowings of \$18.2 million (2021: \$19.2 million). The loans are secured against Council's general rating income.

At 30 June 2022, Council also had access to a \$100,000 (30 June 2021: \$100,000) bank overdraft facility and \$150,000 credit card facility. At 30 June 2022, the overdraft facility was unused and the credit card facility had an unused balance of \$118,000.

PERFORMANCE

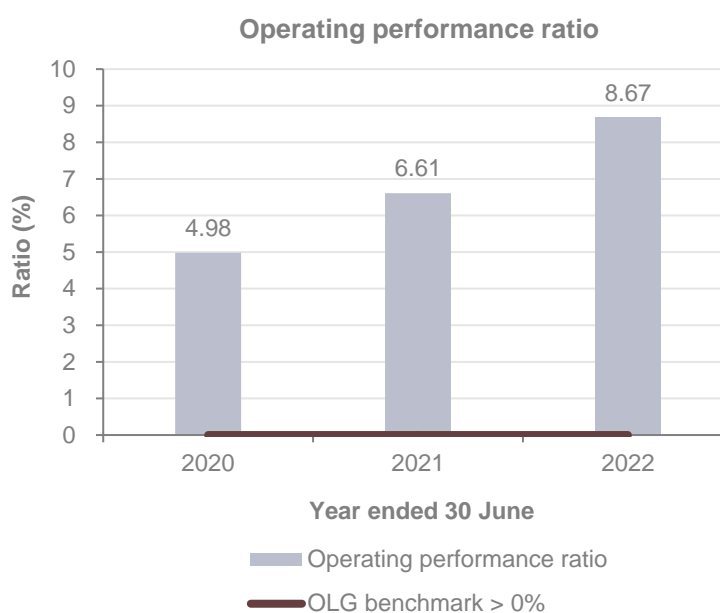
Performance measures

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

Council continues to exceed the benchmark.

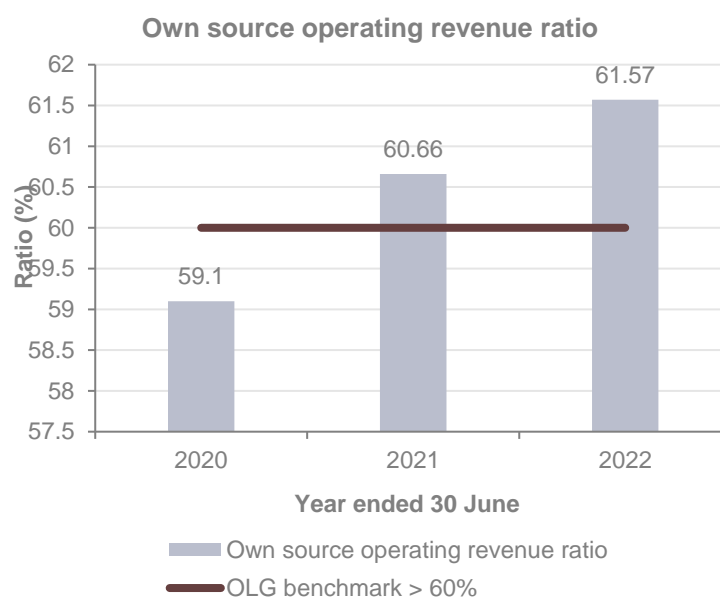
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council has exceeded the benchmark for the last two financial years.

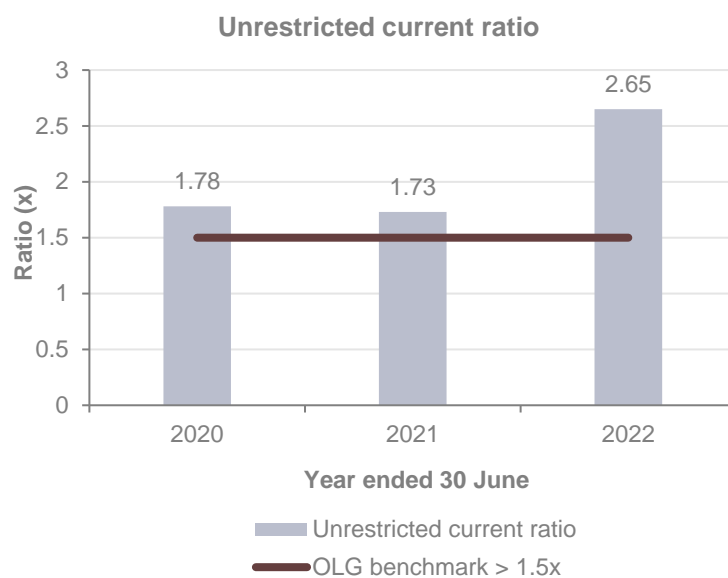
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to meet the benchmark.

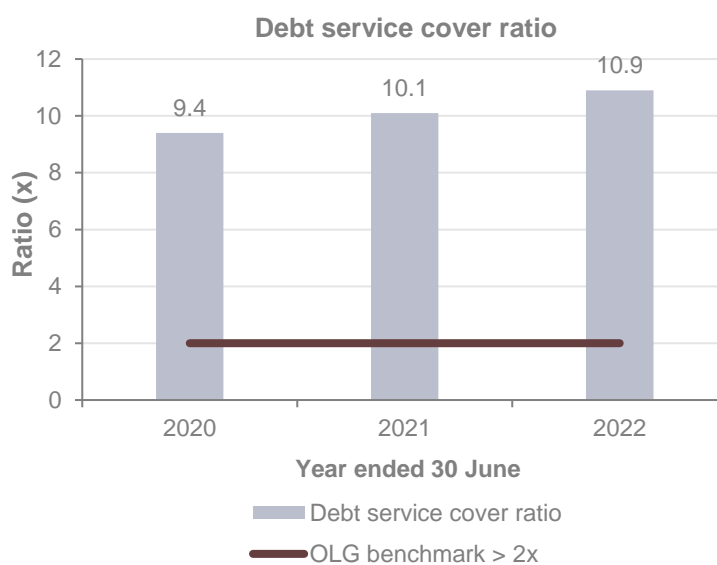
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to exceed the benchmark.

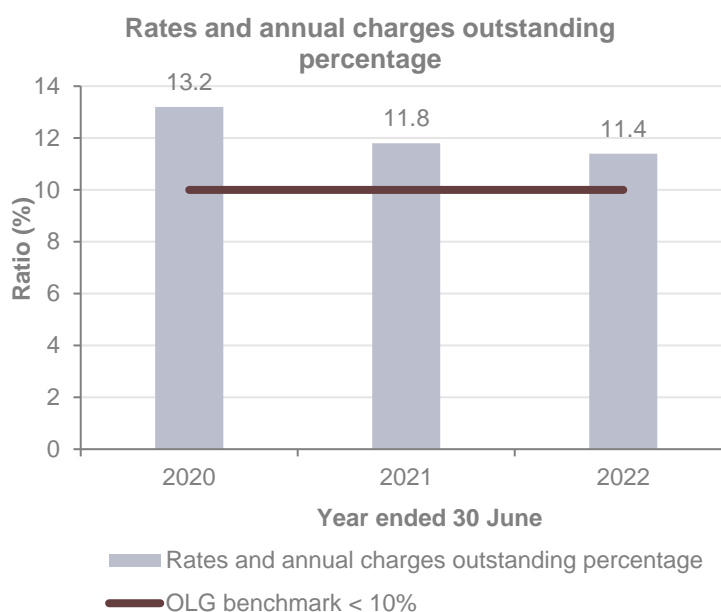
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Whilst the ratio has continued to improve, it remains above the benchmark. Both COVID-19 and the preceding drought conditions saw an intentional reduction in recovery proceedings by Council.

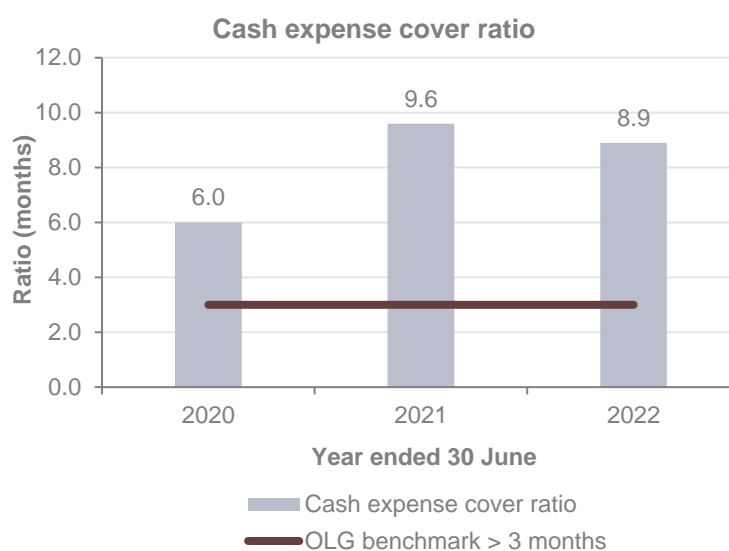
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council continues to exceed the benchmark.

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.



Infrastructure, property, plant and equipment renewals

Council has renewed \$10.1 million of infrastructure assets in the 2021–22 financial year compared to \$13.6 million in the 2020–21 financial year. Road infrastructure was the main asset class renewed during both financial years. A further \$11.1 million was spent on new assets during the 2021–22 financial year.

OTHER MATTERS

Legislative compliance

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

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



Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Parkes Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Parkes Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 August 2022.



Ken Keith

Mayor

09 September 2022



Neil Westcott

Councillor


09 September 2022



Kent Boyd

General Manager

09 September 2022



Jaco Barnard

Responsible Accounting Officer

09 September 2022

Parkes Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	1,559	1,470
User charges	8,615	10,046
Interest and investment income	87	25
Grants and contributions provided for operating purposes	24	–
Net gain from the disposal of assets	–	17
Other income	28	19
Total income from continuing operations	10,313	11,577
Expenses from continuing operations		
Employee benefits and on-costs	1,617	1,397
Borrowing costs	234	218
Materials and services	4,141	4,254
Depreciation, amortisation and impairment	3,910	3,148
Water purchase charges	399	447
Other expenses	21	80
Total expenses from continuing operations	10,322	9,544
Surplus (deficit) from continuing operations before capital amounts	(9)	2,033
Grants and contributions provided for capital purposes	1,264	1,478
Surplus (deficit) from continuing operations after capital amounts	1,255	3,511
Surplus (deficit) from all operations before tax	1,255	3,511
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(529)
Surplus (deficit) after tax	1,255	2,982
Plus accumulated surplus	115,531	112,020
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	529
Closing accumulated surplus	116,786	115,531
Return on capital %	0.1%	1.5%
Subsidy from Council	6,332	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,255	2,982
Less: capital grants and contributions (excluding developer contributions)	(921)	(1,059)
Surplus for dividend calculation purposes	334	1,923
Potential dividend calculated from surplus	167	962

Parkes Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	3,498	3,167
User charges	363	444
Liquid trade waste charges	87	32
Interest and investment income	28	4
Other income	67	31
Total income from continuing operations	4,043	3,678
Expenses from continuing operations		
Employee benefits and on-costs	550	588
Borrowing costs	161	116
Materials and services	1,005	1,156
Depreciation, amortisation and impairment	850	1,581
Net loss from the disposal of assets	–	1
Other expenses	10	–
Total expenses from continuing operations	2,576	3,442
Surplus (deficit) from continuing operations before capital amounts	1,467	236
Grants and contributions provided for capital purposes	112	145
Surplus (deficit) from continuing operations after capital amounts	1,579	381
Surplus (deficit) from all operations before tax	1,579	381
Less: corporate taxation equivalent (25%) [based on result before capital]	(367)	(61)
Surplus (deficit) after tax	1,212	320
Plus accumulated surplus	36,926	36,545
– Corporate taxation equivalent	367	61
Closing accumulated surplus	38,505	36,926
Return on capital %	2.6%	0.6%
Subsidy from Council	677	505
Calculation of dividend payable:		
Surplus (deficit) after tax	1,212	320
Surplus for dividend calculation purposes	1,212	320
Potential dividend calculated from surplus	606	160

Parkes Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	3,439	7,593
Investments	8,441	3,142
Receivables	2,984	2,302
Inventories	42	51
Contract assets and contract cost assets	–	203
Total current assets	14,906	13,291
Non-current assets		
Investments	2,546	369
Infrastructure, property, plant and equipment	179,151	148,610
Intangible assets	2,228	2,181
Total non-current assets	183,925	151,160
Total assets	198,831	164,451
LIABILITIES		
Current liabilities		
Payables	321	563
Contract liabilities	1,000	–
Borrowings	371	360
Employee benefit provisions	581	532
Provisions	61	73
Total current liabilities	2,334	1,528
Non-current liabilities		
Borrowings	6,278	6,649
Employee benefit provisions	32	32
Provisions	1,621	1,776
Total non-current liabilities	7,931	8,457
Total liabilities	10,265	9,985
Net assets	188,566	154,466
EQUITY		
Accumulated surplus	116,786	115,531
Revaluation reserves	71,780	38,935
Total equity	188,566	154,466

Parkes Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,342	2,267
Investments	3,298	937
Receivables	1,219	1,136
Inventories	5	6
Total current assets	5,864	4,346
Non-current assets		
Investments	995	110
Infrastructure, property, plant and equipment	62,972	57,509
Total non-current assets	63,967	57,619
Total assets	69,831	61,965
LIABILITIES		
Current liabilities		
Payables	13	25
Employee benefit provisions	108	221
Provisions	97	116
Total current liabilities	218	362
Non-current liabilities		
Borrowings	4,000	4,000
Employee benefit provisions	6	13
Provisions	2,570	2,815
Total non-current liabilities	6,576	6,828
Total liabilities	6,794	7,190
Net assets	63,037	54,775
EQUITY		
Accumulated surplus	38,505	36,926
Revaluation reserves	24,532	17,849
Total equity	63,037	54,775

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. Parkes Shire Combined Water Supplies

Comprising the whole of the Water Supply System operations and net assets servicing the towns of Parkes, Peak Hill, Trundle, Tullamore, Alectown & Bogan Gate.

b. Parkes Shire Sewerage Service

Comprising the whole of the Sewerage Reticulation & Treatment operations and net assets servicing the towns of Parkes, Peak Hill & the village of Tullamore

Category 2

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

Council has no Category 2 business activities

Note – Significant Accounting Policies (continued)

Taxation equivalent charges

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

Notional rate applied (%)

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

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

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

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

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

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

Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

Note – Significant Accounting Policies (continued)

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

Parkes Shire Council

To the Councillors of Parkes Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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. 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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

7 October 2022
SYDNEY

Parkes Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Parkes Shire Council

Special Schedules

for the year ended 30 June 2022

Contents

Page

Special Schedules:

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

Background

These Special Schedules have been designed to meet the requirements of special users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG)

The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Parkes Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	14,435	14,785
Plus or minus adjustments ²	b	(24)	50
Notional general income	$c = a + b$	14,411	14,835
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.50%
Or plus rate peg amount	$i = e \times (c + g)$	288	371
Sub-total	$k = (c + g + h + i + j)$	14,699	15,206
Plus (or minus) last year's carry forward total	l	24	(34)
Less valuation objections claimed in the previous year	m	—	(27)
Sub-total	$n = (l + m)$	24	(61)
Total permissible income	$o = k + n$	14,723	15,145
Less notional general income yield	p	14,785	15,156
Catch-up or (excess) result	$q = o - p$	(62)	(11)
Plus income lost due to valuation objections claimed ⁴	r	27	7
Carry forward to next year ⁶	$t = q + r + s$	(35)	(5)

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Parkes Shire Council

To the Councillors of Parkes Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

7 October 2022
SYDNEY

Parkes Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	1,450	1,450	452	384	52,350	79,442	55.0%	28.0%	9.0%	6.0%	2.0%
	Sub-total	1,450	1,450	452	384	52,350	79,442	55.0%	28.0%	9.0%	6.0%	2.0%
Roads	Roads	5,522	5,522	2,193	4,917	392,363	483,983	65.0%	12.0%	19.0%	3.0%	1.0%
	Bridges	86	86	12	1	12,827	17,619	35.0%	50.0%	14.0%	1.0%	0.0%
	Footpaths	123	123	86	106	9,889	13,919	45.0%	35.0%	18.0%	1.0%	1.0%
	Sub-total	5,731	5,731	2,291	5,024	415,079	515,521	63.4%	13.9%	18.8%	2.9%	1.0%
Water supply network	Water supply network	2,645	2,645	900	1,040	169,189	274,120	33.0%	7.0%	53.0%	6.0%	1.0%
	Sub-total	2,645	2,645	900	1,040	169,189	274,120	33.0%	7.0%	53.0%	6.0%	1.0%
Sewerage network	Sewerage network	2,361	2,361	643	406	60,671	86,193	26.0%	41.0%	23.0%	9.0%	1.0%
	Sub-total	2,361	2,361	643	406	60,671	86,193	26.0%	41.0%	23.0%	9.0%	1.0%
Stormwater drainage	Stormwater drainage	2,261	2,261	215	182	25,974	38,104	22.0%	60.0%	6.0%	1.0%	11.0%
	Sub-total	2,261	2,261	215	182	25,974	38,104	22.0%	60.0%	6.0%	1.0%	11.0%
Open space / recreational assets	Swimming pools	277	277	210	101	5,304	9,636	23.0%	46.0%	20.0%	11.0%	0.0%
	Other Open Space / Recreational Assets	351	351	285	341	27,744	39,918	47.0%	35.0%	15.0%	3.0%	0.0%
	Sub-total	628	628	495	442	33,048	49,554	42.3%	37.1%	16.0%	4.6%	0.0%
Other infrastructure assets	Parkes Airport Infrastructure	92	92	75	120	13,929	18,011	82.0%	0.0%	16.0%	1.0%	1.0%
	Sub-total	92	92	75	120	13,929	18,011	82.0%	0.0%	16.0%	1.0%	1.0%
Total – all assets		15,168	15,168	5,071	7,598	770,240	1,060,945	49.7%	17.9%	26.6%	4.4%	1.4%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required

continued on next page ...

Parkes Shire Council

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

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Parkes Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	9,119	81.87%	155.07%	>= 100.00%
Depreciation, amortisation and impairment	11,139			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	15,168	1.98%	2.53%	< 2.00%
Net carrying amount of infrastructure assets	767,264			
Asset maintenance ratio				
Actual asset maintenance	7,598	149.83%	105.48%	> 100.00%
Required asset maintenance	5,071			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	15,168	1.43%	1.46%	
Gross replacement cost	1,060,945			

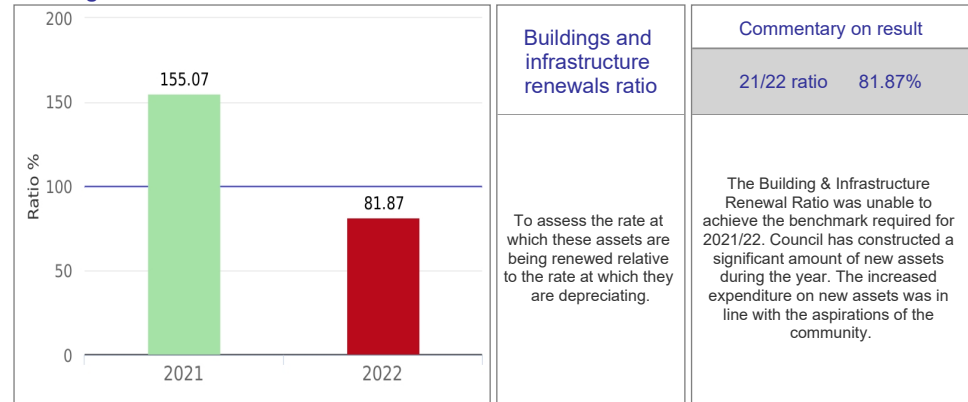
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Parkes Shire Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



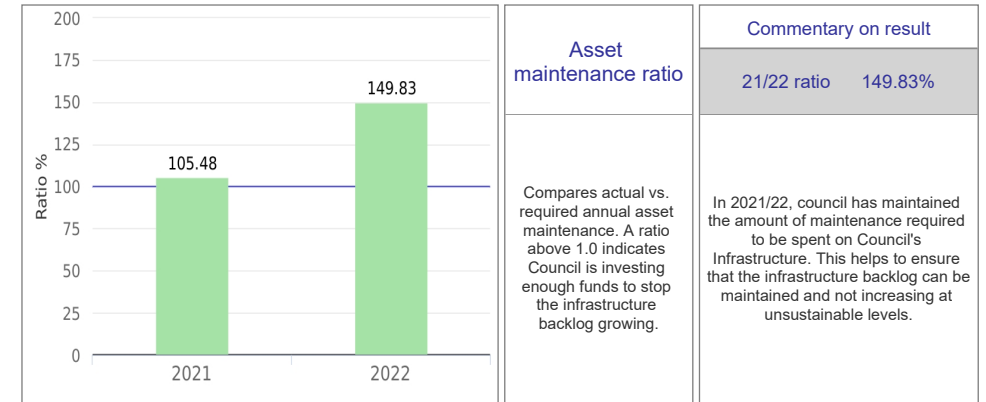
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



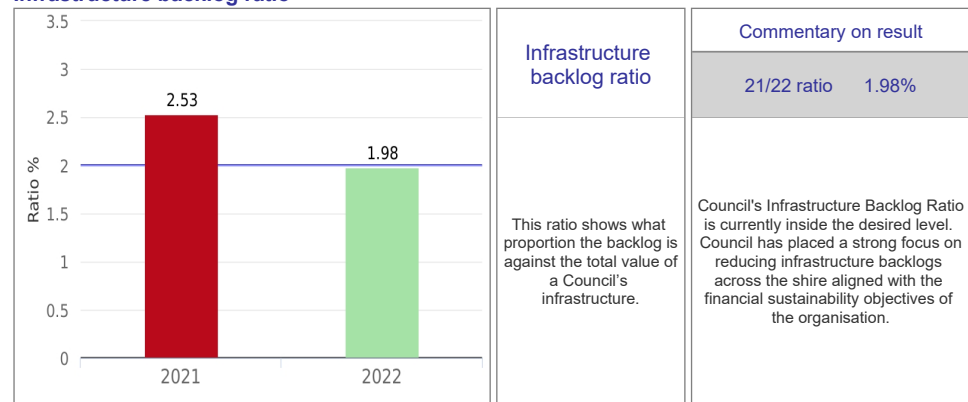
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



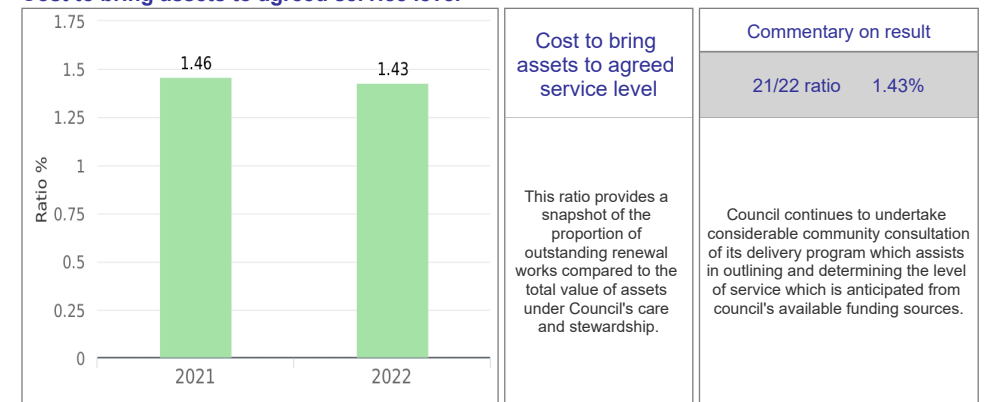
Benchmark: — $< 2.00\%$

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



Parkes Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	135.90%	249.69%	0.00%	31.62%	0.61%	9.41%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.91%	1.35%	1.53%	3.47%	3.89%	10.44%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	174.38%	103.37%	115.56%	114.67%	63.14%	104.20%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.45%	1.07%	0.96%	0.59%	2.74%	6.45%	

(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.





